BONDS FOR SUSTAINABLE DEVELOPMENT

Food Loss & Waste

2. ZERO HUNGER

12. RESPONSIBLE CONSUMPTION AND PRODUCTION

13. CLIMATE ACTION
OVERVIEW

What is the World Bank?

How Does the World Bank Invest for Impact?

A Focus on Food Loss & Waste
WHAT IS THE WORLD BANK?
WHAT IS THE WORLD BANK?

• International Bank for Reconstruction & Development (IBRD)
• Owned by 189 member countries
• Two goals: (1) End extreme poverty and (2) Boost shared prosperity
• World’s largest source of development finance for the past 70 years
• Activities aligned with the sustainable Development Goals
• Aaa/AAA issuer
THE WORLD BANK GROUP

**IBRD**
International Bank for Reconstruction and Development

Provide loans to governments of middle-income countries.

Issuer of World Bank (IBRD) Bonds

**IDA**
International Development Association

Provides loans and grants to governments of lower-income countries.

Funds raised from donors and IDA Bonds

**IFC**
International Finance Corporation

Promotes development by financing private sector enterprises in developing countries.

Issuer of IFC Bonds

**MIGA**
Multilateral Investment Guarantee Agency

Promotes foreign direct investment into developing countries by offering political risk insurance (guarantees) to investors and lenders.

**ICSID**
International Centre for the Settlement of Investment Disputes

Provides international facilities for conciliation and arbitration of investment disputes.

IBRD, IDA and IFC are all three rated AAA/Aaa. They share the same overall development goals, but are legally separate entities. Each has its own risk profile and capital structure. The World Bank Treasury is the treasury for IBRD and IDA.
Funding volume has grown as a result of financing increased lending volumes following the global financial crises.

**Annual Funding Volumes**

Fiscal years 1997-2020, US$ billions

*Note: World Bank fiscal years begin on July 1st and end on June 30th*

*Projected*
WHY INVESTORS BUY WORLD BANK BONDS

Safety and Purpose.

Track Record
• Issuing debt since 1947
• Triple-A rating since 1959
• Products & innovation

Safety
• Strong balance sheet as a result of prudent financial policies
• Funds only for sovereigns and sovereign-guaranteed projects

Development Impact
• $700 billion in lending
• Positive social/environmental impact
HOW DOES THE WORLD BANK INVEST FOR IMPACT?
PROJECTS MUST MEET STRICT STANDARDS

Projects are designed to:

• Address country-identified priorities

• Contribute to the World Bank goals (end extreme poverty and boost shared prosperity)

• Meet environmental, social and governance standards (ESG)

• Achieve expected outcomes
The net proceeds from the sale of the Notes will be used by IBRD to finance sustainable development projects and programs in IBRD’s member countries (without being committed or earmarked for lending to, or financing of, any particular projects or programs). IBRD’s financing is made available solely to middle-income and creditworthy lower-income member countries who are working in partnership with IBRD to eliminate extreme poverty and boost shared prosperity, so that they can achieve equitable and sustainable economic growth in their national economies and find sustainable solutions to pressing regional and global economic and environmental problems. Projects and programs supported by IBRD are designed to achieve a positive social impact and undergo a rigorous review and internal approval process aimed at safeguarding equitable and sustainable economic growth.
IBRD USE OF PROCEEDS
Supporting Sustainable Development in IBRD’s Member Countries

IBRD integrates five (5) cross-cutting themes into its lending activities helping its borrowing members create sustainable development solutions:

- Climate Change
- Gender
- Jobs
- Public-Private Partnerships
- Fragility, Conflict & Violence

IBRD’s administrative and operating expenses are covered entirely by IBRD's various sources of revenue (net income) consisting primarily of interest margin, equity contribution and investment income (as more fully described in the Information Statement).
IMPACT REPORTING

Various stages of impact reporting for investors

1. Individual Project Documentation
2. Project Stories
3. Newsletters
4. Comprehensive Impact Report

Panama Health Equity and Performance Improvement Project

Development Challenge
Panamá’s rural poor and indigenous communities experience much worse health outcomes than the rest of the population. For example, maternal mortality rates for children under five years old can be 2-3 times higher than the national average of 19.9 deaths per 1,000 live births.

Project Description
In 2009, the World Bank supported Panama’s Health Equity and Performance Improvement Project. This program uses mobile health teams to provide primary care services to underserved rural communities, improve maternal and child health, and enhance primary care services. The mobile health teams were contracted with the Ministry of Health using a payment scheme that provided them incentives to reach more underserved rural populations.
A FOCUS ON FOOD LOSS & WASTE
**WHAT IS FOOD LOSS & WASTE?**

**Food Loss**
Reduction in *quantity* or *quality* of food from production to distribution in the supply chain.

*Examples:* Pests, spoilage, non-conformance to standards, inadequate infrastructure

**Food Waste**
Discarded food that was *otherwise edible* at the retail and consumer levels.

*Examples:* Large portion sizes, over purchasing

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**Lost or Wasted Food Per Year in Tons**

- Production: 500M
- Handling and Storage: 350M
- Processing and Packaging: 160M
- Distribution and Retail: 200M
- Consumption: 340M

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**Lost or Wasted Food Per Year in Value**

- Production: $230B
- Handling and Storage: $120B
- Processing and Packaging: $130B
- Distribution and Retail: $210B
- Consumption: $500B

Source: Boston Consulting Group, 2018.
Food loss largely occurs in developing country supply chains. Food waste predominantly occurs in highly urbanized and developed economies.

Share of total food available that is lost or wasted

Source: World Resources Institute, 2015.
815 million people go to bed hungry every night.

Around 1/3 of all food produced globally each year – 1.3 billion tons – is lost or wasted.

