



WEBINAR: Gender Bonds - a technical webinar

17 February

Agenda

| Welcome - Mary Njuguna, FSD Africa

| Technical Aspects of issuing a gender bond

Gaia De Battista, Lion's Head Global Partners

Robyn Oates, UN Women

Evan Bruner, Sustainalytics

| Reflections on the presentation

Suzanne Biegel, Catalyst at Large

| Q&A



Panelists



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Gender Bonds Technical Workshop

Presented by: Gaia De Battista, Lion's Head Global Partners



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- 02 Different Bond Structures
- 03 Sidebar on Sovereign Bonds
- 04 Uses of Proceeds
- 05 The Issuance Process
- 06 Experience from the Field: Sustainalytics
- 07 Gender Bonds: Next Steps



1 Recap: What is a Gender Bond?

Gender Bond:

- The proceeds of the issuance are used “in line” with gender equality and women’s empowerment goals;
- The Bond results in a benefit for women;
- However, unlike *Green and Social bonds*, there is no universally accepted definition
- Most bonds issued to date are “use of proceeds” bonds and aligned with the Social Bond Principles
- Senior Unsecured, Securitisation, Covered Bond - all possible

FINANCIALS MARCH 17, 2017 / 12:28 AM / UPDATED 3 YEARS AGO

National Australia Bank sells rare A\$500 million gender equality bond

IDB Invest and Banistmo announce first gender bond in Latin America



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Bloomberg

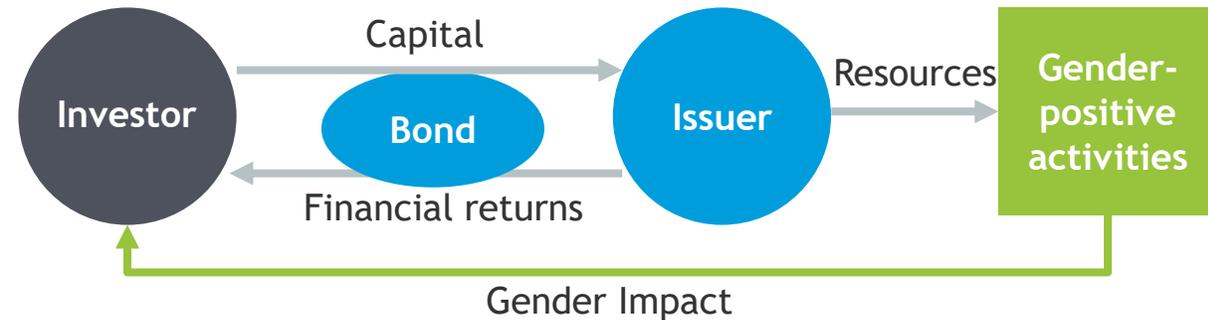
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Business

CIBC's Gender Bond Paves Way for More Socially Responsible Debt

By [Maciej Onoszko](#)

September 13, 2018, 5:00 AM EDT



2 Different Bond Types

- 1 Use of Proceeds Bonds:**

 - Most familiar structure: proceeds from the Bond must be allocated to eligible activities only
 - *When to use:* if have specific projects or activities that are aligned with gender equality
 - *When to buy:* if want to support specific gender-related activities

- 2 KPI-Linked Bonds: e.g. SDG 5 linked Bond**

 - Newer type of bond: label linked to achieving specific targets, no restriction on use of proceeds
 - Has been used in the environmental space: Sustainability-linked bonds, SDG-linked bonds
 - Use of proceeds not restricted, but can include “punishment” for missed targets
 - *When to use:* if implementing business or policy change
 - *When to buy:* to support changes in behaviour /strategy / business model

- 3 Corporate Behaviour Bond**

 - Specific to Gender: proceeds used to lend to companies which perform well on gender policy and action (internal actions), use of proceeds by ultimate borrowers unrestricted
 - Similar to ESG “screening” in that it “rewards” companies who behave well
 - *When to use:* if have a large corporate loan portfolio and want to encourage good gender practices
 - *When to buy:* if looking to “reward” good gender practices

Hybrid UoP & KPI-linked bond



Use of Proceeds:

- growth of women-led SME loan portfolio
- Social housing

KPIs:

Bonus if W-SME portfolio grows by at least 7% in next 5 years



3.1 Sovereign Gender Bonds

A Sovereign Gender Bond issuance can provide a strong signal of the country's commitment to an equal and inclusive society, attract new investors, and mobilize private capital towards sustainable development.

