

## SSA Spotlight: The RV in IDA, amidst MDBs

By Ethan Currie & Warren Lovely (with contributions from NBC's SSA trading desk)

Apologies in advance for the extensive use of acronyms, but... with the dawn of the International Development Association's (*IDA*, ticker *IDAWBG*) new fiscal year, the focus has shifted to IDA21 (21<sup>st</sup> capital replenishment) as a means of further assisting low-income countries. We use this *Market View* report to highlight IDA as a growing and well-sought participant in the broader Sovereign, Supranational, and Agency (*SSA*) bond universe. Investor interest has stepped up for several technical reasons, though the positive, global impact that the *IDA* has should continue to be considered. Among other issuers, particularly those associated with multilateral development banks (*MDBs*), a strong case is to be made for the relative value (*RV*) in IDA bonds, as a more liquid and diverse curve continues to build. That should cover the abbreviations...

The IDAWBG bond portfolio has continued to grow, providing investors with an opportunity to connect their fixed income investments to a sustainable purpose (Chart 1), as issuance tempo has picked up (Chart 2). As the borrowing program has matured, IDA issuance has hit a rhythm –that takes form in increasingly regular primary supply (Chart 3), among a collection of core currencies across the term structure (Chart 4). In fact, IDA recently debuted in the Swiss Franc, marking the sixth issuing currency in the organization's history. That follows some recent larger transactions in EUR and USD, which were also well-absorbed. To manage its short-term liquidity needs, IDA is active in the ECP market in USD, EUR, and GBP with maturities ranging from 1 week up to 1 year.

Our SSA trading desk notes that clients are increasingly looking at / seeking approval for IDAWBG trading, recognizing the credit quality, underlying sustainable initiatives of the name, and increasing relevance as an issuer. However, IDA bonds are still offered at a spread to other peers (notedly, other entities aligned with MDBs) given the relatively smaller size of their program (Chart 5). Notwithstanding relatively smaller deal size, on-the-run liquidity in the 5Y and 10Y tenors is considered quite strong. The newly issued USD 5Y (IDAWBG 4.00% 06/11/2030) has been a top performer in the \$SSA space, with good two-way trading involving activity from official money and treasury accounts.

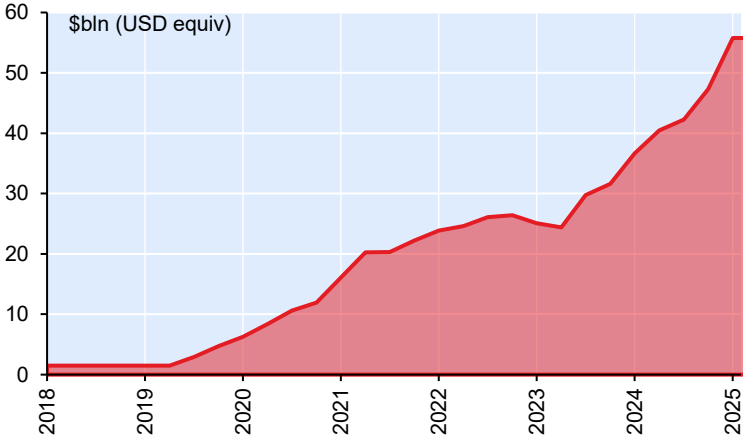
That increased liquidity in the term has been looked upon favourably by investors, as the 5Y basis to IBRD has tightened by 4bps since the deal (Chart 6) – a testament to available RV capture as the program continues to deepen across the curve. We'd note also that this value proposition can be applied relative to other SSA bond programs. IDA continues to grow its presence amongst comparable issuers, stepping up its relative size in recent years (Chart 7). Headline-driven uncertainty regarding the U.S.'s participation in MDBs has come down from its peak. That's thanks to [comments](#) from Scott Bessent (the Secretary of the Treasury) who clarified that "*America First* seeks to expand U.S. leadership in international institutions like [the World Bank]", as well as the bipartisan support for [new IDA contributions](#) and other IDA-related developments. As such, further evolution of the IDA curve is likely to be well-received by bond markets, as ample RV opportunity exists should future issuance reflect the strength demonstrated of late.

