

# Annual Investor Newsletter

## Sustainable Finance Edition

### Spring 2022



**IFC@COP26: As part of the World Bank Group's Climate Change Action Plan to support green, resilient and inclusive development, IFC is working to unleash private sector innovation to help countries mitigate and adapt to climate change.**



"Expanding partnerships with some of the world's largest investors is fundamental to scaling up financial flows to emerging markets for climate-smart solutions consistent with the goals of the Paris Agreement." - **Makhtar Diop, IFC Managing Director**

IFC announced the launch of a new [\\$3 billion global platform, MCPP One Planet](#) jointly with Allianz and the Hong Kong Monetary Authority, for climate-smart investments aligned with the Paris Agreement.

IFC and Amundi established a new fund, the [Build-Back-Better Emerging Markets Sustainable Transaction \("BEST"\)](#), to mobilize up to \$2 billion in private investments into emerging market sustainable bonds that support COVID-19 relief efforts and promote a green recovery.

## Paris Agreement: What It Means for IFC

IFC has set an objective of aligning 85% of board-approved real sector operations to the agreement by July 1, 2023, and 100% of its business by July 1, 2025.

From July 1, 2021, start of the IFC's FY22, through January 31, 2022 IFC issued 123 bonds in 24 different currencies with an aggregate volume of \$8.4 billion.

In August 2021, IFC issued its [landmark 5-year \\$2bn global benchmark bond](#) that was the first fixed-rate issuance marketed and priced using SOFR among IFC's peer group and advances IFC's transition away from LIBOR.

## Highlights from IFC's Social Bonds

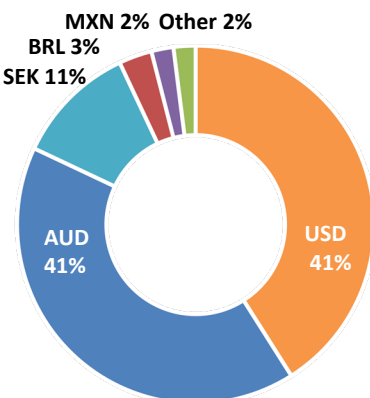
Throughout 2021, IFC [stepped up](#) to help countries recover from the effects of the pandemic. After issuing its largest social bond in FY20, IFC continued to be active in the market and reached its second largest social bond issuance volume since the launch of the [Social Bond Program](#).

Between July 2020 and June 2021, IFC issued 24 social bonds totaling \$762 million across six currencies, once again underscoring IFC's global reach. In the following six months ending in December 2021, IFC issued just over \$1bn.

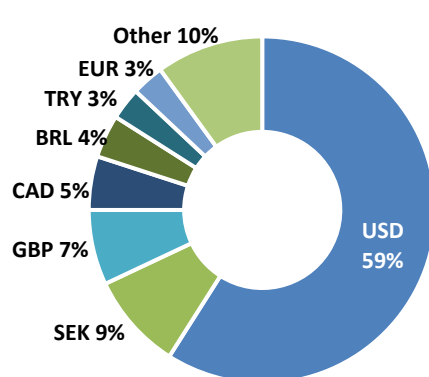
Issuance in Australian Dollars dominated the program. IFC issued the equivalent of \$500 million in the Australian currency, while also active in US Dollars and Brazilian Reals. IFC further expanded its product offerings in Uridashi social bonds by issuing in Brazilian reals and Chinese renminbi in this market.

In October 2021 IFC issued the first [Social Secured Overnight Financing Rate \("SOFR"\) floating rate](#) note in the market, raising \$500 million to improve the lives of the most vulnerable in developing countries and strengthen health systems.

IFC Cumulative **Social** Bond Issuance by Currency \*



IFC Cumulative **Green** Bond Issuance by Currency \*



Other: CNY, JPY, RUB, UYU, ZAR

Other: AUD, CNH, HKD, IDR, INR, JPY, MXN, NOK, NZD, PEN, PHP, ZAR

\*As of June 30, 2021

**IFC's Green Bond Program Received An Updated [Second Party Opinion](#) from CICERO, Norway's Foremost Institute for Interdisciplinary Climate Research**



"Based on an assessment of the framework's alignment with the Green Bond Principles, the project categories and IFC's governance, IFC's green bond framework receives the overall CICERO Medium Green shading and a governance score of Excellent."

