Bonds for Sustainable Development

Overview

What is the World Bank?

Why invest with the World Bank?

What investment products does the World Bank offer?
What is the World Bank?

- An international organization **owned by 189 member countries** – its owners are its clients.
- Purpose is to **end extreme poverty** and **promote shared prosperity** in a sustainable manner. These “twin goals” are aligned with the Global Goals.
- The world’s largest source of development finance and expertise – 70 years of financing development projects.
  - About US$185 billion in loans outstanding in about 80 countries.
  - Nearly 12,000 staff in 136 offices – including in the Washington, DC headquarters
- Largest shareholders are: US, Japan, China, Germany, UK and France.
- International Bank for Reconstruction and Development (IBRD/“World Bank”) is rated **AAA/Aaa** based on its capital, reserves and prudent financial policies.
The World Bank Group

**IBRD**
International Bank for Reconstruction and Development

Lends to governments of middle-income countries.

Issuer of World Bank (IBRD) Bonds

**IDA**
International Development Association

Provides loans and grants to governments of lower-income countries.

Funds raised from donors and also from IDA bonds

**IFC**
International Finance Corporation

Promotes development by financing private sector enterprises in developing countries.

Issuer of IFC Bonds

**MIGA**
Multilateral Investment Guarantee Agency

Promotes foreign direct investment into developing countries by offering political risk insurance (guarantees) to investors and lenders.

**ICSID**
International Centre for the Settlement of Investment Disputes

Provides international facilities for conciliation and arbitration of investment disputes.

IBRD, IDA and IFC are all three rated AAA/Aaa. They share the same overall development goals, but are legally separate entities. Each has its own risk profile and capital structure. The World Bank Treasury is the treasury for IBRD and IDA.
History of the World Bank

IBRD was created in 1944 to rebuild Europe after World War II and has been referred to as “World Bank” almost as soon as it was established.

- Since inception, IBRD was designed to be financially self-sustaining and earn income to support its development activities – it was not set up as an aid agency.

- IBRD’s first loans were made to France and other European countries for reconstruction purposes; loans to Japan and other creditworthy countries followed.

- As IBRD's focus shifted towards poverty alleviation in the 1960s, it continued to lend to countries that were creditworthy and could borrow at market-based rates.

- The International Development Association (IDA) was created to provide concessional financing lower income countries.
JAMAICA
Improving Urban Infrastructure & Services
- >50,000 people will have improved solid waste management services
- >10,000 people have electricity
- 1,200 families with water pipe access
- 4,500 provided with jobs training
IBRD Financing: $42 million

PANAMA
Connecting rural mothers and children with quality health services
- 200,000 people have access to mobile health units
- Babies <1 year of age with complete vaccination records
- More births attended by skilled personnel
IBRD Financing: $40 million

BRAZIL
Improving water quality and environmental sustainability
- Integrated environmental licensing and water rights management systems
- 20% efficiency improvements in water use
IBRD Financing: $70.28 million

GABON
Boosting Women’s Employment
- 12,750 women are expected to benefit from new jobs and skills by the project’s end in 2019
IBRD Financing: $18 million

ARMENIA
Improving Education Readiness and Quality
- 2400 preschool enrollees
- 120 community based preschools
- 107 high schools with improved education resources
IBRD Financing: $15 million

CHINA
Reducing greenhouse gas emissions in farming communities
- CO2eq. emissions reduced by 800,000-1,000,000 tons/year
- 400,000-500,000 rural households get cleaner biogas-based cooking and heating systems
IBRD Financing: $120 million
Bonds for Sustainable Development

World Bank Project Cycle

Projects are designed to:

- Address priorities identified in the Country Diagnostic
- Contribute to the World Bank goals (end extreme poverty and boost shared prosperity)
- Ensure social, environmental and governance (ESG) aspects are covered
- Achieve expected outcomes
World Bank Debt Products
Sustainable Development Bonds

• World Bank purpose is a social one – all bonds issued by the World Bank support sustainable development.

• Investors support various sectors: agriculture, education, energy, finance/trade/industry, governance, health and social services, transportation, water/sanitation and themes: gender, environment.

• Newsletters
Bonds for Sustainable Development

Overview

- What is the World Bank?
- Why invest with the World Bank?
- What investment products does the World Bank offer?
Bonds for Sustainable Development
Why Investors Buy World Bank Bonds

Safety and Purpose.

- Issuing debt since 1947; triple-A rating since 1959
- Variety of fixed income products: multiple currencies, structures and maturities
- Strong balance sheet as result of prudent financial policies
- Funds only for sovereigns and sovereign-guaranteed projects
- Diversified sovereign shareholders & recognized preferred creditor status
- The World Bank’s sustainable development programs aim to achieve positive social and/or environmental impacts in member countries.
- World Bank (IBRD) Sustainable Development Bonds are a natural fit for investors seeking environmental, social and governance investments.
- Transparent reporting: project documents show focus on results.
Balance Sheet Structure

Key Balance Sheet Items (as of June 30, 2018 in billions US$)

<table>
<thead>
<tr>
<th>Loans Outstanding ( ^{(a)} )</th>
<th>US$184</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments ( ^{(b)} )</td>
<td>US$73</td>
</tr>
<tr>
<td>Other ( ^{(c)} )</td>
<td>US$146</td>
</tr>
</tbody>
</table>

\( \text{US$403} \)

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<table>
<thead>
<tr>
<th>Borrowings</th>
<th>US$208</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>US$42</td>
</tr>
<tr>
<td>Other ( ^{(c)} )</td>
<td>US$153</td>
</tr>
</tbody>
</table>

\( \text{US$403} \)

---

(a) Net of accumulated loan loss provision and deferred loan income
(b) Investments and due from banks; of this amount, the liquidity portfolio is US$72 billion
(c) Mostly swap payables and receivables; swaps used for hedging purposes; interest rate swaps reported on net basis; currency swaps reported on gross basis (notional amount reported for each leg of the swap in the respective currency, as they are settled).
World Bank’s Strong Credit Quality

- Global **diversification**.
- Lending only to **sovereign or sovereign-guaranteed projects**.
- Borrowing clients are also shareholders; increased incentive to repay.
- **Preferred creditor status** - borrowing clients prioritize financial obligations to the World Bank – recognized by rating agencies and financial market participants.
- Policy of freezing additional lending if payments not on time.
- **Concentration limits** for individual countries.
- Overall credit quality borrowers has improved over last few years; almost all of the largest borrowers have an investment grade rating.