	International Development Association (IDA) - Issuer Profile		
Info	Ticker		IDAWBG
	Status		SSA
	Ownership		175 countries
Rating	S&P		AAA
	Moody's		Aaa
	Fitch		-
Debt / Borrowing	Amount Outstanding	USD\$bln (equiv)	55.64
	Weighted Avg Years to Maturity	Years	7.84
	Weighted Avg Coupon	%	2.56
	Due in 2025	USD\$bln (equiv)	2.00
	Number of Issues	#	34
	USD-Denominated Debt	% of Total	43.1

Note: As at 14-Jul-2025. Statistics via Bloomberg <DDIS>. For additional detail on select SSA / PSE / Provincial issuers, please see [NBC's SSA Fact Sheet](#).

Chart 1: Deeper and more liquid pool of IDA bonds...

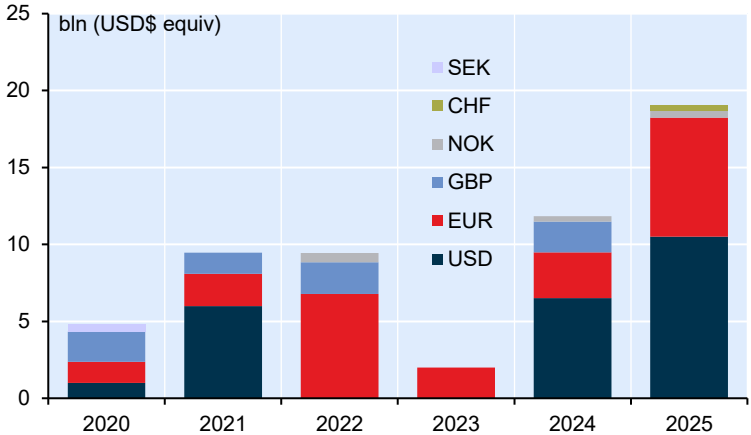
IDAWBG bond portfolio, total amount outstanding (USD equivalent)



Source: NBC, Bloomberg | Note: Current issuer bonds, as defined by Bloomberg

Chart 2: ... thanks to consistent primary issuance

IDAWBG issuance by fiscal year and currency

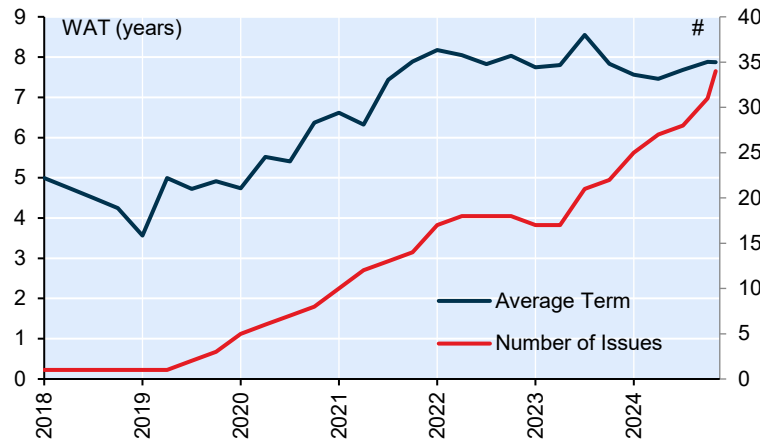


Source: NBC, Bloomberg | Note: Translated to USD equivalent via FX on deal date

Since 2018, IDA issuance has ramped up significantly. The bond program has more than doubled in size relative to where it stood just two years ago (2023: Q2 at \$25.1 bln USD equivalent). Primary issuance has not just become more consistent, it's become more diverse, as IDAWBG has now borrowed in six core currencies (more on this below).

