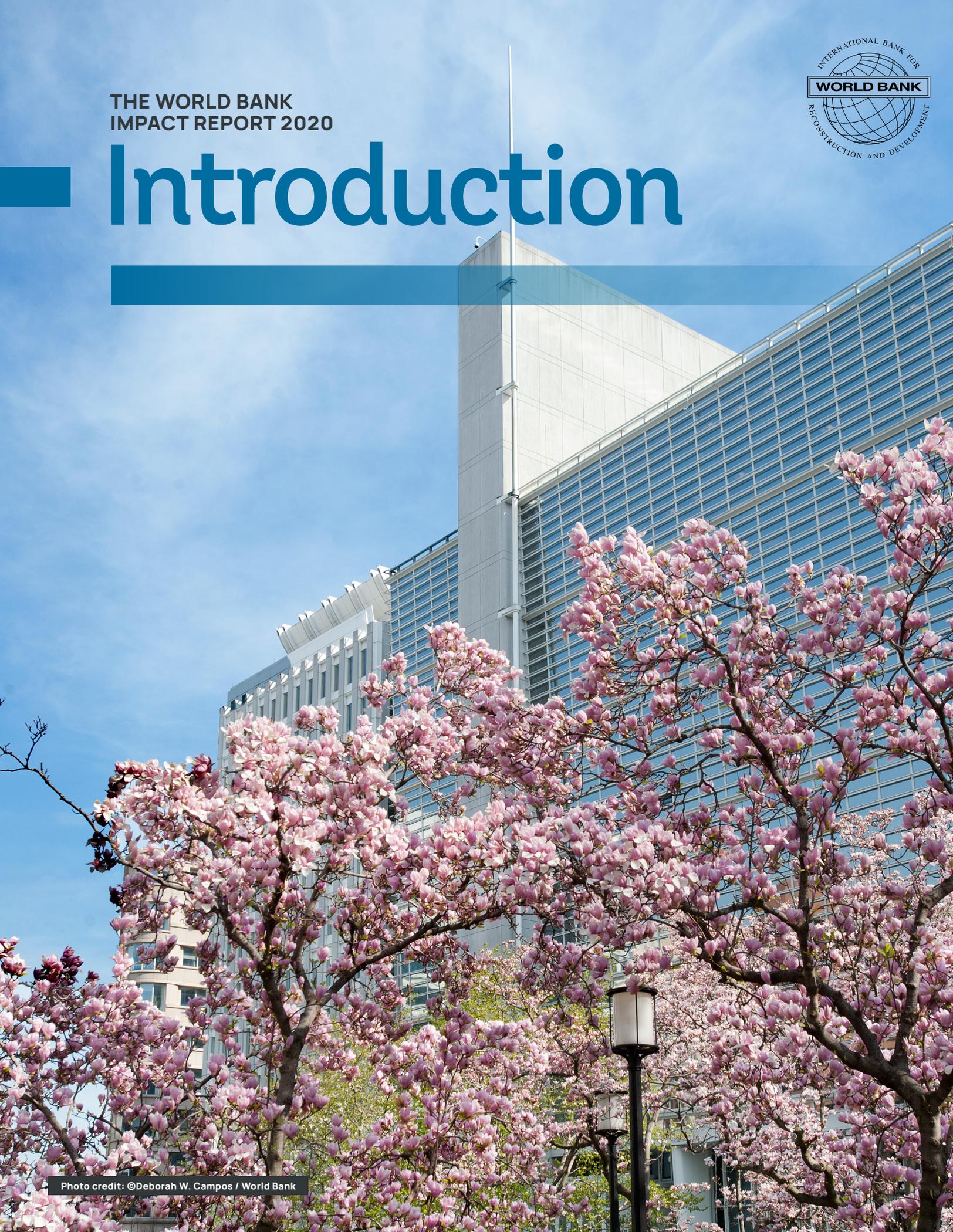


THE WORLD BANK
IMPACT REPORT 2020



Introduction



This page intentionally left blank

ABOUT THE WORLD BANK

Mission & Strategy

The International Bank for Reconstruction and Development (IBRD) was established in 1944 and is the original member of the World Bank Group. IBRD is an international organization and global development institution owned by 189 member countries. As the largest development bank in the world, it supports the mission of the World Bank Group³ by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries.

