



**IFC**

International  
Finance Corporation  
WORLD BANK GROUP



# IFC Social Bond Framework

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*This framework discloses the criteria and processes for allocating funds from IFC's social bond program to projects with positive social impact, in line with the Social Bond Principles (SBP) set by the International Capital Market Association (ICMA).*

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# Introduction

**The World Bank Group's vision is to create a world free of poverty on a livable planet. To achieve this, the Bank Group leverages its products and services – working closely with multilateral institutions, the private sector and civil society – to create markets in developing countries that address major development challenges such as poverty reduction, climate change and inequality.**

The International Finance Corporation (IFC) – a member of the World Bank Group – is the largest global development institution focused on the private sector in emerging markets. Owned by 186 member countries, IFC invests in private sector growth to improve lives, connecting economic development with humanitarian needs to drive real progress for the people and places that need it most.

IFC applies its financial resources, technical expertise, global experience, and innovative thinking to create markets and opportunities that help countries mobilize private solutions and financing to address development challenges. Our investments aim at generating jobs, unlocking innovation, and cultivating markets that lift millions out of poverty. Beyond our own-account resources, IFC mobilizes a global community of partners and third-party funding united by a shared purpose – to expand development impact and accelerate inclusive, sustainable growth that empowers all people to achieve their aspirations.

For over 60 years, IFC has harnessed the power of the private sector for global good. Today, we are using our experience, earned trust, and proven results to transform ideas into investments that benefit underserved populations in emerging markets by providing access to essential services such as basic infrastructure, healthcare, finance and sanitation.

# Strategy and Objectives

IFC's approach harmonizes social impact with investment discipline across five interconnected development priorities: People, Planet, Prosperity, Infrastructure, and Digital Transformation.

To uplift **people**, we are mobilizing finance and knowledge to extend quality education, skill development, and healthcare through public-private partnerships. That means demonstrating our commitment to drive inclusion, ensuring women, youth, and vulnerable groups can access and help shape expanding opportunities.

To preserve our **planet**, we are spearheading a transformation in sustainable finance. We are setting the pace on Paris Alignment, green technology and decarbonization pathways to accelerate the transition to low-carbon, resilient and inclusive growth in emerging markets. Our policy expertise and technical assistance are providing the blueprint for countries to unlock climate finance.

To share **prosperity**, we are increasing financing to underserved segments of society, bundling loans into structured opportunities that link capital markets with villages and cities. We are building resilience through microfinance, insurance and other inclusive models, empowering individuals and communities. IFC partners with the private sector to expand financial access, increasing investment in underserved communities for greater empowerment and resilience.

To adapt **physical infrastructure**, we are addressing public infrastructure gaps that hinder sustainable growth by combining private sector efficiency with public sector support. We are connecting communities through climate-resilient solutions in transport, water, sanitation, and housing that benefit all.

To advance **digital transformation**, we are supporting startups to expand inclusive finance, healthcare, e-commerce and more. We are building the infrastructure that enables developing countries to expand access to digital services, including connectivity, platforms, and skills development. Our aim is to catalyze digital tools that address existing development barriers while fueling innovative solutions. IFC supports startups expanding digital access by catalyzing innovative tools for financial inclusion, healthcare, e-commerce and connectivity.

IFC will continue to catalyze capital into meaningful improvements in lives and livelihoods. The scale of today's converging challenges is immense. But so is the human capacity for ingenuity and cooperation once mobilized around a common purpose.

# Social Bonds: IFC's Role

IFC has been a pioneer in the social bond market. We are one of the largest global issuers of social bonds in public and private markets, with a diverse range of various currencies and tenors. IFC plays multiple roles in the social bond market, from issuer and investor to market builder.

In 2013, IFC launched its first social themed bond with the Banking on Women (BOW) bond program, the first of its kind focused on creating opportunities for women entrepreneurs in emerging markets. Subsequently, another socially themed program was added to IFC's product mix in October 2014 when the Inclusive Business (IB) Bond Program was launched, the first debt offering to exclusively support businesses which include low-income communities into their supply chains. In 2017, IFC's Banking on Women and Inclusive Business Bond Programs were amalgamated into the IFC Social Bond Program, with IFC's first ever USD-denominated social benchmark bond.

