

A group of four children in school uniforms (two boys and two girls) are laughing and hugging each other in a joyful moment. They are wearing white shirts and dark vests or skirts. The background shows a school building with windows.

WORLD BANK OVERVIEW
**BONDS FOR SUSTAINABLE
DEVELOPMENT**



THE WORLD BANK

Treasury | IBRD • IDA

OVERVIEW

- What is the World Bank?

- Why invest with the World Bank?

- What investment products does the World Bank offer?

 - Engaging With Investors (SDGs)

 - Annex: Project Stories



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WHAT IS THE WORLD BANK?



WHAT IS THE WORLD BANK?

- 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: 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



Provide loans 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 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.



PROMOTING SUSTAINABLE INVESTMENTS PRODUCTS GLOBALLY

Canada

- ✓ Bonds to raise awareness for Women & Girls' Empowerment
- ✓ Bonds to raise awareness for Health and Nutrition

United States

- ✓ Green Growth Bonds
- ✓ Bonds linked to Global Compact Signatories Index
- ✓ Index Linked Notes for Climate Awareness
- ✓ Nikko World Bank Green Fund

Sweden

- ✓ First Green Bonds
- ✓ SDG-focused bonds

France

- ✓ SDG Equity index-linked bonds
- ✓ SRI-themed bonds for European retail
- ✓ Green Growth Bonds

Belgium, Luxembourg, Netherlands, Switzerland

- ✓ ECO3+ Bonds
- ✓ Green Growth Bonds

Germany

- ✓ Green Growth Bonds

Italy

- ✓ Green Growth Bonds
- ✓ SDG Equity index-linked bonds
- ✓ SRI/ESG Emerging Market Currency Program

Japan

- ✓ Cool Bond
- ✓ Nikko World Supporter Fund
- ✓ Nikko-World Bank Green Fund

Hong Kong

- ✓ Green Growth Bonds



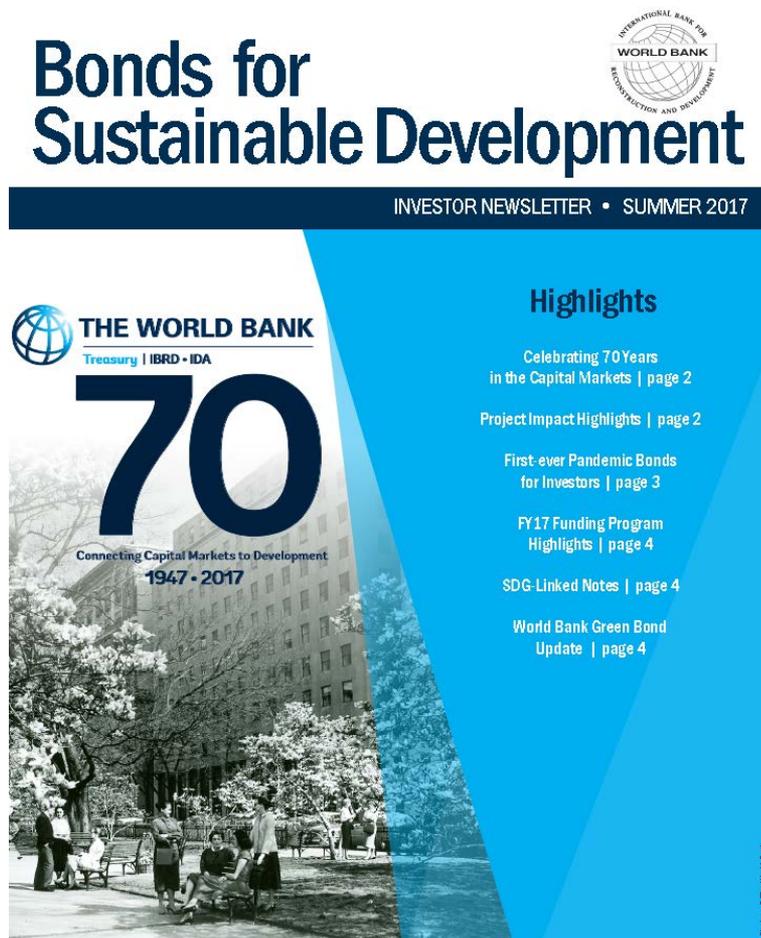
WORLD BANK PROJECT CYCLE

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



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
<http://pubdocs.worldbank.org/en/486141528824944197/World-Bank-Investor-Newsletter.pdf>

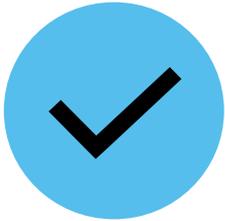


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WHY INVEST WITH THE WORLD BANK?

WHY INVESTORS BUY WORLD BANK BONDS



Track Record

- Issuing debt since 1947; triple-A rating since 1959
- Fixed income products in multiple currencies, structures and maturities



Safety

- Strong balance sheet as a result of prudent financial policies
- Funds only for sovereigns and sovereign-guaranteed projects