**Chart 3: IDA issuance hits a rhythm across term structure...**

IDAWBG weighted average term (WAT, LHS) vs number of issues (RHS)

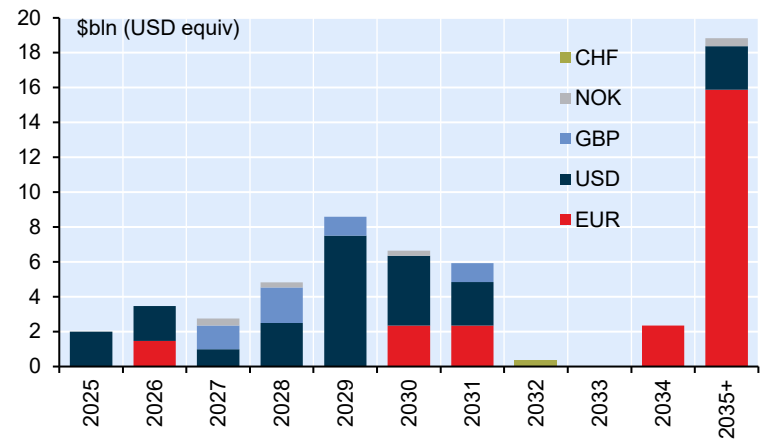


Source: NBC, Bloomberg | Note: Current issuer bonds

IDA has become an increasingly regular issuer, building a well-developed curve across the term structure in a group of core currencies. Recent, larger issues in USD and EUR have been well-received by the market. IDA's inaugural CHF deal last month was also a success, marking the sixth currency of issue (7Y tenor, settlement on 15-July).

**Chart 4: ... showcased by a range of maturities & currencies**

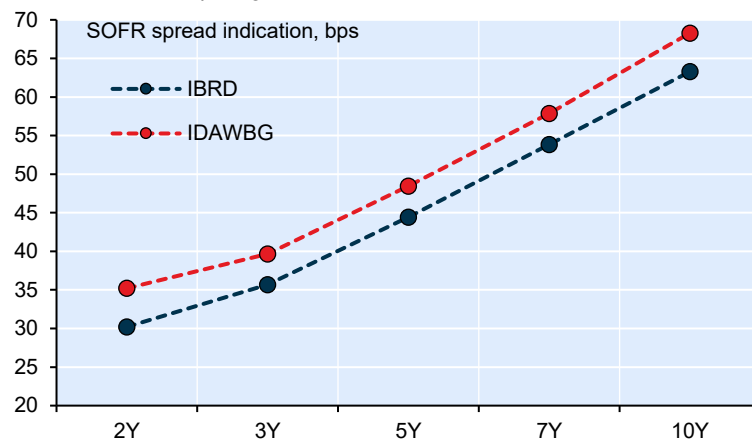
IDAWBG debt distribution by maturity year, currency denomination



Source: NBC, Bloomberg | Note: Current issuer bonds, principal only in USD equivalent amount

**Chart 5: IDA bond pricing offers incremental value vs peers**

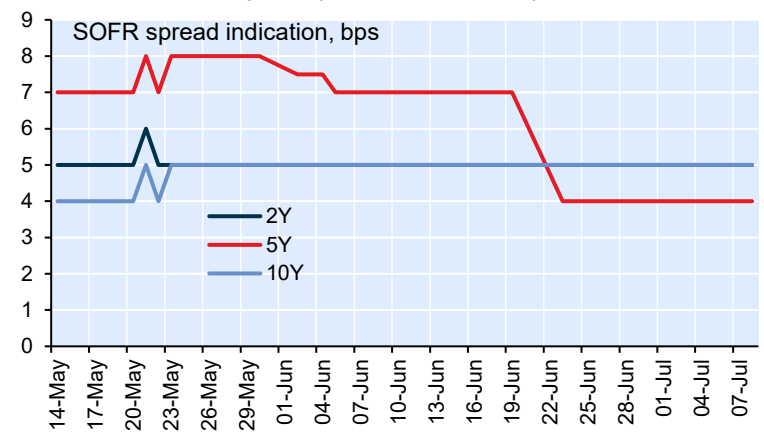
NBC indicative USD pricing vs. SOFR – IDAWBG, IBRD



