Trends in Allocation & Impact Reporting
ENSURING TRANSPARENCY IN EMERGING MARKET SOVEREIGN GREEN, SOCIAL, AND SUSTAINABILITY BONDS
SUSTAINABLE FINANCE & ESG ADVISORY SERVICES PROGRAM
Financial Products and Client Solutions
Capital Markets & Investments Department
The World Bank Treasury
1818 H Street NW
Washington, DC 20433
USA

http://www.worldbank.org/sustainablefinanceadvisory

Farah Hussain
Head, Sustainable Finance & ESG Advisory Services Program
Capital Markets and Investment Department
The World Bank Treasury
fhussain@worldbank.org

Abhishek Joseph
Consultant
Capital Markets and Investment Department
The World Bank Treasury
ajoseph@worldbank.org

Trends in Allocation and Impact Reporting: Ensuring Transparency in Emerging Market Sovereign Green, Social, and Sustainability Bonds

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This report was designed by Ria Henares Garrett.
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# Table of Contents

List of Figures | 6  
List of Boxes | 6  
Acknowledgement | 7  
Foreword | 8  
Executive Summary | 10  
About the World Bank Group: Vision, Mission & Strategy | 15  
About the World Bank Treasury | 17  
About the Sustainable Finance & ESG Advisory Services | 19  
List of Abbreviations | 21  

1. Introduction | 23  
   Enabling Role of Green, Social, and Sustainability Bonds in Sustainable Finance | 24  
   Role of Reporting in GSS Bond Issuance Process | 25  

2. State of the Labeled Bond Market | 29  

3. Key Findings | 35  
   3.1 Methodology for Inclusion of Sovereign Issuers | 36  
   3.2 Key Questions Addressed | 37  
      3.2.1 Reporting Practices | 37  
      3.2.2 Allocation Trends | 38  
      3.2.3 Impact Trends | 38  
   3.3 Trends in Reporting Practices | 39  
   3.4 Trends in Allocation and Impact Reporting | 48  
   3.5 Allocation and Impact Reporting Best Practice | 55  

4. The Surveys | 59  
   4.1 Survey Methodology | 60  
   4.2 Issuer Survey Findings | 61  
      4.2.1 Timeline | 61  
      4.2.2 Governance | 62  
      4.2.3 Appetite for Issuances and Further Improvements | 64  
   4.3 Investor Survey Findings | 65  
      4.3.1 Type of Financing | 66  
      4.3.2 Allocation and Impact Reporting Considerations | 67  
      4.3.3 Preference for Environmental and Social Categories | 68  
      4.3.4 Quality of Reporting | 68  

5. Conclusions & Way Forward | 71
List of Figures

Figure 1: Overview of Existing Green, Social, and Sustainability Bonds | 24
Figure 2: Green, Social, and Sustainability Bond Issuance Process | 25
Figure 3: Global Annual Labeled Bond Assurance | 30
Figure 4: Emerging Market Annual Bond Issuances | 31
Figure 5: Cumulative Emerging Market Labeled Bond Issuances According to Issuer Type | 31
Figure 6: Sovereign Annual Labeled Bond Issuance | 32
Figure 7: Emerging Market Sovereign Labeled Bond Issuers | 32
Figure 8: Emerging Market Sovereign Labeled Issuance According to Type of Bond | 33
Figure 9: Emerging Market Sovereign Labeled Issuance According to Currency | 33
Figure 10: Allocation Reports Published by Sovereign Issuers | 37
Figure 11: Impact Reports Published by Sovereign Issuers | 37
Figure 12: Consideration of Allocation and Impact Report | 39
Figure 13: Trends in Allocation and Impact Reporting | 41
Figure 14: Portal Availability for Information on Green, Social, and Sustainability Bond Issuance | 41
Figure 15: Chile’s Website Portal on Sustainable Bond Issuances and Associated Reporting | 42
Figure 16: Factors Considered Before Investing in Labeled Bonds | 43
Figure 17: Allocation Reports Published by Sovereign Issuers | 44
Figure 18: Importance of Attributes in Allocation and Impact Reporting | 46
Figure 19: Availability of Independent Assurance by Issuers | 46
Figure 20: Proceeds Allocated to Projects | 48
Figure 21: Egypt Sovereign Green Bond: Allocation of Proceeds | 49
Figure 22: Project Categories to Which Emerging Market Sovereign Issuers Are Allocating Use of Proceeds | 50
Figure 23: Project Categories Within Which Emerging Market Sovereign Issuers Are Allocating Proceeds | 51
Figure 24: Disclosure or Indication of non-Green, Social, and Sustainability Financing in Reporting | 52
Figure 25: Disclosure of Financing and Refinancing Values in Reporting | 52
Figure 26: Disclosure on Financing from Other Sources: Mexico’s Allocation and Impact Report | 52
Figure 27: Disclosure of Impact Methodology | 54
Figure 28: Time Emerging Market Issuers Took to Draft Reports | 61
Figure 29: Ability of Issuers to Publish Reports Within 12 Months of Bond Issuance | 61
Figure 30: Organizations Relied on to Collate and Collect Data | 63
Figure 31: Difficulty Obtaining Data on Environmental Impact | 63
Figure 32: Value Derived from Finance Frameworks for Emerging Market Sovereign Issuances | 64
Figure 33: Percentage of Labeled Bonds in Investor Portfolio Mix | 65
Figure 34: Percentage of Emerging Market Sovereign Issuers in Investor Portfolio Mix | 65
Figure 35: Preferences When Financing New Versus Already-Completed Projects | 66
Figure 36: Processing Data and Information in Allocation and Impact Report | 67
Figure 37: Recommendations for Effective Collaboration in the GSS Bond Process | 73

List of Boxes

Box 1: Reporting Requirements under the Green, Social, and Sustainability Bond Principles | 26
Box 2: Lessons Learned through the Evolution of the World Bank’s Green and Sustainable Development Bond Allocation and Impact Report | 56
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Please send comments and queries to Farah Imrana Hussain, fhussain@worldbank.org.
FOREWORD

A Message from Jorge Familiar

Vice President and Treasurer, World Bank &
Pension Finance Administrator, World Bank Group

Building on its experience as a pioneer in the labeled bond market, the World Bank Treasury established the Sustainable Finance and ESG Advisory Services Program to provide technical assistance to member countries to promote the development of sustainable financial systems and support public sector issuers’ access private capital from investors interested in making a positive environmental and social impact.

Green, social, sustainability, and sustainability-linked (also known as labeled) bonds are dedicated financial instruments used to address environmental and social challenges. The market’s tremendous growth has sparked interest from public and private sector borrowers and lenders worldwide.

The World Bank is a key promoter of such financial instruments as a means of mobilizing private capital by increasing awareness of pressing environmental and social challenges and borrowers’ commitment to addressing them. The World Bank issued the first green bond in 2008, which has served as a blueprint for the entire labeled bond market. The World Bank is the largest issuer of sustainability bonds in the world, with the International Bank for Reconstruction and Development (IBRD) issuing on average USD 50 billion (more than USD 250 billion outstanding as of June 30, 2023), and the International Development Association (IDA) issuing USD 10 billion to USD 15 billion (USD 41 billion outstanding as of June 30, 2023) in sustainable development bonds annually. In addition to sustainable development bonds, the World Bank has issued more than 200 green bonds in more than 25 currencies, raising more than USD 18 billion to support its lending portfolio as of June 2023.

A critical component of market standards related to this type of financing instrument is post-issuance reporting on how bond proceeds have been used and the expected environmental and social impact of projects supported. In response to investors’ need for greater transparency on the use of proceeds and requests to develop guidance for impact reporting, the World Bank Treasury convened a working group comprising the African Development Bank, European Investment Bank, and International Finance Corporation to develop the first Harmonized Framework for Impact Reporting (World Bank 2015). Since then, these four multilateral development banks, other international financial institutions, and market participants have collaborated to update the framework under the aegis of the International Capital Market Association.

Building on its experience as a pioneer in the labeled bond market, the World Bank Treasury established the Sustainable Finance and ESG Advisory Services Program to provide technical assistance to member countries to promote the development of sustainable financial systems and support public sector issuers’ access private capital from investors interested in making a positive environmental and social impact.
In 2017, the program started working with emerging market issuers to facilitate the issuance of labeled bonds. As part of the program’s technical assistance, the World Bank Treasury supports (mainly) public sector issuers to understand and prepare the post-issuance allocation and impact reports that make these financial instruments unique. So far, the program has helped sovereign and sub-sovereign issuers mobilize more than USD 18 billion of private capital. Now that the labeled bond market has become mainstream, and 50 sovereigns have issued labeled bonds, it is important to take stock of the allocation and impact reporting practices and experiences of emerging market sovereign issuers.

Our goal was to explore whether these reporting practices of emerging market sovereigns are meeting investor expectations, where gaps and challenges lie, and how the World Bank can better tailor technical assistance programs for clients. The findings of this report highlight that most emerging market sovereign issuers are already reporting on their labeled bond issuances. However, there is still room for improvement to attract investors in the long run, particularly by providing more quantitative data and standardize reporting which could facilitate investors’ assessments.

We hope this report will provide readers important insight into the broader market, the integrity of these financial instruments, and spark investors’ interest in increasing financing for environmental and social priorities in emerging markets.
Executive Summary

Green, social, and sustainability (GSS) bonds have emerged as a key financial instrument through which emerging market sovereigns attract private investment to meet their environmental and social objectives. Twenty-three emerging market sovereigns had issued GSS bonds as of December 2023, including inaugural issuances by Argentina, Brazil, India, and Türkiye in 2023.

Good allocation and impact reporting helps maintain the integrity of the market and facilitates its growth. Good impact reporting requires the use of best practices, as outlined in the Core Principles and Recommendations for Reporting in the *Handbook: Harmonized Framework for Impact Reporting* (ICMA 2023a; 2023c.). Allocation and impact reports should be publicly disclosed, easily accessible, and well structured. Where possible, impact metrics used should align with the sector-specific core indicators identified in the handbook. The data should be accurate and validated by an independent reviewer. Whenever possible, impact reports should contain explanatory notes for qualitative and quantitative estimates of results that are derived or calculated using assumptions. Providing references and other sources of information (e.g., national development report containing key performance indicators, sectoral performance evaluation reports, Nationally Determined Contributions (NDC) under the Paris Climate Accord and associated emissions reduction targets for sectors covered) can provide context. For quantitative figures, relevant sources and methodologies should be provided to validate the calculation approach.

In an age in which the market is subject to great scrutiny and reputational risk concerns, it is important to understand the trends in existing allocation and impact reports. A study was therefore conducted to identify trends in emerging market sovereign GSS bond impact and allocation reporting. The goal was to determine to what extent post-issuance allocation and impact reports that emerging market sovereign issuers publish follow best practices and meet investor expectations and to explore how they are using bond proceeds and how they are reporting the associated impacts. The reporting practices of 18 emerging market sovereign issuers were studied and two surveys were conducted: one targeting sovereign debt management offices (DMOs) that have issued at least one report and another targeting international investors and intermediary banks.

Analysis of the data yielded interesting results:

**Eighty-nine percent of emerging market sovereign issuers met the International Capital Market Association’s (ICMA’s) core principle of reporting** by publishing their allocation and impact reports. Sixty-seven percent complied with the market practice of publishing the post-issuance allocation and impact report within the expected timeframe (12 months) of issuing a GSS bond. Eighty-two percent of investors surveyed consider timely publication of reports to be critical for inclusion of the bond in their portfolio. The most common reason that issuers cited for delays in publishing the report was not receiving the data on a timely basis from the relevant line ministries responsible for the projects financed by the GSS bonds.

**Locating and accessing allocation and impact reports was challenging**, with 25 percent of issuers not having a dedicated web page or portal to host documents related to GSS bond issuances. In two cases, language was a barrier to interpreting and analyzing the results, with the issuers not publishing the translated versions of the reports in English.

**Interpreting the quantitative data presented was challenging.** Most reports adhere to the ICMA guidelines and provide detailed data on allocation of funds, project impact, and evaluation and selection methodologies, but in most instances, it is unclear from the data how the impact metrics and allocation of funds contribute to achievement of the issuer’s overall sustainability goals.
Seventy-five percent of issuers fully allocate the bond proceeds at the time of reporting. Those who have not fully allocated the bond proceeds tend to disclose planned expenditures and intention within the time period committed to in their bond frameworks. Showcasing planned expenditures for projects reassures investors that the proceeds will be used as committed and helps them understand how the issuer plans to achieve its sustainability goals.

There is considerable variation in the classification of projects. Sovereigns classify and aggregate projects into categories based on the intended outcomes of the project, but there is considerable variation between emerging market sovereign issuers in the classification categories. Lack of standardization in the classification of proceeds resulted in 53 project categories, making it difficult to compare projects across issuers. For this report, the project categories were reclassified based on ICMA’s Handbook: Harmonized Framework on Impact Reporting, which resulted in 22 categories of social and green projects.

More than 68 percent (USD 44 billion) of sovereign GSS bond proceeds are directed toward projects supporting social outcomes, predominantly in four categories: social inclusion for the disadvantaged (20 percent), accessibility to good-quality healthcare - COVID-19 (16 percent), accessibility to good quality education and training (13 percent), and financial services (10 percent). Not all issuers allocate proceeds for all of these categories.

Sustainable water and wastewater management is the most prevalent category (11) among all emerging market sovereign issuers, accounting for an average of 16 percent of the total proceeds of the relevant issuer, followed by sustainable transportation (32 percent), education (30 percent), renewable energy (4 percent), and biodiversity (2 percent).

