Sustainable Bonds for Development: Supporting Clients During the Pandemic

In an exclusive interview with Environmental Finance, IFC Interim MD and Executive VP, COO, Stephanie von Friedeburg reflected on the ten years since the institution’s first green bond issuance and its response to the pandemic. “Today, when I look at our strategy, complemented by our historic $5.5 billion capital increase, I believe IFC could not be better placed to address the financial and development challenges the world is facing as a result of the pandemic... We are proud to have played a role in the wave that brought sustainable bonds to the menu of investors worldwide. And the pandemic has proven that sustainable bonds should be a main staple of capital markets if we are to mitigate the global challenges we face.”

Highlights from IFC’s Social Bonds

In FY20, IFC’s Social Bond Program proved its significance more than ever. IFC issued 11 social bonds totaling $1.6 billion in four currencies – a record volume since the program’s inception in 2017.

In March 2020, IFC was one of the first issuers to launch a three-year $1 billion USD public benchmark social bond, offering a coupon of 0.5%, on the same day that the World Health Organization declared the coronavirus outbreak a pandemic.

One week later, driven by demand from Swedish investors, IFC issued a five-year 3 billion Swedish krona (SEK) social bond, equivalent to $301 million – the first social bond issued by IFC in this currency. Subsequently, IFC facilitated additional demand and upsized the bond by another SEK 450 million, or $44.3 million equivalent. Hence, IFC was able to raise over $1.3 billion for the Social Bond Program in one month alone. In April 2020, IFC established the first new sustainable bond line by a supranational, sovereign or agency issuer in 2020 in the Australian dollar (AUD) market when it issued a 15-year 200 million AUD social bond, equivalent to $122.8 million. The Social Bond Program also added a new emerging market currency to its suite: Peso Uruguayo. The first half of FY21 was dominated by public social bond issuances in AUD and social bonds in private placement format in Brazilian real.

FY20 Social Bond Impact Report

IFC published its FY20 Social Bond Impact Report in February 2021. In FY20, 55 new projects for a total committed amount of $2.2 billion are eligible to receive financing from social bond proceeds. This includes select projects from IFC’s COVID-19 fast-track financing facility. Read the report here.

Highlights from IFC’s Green Bonds

In FY20, IFC celebrated the 10th anniversary of its Green Bond Program. It expanded to new markets and currencies, bringing its cumulative volume of green bonds issued to $10.4 billion from 172 bonds in 20 currencies.

Throughout the year, IFC was particularly active in the Scandinavian public market, driven by demand for green bonds in Swedish krona (SEK) and Norwegian krona (NOK). IFC raised a total of $360 million equivalent through green bonds issued in SEK and NOK. IFC broadened its currency offerings with a debut green 750 million Canadian dollar (CAD) issuance. A British Pound sterling 150 million green bond, placed with the Government Pension Investment Fund of Japan, took IFC across the cumulative $10 billion issuance line. Additionally, IFC issued a number of green bonds in private placement format in currencies such as Japanese yen and Brazilian real.

In the first half of FY21, IFC issued several green notes in step-up, callable format for U.S. retail investors.
Investor Engagement

**Virtual Investor Event to Celebrate a Decade of IFC Green Bonds, November 2020**

**Green Light: What Lies Ahead?**

IFC, in collaboration with Environmental Finance, hosted a celebratory event which brought together luminaries in green finance to reflect on successes and what innovations are needed to achieve the 2030 Agenda for Sustainable Development. Panelists and guest speakers, including Carter Roberts, CEO of the WWF US, Eva Halvarsson, CEO of AP2, and Mindy Lubber, CEO of Ceres, dove into the current state of the green finance market and what lies ahead in the next decade.

Watch the recording of the event [here](#).

### Industry recognition

- **Deal of the Year**
  - IFC’s 15-year 200 million Australian dollar 1.50% social bond
  - 2020 MTN-i Asia-Pacific Awards
- **Best Investor Relations Team**
  - CMD Portal DCM 2021 Awards

### IFC’s COVID-19 Response Projects

Since the launch of IFC’s COVID-19 fast-track financing facility in March 2020, IFC’s investments from its own account under the Facility include $1.5 billion in long-term commitments and $2 billion in short-term finance in FY20. $949 million has been committed in the first half of FY21. Additionally, IFC mobilized $565 million from third parties in FY20 and $166 million in the first half of FY21.

The facility offers fast track financing to clients to help sustain economies and preserve jobs during this global crisis. Projects include:

- **$31 million equivalent in non-convertible debentures for Parag Milk Foods**, one of India’s largest dairy companies
- **$10 million loan to Kioo Limited**, a glass container manufacturing business in Tanzania
- **$50 million loan to Produbanco** in Ecuador for onlending to micro, small, medium, and women-owned enterprises
- **$3 million loan to Transcapital**, the largest microfinance institution in Mongolia

View the full list of projects [here](#).

### Thought Leadership & Market Engagement

IFC Treasury remains active in market engagement, thought leadership, and promoting best practices in the issuance and investment of sustainable bonds. For example:

- In March 2020, IFC published [Illustrative case studies](#) to demonstrate how social bonds can be applied in the context of the pandemic. It showcases how issuers from various industries can use social bonds to raise financing that address social issues raised by COVID-19.


  *IFC’s Nasdaq stock exchange welcome message displayed in Times Square, New York City, June 2020*

  - An [IFC Emerging Market Compass Note](#) gives a fresh look on the market development of social bonds, the impact of the pandemic on issuances, including in emerging markets, and the challenges for further growth of the social bond market.

### IFC’s Global Health Platform

IFC’s COVID-19 response aims to mobilize private investment to close the massive healthcare product supply gaps faced by developing countries. To this end, IFC launched a $4 billion Global Health Platform to increase the access of developing countries to critical healthcare supplies, including masks, ventilators, test kits and vaccines to fight the pandemic.

The Platform builds on IFC’s COVID-19 fast-track financing facility and will provide financing to manufacturers of healthcare products, suppliers of critical raw materials, and healthcare service providers so they can expand capacity for products and services to be delivered to developing countries. Read more about it [here](#).