Gender parity and increased GDP

- One of the largest boosters of GDP with the potential to increase global GDP by \$13trillion in 2030¹

Government spending on gender is highly variable

- Issuance of a Sovereign Gender Bond secures financing for eligible programmes, budgets and expenditures which are underpinned by Governments National Gender Action plan
- Enhance budget stability, accountability and transparency

Why now?

- Global public debt expected to reach 101.5% in 2021², need for greater clarity over Sovereign Debt accumulation and sustainability
- Increasing demand for thematic bonds, issuance of a Sovereign Gender Bond has the potential to for a country to positively distinguishing itself as a market leader and access a more diverse pool of investors.

3.2 Two Sovereign Gender Bond Structures

The Gender element must be built into the bond framework in a concrete manner, either through direct budget and expenditure or through commitments to achieve specific targets

Option 1: “Use of Proceeds” Bond

Budget and Expenditure is directly allocated to eligible activities

- Identify programmes and budget expenditure which aligns with gender equality and women’s empowerment - E.g:
 - Finance the purchase of land, where land will be allocated to women farmers
 - Finance the construction of relevant health care facilities and services,
 - Underwriting loans for women entrepreneur’s
- Exclusivity of Use

Option 2: “Outcomes -Based “ Bond

Commitments are made to reach specific targets, by a specific date via specific policies and initiatives

- Identify key policies and initiatives which lead to greater gender equality and inclusion
- Identify the desired outcomes of these policies and associated KPIs:
 - E.g. % increase in value of public procurement contracts held by women (% vs base)
 - Or Reduction in violence against women (% vs base)
- Aligned to Policy actions
- Proceeds of the bond can be used for general government expenditure

4.1 Uses of Proceeds: the guidance available

Different ways of defining what is eligible for inclusion in a Gender Bond today



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Social Bond Principles:



“Social Projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s)”

Eligible activities:

- Socioeconomic advancement and empowerment
- Access to essential services

Target population:

“8. Women and/or sexual and gender minorities”

Key point: there has to be an existing social issue or disadvantage

2x Challenge Criteria:



	Criteria	Threshold
Direct Criteria	1 Entrepreneurship	1A. Share of women ownership 51%
		OR
	2 Leadership	1B. Business founded by a woman Yes/No
		OR
3 Employment	2A. Share of women in senior management ¹ 20-30% ²	OR
		2B. Share of women on the Board or IC ¹ 30%
	3B. One “quality” indicator beyond compliance Yes/No	OR
		3A. Share of women in the workforce ¹ 30-50% ²
4 Consumption	AND	
	4. Product or service specifically or disproportionately benefit women Yes/No	
Indirect	5 Investments through Financial Intermediaries ³	OR
		On-Lending facilities: Percent of the DFI loan proceeds supporting businesses that meet direct criteria ¹ 30%
	Funds: Percent of portfolio companies that meet the direct criteria ¹ 30%	

4.2 Uses of Proceeds: To date

Uses of proceeds range from base of the pyramid to corporate boardrooms: **both** are relevant to gender equality.