Issuers do not report clearly on financing from other sources. Roughly half of issuers do not indicate whether financing other than from GSS bonds has been used to support the selected projects. This makes it difficult for investors to assess whether the impact reported has been prorated to reflect the GSS bond’s contribution and what the exact contribution is of the investor’s funds to the project’s outcome.

Similarly, the amount of financing and refinancing at the project category level is not being disclosed. The ratio of finance to refinance and the lookback period for refinance is key information that investors seek in allocation reports. Seven of the eleven investors surveyed require transparent disclosure of proceeds used to cover prior spending, with two having set specific thresholds for new financing as a criterion for inclusion in their portfolio. Some of the issuers are disclosing use of funds for financing versus refinancing; others do not provide the values allocated to refinancing of prior projects.

The share of indicators in alignment with the core ICMA indicators is low. Sovereign issuers are using a variety of indicators to report impact—123 indicators to report the impact of 48 green project categories. Twenty-nine percent of these are core indicators recommended in ICMA’s harmonized framework. The two most common types of metrics reported are on an output, rather than an outcome, basis, with the number of individual projects being reported most commonly, followed by the number of people, families, or households benefitting from the use of proceeds. The two most cited core indicators pertain to greenhouse gas (GHG) emission reductions or avoidance and maintenance of or increase in natural landscape and habitat area.
The issuer survey revealed that 83 percent of emerging market sovereign issuers found it moderately difficult or difficult to obtain data, reflecting that, even with an inter-ministerial committee responsible for governing the process, challenges remain in management and procurement of project data. Considerable time is therefore needed to prepare the post-issuance allocation and impact report. Approximately half of the emerging market sovereign issuers took six months to a year to draft the allocation and impact report, indicating that issuers must factor in considerable lead time to publish the report. This is seen in advanced markets as well, with 88 percent of surveyed sovereign issuers taking six months to a year to draft the report.

There continues to be appetite for emerging market sovereign issuers to issue other labeled bonds. Despite the challenges that issuers face in reporting, all emerging market sovereign issuers except one see investor diversification as the primary value being derived from issuing labeled bonds. Some emerging market sovereign issuers also indicated that they were considering issuing blue bonds and/or sustainability-linked transactions.

Investors view allocation and impact reporting as a critical part of their investment decisions. Survey findings revealed that the four most-cited factors that influence investment decisions are gaps between the current situation and achievement of the Sustainable Development Goals (SDGs), the ambitiousness of those goals, and progress toward the goals; environmental, social, and governance (ESG) ratings; NDCs; and ambitious GHG reduction targets. Investors take a nuanced approach by considering country context. Sixty-four percent of the investors indicated that they prefer projects that can help a sovereign close the gaps in its SDGs, particularly climate targets within the subset of environmental categories.

The labeled bond market is expected to grow and further diversify with innovative sustainability products. Even beyond labeled bonds, to better understand risks and opportunities, investors are scrutinizing issuer sustainability strategies and policies before investing in vanilla bonds. This report recommends that emerging market sovereign issuers and their financial partners ensure that allocation and impact reporting for these bonds adheres to the market recommendations of disclosure and transparency, providing investors with easily accessible, useable information. An active, engaged GSS bond steering committee or working group is critical for achieving this. Effective interagency and interministry collaboration and partnership at all stages of the GSS bond process mitigate the challenges and delays that DMOs face in collecting data from the relevant line ministries. Availability of a dedicated webpage that hosts all information and files pertaining to bond issuance, reporting, and verification facilitates investor access to relevant information. In addition, issuers should continuously seek and incorporate investor feedback on reports. Engagement with investors enable issuers to evaluate and improve the quality of their reporting.

The above recommendations should help decrease report turnaround time, reduce reporting costs, improve the quality of reports, improve communication between stakeholders, and meet investor expectations. Regular engagement and issuances of GSS bonds will also encourage sovereign issuers and their DMOs to incorporate sustainability into the financial architecture of the Treasury function, establish stronger lines of governance and identify sustainability champions within ministries, and increase GSS bond issuances.
Rice terraces in Northern Luzon, Philippines.
The World Bank’s vision is to create a world free of poverty on a livable planet. To deliver on the goals of poverty reduction and shared prosperity, while navigating the increasingly intertwined and complex global challenges, the Bank’s management and shareholders have agreed on five main priorities, as outlined in the October 2023 Report to Governors on World Bank Evolution.

- **Poverty reduction**: ending extreme poverty by 2030 or as soon as possible
- **Shared prosperity**: boosting prosperity, particularly for the poorest, to achieve more equitable societies
- **Inclusion**: increasing and improving the distribution of opportunities, resources, and choices for all, especially women, youth, and vulnerable and marginalized people, with a special focus on human development (including education, health, and social protection)
- **Resilience**: strengthening the ability of people and countries to prevent, prepare for, and recover from shocks, including climate and biodiversity crises, pandemics, fragility, and conflict
- **Sustainability**: advancing economic growth and job creation; macroeconomic stability; fiscal and debt management; food security; and access to clean air, water, and affordable energy, including recognizing the increasing interlinkages between country-level progress to achieve the Sustainable Development Goals and reducing the impact of climate change and other global risks

The World Bank Group is one of the world’s largest sources of funding and knowledge for developing countries. Its five institutions share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID). The World Bank Group works as one entity to bring together the international community in the urgent task of achieving these goals with the collaboration of all partners, including countries, other institutions, civil society, and the private sector.
The World Bank Treasury ensures the long-term financial sustainability of the World Bank (IBRD and IDA) and manages the Bank’s finances to enable all operations and lending by:

• Proactively managing its balance sheet to safeguard its triple-A ratings and strong financial position

• Strategically and cost-effectively raising funds from global capital markets and providing financing for sustainable development to borrowing clients

The World Bank (IBRD) issued the market’s first labeled green bond in 2008 and has raised more than USD 18 billion in more than 200 green bonds and more than 25 currencies (as of June 2023). All IBRD and IDA bonds carry a green or sustainability label and collectively account for USD 60 billion in average annual issuance.

The Treasury also helps member countries maximize finance for development and supports financial stability and resilience by:

• Developing innovative, sustainable financing solutions to help clients finance actions to tackle climate change, pandemics, refugee crises, and infrastructure development, among other priorities

• Offering mechanisms to reduce risk and promote private sector investment

• Applying international best practices to managing clients’ assets and reserves
Wind turbines in Vietnam.
ABOUT

The Sustainable Finance & ESG Advisory Services Program

The World Bank Treasury’s Sustainable Finance and ESG Advisory Services Program works with policy makers, ministries of finance, regulators, central banks, supervisors, and World Bank project teams to develop sustainable financial systems by:

• Advising on green financing strategies and action plans
• Helping borrowers consider sustainable financial instruments
• Facilitating issuance of GSS bonds
• Building the capacity of borrowers to engage with investors who incorporate ESG considerations into investment decisions
• Publishing knowledge products to share good practices and guidelines

Since inception in 2017, the Program has helped emerging market public sector borrowers mobilize more than USD 18 billion from the private sector to fund sustainable development as of December 2023.
Jakarta International Stadium, a certified green building.
List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>DMO</td>
<td>Debt Management Office</td>
</tr>
<tr>
<td>ESG</td>
<td>Environmental, social, and governance</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gas</td>
</tr>
<tr>
<td>GSS</td>
<td>Green, social, and sustainability</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<tr>
<td>ICMA</td>
<td>International Capital Market Association</td>
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<tr>
<td>IDA</td>
<td>International Development Association</td>
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<tr>
<td>NDC</td>
<td>Nationally Determined Contribution</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>USD</td>
<td>U.S. dollar</td>
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Long-tailed sylph (Aglaiocercus kingii), hummingbird from Colombia, whose species is declining locally due to ongoing habitat loss caused by agriculture and mining.
Introduction
1. Introduction

Enabling Role of Green, Social, and Sustainability Bonds in Sustainable Finance

Almost a decade has elapsed since world leaders adopted the Sustainable Development Goals (SDGs) and the Paris Agreement—in September 2015 and December 2015, respectively. Deployment of financing and investments to achieve these goals continues to lag behind the financing needs as economy-wide transitions toward countries’ climate and sustainability goals are slowly being made. Post-pandemic estimates reveal that developing economies will require between USD 6.9 trillion and USD 7.6 trillion between 2023 and 2030 to achieve the SDGs (UNCTAD 2024). Meanwhile, climate challenges have their own investment requirements, with intergovernmental organizations and research institutes worldwide estimating that, to reduce greenhouse gas (GHG) emissions to net zero by 2050, investments up to USD 275 trillion in physical assets will be required between 2020 and 2050 (Caramichael and Rapp 2022).

Green, social, and sustainability (GSS) bonds have emerged as a key financial instrument through which emerging market sovereign issuers can fund projects and activities with positive environmental and social outcomes (Figure 1). The use-of-proceeds mechanism allows for transparency regarding what the funds are used for and how they contribute to the issuer’s environmental, climate, and social objectives. By communicating their commitment to meeting sustainability objectives and intermediate climate goals, issuers of these bonds attract investors who want to contribute to their journey toward sustainability; thus, allowing issuers to diversify their investor base and achieve favorable financing conditions. Sovereign GSS bonds also catalyze sub-sovereign and corporate GSS bond issuances and help develop regional bond markets through demonstration effect and by setting benchmarks. These advantages are particularly appealing to emerging market sovereigns, who have struggled to access capital, attract international investment, diversify the investor pool, and develop their own domestic market to finance their country’s sustainability-related ambitions.

**Figure 1**

Overview of Existing Green, Social, and Sustainability Bonds

- **Green Bonds** finance projects and activities with positive environmental impact. **Blue Bonds** are a subset of green bonds and finance projects aimed at ocean and marine conservation.
- **Social Bonds** fund projects with positive social outcomes, helping issuers address societal inequalities. **Gender Bonds** are a subset of social bonds and focus on gender equality.
- **Sustainability Bonds** encompass elements from both green and social bonds.
- **Sustainability-Linked Bonds** proceeds are used for general corporate purposes, but specific bond characteristics (i.e., coupon payment) are linked to a sustainability KPI (i.e., GHG emissions).

*Source: World Bank (figure based on ICMA definitions).*

*Note: Sustainability-linked bonds are outside the scope of this study.*
Role of Reporting in GSS Bond Issuance Process

Transparency and disclosure are key for GSS bond instruments. To be labeled GSS, bonds must adhere to the Principles established by the International Capital Market Association (ICMA). The ICMA Principles set out best practices for use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. Adherence to the principles gives investors confidence and assures them of the instrument’s role in financing progress toward environmental and social sustainability. Reporting on use of proceeds allocated to environmental and social projects and the expected impact of funded projects is one of the core components of a capital market instrument’s alignment with the Principles.

Before a bond is issued, the issuer is expected to disclose the types of projects that the instrument will fund, the governance processes established to identify eligible assets and expenditures, measures to manage and track allocation of bond proceeds, and plans to report on allocation of proceeds and expected environmental and social impact of activities funded (ICMA 2023a). The document in which this information is disclosed is often referred to as the framework,¹ and it is expected that a qualified independent provider will review the framework and its alignment with the four core components of the Principles. Sovereign issuers typically follow the process outlined in Figure 2 for issuing GSS bonds.

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Figure 2
Green, Social, and Sustainability Bond Issuance Process


¹ Frameworks tend to be named based on the type or breadth of instrument coverage. For example, frameworks that account only for green or social bonds are called green or social bond frameworks, those that cover funding of green and social activities are often referred to as sustainability bond frameworks, and those that include use of proceeds (green, social, sustainability bonds) and sustainability-linked bonds are often called sustainable bond frameworks. When the issuer envisages the use of both bonds and loans, the framework is called a sustainable finance framework.
After issuance, issuers are expected to disclose the allocation of funds to eligible projects, provide information (qualitative and quantitative) about the expected environmental and social impact of the projects supported, and disclose the key methodologies and assumptions used to calculate impact (Box 1).

**Box 1: Reporting Requirements under the Green, Social, and Sustainability Bond Principles**

Reporting is one of the four core components of the ICMA Principles across its labeled issuances. It requires issuers to make, and keep, up-to-date information on the use of proceeds readily available to be renewed annually until full allocation and on a timely basis in case of material developments.

The annual report provided by the issuer for these bonds should include:

- A list of the projects to which bond proceeds have been allocated
- A brief description of the projects
- Amounts allocated to the projects
- Expected impact of the project

This information can be presented in generic terms or on an aggregated portfolio basis (e.g., percentage allocated to certain project categories) if the large number of underlying projects limits the amount of detail that can be made available.

Transparency is valued in communication of expected and achieved impacts of projects. The Principles recommend use of qualitative performance indicators and, where feasible, quantitative performance measures and disclosure of the key underlying methodology and assumptions used in the quantitative determination. Issuers should refer to and adopt, where possible, the guidance and impact reporting templates provided in the Harmonized Framework for Impact Reporting.

Sources: ICMA 2021a; 2021b; 2023b.

This information is reported through post-issuance allocation and impact reports, published annually until full allocation of funds. The Principles recommend that the management of proceeds and allocation of funds be independently verified by a third party, which typically provides limited assurance of the allocation of proceeds and in some cases assesses the impact achieved as well.

