Sustainable Development Goals: Impact & Engagement
In FY21 Sustainable Development Bonds supported the financing of 723 IBRD projects helping member countries make progress toward national priorities and the SDGs.

Highlights include:

- 7 Million People covered by social safety net programs
- 4.4 Million People provided with essential health, nutrition, and population services
- 493,200 Teachers recruited/trained
- 2.20 x 10^7 MWh// 7.92 x 10^{10} MJ of energy // fuel saved
- 5,464 GWh of renewable power generation expanded annually
- -3.5 Million tCO_2eq. net GHG emissions annually
- 3.4 Million People benefited from improved urban living conditions
- 450,000 People
- and
- 10,000 Businesses benefited from financial services

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*The IBRD Sustainable Development Bond project portfolio includes 635 active projects and 88 projects which closed during FY21.

*The results presented above include selected outcomes and outputs of World Bank (IBRD)-supported activities achieved by client countries during the fiscal year. Results are reported for active operations and those that closed within the reporting period. These results represent a subset of results and are dynamic from year to year. Annual data may fluctuate significantly due to the size or number of projects reporting data during a given fiscal year. These “Tier 2” World Bank results are mainly drawn from Core Results Indicators (CRIs), which are sector outcome or output indicators that can be measured and monitored at the project level and aggregated across operations and countries. CRIs are integrated in the results frameworks of individual operations. CRIs can be supplemented by customized, project-specific results indicators. More information on the definition of each “Tier 2” indicator can be found at https://scorecard.worldbank.org.
What is the World Bank’s approach to issuing sustainable bonds and how has it evolved?

I think it’s useful to start by saying that the World Bank (IBRD) is a cooperative organization owned by 189 member countries and our purpose is a social one, focused on impact. By working with our member countries, we aim to create a greener and more inclusive and resilient future. We operate based on the World Bank’s development mandate and twin goals of eliminating extreme poverty and promoting shared prosperity when we provide loans, guarantees, and advisory services to middle-income and other member countries.

To finance our lending, we issue bonds and use two types of labels: green bonds and sustainability bonds, which we call Sustainable Development Bonds. We issued the first labeled green bond in the market in 2008. That bond helped to establish the blueprint for future green bonds, social bonds, and sustainability bonds.

We take a holistic approach and apply the same focus on disclosure to all the bonds we issue. Everything the World Bank finances with bond proceeds i.e., all loans we make to our member countries, support a combination of social and green projects that are designed for positive social and environmental impact. In 2015, as we were increasingly engaging with investors about what the entire IBRD balance sheet supports, we started labeling bonds as “Sustainable Development Bonds.” We explain the sustainable development purpose of the institution and our extensive internal review process, which integrates sustainability policies and environmental and social requirements.

How are conversations you are having with investors and their investment approach changing?

We see that investor behavior is changing. I’d like to highlight our effort to engage with investors in the fall of 2021, about how we mainstream climate considerations in all World Bank lending. They really welcomed hearing about our approach, which considers climate change in all projects. As bond investors, they are also moving towards a more holistic perspective, and are increasingly looking to understand the environmental, social, and governance (ESG) impacts of all their investments, with many taking an issuer-focused approach. Overall, investors are looking at ESG considerations across all investments and moving beyond a narrow, risk-based approach towards seeking greater opportunities for positive impact – even beyond labeled bonds. Their motivations vary. Having started with green bonds, many investors are embracing a more holistic view of sustainability. Green bonds are often an entry point for investors when setting up an investment process that requires transparency around ESG aspects. From there, many investors broaden their approach to incorporate social criteria, moving to a mix of both green and social. Other investors also analyze the climate and sustainability impacts of the entire
issuer, not just their labeled offerings, and for their entire portfolio, not just bonds from issuers of labeled bonds.

The World Bank spearheaded sustainable finance in the capital markets with the first labeled green bond, then by applying the same approach to its entire issuance program with Sustainable Development Bonds, and more recently with innovative transactions like the Wildlife Conservation Bond. What can investors expect going forward?

Today, we use our Sustainable Development Bond issuance program to engage investors on specific development themes using the SDGs and World Bank project examples to illustrate how our programs support member countries in addressing critical development challenges. Investors can also see how these projects are mapped to the SDGs through the work we are doing with the Stockholm Environment Institute (SEI). Themes have included gender equality, food loss and waste, sustainable cities, and climate action. And we see growing interest in biodiversity and ecosystem services. Our holistic approach means that the World Bank is tackling challenges like nature loss in an integrated way as we mainstream climate action. We support client countries with policy responses and investments that tackle the climate and biodiversity crises in tandem. This approach emphasizes the essential role of natural capital in climate action as nature-based solutions contribute to climate change mitigation and adaptation, and conserving nature.