Today, IBRD and the International Development Association (IDA), which was established in 1960 and lends to low-income countries, share the same leadership and staff.⁴ Both IBRD and IDA issue bonds in the international capital markets to support the development mission. This report focuses on IBRD bond issuance, projects, and results.

At the heart of the World Bank Group's strategy are two goals:

- **To end extreme poverty:** reduce the percentage of people living on less than US\$1.90 a day to three percent by the year 2030.
- **To promote shared prosperity:** foster income growth for the bottom 40 percent of the population in every developing country.

To deliver on the twin goals as well as support the SDGs, the World Bank Group's management and shareholders have agreed on three main priorities for its work with developing countries, including those affected by fragility, conflict, and violence: accelerate sustainable and inclusive growth, invest in human capital, and strengthen resilience.

This overarching strategic framework rests on four pillars: (1) serving all clients in low- and middle-income countries; (2) creating markets, mobilizing finance for development, and expanding the use of private sector solutions; (3) leading on global issues; and (4) improving the ways we do business to be agile, efficient, and closer to clients.

The World Bank Group is committed to bringing together the international community in the urgent task of achieving the goals by 2030. They can be reached only through the collaboration of all partners, including countries, other institutions, civil society, and the private sector.

³ The World Bank Group consists of five organizations: International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Multilateral Investment Guarantee Agency and International Centre for Settlement of Investment Disputes.

⁴ For the purpose of this report, "World Bank" or the "Bank" refers to IBRD.

THE WORLD BANK'S APPROACH

Engaging with Investors on the Sustainable Development Goals

IBRD issues bonds with two types of labels: World Bank Sustainable Development Bonds which support the financing of a mix of green and social projects and World Bank Green Bonds.⁵ All World Bank development operations are designed to achieve positive environmental and social impacts and outcomes consistent with the World Bank Group's twin goals of ending extreme poverty and advancing shared prosperity. Operations are approved by the World Bank Board of

Executive Directors after an extensive internal review process, which integrates sustainability policies and environmental and social requirements.

In FY20, we used our bond issuance program to engage investors on the World Bank's development mandate, explain how the use of bond proceeds supports the financing of sustainable development activities, and describe how these activities contribute to the

SDGs. Below are examples of the themes and SDGs of FY20 and a selection of transactions executed over the fiscal year.⁶ All Sustainable Development Bonds issued while raising awareness for specific themes or SDGs are issued under the World Bank's [Sustainable Development Bond Framework](#).



COVID-19

In March 2020, the World Bank began engaging with investors about how it was working decisively and rapidly with member countries to support their response to COVID-19, which poses a major threat to achieving the SDGs. To help fund the Bank's COVID response, over two days in April, IBRD launched four benchmark transactions across four currencies raising a record US\$15 billion equivalent. This included a landmark US\$8 billion benchmark bond, the largest-ever US dollar denominated bond issued by a supranational issuer on April 15, 2020. Bond proceeds are supporting the financing of projects that are helping countries purchase PPE and ventilators, support health worker training and equipment procurement, strengthen health systems to build resilience and assist vaccine rollout, address the disproportionate impacts of the pandemic on women and girls, support distance learning and safe schooling, enhance social protection systems, and strengthen the financial sector.

The projects featured here are for illustrative purposes only. No assurance can be provided that disbursements for projects with these or similar characteristics will be made by the World Bank in the future. The net proceeds from the sale of any World Bank bonds are not committed or earmarked for the lending to, or financing of, any particular projects, programs or activities. Returns on World Bank bonds are not linked to the performance of any particular projects, programs or activities.