Eighty-four percent of respondents to a survey that ICMA conducted in 2019 found that investors assess the coherence of and consistency between earmarked proceeds and the overall strategy and footprint of issuers (ICMA 2019). Most survey respondents indicated that GSS bond issuance increases transparency of sustainability-related information and that repeat issuers of GSS bonds are more transparent about their green and social strategy and investments than non-GSS bond issuers. Allocation and impact reporting that offers information to investors on the environmental and social impact of activities funded by the capital raised addresses investor expectations of transparency. Greater transparency on use of proceeds increases investor interest in continuing to hold or increase exposure and potentially invest in the issuer’s vanilla bonds, further supporting the issuer. Transparent reporting offers investors clarity on the progress towards sustainability goals and the potential to encourage issuers towards the achievement of those goals. Disclosure of relevant information has been identified as an important driver of investor interest in GSS bonds (Allen 2019), especially in markets where they do not otherwise have exposure, although investors see room for improvement in allocation and impact reports, as indicated in a study by Environmental Finance (2021) that found that 75 percent of green bond investors thought that impact reporting practices were inadequate.
As the market grows and more emerging market sovereigns express interest in GSS bonds (23 emerging market sovereign issuers had entered the market as of December 2023), reporting practices merit greater scrutiny. Investors are focusing on the impact of their investments and the projects prioritized for allocation. They are also broadening their models to include the assessment of the impact of their investment and identifying whether the issuer allocates the proceeds towards the appropriate themes material to the achievement of the sustainability goals. In an age in which the market is subject to great scrutiny because of greenwashing risk, sustainability risk, and reputational risk concerns, it is important to understand the trends and direction taken in existing allocation and impact reports.

This study was therefore conducted to identify trends in emerging market sovereign GSS bond impact and allocation reporting. The goal was to understand to what extent post-issuance allocation and impact reports that emerging market sovereign issuers publish follow best practices and meet investor expectations and to explore how issuers are using proceeds raised through GSS bonds and the associated impacts.

This report is organized as follows. Chapter 2 presents an overview of emerging market GSS bonds, focusing on sovereign issuances. Chapter 3 analyzes the allocation and impact reports that emerging market sovereign issuers publish. Chapter 4 presents the findings of surveys of issuers and investors undertaken for this study. Section 5 provides conclusions and key recommendations. Appendix A provides an overview of select sovereign GSS bonds from emerging market sovereign issuers. Appendixes B and C are the questionnaires sent to emerging market sovereign issuers and investors, respectively.

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2 This report does not review sustainability-linked bond reports.
2 State of the Labeled Bond Market
2. State of the Labeled Bond Market

The green, social, sustainability and sustainability-linked bond market, hereinafter referred to as the labeled bond market, is continuously evolving, with new categories and associated guidelines emerging (e.g., ICMA’s guidance on blue-themed bonds and handbook on transition finance). The market is growing, with labeled bonds issued reaching a cumulative amount of USD 4.9 trillion as of December 2023.

Labeled bonds exceeded USD 1 trillion in annual issuance in 2023 (Figure 3). Annual volumes have increased substantially from USD 9 billion in 2010 and USD 630 billion in 2020. Green bond issuances have dominated the labeled bond market, accounting for 64 percent of overall issuances. 2023 was the second year in a row in which global banks profited more from underwriting bonds and providing loans for green projects than from financing oil, gas, and coal activities (Bloomberg 2024).

Emerging markets account for only 17 percent of the total amount issued, with the volume of issuances consistent from 2021 to 2023. Annual volumes in emerging markets almost quadrupled from USD 49 billion in 2020 to USD 191 billion in 2021 and have largely remained steady, declining by 1 percent (USD 188 billion) in 2023 (Figure 4). Green bonds account for the majority in emerging markets as well, accounting for 72 percent of cumulative labeled issuances. Under an optimistic scenario, emerging green bond markets are expected to grow by 8 to 10 percent in 2024 (IFC and Amundi Asset Management 2023).
In emerging markets, financial institutions dominate cumulative labeled bond issuances (41 percent), followed by corporations (32 percent), sovereigns (15 percent), and government agencies (8 percent), which include subnational governments and national development banks (Figure 5).

Source: World Bank based on data from Bloomberg and Bloomberg NEF
Building on the momentum of the Paris Agreement in 2015, Poland issued the first sovereign green bond in 2016. In 2023, 34 sovereign issuers issued labeled bonds totaling USD 259 billion, with inaugural issuances from Argentina, Brazil, Cyprus, India, Israel, Türkiye, and United Arab Emirates (Figure 6). Even though sovereign issuers account for a small share of the labeled bond market (10 percent of the cumulative issuance as of 2023), interest from sovereign issuers and investors alike has grown.

Fifty sovereign issuers had issued USD 486 billion in the labeled bond market through 2023. Twenty-three of these are emerging markets, accounting for cumulative issuance of USD 116 billion, about 2.4 percent of cumulative global issuances as of 2023. Chile is the largest emerging market sovereign issuer of labeled bonds (Figure 7) and the only one to have issued green bonds, social bonds, sustainability bonds, and the first sustainability-linked bond issued by a sovereign.
Unlike advanced market sovereign issuers, which still demonstrate a strong preference for green bonds (accounting for 97 percent of their total GSS bond amount issued), emerging market sovereign issuers are issuing more bonds that finance a combination of green and social projects (sustainability bonds [43 percent of their total amount issued]), a trend that persisted in 2023 (Figure 8). Meanwhile, emerging market sovereign labeled issuances have diversified in denomination. Hard currencies such as the U.S. dollar, euro, and Japanese yen account for 41 percent of bonds (Figure 9) and 63 percent of the amount issued. An increasing share of sovereign labeled bonds are being issued in local currency, with the equivalent of USD 43 billion issued (37 percent of the total amount) in Argentine pesos, Chilean pesos, Fijian dollars, Indian rupees, Indonesian rupiahs, Malaysian ringgits, Mexican pesos, Nigerian nairas, Thai bahts, and Uzbekistani soms.

![Figure 8](Emerging Market Sovereign Labeled Issuance According to Type of Bond)

Source: World Bank based on data from Bloomberg and Bloomberg NEF

![Figure 9](Emerging Market Sovereign Labeled Issuance According to Currency)

Source: World Bank based on data from Bloomberg and Bloomberg NEF
National park in Guatemala.
3

Key Findings
3. Key Findings

This section focuses on key findings on trends in allocation and impact reporting within the scope of the analysis. These findings are compared with the results of the issuer and investor surveys where pertinent. The approach followed and methodology used are presented first.

3.1 Methodology for Inclusion of Sovereign Issuers

This report covers all allocation and impact reports that emerging market sovereign issuers had published between their inaugural issuances and December 2023. Emerging markets were identified based on the country classification and lending categorization methodology that the World Bank Group follows.4 As of December 2023, 144 countries were classified as emerging markets based on the methodology.

Only emerging market sovereign issuers that had published an allocation report or an impact report by December 2023 were included in the analysis. The rationale for the timeline is built on one of the core ICMA Principles on reporting, which “requires issuers to make, and keep, up-to-date information on the use of proceeds readily available to be renewed annually until full allocation and on a timely basis in case of material developments.” Although the ICMA does not provide a prescribed timeline to disclose annual allocation- and impact-related information, best practices established in the market advise issuers to publish allocation and impact reports within 12 months of bond issuance.5 Emerging market sovereign issuers who issued their inaugural GSS bonds after December 2022 were therefore not included within the scope of the study because they would not have had sufficient time to report.

Eighteen emerging market sovereign issuers were identified to be within the scope of the study. Five additional emerging market sovereign issuers issued their inaugural thematic bond between December 2022 and December 2023 (Argentina, Brazil, India, Türkiye, Uruguay) and so are not within the scope of the study. Figures 10 and 11 highlight the emerging market sovereign issuers who have published allocation and impact reports, respectively. The scope of analysis conducted on the reporting covered 16 emerging market sovereign GSS bonds.6

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4 The country classification can be found at https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.
5 The World Bank Treasury published A World Bank Guide for Public Sector Issuers—Green Bond Proceeds Management & Reporting in 2018, which clarifies the process that emerging market sovereign issuers can follow to meet two of the core ICMA Green Bond Principles: proceeds management and reporting.
6 The study does not review allocation and impact reporting for sustainability-linked bonds.
3.2 Key Questions Addressed

The level of information provided in the allocation and impact reports that emerging market sovereign issuers have published is material for investors and allows them to assess how the capital they provide contributes to the issuer’s sustainability goals. The reports are therefore an effective way for issuers to communicate actions being taken to make progress on environmental and social goals.

A structured analysis of the existing allocation and impact reports designed to address key questions regarding reporting practices and allocation and impact trends was undertaken to determine the relevance and quality of reporting.

It was important to receive feedback directly from issuers to capture their experiences and lessons learned from reporting, so eligible emerging market sovereign issuers were surveyed. These questions can be found in Appendix B.

3.2.1 Reporting Practices

It is critical for investors to be able to easily access and analyze information presented. To understand whether allocation and impact reports are meeting investor expectations and best practices in this regard, this study was designed to answer the following questions.

• What are the commitments made in the framework regarding reporting?
• Are sovereign issuers publishing allocation and impact reports as committed to in the bond framework?
• Is the report readily available (online, easy to navigate)?
• What is the frequency of publication of reporting?
• Is the report too qualitative (is there information overload), as opposed to quantitative? Does it present project-by-project impact in a format that is easy for investors to read and use?
• Was an audit, verification, or external review conducted to verify allocation of funds as committed to?
3.2.2 Allocation Trends

Transparency in allocation of funds allows investors to understand and assess how their funds are being used. The study asked the following questions to understand trends in fund allocation in emerging market sovereign issuers and assess whether best practices were followed.

- Does the report provide a list of projects to which bond proceeds have been allocated?
- In which sectors are sovereign issuers allocating GSS bond resources?
- Are 100 percent of the proceeds allocated at the time of reporting?
- Does the reporting indicate how much of the committed amount has been disbursed?
- Does the report disclose the amount of financing from all sources?
- Does the issuer specify what share of the proceeds is financing new projects, versus existing projects (refinanced)? What is the average lookback period for refinancing previous expenditures?

3.2.3 Impact Trends

The use of standardized metrics allows investors to assess the extent to which their funds are having a positive impact and contributing to emerging market sovereign issuers’ efforts to achieve environmental and social goals. The study asked the following questions to identify trends in impact reporting.

- Are project and portfolio descriptions included?
- Which indicators (metrics) are being used to report impact? To what extent are these aligned with the core indicators that ICMA has identified?
- What is the most common type of impact metric used?
- Are methodologies and assumptions used to calculate impact disclosed? How do the metrics vary according to sector or eligible expenditure and across issuers?
3.3. Trends in Reporting Practices

Eighty-nine percent of issuers have adhered to the core principle of reporting by releasing their allocation and impact reports. Based on the investor survey, all investors consider allocation and impact reporting important when deciding whether to include the issuer’s GSS bonds in their portfolio, with 82 percent of investors indicating that it is critical (Figure 12). Sixty-seven percent of issuers adhered to the market practice of publishing reports within 12 months of issuing the GSS bonds. The most common reason for delays that sovereign issuers cited were delays in collecting data from line ministries in charge of implementing projects, reflecting challenges in management of data collation and publication of reports even with the existence of an inter-ministerial committee governing the process. A core function of these inter-ministerial committees is to support selection and evaluation of eligible projects and provide impact-related data from projects that have been allocated funds.

Figure 12
Consideration of Allocation and Impact Report

Source: World Bank conducted Investor surveys on allocation and impact reports.
Cordillera Huayhuash mountain range within the Andes of Peru.
Seventy-eight percent of issuers disclosed the environmental and social impact of supported projects. Eighty-one percent of issuers combined their allocation and impact reports, which facilitates analysis and understanding of the impact of the resources allocated to the project (Figure 13).

**Allocation and impact reports are difficult to locate and access.** Twenty-five percent of issuers did not have a dedicated web page or portal to host GSS bond-related documents, including allocation and impact reports, making it difficult to access information (Figure 14). A good example of a website portal would be Chile, which has hosted its webpage on the Ministry of Finance website and provided all relevant documentation in Spanish and English (Figure 15). The study also found no public announcements of the publication of allocation and impact reports. According to the survey, all issuers publish reports directly on their website, without any associated press release or announcements, although 33 percent of issuers communicate publication of reports to investors through newsletters, email, or roadshows.

**Figure 13**
*Trends in Allocation and Impact Reporting*

- **81%** Same document
- **13%** Allocation only
- **6%** Different documents

**Figure 14**
*Portal Availability for Information on Green, Social, and Sustainability Bond Issuance*

- **75%** Available
- **25%** Not available

Source: World Bank, based on allocation and impact reports published by emerging market sovereign issuers.
Students in a school in Colombia.