We also see potential to do more outcome-based transactions like the Wildlife Conservation Bond linked to other development challenges beyond species conservation. That transaction supports conservation and local communities through targeted conservation investment payments that help protect and increase black rhino populations in South Africa. It is a truly unique, “double” impact transaction that combines a Sustainable Development Bond, with an outcome-based mechanism that provides funding for conservation activities. Going forward, we are looking at potential opportunities from energy to natural landscapes to traditional development topics like nutrition.

The world is confronting unprecedented challenges as consequences of the pandemic, wars, geopolitical instability, and climate change. How do investors in World Bank bonds support the institution’s response?

Proceeds from the issuance of sustainable development bonds support the financing of World Bank projects. These investments in social protection, agriculture, trade education, health, nutrition, and clean energy, among other sectors, have become even more critical considering overlapping crises. To address the social and economic impacts that have been exacerbated by the pandemic and wars, the World Bank is making large amounts of financing available from its own resources and raising other funds to be able to contribute even more. The focus will remain on protecting the poor and vulnerable while helping our developing country clients with rapid response, and at the same time helping to restore momentum towards achieving the sustainable development goals.
Engaging With Investors on the Sustainable Development Goals

We use our Sustainable Development 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. We also innovate using structured transactions by leveraging the World Bank’s issuance program to help countries build resilience and to address global development challenges.

All Sustainable Development Bonds are issued while raising awareness for specific themes or SDGs under the World Bank’s Sustainable Development Bond Framework unless labeled as a green bond. Below are highlights of the themes and a selection of transactions executed from July 1, 2020 to April 30, 2022.5

Nutrition

Good nutrition is critical to building human capital – a central driver of sustainable growth and poverty reduction. COVID-19 has exacerbated nutrition vulnerability and intensified the need to ensure that the world’s poor have access to the knowledge, resources, and services to achieve optimal nutrition and enhance resilience against future crises. The IBRD and IDA nutrition program includes nearly US$7 billion in projects, of which US$2 billion are in IBRD countries, helping address both undernutrition and obesity.

AUD 10-year and 15-year bonds

Spotlight on Innovation

UNICEF Bond

US$100 million 5-year bond which supports the financing of IBRD’s ongoing sustainable development and COVID-19 activities and adds a new feature to support similar efforts by UNICEF.

Catastrophe Bond for Jamaica

US$185 million catastrophe bond provides financial protection to the government of Jamaica for losses from named storm events for three hurricane seasons ending in December 2023.

Wildlife Conservation Bond

US$150 million first-of-its-kind, outcome-based bond supports the financing of investments to achieve conservation outcomes – measured in this case by an increase in black rhino populations in South Africa – while providing important social benefits to local communities.

5 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.
Gender Equality

Protecting and investing in girls and women is necessary to build green, productive, and inclusive societies. The COVID-19 pandemic is exacerbating many gender gaps, threatening a reversal of gains for women and girls in areas like human capital, economic empowerment, and voice and agency. The World Bank is helping countries address the pandemic’s health, social, and economic impacts — especially those that particularly affect women and girls — and make their economies more inclusive and resilient as they rebuild. In January 2022, the World Bank Group launched a year-long #AccelerateEquality initiative to reflect on 10 years of progress and lessons learned in closing gender gaps, promoting girls’ and women’s empowerment and driving transformative change.

- CAD 5-year benchmark, NOK 5-year floating rate benchmark, CAD 5-year bond, NOK- & SEK bonds, CNH bond

Education

Education is a human right, a powerful driver of development, and one of the strongest instruments for reducing poverty and improving health, gender equality, peace, and stability. It drives long-term economic growth, spurs innovation, strengthens institutions, and fosters social cohesion. The World Bank’s support to countries covers the entire learning cycle to help shape resilient, equitable, and inclusive education systems that ensure learning happens for everyone during and after COVID-19. The World Bank is the largest source of external financing for education in developing countries; in FY21-22, IBRD and IDA committed about US$7 billion, of which US$3 billion for IBRD countries, for education programs, technical assistance, and other projects.

- US$ 20-year bond

Clean Water & Marine Resources

The COVID-19 pandemic poses additional threats to water and oceans as difficult short-term choices between health and the environment result in an increased use of single-use plastics and increased production of medical waste, which can end up in the oceans. The World Bank, as the largest multilateral funder for ocean and water projects in developing countries, is committed to ensuring access to safe and clean water and the sustainable use of ocean and marine resources. The active World Bank oceans economy portfolio for FY21 includes over US$7 billion in projects, of which US$3 billion are in IBRD countries, with a focus on the Blue Economy, defined as the integrated and sustainable development of oceanic sectors in healthy oceans. The IBRD and IDA water program includes over US$24 billion in projects, of which, US$6 billion are in IBRD countries, helping to improve water and sanitation.