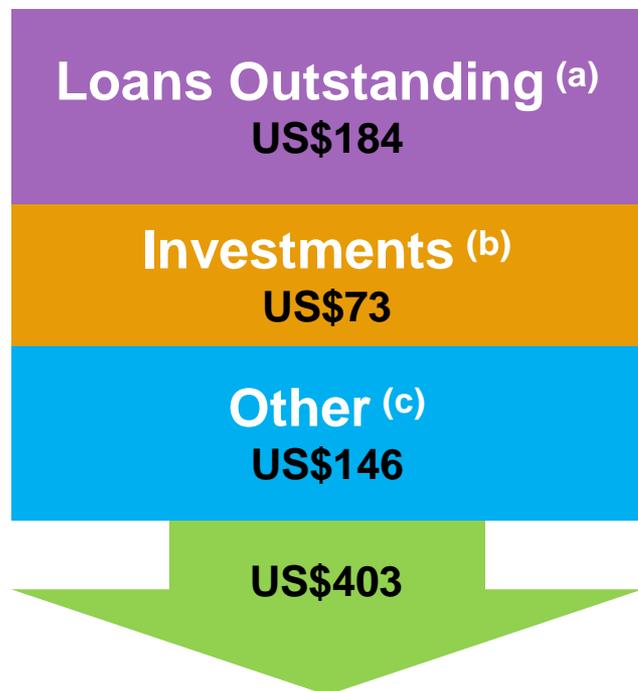


Development Mandate

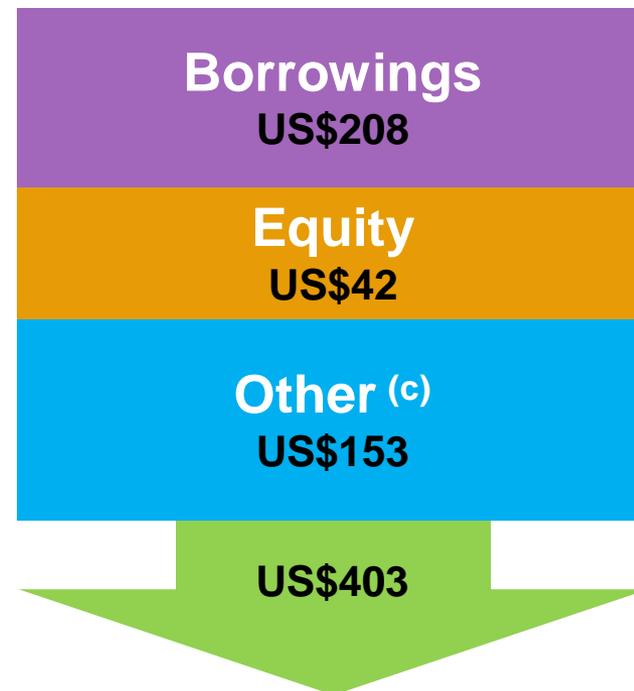
- The World Bank's sustainable development programs aim to achieve positive social and/or environmental impacts in member countries

BALANCE SHEET STRUCTURE

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



Assets



Liabilities & Equity

- (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

QUALITY LOAN PORTFOLIO

DIVERSIFIED SHAREHOLDER BASE

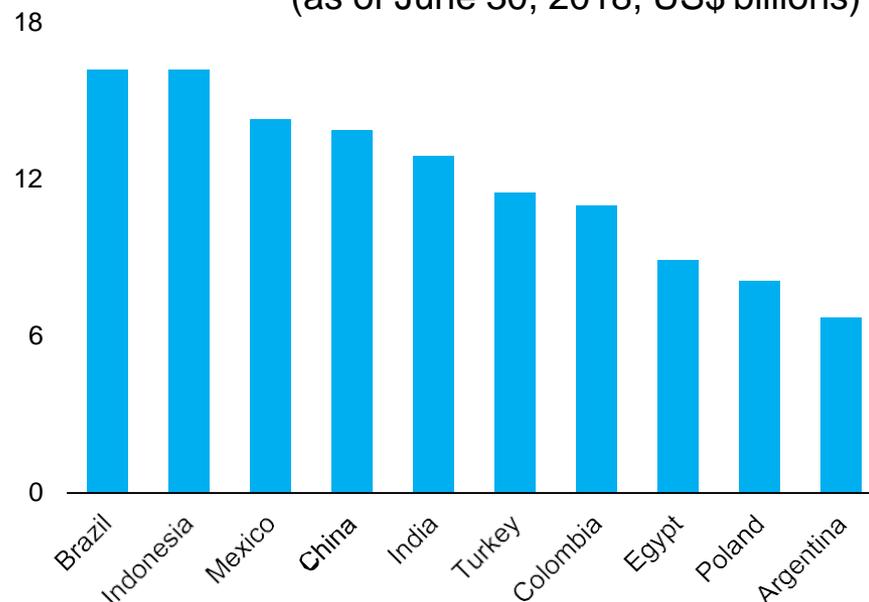
PRUDENT RISK MANAGEMENT

SUBSTANTIAL LIQUIDITY

- 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

(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

**QUALITY LOAN
PORTFOLIO**

**DIVERSIFIED
SHAREHOLDER BASE**

**PRUDENT RISK
MANAGEMENT**

**SUBSTANTIAL
LIQUIDITY**

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 a callable capital
- Callable capital can only be called to satisfy debt 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 US\$ billions (as of June 30, 2018)