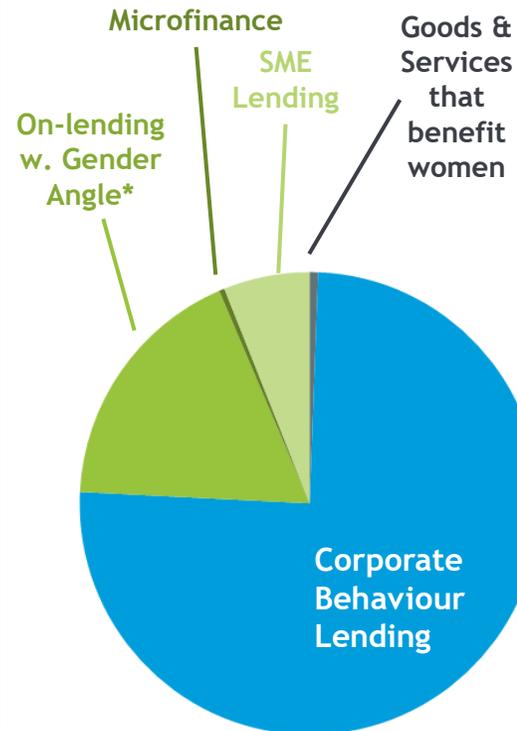
Corporate behaviour bonds

Geography: to date issued in the Global North

Goal: Equality and opportunity in the workplace

Use of proceeds:

- Loans to companies that meet specific gender equality targets
- Not restricted for use on a specific activity
- Often lean on existing principles and ratings to select companies for investment



*Including on-lending to microfinance institutions, and SME lending to women-owned SMEs



Financial Inclusion

Geography: Mostly emerging and frontier markets

Goal: Closing the financing gap for women, women-owned businesses and female entrepreneurs

Use of proceeds:

- Financing or refinancing of loans to women-owned SMEs and to female entrepreneurs;
- Financing or refinancing of loans to Microfinance institutions with gender aligned products

4.3 Uses of Proceeds: In the future

There are many other potential uses of proceeds, or KPIs:

Eligible Activity	Use of Proceeds	SDG 5 linked	Otherwise under-served or disadvantaged population
Women in the supply chain: <ul style="list-style-type: none"> - Improving number of women suppliers - Improving conditions for women in the supply chain 	✓	✓	✓
Women-focused services: e.g. <ul style="list-style-type: none"> - affordable maternal health clinics - safe transport to and from places of work - affordable creche service within place of work 	✓	✓	✓
Women-focused products: e.g. <ul style="list-style-type: none"> - affordable menstrual health products - Access to water and sanitation in low income settings 	✓	✓	✓

4.4 Uses of Proceeds: The Gender-Climate Nexus

Gender and Climate issues are linked - addressing them together can multiply impact

Issues

- Increasing evidence of the nexus between climate change and gender
- Example in developing markets:
 - Women are the majority of subsistence farmers, worst hit by climate change and least able to address it
 - Women disproportionately affected by water scarcity
 - Women disproportionately employed in fast fashion industry
- Women less represented in climate change solution design