![Top 10 Country Exposures for IBRD](image)

**Top 10 Country Exposures for IBRD**
(as of June 30, 2018, US$ billions)

Note: For FY19, the new Single Borrower Limit (SBL) is $21 billion for highly creditworthy countries below the Graduation Discussion Income (GDI) and $19.5 billion for highly creditworthy countries above the GDI. As of July 1, 2018, the GDI threshold was $6,795. Also, a new pricing structure was introduced (http://www.worldbank.org/en/news/press-release/2018/07/13/changes-in-ibrd-loan-pricing-effective-july-1-2018).
World Bank’s Strong Credit Quality

<table>
<thead>
<tr>
<th>Quality Loan Portfolio</th>
<th>Diversified Shareholder Base</th>
<th>Prudent Risk Management</th>
<th>Substantial Liquidity</th>
</tr>
</thead>
</table>

Shareholder Support

- IBRD bonds are supported by the strength of its balance sheet and support of its 189 sovereign shareholders.

Callable Capital

- The World Bank’s financial policies are designed to minimize the need for a call on capital and key management tools like the Equity-to-Loans ratio targets do not take callable capital into account.
- No call has ever been made on callable capital.
- Callable capital can only be called to satisfy debt holder claims. Members are responsible for the full amount of their callable capital subscription, regardless of others' ability to fulfill their obligations.

Largest Shareholders

Percentage of total subscription as of June 30, 2018

- United States, 16.88%
- Japan, 7.26%
- China, 4.68%
- Germany, 4.24%
- France, 3.97%
- United Kingdom, 3.97%

Total Subscribed Capital

(as of June 30, 2018)

<table>
<thead>
<tr>
<th>Total Subscribed Capital</th>
<th>US$ billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-in Capital</td>
<td>US$16.4</td>
</tr>
<tr>
<td>Callable Capital</td>
<td>US$258.3</td>
</tr>
<tr>
<td>Subscribed Capital</td>
<td>US$274.7</td>
</tr>
</tbody>
</table>
World Bank’s Strong Credit Quality

- Conservative financial policies designed to minimize the need for a call on capital.
- IBRD's Articles of Agreement limit the total outstanding amount of direct loans and guarantees made by IBRD to subscribed capital, reserves, and surplus (the ‘statutory lending limit’).
  - At June 30, 2018, outstanding loans and guarantees were $188.1 billion – 62.1% of the statutory lending limit of $302.9 billion.
- Key risk management indicators such as Equity-to-Loans ratio (22.9% as of June 30, 2018), do not factor in callable capital to determine IBRD’s risk-bearing capacity.
- Foreign currency and interest rate risks managed carefully to minimize risks.

Maximum “Gearing Ratio” of 1:1 (US$ billions)

(a) Net of accumulated loan loss provisions
The Target Liquidity Level represents twelve months coverage as calculated at the beginning of every fiscal year.

- Actual liquidity exceeds estimated liquidity requirement to provide financial flexibility in the timing of new debt issuance while meeting obligations.
  - The FY 2019 the Target Liquidity Level has been set at US$56 billion.

- Portfolio is conservatively managed against strict guidelines. Eligible investments are highly rated fixed income securities rated AA- or better for governments and agencies, and AAA for corporates and ABS.
Overview

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What investment products does the World Bank offer?
Bonds for Sustainable Development

Funding Strategy

● Meet Investors’ Needs
  — Offer a wide range of debt instruments from a AAA/Aaa issuer, with various characteristics including flexible structures, size, liquidity and maturities.
  — Customize products to meet investor preferences – including to support specific purposes (e.g. green bonds) or take on additional risk (e.g. cat bonds).
  — Bonds issued in nearly 60 different currencies.
  — Maturities up to 50 years.
  — A 0% Basel II and III risk weighting minimizes capital requirements.
  — Liquid bonds are considered level 1 HQLA (high quality liquid assets).

● High Execution Standards
  — Broad sponsorship from underwriters with solid primary placement with a diversified investor base.
  — Strong aftermarket spread performance for liquid bonds.
Bonds for Sustainable Development

Funding Volumes

Funding volume has grown as a result of financing increased lending volumes following the global financial crises.

Annual Funding Volumes
Fiscal years 1995-2019, US$ billions

Note: World Bank fiscal years begin on July 1st and end on June 30th

*Projected
The World Bank has issued in 63 different currencies since 1947.

- Issued in 27 currencies in FY2018.
- Has been the first foreign issuer in many currencies: Romanian leu, Uruguayan peso, South Korean won.
- Investors benefit from currency exposure with triple-A credit risk.

**Currencies of Issuance in FY2018**
US$36 billion total

- USD 64%
- GBP 9%
- EUR 5%
- AUD 4%
- TRY 3%
- JPY 3%
- OTHER* 12%

*OTHER CURRENCIES: BRL, CAD, CLP, CNY, COP, GHS, HKD, INR, MXN, MYR, NGN, NOK, NZD, PEN, PHP, PLN, RON, RUB, SEK, UAH, ZAR
World Bank Funding

Product Mix

Annual Issuance
Fiscal years since 1998; in US$ billions

- **Benchmark Bonds, Global Bonds**
  - AUD, CAD, EUR, GBP, NOK, NZD, TRY, USD, ZAR

- **Other Plain Vanilla Notes**
  - Local / Non-Core Currencies*

- **Structured Notes**
  - Callable and puttable
  - Floors or collars
  - Steepeners and R-FRN
  - Equity linked
  - Commodity linked
  - Weather and Natural Hedges

*Non-Core Currencies: Brazilian reais, Botswana pula, Chilean peso, Chinese renminbi, Colombian peso, Czech koruna, Ghanian cedi, Hong Kong dollar, Hungarian forint, Indian rupee, Kazakhstani tenge, Malaysian ringgit, Mexican peso, New Romanian leu, New Turkish lira, Nigerian naira, Norwegian krone, Philippine peso, Polish zloty, Russian ruble, Saudi riyal, Singapore dollar, Slovak koruna, South African rand, South Korean won, Swedish krona, Swiss franc, Thai baht, Turkish lira, Ugandan Shilling, Ukrainian hryvnia, Zambian kwacha
The net proceeds from the sale of the Notes will be used by IBRD to finance sustainable development projects and programs in IBRD’s member countries (without being committed or earmarked for lending to, or financing of, any particular projects or programs). IBRD’s financing is made available solely to middle-income and creditworthy lower-income member countries who are working in partnership with IBRD to eliminate extreme poverty and boost shared prosperity, so that they can achieve equitable and sustainable economic growth in their national economies and find sustainable solutions to pressing regional and global economic and environmental problems. Projects and programs supported by IBRD are designed to achieve a positive social impact and undergo a rigorous review and internal approval process aimed at safeguarding equitable and sustainable economic growth.