Paid-in Capital	US\$16.4
Callable Capital	US\$258.3
Subscribed Capital	US\$274.7

WORLD BANK'S STRONG CREDIT QUALITY

QUALITY LOAN PORTFOLIO

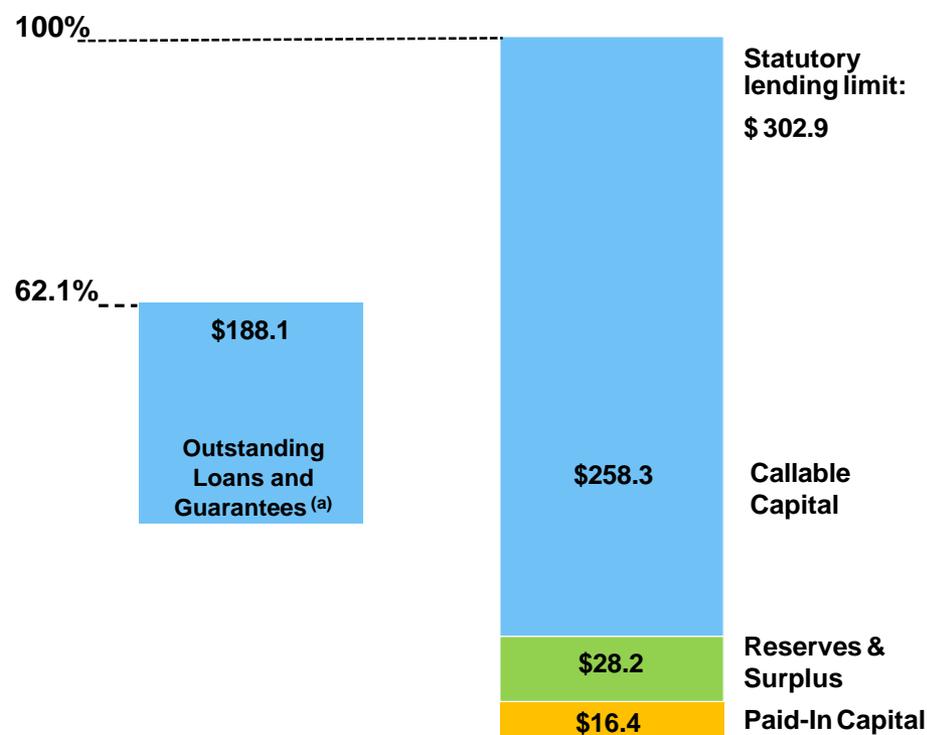
DIVERSIFIED SHAREHOLDER BASE

PRUDENT RISK MANAGEMENT

SUBSTANTIAL LIQUIDITY

- 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

WORLD BANK'S STRONG CREDIT QUALITY

QUALITY LOAN PORTFOLIO

DIVERSIFIED SHAREHOLDER BASE

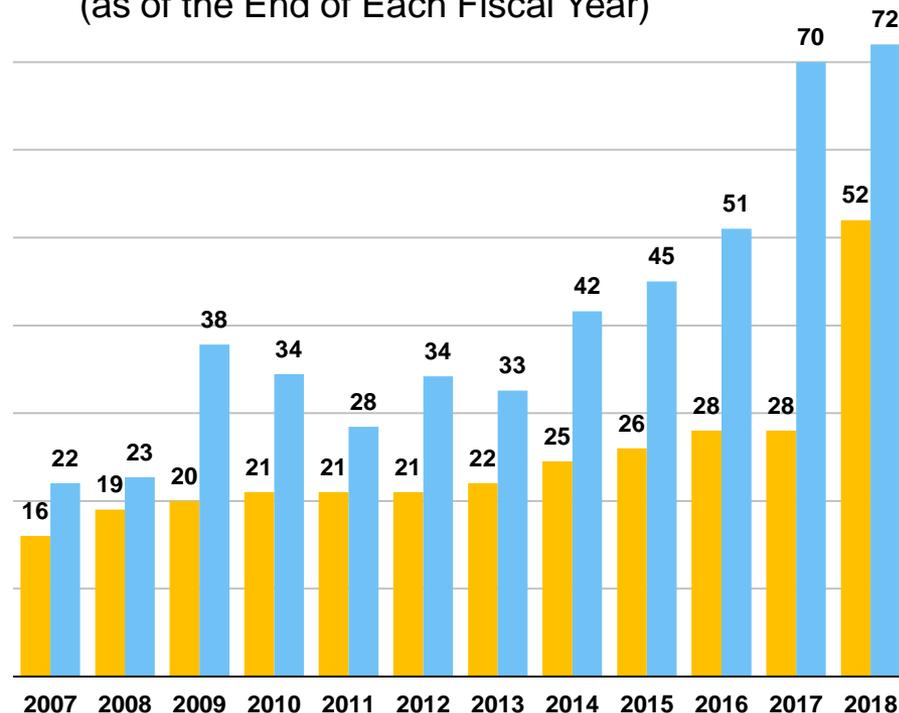
PRUDENT RISK MANAGEMENT

SUBSTANTIAL LIQUIDITY

- 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.

Liquid Assets

(as of the End of Each Fiscal Year)



■ Required Liquidity (US\$ bn)

■ Actual Liquid Assets (US\$ bn)



THE WORLD BANK

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WHAT INVESTMENT PRODUCTS DOES THE WORLD BANK OFFER?

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 over 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

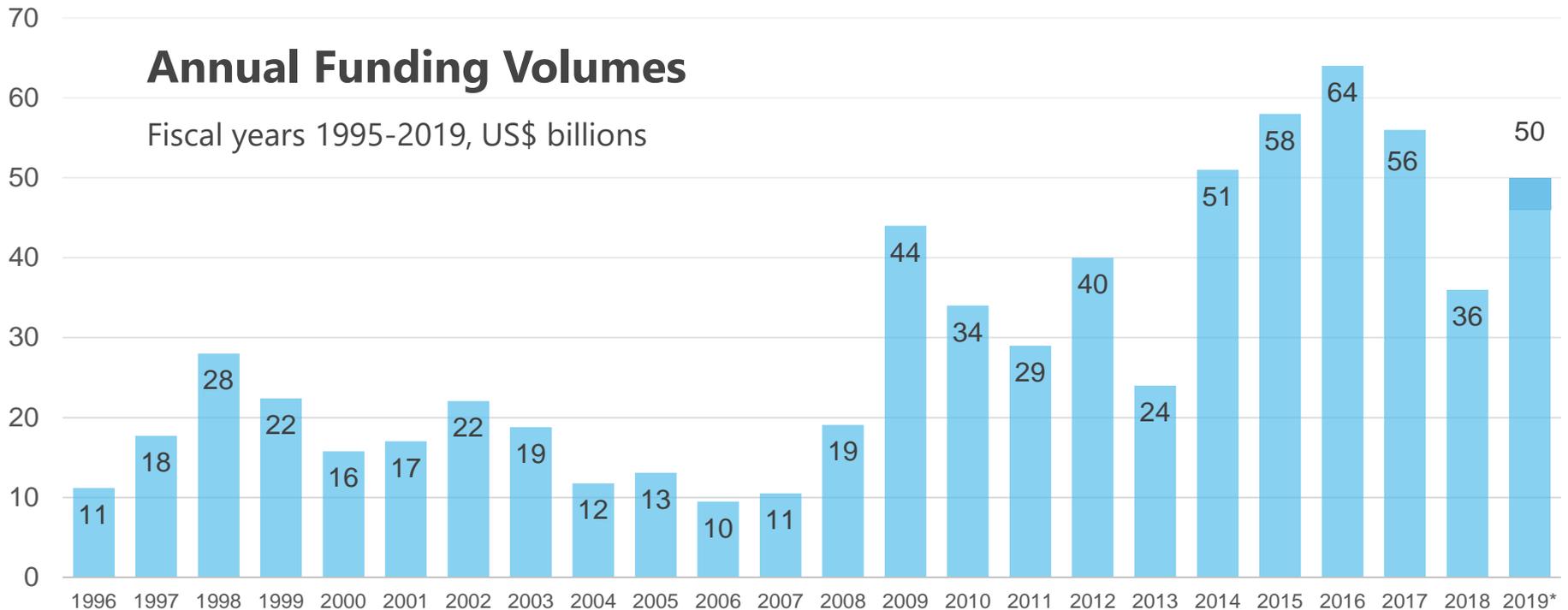
- Broad sponsorship from underwriters with solid primary placement with a diversified investor base.
- Strong aftermarket spread performance for liquid bonds.

