

# Bonds for Sustainable Development



THE WORLD BANK  
Treasury

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## Dignity

End poverty and fight inequality



## Prosperity

Grow a strong, inclusive & transformative economy



THE GLOBAL GOALS  
For Sustainable Development

## Planet

Protect our ecosystems for all societies and our children



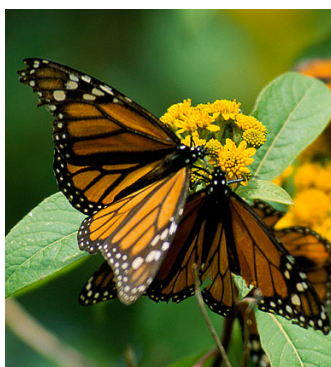
## People

ensure health, knowledge, & inclusion of women & children



## Justice

Promote safe & peaceful societies, & strong institutions



## Partnership

Catalyse global solidarity for sustainable development

In 2015, the global community reached historic agreements on the new **Global Goals for Sustainable Development** and the **Climate Change Convention** in Paris.

The Global Goals represent a commitment to a more ambitious agenda for international development in the next 15 years. They reflect a dream for a world in which everyone, everywhere can reach their full potential, and they seek to preserve the planet for all future generations.

“Working together, we can promote inclusive and sustainable growth, as well as opportunity for the poor and the vulnerable. **We can be the generation that ended extreme poverty.**”

**Jim Yong Kim**  
President  
The World Bank Group

“Buying World Bank **Sustainable Development Bonds** means you do good and you do well – you’re investing in education, health and essential infrastructure, and you’re changing the world.”

**Arunma Oteh**  
Vice President and Treasurer  
The World Bank

# The World Bank will play a key role in helping countries achieve the Global Goals

The International Bank for Reconstruction and Development (IBRD), also known as the World Bank, anchors its mission in two goals: ending extreme poverty and promoting shared prosperity in a sustainable manner.

In 2015, the global community agreed to accelerate development progress in the next 15 years by improving the conditions that affect people’s livelihoods and the sustainability of the planet. The shared commitment is to work towards 17 goals that address poverty, lack of opportunity, poor health and education, inadequate access to basic services, unequal opportunity to prosper, among other areas.

At the same time, the world is being confronted by considerable challenges from more frequent and severe natural disasters, greater climate risk, natural resource degradation and unprecedented levels of forced displacements – threatening development progress and heightening the urgency and importance of boosting global growth, resilience and opportunity.

The World Bank is a committed partner in these global efforts and will play a key role in helping countries achieve the Global Goals and leveraging the private sector as a critical partner in financing this ambitious agenda. Its bonds offer investors the opportunity to support the financing of projects and programs that help countries achieve their sustainable development objectives by bringing the best global development knowledge to tackle the world’s toughest challenges. It has over 50 years of development experience helping countries grow their economies, invest in their people and insure them against falling into poverty.

## Summary Lending and Borrowing Information (in US\$ billion)

	FY13	FY14	FY15
<b>Annual Commitments</b>	15.2	18.6	23.5
<b>Loans Outstanding</b>	143.8	154.0	157.0
<b>Annual Debt Issuance</b>	26.6	50.6	58.0
<b>Total Debt Portfolio*</b>	135.0	152.6	158.9