IBRD integrates five cross-cutting themes into its lending activities helping its borrowing members create sustainable development solutions: climate change; gender; jobs; public-private partnerships; and fragility, conflict and violence.

IBRD’s administrative and operating expenses are covered entirely by IBRD's various sources of revenue (net income) consisting primarily of interest margin, equity contribution and investment income (as more fully described in the Information Statement).
Global Bonds

- The World Bank offers global bonds in a variety of currencies and maturities through strategic offerings designed to meet investor demand.
- Global bonds provide investors with liquidity and strong dealer commitment to secondary market support.
- They provide diversification among triple-A holdings and benefit from a rarity value in the marketplace.

Global Bond characteristics:
- Issue size is typically US$1-4 billion, or benchmark size for each market
- Maturities generally range between 2-10 years
- Denominated in a variety of currencies, including Australian dollars, Canadian dollars, Euros, New Zealand dollars, South African rand, Turkish lira, and US dollars

- World Bank bonds are represented in major indices.
- Pricing and other bond details:
  - Bloomberg: IBRD <Govt> <Go> or IBRD <Go>
The World Bank raised US$5 billion with a 3-year Global Benchmark Bond due 2021. The bond has a semi-annual coupon of 2.75% and a maturity date of July 23, 2021. It offers investors a yield of 2.832% (semi-annual), equivalent to 14.95 basis points over the 2.625% U.S Treasury due July 15, 2021.

### Distribution by Geography

- **Asia**: 29%
- **Europe**: 29%
- **U.S.**: 25%
- **Americas**: 13%
- **Middle East and Africa**: 4%

### Distribution by Investor Type

- **Central Banks / Official Institutions**: 54%
- **Banks / Bank Treasuries / Corporates**: 24%
- **Asset Managers / Insurance / Pension Funds**: 22%

### USD 5 billion 3-year Bond

<table>
<thead>
<tr>
<th>Summary Terms and Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer Rating:</strong></td>
</tr>
<tr>
<td><strong>Tranche:</strong></td>
</tr>
<tr>
<td><strong>Total Amount:</strong></td>
</tr>
<tr>
<td><strong>Settlement Date:</strong></td>
</tr>
<tr>
<td><strong>Maturity Date:</strong></td>
</tr>
<tr>
<td><strong>Coupon:</strong></td>
</tr>
<tr>
<td><strong>Coupon Payment Dates:</strong></td>
</tr>
<tr>
<td><strong>Issue Price:</strong></td>
</tr>
<tr>
<td><strong>Joint Lead Managers:</strong></td>
</tr>
<tr>
<td><strong>Senior Co-lead managers</strong></td>
</tr>
<tr>
<td><strong>Co-leads</strong></td>
</tr>
</tbody>
</table>

The World Bank raised US$2 billion with 10-Year Global Benchmark Bond for Sustainable Development. The bond has a semi-annual coupon of 2.500% and a maturity date of November 22, 2027. It offers investors a yield of 2.569% (semi-annual), equivalent to 19.52 basis points over the 2.250% U.S. Treasury due November 15, 2027.

**Summary Terms and Conditions**

- **Issuer Rating:** Aaa/AAA
- **Tranche:** 10-year
- **Total Amount:** US$2 billion
- **Settlement Date:** 11/22/2017
- **Maturity Date:** 11/22/2027
- **Coupon:** 2.5% per annum
- **Coupon Payment Dates:** Each May 22 and November 22 commencing on May 22, 2018
- **Issue Price:** 99.395%
- **Issue Yield:** 2.569%
- **Joint Lead Managers:** Barclays, BNP Paribas, Nomura, TD Securities
- **Senior Co-lead managers:** Wells Fargo
- **Co-leads:** Bank of America, BMO, Castle Oak, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, InCapital, JP Morgan, Mitsubishi, Mizuho, Morgan Stanley, Natixis, RBC, Tokai Tokyo

**USD 2 billion 10-year USD Benchmark**

**Distribution by Geography**
- Americas 28%
- Europe 34%
- Asia 38%

**Distribution by Investor Type**
- Central Banks / Official Institutions 53%
- Banks / Bank Treasuries / Corporates 24%
- Asset Managers / Insurance / Pension 23%

World Bank Marks Return to Sterling Market with Its Largest British Pound-Denominated Bond. With a GBP 1.25 billion 5-year Benchmark from institutional investors around the world.

### GBP 1.25 billion 5-year Benchmark

**Summary Terms and Conditions**

<table>
<thead>
<tr>
<th>Issuer Rating:</th>
<th>Aaa/AAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tranche:</td>
<td>5-year</td>
</tr>
<tr>
<td>Total Amount:</td>
<td>GBP1.25 billion</td>
</tr>
<tr>
<td>Settlement Date:</td>
<td>01/24/2018</td>
</tr>
<tr>
<td>Maturity Date:</td>
<td>12/19/2022</td>
</tr>
<tr>
<td>Coupon:</td>
<td>1%</td>
</tr>
<tr>
<td>Coupon Payment Dates:</td>
<td>December 19th in each year, from and including December 19, 2018 to and including the Maturity Date</td>
</tr>
<tr>
<td>Issue Price:</td>
<td>99.512%</td>
</tr>
<tr>
<td>Joint Lead Managers:</td>
<td>Barclays, HSBC, NatWest Markets</td>
</tr>
</tbody>
</table>

### Distribution by Geography

- Americas: 28%
- Europe: 34%
- Asia: 38%

### Distribution by Investor Type

- Central Banks / Official Institutions: 53%
- Banks / Bank Treasuries / Corporates: 24%
- Asset Managers / Insurance / Pension: 23%

World Bank Debt Products
Non-Core Currencies

- The World Bank offers Aaa/AAA credit quality while providing exposure to a foreign currency or interest rate.
- World Bank bonds in non-core currencies are sold through dealers.
- World Bank bonds are often the first foreign bonds denominated in emerging market currencies to be made available to overseas investors, often with features such as clearing mechanisms, listing, and governing law that are familiar to international investors and facilitate their participation.
- Significant retail demand, especially in Japan. They participate either through individual bond purchases or by investing in a multi-currency World Bank bond fund.
- Examples:
  - Chinese renminbi 1.5 billion 3.5% due 2018
  - Ugandan shilling 25.9 billion 10.31% due 2018
  - Zambian kwacha 200 million 14% due 2020
World Bank Debt Products

Mulan Bond Example

World Bank issued the first ever Special Drawing Rights (SDR) bond in China Interbank Market (named “Mulan Market” after the legend). Mulan Bond was 2.5 times oversubscribed and placed with 50 investors. It was priced at 0.49%, at the lower end of the indicative 0.4%-0.7% range as determined through a Dutch Auction.