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



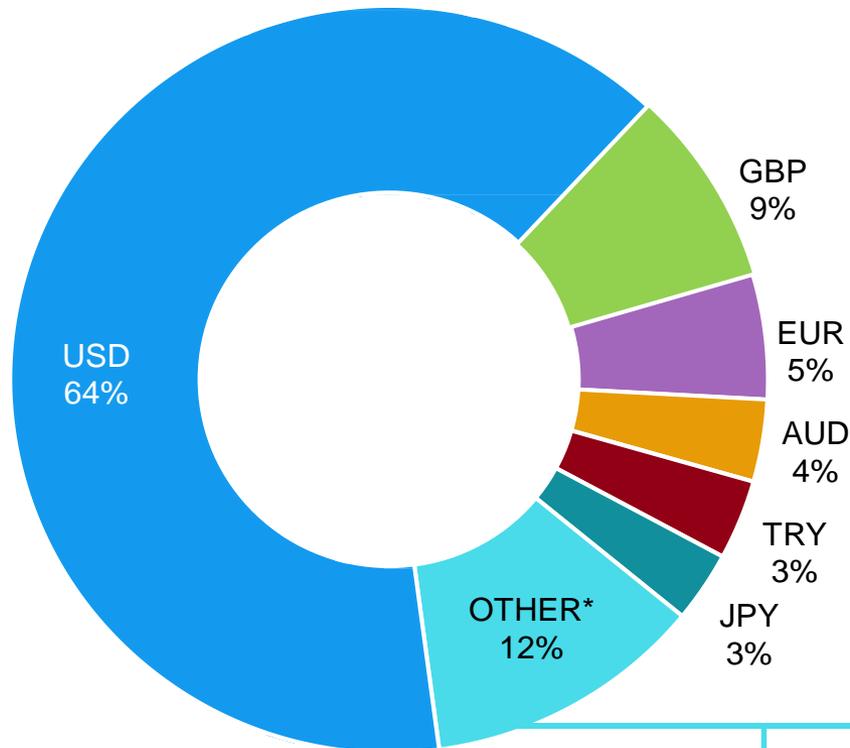
Note: World Bank fiscal years begin on July 1st and end on June 30th

*Projected

CURRENCY MIX

Currencies of Issuance in FY2018

US\$36 billion total



- 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.

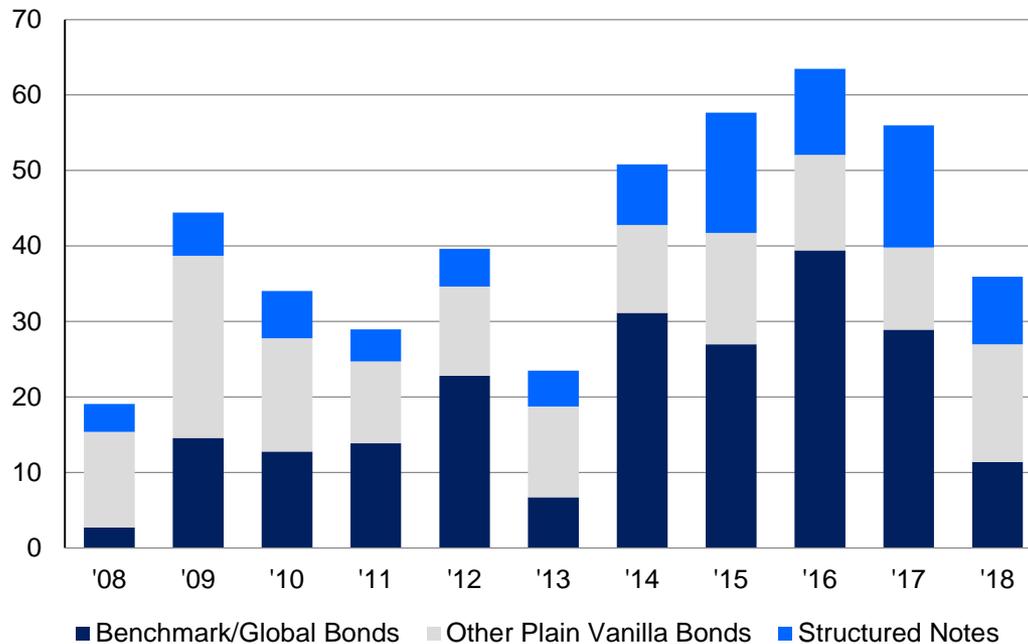
*OTHER CURRENCIES:

BRL, CAD, CLP, CNY, COP, GHS, HKD, INR, MXN, MYR, NGN, NOK, NZD, PEN, PHP, PLN, RON, RUB, SEK, UAH, ZAR

PRODUCT MIX

Annual Issuance

Fiscal years since 2008; 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-RFRN
- 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, Zambian kwacha

IBRD USE OF PROCEEDS

Supporting Sustainable Development in IBRD's Member Countries

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 USE OF PROCEEDS

Supporting Sustainable Development in IBRD's Member Countries

IBRD integrates five (5) cross-cutting themes into its lending activities helping its borrowing members create sustainable development solutions:



Climate Change



Gender



Jobs



Public-Private Partnerships



Fragility, Conflict & 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
- Diversification among triple-A holdings and benefit from a rarity value in the marketplace

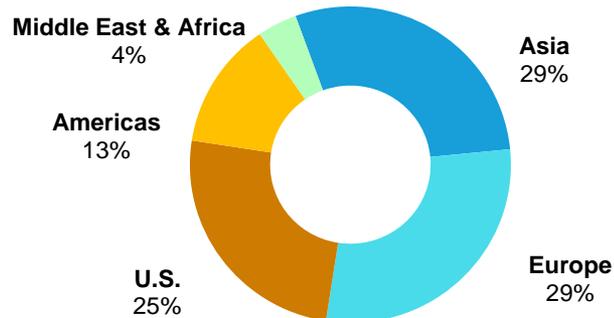
- **Global bond characteristics:**

- 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 AUD, CAD, EUR, NZD, ZAR, TRY, and USD
- World Bank bonds are represented in major indices
- Pricing and other bond details:
 - Bloomberg: IBRD <Govt> <Go> or IBRD <Go>

