

Newsletter

IFC Funding, Issue 11, November 2018

A Vote of Confidence

2018 was a historic year for the World Bank Group. Our shareholders endorsed a \$13 billion paid-in capital increase for IBRD and IFC—including \$7.5 billion for IBRD and \$5.5 billion for IFC. For IFC, this capital increase will more than triple the cumulative paid-in capital that we have received since inception.

IFC is leading the effort to mobilize private sector resources in support of the 2030 development agenda. A more significant role for the private sector is needed to deliver the development solutions required to achieve the SDGs. Given the fiscal constraints facing governments, private sector solutions need to be deployed at scale and private capital needs to be unlocked, particularly where public solutions alone have failed to make significant progress.

FY18 Funding Highlights

In FY18, IFC raised \$14 billion totaling 389 trades across 28 currencies—a record for IFC. This was largely driven by continued active issuances through **reverse inquiries** as well as through trades in Japanese Uridashi market. Issuance of **plain vanilla MTNs**, mostly denominated in emerging market currencies, totaled over \$2 billion.

Public markets contributed to more than 30% of IFC's funding in FY18. In January 2018, IFC issued a 3-year US\$2 billion global benchmark bond at mid-swaps -1bps, equivalent to 18.7bps over US Treasuries, sold to investors from the Americas (63%), EMEA (26%), and Asia-Pacific (11%). Earlier in the year, IFC issued a 5-year US\$1 billion benchmark green bond, which was 2.6 times oversubscribed.

In the **Australian public market**, IFC launched a new 5-year line maturing in March 2023—our inaugural social bond in the Kangaroo market—raising AU\$ 300 million in March 2018. IFC also launched a new 15-year line maturing in August 2033, extending IFC's Kangaroo curve.

In the **New Zealand market**, IFC launched a 10-year green bond earlier in FY18. The bond marked the first green bond ever issued in New Zealand, raising NZ\$ 125 million.

In the **retail space**, a total **Uridashi** volume of \$1.4 billion set a record for two consecutive years, accounting for 10 per cent of overall issuance. IFC continued offering notes to US retail investors through its **Impact Note** as well as **Accelerated Return Note (ARN) retail programs**. In October 2017, IFC came to the Italian retail market with structured green bonds.

Activity in **Floating Rate Notes** remained relatively subdued in FY18, continuing the trend from the previous year.

IFC continued strong issuance in the green space, raising over \$715 million through 30 green bonds, including in TRY and SEK currencies. **As of FY18 end, IFC has raised \$7.6 billion through the issuance of 111 green bonds in 13 currencies.**

IFC's social bond issuance flourished particularly in Japan. 11 out of 13 social bond transactions were sold into the Japanese market, including IFC's first social bond in a private placement format as well as 10 Uridashi transactions. **As of FY18 end, IFC has raised \$920 million through 16 social bonds and in 6 currencies.**

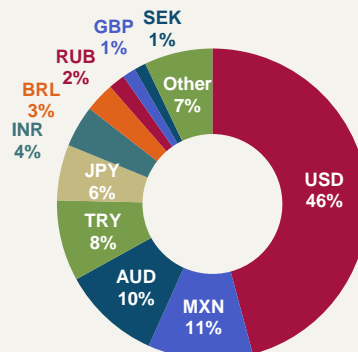
389
bonds

\$14
billion

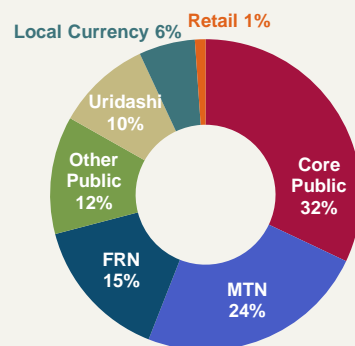
28
currencies

In FY18, IFC raised \$14 billion across 28 currencies through 389 trades

FY18 Borrowings



BY CURRENCY



BY MARKET

Expanding Local Currency Debuts

- » In August 2017, IFC issued a \$15 million Nov 2018 note linked to Papua New Guinea Kina (PGK) and denominated in US dollars. The bond marks the **first PGK-linker issued** ever.
- » IFC issued the **first-ever Uzbek Soum-denominated transaction** in the international markets in May 2018, raising \$10 million equivalent to expand lending for micro, small and medium enterprises in Uzbekistan.
- » In the last month of FY18, IFC issued a 15-year green bond in the Philippines—the **first green bond denominated in Philippine pesos** issued by a multilateral development institution.

Other News

- » IFC published its **FY18 Green Bond Impact Report** in October 2018, which was presented by IFC's senior management at the WBG-IMF Annual Meetings in Bali.
- » In FY18, IFC won the **MTN-i APAC Award** and **Global Capital Bond Awards for Most Innovative SSA MTN Issuer**. Last month, we were awarded the **MTN-i Power Performer** award for IFC's social bond Uridashis.



- » **The 2019 IFC-Milken Institute Capital Markets Program**, a capacity building program developed by IFC Treasury, has started. After graduation, the fellows will be equipped with the skills needed to strengthen their countries' capital markets.
- » **IFC's 2nd Global Debt Mobilization Conference on Creating Investable Opportunities in Emerging Markets** will take place in Madrid, April 2-4, 2019.

People's Corner

- » **Jingdong Hua**, IFC Vice President and Treasurer, will be leaving his position to become the World Bank's Vice President and Treasurer, effective January 1, 2019. Since he joined IFC in May 2011, he has led and grown our global team of capital market professionals to deliver innovative products and solutions. We will miss him dearly, but his transfer to the World Bank will be a good opportunity to further our collaboration across the Group.
- » **Andrew Cross**, who was the Acting Director of Treasury Market Operations since early 2018, was appointed the new Deputy Treasurer based in London to provide oversight of IFC's Treasury operations in London and Singapore.
- » **Tom Ceusters** was appointed as the new Director of Treasury Market Operations based in Washington, DC. He is responsible for the management of IFC's debt capital market activities, liquid assets pool and balance sheet hedges.
- » **IFC's Funding team** has seen several changes. **Flora Chao**, the Global Head of Funding, relocated from Singapore to London. **Kenichiro Shiozawa** finished his secondment with IFC and returned to JBIC. His successor is **Maki Yasui**, who will manage relations with Japanese investors from the Tokyo office. **Hiroyasu Hirano** joined the Singapore office and **Sophie Peeters** is the new team member in Washington, DC, working on investor relations.

Early FY19 Funding Highlights

- » IFC issued its **first sterling green bond** (Dec 2018) at the very start of FY19, attracting strong investor demand and raising £350 million pounds to fight climate change. Later in the summer, IFC issued a **7-year £500 million bond**—IFC's largest sterling bond issuance.
- » In July, IFC issued a **five-year US\$2 billion global benchmark bond** priced at UST +15.25bps, which generated an order book of about \$3.9 billion.
- » After a decade away, IFC returned to the Canadian dollar market in July with a rare 5-year **C\$500 million July 2023 global bond**.

Creating Sustainable Markets Story

For Women in India, Small Loans Have a Big Impact

Microfinance institutions are important for an economy like India's, where more than 80% of people work in the informal sector. Local banks are not typically an option for these borrowers, mostly women in rural areas, because the fees are too high.

Over the past decade, IFC has helped create a market for microfinance in India by providing advisory services and investing \$564 million in more than a dozen financial institutions. Together they represent nearly half of all micro-lending in the country—reaching up to 70 million people, directly and indirectly.



In the village of Bahutera, Pramila Devi was able to open a small tea store using the loans and nearly double her family's monthly income. She also joined a support group with other borrowers.

→ Read the full [story](#)