**SDR 500 million 3-year Bond**

<table>
<thead>
<tr>
<th>Distribution by Investor Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Banks / Official Institutions</td>
</tr>
<tr>
<td>Bank Treasuries</td>
</tr>
<tr>
<td>Insurance</td>
</tr>
<tr>
<td>Asset Managers / Securities Companies</td>
</tr>
</tbody>
</table>

- **Benefits**: Support internationalization of the RMB and local market; offer local investors new product; investor diversification for the World Bank.

- **World Bank’s SDR Bond Program** was approved by PBOC on August 12, 2016 (up to SDR 2 billion for maturities up to 10 years).

- **Since October 1, 2016** RMB is part of the SDR: USD 41.73% (previously, in 2010: 41.90%), Euro 30.93% (2010: 37.40%), RMB 10.92%, JPY 8.33% (2010: 9.40%), GBP 8.09% (2010: 11.30%).

**Summary Terms and Conditions**

- **Issuer rating**: Aaa/AAA
- **Maturity**: 3 years
- **Offering period**: August 31, 2016
- **Amount**: SDR 500 million (approx. US$700 million)
- **Settlement date**: September 2, 2016
- **Coupon**: 0.49% per annum
- **Coupon payment dates**: Paid annually on September 2 of each year, in Chinese Renminbi
- **Maturity date**: September 2, 2019, payments made in Chinese Renminbi
- **Issue price**: 100%
- **Issue yield**: 0.49%
- **Settlement, clearing and custodian**: Interbank Market Clearing House Co., Ltd (also known as the “Shanghai Clearing House”)
- **Law**: People’s Republic of China law
- **ISIN**: CND10000BPQ1
- **Lead bookrunner**: Industrial and Commercial Bank of China, Ltd.
- **Co-bookrunner**: HSBC Bank (China) Company Limited
- **Joint lead underwriters**: China Construction Bank Corporation and China Development Bank Corporation

World Bank Debt Products

Discount Notes

- The World Bank offers flexible and customized short-term debt instruments through its USD Discount Notes Program using simple documentation (Offering Circular).
- Discount Notes are offered in the United States and Eurodollar markets.
- Rates for World Bank Discount Notes are posted on Bloomberg’s “ADN” page under the World Bank option (“WBDN”).
- Discount Notes characteristics:
  - maturities of 397 days (13 months) or less
  - aggregate face amounts of US$50,000 and higher per maturity date
- Sold through a group of dealers consisting of:
  - Barclays Capital Inc.
  - CastleOak Securities, L.P.
  - FTN Financial Capital Markets
  - Jefferies & Company, Inc.
  - J.P. Morgan Securities LLC
  - Mizuho Securities USA Inc.
  - UBS Securities LLC
  - Wells Fargo
## World Bank Debt Products

### Structured Notes

| Structured Transactions | • Represents approximately 25% of the World Bank’s annual funding  
|                        | • For fiscal year 2018:  
|                        |   — 141 trades executed  
|                        |   — Approx. US$9 billion issued  
| Liquidity               | • Buyback program  
|                        | • Listing upon request  
|                        | • For 2018 fiscal year:  
|                        |   — 49 trades executed  
|                        |   — Approx. US$330 million bought back  
| Design and Customization| • World Bank offers customized solutions  
| Execution               | • Reverse inquiry  
|                        | • Either confidential or public transactions  
| Form of Notes           | • Bearer or Registered, New Global Note (NGN)  
| Documentation           | • Standard Documents under IBRD’s Global Debt Issuance Facility (GDIF)  

Most structures are “callable bonds”

USD callable benchmarks are placed with US investors, and generally US$500 million or larger

Puttable notes have recently been popular and are supporting the catastrophe insurance-linked securities (ILS) market

Other structures include equity-linked or commodity-linked transactions and other bullet trades
Customized Investment Products
Callable Bonds (Interest Rate Linked Products)

- The World Bank offers investors opportunities to take views on or hedge exposures to interest rates.
- These structures can be callable, putable, and/or triggered.
- Callables are a good opportunity for investors looking at a potential pick-up versus plain vanilla trades.

Example: Callable Fixed Rate Note

<table>
<thead>
<tr>
<th>Principal</th>
<th>EUR, USD, JPY or any other major currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenor</td>
<td>2 years or longer</td>
</tr>
<tr>
<td>Coupon</td>
<td>Fixed rate</td>
</tr>
<tr>
<td>Early Redemption</td>
<td>The Issuer can early terminate the transaction at a certain date and s.a. thereafter</td>
</tr>
<tr>
<td>Redeems</td>
<td>100% of Notional</td>
</tr>
</tbody>
</table>

Flexible structuring:
- Minimum call period can vary from 3 months up to 10, 15, or even 20 years, depending on investor preferences.
- Bermudan or European
- Flexible coupon types:
  - Fixed and FRNs (capped/floored)
  - Step-up
  - Zero
  - Fixed-to-Float
  - CMS spread
  - Range accruals
  - Reverse floaters
- Tenors: Minimum final maturity is 2 years and can go up to 40 years, embedding European or Bermudan calls and puts.
World Bank Buyback Program

- World Bank buys back its own bonds through dealers
- Program is designed to offer backstop liquidity to investors and covers vanilla and structured IBRD notes, as well as benchmarks
- Repurchased notes are retired from the market
- Operational for over two decades, including during the 2008-2009 financial crisis, with average volumes of approximately US$1.5-2 billion annually over the last few years
- Confidential execution as requested
**The Original Green Bond Story**  
**Developing the World Bank Green Bond**

- Green Fixed Income Investment?
- **THE WORLD BANK**
- Challenges
  1. Project Selection, Due Diligence, Monitoring?
  2. Project / Country Risk?
  3. Liquidity Risk?
  4. Financial terms?
  5. Transparency?

