



# WINNER'S WORDS: KANGAROO MARKET ACHIEVEMENT AWARD

During this year, *KangaNews* is speaking to winners of the individual categories of the KangaNews Awards 2016. Here, **Andrea Dore**, Washington-based lead financial officer and head of funding at **World Bank**, discusses the institutional evolution and personal drive that saw her nominated for the Kangaroo Market Achievement Award.

**W**orld Bank has issued A\$18.8 billion (US\$14.2 billion) of Kangaroo bonds, and you personally have been coming to Australia for a decade as the total has built from A\$500 million in 2006. What are your main impressions of the Australian market?

It is hard to believe that a decade has passed since World Bank returned to the Australian domestic market. I vividly remember visiting Australian domestic investors for the first time working on our return [in 2006]. While World Bank had been an active issuer in the Australian dollar Eurobond market and offshore investors were very familiar with the credit, the Australian domestic investor base was far less familiar.

Now fast forward 10 years and my impression is that domestic Australian investors' perception of World Bank bonds and World Bank credit matches that of other international investors.

On average, domestic Australian investors usually ask more questions and get into more detail about our strategy, credit and how international events affect us and other issuers. But they are also clear on expectations. A high level of transparency from domestic investors is a good thing because it helps us validate our strategy and respond better to investors' needs when we know clearly what investors are thinking.

I have also seen an evolution in the types of questions, as the focus now is more on World Bank strategy and funding plans and less on World Bank's credit. In fact, in many Australian investor meetings there is simply an acknowledgement of World Bank's strong credit.

Additionally, the growth of the Kangaroo market over this period, including diversity and breadth of investors, has been enormous. When I worked on our first Kangaroo bond in 2006 there was only a handful of investors in the book, and at the time the success of any Kangaroo bond was predicated on the participation of a few investors. But since our return we have seen at least 100 unique investors participating in our Kangaroo bonds.

■ **Having been involved in the evolution of World Bank's funding strategy from a relatively small global issuer to one that plans to issue US\$50-60 billion this financial year, can you give some colour on the role of the Kangaroo market?**

When I joined the funding team of the bank more than 12 years ago our funding programme averaged US\$10-15 billion. Last year we raised US\$63 billion. I have also seen similar growth in our Australian dollar bond programme.

Given the significant increase in the size of our funding programme,

Australian dollars as a percentage of our total has declined but the absolute dollar volume of issuance has increased.

We have taken a strategic approach to the Australian dollar market and have benefited from our consistent strategy. The Australian dollar has been a prominent currency in our mix since we issued our first Australian Eurobond in 1986.

■ **World Bank is one of the most sought-after clients in the high-grade world, due to its prestige and funding task. How do you manage your relationships with intermediaries?**

We have an extensive network of intermediaries in multiple markets and currencies. Having a diverse group of intermediaries that can support the market is critical for sustainability.

Our goal is to be fair to our intermediaries. However, fair does not mean rewarding each intermediary equally. In this case it means using the same criteria to assess intermediaries' performance and rewarding them accordingly. It is important though that we make these criteria transparent to all intermediaries.

■ **One of the reasons the Kangaroo market has matured so well in the last decade is the fact that there has been a diverse range of investors involved – as one investor sector's appetite has**

**waned, another has waxed. What does this mean for investor relations?**

The diverse range of investors on its own is not unique to the Australian market. What is unique is its diversity in the context of its size. We have been involved in many markets of comparable size to the Australian market but others do not have the diversity of investors that we have seen in many of our Kangaroo order books. So despite being relatively small, the Australian bond market shares many of the characteristics that we see in other larger markets.

Does marketing to all the different investor groups make it more difficult for us? The answer is no. I believe it makes our job more interesting. We learn from investors globally and we can also share with investors what we learn from other markets. The ability to leverage the knowledge we gain across a diverse group of investors helps both us and our investors.

■ **World Bank has so far refrained from issuing small taps. What is your strategy in this regard?**

That's certainly correct. Secondary performance of our bonds is important for us because we know it is important to investors, and we have an investor-driven approach.

We target more sizeable, primarily public, bond issuances and for this reason we tend to be in the Kangaroo market less frequently than some of our peers. From the feedback received on my recent trip to Australia it is clear that many investors appreciate this approach.

Even so, we understand it may not always be possible to achieve large deal sizes in Australia, particularly in longer maturities where there is not a lot of market depth.

■ **Is liquidity simply a matter of creating sufficient volume in World Bank's bond lines?**

We see liquidity as the ability for investors to sell bonds when they want to, at a reasonable price, regardless of market conditions. Some investors use issue size as a barometer to assess liquidity.

For instance, I know of investors who will only invest in a bond when the outstanding amount reaches A\$1 billion (US\$758.4 million). So, whenever possible we try to build up lines to at least this level instead of establishing a new line in the same maturity.

We also engage many dealers in our bond syndicate and as part of this contract we expect them to provide investors a bid when they need to sell their bonds.

Additionally, we provide liquidity in our bonds via our longstanding buyback facility. We buy back on average US\$1-2 billion dollars of our bonds across many currencies annually. Even during the peak of the financial crisis in 2009, we bought back about US\$3 billion equivalent of our bonds. We were pleased to be able to provide this backstop liquidity.

■ **There have been a lot of changes at World Bank over the last year or so – including the appointment of a new CFO, treasurer and director of capital markets. How have these new arrivals**

**affected the way the supranational operates?**

The impact has varied. What I like is that all the newcomers bring fresh perspectives. It provides an opportunity for us to take a fresh look at our strategy and ensure it aligns with our mandate. The world is constantly changing and our ability to respond to development challenges cannot be static. Despite all the changes we have to continue to fund the World Bank to meet our development mandate.

■ **What is the question you are most asked by investors globally?**

Recently, investors seem to be very interested in use of proceeds. They are interested in social, environmental and governance issues, and want to understand what the positive social impact of their investment will be. This is a change from the purely financial-return questions I used to get.

■ **People often talk about your own crazy work hours – saying you're awake at all times of the day and night to ensure your deals are done successfully. You also have a punishing travel schedule, it seems. Can you talk about this – and explain why it is so crucial to your work?**

When I first joined the World Bank funding team my responsibilities included covering the Japanese and subsequently the Australian and New Zealand markets. Being stationed in Washington, I thought it was important not only to connect with our coverage people out of New York and London but also with the teams who were in these markets. This allowed me to respond quicker and take advantage of

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opportunities that may come up in other time zones.

Over the years, although my portfolio has significantly increased I have kept some of those same crazy hours. I must admit that I am a very competitive person so my working hours may also be driven by this. I always want to succeed and will go the extra mile if needed to get a successful trade done. This level of determination has been instilled in me from a very young age by my dear mom, and from my years as an athlete participating in competitive track and field events for my country, St. Lucia. •