### Figure 15

Chile's Website Portal on Sustainable Bond Issuances and Associated Reporting

<table>
<thead>
<tr>
<th>MINISTRY</th>
<th>UNDERSECRETARY</th>
<th>WORK AREAS</th>
<th>NEWS AND EVENTS</th>
<th>PUBLIC DEBT OFFICE</th>
<th>INVESTOR RELATIONS OFFICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile's Experience in the ESG Market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile's Sustainable Bond Framework</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presentation - Sustainable Bond Framework</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Party Opinion to the Sustainable Bonds Framework (2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Party Opinion to Green Bond Framework (2019)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021 [USD-2032, EUR-2031]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 [USD-2032, USD-2650, EUR-2031 &amp; EUR-2040]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019 [USD-2050 &amp; EUR-2031]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related News</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021 [EUR-2027; EUR-2036; EUR-2051; USD-2033; USD-2041; USD-2061]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 [BTP-2028 &amp; BTP-2033]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022 [USD-2027, USD-2034 &amp; USD-2052]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022 Report - Allocation, Eligibility &amp; Environmental Impact (Green, Social and Sustainable Bonds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021 Report - Allocation, Eligibility &amp; Environmental Impact (Green, Social and Sustainable Bonds)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2020 Report - Allocation, Eligibility &amp; Environmental Impact (Green Bonds)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019 Report - Allocation and Environmental Impact (Green Bonds)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

While providing granular data in lengthy reports, issuers need to structure the information presented better. Based on the survey conducted of key investors, the four most cited factors that investors consider before investing in GSS bonds that emerging market sovereign issuers have issued are (Figure 16):

- Gaps between current situation and achievement of SDGs, the ambitiousness of these goals, and progress toward the goals
- Issuer’s environmental, social, and governance (ESG) ratings
- Nationally determined contributions (NDCs)
- Ambitious GHG reduction targets

**Figure 16**

**Factors Considered Before Investing in Labeled Bonds**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaps, ambition, and progress towards Country’s SDGs</td>
<td>10</td>
</tr>
<tr>
<td>ESG Ratings</td>
<td>8</td>
</tr>
<tr>
<td>National Climate Action Plan or NDC</td>
<td>8</td>
</tr>
<tr>
<td>Ambitious GHG reduction targets</td>
<td>8</td>
</tr>
<tr>
<td>Debt to GDP ratio</td>
<td>7</td>
</tr>
<tr>
<td>Country ratings (above BB)</td>
<td>4</td>
</tr>
<tr>
<td>Financials of sovereign</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: World Bank conducted Investor surveys on allocation and impact reports.
Allocation and impact reports are important mediums through which issuers can quantitively assess how the projects that are being funded are helping address gaps. They are expected to provide detailed granular data on supported projects while being concise.

Allocation and impact reports are an average of 42 pages long (Figure 17). Although most reports adhere to the ICMA guidelines and provide granular data on allocation of funds, expected impact of each project, and methodology followed to evaluate and select projects and expenditures, in most instances, it is not clear from the data provided how the impact metrics and allocation of funds are enabling achievement of issuers’ overall sustainability goals. This lack of a clear link makes it difficult to interpret the granular data to suit investors’ purposes in terms of relevance to bridging SDG gaps, NDC commitments, and the country’s sustainability ambitions. Providing a summary of the allocation report and impact metrics in the context of an issuer’s goals would enable clearer interpretation of the information provided. A good example of this was observed in Peru’s reporting practices. Although the report is long, the issuer has showcased linkages to the SDGs and the NDCs for projects in green categories, allowing for easier interpretation of the vast amounts of information provided.

Figure 17
Allocation Reports Published by Sovereign Issuers

Issuers disclose data at various levels of granularity, so users of the information must spend considerable time and resources to standardize the information to assess the results.
Electric vehicle quick charging stations in Mexico City, Mexico.
Some issuers are not undertaking or disclosing independent verification of use of proceeds.

All investors surveyed cited the importance of independent verification of the allocation and impact report (Figure 18). According to the Climate Bonds Initiative, auditing of use-of-proceeds reports increases investor confidence, especially in emerging markets (Climate Bonds Initiative 2018). Although all emerging market sovereign issuers provided second-party opinions on their bond frameworks at issuance, 25 percent did not disclose the independent assurance for their allocation reports after issuance (Figure 19). Having independent assurance from an external reviewer on allocation of funds after issuance is critical to reassure investors that the proceeds of the bond have been used as intended.

Post-issuance, it is recommended that an issuer’s management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the Green Bond proceeds to eligible Green Project.

Green Bond Principles, June 2021

Figure 18

Importance of Attributes in Allocation and Impact Reporting

- **Independent verification**: 11
- **Timeliness**: 10
- **Harmonized impact reporting metrics**: 9
- **Project reporting**: 8

Source: World Bank conducted Issuer surveys on allocation and impact reports.

Figure 19

Availability of Independent Assurance by Issuers

- **75% Available**
- **25% Not available**

Source: World Bank, based on allocation and impact reports published by emerging market sovereign issuers.
Wind turbines in Serbia.
3.4. Trends in Allocation and Impact Reporting

Sixty-four percent of surveyed investors indicated that they prefer to see funds invested in project categories that facilitate closing the gap between current situation and achievement of sovereigns’ SDGs and climate goals. Three investors preferred that environmental projects address the goals of the Paris Agreement and enable GHG emission reduction in the overall economy. To understand the categories of projects that were being funded through sovereign GSS bonds, the latest allocation and impact reports that emerging market sovereign issuers published were analyzed.

Most issuers are fully allocating bond proceeds as committed; 75 percent of issuers that had publicly available reports had allocated 97 percent of bond proceeds to projects at the time of reporting (Figure 20). Benin and Serbia indicated in their reports that they had allocated 100 percent of the proceeds, with the gap in allocation attributed to differences in values of the currency at issuance and reporting.

Issuers took varied approaches to reporting allocation. In alignment with their overall sustainability and climate strategy, Chile and Malaysia indicated planned expenditures within the committed timeframe for the unallocated proceeds. Egypt had allocated 75 percent of bond proceeds at the time its first report (2021). The allocation report not only showcased the amount that would be allocated across project categories in 2022, but also showed the existence of a USD 1.9 billion portfolio of eligible expenditures for future green bond issuances (Figure 21). Egypt reported the complete allocation of the proceeds in its subsequent report. These are examples of best practices on transparent disclosure. Investors are keen to understand when the remaining proceeds will be allocated and to which projects and how these projects will contribute towards the issuer’s sustainability goals.

Source: World Bank, based on allocation and impact reports published by emerging market sovereign issuers.

Figure 20
Proceeds Allocated to Projects

<table>
<thead>
<tr>
<th>Country</th>
<th>Proceeds Allocated to Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peru</td>
<td>100%</td>
</tr>
<tr>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>Fiji</td>
<td>100%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>100%</td>
</tr>
<tr>
<td>Philippines</td>
<td>100%</td>
</tr>
<tr>
<td>Poland</td>
<td>100%</td>
</tr>
<tr>
<td>Thailand</td>
<td>100%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>100%</td>
</tr>
<tr>
<td>Guatemala</td>
<td>100%</td>
</tr>
<tr>
<td>Mexico</td>
<td>99%</td>
</tr>
<tr>
<td>Serbia</td>
<td>97%</td>
</tr>
<tr>
<td>Benin</td>
<td>82%</td>
</tr>
<tr>
<td>Chile</td>
<td>64%</td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
</tr>
</tbody>
</table>

Source: World Bank, based on allocation and impact reports published by emerging market sovereign issuers.
**Egypt Sovereign Green Bond: Allocation of Proceeds**

**Allocation and Impact Reporting**

The use of bond proceeds is disclosed in table 5. The allocation data was provided by the Ministry of Housing, Utilities and Urban Communities, and the Ministry of Transport. In the Green Bond Framework, The Egyptian Government of Egypt committed to allocating Green Bond proceeds to eligible expenditures no later than 24 months from the bond issuance date, supporting new and existing expenditures with a look-back period of no more than 36 months. Accordingly, the 2020 Green Bond proceeds were allocated to eligible expenditures between 2017 and September 2021. For Years 2017, 2018 and 2019 expenses are accounted as re-financing and the rest as new financing.

Out of the US$750 Mn raised through the Green Bond, US$253.67 Mn was disbursed for expenditures in 2017, 2018, 2019 (refinancing), corresponding to 34% of total committed disbursement. 2020 and 2021 disbursements amounted to US$167.94 Mn and US$142.85 Mn, corresponding to 22% and 19% of the commitment, respectively. To date, 75% of the Green Bond proceeds (US$ 564.46 Mn) have been allocated. The remaining (25%, equivalent to US$ 185.54 Mn) will be allocated in 2022 and presented accordingly. The unallocated proceeds will be held in Egypt’s Treasury account in cash and there will be no temporary investment of unallocated proceeds, per the government’s commitment in the Green Bond Framework.

Egypt has identified US$1.9 Bn of green projects eligible to be financed with Green Bond future issuances. US$ 564.46 Mn has been disbursed towards these projects to date supported by the 2020 Green Bond. This indicates the scope for future disbursements. See figures 10 and 11.

**Figure 10**

<table>
<thead>
<tr>
<th>Allocation Type</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing</td>
<td>185</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Financing</td>
<td></td>
<td>254</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To be Allocated</td>
<td>311</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 11:**

<table>
<thead>
<tr>
<th>Green Category</th>
<th>Refinancing 2017/18/19</th>
<th>New Financing 2020/2021</th>
<th>To be Allocated in 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Water &amp; Wastewater Management</td>
<td>18%</td>
<td>19%</td>
<td>63%</td>
</tr>
<tr>
<td>Clean Transportation</td>
<td>32.1%</td>
<td>67.9%</td>
<td>Refinancing 2017/18/19</td>
</tr>
</tbody>
</table>

Emerging market sovereign issuers are using varied methodologies to classify and aggregate projects based on the intended outcomes of the project activity. The study found 53 different project categories that emerging market sovereign issuers have used in their allocation and impact reports, making it difficult to compare projects across issuers. To understand the categories of projects that were being funded through sovereign GSS bonds, project categories were reclassified based on the categories in the Handbook: Harmonized Framework for Impact Reporting (ICMA 2023a; 2023c). Thus, the project categories were narrowed to 22 (Figure 22).

**Figure 22**

*Project Categories to Which Emerging Market Sovereign Issuers Are Allocating Use of Proceeds, USD billion*

<table>
<thead>
<tr>
<th>Project Category</th>
<th>USD billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social inclusion for the disadvantaged</td>
<td>12,983</td>
</tr>
<tr>
<td>Accessibility to Quality Healthcare (COVID-19)</td>
<td>10,173</td>
</tr>
<tr>
<td>Sustainable Transportation</td>
<td>9,111</td>
</tr>
<tr>
<td>Accessibility to Quality Education and Training</td>
<td>8,591</td>
</tr>
<tr>
<td>Financial Services</td>
<td>6,454</td>
</tr>
<tr>
<td>Sustainable water and wastewater management</td>
<td>4,005</td>
</tr>
<tr>
<td>Climate Change Adaptation / Resilience</td>
<td>3,442</td>
</tr>
<tr>
<td>Affordable housing</td>
<td>3,323</td>
</tr>
<tr>
<td>Sustainable agriculture</td>
<td>1,796</td>
</tr>
<tr>
<td>Accessibility to Quality Healthcare</td>
<td>1,694</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>862</td>
</tr>
<tr>
<td>Accessibility to Affordable and Quality Basic Infrastructure</td>
<td>800</td>
</tr>
<tr>
<td>Biodiversity - Sustainable Management of Living and Natural Resources</td>
<td>610</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>351</td>
</tr>
<tr>
<td>Waste to Energy and Waste Management</td>
<td>306</td>
</tr>
<tr>
<td>Employment generation (Financial Services, Women Empowerment)</td>
<td>302</td>
</tr>
<tr>
<td>Circular Economy</td>
<td>235</td>
</tr>
<tr>
<td>Green Building</td>
<td>128</td>
</tr>
<tr>
<td>Access to technology</td>
<td>20</td>
</tr>
<tr>
<td>Biodiversity - Management of coastal and marine resources / areas</td>
<td>14</td>
</tr>
<tr>
<td>Food security and sustainable food systems</td>
<td>8</td>
</tr>
<tr>
<td>Waste Management and Resource Efficiency</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: World Bank, based on allocation and impact reports published by emerging market sovereign issuers.

More than 68 percent (approximately USD 44 billion) of sovereign GSS bond proceeds are directed toward social categories, predominantly social inclusion for the disadvantaged (20 percent), accessibility of good-quality health care and COVID-19 (16 percent), accessibility of good-quality education and training (13 percent), and financial services (10 percent).
Allocation of proceeds in some of these social categories are concentrated in a few issuers. For example, Chile and Peru have allocated financing to social inclusion for the disadvantaged (35 percent and 80 percent of total use of proceeds for the issuers, respectively). Guatemala, the Philippines, and Thailand accounted for all proceeds allocated to access to good-quality healthcare - COVID-19 (18 percent, 89 percent, and 28 percent of the allocation of the issuers, respectively) (Figure 23).

Figure 23
Project Categories Within Which Emerging Market Sovereign Issuers Are Allocating Proceeds

Allocation of proceeds in green categories is spread across issuers. 11 issuers have allocated proceeds towards sustainable water and wastewater management, accounting on average for 16 percent of the total proceeds of the issuers, followed by sustainable transportation (9, 34 percent), renewable energy (7, 4 percent), and biodiversity - management of living and natural resources (7, 2 percent).

Issuers do not report clearly on financing from other sources. Roughly half of issuers do not indicate whether financing outside of GSS issuance has been used to support the projects to which funds have been allocated (Figure 24). This makes it difficult for investors to assess the exact contribution of their funds to the project’s outcome and whether the GSS bonds have played a catalytic role in the project’s financing.
3. KEY FINDINGS

**Figure 24**
Disclosure or Indication of non-Green, Social, and Sustainability Financing in Reporting

- 50% Indicated
- 50% Not indicated

Source: World Bank, based on allocation and impact reports published by emerging marked sovereign issuers.

**Figure 25**
Disclosure of Financing and Refinancing Values in Reporting

- 43% Disclosed
- 57% Not disclosed

Source: World Bank, based on allocation and impact reports published by emerging marked sovereign issuers.