---

2007: Swedish & Norwegian public pension funds approach the World Bank through their bank (SEB)

- **SEB**
- **Green Projects**
  - Health
  - Education
  - Nutrition
  - Social
  - Agriculture
  - Infrastructure
  - Environment
The Original Green Bond Story
A Green Bond Market Emerges

Green Projects
in borrowing member countries

1. World Bank Project Cycle
2. World Bank is AAA/Aaa
3. Bond is Tradable
4. Standard Return & Terms
5. Impact Reporting

Investor  Intermediaries  Issuers

+ other Supranationals, Agencies, Corporates, ABS, etc

Solution

Energy Efficiency
Wind Power
Transport Efficiency
Waste Management
Reforestation
Solar Power
Technologies to Reduce GHG Emissions
Sustainable Forest Management
Pioneering the Green Bond Market

• The World Bank’s first green bond catalyzed the green bond market and spearheaded disclosure and impact reporting standards for green and other sustainable assets

• Nearly US$11 billion raised through 140 World Bank Green Bonds in 19 currencies; same financial terms and risk as other World Bank bonds

• Advising member countries on green finance and green bond issuance

Key Elements of the World Bank’s Green Bond Process

1. Defined eligibility criteria (with a second opinion)
2. Established project selection process.
3. Ring-fenced bond proceeds (held in a separate account) earmarked for eligible projects
4. Reporting on projects supported including the positive climate impact

Transparency
Meeting Investor Demand for Sustainable Investment Products

All World Bank bonds aim to achieve a **positive social and/or environmental impact** in line with the Sustainable Development Goals.

Investors are increasingly incorporating **environmental, social and governance (ESG) criteria** in their investment decisions.

All World Bank bonds are **natural fit for ESG/socially responsible investors**.

World Bank Treasury is cultivating a long-term **partnership with the private sector** driving growth in green and sustainable markets and innovation to mobilize financing for sustainable development.

Investors are **focusing investments on special themes and the SDGs** like climate action, gender equality, good health and well-being, equitable social services, and sustainable transport.
Example

Highlighting Investor Focus on the SDGs

The World Bank is the single largest investor in the social sectors worldwide: Over US$20 billion committed to 100+ new projects each year.

Investors choose to work with us because of our investment strategies maximize social good and financial returns.

Partnering with investors for impact: US$350 million bond in February 2018 offered a Swedish investor the opportunity to highlight a focus on 4 SDGs: gender equality, good health and well-being, responsible consumption and production and climate action.

Summary of Terms

<table>
<thead>
<tr>
<th>Issuer:</th>
<th>World Bank (IBRD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer Rating:</td>
<td>Aaa /AAA</td>
</tr>
<tr>
<td>Amount:</td>
<td>US$ 350 million</td>
</tr>
<tr>
<td>Maturity:</td>
<td>7 years</td>
</tr>
<tr>
<td>Settlement Date:</td>
<td>8-Feb-18</td>
</tr>
<tr>
<td>Maturity Date:</td>
<td>8-Feb-25</td>
</tr>
<tr>
<td>Use of Proceeds:</td>
<td>Sustainable Development Projects</td>
</tr>
</tbody>
</table>

Jens Henriksson, President and CEO, the Folksam Group:

“Working for a sustainable world is at the core of the Folksam Group's values. The 17 SDGs constitute a solid foundation for achieving sustainable development within business and society. While we support all 17 SDGs, through engagement with our clients, we have chosen to focus on four specific SDGs within our sustainability strategy.”
Example

Raising Awareness for Women’s and Girls’ Empowerment

Engaging with investors and media. CAD 1 billion bond in January 2018 offered investors an opportunity to connect investment with financial and social impact objectives. 55% purchased by Canadian investors.

Raising awareness. Empowering women and girls is one of the most effective ways to accelerate economic development, reduce poverty and build sustainable societies around the world.


Roger Beauchemin, President and Chief Executive Officer of Addenda Capital: “Addenda Capital has determined that the World Bank’s Sustainable Development Bonds are an excellent fit for our clients including our new Addenda Impact Fixed Income Fund. This bond reinforces our view that investors must look beyond green bond labels to identify opportunities for clients to have a positive social and environmental impacts while still generating competitive investment returns. With the World Bank’s sustainable development mandate, this bond will help support projects and programs that cover the key themes Canada has identified as priorities for its 2018 G7 Presidency, including advancing gender equality and women’s empowerment.”

<table>
<thead>
<tr>
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<tbody>
<tr>
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<tr>
<td>Issuer Rating:</td>
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<tr>
<td>Amount:</td>
<td>CAD 1 billion</td>
</tr>
<tr>
<td>Maturity:</td>
<td>5 years</td>
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<td>Settlement Date:</td>
<td>17-Jan-18</td>
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<td>Maturity Date:</td>
<td>17-Jan-23</td>
</tr>
<tr>
<td>Use of Proceeds:</td>
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</tbody>
</table>
Sustainable Cities

Raising Awareness. The bonds were developed in collaboration with investors interested in raising awareness for SDG11, as part of the Swedish Investors for Sustainable Development (SISD), a network of pension funds, asset owners and investment companies. The investors were: The investors are Skandia, SEB Life & Investment Management, Handelsbanken Fonder, and Church of Sweden.

Investing to Build Sustainable Cities  The collaboration highlights projects that are helping to build sustainable cities amid unprecedented urban growth, including for improvements in water supply and sanitation, waste management, transportation infrastructure and services, energy supply, and address challenges from climate change.

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<td>Maturity Date:</td>
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<tr>
<td>Use of Proceeds:</td>
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</tbody>
</table>

"Making cities more sustainable is critical if we are to limit global warming to two degrees, which the world agreed upon in Paris in 2015. As a long-term investor, we see huge investment potential in the SDGs and in greening the cities. This promising collaboration is one step towards that goal.”

Gunnela Hahn
Head of Sustainable Investment, Church of Sweden
Example

Raising Awareness for Health and Nutrition of Women, Children and Adolescents

Bridging the gap:
The World Bank and the Global Financing Facility are partnering to reduce the borrowing costs of countries investing in improving outcomes for women and children.

Partnering for impact:
USDeq. 2 billion raised in eight transactions from institutional and retail investors in Europe and Japan that raise awareness for health and nutrition of women, children and adolescents.

<table>
<thead>
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<tbody>
<tr>
<td><strong>Issuer:</strong> World Bank (IBRD)</td>
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<tr>
<td><strong>Issuer Rating:</strong> Aaa/AAA</td>
</tr>
<tr>
<td><strong>Amount:</strong> USDeq. 2 billion</td>
</tr>
<tr>
<td><strong>Maturity:</strong> 3 years, 5 years, 10 years</td>
</tr>
<tr>
<td><strong>Currencies:</strong> BRL, CAD, INR, MXN</td>
</tr>
<tr>
<td><strong>Use of Proceeds:</strong> Sustainable Development Projects</td>
</tr>
</tbody>
</table>
Water and Oceans

Raising Awareness
The bonds are supporting the World Bank’s strategic focus on conservation and sustainable use of fresh and salt water resources.

