Funding Highlights

As of March 31, IFC raised US$11.2 billion out of its approved US$13 billion funding target for the July 2023 -June 2024 financial year. Public trades have been the preferred funding format so far, raising US$8.7 billion through new issues and taps in five currencies: United States dollar, Australian dollar, Canadian dollar, New Zealand dollar and British pound sterling. Private placement issuances have served a complementary role with US$2.3 billion issued in fourteen currencies, including Chilean peso and Azerbaijani manat. IFC also tapped into the floating-rate note market, raising US$100 million, and executed six local currency transactions in Bangladeshi taka, Kazakhstani tenge, Mexican pesos and Zambian kwacha, which brought in US$69.8 million.

US DOLLAR MARKET

IFC issued its first US dollar benchmark of the fiscal year 2024, printing a US$2 billion 5-year bond in July 2023, which attracted US$4 billion in orders from a high-quality and diverse investor base. The trade was issued ahead of the summer lull and took advantage of a clear window post the July 4 holiday, closing at mid-swaps + 31bps or 12.7bps over US treasuries. Allocations to central banks and official institutions were the largest at 69 percent, followed by banks and asset managers with 18 percent and 13 percent respectively.

In November 2023, IFC issued its second US dollar benchmark of the fiscal year, a US$1.5 billion 3-year social bond—its largest social bond issuance to date. The trade was heavily oversubscribed, with orders reaching US$7 billion from a diverse range of investors. The transaction marked IFC’s largest ever orderbook for a single issuance. This allowed IFC to tighten spreads by 2bps to close at mid-swaps + 33bps, equivalent to 8.2bps over treasuries. At the time of pricing, this marked the tightest spread for a Sovereigns, Supranational and Agencies (SSA) issuer in 2023. The proceeds from IFC’s social bond issuances are used to fund projects that generate measurable, positive social impacts, directly benefitting underserved populations and contributing to the achievement of the UN Sustainable Development Goals (SDGs). This helped to attract orders from impact-focused accounts seeking to gain exposure to these projects.

KANGAROO MARKET

The Australian dollar (AUD) was the second largest currency of issuance for IFC in fiscal year 2023, accounting for 27 percent of total volume. Given that most IFC issuances are swapped back into US dollars, the favorable cross-currency basis and the deep and diverse pool of Australian dollar investors make this market particularly attractive, especially for long-dated funding needs. In fiscal year 2023, IFC has continued to leverage these characteristics by issuing two new trades in this market: a A$50 million AUD (equivalent to US$38 million) 3-year social bond in August 2023, and a A$300 million AUD (equivalent to US$193 million) 5-year bond in October 2023. Both of these lines have subsequently been tapped, increasing to an outstanding amount of A$50 million AUD (equivalent to US$42 million) and A$1 billion AUD (equivalent to US$68 million) as of March 31, respectively. Several other longer-dated lines were tapped throughout the year, most notably the February 2023 and August 2023 lines, bringing the total issuance to A$3.2 billion AUD, equivalent to approximately US$2.1 billion.

KAURI MARKET

IFC has an established curve in the Kauri market, with 3.7 billion New Zealand dollar (NZD), equivalent to approximately US$2.4 billion in outstanding issuances. On December 6, 2023, IFC priced a NZ$500 million NZD (equivalent to US$370 million) 5-year fixed rate bond, just a day after the Reserve Bank of New Zealand released a 500 million NZD (equivalent to US$350 million) 3-year fixed rate bond. The trade also garnered orders from impact-focused investors with ESG mandates seeking to gain exposure to climate friendly projects in emerging markets.

STERLING MARKET

The Sterling market was the third largest source of funding for IFC in fiscal year 2023, accounting for 8 percent of total volume raised. In fiscal year 2024, IFC has issued two sterling trades: a £260 million (equivalent to US$375 million) 3-year bond and a £650 million (equivalent to US$823 million) 5-year bond. Both of these lines have been oversubscribed, with orders reaching £2 billion (equivalent to US$2.4 billion) with strong support from international investors who value IFC’s consistent market presence, benchmark-sized issuances, and thematic offerings.