⁵ Examples of the types of projects supported by World Bank bonds are outlined in the Resources section of this document.

⁶ The net proceeds from the sale of any World Bank bonds are not committed or earmarked for the lending to, or financing of, any particular projects, programs or activities. Returns on World Bank bonds are not linked to the performance of any particular projects, programs or activities.

Water

The World Bank is the world's largest multilateral source of financing for water in developing countries with over US\$25 billion in water-related investments across 139 projects. Our vision is a water-secure world for all, which we support through operations aimed at sustaining water resources, delivering services, and building resilience. Safely managed water, sanitation, and hygiene (WASH) services are an essential part of protecting human health during infectious disease outbreaks, including the current COVID-19 pandemic. Three priority areas are included in projects that are part of the World Bank's emergency response: safe WASH services in health care facilities; improving handwashing behavior, food hygiene, and safe water practices; and emergency support to secure and extend water and sanitation service provision. IBRD's Water portfolio is currently comprised of 64 projects with total commitments of US\$13.4 billion. A variety of investors have helped raise awareness for the importance of sustainable use of water and marine resources from Canadian and Scandinavian institutional investors to Japanese retail investors.

Blue Economy

The World Bank helps client countries transform the way they manage their marine and coastal resources in a more sustainable and integrated way on a path to a Blue Economy. The World Bank's engagement, which includes sustainable fisheries, more resilient coastlines, reduced pollution and improved knowledge and capacity around ocean health, is supported by [PROBLUE](#). With the COVID-19 pandemic, the World Bank is supporting communities through investments providing livelihood support in sectors like fisheries, tourism, and ecotourism and is well-positioned to boost smaller enterprises, easing pressure from the loss of jobs and allowing for early inclusion of vulnerable groups, including women. With increased single-use plastics and medical waste ending up in oceans, the World Bank is embracing this challenge, based on decades of experience in financing pollution prevention projects, providing technical expertise across many sectors, and bringing together key players. In addition, the World Bank is increasing support to healthcare waste management activities in COVID-19 emergency projects.

Food Loss & Waste

Investments that reduce food loss and waste can help address both food security and environmental sustainability. COVID-19 has further exposed the vulnerabilities of food supply chains globally and locally. The pandemic may add up to 130 million undernourished people in the world and is increasing the urgency to tackle food loss and waste locally to help reduce food insecurity. The World Bank's flagship report, [Addressing Food Loss and Waste: A Global Problem with Local Solutions](#), launched in September 2020, analyzes why food loss and waste has been difficult for countries to manage and propose country-specific and even commodity-specific solutions. World Bank-financed projects are helping countries improve post-harvest technologies for food storage, handling and processing, develop cold chain infrastructure and biogas energy facilities, and create cooperatives and access to markets. IBRD's Food Loss and Waste portfolio is currently comprised of 34 projects across regions with total commitments of around US\$5.8 billion. Japanese and Scandinavian investors have shown strong interest in this theme.

Climate Action

Over the last five years, the World Bank Group has been mainstreaming climate considerations across investments and operations – working to ensure that 28% of our total financing had 'climate co-benefits'. In December 2020, the World Bank Group [announced](#) a new and ambitious target of 35% for climate co-benefits as a percentage of total financing over the next five years to support direct climate action for our clients, helping them address climate change and adapt to its mounting impacts. The World Bank is also piloting a new [Resilience Rating System](#) in over 20 World Bank-financed projects across all regions, covering human development, infrastructure, and sustainable development to rate how well a project plans for climate risk and builds the resilience of people. Today, every World Bank project is screened for climate co-benefits and the World Bank reports annually on the GHG emissions reductions achieved across its lending operations.⁷ In FY20, IBRD-financed projects had projected net GHG emissions reductions of 12.5 million tCO₂ eq/year. In FY20, the World Bank launched its first green bond denominated in Danish kroner.⁸