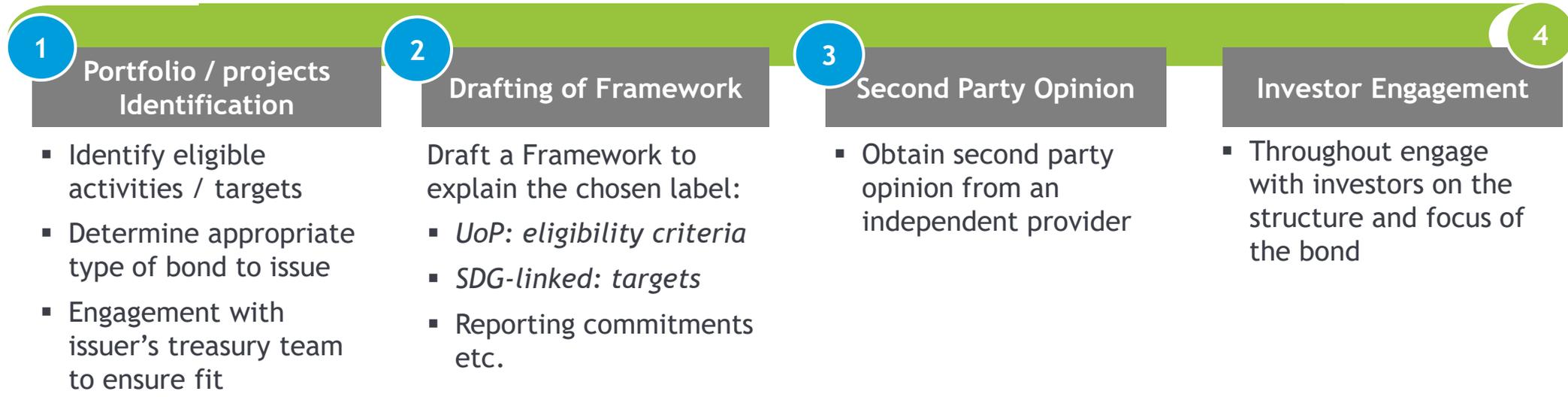
Opportunity

- As sustainable and climate finance grows: include gender considerations in these instruments

Impact

- Ensures adaptation and mitigation mechanisms are inclusive - e.g. insurance, water access
- Ensures that women share in benefit of transition to a sustainable economy - e.g. education, employment, fair wages and working conditions
- More female participation: greater opportunity for innovation and solutions to climate change - currently excluding a large amount of brains!

5 Issuing a Gender Bond Today



ECOSYSTEM



6 Experience from the field: Sustainalytics

Sustainalytics' Experience:

- QBE Insurance Group
 - Unique structure for allocation, not a typical Use of Proceeds framework structure
- Not extremely well received by the market
- We continue to see some market demand, but there is little movement and a lack of leadership

Challenges:

- There is a lack of “Gender Bond Principles” - which are currently viewed as a sub-category to Social Bond Principles (e.g. Blue Bonds)
- Difficulty to substantiate the impact - lack of well defined indicators
- General ambiguity around the concept of a “Gender Bond”
 - Associated with empowerment of women / women equality, but there is little understood outside of providing access to financing for women owned enterprises and businesses

Opportunities:

- Gender equality has the opportunity to be a significant resources in terms of human capacity for combatting climate issues
- By focusing on gender-specific issues through bonds, more awareness is created and market momentum can be created
- The sustainable finance community (institutions, investors, and companies) are all proponents of movement in this sector
- Far more opportunities to finance gender equality and empowerment outside of SME and micro-financing

7 Next Steps for Gender Bonds

There is huge potential for impact through Gender Bonds, additional clarity on what these instruments are could be a key driver of uptake

The Potential:

- The Gender Bond market is currently a very small sub-set of the labelled debt market
- However gender inequality remains a key issue to address across economies and business models
- **Gender Bonds could be a key instrument in tackling this inequality**

The Practicalities:

- Gender-inclusion and impact not as widely understood or intuitive
- The potential benefits and returns equally not as intuitive
- More specific guidance on what qualifies as a “Gender Bond” might be necessary to help issuers and investors
- FSD Africa and UN Women are keen to explore opportunities to work with other partners to support development of gender bond guidelines

The Extra Benefit:

- Gender and climate issues are closely related
- Gender equality could benefit from a gender lens being applied by sustainable finance products
- ...and the climate can benefit from women being more actively included in the economy

Thank you

- Reflections
- Q&A



Reflections

- *Developing gender bonds standards:*
 - Do you think that the Social Bond Principles, SDG5 or 2X criteria, provide a good basis for the development of gender bonds standards?

- *Use of proceeds:*
 - What other criteria for monitoring use of proceeds would you propose for gender bonds?
 - What gender empowerment activities are you working on that would qualify for a gender bond issuance?

- *Climate and Gender:*
 - Are you working on transactions to address climate change while at the same time applying a gender lens?

- **What do you think is the fastest route to grow gender bond issuances?**