Investing to Improve Water Management
Providing investors with an opportunity to highlight support for the Sustainable Development Goals that address water, sanitation and marine protection.

$827 million raised
16 bonds, 8 currencies: AUD, EUR, IDR, KZT, MXN, NZD, SEK, USD

<table>
<thead>
<tr>
<th>Example: Summary of Terms</th>
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<tr>
<td>Issuer:</td>
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<td>Maturity Date:</td>
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<tr>
<td>Use of Proceeds:</td>
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</table>

"Water is the driver of nature. We at SPP Storebrand welcome IBRD’s effort to issue a bond which highlights the critical water topic. In the coming years, we need to scale up investments in infrastructure related to water tremendously. Raising awareness is a welcomed first step."

--Helena Lindahl
Senior Portfolio Manager, Storebrand
Capital at Risk Notes program facilitates risk transfer solutions for the World Bank and its clients using the capital markets.

Under this program, the World Bank issues notes where some or all of the investors’ principal may be at risk, such as catastrophe bonds ('cat bonds').

The first transaction under the program was a World Bank cat bond linked to natural hazard risks (earthquake and tropical cyclone) in 16 Caribbean countries. More recently, the World Bank issued the first pandemic bond to prevent another Ebola-like outbreak.

In October 2017, Notes issued under this program triggered a US$150 million pay-out to Mexico following an earthquake.
Summary

- World Bank’s purpose is to end extreme poverty and promote shared prosperity.
- World Bank bonds are sustainable investment opportunities that fund its development activities.
- IBRD’s AAA/Aaa rating is based on its strong balance sheet and capital, its conservative financial policies and risk management, as well as the support from 189 member countries.
- The World Bank offers investors a broad range of products in various currencies and maturities and for bonds ranging from benchmark bonds to tailor-made notes designed to suit specific investor needs.
- Investors and clients are increasingly interested in the environmental, social and governance features of the World Bank and its products, including its climate-themed investment and risk management products.
Annex

Project Stories
Outline

Project Examples

By Sector

- Agriculture
- Education
- Energy
- Finance, Trade, and Industry
- Governance
- Health and Social Services
- Transportation
- Water and Sanitation

By Theme

- Gender
- Environment
**Paraguay**

**Sustainable Agriculture and Rural Development Project**

### Description

**Purpose:** To improve in a sustainable way the socio-economic condition of small-scale farmers and indigenous communities in the project area.

**Expected Results (include):** Strengthening access to markets and value chains and enhance community organization and self-governance. It is expected that an additional 200,000 beneficiaries will be reached, bringing the total number of beneficiaries to 256,000.

**IBRD Financing:** $37.5 million + $100 million

### Development Challenge

With about one third of the population living below the poverty line and 18 per cent in extreme poverty, Paraguay is one of the countries in Latin America with the highest levels of poverty. The new Government recently included the fight against extreme poverty among its top priorities. Two thirds of the rural poor of Paraguay (or about 782,000 people) are also extremely poor and mostly live off agriculture.

### Project Description

The project supports actions to strengthen community organization, self-governance, and access to markets and value chains through community organization development and capacity building; rural extension and adaptive research; a sustainable rural development fund; animal health improvement; and project management, monitoring, and evaluation.

For more information:
Armenia
Education Improvement Project

Table: Description

<table>
<thead>
<tr>
<th>Purpose:</th>
<th>To improve readiness of children entering primary education, improve quality of higher education, and improve physical conditions of secondary school.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Results (include):</td>
<td>Target 2400 preschool enrollees, 120 community based preschools, fully integrated and operational Education Management Information System, and 4,000 staff trained on system. 10 standards revised and endorsed by government. 107 high schools with education resources.</td>
</tr>
<tr>
<td>IBRD Financing:</td>
<td>$15 million</td>
</tr>
</tbody>
</table>

Development Challenge
While Armenia has made progress in achieving nearly universal enrollment in primary and middle school, pre-school enrollment (for children ages 3-6) is currently only 65%. In addition, improvements in quality of education have not yet led to improved student performance. Poor infrastructure in high schools is unsafe for students and hampers learning.

Project Description
This project will improve the quality of education at all levels by focusing on efficiency, equity and the development of new academic programs, especially programs targeting young children in underserved groups or regions in Armenia. It supports rehabilitation of high school facilities and provision of learning resources.

For more information:
Pakistan
Hydropower Project

Development Challenge
In recent years, the country’s demand for power has risen so dramatically that supply can’t keep up. Load shedding has caused widespread blackouts that reached peak levels in 2011 when power cuts occurred in homes, businesses, factories and industries for an average of eight hours daily. In summer, cuts reached 16 to 20 hours in some areas. The disruption is causing widespread protests, even violence, particularly in major cities like Karachi and populous areas like Punjab province.

Project Description
The Tarbela Dam, built in 1974, is one of the world’s largest dams and supplies 16% of Pakistan’s electricity. As demand for power has increased, the World Bank is helping Pakistan expand the dam’s generating capacity. The Project will strengthen the Water and Power Development Authority's (WAPDA's) capacity to develop the country's hydropower resources. The new hydropower plant will be added to an existing water tunnel at the northeast end of the dam.

Description

| Purpose: | To facilitate a sustainable expansion in Pakistan's electricity generation capacity. |
| Expected Results (include): | The hydropower project will shift Pakistan’s power mix away from expensive imported fuel oil needed to run thermal plants, to cleaner, more environmentally friendly sources of power. Adding 1,410 megawatts of generating capacity to the current hydropower capacity of 3,478 megawatts. |
| IBRD Financing: | $400 million |

For more information:
India
Technology Center Systems Project (TCSP)

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Purpose</strong>: To enhance the productivity and competitiveness of Micro, Small, and Medium Enterprises (MSMEs) by improving access to technology, business advisory services, and skilled workers through a system of financially sustainable Technology Centers across India with a strong emphasis on Low Income States.</td>
</tr>
<tr>
<td><strong>Expected Results (include)</strong>: Setting up 15 new Technology Centers and upgrade the technological capabilities of the existing 18 Centers by developing links with Indian and international research institutes and leading manufacturers.</td>
</tr>
<tr>
<td><strong>IBRD Financing</strong>: $200 million</td>
</tr>
</tbody>
</table>

**Development Challenge**
Manufacturing has long been recognized as an essential driver of economic development for most countries, as it has an important economic and employment multiplier effect. India’s manufacturing performance has not been encouraging, despite a strong potential. The manufacturing sector faces severe constraints including difficulties in accessing markets and finance, poor infrastructure, disincentives for MSMEs growth, and lack of access to technology and skills.