⁷ Project net greenhouse gas (GHG) emissions are calculated as an annual average of the difference between project gross (absolute) emissions aggregated over the economic lifetime of the project and the emissions of a baseline (counterfactual) scenario aggregated over the same time horizon. The indicator applies to operations that are subject to GHG accounting under the corporate mandate. This includes IBRD investment lending in Sustainable Development Global Practices (Energy & Extractives, Transport & ICT, Environment & Natural Resources, Social, Urban, Rural and Resilience, Water, and Agriculture) where agreed GHG accounting methodologies exist. The indicator is based on an ex-ante estimation performed during project preparation using World Bank-approved GHG accounting methodologies. The indicator value is negative if the portfolio is reducing emissions, and positive if the project is increasing emissions. The World Bank has committed to report GHG emissions for the World Bank portfolio (i.e., IDA and IBRD combined) and the disaggregation of the two may not always be available.

⁸ This bond was issued under the World Bank's [Green Bond Framework](#).



FY20 Impact Highlights

Sustainable & Inclusive Growth



Provide enhanced access to transportation services for **90,000** People



Benefit **2.3** Million People with job-focused interventions



Construct or rehabilitate **235** MW of energy generation capacity



Provide financial services to **1.3** Million People



Provide **2.2** Million People with new or improved electricity service



Support **45,800** Farmers in adopting improved agricultural technology



Produce **285,069** Hectares of new or improved irrigation or drainage services

9 "Added to the Sustainable Development Bond project portfolio" indicates projects that began disbursing in FY20.

10 The expected results, presented above, have been aggregated where possible according to set of core indicators and therefore represent a subset of expected results from the 100 new projects that began disbursing in FY20 (July 1, 2019 - June 30, 2020) and were added to the SDB project portfolio. Detailed information on these projects is available in the Project-by-Project Reporting section of this report. For information on the composition of the indicators presented above, please refer to [World Bank Group Corporate Scorecards](#).



added to the Sustainable Development Bond project portfolio⁹ in FY20 are expected¹⁰ to

Photo Credit: @Sambrian Mbaabu / World Bank

Human Capital •



Cover
9.0 Million Beneficiaries
with social safety net programs



Provide
1.2 Million People
with access to improved water sources



Provide
3.6 Million People
with essential health, nutrition, and population services



Provide
285,345 People
with access to improved sanitation services



Complete
6 Learning Assessments
at the primary/ secondary level



Provide
3.5 Million People
with improved urban living conditions

Resilience •



Reduce greenhouse gas emission by

6.5 Million tCO₂ eq.
annually*



equivalent to

1,220 Wind Turbines
running for a year*

* Source: US Environmental Protection Agency Greenhouse Gas Equivalencies Calculator, CIA World Factbook

FY20 WORLD BANK PROJECT PORTFOLIO

Looking Through an SDG Lens

The World Bank is working to build sustainable capital markets with a focus on building models for transparency and disclosure, such as impact reporting.

We do this in part through collaboration with the International Capital Market Association, the Network for Greening the Financial Sector, the Stockholm Environment

Institute (SEI) and others. Our collaboration with SEI has focused on developing a methodology to map projects financed by the World Bank to the SDGs. The methodology