MAPLE MARKET

The Maple market holds a high level of strategic importance for IFC. In August 2023, IFC issued its largest Canadian dollar (CAD) bond to date, a $1 billion CAD (equivalent to US$746 million) 3-year green bond to finance eligible projects under our Green Bond Framework. The trade attracted orders in excess of 1.5 billion CAD (equivalent to US$1.1 billion) with strong support from high quality investors, including central banks, official institutions, bank treasuries, and asset managers. The trade also garnered orders from impact-focused investors with ESG mandates seeking to gain exposure to climate friendly projects in emerging markets.

IFC has come to the Maple market at least once a year since 2011. We have cultivated a diverse base of local and international investors who value IFC’s consistent market presence, benchmark-sized issuances, and thematic offerings.

ISSUANCES BY MARKET

<table>
<thead>
<tr>
<th>Market</th>
<th>FY24 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
<td>42%</td>
</tr>
<tr>
<td>Sterling</td>
<td>17%</td>
</tr>
<tr>
<td>Maple</td>
<td>78%</td>
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</tbody>
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ISSUANCES BY CURRENCY

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY24 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>42%</td>
</tr>
<tr>
<td>CAD</td>
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<tr>
<td>NZD</td>
<td>19%</td>
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<tr>
<td>AUD</td>
<td>19%</td>
</tr>
<tr>
<td>GBP</td>
<td>19%</td>
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</tbody>
</table>

Placement issuances have served a complementary role with US$2.3 billion issued in fourteen currencies, including Chilean peso and Azerbaijani manat. IFC also tapped into the floating-rate note market, raising US$100 million, and executed six local currency transactions in Bangladeshi taka, Kazakhstani tenge, Mexican pesos and Zambian kwacha, which brought in US$69.8 million.
In fiscal year 2024, IFC has made remarkable strides in its commitment to sustainable finance, raising a total of US$3.6 billion as of March 31 through the issuance of sustainable bonds. This amount consists of US$1.3 billion in green bonds, which fund projects with positive environmental objectives, and US$2 billion in social bonds, dedicated to projects that have a positive social impact. This underscores IFC’s commitment to fostering sustainable development and addressing critical global challenges through innovative financial solutions.

In August 2023, IFC issued its first public green bond issuance in the Canadian dollar market for fiscal year 2024, raising 1 billion CAD, equivalent to US$746 million, which matures in August 2026. The offering sparked considerable enthusiasm, drawing orders exceeding 1.5 billion CAD from a diverse group of global investors, including central banks, official institutions, bank treasuries, and asset managers. IFC’s green bond issuance momentum continued through three taps of our existing May 2027 Australian dollar line, totaling 1.5 billion AUD, equivalent to US$956 million.

In addition to the public offerings, we executed several private placements which helped to diversify our green bond issuances across several currencies. These private placements raised 2 billion in Norwegian kroner (NOK) totaling US$187 million, 2.5 billion in Swedish kronor (SEK) amounting to US$216 million, US$55 million in U.S dollars and 500 million in South African rand (ZAR), equivalent to US$26 million.

IFC has raised a cumulative total of US$13.8 billion through 207 green bond issuances, including taps, in 22 currencies.

IFC has witnessed substantial investor appetite for its social bonds. To leverage this investor demand, we issued a 3-year social bond in November 2023, raising US$1.5 billion. This transaction marks the largest social bond in IFC’s history and garnered the most substantial order book ever recorded for the institution. Additionally, this issuance stands out as the most sizable US dollar social bond released by any supranational entity in 2023.

Furthermore, in the Australian dollar market, IFC tapped its April 2023 social bond line twice for 200 million AUD, equivalent to US$128 million and its April 2026 line for 650 million AUD, equivalent to US$423 million. This strategic maneuver reinforces IFC’s position as a leader in the social bond space, channeling substantial capital towards projects that deliver measurable social benefits and contribute to the advancement of global development goals.

