GENDER BONDS

A TOOLKIT FOR THE DESIGN AND ISSUANCE OF GENDER BONDS IN AFRICA

PREPARED BY:
Parallelle FINANCE

FSD Africa

Established in 2012 and supported by UK aid, FSD Africa is a specialist development agency working to build and strengthen financial markets across sub-Saharan Africa. It works to reduce poverty through a 'market systems development' approach, which means it aims to address the structural, underlying causes of poverty by improving how financial market systems function.

FSD Africa believes that investing in building a financial system that is transparent, stable and accessible creates the conditions for a fair and sustainable future, where inequality is reduced and corruption is tackled, and where individuals, businesses and governments alike are able to prepare for future challenges, from climate change to political instability.

From FSD Africa's headquarters in Nairobi, its team of financial sector experts work alongside governments, business leaders, regulators and policy makers to design and build ambitious programmes that make financial markets work better for everyone. Depending on the project, FSD Africa can provide a combination of grants, investment capital, market insights and technical assistance to ensure it achieves its objectives.

FSD Africa's work focuses on where the need is greatest, and where it believes the potential for impact is the most significant. It has a specific mandate to invest in breakthrough, innovative ideas that can have a transformative impact. By sharing risk with its partners, FSD Africa is able to address more difficult, persistent, or higher-risk challenges, in more unstable or fragile geographies, than traditional development finance organisations.

FSD Network Gender Collaborative Programme (FSD Network Gender CoPro)

The FSD Network Gender Collaborative Programme aims to incorporate gender into the operations of Financial Sector Deepening (FSD) entities in the African region, and strengthen their capacity to produce systemic gender impacts. In addition, it is enhancing the gender knowledge and implementation skills of important market actors, such as service providers and policy makers, in order to sustain systemic change. Together with partners, the programme is striving to remove the policy, regulatory, infrastructure, service delivery and norms-related challenges that impede women from fully benefiting from the expansion of financial access in their respective countries. The FSD Network Gender CoPro is funded by the Bill & Melinda Gates Foundation.

The FSD Network is a family of Financial Sector Deepening programmes seeking to build diverse and inclusive financial systems across Africa that enhance financial resilience and sustainable livelihoods for all in order to enable inclusive growth.

British International Investment (BII)

BII is the UK's development finance institution and impact investor with a mission to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation. BII invests to create more productive, sustainable and inclusive economies in Africa, Asia and the Caribbean, enabling people in those countries to build better lives for themselves and their communities. Gender and diversity is a key area of focus for BII's approach to inclusive investing, with a commitment to mobilise more capital to intentionally support women and girls.

UN Women

UN Women is the UN organisation dedicated to gender equality and the empowerment of women. A global champion for women and girls, UN Women was established to accelerate progress on meeting their needs worldwide.

UN Women supports UN Member States as they set global standards for achieving gender equality. It works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.

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Parallelle Finance provides research, analysis and data on ESG investing, with a primary focus on gender lens investing. Parallelle publishes in-depth quarterly reports on women in the global economy and gender-focused investments. The Parallelle team has been published and quoted widely in the financial press on diversity-centred investing, the women's economy and women in asset management. The firm also offers an analysis tool for scoring public and private investment portfolios with a gender equality lens. Parallelle consults on gender lens investing and offers training sessions to financial services audiences on investing for equality. The firm also provides investment and transaction advisory services.

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ABBREVIATIONS

Terms and organisations

ADB	Asian Development Bank
AfDB	African Development Bank
ASEA	African Securities Exchanges Association
AUM	Assets under management
BII	British International Investment
BRD	Development Bank of Rwanda
CBI	Climate Bonds Initiative
DEI	Diversity, equity and inclusion
DFC	US International Development Finance Corporation
DFI	Development finance institution
EDGE	Economic Dividends for Gender Equality
ESG	Environmental, social, governance
GBG	Gender bond group
GBPs	Green Bond Principles
GBV	Gender-based violence
GLI	Gender lens investing
GSSS	Green, Social, Sustainable, and Sustainability-linked
ICMA	International Capital Market Association
IFC	International Finance Corporation
IIX	Impact Investment Exchange
KPI	Key performance indicator
MDB	Multilateral development bank
MFI	Microfinance institution
MSME	Micro, small or medium-sized enterprise
OBI	Orange Bond Initiative
OBPs	Orange Bond Principles
SBGs	Sustainability Bond Guidelines
SBPs	Social Bond Principles
SDG	Sustainable Development Goal
SGX	Singapore Stock Exchange
SLB	Sustainability-linked bond
SLBPs	Sustainability-linked Bond Principles
SME	Small or medium-sized enterprise
SPO	Second-party opinion
SPT	Sustainability performance target
UoP	Use of proceeds
We-Fi	Women Entrepreneurs Finance Initiative
WEPs	Women's Empowerment Principles
WLB	Women's Livelihood Bond
WMSME	Women-owned MSME
WSME	Women-owned SME

Currencies

ARS	Argentine peso
BRL	Brazilian real
CAD	Canadian dollar
EUR	Euro
GBP	British pound
GEL	Georgian lari
INR	Indian rupee
JPY	Japanese yen
KGS	Kyrgyzstani som
KZT	Kazakhstan tenge
MAD	Moroccan dirham
MXN	Mexican peso
NOK	Norwegian kroner
PHP	Philippine peso
PKR	Pakistan rupee
RWF	Rwandan franc
SEK	Swedish kronor
TZS	Tanzanian shilling
USD	United States dollar
ZAR	South African rand

FOREWORD

Despite significant progress, the world remains far from achieving gender equality – sobering statistics remind us that if current trends continue, more than 340 million women and girls globally will still live in extreme poverty by 2030. Most of these women (220.9 million) will live in sub-Saharan Africa.