This results in roughly $1 trillion in economic losses per year and accounts for:

- 8% of annual GHG emissions, or 3rd largest emitter globally if it were a country
- 25% of all water used in agriculture annually
- 960 million hectares of arable land, or the size of China
REDUCING FOOD LOSS & WASTE

What does it take?

1. Generating research and knowledge
2. Formulating strategies for action
3. Partnering to improve outcomes
4. Investments

KENYA | Indicators Driving Action

- **MAGNITUDE**
  - Kenya loses 50% of production annually (50%)

- **ECONOMIC VALUE**
  - FLW costs Kenya 25% of its GDP annually (25%)

- **GHG EMISSIONS**
  - FLW generates 31% of annual GHG emissions (31%)
Development Challenge: Agriculture continues to be an important sector in Mexico’s economy, accounting for around 8% of the country’s GDP and employing an average of 13% of the formal labor force or 7 million people. Storage infrastructure is insufficient and/or inadequate, lacking the necessary equipment and norms to determine and maintain uniform quality. Furthermore, the use of traditional storage structures has contributed to high levels of grain losses. Post-harvest losses in maize, wheat and beans range between 5-25% of total production, due to grain humidity and related fungal and pest problems. On-farm losses range between 13-28%, representing an important constraint to food security.

Project Description: The project will contribute to developing market conditions that enable producers to participate in a storage system that incentivizes productivity, reduces losses through post-harvest management, and facilitates access to financial mechanisms. Activities to improve the storage infrastructure include the construction, rehabilitation, or upgrading of existing grain storage facilities, including collection and trade centers.

Purpose: To improve the access of small grain producers to storage facilities and information, thus contributing to food security, market inclusion, and competitiveness in Mexico.

Expected Results (include):
• Benefit to 12,500 small and medium grain producers
• 300 grain storage facilities built and rehabilitated
• 250 producer organizations trained to operate storage facilities and use grain quality standards
• Creation of a carbon sink of 1.81 million tCO2-eq from reducing losses over a lifetime of 20 years

IBRD Financing: $120 million
Approved: 2017  Closed: 2022

For more information: http://projects.worldbank.org/P160570?lang=en
**Development Challenge:** China’s rapid economic growth and urbanization has led to low efficiency in natural resource utilization, serious pollution, declining environmental quality, and increasing environmental health problems. Many Chinese cities are experiencing rapid increase in solid waste generation and increasing pressure for solid waste management. The quantity of municipal solid waste collected and transported has increased more than five-fold nationwide from about 31 million tons in 1980 to about 157 million tons in 2009, and is projected to continue to rise exponentially, reaching 585 million tons in 2030.

**Project Description:** The project contributes to China’s long-term objective of promoting sustainable development and circular economy and building an environmentally friendly and resource-saving society. There are four components: i) municipal solid waste separation, collection, sorting and transportation; ii) kitchen waste treatment; iii) waste management system enhancements; and iv) capacity building and project implementation and management support.

**Purpose:** To assist selected districts in Ningbo Municipality to increase the volume and proportion of municipal solid waste recycled with processes for waste separation at source and recycling.

**Expected Results (include):**
- Direct benefit to over two million residents
- 150,000 tonnes/year of kitchen waste collected
- 30,360 m³/day biogas generated for heat and power

**IBRD Financing:** $80 million

**Approved:** 2013  **Closing:** 2019
Development Challenge: Around 44% of Angola’s employed population works in the agriculture sector, with more than half of Angola’s poor located in rural areas and dependent almost exclusively on agriculture for their livelihood. While the agriculture sector is essential to promote national development and economic diversification, its potential will remain untapped if productivity does not increase significantly. Post-harvest losses can reach 5–10% for cereals and up to and over 20% for vegetables.

Project Description: The project aims to not only increase productivity and production, but also to improve the lives of rural poor people by reducing poverty, promoting balanced growth, and transforming agriculture in the project areas. The project will increase agriculture institutional capacity and address critical bottlenecks in the value chain. Activities to address post-harvest challenges include investments aimed at increasing value addition, reducing post-harvest losses, and strengthening market linkages for key priority food and vegetable crop. Investments will target packaging, storage, transport, small-scale processing, grading, and other post-harvest management activities.

Purpose: To increase smallholder agriculture productivity, production and marketing for selected crops in the project areas.

Expected Results (include):
- Benefit to 175,000 are smallholder farmers and 600 are government staff
- 200 sub-projects engaged in post-harvest management and value-addition activities

For more information:
http://projects.worldbank.org/P154447?lang=en
COMBATING FOOD LOSS & WASTE

Partnering for Impact

SDG 12: Responsible Consumption and Production – is a pillar of Folksam’s sustainability strategy and key to corporate measures to improve resource efficiency by helping re-use and recycle customers’ damaged property and zeroing in on cafeteria food waste.

Summary of Terms

<table>
<thead>
<tr>
<th>Issuer:</th>
<th>World Bank (IBRD)</th>
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<tr>
<td>Issuer Rating:</td>
<td>Aaa /AAA</td>
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<tr>
<td>Amount:</td>
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<tr>
<td>Maturity:</td>
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<td>22-July-2022</td>
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<td>Use of Proceeds:</td>
<td>Sustainable Development Projects</td>
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“With this investment, we can help to draw attention to the issue of food and resource efficiency. It is a key sustainability issue with far-reaching consequences both for the planet and human health. We strive for these goals through all aspects of our business, taking measures to improve resource efficiency in all our operations. This includes helping re-use and recycle customers’ damaged property and zeroing in on food waste in our own cafeteria. Every improvement counts, and I am proud that we can contribute in so many different ways to the goal of responsible production and consumption.”

-- Michael Kjeller
Head of Asset Management, Folksam Group
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