Region/Project

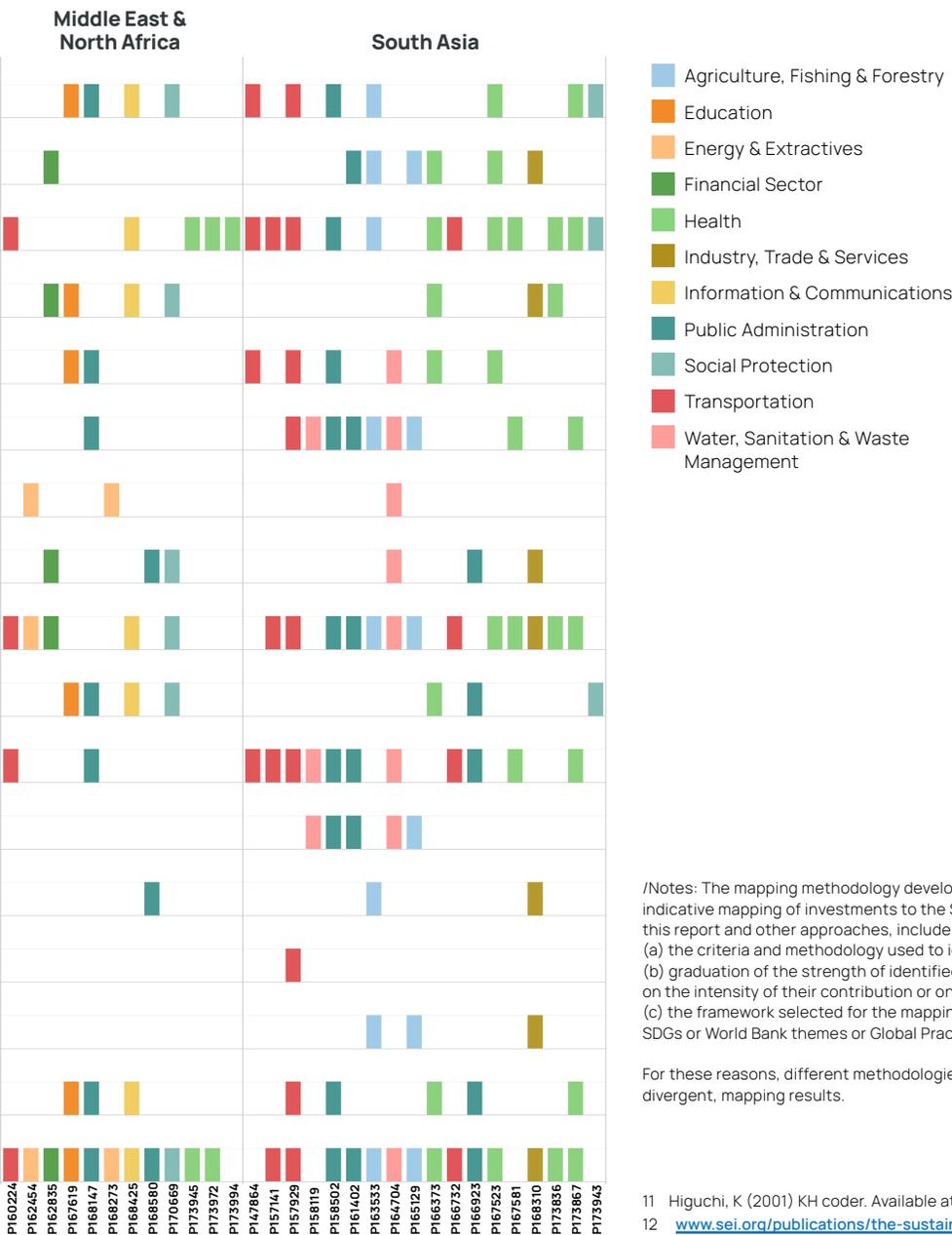


applies automated text mining software to match each project to the SDG targets they potentially contribute to. To do this, SEI developed a set of keywords related to the topics of all 169 SDG targets. Then, using the *KH coder* software¹¹, SEI recorded the occurrence of SDG keywords in the World Bank

project details – if one or more SDG keywords appear in the text, then that project is mapped to the related SDG. SEI developed this methodology based on its NDC-SDG Connections Tool¹² which visualizes potential synergies between the SDGs and countries' climate actions towards their Nationally Determined Contributions.

The aim of this work is to explore methodologies to provide a lens through which investors can see indicative contributions of World Bank-financed projects to the SDGs and to share the preliminary results to support other issuers and investors in connecting project results or investments to the SDGs. A more detailed version of the methodology will be published later in 2021.