IFC has established a consistent social bond issuance program to fund eligible social projects, following best practices and the Social Bond Principles – a voluntary set of guidelines for transparency and disclosure administered by the International Capital Market Association (ICMA). As of December 31, 2024, IFC has issued \$8.4 billion in social bonds across 97 bonds (including taps) in 14 currencies.

Since its launch, IFC's Social Bond Program has been transformative in setting precedents for the social bond market. Notable issuances include a landmark \$1 billion USD public benchmark social bond issued in March 2020, the day after the World Health Organization officially declared the coronavirus outbreak to be a pandemic. This made IFC the first issuer to come to the market with a social bond linked to its COVID-19 relief measures. Another example came in November 2023, when IFC issued a three-year social bond, raising \$1.5 billion to support low-income communities in emerging markets. The transaction marked IFC's largest-ever social bond, with an unprecedented order book and the distinction of being the largest US dollar social bond issued by a supranational in 2023. IFC was awarded the "Social Bond of the Year – Supranational" at the 2024 Environmental Finance's Sustainable Debt Awards for this transaction. In total, IFC's Social Bond Program has received 10 industry awards in recognition of its issuances and impact reporting.

IFC has played a principal role in building the social bond market as a founding member of the Executive Committee for the Green, Social and Sustainability-linked Bond Principles (“Principles”), serving as chair of the Executive Committee from 2020 to 2022. IFC also chaired the Social Bond Working Group for its first three years, leading the development of the Social Bond Principles, the [Harmonized Impact Reporting for Social Bonds](#), and the [High-Level Mapping to the Sustainable Development Goals \(SDGs\)](#). IFC continues to play an active role in the development of new guidance, such as the refinement of new impact reporting metrics for the social bond market.

Beyond the Principles, IFC has provided its own thought leadership to advance the social bond market. For example, in 2020, IFC released a set of [illustrative case studies](#) of eligible social projects that could address the socio-economic impact of the COVID-19 crisis. In 2021, IFC released [Bonds to Bridge the Gender Gap: A Practitioner’s Guide to Using Sustainable Debt for Gender Equality](#) in partnership with UN Women and ICMA.

As an investor, IFC has invested in a variety of social bonds from emerging market issuers, including bonds focused on gender equality, access to healthcare, and access to finance.

The next sections of this document detail how IFC’s Social Bond Program aligns with the four core components of the Social Bond Principles:



# Use of Proceeds



The proceeds from social bonds issued by IFC are exclusively used to finance projects that address social issues, especially for target populations. IFC has a cross-cutting focus on vulnerable and/or underserved populations, such as women, low-income populations, underserved communities, refugees and displaced persons, and other target populations included in the Social Bond Principles. Social project categories comprise those listed below. Indicative project examples and target populations are included but are not exhaustive. While projects may align with more than one project category, projects are listed in the category that best fits their primary impact objective.

In addition to direct investments, IFC also finances activities through financial intermediaries and investments in third-party social bonds. Indirect investments ensure access to finance is available for target populations that IFC cannot reach directly, such as micro and small enterprises.

When IFC invests in third-party social bonds, these bonds must align with the Social Bond Principles, and the issuer should be committed to publicly reporting the use of proceeds.

IFC determines alignment with the SDGs on a project-level basis. An indicative mapping to potential SDGs by project category is also included below.<sup>1</sup> All social bond projects are subject to IFC's Performance Standards to manage environmental and social risks.

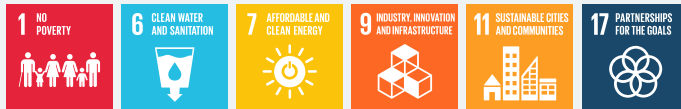
<sup>1</sup> A project would only be mapped to SDG 5 if it intentionally targets women and thus has an IFC gender flag. To be flagged, an operation must use diagnostics to identify a gender gap, propose specific actions to narrow the gap, and track progress on the proposed action (Source: [World Bank Group Gender Strategy 2024–2030](#), FN 77, page 30). A project would only be mapped to SDG 13 if it is a climate finance related intervention, as defined in the [joint report on multilateral development banks on climate finance](#).