IFC has raised a cumulative total of US$8.1 billion through 94 social bond issuances, including taps, in 14 currencies.

The green and social bond figures represent IFC’s strategic and impactful approach to leveraging capital markets by channeling significant resources into projects that advance global environmental sustainability and socio-economic development.
Harnessing Sustainable Finance

IFC’s Green and Social Bond Impact Report

IFC published its latest Green and Social Bond Impact Report, showcasing the significant strides made in sustainable finance. In fiscal year 2023, a remarkable 25 percent of IFC’s funding program was allocated to green and social bonds, channeling crucial investment into projects with positive environmental and social benefits. These initiatives range from enhancing sustainable aquaculture in Ecuador to upgrading vital water and sewage systems in Brazil, from empowering women entrepreneurs in Mongolia to expanding financial inclusion in Kenya.

The report highlights the $2 billion in green bonds raised across six currencies and $1.2 billion in social bonds raised across five currencies, channeling funds into climate-smart projects and initiatives that bolster social and economic equality with a strong emphasis on gender equity.

The inclusion of blue and biodiversity projects marks a significant milestone, showcasing IFC’s commitment to preserving our oceans and natural habitats. This expansion follows the 2022 framework update to encompass both green and blue financing, reflecting IFC’s holistic approach to environmental sustainability. These projects are crucial in promoting the sustainable use of ocean resources and conserving biodiversity, which are vital for maintaining ecological balance and supporting livelihoods.

The report not only details the impactful projects funded but also serves as a token of gratitude to investors whose steadfast support and interest make these achievements possible. As IFC continues to integrate green and social bonds into its borrowing strategy, the organization reafirms its role as a catalyst for impactful investment in emerging markets, fostering a greener and more equitable world.

IFC’s 2 Billion NOK Green Bond Boosts Blue Finance

On World Water Day – March 22, 2024 – IFC announced the issuance of its first green bond focused on blue finance, a 5-year fixed rate 2 billion Norwegian krone (approximately US$187 million).

This issuance reflects our deep commitment to advancing sustainable projects that protect our oceans and vital water resources in emerging economies. By participating in this bond, investors had the chance to make a tangible impact, supporting endeavors such as improving water and sanitation infrastructure in Brazil and fostering sustainable fishing in Ecuador. This initiative is in line with the surging interest in blue finance among investors, driven by an increased recognition of the risks posed by climate change to global water resources.

The World Water Council and the Organization for Economic Co-operation and Development (OECD) estimate that investments required for water-related infrastructure will reach US$6.7 trillion by 2030 and a staggering US$22.6 trillion by 2050. Recognizing the critical need for such investments, IFC published the Guidelines for Blue Finance in 2022 to support the expansion of the market. Following the publication of the guidelines, we have expanded our Green Bond Framework to include categories such as biodiversity and ocean and water conservation, as well as more robust climate adaptation selection processes and climate mitigation.

The potential for growth in this sector is enormous. The ocean economy, including economic activities related to marine livelihoods and ecosystems, is projected to generate more than US$3 trillion annually by 2030 and provide employment for about 40 million people, as reported by OECD. This bond issuance will fund projects such as Sanasa, a water utility company in Campinas, Brazil, which provides water to the city’s 1.3 million residents, exemplifying the type of impactful investment that can be achieved through our blue finance initiatives.

The report not only details the impactful projects funded but also serves as a token of gratitude to investors whose steadfast support and interest make these achievements possible. As IFC continues to integrate green and social bonds into its borrowing strategy, the organization reafirms its role as a catalyst for impactful investment in emerging markets, fostering a greener and more equitable world.
Local Currency Issuances

Tight liquidity conditions, higher interest rates, and a strengthening US dollar are some of the hurdles faced by private companies in emerging markets who are looking to raise financing. These factors, exacerbated by a projected economic slowdown in developing countries by the International Monetary Fund (IMF), place an even higher priority for IFC to provide local currency solutions to its clients. This assistance helps reduce emerging market private companies’ reliance on foreign currency loans, thereby mitigating exposure to foreign exchange risk.