As a test case, the methodology has been applied to the 100 new IBRD projects that began disbursing in FY20 and were subsequently added to the World Bank SDB project portfolio. The visualization below presents the identified links between World Bank-financed projects and the SDGs. The codes of the projects are presented along the bottom horizontal axis and the colors of the bars indicate the related World Bank sector. An additional visualization of the SDG mapping results is available in the Project-by-Project Reporting section of this report.



/Notes: The mapping methodology developed by SEI represents one of the many solutions available for indicative mapping of investments to the SDGs. Differences between the methodology presented in this report and other approaches, include but are not limited to:
 (a) the criteria and methodology used to identify the links to the SDGs;
 (b) graduation of the strength of identified links to the SDGs and their relative importance (e.g. based on the intensity of their contribution or on the project's commitment);
 (c) the framework selected for the mapping (e.g. mapping World Bank projects and sectors directly to SDGs or World Bank themes or Global Practices).

For these reasons, different methodologies are likely to result in distinct, and perhaps slightly divergent, mapping results.

11 Higuchi, K (2001) KH coder. Available at: <http://kncoder.net/en/>

12 www.sei.org/publications/the-sustainable-development-goals-viewed-through-a-climate-lens/

PROMOTING SUSTAINABLE CAPITAL MARKETS

Engaging Stakeholders to Build Sustainable Capital Markets

A key priority for the World Bank's capital markets engagement is building strategic partnerships with investors and other market participants and working groups to promote the importance of private sector financing in sustainable development. The World Bank is a founding member of the Green Bond Principles coordinated by the International Capital Market Association and in June 2020, was reconfirmed

as a member of the executive committee of the Green, Social, Sustainability and Sustainability-Linked Bond Principles. This cooperation includes serving on working groups that provide practical guidance to the market on impact reporting, social bonds, just transition, climate transition finance and sustainability-linked bonds. The World Bank is also an observer to the Network for Greening the Financial System where we

contributed to ["A sustainable and responsible investment guide for central banks' portfolio management"](#).

Over the past year, we have had opportunities to contribute to the discussion on mainstreaming ESG and building sustainable capital markets, highlighting key development challenges, to direct more capital to sustainable use. Here are some highlights of these activities:

2020 Awards & Recognition

GlobalCapital

Most Impressive SSA Issuer Funding Strategy During COVID-19 Pandemic

Supranational Dollar Bond of the Year

Risk-Free Rate Bond of the Year

IFR

SSA Bond of the Year: US\$8 billion five-year Sustainable Development Bond

Niche-Market Bond: A\$1.65 billion Dual-Tranche Sustainable Development Bond

KangaNews

Kangaroo Issuer of the Year

SSA Kangaroo Bond Deal of the Year: A\$1.1 billion 0.5% May 2026 & A\$550 million 1.1% November 2030 Bond

Kauri Issuer of the Year

Kauri Bond Deal of the Year: NZ\$1 billion 0.75% June 2026 & NZ\$300 million 1.25% December 2030 Bond

The Role of Capital Markets in Implementing the Global Sustainability Agenda

March 4th, 2021

Jingdong Hua, Vice President and Treasurer of the World Bank, speaks to Frank Scheidig, Global Head of Senior Executive Banking at DZ Bank, at a global round table hosted by DZ Bank, the Official Monetary and Financial Institutions Forum (OMFIF) and Maleki on how the World Bank connects global savings to development highlighting the World Bank's support for countries to respond to the COVID pandemic.



World Bank Treasury Heads on Sustainable Finance Outlook

October 15th, 2020

World Bank's Head of Investor Relations and Sustainable Finance, Heike Reichelt and Head of Funding, Andrea Dore, speak with Bloomberg's Sonali Basak at the Canadian Fixed Income event on the World Bank's funding program, its COVID response and engagement with investors on ESG and specific themes and development challenges.