- COP 5-year bond; EUR 30-year callable bond

Food Loss & Waste

Reductions in food loss and waste can deliver diverse dividends, including combatting hunger, supporting sustainable food production, diets and consumption, and ultimately in addressing climate change, given that losses and waste generate 8 percent of annual global greenhouse gas emissions. The pandemic and other global crises have increased the urgency and imperative to tackle food loss and waste locally to help reduce food insecurity, in addition to raising awareness of the challenge globally. IBRD lending of over US$7 billion is helping middle-income countries address food loss and waste from farm to fork, with investments in infrastructure, access to markets and logistics, and waste management.

- NOK & SEK benchmarks, CNH 2-year bond, AUD 10-year bond

Climate Change

In the lead-up to COP26 in Glasgow, Scotland, the World Bank launched an initiative to raise awareness with investors about its activities to mainstream climate action. This included explaining how the World Bank integrates climate and sustainability throughout all its operations and sectors. In FY21, 95% of all IBRD projects had climate financing, representing 33% of all IBRD commitments by dollar value. The World Bank executed several transactions raising over US$12 billion equivalent to over 300 investor orders. This funding forms part of the World Bank’s Sustainable Development Bond issuance program for FY22.

- AUD 800 million dual tranche bond, AUD & NZD green club deal, EUR 25-year benchmark, US$ 10-year fixed rate benchmark, US$ 7-year SOFR-linked benchmark, AUD 8-year club deal

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.
Spotlight on Food Loss & Waste

Food loss and waste was one of the first Sustainable Development Bond themes the World Bank introduced in March 2019. The theme resonated with investors globally, attracted to the link between food loss and waste and climate change. With around one-third of all food produced never reaching the table, if food loss and waste were a country, it would be the third largest emitter of greenhouse gases in the world. The G20 and the Africa Union have recognized that we cannot meet Paris climate commitments without addressing this challenge. IBRD bond investors have helped elevate the topic: Sustainable Development Bonds issued while raising awareness for food loss and waste total about US$3 billion across 40 transactions. The importance of the agenda has also gained prominence in the World Bank with the portfolio of agriculture projects with food loss and waste components increasing by 50% from almost US$5 billion in 2019 to over US$7 billion in 2022.
Looking at the FY21 Project Portfolio Through an SDG Lens

For the second year, the World Bank has collaborated with the Stockholm Environment Institute (SEI) to map projects financed by the World Bank to the SDGs.

Figure 1: Portfolio-Level Mapping by Frequency of SDG Connections

This graph uses frequency values per goal expressed in percentages and aggregated, instead of absolute frequencies per project as these may vary broadly, to allow for a more accurate view of which SDGs are more predominant in the portfolio. The size of the circle shows the aggregated value of all percentages connecting to that SDG; a large circle shows a high aggregated value and vice versa. The position of the SDG within the graph depicts how connected that SDG is to all projects: a centrally-positioned SDG reflects that it is connected to a greater number of projects and with high percentages.
Our collaboration has expanded from developing a methodology to mapping the 100 projects added to the IBRD project portfolio in FY20 to the SDGs, to this year, applying the methodology to all IBRD-financed projects – roughly 700 projects. The aim of this work is to provide a lens through which investors can see indicative contributions of IBRD-financed projects to the SDGs and to share these results to support other issuers and investors in connecting projects or investments to the SDGs.

The visualizations present selected mapping results of IBRD-financed projects in FY21 to the SDGs. The results are presented at the goal level. These visualizations highlight the inherently interconnected nature of the SDGs and suggest that a holistic view is useful when examining the connections identified, particularly for cross-cutting across topics such as gender equality.

Figure 1 showcases the interconnectedness of the SDGs using frequencies, which refer to the number of times the keywords for each SDG produce a match to a project: the higher the number of frequencies, the higher the number of times the concerning keywords appear in the text, indicating which SDG is more dominant in the analyzed project. The resulting network graph shows which SDGs are dominant in the FY21 portfolio using this methodology. Figure 2 focuses on gender equality as an example of a topic that intersects many SDGs, rather than simply SDG 5. The graph shows the proportion of projects connected to at least one gender-sensitive target, grouped by goal. This analysis is based on binary data, which shows how many projects are mapped to an SDG, regardless of the frequency; binary data can provide a view of which SDGs are more transversal in the portfolio.

Figure 2: Projects Mapped to Gender-Sensitive Targets

The graph compares the number of projects connected to gender-sensitive targets by goal compared to those that are not connected to this type of targets. The yellow bars show the number of projects connected to at least one gender-sensitive target within the goal.

Notes: Selected gender-sensitive targets, apart from those under SDG 5, include targets that explicitly mention women empowerment and equity issues and those related to girls and women well-being. The gender-sensitive targets selected for the analysis are: 1.2, 1.4, 1.b, 2.2, 2.3, 3.1, 3.2, 3.7, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 6.a, 5.c, 6.2, 8.5, 8.8, 10.2, 11.2, 11.7, 13.b, 16.1.

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6 The methodology applies automated text mining software to match each project to SDG targets. To do this, SEI developed a set of keywords related to the topics of all 169 SDG targets. Then, using the KH coder software, 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.