## Highlights from IFC's Green Bonds

Following an extremely robust and active first decade of [the Green Bond Program](#), the pace of issuance tapered off somewhat during IFC's 2021 financial year due to the impact of COVID-19 that resulted in fewer new investment projects. There were six issuances in two currencies, USD being the dominant one.

As of the end of June 2021, IFC had issued a cumulative total of 178 green bonds amounting to \$10.5 billion in 20 currencies.

[IFC's Green Bond Impact Report](#) for 2021 examines in greater detail the organization's climate business strategy.



### UPDATE: Amundi Planet Emerging Green One (EGO) Fund

Three years since its inception, EGO and the IFC-managed Green Bond Technical Assistance Program (GB-TAP) jointly effected the issuances of 56 green, social and sustainability bonds amounting to \$3 billion spanning 33 countries.



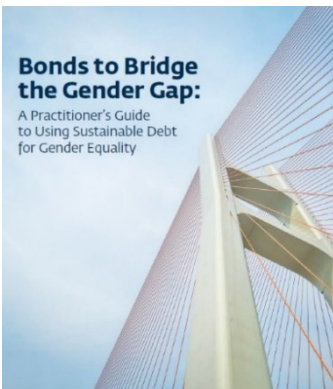
### UPDATE: REGIO Fund Update

The Real Economy Green Investment Opportunity Fund, or REGIO, managed by IFC and HSBC Global Asset Management successfully raised \$538 million of private sector capital in May 2020 and was 32% invested in green and sustainable bonds as of June 2021.

## Industry recognition

- Best Uridashi Issuer Award 2022— **Collaborative Market Data (CMD)**
- Outstanding Leadership in Sustainable Finance — **Global Finance, 2021 Sustainable Finance Awards**
- SRI Deal of the Year, SSA Deal of the Year and Local Currency Deal of the Year for its 3 bn 5-year Swedish krona (SEK) Social Bond — **18th mtn-i MTN Awards (3 category win)**
- Impact Report of the Year (for issuers) for the FY20 Green Bond Impact Report — **Environmental Finance Bond Awards 2021**
- SSA Social Bond of the Year for the \$1 bn social bond (issued in March 2020) and subsequent social bond issuances in SEK — **Environmental Finance Bond Awards 2021**

## Investor Engagement



IFC, UN Women, and the International Capital Market Association (ICMA) launched a new practical guide on how to use sustainable bond issuances to advance gender equality, titled, [“Bonds to Bridge the Gender Gap: A Practitioner's Guide to Using Sustainable Debt for Gender Equality.”](#)



## Leadership & Market Engagement

### Guidelines for Blue Finance

Blue Finance is an emerging area in climate finance with increased interest from investors, financial institutions, and issuers globally. It offers tremendous opportunities and helps address pressing challenges.



The ocean economy is expected to double to \$3 trillion by 2030, as compared to 2010. IFC has published guidance for eligible blue projects to support the blue economy, in line with the Green Bond Principles and Green Loan Principles.

Blue bonds and blue loans are innovative financing instruments that earmark funds exclusively for ocean-friendly projects and critical clean water resources protection. [Read the guide.](#)



**Emerging Markets: Assessment of Hard-Currency Bond Market**  
An Analysis of Emerging-Market Hard-Currency Bonds Issued by Financial Institutions

*Emerging Markets: Assessment of Hard-Currency Bond Market* studies hard-currency bond market and evaluates the potential of green bonds in emerging markets. The report also serves as a basis for financial institutions, investors, and other stakeholders to develop their green bond strategies.

## IFC Climate Biz Podcast: *Where Sustainability Meets Smart Business*

Tune into Climate Biz, a podcast that explores sustainability with the best in the business—for example “Green Bonds: Evolution of a Revolution” with Sean Kidney, CEO, Climate Bonds Initiative, and John Gandolfo, IFC's Treasurer. [Listen and subscribe here.](#)