Fighting Food Loss and Waste in the Nordics

October 16th, 2020

In honor of the 75th anniversary of World Food Day, Nordea's Head of Sustainable Finance Advisory Jacob Michaelsen hosted a special webinar to help put the spotlight on issues of food waste, food insecurity and climate change. Geeta Sethi, Advisor and Global Lead for Food Systems at the World Bank, joined the conversation. This event was part of World Bank investor outreach in Scandinavian markets.



MTN-i

SSA - Deal of the Year:

SEK11.5 billion 0.25% Sustainable Development Bond due December 2022

SRI: Green/Social/ Sustainable - Deal of the Year:

- SEK11.5 billion 0.25% Sustainable Development Bond due December 2022
- US\$485 million Multi-Tranche Mexico Catastrophe Bonds due April 2024

LIBOR Transition - Deal of the Year: US\$700 million SOFR FRN due August 2027

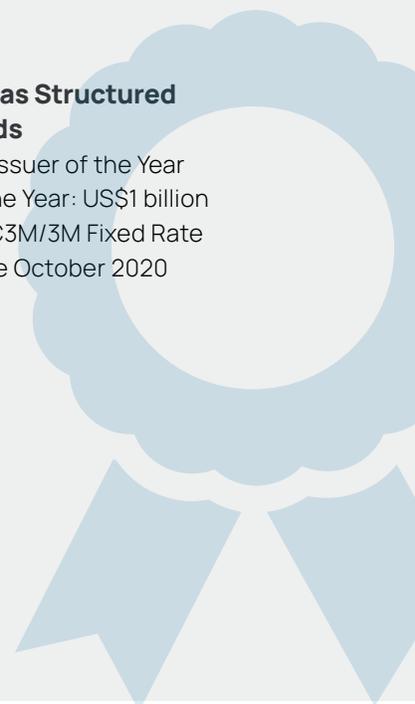
Local Currencies - Deal of the Year: SEK11.5 billion 0.25% Sustainable Development Bond due December 2022

Private Benchmarks - Deal of the Year:

- US\$700 million SOFR FRN due August 2027
- US\$485 million Multi-Tranche Mexico Catastrophe Bonds due April 2024

14th Americas Structured Notes Awards

- Callable Issuer of the Year
- Deal of the Year: US\$1 billion 2.3% 5NC3M/3M Fixed Rate MTNs due October 2020



Disclaimer

This document has been prepared by the World Bank (International Bank for Reconstruction and Development, IBRD) for information purposes only, and the World Bank makes no representation, warranty or assurance of any kind, express or implied, as to the accuracy or completeness of any of the information contained herein. It is prepared by staff based on reviews of the underlying project documentation. In the event of a discrepancy between the report and the underlying source (project or bond documentation, or other source) the latter prevails.

This document is not an offer for sale of securities of the World Bank (International Bank for Reconstruction and Development, IBRD). Any offering of World Bank securities will take place solely on the basis of the relevant offering documentation including, but not limited to, the prospectus, term sheet and/or final terms, as applicable, prepared by the World Bank or on behalf of the World Bank, and is subject to restrictions under the laws of several countries. World Bank securities may not be offered or sold except in compliance with all such laws.

Any examples provided in this document are provided for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by the World Bank during the term of a specific World Bank bond.

Net proceeds of a specific World Bank bond are not committed or earmarked for lending to, or financing of, any particular project, program, or activity and returns on a specific World Bank bond are not linked to the performance of any particular project, program, or activity.

Each recipient of this report is deemed to acknowledge that this is a proprietary document of the World Bank and by receipt hereof agrees not to disclose it, or permit disclosure of it, to third parties without attributing the source or the prior written consent of the World Bank.

All content (including, without limitation, the graphics, icons, and overall appearance of the presentation and its content) are the property of the World Bank, unless otherwise noted. The World Bank does not waive any of its proprietary rights therein including, but not limited to, copyrights, trademarks and other intellectual property rights. All photos, graphics and content © World Bank, unless otherwise noted.