



# Annual Investor Newsletter

Fall 2020



## Putting Development at the Heart of IFC & IFC at the Heart of Development

Philippe Le Houérou retired at the end of September after four and half years as IFC CEO and 33 years at the World Bank Group. He helped IFC deliver greater development impact in the world's poorest countries by focusing on accountability, transparency and ramping up investments in climate. Read highlights about his time at IFC in his interview with Devex [here](#).

## FY20 funding highlights

217  
bonds

11.3  
billion

29  
currencies

**In FY20, IFC raised \$11.3 billion totaling 217 trades across 29 currencies.** In a year dominated by extreme market volatility, IFC was particularly active in public markets, while continuing to accommodate reverse inquiries across currencies.

Borrowings in the public markets in currencies such as Australian dollar (AUD), New Zealand dollar (NZD), Canadian dollar (CAD), and British Pound sterling (GBP) accounted for 57% of the funding program for the year.

IFC issued in the public Kangaroo and Kauri markets a total of 18 times and started FY20 with a **five-year AUD 750 million bond** in July 2019. This trade was followed by a **5-year NZD 600 million bond**. In April 2020, IFC issued a **15-year AUD 200 million social bond**, making IFC the first issuer to bring a new sustainable bond line to the Kangaroo market in 2020.

In September 2019, IFC issued its debut green bond in CAD: a **5-year CAD 750 million green bond** which also marks the largest CAD-denominated deal ever issued by IFC. In the USD market, IFC issued a **5-year \$2 billion global benchmark bond** in October 2019, priced at mid-swaps +11bps and equivalent to 8.9bps over U.S. Treasuries, and

## Early FY21 funding highlights

In the first quarter of the new fiscal year, IFC issued several benchmark bonds and other notable trades in the public markets. In July, IFC launched its funding year with a **5-year USD 2 billion, 0.375% global bond**, which was heavily oversubscribed with an orderbook of over USD 6 billion. Later that month, IFC priced a new Feb 2031 **AUD 75 million Kangaroo bond** which was immediately upsized by AUD 25 million and another AUD 25 million in August, bringing the total volume outstanding to AUD 125 million. At August end, IFC came to the market with another USD global benchmark: a **10-year USD 1 billion, 0.750% global bond**, marking IFC's first 1-year USD global bond since 2016. In the Kauri market, IFC launched a new **5-year NZD 400 million bond** which was increased with another NZD 425 million later in September. To close a fruitful first quarter, IFC returned to the Maple market with a **5-year CAD 500 million, 0.625% global bond** and issued two public trades in Swedish krona, one of which is a green bond, for a total of SEK 750 million.

Its largest-ever social bond to date in March 2020 after the announcement of IFC's COVID-19 response package: a **3-year \$1 billion global benchmark social bond**. The bond was priced at mid-swaps +13bps and equivalent to 4.4bps over U.S. Treasuries. Finally, IFC returned to the Sterling market with a **7-year GBP 350 million bond** in February 2020.

IFC's two sustainable bond programs expanded with the launch of a **Social Impact Note Program for U.S. retail investors**. In FY20, IFC issued 24 green bonds in nine currencies for a total volume \$1.2 billion, and 11 social bonds for a total volume of over \$1.6 billion. IFC's sustainable bonds were particularly in demand in the Scandinavian market, denominated in Swedish krona (SEK) and Norwegian krona (NOK). IFC also issued its **first euro-denominated 40-year green NSV bond** in response to demand from German investors for long-dated green bonds.

As in FY19, USD LIBOR FRN remained subdued in FY20 on the back of the expected LIBOR sunset by 2021.

IFC issued a record volume of \$16.5 billion under its **Global Discount Note Program**, which offers notes with maturities up to 360 days.

## FY20 Funding in the Japanese Market

Japan has been a critical market for IFC, representing consistently over 10% of IFC's total funding. Japanese institutional and retail investors invested \$1.6 billion equivalent in public markets, through private placements, and in Uridashi format in FY20.

**IFC's thematic bonds are actively sold in the Japanese capital market.** In FY20, Nippon Life Insurance invested in IFC's AUD 200 million social bond which was issued after the World Bank Group announced its COVID-19 response.

After its premier investment in IFC's green bonds in FY19, the Government Pension Investment Fund of Japan (GPIF) continued to actively invest in sustainable bonds issued by sovereigns, supranationals and agencies through its external asset managers, and invested in IFC's social bonds in FY20 for the first time.

## Management changes

IFC CEO Philippe Le Houérou retired in September. Stephanie von Friedeburg will serve as Interim Managing Director and Executive Vice President of IFC (MD EVP), effective October 1, 2020, until the appointment of a new MD EVP. Stephanie is one of the first women to lead a large development finance institution. She will continue to serve as IFC COO.

## 2020 WBG-IMF Annual Meetings

The 2020 WBG-IMF Annual Meetings take place from October 12-18, 2020 and are being conducted virtually this year. Shareholders and members of the financial and international development community will discuss issues of global concern. Read more [here](#).

## Industry recognition

- **Initiative of the Year**  
Social Impact Note Program for U.S. retail investors  
*Environmental Finance Bond Awards 2020*
- **Personality of the Year**  
Ms. Esohe Denise Odaro, IFC Head of Investor Relations  
*Environmental Finance Bond Awards 2020*
- **Editor's Award**  
IFC's collaboration with GPIF  
*MTN-I Asia-Pacific Awards*
- **Deal of the Year**  
USD 19 million currency-linked social notes due 2021  
*MTN-I Uridashi Awards*

## IFC's COVID-19 Response Package

IFC is providing \$8 billion in fast-track financial support to existing clients to help sustain economies and preserve jobs during this global crisis. IFC's response consists of four financing facilities:

1. **Real Sector Crisis Response Facility - \$2bn**
2. **Global Trade Finance Program - \$2bn**
3. **Working Capital Solutions Program - \$2bn**
4. **Global Trade Liquidity Program & Critical Commodities Finance Program - \$2bn**

Read more about IFC's response and view the list of COVID-19 projects [here](#).

## IFC's FY20 Green Bond Impact Report

IFC published its latest **Green Bond Impact Report** in October 2020—a celebratory edition to mark the 10-year anniversary of IFC's Green Bond Program.



In FY20, IFC's green bonds funded 21 eligible climate-related projects across eight sectors. IFC surpassed \$10 billion in cumulative green bond issuances and \$10 billion of climate finance investments in emerging markets.

## ESG & Sustainable Finance Leadership

### • **Launch of IFC's annual ESG Dealer Survey**

IFC became the first issuer to systematically integrate ESG considerations into underwriter selection. IFC developed a survey assessing its network of 40+ underwriters on ESG matters beyond their product offerings. It was created to standardize IFC's annual ESG evaluation of banks and as a tool for in-depth engagements on ESG. It forms input into selection for transaction mandates. The inaugural edition was sent to the underwriters in June 2020.

### • **IFC elected to chair the Executive Committee of the Green, Social and Sustainability-Linked Bond Principles**

After six years of being an active member of the executive committee, IFC, represented by IFC Head of Investor Relations Denise Odaro, was elected as chair in July 2020. In this role, IFC will play an even larger role in steering further expansion of the green, social, sustainability, and sustainability-linked bond market.