## Project Categories

### Affordable Basic Infrastructure

Potential SDGs:



Projects in this category include those that provide or promote access to clean drinking water, sanitation, transport, telecommunications, or energy.

For example:

- Investment projects that meet IFC's criteria for inclusive business, such as projects that provide first-time or improved connections or service for households or that expand or improve access in rural areas.<sup>2</sup>

Target populations may include but are not limited to: low-income populations, rural communities, underserved areas in terms of access to infrastructure.

### Access to Essential Services

Potential SDGs:



Projects in this category include those that provide access to education and vocational training, health, financing, and other financial services.

For example:

- Investment projects that meet IFC's criteria for inclusive business in health, education, and microfinance, such as projects that expand access or improve affordability to such services for low-income or underserved populations.
- Investment projects that support post-secondary education, technical and vocational training, skilling, reskilling, and other educational models to people in low and middle-income countries to reach more students and help them acquire the relevant skills to find good jobs. This includes financing appropriate new technologies and promoting digitalization in education delivery models for improving the reach and quality of education and opportunities for lifelong learning.

<sup>2</sup> IFC's inclusive business criteria requires a company to add value to and meet defined thresholds for incorporating low-income people at the "Base of the Economic Pyramid" (defined as people who earn less than the equivalent of \$8 per day in purchasing power parity terms or who do not have access to basic goods and services) into core business activities as an entrepreneur, worker, or customer. See [Inclusive Business Investing Guide](#).





- Investment projects that are part of the Base of the Pyramid (BOP) envelope within IFC's [MSME Finance Platform](#). The BOP envelope is focused on on-lending to micro and small enterprises (MSE), informal enterprises, and low-income households through banks, non-bank financial institutions, microfinance institutions, and innovative digital lenders.
- Investment projects that support health service providers and product manufacturers that strengthen the prevention, early detection and treatment of non-communicable diseases, as well as IFC investment projects that support the World Bank Group's Global Challenge Program on Health Emergency Prevention, Preparedness and Response (GHP-H), such as i) private laboratory, diagnostic, primary care and treatment service providers that can be contracted by the public sector to be part of a rapid response mechanism; ii) pharmaceutical, biopharma, vaccine and medical product manufacturers and distributors in developing countries; and iii) surge financing for health emergency response.

Target populations may include but are not limited to: individuals/communities underserved in terms of access to finance, health and education; low-income individuals; microentrepreneurs.

## Affordable Housing

Potential SDGs:



This category includes housing finance, construction, renovation, and/or other activities to expand access to affordable housing (e.g., housing microfinance, Global Rent-to-Own).

For example:

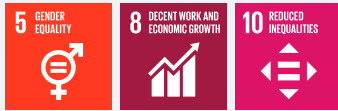
- Investment projects that meet IFC's criteria for inclusive business for affordable housing for low-income or underserved populations, focusing on people at the base of the pyramid, on individuals qualified to participate in a government program for low-income groups, or other similar populations.

Target populations may include but are not limited to: low-income populations, individuals with limited access to housing.



## Employment Generation

Potential SDGs:



This category includes employment generation projects (including SME financing and microfinance) and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, climate transition projects and/or other considerations for a “just transition”.

For example:

- Investment projects that meet IFC’s inclusive business criteria for improving access to and quality of jobs for low-income, low-skilled workers by increasing their ability to participate and advance in the workforce. For example, by creating job opportunities and targeting recruitment efforts for the target population by providing upskilling training or by offering expanded benefits to address the needs of low-income workers.

Target populations may include but are not limited to: low-income populations, unemployed, microentrepreneurs, other vulnerable or under-represented workers.

## Food Security and Sustainable Food Systems

Potential SDGs:



This category includes projects that provide or promote access to safe, nutritious, and sufficient food; resilient agricultural practices; reduce food loss and waste; and improve productivity of small-scale producers.

