



World Bank Clean Cooking Outcome Bond

QUESTIONS & ANSWERS

How does the bond work?

The World Bank Clean Cooking Outcome Bond that matures on 31 March 2032 is a USD 200 million principal protected outcome bond issued by the International Bank for Reconstruction and Development (“IBRD” or the “World Bank”). A unique feature of this bond is that the return for investors is linked to the issuance and monetization of Internationally Transferred Mitigation Outcomes (ITMOs) generated from the use of cleaner cooking devices through projects in Ghana, designed and implemented by UpEnergy, an East Africa-based company with a footprint across the region.

The bond pays a coupon with a fixed rate component plus a variable component linked to the performance of the projects. An amount that would otherwise have been paid to investors in a regular World Bank bond is “frontloaded” – through a hedge transaction with Standard Chartered Bank – to support cleaner cookstove projects. The projects aim to make cleaner cooking accessible to 1.3 million people, cutting reliance on biomass use, which is expected to reduce greenhouse gas emissions by more than 1.8 million tons of carbon dioxide equivalent (CO₂e).

The fixed return is lower than the return investors would receive on a regular World Bank bond of similar maturity. However, investors have the potential to earn enhanced returns over a regular World Bank bond through the combination of the fixed rate component plus a variable coupon component linked to the monetization of carbon credits - Internationally Transferred Mitigation Outcomes (ITMOs: see more details below)

Who is the issuer of the bond?

The bond will be issued by the International Bank for Reconstruction and Development (“IBRD” or the “World Bank”).

Will the bond be listed?

The Bond will be listed on the Luxembourg Stock Exchange.

Who are the target investors?

Institutional investors who are looking for innovative capital market instruments that:

- i) support projects with positive climate and development impacts such as a reduction in greenhouse gas emissions, improvement in air quality and public health, creation of jobs and projects with positive gender impacts
- ii) offer investors principal protection as well as direct project performance exposure with a potential for enhanced returns if projects are successful in achieving the target outcomes.

What is the maximum return investors can expect?

The bond was priced at par, providing investors with a minimum return of 1.093% and a maximum potential return of approximately 4.282% if the projects generate and monetize ITMOs as expected.

Will the bond give carbon credits to investors?

No. The bond's variable coupon includes an ITMO Linked Interest Amount, calculated based on the number of ITMOs generated and monetized by the projects.

Are investors exposed to carbon credit price risk?

No. Bond investors are not exposed to carbon credit price risk since the ITMO Linked Interest Amount payable to investors is driven by the number of ITMOs purchased by the KliK Foundation under pre-agreed terms with the project developer, UpEnergy. Bond investors' return is exposed to other risks which are explained in more detail in the bond documentation under the section titled "Additional Risk Factors".

How will the bond proceeds be used?

The bond issuance proceeds will be used for the World Bank's sustainable development activities. World Bank bonds support the financing of a combination of green and social, i.e., "sustainable development", projects, programs, and activities in IBRD member countries. See [IBRD Impact Report](#) for examples of eligible projects, programs, and activities. The clean cooking projects that are supported by an amount equal to foregone coupon payments from this bond are not World Bank projects.

How does IBRD hedge the ITMO-linked exposure?

IBRD has entered into a Forward Flow Agreement (FFA) with Standard Chartered Bank where:

- i. IBRD will transfer to Standard Chartered Bank agreed amounts to support the projects implemented by UpEnergy.
- ii. Standard Chartered Bank will pay IBRD an amount equivalent to the ITMO Linked Interest Amount due to investors under the bond, from amounts Standard Chartered Bank receives from UpEnergy under the offtake agreements.

What risks are investors in the bond exposed to?

Irrespective of the projects' performance, investors will receive their principal investment back at maturity plus a minimum return from the World Bank, with the potential for an additional return if the projects generate ITMO monetization revenue as expected.