\* After derivatives

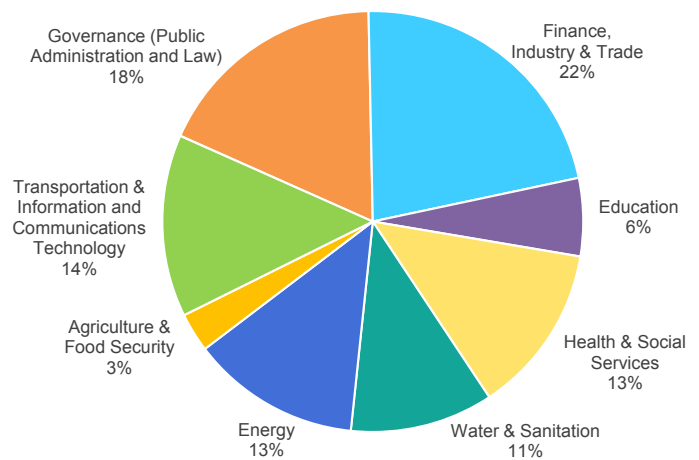
## Recent World Bank Bond Issues

- NZD 600 million 3.5% global bond due 01/2021
- AUD 550 million 2.8% global bond due 01/2021
- USD 5 billion 0.875% global bond due 07/2018
- USD 1 billion 1.75% global bond due 04/2023
- USD 3 billion 1.375% global bond due 03/2020
- USD 185 million 1.75% callable Italian retail bond due 03/2026

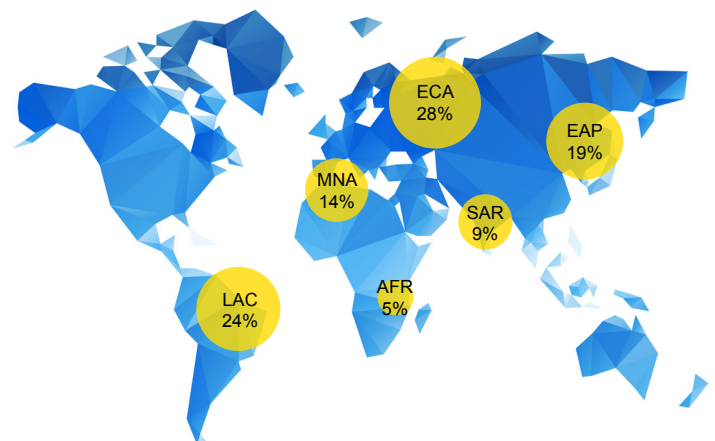
## World Bank Commitments

FY15 Commitments, totaling US\$23.5 billion

### BY SECTOR



### BY REGION



Africa (AFR) US\$1.2 billion; East Asia & Pacific (EAP) US\$4.5 billion; Europe & Central Asia (ECA) US\$6.7 billion; Latin America & Caribbean (LAC) US\$5.7 billion; Middle East & North Africa (MNA) US\$3.3 billion; and South Asia (SAR) US\$2.1 billion







Through the World Bank's bonds, investors support the financing of sustainable development projects and, at the same time, benefit from IBRD's financial strength. It's triple-A credit rating is based on its solid financial structure, conservative financial policies, strong capital adequacy and liquidity, and support and capital backing from its sovereign shareholders.

The World Bank has an established process for selecting and monitoring projects.

## I. Project eligibility criteria

All World Bank projects are anchored in two goals: ending extreme poverty and promoting shared prosperity in a sustainable manner. See page 3 for examples.

## II. Process for selecting projects

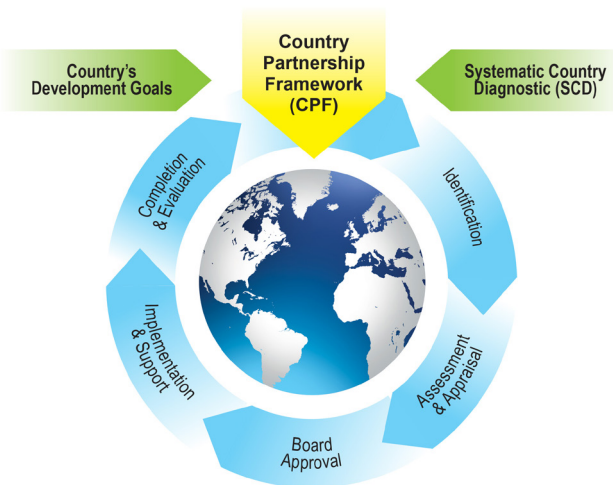
Priorities identified through a systematic country diagnostic (SCD) study performed to identify the biggest constraints and opportunities for reducing poverty and inequality, the country's development goals, and the Bank's comparative advantage determine the development program in each country which is laid out in a Country Partnership Framework (CPF).