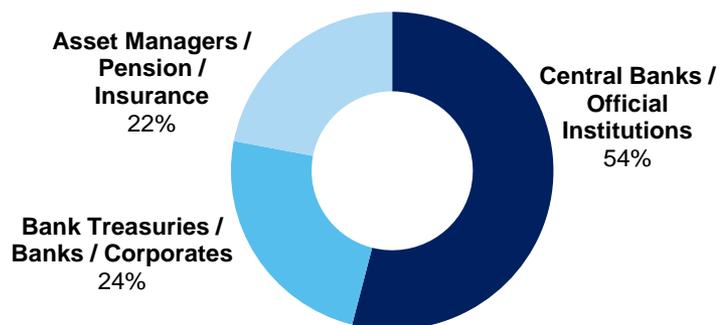
GLOBAL BOND EXAMPLE

The World Bank raised a US\$5 billion 3-year global benchmark bond due 2021. It offers investors a yield of 2.832% (semi-annual), equivalent to 14.95 basis points over the 2.625% US Treasury due July 15, 2021.

Distribution by Geography



Distribution by Investor Type



USD 5 billion 3-year Bond

Summary Terms and Conditions

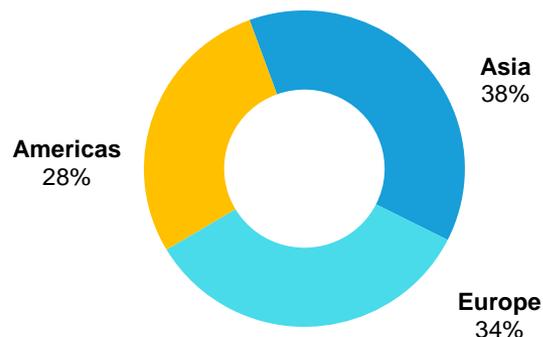
Issuer Rating:	Aaa/AAA
Maturity:	3-year
Total Amount:	USD 5 billion
Settlement Date:	7/25/2018
Maturity Date:	7/25/2021
Coupon:	2.75% per annum
Coupon Payment Dates:	23 January and 23 July each year
Issue Price:	99.766%
Leads:	Bank of America Merrill Lynch, Citi, J.P. Morgan, Morgan Stanley
Senior Co-Leads:	BMO, Castle Oak, Wells Fargo
Co-Leads:	Barclays, Daiwa, BNP Paribas, Deutsche Bank, Goldman Sachs, HSBC, Mesirow, MUFG Securities, Natixis, Nomura, Royal Bank of Canada, SEB, TD Securities, Tokai Tokyo

[USD 5 billion 3-year Global Benchmark Bond](#)
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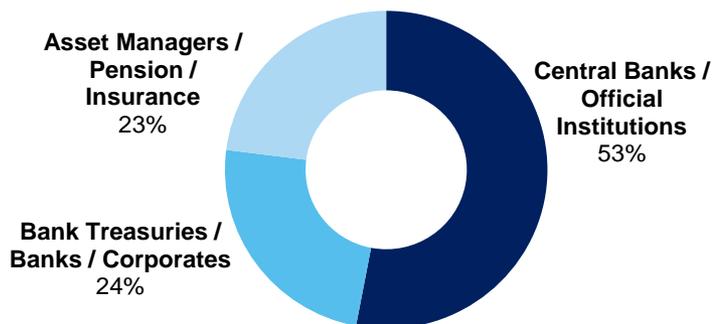
GLOBAL BOND EXAMPLE

The World Bank raised a US\$2 billion 10-year global benchmark bond. It offers investors a yield of 2.569% (semi-annual), equivalent to 19.52 basis points over the 2.250% US Treasury due November 15, 2027.

Distribution by Geography



Distribution by Investor Type



USD 2 billion 10-year Bond

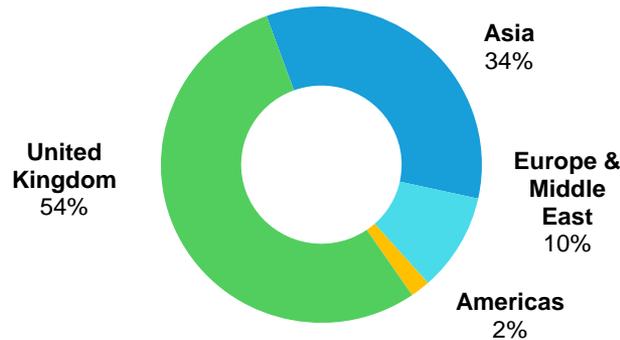
Summary Terms and Conditions

Issuer Rating:	Aaa/AAA
Maturity:	10-year
Total Amount:	USD 2 billion
Settlement Date:	11/22/2017
Maturity Date:	11/22/2027
Coupon:	2.5% per annum
Coupon Payment Dates:	22 May and 22 November each year
Issue Price:	99.766%
Leads:	Barclays, BNP Paribas, Nomura, TD Securities
Senior Co-Leads:	Wells Fargo
Co-Leads:	Bank of America, BMO, Castle Oak, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, InCapital, J.P. Morgan, Mitsubishi, Mizuho, Morgan Stanley, Natixis, RBC, Tokai Tokyo

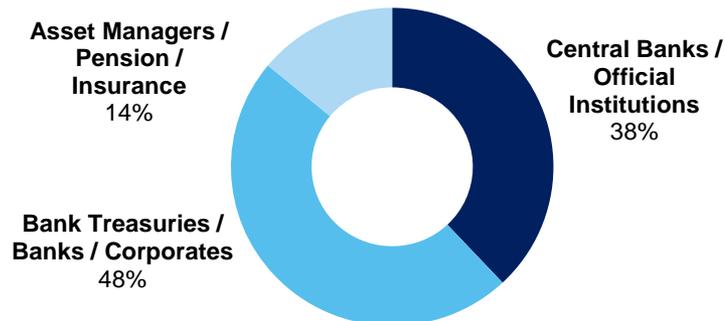
GLOBAL BOND EXAMPLE

The World Bank marks its return to the Sterling Market with its largest British pound-denominated bond, with a GBP 1.25 billion 5-year benchmark from institutional investors around the world.