Source: NBC | Note: Indicative NI spreads as at 08-Jul-2025

**Chart 6: IDA fresh supply well-received, recent MVP in \$SSA**

IDAWBG – IBRD basis, by tenor (NI indication vs. SOFR)

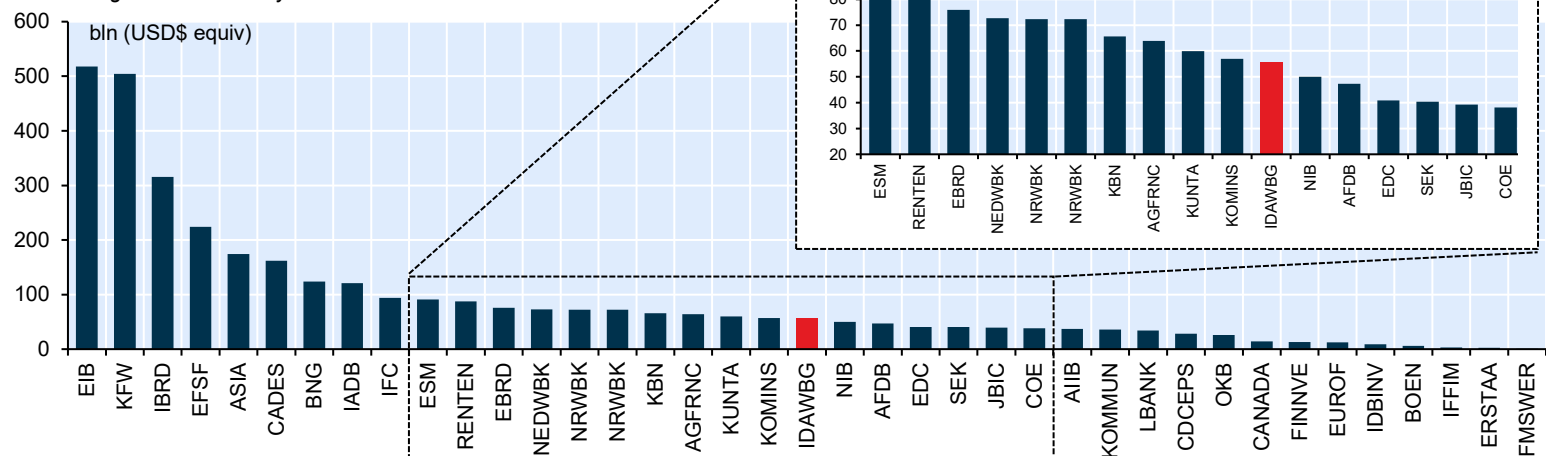


Source: NBC | Note: Indicative NI spreads as at 08-Jul-2025

As noted by our SSA traders, bond investors recognize the credit quality of IDA issuance but consider them at a spread to IBRD and other MDBs given the relatively smaller size of the program. Recent performance of IDAWBG in the 5Y sector (on the back of a fresh USD 5Y deal) is a testament to the relative value in the name, with additional issuance likely to bolster liquidity.

**Chart 7: IDA an increasingly prominent issuer in SSA space**

Outstanding bond amounts by select SSA issuers



Source: NBC, Bloomberg | Note: As at 08-Jul-2025; non-USD securities converted to USD at prevailing FX rate

IDA's relevance within the broader SSA universe has grown. Of the select pool of issuers above, IDA's bond program size ranks in the middle – in fact, that's moved up by eight spots since October 2023. IDA's funding tempo has also picked up, as FY '25 USD issuance alone almost accounted for as much as FY '24 total issuance. We see supply in this regard as favourable to RV and liquidity.



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