For example:

- Investment projects that meet IFC’s criteria for inclusive business, such as projects that incorporate smallholder farmers into the supply chain or that provide or facilitate smallholder farmers’ access to inputs or markets.
- Investment projects that are part of IFC’s [Global Food Security Platform \(GFSP\)](#). The GFSP’s broad focus is on increasing efficient production of key elements of a balanced diet for emerging market consumers affected by the food crisis. In the short term, GFSP projects focused on facilitating trade flows of food commodities and delivering inputs to farmers. The longer-term objectives are to restore and diversify production and to improve the resilience and climate footprint of the global food system.



Target populations include but are not limited to: smallholder farmers, low-income populations, underserved areas in emerging markets.

## Socioeconomic Advancement and Empowerment

Potential SDGs:



This includes projects that provide or promote equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality.

For example:

- Investment projects that provide or promote access to finance for women, make supply chains more inclusive of women, remove barriers to women's employment, bridge the digital divide for women, or advance other aspects of gender equality. For example, IFC's [Banking on Women](#) projects where IFC lends to financial intermediaries with the requirement that the proceeds of the loans be on-lent to women-owned enterprises.<sup>3</sup>
- Investment projects that meet IFC's criteria for inclusive business, such as those that provide or support livelihoods and work opportunities for low-income populations and microentrepreneurs (e.g., kiosk owners, small mom-and-pop shops, rickshaw/moto drivers, low-skilled workers, etc.).

Target populations include but are not limited to: women, low-income populations, microentrepreneurs, underserved communities, and other vulnerable/excluded groups in emerging markets.

<sup>3</sup> For this purpose, a women-owned enterprise is a business that is at least 51% owned by a woman or women, or a business in which a woman or women hold at least 20% of the ownership interests and have at least 1 of the senior executive roles (e.g. Chief Executive Officer, Chief Operation Officer, President, Vice-President), and women hold at least 30% of seats on the board of directors where a board exists.

# Process for Project Evaluation and Selection



Social bond eligible projects are selected from IFC's pool of committed projects<sup>4</sup> by a cross-department committee consisting of representatives from Treasury, subject matter experts (e.g., environmental and social (E&S) Policy and Risk Department, Gender and Economic Inclusion Department, Industry Specialists), development impact/results measurement specialists, as relevant depending on the project. IFC social bond eligible projects may include IFC investments in third-party social bonds.

All IFC investments, including IFC social bond eligible investments, are subject to a thorough appraisal and selection process. This process includes:

1. Assessment whether the project meets or is expected to meet all Social & Environmental requirements applicable to the project<sup>5</sup> within a reasonable period of time, including IFC's Performance Standards, as specified in IFC's Sustainability Policy.

The Performance Standards (PS) establish requirements that the client is to meet throughout the life of an IFC investment:

- **PS1:** Assessment and management of environmental and social risks and impact.
- **PS2:** Labor and working conditions.
- **PS3:** Resource efficiency and pollution prevention.
- **PS4:** Community health, safety, and security.
- **PS5:** Land acquisition and involuntary resettlement.
- **PS6:** Biodiversity conservation and sustainable management of living natural resources.
- **PS7:** Indigenous peoples.
- **PS8:** Cultural heritage.

2. Excluding projects that involve activities on [IFC's exclusion list](#)<sup>6</sup>.
3. Confirmation that the project meets IFC's requirements on Paris Alignment. IFC has committed to aligning its financing operations with the Paris Agreement objectives as outlined in its [Climate Change Action Plan 2021-2025](#). As of July 2023, 85% of IFC's new operations have been aligned, with a target of 100% from July 2025.

<sup>4</sup> Projects with unsatisfactory E&S performance according to IFC's [Environmental and Social Review Procedures](#) are not eligible.

<sup>5</sup> All projects are required to comply with: (i) all applicable laws and regulations of the host country of the project concerning relevant environmental, social, labor and health and safety matters, (ii) the action plan setting out specific environmental and social measures to be undertaken by the borrower to enable the project to be in compliance with applicable E&S requirements, as such action plan may be amended or supplemented from time to time with IFC's consent, and, where applicable, (iii) IFC's Performance Standards (except as otherwise expressly stated in the IFC Sustainability Policy and the Guidance Note on Financial Intermediaries, where applicable).