**Project Description**
The project will develop the technological and skills base of MSMEs in selected manufacturing industries though Technology Centers, which are shared facilities that enable MSMEs to access technologies, business advisory services, and training to improve productivity and competitiveness. The Technology Centers will support industry clusters across manufacturing chains, both upstream (tooling industry) and downstream (such as automotive, electronics and fragrance and flavor industries). The program will also complement the work being done by public private providers of vocational training; help them improve their curricula; train their trainers; and establish links between the Technology Centers and other institutes.

For more information:
Jamaica
Integrated Community Development

Description

Purpose: The Integrated Community Development Project is designed to enhance basic urban infrastructure and services, and contribute towards increased community safety in selected economically vulnerable and socially volatile inner city communities of Jamaica.

Expected Results (include): More than 50,000 people will benefit from improved solid waste management services; Improved safety in 18 targeted communities. More than 10,000 people will be connected to the electric grid; water pipe access for 1,200 families will be repaired; 4,500 residents provided with education and skills training.

IBRD Financing: $42 million

Development Challenge
Over half of Jamaica’s population of 2.7 million resides in urban areas. 17 percent lives below poverty. Inadequate land use and urban planning has resulted in imbalanced region development, inequitable distribution and access to services, and employment opportunities. High rates of crime and violence compound this problem and limits growth in Jamaica.

Project Description
The project will improve basic infrastructure and access to services, particularly relating to roads, sanitation, and electricity. A second component will target at-risk youth populations through violence prevention programs.

For more information:
Panama
Health Equity and Performance Improvement Project

**Description**

**Purpose:** Provide better health quality for mothers and their children

**Expected Results (include):**
- Provide 200,000 beneficiaries from 47 underserved rural communities access to basic health care through these mobile health units to improve mother and child health care, including pregnant women completing at least 3 prenatal.
- Provide more babies with less than 1 year of age with complete vaccination records, and have more births attended by skilled personnel.

**IBRD Financing:** $40 million

**Development Challenge**

Panama's rural poor and indigenous communities experience much worse health outcomes than the rest of the population. For example, mortality rates for children under five years old can be as high as 2.4 times the national average of 19.9 deaths per 1,000 live births.

**Project Description**

In 2008, the World Bank supported Panama’s Health Equity and Performance Improvement Project. The program uses mobile health teams to provide the rural poor with continuous access to a package of health services known to improve mother and child health care. The mobile health teams were contracted with the Ministry of Health using a payment scheme that provided them incentives to reach more underserved rural populations.


Video: [https://www.youtube.com/watch?v=1S71KSZJK0](https://www.youtube.com/watch?v=1S71KSZJK0)
Ecuador

Quito Metro Line One

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Purpose:</strong> To provide efficient, underground public transportation to the residents of Quito, Ecuador.</td>
</tr>
<tr>
<td><strong>Expected Results (include):</strong> Build 23 kilometers of metro rail and 15 stations with six of them integrated with the Metrobus-Q to transport 360,000 passengers daily; save $14 million in fuel annually; generate 1,800 jobs. To alleviate traffic congestion and improve access to the 760,000 people who work near the metro line.</td>
</tr>
<tr>
<td><strong>IBRD Financing:</strong> $205 million</td>
</tr>
</tbody>
</table>

**Development Challenge**

Quito, Ecuador’s capital, is located in a valley surrounded by volcanoes which limits construction of modern wide roads. Limited infrastructure has meant traffic jams and increased greenhouse gas emissions.

**Project Description**

The Quito metro involves the support of four multilateral agencies to invest $1.5 billion in the first line of the project. The project will improve urban mobility to reduce travel time, decrease operational costs of the transport service, improve connectivity, security, and comfort of the current system and reduce emissions from pollutants and greenhouse gases.

For more information:

Description

**Purpose:** To promote the efficient and sustainable use of water in the Sergipe River Basin, by strengthening the State's sector management, enhancing soil management practices and improving water quality.

**Expected Results (include):** Improved water resources and environmental management in the State of Sergipe. Integrated procedures and tools for environmental licensing and water rights implemented. 20% water efficiency improvements in the use of water. Agency responsible for water resources management is created or designated.

**IBRD Financing:** $70.28 million

Development Challenge
Brazil faces crucial water resource challenges related to scarcity, pollution in urban conurbations that do not have adequate wastewater collection and treatment services and recurrent droughts and floods. The State of Sergipe is emblematic of the water challenges facing Brazil. The State of Sergipe is currently struggling to confront these problems in the context of rising urbanization, informality, water demands and water pollution.

Project Description
This project strengthens the State's sector management, enhances soil management practices, and improves water quality. It also reinforces water for irrigation and funds activities designed to promote soil and water conservation and more efficient irrigation methods. The aim is to improve water resources and environmental management capacity by promoting more integration of policies and practices, coordination among agencies addressing planning and regulation of water resources, and project management, monitoring, evaluation, and dissemination. The interventions are also aimed at improving the quality of life for residents in municipalities and the quality of water and sustainability of the environment in these areas through the expansion of water supply and sanitation and urban drainage infrastructure.

For more information: http://www.worldbank.org/projects/P112074/sergipe-water-project?lang=en
Gabon: Fostering business development to empower women
Investment Promotion and Competitiveness Project

**Description**

**Purpose:** To improve the investment climate and to foster enterprise development through business environment reforms and stimulating Small and Medium Enterprises (SMEs) with an emphasis on increasing women employment through skill-building and business opportunities.

**Expected Results (include):** 25,500 Gabonese, of which half will be women, are expected to benefit from new jobs and skills by the project’s end in 2019.

**IBRD Financing:** $18 million

**Development Challenge**

Despite strong economic growth over the past decade, the Gabon’s unemployment rate is 16 percent and female unemployment rate is 27 percent. Women are particularly affected in that they represent only 29 percent of wage and salaried workers but 63 percent of vulnerable employment, which is unpaid family workers and own-account workers. Households headed by females, which account for 20 percent, are more likely to be living below the poverty line than households headed by males.

**Project Description**

The project is designed to support the Government’s strategy to promote Gabon as a sound investment spot, and build new sectors in the economy. It will provide for a single, one-stop shop for businesses and a new streamlined business registry with a web-based, e-database and help improve access to financial services, particularly for women and youth, as a step towards improving their chances of opening their own small businesses. The project targets women by supporting conditions to help stimulate SMEs, such as a Women’s Business Center to support female entrepreneurs with advisory services, training, and access to business opportunities.