IFC’s issuances in emerging market currencies are an effective way of raising the much-needed local currency, and on-lending the proceeds to projects within the country, creating a back-to-back structure that provides a natural hedge for IFC. Not only do these issuances directly benefit IFC’s clients by making local currency financing more accessible, but they also help fulfill one of IFC’s mandates of developing local capital markets by attracting international investors and broadening the number of issuers in a particular currency.

ZAMBEZI BONDS

In 2013, IFC issued its inaugural bond in the Zambian kwacha market, a ZMW150 million (approximately US$28 million at the time of issuance) 4-year note, becoming the first non-resident issuer in the Zambian domestic capital markets. In August 2023, IFC returned to the Zambian market by issuing its second Zambezi bond, a ZMW193 million (approximately US$10 million) 5-year floating rate note paying a coupon based on the 182-day Zambian Treasury Bill yield minus 50 basis points. Four months later, IFC issued a third Zambezi bond, a ZMW234 million (approximately US$10 million) 5-year amortizing fixed rate bond paying a coupon of 18 percent. These trades were well received and garnered support from both domestic and international investors seeking to gain exposure to the currency.

Proceeds of these bonds will support IFC’s work in the country focused on promoting sustainable private sector development, supporting small businesses, and proactively engaging in the development of key sectors such as infrastructure, agribusiness, and financial services.

In fiscal year 2024, IFC has issued a total of US$70 million equivalent of local currency denominated paper in the Kazakhstani tenge, Bangladeshi taka, Mexican peso, and Zambian kwacha.
World Bank Group Updates

COP28 Commitments:
The World Bank Group aims for 45% Climate Finance by 2025; IFC hits US$14.4 billion climate milestone

At the COP28 UN Climate Change Conference in Dubai, World Bank Group President Ajay Banga set an ambitious commitment to dedicate 45 percent of the World Bank Group’s annual financing to climate projects by 2025. This pledge marks a significant increase in investment, with more than US$40 billion per year earmarked to tackle the urgent climate crisis. Ajay Banga emphasized the urgent need for financial institutions to take decisive action, moving beyond incremental steps to implement substantial, effective measures, with the World Bank Group ready to offer substantial support to those most affected by climate change.

As a member of the World Bank Group, IFC aligns with this vision and works with the private sector to be a catalyst for impactful investment. We are committed to transforming Ajay Banga’s words into action, ensuring that our collective journey towards a sustainable and resilient future is marked by real progress and sustainable impact. In fiscal year 2023, IFC delivered US$7.6 billion in climate finance, representing 46 percent of our annual investment commitments. IFC further mobilized US$6.8 billion of private capital from other sources, bringing our total climate finance to a record US$14.4 billion.

IFC is on course to align 100 percent of new operations, starting July 1, 2025, with the objectives of the Paris Agreement. This commitment is part of the World Bank Group goals and the Joint Multilateral Development Bank (MDB) framework for Paris Alignment, a collaborative effort among MDBs to harmonize climate action.

IFC’s Accolades in Sustainable Finance

IFC has been recognized by several prestigious awards, underscoring its leadership in sustainable finance. Notably, IFC was honored with the “Social bond of the year – supranational” award by Environmental Finance’s Sustainable Debt Awards 2024 for its US$1.5 billion social bond issuance. This record-setting bond, the largest issued by a supranational entity in 2023, garnered an overwhelming response from investors, reflecting IFC’s leadership in channeling funds towards impactful social projects in line with the International Capital Market Association’s (ICMA) Social Bond Principles.