**Figure 26**
Disclosure on Financing from Other Sources: Mexico’s Allocation and Impact Report

<table>
<thead>
<tr>
<th>2022 Eligible Expenditures (EE)</th>
<th>SDG</th>
<th>SDG Targets</th>
<th>Social / Green EE</th>
<th>Responsible Ministry</th>
<th>Eligible Expenditure (EE)</th>
<th>Framework’s Use of Resources</th>
<th>Budget expenditure after geospatial criterion (USD) [A]</th>
<th>% [B]</th>
<th>Notional allocation (USD) [C]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>2.3 1.4</td>
<td>Social</td>
<td>Agriculture and Rural Development</td>
<td>Guarantee Prices for Basic Food Products</td>
<td>Production subsidies to subsistence farmers for basic food products</td>
<td>$32,841,030</td>
<td>0.47%</td>
<td>$23,722,217</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2.3 2.4 2.a</td>
<td>Social</td>
<td>Agriculture and Rural Development</td>
<td>Wellbeing Production</td>
<td>Consumption subsidies for basic food products</td>
<td>$307,657,104</td>
<td>4.43%</td>
<td>$222,231,416</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>2.3 1.4 8.5</td>
<td>Social</td>
<td>Well-Being</td>
<td>Sowing Life</td>
<td>Production subsidies to subsistence farmers for basic food products (staple food programs)</td>
<td>$685,640,922</td>
<td>9.87%</td>
<td>$495,262,261</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>3.c 4.4</td>
<td>Social</td>
<td>Health</td>
<td>Training and Training of Human Resources for Health</td>
<td>Support to health professionals through the purchase of materials, mobility and training</td>
<td>$1,217,171</td>
<td>0.02%</td>
<td>$879,205</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
<td>3.b</td>
<td>Social</td>
<td>Health</td>
<td>Research and Technological Development in Health</td>
<td>Health related research and technological development funding</td>
<td>$6,262,659</td>
<td>0.09%</td>
<td>$4,523,736</td>
</tr>
</tbody>
</table>

Not all issuers disclose the amount of financing versus refinancing for eligible projects. The ratio of finance to refinance and the lookback period for refinancing is key information investors seek in allocation reports. Seven of the eleven investors surveyed require transparent disclosure of whether proceeds are being allocated to prior spending. Two investors have specific thresholds for new financing as a criterion for inclusion in their portfolio. Only some issuers disclosed use of funds for financing versus refinancing, and others do not provide the values allocated to refinancing (Figure 25). Of issuers that disclosed the information, an average of 51 percent of proceeds are financing new projects. The lookback period for most issuers is two years. Egypt, Peru, and Serbia use a lookback of three years.
All emerging market sovereign issuers but one provided a list of projects to which bond proceeds had been allocated, along with associated impact metrics. Seventy-nine percent of these further categorized and subcategorized the projects based on expected outcomes.

Sixty-four percent of issuers summarized impacts achieved at the portfolio or project category level and linkages to the sustainable goals. Reporting on GHG emission reduction or avoidance was found to be limited, with only six issuers reporting on GHG emissions or avoidance on relevant green projects and two issuers (Egypt and Serbia) linking the impact metrics in the reporting to overall country climate targets.

In the absence of standardized impact calculation methodologies, issuers are expected to be transparent about the methodology used for calculations of impact. Fifty-seven percent of issuers have disclosed their methodology for impact reporting. About 36 percent are reporting outputs, rather than outcomes, which does not require additional calculation, and provide no further information (Figure 27).

Figure 27
Disclosure of Impact Methodology

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>57%</td>
<td>Provided</td>
</tr>
<tr>
<td>36%</td>
<td>Output metrics</td>
</tr>
<tr>
<td>7%</td>
<td>Not provided</td>
</tr>
</tbody>
</table>

Source: World Bank, based on allocation and impact reports published by emerging marked sovereign issuers.
Transparency is of particular value in communicating the expected and/or achieved impact of Green and/or Social Projects, including through the use of qualitative performance indicators and, where feasible, quantitative performance measures. The GBP and SBP seek to encourage harmonised impact reporting by providing core principles for reporting the impact of Green and/or Social Projects, as well as through suggested metrics and the provision of templates that cover most eligible Green and/or Social Projects. These suggested metrics are available on the sustainable finance section of ICMA’s website.

The Principles Guidance Handbook, November 2023

Sovereign issuers are using a wide variety of indicators to report impact. The Handbook: Harmonized Framework for Impact Reporting for Green Bonds (ICMA 2023a) provides a comprehensive list of indicators and sector-specific core indicators for projects to facilitate comparison of project results. It is recommended that issuers report on at least some sector-specific core indicators for projects included in green programs. For social projects, the Handbook: Harmonized Framework for Impact Reporting for Social Bonds (ICMA 2023c) has no recommendation on core indicators, providing instead an illustrative list of indicators for project categories.

Issuers have used 123 indicators to report the impact of 48 green project categories, 29 percent of which are core indicators recommended in ICMA’s harmonized framework. The most cited core indicators are “GHG emission reductions and avoidance” and “maintenance and increase of natural landscape and habitat area.” On average, emerging market sovereign issuers used two or more impact metrics for each project categories. The two most common metrics used are output, rather than outcome, related. These are the metrics which provides a count of individual projects or activities, followed by the metric which provides the number of people, families, or households benefiting from the project. The most cited indicators vary according to project category. For example, in the project category “sustainable transportation,” “length of rail tracks installed” (not a core ICMA-recommended indicator and not outcome oriented) is the most-cited indicator, followed by “GHG emissions reductions or avoidance.” In “sustainable water and wastewater management,” the most common metric used is “number of people, families, or households benefitting,” followed by “area in scope of irrigation.”

3.5. Allocation and Impact Reporting Best Practices

World Bank allocation and impact reporting has evolved since the Bank’s green bond impact report was first published in 2015. The Bank publishes an annual impact report that covers all IBRD bonds issued during the fiscal year (which runs from July 1 to June 30). The World Bank issues USD 60 billion in bonds on average annually to support the financing of a portfolio of roughly 600 to 700 sustainable development projects. Box 2 presents how the World Bank is applying lessons it has learnt in its own allocation and impact reporting.


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7 Core indicators for a railway project include passenger kilometers (for passengers), tonne kilometers (for freight), GHG emissions avoided, and air pollutants reduced, as ICMA recommends. Length of tracks installed is listed as “other sustainability indicators issuers could use” and denote output, rather than outcome.
3. KEY FINDINGS

The World Bank allocation and impact reports are hosted on a dedicated portal along with other relevant annexures and past reports. Key features include:

- A detailed summary of the scope of the report, guiding investors to relevant information on strategy; updates from management; key development topics and emerging themes; enhancements to the current year’s report; and granular data on issuance, allocation, and impact metrics
- Aggregated project results for estimated future or projected results of new projects added to the portfolio and actual results of active projects in the reporting year
- A summary of project commitments and disbursements across sectors and regions to illustrate how and where funds are being deployed and short project narratives to illustrate impact
- Annexures with details on reporting methodology, alignment with market practice that the World Bank helped to establish (the International Capital Market Association Green Social and Sustainability Bond Principles and related guidance on impact reporting), and accountability measures and sustainably reporting to facilitate investors’ due diligence

The World Bank engages with investors and other market stakeholders such as exchanges and index and market data providers to ensure that its reporting evolves within a dynamic sustainable finance landscape.

- **Regular dialogue with investors:** Engagement with investors and market participants allows the World Bank to investigate and incorporate new features and tools to enhance impact reporting. In-person and virtual investor meetings and an annual investor webinar when the impact report is launched provide an opportunity to solicit feedback on reporting. Regular dialogue in which reporting is an intentional part of the conversation provides insight into metrics and methodology, suggestions for new areas of reporting, new metrics and graphics, and the opportunity to hear how investors use the report and what new information they might want to see.

- **Internal engagement:** Forging internal relationships has been critical for data flow and building good processes to support reporting. As a result, the impact report has become an integral part of the World Bank’s suite of financial and sustainability reporting. Maintaining these relationships and building buy-in for the report and its value is critical. The team works for longer than six months gathering and vetting inputs after publication of the World Bank financial and annual reports. Data and subject matter specialists provide knowledge and expertise in vetting projects, developing the report’s narrative, and validating the data set and see the impact report as a valuable resource.

- **Automation of data to enhance reporting:** Collating data and aggregating key figures and metrics for allocation and impact reporting is challenging for issuers because manual processes are used, and the data available do not match investor preferences and harmonized reporting guidance. The World Bank uses artificial intelligence tools such as machine learning and natural language processing models to cull relevant information from a dataset of more than 600 projects for mapping to the Sustainable Development Goals and market sectors and is expanding its use of machine learning to gather richer information, automate manual processes, and more.


Box 2: Lessons Learned through the Evolution of the World Bank’s Green and Sustainable Development Bond Allocation and Impact Report

World Bank allocation and impact reports are hosted on a dedicated portal along with other relevant annexures and past reports. Key features include:

- A detailed summary of the scope of the report, guiding investors to relevant information on strategy; updates from management; key development topics and emerging themes; enhancements to the current year’s report; and granular data on issuance, allocation, and impact metrics
- Aggregated project results for estimated future or projected results of new projects added to the portfolio and actual results of active projects in the reporting year
- A summary of project commitments and disbursements across sectors and regions to illustrate how and where funds are being deployed and short project narratives to illustrate impact
- Annexures with details on reporting methodology, alignment with market practice that the World Bank helped to establish (the International Capital Market Association Green Social and Sustainability Bond Principles and related guidance on impact reporting), and accountability measures and sustainably reporting to facilitate investors’ due diligence

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Water treatment plant in Peru.
The Surveys
4. The Surveys

Two surveys were conducted to gauge investor expectations⁸ and issuer experiences. Some of the material findings were highlighted, along with the findings, in the previous chapter, but this chapter provides the complete results of the responses to the questions asked in the issuer and investor surveys.

4.1 Survey Methodology

The World Bank Treasury conducted two surveys in December 2023: one targeting sovereign debt management offices (DMOs) that have issued at least one allocation report and another targeting international investors and intermediary banks. The objective was to understand issuers' experiences when preparing allocation and impact reports and how investors consume the information provided.

The sovereign DMO survey contained multiple choice questions e-mailed to emerging market sovereigns that the World Bank Group serves and advanced market sovereigns who had already undertaken post-issuance reporting. Twenty DMOs completed the questionnaire, 12 of which were emerging market sovereign issuers who had published allocation and impact reports. These emerging market sovereign issuers account for USD 98 billion in sovereign issuances; approximately 93 percent of total sovereign bond issuances qualified for the study. The issuers were in Africa, the Caribbean, East Asia, Latin America, Europe, and the Middle East. The DMOs provided information on how much time it took to prepare and publish the report, ministries involved, governance structure, challenges faced, value derived, and potential characteristics of future issuances.

The investor and intermediary bank survey was conducted to determine factors considered when evaluating the allocation and impact report. The survey contained open-ended questions e-mailed to institutions that actively invest in emerging markets and was distributed in partnership with the Emerging Market Investor Alliance. Surveyed investors collectively manage USD 17 trillion in assets.

Both surveys captured sentiments in emerging markets about the allocation and impact report, including identifying best practices, information gaps, and what issuers should be expecting with respect to future issuances. A significant difference between the methodologies of the two surveys is that the DMO survey included closed-ended questions with prepopulated answer choices to provide quantifiable data, whereas the investor and intermediary bank survey was exploratory, consisting of open-ended questions intended to collect a full range of opinions. The surveys were meant to provide insight into barriers and challenges to reporting and investing in GSS bonds to support emerging markets. The surveys are reproduced in Appendixes B and C.

This section of the report analyzes the results of both surveys and, in the context of the allocation and impact reports, provides insights into the existing practices and investment considerations for emerging market sovereign issuances. It also provides indications of best practices; gaps in reporting; and improvements that would widen the investor base, improve quality and investment, and maximize investor interest in generating environmental, economic, and social outcomes.

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⁸ The survey focused on investors who are investing in emerging market sovereign bonds.
4.2 Issuer Survey Findings

4.2.1 Timeline

Approximately half of emerging market sovereign issuers took six months to a year to draft the allocation and impact report, which indicated that issuers must factor in considerable lead time to publish the report, starting almost immediately after issuance of the bond. This is the case in advanced markets as well, with 88 percent of surveyed issuers taking six months to a year to draft the reports. Approximately one-third of issuers published reports within six months (Figure 28), indicating that efficiency may be developed over time, particularly with repeat issuers.

Two-thirds of emerging market sovereign issuers were able to release reports within 12 months of bond issuance (Figure 29). The most common reason cited for delayed reporting was due to delays in data collection from line ministries, reflecting that, even with an inter-ministerial committee responsible for governing the process, there are challenges in managing and collating project data. For the verification process, 75 percent of emerging market sovereign issuers took about three months to complete the process, and about 13 percent took more than six months.

**Figure 28**

<table>
<thead>
<tr>
<th>Time Emerging Market Sovereign Issuers Took to Draft Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% 6 months-1 year</td>
</tr>
<tr>
<td>33% &lt;6 months</td>
</tr>
<tr>
<td>17% 1-2 years</td>
</tr>
</tbody>
</table>

**Figure 29**

<table>
<thead>
<tr>
<th>Ability of Issuers to Publish Reports Within 12 Months of Bond Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>67% Within 12 months</td>
</tr>
<tr>
<td>33% Outside 12 months</td>
</tr>
</tbody>
</table>

Source: World Bank conducted Issuer surveys on allocation and impact reports.
4.2.2 Governance

All sovereign issuers have established inter-ministerial committees to coordinate selection of projects and publish allocation and impact reports. According to the bond frameworks, these committees play a crucial role in the governance processes, including selection of expenditures, supported by the bond and reporting of impact-related data. Finance ministries of issuers have indicated that establishing an inter-ministerial committee creates champions within ministries, which facilitates change in the data processes and flows between ministries, which in turn integrates climate and sustainability reporting into the governance process and enables financial metrics to be linked to the environmental goal. In the process of selection of expenditures by the bond, 25 percent of surveyed issuers said that the inter-ministerial committee had limited to no role.
All issuers indicated that they relied on line ministries to source environmental impact data (Figure 30). DMOs collected impact data through project-implementing agencies under each line ministry or entities such as planning departments, statistical agencies, and social policy evaluators. In one instance, a DMO analyzed project feasibility studies to obtain data. Approximately 83 percent of issuers found it moderately difficult or difficult to obtain data on environmental impact (Figure 31). Difficulty obtaining data limits interest in issuing GSS bonds.