Working in partnership with client countries, individual projects and programs are identified, assessed and appraised with the country including feasibility studies of the environmental, social and financial sustainability.

Projects must demonstrate consistency with the agreed CPF and the World Bank's twin goals in order to be approved by the Board of Executive Directors.

Government agencies implement the projects and report on progress; and the World Bank monitors the agreed milestones towards achieving the project's objectives through formal reviews that are conducted at least twice a year.

This country engagement approach is supported by reviews that identify lessons learned, steer midcourse corrections, and capture end-of-cycle learning. These reviews contribute to the World Bank Group's knowledge base and enhance the development effectiveness of future programs.



## III. Management of bond proceeds

Bond proceeds are invested in accordance with IBRD's conservative liquidity policy until they are used for project disbursements, which take place in accordance with IBRD's established policies and procedures often over a period of years.

## IV. Monitoring and reporting on impact of projects

The progress, outcomes and impacts of projects are monitored throughout implementation and the ultimate effectiveness of the operation is evaluated in terms of the objectives they were set to achieve. Project information is available on the main World Bank website.

For more information see:

[http://treasury.worldbank.org/cmd/htm/about\\_sustainable.html](http://treasury.worldbank.org/cmd/htm/about_sustainable.html)

# Four Pillars of the World Bank's Triple-A Credit Rating



### Quality Loan Portfolio

- Global diversification
- Lending only to sovereign and sovereign guaranteed projects
- Borrowing clients are also shareholders; increased incentive to repay
- Preferred creditor status recognized by rating agencies and financial market participants
- Concentration limits for individual borrowing countries
- Policy of freezing additional lending if repayments not on time



### Prudent Risk Management

- Statutory lending limit: outstanding loans must be less than paid-in and callable capital plus reserves
- Equity-to-loans ratio remains above the minimum of 20% set by the Board excluding callable capital
- Policies are designed to minimize the need for a call on capital
- Foreign currency and interest rate risks managed carefully to minimize risks



### Substantial Liquidity

- Prudential minimum liquidity is equal to highest six months of projected debt service over next 18 months plus half of net approved loan disbursements
- Actual liquidity exceeds minimum to increase financial flexibility
- Liquid assets conservatively managed against strict guidelines: highly rated (AA- or better) fixed income government and agencies securities and AAA corporate bonds and ABS



### Strong Capital Base

- 189 sovereign members/shareholders
- In addition to paid-in capital, shareholders have committed additional callable capital to satisfy debt holder claims
- Shareholders responsible for the full amount of their callable capital regardless of others' ability to fulfil their obligations
- Largest shareholders as of June 30, 2015: USA (17.1%); Japan (7.9%); China (5.1%); Germany (4.6%); France (4.1%); and UK (4.1%)

**About the World Bank:** The World Bank (International Bank for Reconstruction and Development, IBRD), rated Aaa/AAA (Moody's/S&P) operates as a global development cooperative owned by 189 member countries. The World Bank has two main goals: to end extreme poverty and promote shared prosperity. It provides its members with financing, expertise and coordination services so they can achieve equitable and sustainable economic growth in their national economies and find effective solutions to pressing regional and global economic and environmental problems.

**About the World Bank Group:** The World Bank Group consists of five separate legal organizations working towards a common mission to eradicate extreme poverty and promote shared prosperity. It includes International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Both IBRD and IFC are issuers of bonds.

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**THE WORLD BANK**  
Treasury

Email: [debtsecurities@worldbank.org](mailto:debtsecurities@worldbank.org)  
Tel: +1 (202) 477 2880  
Web: <http://treasury.worldbank.org/capitalmarkets/>  
Address: Investor Relations, Capital Markets Department  
1818 H Street NW, Washington, DC 20433, USA