<sup>6</sup> This includes, but is not limited to, activities such as forced child labor, dealing in harmful substances, destruction of vital habitats, and businesses involved in tobacco, gambling, or arms manufacturing.



4. Corporate governance due diligence is conducted for all investment projects and is based on the IFC [Corporate Governance Methodology](#). The depth of due diligence is aligned with perceived corporate governance risks and can result in required actions or recommendations provided to the client.
5. Confirmation that the project has successfully passed a rigorous [due diligence](#) process that includes disclosure and consultation requirements, and integrity due diligence.
6. IFC's Anticipated Impact Measurement and Monitoring (AIMM) system is designed to estimate the development impact of IFC investments. Seamlessly integrated into IFC's operations, the AIMM system balances development impact with strategic objectives such as transaction volume, financial returns, risk, and thematic priorities. It aligns IFC's mandate with the World Bank's twin goals and the SDGs, providing a coherent framework from corporate objectives to global development outcomes. The rating system captures essential elements of these outcomes, measuring both project-level impacts and systemic contributions to market creation.

IFC monitors all its investments, including those eligible for social bonds, to ensure adherence to the conditions outlined in the related investment agreements. Companies are required to submit regular reports detailing their financial, social, and environmental performance, as well as any factors that could materially impact the enterprise. Through ongoing dialogue during supervision, IFC is able to support clients in resolving issues and identifying new opportunities. Additionally, IFC tracks each project's contribution to development against key indicators established at the beginning of the investment cycle. Specific monitoring and supervision requirements for investment projects include status updates on the Environmental and Social Action Plan, annual monitoring reports and periodic site supervision visits. IFC also conducts regular evaluations of projects, with annual assessments based on a stratified random sample of projects that have reached early operating maturity, to enhance operational performance.

Each IFC project is supported by a lead E&S specialist, and when necessary, additional experts such as social development, biodiversity, or labor specialists. These specialists are overseen by ESG Regional Managers who, in turn, report to the Regional Directors.



In addition, the World Bank Group's Independent Evaluation Group (IEG) assesses the performance of about one in four projects, measuring outcomes against original objectives, sustainability of results, and institutional development impact. IEG conducts not only project-level evaluations, based on the review of self-evaluation reports prepared by staff, and supplemented by independent assessments, but also reviews of literature, analytical work, project documentation, portfolio reviews, country case studies, structured interviews and surveys of staff and stakeholders, and impact evaluations. In addition, IEG has evaluated the World Bank Group's experience in climate change on a sector-wide basis and IFC continues to implement IEG's recommendations to scale impact.

The Office of the Compliance Advisor/Ombudsman (CAO), which is the independent accountability mechanism for IFC, addresses complaints lodged by project affected people and communities which may require undertaking investigations of IFC's compliance with its E&S policies at the project-level. CAO's mandate is to facilitate the resolution of complaints from people who may be affected by projects or sub-projects financed by IFC in a manner that is fair, objective, and constructive; enhance the environmental and social outcomes of projects or sub-projects; and foster public accountability and learning to enhance the environmental and social performance of IFC and reduce the risk of harm to people and the environment.

# Management of Proceeds



Upon issuance, the proceeds of an IFC social bond are incorporated into IFC's general liquidity pool. IFC Treasury utilizes a dedicated sub-account to manage and track all social bond proceeds. The sub-account balance is based on the difference between the outstanding amount of social bonds as compared to the outstanding amount of social bond eligible loans. This is determined by tracking all active social bond-eligible and their disbursements in conjunction with social bond issuances and redemptions.

Funds for social bond eligible projects are disbursed in stages, according to each project's specific disbursement schedule. As proceeds are disbursed to these projects, the balance of the sub-account is updated accordingly.

The management of IFC's general liquidity is governed by a set of policies and practices, including the General Investment Authorization sanctioned by IFC's Board, the Investment Directives, and IFC Treasury's internal ESG risk screening approach.