**Figure 30**

**Organizations Relied on to Collate and Collect Data**

83% Ministries
17% Both ministries & other entities
0% External vendors

Source: World Bank conducted Issuer surveys on allocation and impact reports.

**Figure 31**

**Difficulty Obtaining Data on Environmental Impact**

Emerging Markets
Advanced Markets

25% 13% 17% 25%

Source: World Bank conducted Issuer surveys on allocation and impact reports.

Although one-third of emerging market sovereign issuers highlighted that they did not face any significant challenges, 42 percent indicated that they faced significant challenges coordinating with line ministries responsible for projects.
4.2.3 Appetite for Issuances and Further Improvements

Sovereign issuers continue to have an appetite for issuing other types of labeled bonds. One-quarter of issuers indicated that they are exploring blue bonds and sustainability-linked issuances. All emerging market sovereign issuers except one see investor diversification as the primary value being derived from issuing labeled bonds (Figure 32). Better pricing was ranked among the lowest reasons for issuing such bonds (50 percent). Those who indicated better pricing as one of the benefits of issuing labeled bonds also highlighted that the premiums were marginal and infrequent, highlighting that the “greenium” was not seen as the primary value. One-quarter of emerging market sovereign issuers indicated that labeled issuances helped demonstrate leadership in sustainable finance.

**Figure 32**

Value Derived from Finance Frameworks for Emerging Market Sovereign Issuances

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor diversification</td>
<td>11</td>
</tr>
<tr>
<td>Showcasing towards climate/ NDC ambition</td>
<td>9</td>
</tr>
<tr>
<td>Showcasing progress towards SDGs</td>
<td>9</td>
</tr>
<tr>
<td>Better pricing</td>
<td>7</td>
</tr>
<tr>
<td>Demonstrating leadership</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: World Bank conducted Issuer surveys on allocation and impact reports.

Newly opened library in Namangan, Uzbekistan.
4.3 Investor Survey Findings

All survey respondents run an ESG or sustainable investment or impact portfolio. There was wide variation in the shares of labeled bonds within the portfolios of investors (Figure 33). The same degree of variation could be seen in the presence of emerging market sovereign issuances in the portfolio mix (Figure 34).

**Figure 33**
Percentage of Labeled Bonds in Investor Portfolio Mix

- 100%
- 99%
- 89%
- 42%
- 30%
- 25%
- 11%
- 10%
- Average 51%

Source: World Bank conducted Issuer surveys on allocation and impact reports.
Note: Some investors do not actively measure the mix in their portfolio.

**Figure 34**
Percentage of Emerging Market Sovereign Issuers in Investor Portfolio

- 80%
- 70%
- 30%
- 25%
- 15%
- 15%
- 12%
- 10%
- Average 27%

Source: World Bank conducted Issuer surveys on allocation and impact reports.
Note: Some investors do not actively measure the mix in their portfolio.
Nine of the eleven investors surveyed considered allocation and impact reporting to be a critical part of their investment decision-making process (Figure 12). The other two considered it important but not critical.

**Investors consider multiple factors before investing in sovereign labeled bonds** (Figure 16). The four most cited factors are gaps between the current situation and achievement of the SDGs, the ambitiousness of those goals, and progress toward the goals; ESG ratings; NDCs; and ambitious GHG reduction targets.

**There is a strong preference for knowing which projects will be funded using GSS bonds.** All investors indicated that they require access to the project list before investing in emerging market labeled bonds. Similarly, all respondents agreed that the use of proceeds described in the framework affects their decisions about investing.

### 4.3.1 Type of Financing

**Investors consider how bond proceeds are being used in terms of financing versus refinancing** (Figure 35). Most respondents indicated that, although they have no preference for financing versus refinancing, they have additional considerations when issuers exercise the option to use bond proceeds for refinancing in sovereign labeled bonds, particularly:

- Alignment of use of proceeds disclosed in the allocation report with the categories disclosed in the framework
- Alignment with the issuer’s sustainability strategy
- Transparency in the use of proceeds allocated for refinancing
- Cap on the amount allocated for refinancing

**Figure 35**

**Preferences When Financing New Versus Already-Completed Projects**

<table>
<thead>
<tr>
<th>Preference</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prefer financing to refinancing; no threshold</td>
<td>3</td>
</tr>
<tr>
<td>Not really, as long as they meet use of proceeds</td>
<td>3</td>
</tr>
<tr>
<td>More than 50% allocated to new projects</td>
<td>2</td>
</tr>
<tr>
<td>Sustainability strategy important; no threshold</td>
<td>1</td>
</tr>
<tr>
<td>Requires transparency in use of proceeds for refinancing</td>
<td>1</td>
</tr>
<tr>
<td>More than 75% allocated to new projects</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: World Bank conducted Investor surveys on allocation and impact reports.
4.3.2 Allocation and Impact Reporting Considerations

All investors consider independent verification to be the most important attribute to allocation and impact reporting. Most respondents also considered other attributes, such as publishing the report within twelve months of the bond issuances, using harmonized impact metrics as recommended by ICMA’s *Handbook: Harmonized Framework for Impact Reporting* and undertaking detailed reporting on the projects (Figure 18).

Most respondents highlighted that the information provided in the allocation and impact report is used to assess the use of proceeds, screen the issuer’s bonds for inclusion in their portfolio, and use the quantitative data to further refine their internal data models and methodology (Figure 36).

Labeled bonds are an important tool for promoting transparency on sovereign-level sustainability commitments, particularly in emerging markets where climate change and social development are important considerations for building sustainable, resilient economies. The additional disclosures that come from labeled bonds often help us gain greater conviction at the issuer level, regardless of if we are invested in the labeled bond itself.

**Mapping to SDGs**, although important, was not critical for investment for 63 percent of respondents, predominantly because the exercise of mapping to the SDGs is subjective, particularly in the absence of a clear methodology. Respondents indicated that the broad categories of SDGs make projects too ambiguous and difficult to assign, making them unsuitable for impact investing. Issuers also undertake their own mapping of projects based on their internal methodology and impact indicators. Investors prefer mapping to the ICMA categories and have found that mapping to SDGs could be improved by being more precise about alignment with the goals and demonstrating the net positive contribution of the projects to the SDGs. Investors value projects that can be linked to the sovereign issuer’s overall sustainability target, rather than specific SDGs.
4.3.3 Preference for Environmental and Social Categories

Preference for environmental themes depends on country context. Although it may seem that investors are specific in their requirements for selecting bonds for their portfolios, particularly in recent years, when nature-based financing and biodiversity have emerged as key themes, the survey revealed that, in practice, investors have a more-nuanced perspective, taking into account country context. Sixty-four percent of investors indicated that they prefer projects that can help a government close the gaps in its SDGs, particularly climate targets within the subset of environmental categories. Thirty-six percent highlighted that they had no specific preference as long as the projects were not on their exclusion list and met country-relevant do-no-significant-harm clauses and when the use of proceeds was aligned with ICMA guidelines and not difficult to measure.

Investors were more muted about investment preferences in social projects. Although 45 percent of investors indicated that they had no preference, 36 percent preferred projects designed to reduce social inequality, which would vary from country to country.

4.3.4 Quality of Reporting

Investors perceived no difference in reporting quality between emerging and advanced economies. Although they observed a wide range of quality in reporting, there was no attribute that separated reporting of emerging market sovereign issuers from that of advanced market sovereign issuers, indicating that quality was not “market” dependent.
Solar panels installed in Sabah, Malaysia.
Beach surrounded by karst limestone sea stack mountain cliffs in Palawan, Philippines.
Conclusions & Way Forward
5. Conclusions & Way Forward

The labeled bond market is constantly evolving, with new themes (e.g., just transition) emerging and use-of-proceeds and sustainability performance targets refined to bridge financing gaps and accelerate progress on achievement of climate goals. The medium of reporting for GSS bond issuances has proved to be dynamic, showcasing improvement over time as project-level data are integrated into emerging market sovereign issuers’ financial architecture, identification and definition of projects are streamlined and harmonized through green and social taxonomies, independent verification becomes more mainstream, and regulatory requirements for sustainability disclosures emerge.

The labeled market is expected to grow and diversify, with innovative sustainability products gaining more acceptance. In the past few years, guidelines have emerged for blue and transition labeling of financial products. Nevertheless, investors and issuers are cautious. Sustainability-linked issuances have slowed down amidst greenwashing concerns and capacity constraints on reporting for issuers. While such products mature and gain wider acceptance, issuers must integrate their climate goals and SDGs into their future financing needs and target the financing of projects that will help achieve those goals.

While they are making considerable efforts to publish post-issuance allocation and impact reports that meet market expectations, emerging market sovereign issuers and their financial partners must ensure that allocation and impact reporting for GSS bonds adheres to the goals of disclosure and transparency, providing more granularity in line with the evolving market. The study of existing emerging market sovereign GSS bond impact reports reveals that there are many opportunities for improvement.
Although most issuers are fulfilling post-issuance reporting requirements, many are unable to meet investor expectations for reporting within one year of issuance, mainly because of delays in collection of data from line ministries. Line ministries responsible for implementing budgets and managing projects are usually members of GSS bond steering committees, but the DMO survey revealed challenges in coordination efforts. To ensure effective interagency and interministry collaboration and partnership at all stages of the GSS bond process, we recommend to follow the proposed recommendations in Figure 37.

**Recommendations for Effective Collaboration in the GSS Bond Process**

1. Ensure buy-in from high-level officials.
3. Clarify roles and responsibilities by adopting terms of reference.
4. Communicate collective interests of participants.
5. Conduct early capacity building and outreach to ensure buy-in and adequate understanding of roles and responsibilities.

Developing a well-structured reporting process that creates workflows, clarifies lines of responsibility, and provides strict timelines for submitting data and completing reports will enable coordination between stakeholders. Deployment of technology and identification of existing processes to automate information gathering and data collection can play a crucial role in simplifying and streamlining the process and enhance the quality of reporting.

Allocation and impact reports are frequently difficult to locate and access. A dedicated webpage should be available on the Ministry of Finance website that hosts all relevant information and provides English versions of annual allocation and impact reports and all relevant documents, such as bond framework, second-party opinion, details about bond issuances, third-party verification of reports, and press releases. Ideally, this should be hosted on the investor relations web page or prominently visible on the Ministry of Finance website’s landing page, which would help investors find the relevant documents easily. Efforts should be made to ensure that investors are aware of the publication of reports through press releases, newsletters, and dedicated emails. Issuers should also organize calls with investors to brief them on the report.
The study found extracting and collating allocation and impact data to be challenging. In the absence of data tables, data from reports must be manually extracted. Allocation and impact reports are an average of 42 pages long and very qualitative. Although the Green Bond Principles highlight the value of qualitative and quantitative reporting, and although qualitative data provide context and additional color, having varying levels of granularity and lack of structure in information presented is not conducive to machine learning, and users of the information must spend considerable time and resources to standardize the information to assess results. Issuers could ensure that project-by-project allocation and impact data are available as a separate Excel file that investors can download easily and use for internal purposes.

Issuers are allocating bond proceeds within the expected reporting period. When bond proceeds have not been fully allocated, issuers are disclosing availability of eligible projects that will be ready to receive allocations. Some issuers are signaling availability of projects for future issuances. These are worth emulating.

Emerging market sovereign issuers are classifying and aggregating projects in different ways. This report recommends that issuers classify projects according to the *Handbook: Harmonized Framework for Impact Reporting* (ICMA 2023a; 2023c.).

Many issuers are not clearly disclosing the total financing of projects or financing that is being sourced outside the proceeds raised from the bond issuance. Not all issuers disclose the amount of financing versus refinancing for eligible projects. This information is important for investors to assess the impact of their investments.

Sovereign issuers are using a wide variety of indicators to report impact. Issuers should strive to report on the core indicators provided in the *Handbook: Harmonized Framework for Impact Reporting* (ICMA 2023a; 2023c.).

The process for issuing GSS bonds is more complex and resource intensive than the process for conventional bonds because it demands extensive collaboration between various government departments and thorough understanding of environmental and social matters (OECD 2023). DMOs have also indicated that there are material advantages to establishing sustainable bond programs, including diversification of investor base, demonstration of leadership in the regional sustainable finance market, and development of the domestic market for sustainability products. Issuers and investors alike must focus on structurally expanding the GSS bond market.