In addition, IFC’s strategic approach to sustainable finance earned it the “Best Multilateral Institution for Sustainable Finance” accolade from Global Finance Magazine. This recognition comes on the heels of IFC’s successful mobilization of a record US$14.4 billion in climate finance in 2023, highlighting its commitment to innovative financing solutions.

IFC’s influence extends to the African continent, where it was recognized as the “Best Bank for Social Bonds in Africa” by Global Finance Magazine. IFC’s anchor investment in the West African Economic and Monetary Union’s first social bond in the energy sector has been pivotal in electrifying underserved communities, showcasing IFC’s dedication to driving social progress and economic inclusion.

Complementing these institutional achievements, IFC’s Irina Likhachova, Biodiversity Finance Lead, was celebrated as “Personality of the year” for her trailblazing contributions to biodiversity finance. Her leadership and advocacy has been instrumental in promoting nature-based solutions and shaping the future of sustainable debt, earning her recognition from Environmental Finance.
The World Bank Group is evolving to become a bolder and better bank to achieve greater scale and impact and help our clients confront the most severe challenges facing people and planet. The April 2024 Spring Meetings highlighted the progress made, a testament to the collective hard work and innovative approaches to client service and community support.

As part of this process, we have introduced initiatives to simplify our policies and processes, squeeze our balance sheet, take on more risk, and leverage decades of cutting-edge knowledge and data. We are also developing practical and scalable solutions to crowd in more private sector investment into emerging markets and address the barriers that prevent it.

Together with 24 other MDBs, we published, for the first time, the recovery rates of investments with private and sub-sovereign borrowers in emerging markets and developing economies. The Global Emerging Markets Risk Database (GEMS) report provides insights into the credit risk profile of these borrowers and reveals the untapped potential of private sector investments in emerging markets.

We also announced an overhaul to our guarantee business to simplify and improve access to guarantees through a new, convenient marketplace.

In addition, we are implementing joint country representation in 20 countries—giving clients a single point of entry and one-stop shopping for the whole World Bank Group.

These initiatives are part of a broader impact agenda, as demonstrated by two significant announcements made during the Spring Meetings: a plan to deliver energy to at least 300 million Africans by 2030 and a target to provide quality affordable healthcare to 1.5 billion people by 2030.
Investor Engagement

In May 2024, at the BMO GRAMC: Government, Reserve & Asset Managers Conference panel in Toronto, Zauresh Kezheneva spoke about the IFC’s presence in the Maple market and shared insights on how to navigate uncertainty in the issuance markets.

In May 2024, at the Barclays Supranational & Agency Conference in New York City, Yuri Kuroki, shared her insights on IFC’s comprehensive funding program that strategically encompasses both medium to long-term as well as short-term financing opportunities.

In April 2024, at the DZ BANK Capital Markets Conference, Ayelet Perlstein talked about making infrastructure global and bridging the infrastructure gap between developed and developing nations.

In April 2024, at the RBC 11th annual Sustainable Debt Conference, Ayelet Perlstein spoke on the Global Perspective on Sustainable Debt Market panel to highlight IFC’s sustainable bond issuances and its implications in the sustainable debt market.

In April 2024, at the 11th BBVA Seminar for Public Sector Investors & Issuers, Elena Panomarenko spoke on a panel that discussed green bonds.

In March 2024, at the KangaNews Debt Capital Market Summit, Marcin Bill spoke about the Australian market in Asia.

In December 2023, at CIBC’s 7th Annual Government Finance Conference, Obert Limbani spoke about IFC’s presence in the Maple market.

In November 2023, at the Bloomberg Canadian Finance Conference Zauresh Kezheneva spoke about the changing dynamics in the Canadian public sector.

In October 2023, at the Commonwealth Bank Global Markets Conference, Marcin Bill and Marsha Monteiro talked about financing in a climate crisis – addressing food insecurity, infrastructure and other needs in developing economies.

In February 2024, at the SFBTA Conference in Boca Raton, Florida, Obert Limbani spoke about IFC’s funding program and sustainable bond initiatives for FY24.
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