Distribution by Geography



Distribution by Investor Type



GBP 1.25 billion 5-year Benchmark

Summary Terms and Conditions

Issuer Rating:	Aaa/AAA
Maturity:	5-year
Total Amount:	GBP 1.25 billion
Settlement Date:	01/24/2018
Maturity Date:	12/19/2022
Coupon:	1% per annum
Coupon Payment Dates:	12 December each year
Issue Price:	99.512%
Joint Leads:	Barclays, HSBC, NatWest Markets

[World Bank Returns to Sterling Market with 1.25 billion 5-year Global Benchmark Bond](#)

GDIF100280

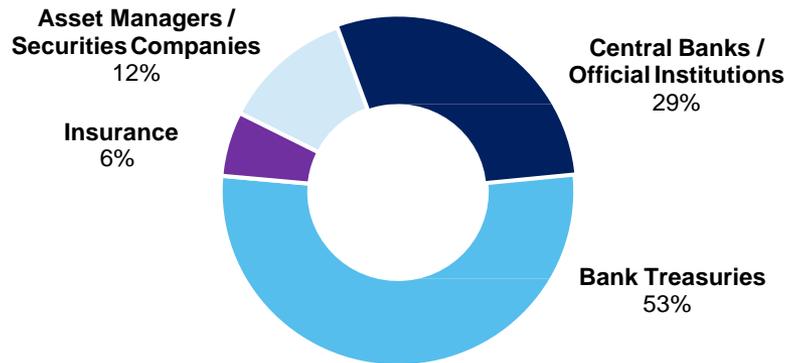
NON-CORE CURRENCIES

- 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

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.

Distribution by Investor Type



- 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%).

SDR 500 million 3 -year Bond

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:	CND1000BPQ1
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
Syndicate group members:	Agricultural Bank of China Limited, Bank of China Limited, Bank of Communications Co., Ltd., China Merchants Bank Co., Ltd., The Export-Import Bank of China, Bank of Ningbo Company Limited, Bank Of Hangzhou Co., Ltd., China International Capital Corporation Limited, CITIC Securities Company Limited, Donghai Securities Co., Ltd., Bank of Tokyo-Mitsubishi UFJ (China), Ltd. and Citibank (China) Co., Ltd.

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

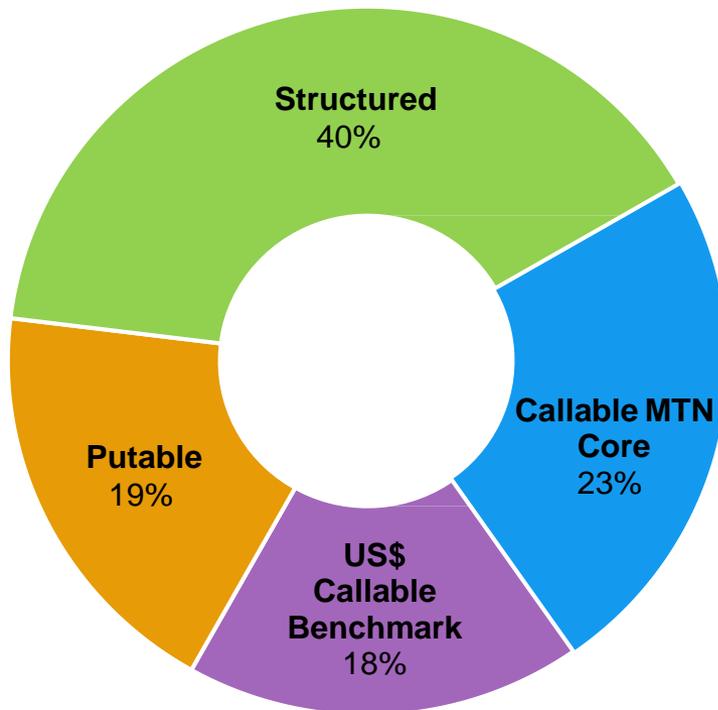
STRUCTURED NOTES

Structured Transactions	<ul style="list-style-type: none">▪ Represents approximately 25% of the World Bank's annual funding▪ For fiscal year 2018:<ul style="list-style-type: none">— 141 trades executed— Approx. US\$9 billion issued
Liquidity	<ul style="list-style-type: none">▪ Buyback program▪ Listing upon request▪ For 2018 fiscal year:<ul style="list-style-type: none">— 49 trades executed— Approx. US\$330 million bought back
Design and Customization	<ul style="list-style-type: none">▪ World Bank offers customized solutions
Execution	<ul style="list-style-type: none">▪ Reverse inquiry▪ Either confidential or public transactions
Form of Notes	<ul style="list-style-type: none">▪ Bearer or Registered, New Global Note (NGN)
Documentation	<ul style="list-style-type: none">▪ Standard Documents under IBRD's Global Debt Issuance Facility (GDIF)

STRUCTURED PRODUCT MIX

Structured Issuance in FY2018

US\$9 billion total



- Most structures are “callable bonds”
- USD callable benchmarks are placed with US investors, and are 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

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, puttable, 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

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

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

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



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

THE ORIGINAL GREEN BOND STORY

A Green Bond Market Emerges



Green Projects

in borrowing member countries



+ other Supranationals, Agencies, Corporates, ABS, etc

Solution

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



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





ENGAGING WITH INVESTORS (SDG'S)

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.



HIGHLIGHTING INVESTOR FOCUS ON THE SDG'S

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	
Issuer:	World Bank (IBRD)
Issuer Rating:	Aaa/AAA
Amount:	US\$ 350 million
Maturity:	7 years
Settlement Date:	8-Feb-18
Maturity Date:	8-Feb-25
Use of Proceeds:	Sustainable Development Projects

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.”