With increasing sustainable financing needs, existing processes will be overburdened if capacity and coordination are not increased across departments and ministries, leading to delays in reporting and additional administrative burden on debt managers. Issuances of GSS bonds have provided an impetus for DMOs to streamline sustainability within the financial architecture of the Treasury function and establish stronger lines of governance with the ministries involved. This momentum must be maintained to achieve the goals of emerging market sovereigns. GSS bonds are an excellent tool to fund projects and activities that contribute to a country’s environmental and social objectives, and post-issuance allocation and impact reports signal to the capital markets the country’s commitment to allocating funds across key priority areas.
5. CONCLUSIONS AND WAY FORWARD

Mass Rapid Transit (MRT) train in Kuala Lumpur, Malaysia.
References


APPENDIX A:
Case Studies
Chile

Type of Bond: Green, social, sustainability

Bond Framework: Sustainable


Transactions to Date: 42 (23 original, 19 tapped)

Allocation Report: Latest Year

Impact Report: Latest Year

Percentage of Proceeds Allocated: 82%

Use of Proceeds Based on 2022 Allocation and Impact Report:
Clean transportation (Metroline, commuter train, EV buses, charging stations), renewable energy, green buildings, water management, support for elderly adults and people with special needs in vulnerable sectors, support for low-income families, access to basic housing, access to education, food security, programs designed to prevent and alleviate unemployment

Share of Financing vs. Refinancing: 65 percent

Transactions Included in Latest Reporting:
See table below

---

### Name of Bond | Currency | Issue Date | Maturity Date | Tenor | Coupon | Outstanding Amount | USD Equivalent |
--- | --- | --- | --- | --- | --- | --- | --- |
EUR-2031 | EUR | 6/15/2019 | 7/2/2031 | 12 | 0.830/0.830 | 861 | 930 |
USD-2050 | USD | 6/16/2019 | 1/25/2050 | 31 | 3.500/3.530 | 1,418 | 1,418 |
EUR-2031 (R) | EUR | 1/23/2020 | 7/2/2031 | 11 | 0.830/0.695 | 694 | 750 |
EUR-2040 | EUR | 1/23/2020 | 1/29/2040 | 20 | 1.250/1.299 | 1,269 | 1,371 |
USD-2032 | EUR | 1/22/2020 | 1/27/2032 | 12 | 2.550/2.571 | 750 | 750 |
USD-2050 (R) | EUR | 1/22/2020 | 1/25/2050 | 30 | 3.500/3.275 | 900 | 900 |
EUR-2031 (R) | USD | 1/19/2021 | 7/2/2031 | 10 | 0.830/0.399 | 400 | 432 |
USD-2032 (R) | USD | 1/19/2021 | 1/27/2032 | 11 | 2.550/1.962 | 750 | 750 |
USD-2053 | EUR | 3/30/2021 | 4/15/2053 | 32 | 3.500/3.500 | 1,500 | 1,500 |
USD-2027 | USD | 1/27/2022 | 1/31/2027 | 5 | 2.750/2.763 | 1,500 | 1,500 |
CLP-2034 | USD | 10/20/2022 | 5/1/2034 | 12 | 7.000/6.950 | 1,500 | 1,500 |
USD-2034 | USD | 1/27/2022 | 1/31/2034 | 12 | 3.500/3.507 | 1,500 | 1,500 |
USD-2052 | USD | 1/27/2022 | 1/31/2052 | 30 | 4.000/4.055 | 1,000 | 1,000 |

---

9 Chile has also issued sustainability-linked bonds, which is outside the scope of this study.
### Egypt

#### Type of Bond
Green, sustainability

#### Portal

#### Bond Framework
[https://assets.mof.gov.eg/files/27682860-663c-11eb-a70b-29b6f5bc96c7.pdf](https://assets.mof.gov.eg/files/27682860-663c-11eb-a70b-29b6f5bc96c7.pdf)

#### External Review
SECOND-PARTY OPINION FOR FRAMEWORK
[https://www.mof.gov.eg/files/4f6c4770-574c-11ec-9145-6f33c8bd6a26.pdf](https://www.mof.gov.eg/files/4f6c4770-574c-11ec-9145-6f33c8bd6a26.pdf)

#### Transactions to Date
2

#### Allocation Report
[https://www.mof.gov.eg/files/a3362b50-574c-11ec-9145-6f33c8bd6a26.pdf](https://www.mof.gov.eg/files/a3362b50-574c-11ec-9145-6f33c8bd6a26.pdf)

#### Impact Report
LATEST YEAR
Same as above

#### External Review
LATEST YEAR
Same as above

#### Percentage of Proceeds Allocated
LATEST YEAR
100

#### Use of Proceeds Based on 2022 Allocation and Impact Report
Clean transportation (monorail), sustainable water and wastewater management

#### Share of Financing vs. Refinancing
66 percent

#### Transactions Included in Latest Reporting
See table below

---

**CASE STUDY**

Cairo Monorail two-line rapid transit system in Egypt.

<table>
<thead>
<tr>
<th>Name of Bond</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor YEARS</th>
<th>Coupon PERCENT</th>
<th>Outstanding Amount MILLION</th>
<th>USD Equivalent MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not available</td>
<td>USD</td>
<td>6/10/2020</td>
<td>7/1/2025</td>
<td>5</td>
<td>5.25</td>
<td>750</td>
<td>750</td>
</tr>
</tbody>
</table>
## Fiji

<table>
<thead>
<tr>
<th><strong>Type of Bond</strong></th>
<th>Green</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transactions to Date</strong></td>
<td>8 (4 original, 4 tapped)</td>
</tr>
<tr>
<td><strong>Impact Report</strong></td>
<td>LATEST YEAR Same as above</td>
</tr>
<tr>
<td><strong>External Review</strong></td>
<td>ALLOCATION AND IMPACT None</td>
</tr>
<tr>
<td><strong>Percentage of Proceeds Allocated</strong></td>
<td>LATEST YEAR 100</td>
</tr>
<tr>
<td><strong>Use of Proceeds Based on 2022 Allocation and Impact Report</strong></td>
<td>Water efficiency and wastewater management, resilience to climate change for highly vulnerable areas and sectors, renewable energy, sustainable management of natural resources, reducing pollution and greenhouse gas emissions</td>
</tr>
<tr>
<td><strong>Share of Financing vs. Refinancing</strong></td>
<td>Details not provided</td>
</tr>
<tr>
<td><strong>Transactions Included in Latest Reporting</strong></td>
<td>Specific transactions not reported in allocation report</td>
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</table>
Guatemala

<table>
<thead>
<tr>
<th>Type of Bond</th>
<th>Social</th>
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</thead>
<tbody>
<tr>
<td>Portal</td>
<td>None available</td>
</tr>
<tr>
<td>Bond Framework</td>
<td>Not publicly available</td>
</tr>
<tr>
<td>External Review</td>
<td>Not publicly available</td>
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<td>Transactions to Date</td>
<td>1</td>
</tr>
<tr>
<td>Impact Report</td>
<td>Not available</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated</td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>COVID-19, food security, affordable basic infrastructure, socioeconomic advancement and empowerment</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>No details provided</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>See table below</td>
</tr>
</tbody>
</table>

### Transactions Included in Latest Reporting

<table>
<thead>
<tr>
<th>Name of Bond</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor (years)</th>
<th>Coupon (percent)</th>
<th>Outstanding Amount (million)</th>
<th>USD Equivalent (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>USD</td>
<td>04/21/2020</td>
<td>04/24/2032</td>
<td>12</td>
<td>5.375</td>
<td>500</td>
<td>500</td>
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**Indonesia**

<table>
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<tr>
<th>Type of Bond</th>
<th>Green (Sukuk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portal</td>
<td>Not available</td>
</tr>
<tr>
<td>Bond Framework</td>
<td><a href="https://api-djppr.kemenkeu.go.id/web/api/v1/media/851F74A2-F8BF-47C7-A77F-DA48C2D33067">Link</a></td>
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<td>External Review</td>
<td><a href="https://api-djppr.kemenkeu.go.id/web/api/v1/media/FC1CA03D-3CEC-46F2-8C5F-116C0181A11E">Link</a></td>
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<tr>
<td>Transactions to Date</td>
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<td>Allocation Report</td>
<td><a href="https://api-djppr.kemenkeu.go.id/web/api/v1/media/B56006C3-5D62-4DDD-87DA-2F06FAF19FCA">Link</a></td>
</tr>
<tr>
<td>Impact Report</td>
<td>Same as above</td>
</tr>
<tr>
<td>External Review</td>
<td>Same as above</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated</td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>Renewable energy, resilience to climate change, sustainable transportation, green building, sustainable management of natural resources, waste to energy and waste management, sustainable water and wastewater management</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>Not clearly stated; provided on project-by-project basis</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>Not highlighted on individual basis; cumulative issuances value: USD 6.9 billion. Some of the latest issuances highlighted in table below.</td>
</tr>
</tbody>
</table>

**CASE STUDY**

Electric bus emission-free mass transportation in Jakarta, Indonesia.

<table>
<thead>
<tr>
<th>Name of Bond</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor</th>
<th>Coupon</th>
<th>Outstanding Amount</th>
<th>USD Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Green Sukuk, 2022</td>
<td>USD</td>
<td></td>
<td></td>
<td>10</td>
<td>4.70</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Project based Green Sukuk, 2022</td>
<td>IDR</td>
<td></td>
<td></td>
<td>7</td>
<td>6.63</td>
<td>6,730,000</td>
<td>430</td>
</tr>
<tr>
<td>Retail Green Sukuk (ST-009), 2022</td>
<td>IDR</td>
<td></td>
<td></td>
<td>2</td>
<td>6.15</td>
<td>10,000,000</td>
<td>638</td>
</tr>
<tr>
<td>Retail Green Sukuk (ST-008), 2021</td>
<td>IDR</td>
<td></td>
<td></td>
<td>2</td>
<td>4.80</td>
<td>5,000,000</td>
<td>320</td>
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Malaysia

<table>
<thead>
<tr>
<th>Type of Bond</th>
<th>Wakala Sukuk (Sustainable Development Goal / sustainability)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portal</td>
<td>Not available</td>
</tr>
<tr>
<td>External Review</td>
<td>SECOND-PARTY OPINION FOR FRAMEWORK</td>
</tr>
<tr>
<td>Transactions to Date</td>
<td>5 (2 original, 3 tapped)</td>
</tr>
<tr>
<td>Impact Report</td>
<td>Same as above</td>
</tr>
<tr>
<td>External Review</td>
<td>Same as above</td>
</tr>
</tbody>
</table>
| Percentage of Proceeds Allocated | 100%

**Use of Proceeds Based on 2022 Allocation and Impact Report**
- Construction and upgrading of health care facilities, construction and upgrading of education facilities, providing loans and other financial supports for small and medium-sized enterprises, providing access to rural water supply and sanitation facilities, development and management of clean public transport vehicles, biodiversity conservation through sustainable management of forests and fisheries, development, installation and operation of renewable energy infrastructure

**Share of Financing vs. Refinancing**
- Not clearly stated

**Transactions Included in Latest Reporting**
- See table below

### Bloomberg ID Details

<table>
<thead>
<tr>
<th>Bloomberg ID</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor YEARS</th>
<th>Coupon PERCENT</th>
<th>Outstanding Amount MILLION</th>
<th>USD Equivalent MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>56109BAB3</td>
<td>USD</td>
<td>04/21/2021</td>
<td>04/21/2031</td>
<td>10</td>
<td>2.070</td>
<td>800</td>
<td>800</td>
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<tr>
<td>56109BAA5</td>
<td>USD</td>
<td>04/21/2021</td>
<td>04/21/2051</td>
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<td>3.075</td>
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**Mexico**

<table>
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<tr>
<th>Type of Bond</th>
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<tbody>
<tr>
<td>Portal</td>
<td><a href="https://www.finanzaspublicas.hacienda.gob.mx/es/Finanzas_Publicas/Ingl%C3%A9s">https://www.finanzaspublicas.hacienda.gob.mx/es/Finanzas_Publicas/Inglés</a></td>
</tr>
<tr>
<td>External Review</td>
<td>SECOND-PARTY OPINION FOR FRAMEWORK</td>
</tr>
<tr>
<td>Transactions to Date</td>
<td>19 (9 original, 10 tapped)</td>
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<tr>
<td>Allocation Report</td>
<td>LATEST YEAR</td>
</tr>
<tr>
<td>Impact Report</td>
<td>LATEST YEAR</td>
</tr>
<tr>
<td></td>
<td>Same as above</td>
</tr>
<tr>
<td>External Review</td>
<td>ALLOCATION AND IMPACT</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated</td>
<td>LATEST YEAR</td>
</tr>
<tr>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>Agriculture and rural development and well-being, health, public education, finance and public credit; non-sectorized entities, infrastructure, communications and transportation, environment and natural resources, energy, sustainable cities and communities, environment and natural resources</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>See table below</td>
</tr>
</tbody>
</table>

### CASE STUDY

Cablebús aerial lift transport system in Mexico City, Mexico.

