

World Bank & UNICEF Keep Children at the Center of Economic Recovery

First-of-its-kind partnership for COVID-19 resilience

Case Study

The Client	<p>The International Bank for Reconstruction and Development (IBRD) is a global development cooperative owned by 189 member countries and the largest development bank in the world.</p> <p>UNICEF, the United Nations Children's Fund, works in over 190 countries and territories to save children's lives, to defend their rights, and to help them fulfil their potential, from early childhood through adolescence.</p>
The Challenge	<p>The COVID-19 pandemic has exacerbated poverty rates and global inequality, affecting millions of children worldwide. As countries confronted this unique and historic economic challenge, the World Bank and UNICEF were looking for new ways to accelerate funding to meet the increasing and urgent needs for its pandemic relief programs.</p> <p>Citi was tasked with structuring a bond that draws on the World Bank's Capital at Risk Notes Program, which is mainly used for disaster relief and emergency funding schemes. UNICEF needed a fast solution to mobilize capital markets to help boost their 2021 financing program. Additionally, Citi needed to identify a credible institutional investor that could take on the risks. The World Bank and UNICEF were also keen to find a way to engage with private banking clients.</p>
The Solution	<p>Citi acted as sole structurer and arranger for the groundbreaking \$100mn UNICEF World Bank Bond to Support COVID-19 Resilience, an exceptionally innovative transaction from the World Bank, which allowed UNICEF to access capital markets funding to support its private sector fundraising activities. This was the first time for UNICEF to raise funding through the capital markets, via the World Bank with the issuance of a debt instrument against future donations, which required a full board approval.</p> <p>The bond proceeds will support two programs: US\$50mn will be used by World Bank to finance its sustainable development programs, including projects targeting the health and socio-economic impacts of COVID-19. The remaining US\$50mn will be allocated to UNICEF to expand programs in various countries chosen by UNICEF, targeting future funding of up to US\$450mn. The UNICEF programs help children globally, including through COVID-19 relief efforts around vaccines, healthcare access and educational support.</p>
The Result	<p>The transaction provided UNICEF with a new financial funding instrument, and at the same time gave fixed income investors a leveraged impact in support of UNICEF's work with children, including COVID-19 resilience programs around the world. Citi Private Bank's sustainable investing platform, Investing with Purpose, provided the World Bank and UNICEF with a new private wealth distribution channel and the opportunity for Private Bank clients to invest alongside Citi's institutional clients. World Bank Group President David Malpass remarked, "We are grateful to our investors for joining this effort and demonstrating how investors can participate in the global response to COVID-19, through this unique opportunity to scale up resources available to UNICEF to expand its programs."</p>