HEALTH & NUTRITION OF WOMEN, CHILDREN & 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.

Summary of Terms	
Issuer:	World Bank (IBRD)
Issuer Rating:	Aaa/AAA
Amount:	USDeq. 2 billion
Maturity:	3 years, 5 years, 10 years
Currencies:	BRL, CAD, INR, MXN
Use of Proceeds:	Sustainable Development Projects



WATER & OCEANS

Raising Awareness: The bonds are supporting the World Bank’s strategic focus on sustainable development including projects that finance 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.



"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

Summary of Terms

Issuer:	World Bank (IBRD)
Issuer Rating:	Aaa/AAA
Amount:	USDeq. 1 billion
Maturity:	1 year, 2 years, 3 years, 4 years, 5 years, 10 years, 13 years, 15 years, 20 years, 43 years
Currencies:	AUD, EUR, IDR, INR, KZT, MXN, NZD, SEK, USD
Use of Proceeds:	Sustainable Development Projects

COMBATING FOOD LOSS & WASTE

Raising awareness: One-third of all food produced in the world is lost or wasted every year. Globally, food loss and waste add up as third largest greenhouse gas emitter producing a carbon footprint of about 3.3 billion tons of CO2—8% of global emissions annually.

Engaging with investors: USD 300 million bond in March 2019 offered the investor an opportunity to communicate its focus on responsible production and consumption. The Folksam Group is the sole investor.



Planting rice
© World Bank Photo Collection

Summary of Terms

Issuer:	World Bank (IBRD)
Issuer Rating:	Aaa /AAA
Amount:	USD 300 million
Maturity:	3 years
Settlement Date:	28-March-2019
Maturity Date:	22-July-2022
Use of Proceeds:	Sustainable Development Projects

“With this investment, we can help to draw attention to the issue of food and resource efficiency. It is a key sustainability issue with far-reaching consequences both for the planet and human health, We strive for these goals through all aspects of our business, taking measures to improve resource efficiency in all our operations. This includes helping re-use and recycle customers’ damaged property and zeroing in on food waste in our own cafeteria. Every improvement counts, and I am proud that we can contribute in so many different ways to the goal of responsible production and consumption.”

-- Michael Kjeller
Head of Asset Management, Folksam Group:

1 NO POVERTY

2 ZERO HUNGER

5 GENDER EQUALITY

INVESTING IN WOMEN THROUGH AGRICULTURE

Raising awareness: IDR500 billion bond was placed with investors interested in supporting sustainable development including women’s empowerment in rural areas through investment in World Bank Sustainable Development Bonds.

Public- and private-sector partnership: to close gender gaps for poverty and sustainable economic growth. The study shows that a \$200 million World Bank loan in Côte d’Ivoire will help increase cashew productivity, one of the main sources of smallholders’ income and the center-piece of the country’s farming systems impacting 2 million people.



Summary of Terms	
Issuer:	World Bank (IBRD)
Issuer Rating:	Aaa/AAA
Amount:	IDR 500 billion
Maturity:	5 years
Settlement Date:	15-March-2019
Maturity Date:	15-March-2024
Use of Proceeds:	Sustainable Development Projects

“Supporting this deal enables us to boost the already outstanding sustainability standards in our supranational emerging market local currency bond portfolios and at the same time maximize the impact of our investment and raise awareness for rural women’s empowerment. We highly welcome the bond issue and look forward to working together with the World Bank in similar theme deals in the future.”

-- Gyula Toth
Senior PM, Macquarie Investment Management

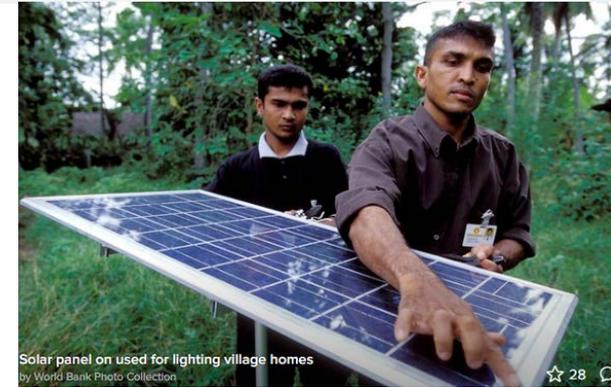
CLIMATE ACTION

Raising Awareness: World Bank green bonds provide an opportunity to invest in climate solutions that support World Bank-financed climate change mitigation and adaptation projects.

Catalyst for sustainable and responsible investment: World Bank green bonds are catalyst for deeper sustainable and responsible fixed-income market.

Summary of Terms

Issuer:	World Bank (IBRD)
Issuer Rating:	Aaa/AAA
Amount:	USDeq. 355 million
Maturity:	7 years, 10 years
Currencies:	AUD, BRL, COP, HUF, MXN, NOK, NZD, RUB, TRY, ZAR
Lead Managers	SEB, JPM, RBCCM, TD Securities
Use of Proceeds:	Green Bond eligible projects



10 Green bonds denominated in 10 different currencies for “SMBC Nikko World Bank Green Fund”

- An open-ended investment trust for Japanese investors.
- Launched by Nikko Asset Management and Sumitomo Mitsui Banking Corporation
- Distributed by Nikko Cordial Securities Inc. as the first distributors of the fund



WORLD BANK 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

ANNEX PROJECT STORIES

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



© World Bank

Development Challenge: With about 1/3 of the population living below the poverty line and 18% in extreme poverty, Paraguay is one of the countries in Latin America with the highest levels of poverty. 2/3 of the rural poor of Paraguay (or about 782,000 people) are also extremely poor and most live off agriculture.

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

Approved: 2013 **Closed:** N/A



PERU

Sustainable Agriculture and Rural Development Project



© World Bank

Development Challenge: Peru has a very productive marine environment and is a global leader in fish production. It provides nearly 20% of global fish catches, However, fishing without controls has led to a severe decline in stocks and over-expanded capacity (boats, processing facilities). Regulations established in 2009 have helped control overfishing of anchoveta mainly in the large-scale industrial sector, but pressures remain on other species and the artisanal fishing sector remains poorly regulated.

Purpose: To improve the sustainability of industrial and artisanal fishing and increase the productivity and diversity of Peru's aquafarming system.