<table>
<thead>
<tr>
<th>Name of Bond</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor YEARS</th>
<th>Coupon PERCENT</th>
<th>Outstanding Amount MILLION</th>
<th>USD Equivalent MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMS SDG Bonds</td>
<td>USD</td>
<td>Aug 2022</td>
<td>2032</td>
<td>10</td>
<td>NA</td>
<td>2,200</td>
<td>2,200</td>
</tr>
<tr>
<td>UMS SDG Bonds</td>
<td>JPY</td>
<td>Aug 2022</td>
<td>Multiple issuances—5</td>
<td>3,5,10,15,20</td>
<td>NA</td>
<td>75,600</td>
<td>577</td>
</tr>
<tr>
<td>Bondes G</td>
<td>MXN</td>
<td>May, Jul, Nov 2022</td>
<td>Multiple issuance—7</td>
<td>2,6,3,6,1,2,3</td>
<td>NA</td>
<td>45,000</td>
<td>2,242</td>
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</tbody>
</table>
### Peru

#### Type of Bond
Social, sustainability

#### Portal
https://www.gob.pe/institucion/mef/colecciones/3619-bonos-sostenibles

#### Bond Framework

#### External Review

#### Transactions to Date
5 (3 original, 2 tapped)

#### Allocation Report

#### Impact Report
Same as above

#### External Review
Same as above

#### Percentage of Proceeds Allocated
100

#### Use of Proceeds Based on 2022 Allocation and Impact Report
Support for vulnerable groups and people in vulnerable situations; access to affordable housing, education and essential health services; efficient, resilient management of water and wastewater; sustainable management of natural resources, land use, and marine protected areas; sustainable agriculture

#### Share of Financing vs. Refinancing
31 percent

#### Transactions Included in Latest Reporting
See table below

<table>
<thead>
<tr>
<th>Name of Bond</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor</th>
<th>Coupon</th>
<th>Outstanding Amount</th>
<th>USD Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Bond 2034</td>
<td>USD</td>
<td>10/28/2021</td>
<td>01/15/2034</td>
<td>12</td>
<td>3.000</td>
<td>2,250</td>
<td>2,250</td>
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<tr>
<td>Global Bond 2072</td>
<td>USD</td>
<td>10/28/2021</td>
<td>01/15/2072</td>
<td>50</td>
<td>3.600</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Global Bond 2036</td>
<td>EUR</td>
<td>11/10/2021</td>
<td>11/17/2036</td>
<td>15</td>
<td>1.950</td>
<td>1,000</td>
<td>1,148</td>
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</tbody>
</table>
### Philippines

<table>
<thead>
<tr>
<th>Type of Bond</th>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Framework</td>
<td><a href="https://www.dof.gov.ph/download/sustainable-finance-framework/?wpdmdl=30994&amp;refresh=65ce5e2699b301708023334">https://www.dof.gov.ph/download/sustainable-finance-framework/?wpdmdl=30994&amp;refresh=65ce5e2699b301708023334</a></td>
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<tr>
<td>External Review</td>
<td><a href="https://www.dof.gov.ph/download/second-party-opinion/?wpdmdl=30998&amp;refresh=65cd2696e46c61707943574">https://www.dof.gov.ph/download/second-party-opinion/?wpdmdl=30998&amp;refresh=65cd2696e46c61707943574</a></td>
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<td>Transactions to Date</td>
<td>7 original</td>
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<td>Impact Report LATEST YEAR</td>
<td>Same as above</td>
</tr>
<tr>
<td>External Review ALLOCATION AND IMPACT</td>
<td>Same as above</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated LATEST YEAR</td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>Health care, employment, COVID-19, education, renewable energy, sustainable management of living and natural resources, climate change adaptation</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>7 percent</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>See table below</td>
</tr>
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<table>
<thead>
<tr>
<th>ISIN</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor YEARS</th>
<th>Coupon PERCENT</th>
<th>Outstanding Amount MILLION</th>
<th>USD Equivalent MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>US718286CX35</td>
<td>USD</td>
<td>1/17/2023</td>
<td>1/17/2048</td>
<td>25</td>
<td>5.5</td>
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<tr>
<td>JP560800DN45</td>
<td>JPY</td>
<td>4/22/2022</td>
<td>4/22/2042</td>
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<td>4/22/2022</td>
<td>4/20/2029</td>
<td>7</td>
<td>0.95</td>
<td>5,000</td>
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<td>JP560800AN48</td>
<td>JPY</td>
<td>4/22/2022</td>
<td>4/22/2027</td>
<td>5</td>
<td>0.76</td>
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<tr>
<td>US718286CU96</td>
<td>USD</td>
<td>10/13/2022</td>
<td>10/13/2047</td>
<td>25</td>
<td>5.95</td>
<td>750</td>
<td>750</td>
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<td>USY6972HLP91</td>
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<td>3/29/2022</td>
<td>3/29/2047</td>
<td>25</td>
<td>4.2</td>
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Poland

<table>
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<tr>
<th>Type of Bond</th>
<th>Green</th>
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<tr>
<td>External Review</td>
<td>SECOND-PARTY OPINION FOR FRAMEWORK <a href="https://www.gov.pl/attachment/43f4f242-8f02-44bf-9864-ef18b091a1af">https://www.gov.pl/attachment/43f4f242-8f02-44bf-9864-ef18b091a1af</a></td>
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<td>Transactions to Date</td>
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<td>Allocation Report</td>
<td><a href="https://www.gov.pl/attachment/5747e1e1-1cb4-4b13-860d-3a01dbdc15a6">https://www.gov.pl/attachment/5747e1e1-1cb4-4b13-860d-3a01dbdc15a6</a></td>
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<tr>
<td>Impact Report</td>
<td>Same as above</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated</td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>Clean transportation, sustainable agricultural operations, renewable energy, national parks, afforestation, reclamation of heaps</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>87 percent*</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>See table below</td>
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</tbody>
</table>

* Based on own calculations and assumptions.

<table>
<thead>
<tr>
<th>Name of Bond</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor YEARS</th>
<th>Coupon PERCENT</th>
<th>Outstanding Amount MILLION</th>
<th>USD Equivalent MILLION</th>
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<tbody>
<tr>
<td>XS1958534528</td>
<td>EUR</td>
<td>03/01/2019</td>
<td>03/07/2029</td>
<td>10</td>
<td>1.0</td>
<td>1,491.9</td>
<td>1,705.7</td>
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<td>XS1960361720</td>
<td>EUR</td>
<td>03/01/2019</td>
<td>03/08/2049</td>
<td>30</td>
<td>2.0</td>
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Serbia

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<td>Transactions to Date</td>
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<tr>
<td>Impact Report</td>
<td>Same as above</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated</td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>Sustainable transportation, sustainable water and wastewater management, circular economy, sustainable agriculture, energy efficiency, renewable energy</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>See table below</td>
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### ISIN Information

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<tr>
<th>ISIN</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor</th>
<th>Coupon</th>
<th>Outstanding Amount</th>
<th>USD Equivalent</th>
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<tbody>
<tr>
<td>XS2388561677</td>
<td>EUR</td>
<td>09/16/2021</td>
<td>09/23/2028</td>
<td>7</td>
<td>1.00</td>
<td>1,000</td>
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Thailand

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<th>Type of Bond</th>
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<td>Portal</td>
<td><a href="https://www.pdmo.go.th/en/Sustainability-Bond/Sustainability-Bond">https://www.pdmo.go.th/en/Sustainability-Bond/Sustainability-Bond</a></td>
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<td>Transactions to Date</td>
<td>22 (2 original, 20 tapped)</td>
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<tr>
<td>Allocation Report</td>
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<tr>
<td>Impact Report</td>
<td>Same as above</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated</td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>Clean transportation, sustainable water management, COVID-19</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>Not clearly defined</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>See table below</td>
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### Thai BMA

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<th>ThaiBMA Symbol</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor</th>
<th>Coupon</th>
<th>Outstanding Amount</th>
<th>USD Equivalent</th>
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<tr>
<td>ESGLB35DA</td>
<td>THB</td>
<td>08/20/2020</td>
<td>12/17/35</td>
<td>15</td>
<td>1.585</td>
<td>212,000</td>
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<td>ESGLB376A</td>
<td>THB</td>
<td>09/19/2022</td>
<td>06/17/37</td>
<td>15</td>
<td>3.390</td>
<td>165,000</td>
<td>4,600</td>
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CASE STUDY

Srinagarind Dam hydroelectric power station in Kanchanaburi, Thailand.
## Uzbekistan

<table>
<thead>
<tr>
<th>Type of Bond</th>
<th>Sustainability, green</th>
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<tr>
<td>Portal</td>
<td>None available</td>
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<tr>
<td>Transactions to Date</td>
<td>1</td>
</tr>
<tr>
<td>Impact Report</td>
<td>Same as above</td>
</tr>
<tr>
<td>External Review</td>
<td>None available</td>
</tr>
<tr>
<td>Percentage of Proceeds Allocated</td>
<td>100</td>
</tr>
<tr>
<td>Use of Proceeds Based on 2022 Allocation and Impact Report</td>
<td>Access to essential health care services, access to education, sustainable water supply and wastewater management and flood defense systems, delivery of essential and clean transportation services</td>
</tr>
<tr>
<td>Share of Financing vs. Refinancing</td>
<td>Details not provided</td>
</tr>
<tr>
<td>Transactions Included in Latest Reporting</td>
<td>See table below</td>
</tr>
</tbody>
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### ISIN Details

<table>
<thead>
<tr>
<th>ISIN</th>
<th>Currency</th>
<th>Issue Date</th>
<th>Maturity Date</th>
<th>Tenor (YEARS)</th>
<th>Coupon (PERCENT)</th>
<th>Outstanding Amount (MILLION)</th>
<th>USD Equivalent (MILLION)</th>
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<tbody>
<tr>
<td>UZS</td>
<td></td>
<td>07/12/2021</td>
<td>07/19/2024</td>
<td>3</td>
<td>14.0</td>
<td>2,500</td>
<td>235</td>
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APPENDIX B:

2023 World Bank Sovereign Debt Management Office Survey
2023 World Bank Sovereign Debt Management Office Survey

1. Which team in the Debt Management Office drafts the impact report?
   (Please specify the team and the hierarchy within which it sits)

2. How much time was needed from drafting to launch of the report?
   a. <6 months
   b. 6 months-1 year
   c. 1-2 years
   d. >2 years

3. Did the inter-ministerial committee play a role in selecting the expenditures that were supported by the bond?
   a. Yes
   b. No
   c. Limited (If limited, specify the contribution in percent)

4. How easy/difficult was it to get the data for environmental impact?
   a. Very easy
   b. Easy
   c. Moderately difficult
   d. Difficult

5. Did you have to rely on external vendors or individual ministries to collate and collect the data?
   a. Yes, had to rely on external vendors (Specify the vendors, if able)
   b. No, Ministries provided the data (List the ministries which provided)
   c. A bit of both – both Ministries and external vendors worked to provide data
      (List the ministries and vendors who were involved)

6. How was the impact related data collected?
   a. From project feasibility studies
   b. From the project implementing agency (line ministry)
   c. Other (Please explain)

7. Did the report include post allocation verification by an independent third party?
   a. Yes
   b. No

8. How long did it take to complete the verification process?
   a. <1 month
   b. 1-3 months
   c. 3-6 months
   d. >6 months
9. Did you release the post allocation and impact report within 12 months of bond issuance? If no, explain the reason why?
   a. Yes
   b. No (Please provide the explanation)

10. How did you disseminate the report to investors?

11. Did you get any investor feedback on the report?
   a. Yes
   b. No

12. Are you looking at the possibility of other labeled financing options (Green, social, sustainability, sustainability-linked)? Please provide further explanation based on your choice.
   a. Yes (Please explain further)
   b. No (Please explain further)

13. Could you describe what value the framework has provided to your funding program?
   (Select all that apply)
   - Investor diversification
   - Better pricing (Please specify on the attribute which made pricing better to alternative funding sources
   - Improved showcasing progress towards Sustainable Development Goals
   - Improved showcasing progress towards climate / NDC ambition
   - Others (please specify)

14. Did you face any specific challenges against the transaction you issued? If so, please provide a short summary with the relevant details.
APPENDIX C: 2023 World Bank Investors Survey
2023 World Bank Investors Survey

1. Do you currently run an ESG/sustainable investment/impact portfolio? If yes, how much do labeled (Green, Social, Sustainability, and Sustainability-linked) bonds figure into the mix?
   a. Yes (Specify proportion / provide details of GSSS bonds in the mix)
   b. No

2. How prominently do EM sovereign issuers feature in your portfolio? (Indicate answer in %)

3. What factors (financial and ESG) do you consider before investing in emerging market sovereign labeled (Green, Social, Sustainability, Sustainability-Linked) bonds?
   (Select all that apply)
   - Country ratings (above BB)
   - ESG Ratings (Specify rating agency / internal metric)
   - National Climate Action Plan or Nationally Determined Contributions
   - Ambitious GHG reduction targets
   - Gaps, ambition, and progress towards Country’s Sustainable Development Goals
   - Debt to GDP ratio
   - Other (Specify what other aspects / goals are considered)

4. Do you want to see project lists that the labeled bond will finance before investing?
   a. Yes
   b. No

5. Does the use of proceeds set out in the frameworks impact your decision for investing?
   a. Yes
   b. No

6. Do you have a preference for how much of bond resources are used to finance new projects versus existing projects / already completed projects?
   a. Yes, above 75% need to be allocated to finance new projects
   b. Yes, above 50% need to be allocated to finance new projects
   c. Not really, as long as they meet the use of proceeds
   d. Have not considered this as a qualifying criterion for investment
   e. Other (Please specify)

7. How important are the issuer’s commitments regarding allocation and impact reporting for your investment decision?
   a. Critical
   b. Important but not critical
   c. Nice to have but not imperative
8. **What attributes of the allocation and impact report are important to you?**
   (Select all that apply)
   - Project by project reporting
   - Independent verification of allocation and impact
   - Timeliness (issued within 12 months of transaction)
   - Use of harmonized impact reporting metrics
     - [Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf](icmagroup.org)

9. **How do you use the information presented in the allocation and impact report?**
   (Select all that apply)
   - Screen bonds / issuers based on the issuer’s overall reporting
   - Incorporate data in reports into internal methodology
   - Assess use of proceeds
   - Other steps (Please specify)
   - None of the above – take reports as is (no further actions taken)

10. **Is the mapping of projects to SDGs important to you?**

11. **Do you prefer more granular mapping to SDG targets?**

12. **Do you have a preference for certain category (ies) of environmental projects, particularly for sovereign issuances?** (Please list your preferences)

13. **Do you have a preference for certain category (ies) of social projects, particularly for sovereign issuances?** (Please list out your preferences)

14. **Do you see any difference in quality between Advanced and EM sovereign issuers’ impact reporting?** (If yes, please highlight the key differences you have identified)

15. **Amongst EM sovereign issuances, which impact reporting would you consider as best in class?**
   (List the countries)

16. **How would you suggest EM sovereign issuers improve impact reporting?**
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