For more information:  
Country Challenge
In China, millions of households rely on the agriculture sector for their livelihood. The agricultural sector, however, has had widespread negative impacts on the environment because of inadequate farming techniques involving misuse of land leading to desertification, over-use of synthetic pesticides and fertilizers without adequate environmental controls. In addition, agriculture is responsible for 50% of China’s methane emissions (a potent greenhouse gas).

Project Goals
This project supports cleaner, healthier farmyard environments, along with the reduction of greenhouse gas emissions through methane capture and combustion to generate energy, and the reduction of burning of coal and firewood.

Video: http://www.youtube.com/watch?v=z1Obm7vmXqq&feature=player_embedded
Beijing Rooftop Solar Photovoltaic Scale-Up (Sunshine Schools) Project

Country Challenge
Energy efficiency and renewable energy are central in China's push to reduce the carbon footprint of its economy.

Project Goals
The “Sunshine Schools” Project will increase the share of clean energy in electricity consumption and demonstrate the viability of the renewable energy service company model by scaling up the deployment of rooftop solar photovoltaic systems in 1000 schools and other educational institutions in Beijing Municipality – the largest solar photovoltaic initiative in the country so far.

Description

**Purpose:** To promote renewable energy in educational institutions.

**Expected Results (include):**
- 100MW of renewable capacity installed serving 650,000 students in 1000 schools.
- 100,000 KWh of electricity generated by the installed rooftop systems at full operation (about 10 to 15% of the schools' annual electricity use).
- 89,590 tons of CO2eq. emissions reduced annually.

**IBRD Financing:** US$120 million


Video: [https://www.youtube.com/watch?v=PlUoLizEyKM](https://www.youtube.com/watch?v=PlUoLizEyKM)
**Country Challenge**

75% of Colombia's population currently lives in cities and most of these urban residents rely on the public transportation system. Yet, public transportation is the cause of many of these cities’ problems, including serious traffic congestion, high incidences of accidents and crime, unhealthy air, and pollutants responsible for 62% of Colombia's carbon emissions.

**Project Goals.**

The Colombian government and the World Bank are continuing to work together through the support to the National Urban Transit Program (NUTP). Building on the success of Transmilenio, a rapid bus system in Bogotá, the project is designed to improve transport efficiency and accessibility, reduce fuel use per kilometer, as well as pollutant emissions in five additional cities: Barranquilla, Medellin, Bucaramanga, Cartagena, and Pereira.

### Description

Greater efficiency in urban mass transport

<table>
<thead>
<tr>
<th>Expected Results (include):</th>
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<tbody>
<tr>
<td>• Reduction of average travel time for low income riders.</td>
</tr>
<tr>
<td>• Reduction of accidents and pollution (including greenhouse gases) associated with bus transport services</td>
</tr>
<tr>
<td>• Increased access to the disabled, and other riders with special needs.</td>
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</tbody>
</table>

### IBRD Financing:

- $300 million – 2nd Add Financing Integrated Mass Transit System
- $350 million – Support to the National Urban Transit Program


Video (“National Urban Transport Program”): [http://www.youtube.com/watch?v=_HzUjAZvviU](http://www.youtube.com/watch?v=_HzUjAZvviU); [https://www.youtube.com/watch?v=1K9O_gKB1V8](https://www.youtube.com/watch?v=1K9O_gKB1V8)
## Indonesia
### Coral Reef Rehabilitation and Management

#### Description

**Purpose:** To help Indonesia protect and sustainably manage its unique coral ecosystems in several selected districts and five provinces in the country.

**Expected Results (include):** Finance projects that support preparation of zoning plans, application of integrated coastal management, sustainable fisheries management in selected fisheries management areas and, piloting community rights-based approach. Monitoring and evaluation of project performance also evaluated.

**IBRD Financing:** $47.38 million

#### Development Challenge
Sustainable management of coral reef resources, associated eco-systems and bio-diversity for the welfare of the communities in seven selected districts of five provinces in the country.

#### Project Description
The project helps develop Conservation Areas where fishing will be restricted while providing communities rights to other areas for sustainable fishing and helps them develop income generating activities that are compatible with healthy marine ecosystems. It supports the government efforts in better monitoring and management of its marine conservations areas. Objectives include institutional strengthening for decentralized coral reef management, development of ecosystem-based resources management, strengthening sustainable marine-based economy; and project management, coordination and learning.

For more information:
### Mexico
**Efficient Lighting and Appliances**

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<thead>
<tr>
<th>Description</th>
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<tr>
<td><strong>Purpose:</strong> To promote the efficient use of energy and to mitigate climate change by increasing the use of energy efficient technologies in the residential sector.</td>
</tr>
<tr>
<td><strong>Expected Results (include):</strong> Cumulative over 5 years (2-phase program):</td>
</tr>
<tr>
<td>• 45.8 million inefficient light bulbs and 1.9 million old and inefficient refrigerators and air conditioners replaced</td>
</tr>
<tr>
<td>• 3.32 million tons of CO₂eq. emissions reduced cumulatively</td>
</tr>
<tr>
<td>• 50-60% electricity saved in residential households.</td>
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<tr>
<td>• 10,000 GWh cumulative energy savings.</td>
</tr>
<tr>
<td><strong>IBRD Financing:</strong> US$250.63 million</td>
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</table>

### Country Challenge
About 80% of Mexico's energy comes from fossil fuels (including imported gas). Residential electricity use is growing faster than Mexico’s GDP, or about 3.7 percent/year, and accounts for about a quarter of all electricity use. Air conditioning, home appliances, and electronics are expected to be the main growth areas.

In response, the government has initiated energy efficiency programs for the residential sector.

### Project Goals
The project financed the *Programa Luz Sustentable* and the appliance exchange program which supported free exchange of efficient light bulbs and a loan/subsidy program for efficient appliances targeting lower income households.


Video: [https://www.youtube.com/watch?feature=player_embedded&v=_cLgcYCQUPI](https://www.youtube.com/watch?feature=player_embedded&v=_cLgcYCQUPI)
For more information, contact us:

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| | http://treasury.worldbank.org/greenbonds 
| | http://crinfo.worldbank.org 
| Phone: | +1 202 477 2880 |
| Fax: | +1 202 477 8355 |
| Email: | debtsecurities@worldbank.org |
| Address: | 1225 Connecticut Avenue, NW 
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