Expected Results (include): Approximately 750 government validated innovations in fisheries and aquafarming which are accessible to about 70% of artisanal fishermen and aquafarmers.

IBRD Financing: \$40 million

Approved: 2017 **Closed:** 2022



ANGOLA

Agriculture Productivity Project



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Development Challenge: Around 44% of Angola's employed population works in the agriculture sector, with more than half of Angola's poor located in rural areas and dependent almost exclusively on agriculture for their livelihood. However the potential of the agriculture sector will remain untapped if productivity doesn't increase.

Purpose: To increase smallholder agriculture productivity, production and marketing for selected crops in the project areas.

Expected Results (include):

- Benefit to 175,000 are smallholder farmers and 600 are government staff
- 200 sub-projects engaged in post-harvest management and value-addition activities

IBRD Financing: \$70 million

Approved: 2016 **Closed:** 2021



ARMENIA

Education Improvement Project



© World Bank

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.

Purpose: To improve readiness of children entering primary education, improve quality of higher education, and improve physical conditions of secondary school.

Expected Results (include): 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.

IBRD Financing: \$15 million

Approved: 2014 **Closed:** 2021



PAKISTAN

Hydropower Project



© World Bank

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 and the disruption is causing widespread protests, even violence, particularly in major cities like Karachi and populous areas like Punjab province.

Purpose: To facilitate a sustainable expansion in Pakistan's electricity generation capacity. The project will strengthen the Water and Power Development Authority's (WAPDA's) capacity to develop the country's hydropower resources.

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

Approved: 2012 **Closing:** 2022



INDIA

Technology Center Systems Project (TCSP)



Development Challenge: While manufacturing has long been recognized as an essential driver of economic development for most countries, India's manufacturing sector faces severe constraints (difficulties in accessing markets and finance, poor infrastructure, and lack of access to technology and skills).

Purpose: 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.

Expected Results (include): 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.

IBRD Financing: \$200 million

Approved: 2014 **Closing:** 2020



JAMAICA

Integrated Community Development



© Mariana Ceratti / World Bank

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

Purpose: 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

Approved: 2014 **Closing:** 2020



PANAMA

Health Equity and Performance Improvement Project



© Gerardo Pesantez / World Bank

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 higher than the national average of 19.9 deaths per 1,000 live births.

Purpose: To provide the rural poor with continuous access to a package of health services known to improve mother and child health care.

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

Approved: 2008 **Closing:** 2014



ECUADOR

Quito Metro Line One Project



© Arne Hoel / World Bank

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.

Purpose: To provide efficient, underground public transportation to the residents of Quito, Ecuador. This 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.

Expected Results (include): 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.

IBRD Financing: \$205 million

Approved: 2013 **Closing:** 2020



BRAZIL

BR Sergipe Water Project



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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 struggling to confront these problems in the context of rising urbanization, informality, water demands and pollution.

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

Approved: 2012 **Closing:** 2019



INDONESIA

Improvement of Solid Waste Management to Support Regional and Metropolitan Cities



Development Challenge: Indonesia's urban population (142 million in 2016) and tourism growth have not been met with adequate infrastructure services, including sewerage and solid waste. When uncollected waste enters into drainage and sewer systems, flooding risk rises and much of this waste ends in the ocean. With an estimated 8 million tons of plastic entering the ocean annually, this poses a risk to the entire global fishing industry and human health.

Purpose: To improve solid waste management services for urban populations in selected cities across Indonesia.

Expected Results (include): Increased share of population with waste collection (from 65 to 85%); significant increase in waste landfilling capacity; quadruple share of waste recycled, composted and/or treated; and cut by 50% share of marine plastic waste from selected cities.

IBRD Financing: \$100 million

Approved: N/A **Closing:** N/A



CHINA

Ningbo Municipal Solid Waste Minimization and Recycling Project



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Development Challenge: China's rapid economic growth and urbanization has led to low efficiency in natural resource utilization, serious pollution, declining environmental quality, and increasing environmental health problems. Many Chinese cities are experiencing rapid increase in solid waste generation and increasing pressure for solid waste management.

Purpose: To assist selected districts in Ningbo Municipality to increase the volume and proportion of municipal solid waste recycled with processes for waste separation at source and recycling.

Expected Results (include):

Direct benefit to over two million residents
150,000 tones/year of kitchen waste collected
30,360 m³/day biogas generated for heat and power

IBRD Financing: \$80 million

Approved: 2013 **Closing:** 2020



GABON

Fostering business development to empower women – Investment Promotion and Competitiveness Project



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

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

Approved: 2014 **Closing:** 2019



CHINA

Beijing Rooftop Solar Photovoltaic Scale-Up (Sunshine Schools) Project



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

Purpose: To 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.

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: \$120 million

Approved: 2013 **Closing:** 2020



COLOMBIA

National Transit Program



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Development 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.

Purpose: 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, Medellín, Bucaramanga, Cartagena, and Pereira.

Expected Results (include):

- Reduction of average travel time for low income riders.
- Reduction of accidents and pollution (including greenhouse gases) associated with bus transport services
- Increased access to the disabled, and other riders with special needs.

IBRD Financing: \$300 million (2nd Add Financing Integrated Mass Transit System) and \$350 million (Support to the National Urban Transit Program)

Approved: 2011 **Closing:** 2020

For more information: <http://projects.worldbank.org/P117947?lang=en>

CONTACT US

Internet:	http://treasury.worldbank.org/debtsecurities http://treasury.worldbank.org/greenbonds http://crinfo.worldbank.org http://www.worldbank.org/en/topic/climatechange
Phone:	+1 202 477 2880
Fax:	+1 202 477 8355
Email:	debtsecurities@worldbank.org
Address:	1225 Connecticut Avenue, NW Washington, DC 20433, USA

Pricing Sources

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A group of four children in school uniforms are laughing and hugging each other in a hallway. The children are diverse in age and ethnicity. The scene is bright and joyful, with a semi-transparent dark grey banner overlaid across the middle of the image containing the title text.

WORLD BANK OVERVIEW BONDS FOR SUSTAINABLE DEVELOPMENT



THE WORLD BANK

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