



INTRODUCTION BY
WORLD BANK TREASURER

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Since the creation of the World Bank during the Bretton Woods Conference in 1944, it has grown into one of the world's most significant agents for global economic development and poverty alleviation.

Leveraging the international capital markets to channel funds from private and public investors around the world into sovereign development projects and programs, has been key to its business model.

The generous support of member countries has been essential to the success of the World Bank's work and is a vital cornerstone of its financial strength and triple-A credit rating. However, it is the money that has been entrusted to the World Bank for seven decades from thousands of capital market investors around the world that has driven its lending. This has not only allowed the World Bank to leverage its paid-in capital of \$16 billion to provide sovereign lending totaling \$635 billion but has also been instrumental to the economic development of many countries around the world. Indeed, the World Bank's 70-year history in the capital markets presents a powerful evidence of how the capital markets can be a force for good in the world.

Since its first bond issuance on July 15, 1947, the World Bank's history of public bond issuance has been uniquely intertwined with the history of the development of capital markets around the globe. At inception, after World War II, only the capital markets in the United States, had the depth and liquidity to support public issuance by the World Bank. By the 1950s, the Bank was accessing public capital markets in Europe. By the 1960s, it had expanded to the markets of the Middle East, to those of Asia and Latin America by the 1970s, and to African markets by the 1990s.

Since then, the World Bank has continued to expand its capital markets presence and has now issued in 63 currencies and reached investors in more than 75 countries. Innovation and meeting investor needs have always been hallmarks of its success with

connecting capital markets to development. For example, in November 2008, we issued the first green bond in response to Nordic investor interest in directing their investments to climate related projects to manage risks. Ten years later, the green bond market has become an established market, attracting a broad range of issuers. It has also catalyzed sustainable investing including the development of thematic bond markets with principles such as impact reporting that promote transparency and accountability. The World Bank has also pioneered many other capital markets "firsts" including the first formal currency swap (1981), the first global bond (1989), the first fully integrated electronic bond (2000), the first Mulan bond (2016), the first pandemic bond (2017) and the first blockchain bond (2018).

While the longest standing issuer in the World Bank Group, the International Bank for Reconstruction and Development (IBRD) now raises about \$50 billion annually, the newest issuer in the Group, the International Development Association (IDA), issued its first bond for \$1.5 billion on April 17, 2018. This was transformative for development as IDA had historically relied on contributions from donor governments for its development assistance activities. The extraordinary success of this inaugural bond is also testimony to IDA's investment proposition—the opportunity for investors to earn a reasonable return and at the same time positively impact society.

The work of the World Bank Treasury in leveraging the capital markets for development extends far beyond bond issuance. The World Bank Treasury manages about \$200 billion of assets for the World Bank, other members of the World Bank Group and 65 external clients, including central banks, sovereign wealth

funds, pension funds and other official institutions. It manages a \$600 billion notional derivatives portfolio used entirely for hedging and other risk management purposes. In addition, we manage annual cash flows of \$7.2 trillion in more than 140 currencies and through relationships with almost 400 banks around the world. The capital markets have also been important sources of knowledge for the training and advisory services that we offer our client countries in financial structuring, analytics, debt management and asset management.

In 2015, the international community adopted the United Nations Sustainable Development Goals (SDGs), a set of 17 interdependent economic, social and environmental goals to be achieved by 2030. The SDGs have become a roadmap for our work and are at the heart of what we do every day at the World Bank Treasury. This is because we believe that we must contribute to finding solutions to key

development challenges, including meeting the aspirations of a growing global population, ending extreme poverty, and reducing inequality in ways that are environmentally and socially sustainable. At the World Bank Treasury, we use finance as the tool to tackle these challenges.

As we look to the future, World Bank Treasury will continue to innovate and to expand the possibilities for using international capital markets to support global development. We will continually expand our product offerings to meet investor needs, respond proactively to market developments and new technologies and collaborate with partners around the world, while always ensuring the financial strength and integrity of the World Bank.

We remain committed to harnessing the power of capital markets to create a more resilient, prosperous and equitable planet.



World Bank Treasurer, Arunma Oteh on a mission visit to "Community Based Disaster Risk Management Project" in Kanchipuram District, India. Photo © World Bank Treasury