

## IFC 3.0 - Unlocking Private Investment for Development

A strong and engaged private sector is indispensable to ending extreme poverty and boosting shared prosperity. However the gap between what is needed and what is available amounts to trillions of dollars each year. Our approach that we call IFC 3.0 means we work with partners and governments more proactively to unlock private investments now on the sidelines—creating new markets, developing innovative ways to mobilize capital and mitigate risk, especially in the poorest and most conflict-prone countries, and implementing a private sector-first strategy. IFC is leveraging private sector resources in fiscally, environmentally, and socially sustainable ways—a powerful tool to help countries support inclusive growth, while offering investors a return. At the recent 2018 World Bank Group Spring Meetings panelists discussed how to enable private sector solutions to address climate change, the ways to provide access to finance, expertise and markets to small farmers, and how to disrupt the gender divide through technology. These discussions lead to the kinds of projects IFC's green and social bonds help to fund and also upon which the Socially Responsible Investment or SRI bond market is founded.

## Social Bond Program One Year On.....

In March 2018, IFC celebrated the first anniversary of the launch of our Social Bond Program. Since the launch of the program IFC has issued a total of 15 social bonds across five different currencies, amounting to a total volume of US\$917 million. Social bonds offer investors an opportunity to finance select IFC projects that address socio-economic challenges for underserved target populations in developing countries. Debuting with an inaugural US\$500 million global benchmark issuance, IFC now has a platform to build out the program in a variety of markets, including benchmarks, private placements and retail.

- **First private placement:** In July 2017, IFC placed a 10-year US\$100 million bond exclusively with Nippon Life, one of Japan's leading life insurers, offering the investor a tailor-made transaction.
- **First retail:** IFC also expanded the product into the Japanese retail market in July 2017 via a three-year dual-tranche bond in Brazilian real and Mexican peso.
- **Into the United States:** In August 2017, IFC issued a three-year US\$25 million bond, placed with two municipal accounts in the United States, marking the first social bond private placement in the United States.
- **First Kangaroo Social Bond:** In March 2018, IFC issued its first Kangaroo social bond, raising 300 million Australian dollars. The five-year Kangaroo bond was bought by more than 15 institutional investors across the world.

## Social Bond Principles – a Leadership Role

In June 2017, the Social Bond Principles—a voluntary set of transparency and disclosure guideline—were published by the International Capital Markets Association (ICMA). IFC serves as co-chair of ICMA's Social Bond Working Group, playing a leadership role in developing SRI bond markets. The Principles have gained market acceptance as international good practice, driving disclosure and accountability in the burgeoning social bond market. IFC's Social Bond Program aligns with the ICMA Social Bond Principles.

## Social Bond Impact Report Launch

IFC published its annual Social Bond Impact Report in March 2018.

As of June 30, 2017, there were 30 new social bond eligible projects supported by IFC social bond

proceeds during the fiscal year. The total committed amount for these projects was US\$623 million, of which US\$323 million had been disbursed. The current pipeline of undisbursed commitments to social bond eligible projects is US\$300 million.

Read more to find out overview and the development impact expected from the underlying programs :

[Social Bond Impact Report 2018](#)



## Inclusive Business Feature Project:

Expanding access to quality and affordable education is a central element to eliminating extreme poverty and promoting shared prosperity. In developing countries, private education providers play a critical role in the delivery of education, skills, and training that is affordable and relevant to the needs of the labor markets. IFC is partnering with Brazil's Grupo Ser Educacional, a leading post-secondary education



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company in the country, to bring quality education to underserved areas.

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## IFC Creating Markets for Climate Business

Combating climate change is one of the greatest challenges of our times, requiring far more financing than governments alone can provide. Yet the good news is that climate change is increasingly viewed as a business opportunity, opening many profitable ways for investors to help protect the planet. In 2015, governments acted decisively, putting in place the Paris Agreement to tackle climate change before the end of this century. If the Paris commitments are realized, they will create over US\$23 trillion in investment potential in 21 large emerging markets between now and 2030. Engaging the private sector in climate-smart investments will be essential.

[Continue reading IFC's flagship report>>](#)

## Green Bond Issuance & Investment Highlights

In FY18 YTD, starting in July 2017, IFC continued strong issuance in SRI space, raising over US\$1.7 billion through 30 green bonds, including the following highlighted trades. This brings the cumulative issuance since the launch of the Green Bond Program in 2010 to US\$7.5 billion across over 100 bonds in twelve currencies.

- **First Green Kauri Bond:** IFC started its FY18 with an issuance of a 125 million New Zealand dollar Green Kauri bond, the first ever green bond issuance in New Zealand.
- **USD\$1 billion Green Benchmark:** In October 2017, IFC issued a 5-year green bond that raised US\$1 billion amid surging investor demand. The issuance, which was 2.6 times oversubscribed with significant support from SRI-focused investors, was the third time IFC has issued a US\$1 billion global benchmark green bond over the past seven years.

In the meantime, IFC continued to support its clients issue green bond—many of them for the first time—as an anchor investor in those issuances. These issuances are part of a global strategy to develop the green bond asset class in emerging markets.

- **Morocco:** In June 2017, IFC and Proparco invested €100 million and €35 million, respectively, in Banque Centrale Populaire (BCP)'s first green bond issuance. This was the first green bond issued in foreign currency in Morocco, as well as IFC and Proparco's first green bond investment in the region. [READ MORE >>](#)
- **Philippines:** In December 2017, IFC was the sole investor in the green bond issued for the first time by the Philippines' largest bank, BDO Unibank Inc. This marked the first green bond issued by a commercial bank in the Philippines and also IFC's first green bond investment in a financial institution in East Asia and the Pacific. [READ MORE >>](#)

## Amundi Planet Emerging Green One

In March 2018, IFC and Amundi announced the successful launch of the world's largest targeted green bond fund focused on emerging markets, the Amundi Planet Emerging Green One. The fund, which closed at US\$1.42 billion, is expected to deploy US\$2 billion into emerging markets green bonds over 7 years, as proceeds are reinvested throughout the lifetime of the fund. With a US\$256 million cornerstone commitment from IFC, the fund aims to increase the capacity of emerging market banks to fund climate-smart investments.

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## Green Bond Impact Report

IFC's annual Green Bond Impact Report was published in October 2017.

In FY17, IFC's climate-related long term investments totaled US\$4.8 billion, including close to

US\$1.8 billion in core mobilization.

Through its Advisory, IFC enabled more than US\$636 million in climate related investments in power, resource efficiency, access, and public private partnerships. In FY17, IFC's total climate-related investment and advisory projects will account for reducing over 6.7 million metric tons of greenhouse gas (GHG) emissions annually, equivalent to taking 1.4 million cars off the road.

Read more in the [Green Bond Impact Report FY2017](#)



## Green Bonds Asia Conference

IFC is hosting a one-day conference in Singapore on June 7, 2018, in partnership with Environmental Finance.

Building on IFC's objective to create and accelerate the growth of the green bond asset class, the conference will convene business, financial sector and government leaders to share best practices, discuss opportunities in green finance and support more Asian financial institutions to issue green bonds.

## Team Update

- Flora Chao was appointed IFC's Global Head of Funding effective January 11, 2018. She will be moving to London this month.
- Denise Odaro, who heads up IFC's Investor Relations, began a one-year secondment with ICMA in January. In her absence, Elena Panomarenko is overseeing SRI-related matters.
- In April, Sophie Peeters started as the team's Investor Relations Analyst, based in Washington, D.C.