Established in 2019, this rigorous ESG risk screening approach leverages both external data and in-house software to assess the ESG profiles of issuers and identify any potential controversies. It is designed to ensure that involvement in activities listed on IFC's Exclusion List, negative headlines, or ESG rating downgrades prompt action from IFC Treasury's portfolio managers as deemed appropriate, such as engaging with the issuer or divesting from those assets where possible. Given the high quality of IFC's liquidity portfolio, such occurrences are rare.

# Reporting



IFC's annual Green and Social Bond Impact Report is grounded on the recommendations of the ICMA Social Bond Principles' [Harmonized Framework for Impact Reporting for Social Bonds](#).

The report includes the total annual commitment and disbursement volumes for social bond eligible projects, by region and by sector. Subject to confidentiality approvals, a detailed list of projects is provided which includes the following for each project: a brief description, the eligible loan amount, a mapping to the most relevant SBP project category and the most relevant SDGs, and links to public project documents including environmental and social review summary documents.

Key baseline and target social impact indicators are included at an aggregate level for all eligible projects in the list, subject to confidentiality approvals. IFC primarily utilizes sector specific outcome-level indicators from the [Harmonized Indicators for Private Sector Operations](#) – common indicators agreed upon by 26 international finance institutions – and incorporates additional indicators as needed based on the pool of social bond eligible projects. In addition to sector specific indicators, IFC also reports on the anticipated total number of beneficiaries reached on an aggregate basis.

Sector specific indicators may include but are not limited to number of:

- Farmers reached.
- Patients served.
- Students reached.
- Mobile customers reached.
- Power customers reached.
- Outstanding loans to women.
- Outstanding microfinance loans.
- Outstanding housing loans.

Impact indicators are tracked on a client-level basis, based on company-reported data, and are not pro-rated for the portion of IFC's contribution. If IFC has multiple social bond eligible projects with one client, indicators are only reported once to avoid double-counting.





Impact indicators are ex-ante estimates, developed before project implementation, of expected annual results for a representative year once a project is complete and operating at normal capacity. The impact of indirect investments, such as through financial intermediaries, are conservatively estimated based on the likely allocation of use of proceeds among the eligible project types. It is important to appreciate the limitations of data reported.

The main considerations to interpret results are:

**Scope of results:**

Reporting is based on ex-ante estimates at the time of project appraisal for direct project effects.

**Uncertainty:**

An important consideration in estimating impact indicators is that they are often based on multiple assumptions. Actual impact of projects may diverge from ex-ante projections.

**Comparability:**

Caution should be taken in comparing target populations, projects, sectors, or portfolios. Baselines (and base years) may vary, and sector and country context should be taken into consideration.

**Omissions:**

Projects may have impact across a much wider range of indicators than captured in the reporting and may have other important development impacts. Furthermore, there may be some projects for which the proposed key indicator is not applicable, or the data are not available.

# IFC Access to Information Policy

The Access to Information Policy is one of the key pieces of IFC's Sustainability Framework and articulates our commitment to transparency. We seek to provide accurate and timely information regarding our investment and advisory activities to clients, partners, and stakeholders, and we strive to disclose the relevant information pertaining to project, environmental, and social implications, as well as expected development impact prior to consideration by our Board of Directors. This commitment also applies to the impact reporting process of projects funded by IFC's Social Bond Program.

For each proposed [investment](#) or [advisory](#) services project, IFC discloses relevant project information, environmental and social information, and expected development impact on its [Project Information and Data Portal](#). Investments are disclosed prior to consideration by IFC's Board of Directors, and advisory projects are disclosed following project approval. Where available, IFC also discloses relevant Environmental and Social Impact Assessment documents prepared by or on behalf of the client.

## Contact Information

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[www.ifc.org/socialbonds](http://www.ifc.org/socialbonds)

## Disclaimer

The above examples of Eligible Projects are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by IFC during the term of the Notes. This summary has been prepared by IFC (International Finance Corporation) for information purposes only, and IFC or the World Bank Group make no representation, warranty, or assurance of any kind, expressed or implied, as to the accuracy or completeness of any of the information contained herein. This summary includes references to and information relating to IFC securities. Any such information is provided only for general informational purposes and does not constitute an offer to sell or a solicitation of an offer to buy any IFC securities. The securities mentioned herein may not be eligible for sale in certain jurisdictions or to certain persons.