If the projects generate less ITMO monetization revenue than expected, Standard Chartered Bank fails to make any payments to IBRD under the FFA, or the FFA is terminated due to certain events as

disclosed in the bond prior to maturity, the ITMO Linked Interest Amount paid to investors will be lower than expected. These risks and other risks investors are exposed to are explained in more detail in the bond documentation under the section titled “Additional Risk Factors”.

What is the potential for replication?

This structure demonstrates how **outcome bonds can mobilize private capital for climate and development goals**, blending project risk with IBRD’s triple-A principal protection. Similar models could support clean energy, health, and biodiversity projects globally.

What are ITMOs?

Internationally Transferred Mitigation Outcomes (ITMOs) are units representing verified greenhouse gas emission reductions that can be transferred internationally between countries or jurisdictions under Article 6 of the Paris Agreement, which provides a framework for countries to cooperate toward reducing emissions.

Ghana and Switzerland have signed a bilateral cooperation agreement under Article 6. The Projects have received a Letter of Authorization from both governments, formally authorizing the carbon credits generated from the projects as ITMOs.

How will ITMOs be generated and verified?

ITMOs are expected to be generated from the distribution and use of **415,000 cleaner cooking devices** (245,000 electric, 170,000 improved biomass) across Ghana. The projects will be governed by methodologies described in the respective mitigation activity design documents, which have been approved by the Ghana and Swiss governments.

ITMO issuances will follow a monitoring, reporting and verification process, and include audit by an independent third-party validation and verification body and review by both Ghana and Swiss governments.

Who will buy the ITMOs?

The **Klik Foundation** has agreed to purchase a pre-agreed amount of **ITMOs** generated by the projects through 2030, which will be applied toward the achievement of Switzerland’s nationally determined contributions. [To learn more, see Klik Foundation’s Press Release.](#) The Klik Foundation is responsible for implementing Switzerland’s legal mandate to offset carbon emissions from the Swiss fuel industry by supporting national and international emission reduction projects. To learn more about Klik Foundation, see this [link](#).

Who is UpEnergy?

UpEnergy, headquartered in East Africa, is a carbon project developer focusing on improved cooking solutions, including electric, fuel-efficient, and community cooking technologies, as well as access to clean drinking water. To learn more about UpEnergy, see this [link](#).

What is the contractual relationship between IBRD and UpEnergy, the project developer?

There is no contractual relationship between IBRD and the project developer, UpEnergy. Standard Chartered Bank, through an intermediation agreement with UpEnergy, transfers funds to the projects and receives the revenues from the sales and transfer of ITMOs.

How are disbursements of funds paid to UpEnergy?

Subject to the achievement of agreed milestones, UpEnergy will receive (via the intermediation and pledge agreement with Standard Chartered Bank) up to USD 30.5 million in four disbursements between December 2025 and June 2028. Any undisbursed amounts will be returned to bond investors in June 2028.

What Projects are being supported?

The projects are not financed by IBRD and therefore IBRD's policies and procedures related to projects it finances do not apply to the projects.

UpEnergy aims to replace polluting cooking methods with the use of cleaner cooking devices in Greater Accra, Ashanti, Eastern, and Central Regions of Ghana. UpEnergy expects to distribute approximately 415,000 subsidized cookstoves to households between 2025 and 2028.

Use of the cleaner cookstoves is expected to reduce household fuel costs, improve indoor air quality, reduce emissions, and help prevent deforestation. The Projects will provide additional co-benefits such as the creation of local job opportunities and saving households time which will allow women in particular to engage in other social and professional activities.

Who is the target population for the projects?

Target households currently use traditional or inefficient charcoal stoves as their primary cooking technology. Improved cookstoves target households that are both socio-economically disadvantaged and heavily dependent on biomass for cooking, thereby maximizing environmental benefits and improving health and living standards for the most affected populations. In addition, electric cookstoves target households with access to grid electricity that are currently without access to electric cooking.

Disclaimers:

Net proceeds of the bonds described herein are not committed or earmarked for lending to, or financing of, any particular World Bank projects or programs. Payments on the bonds are not funded by any particular World Bank project or program.

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