Creative and transformative financing vehicles are needed to change this picture, to advance the economic empowerment of women and girls and close persistent gender gaps in health care, education, technology and political representation, among other areas. Gender bonds pose a promising addition to the range of tools available to capital providers in this effort.

Like other sustainable bonds designed to achieve development impact, such as Green or Social bonds, Gender bonds are a mechanism to channel financing into projects focused on reducing gender inequalities and promoting women's empowerment. They can help both corporate and sovereign issuers – where debt conditions allow – to prioritise allocation of capital to gender equality objectives, enhance spending transparency and accountability and attract the growing number of investors that are adopting gender-lens investing strategies.

While the number of Gender bonds globally has risen over the last decade, African markets represent the lowest rates of issuance within the global marketplace. But this is rapidly changing. In the last three years, Gender bonds have been issued for the first time in Morocco, Rwanda, South Africa and Tanzania.

The nascent state of Gender bonds combined with the growth of African capital markets points to the need for concrete guidance for issuers. This Gender Bond Toolkit serves to address that gap by providing an overview of the Gender bond issuance process, with the aim of promoting the issuance of more Gender bonds across Africa. We hope that by doing so, further capital can be mobilised to address gender inequities and foster economic growth.

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INTRODUCTION

At the current rate of progress, global gender gaps will take 131 years to close, with economic gaps requiring 169 years.[1] In directing funding toward the narrowing of overlapping global gender gaps, private and public gender bond issuers and investors have opportunities to raise gender equality and support women's empowerment in the global economy.

GLOBAL AND AFRICAN GENDER GAPS IN FINANCIAL INCLUSION AND FUNDING

WOMEN AND INCLUSION IN THE FORMAL FINANCIAL SYSTEM

USD700 BILLION

The global gender gap – and opportunity – in financial services for women: USD700 billion[2]

Financial account ownership:[3]

Global	Developing countries
76%	71%

African women and financial accounts: deep gender divide[4]

	Women (ages 15+)	Men (ages 15+)
SSA	36.9%	48.4%
MENA	38%	56.8%

FUNDING GAPS FOR WOMEN-OWNED BUSINESSES:

Funding gaps: micro, small and medium enterprises:

Funding gap for women-owned MSMEs (WMSMEs) needing credit: **USD1.4–1.7 trillion[5]**

Pre-pandemic **unmet financing needs** for MSMEs, 128 developing economies: **$5.2 trillion[6]**

18% Women's % of WMSME **loan funding**[7]

31% Women in Africa have a **high interest level** in entrepreneurship[8]

Pre-pandemic funding gap for **African women entrepreneurs** **$42 billion[9]**

Gender gaps in bank lending

Globally, women's loan size averages 58% of men's.[10]

58%

SSA bank lending to women: **UNDER[11] 30%**

Despite these gaps... Women borrowers represent an attractive business model: Global women-owned SMEs' 2022 non-performing loan (NPL) ratio was 3.6%; overall SMEs' NPL ratio was 4.7%. This was consistent with the previous five years.[12] Indeed, in 2023 banks in sub-Saharan Africa (SSA) reported 53% lower NPL for women borrowers.[13]

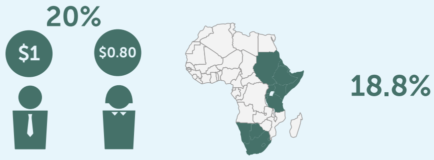
FINANCIAL INCLUSION AND FUNDING GAPS ARE PART OF WIDER ECONOMIC GENDER GAPS

GENDER GAPS IN LABOUR FORCE PARTICIPATION RATES (LFPR) PERSIST GLOBALLY AND REGIONALLY.

UNPAID CARE WORK HAMPERS WOMEN'S LFPR

In Africa, women spent **3.4x more time** on unpaid care work than men **before** the COVID-19 **pandemic**.[16] Globally, **during** the **pandemic** women were burdened with **29% more** unpaid childcare work than men – while also facing **higher job losses**.[17]

Globally, women face an unadjusted pay gap of 20%.[18] In East and Southern Africa, the pre-pandemic unadjusted gender pay gap stood at 18.8%.[19]



Definition: Unadjusted pay gap: Median gap in men's and women's pay. An unadjusted pay gap indicates overrepresentation of women in lower-paying jobs.

THESE ECONOMIC GAPS ARE ONLY ONE LAYER OF OVERLAPPING DIVIDES IN WIDER AREAS OF PUBLIC LIFE

PUBLIC OFFICE

Women hold 27.1% of national parliament positions in SSA and only 16.4% in MENA (Middle East and North Africa).[20]

27.1% SSA
16.4% MENA

EDUCATION

Adult literacy for women ages 15+ lags the global rate of 83%: SSA 61%, MENA 73%.[21]

83% GLOBAL
61% SSA
73% MENA

SAFETY

By age 19, **1 in 4 young women in SSA**, and **1 in 5 in MENA**, have reported experiencing physical or sexual abuse by a current or former partner.[22]

SSA
MENA

OVERVIEW

This Toolkit is intended as a resource for Gender bond issuers and investors. For public and private issuers in Africa seeking to direct capital toward social outcomes, including gender equality and women's empowerment, the Toolkit outlines the process for a Gender bond issuance. The core parts of the process are aligned with several of the International Capital Market Association (ICMA) sustainable bond principles and other emerging guidelines. For investors seeking to participate in gender-focused investing in African capital markets, the Toolkit provides definitions and processes which aid in the assessment of Gender bond issuances. Within this Toolkit, issuers, investors and other stakeholders will find the following information:

1. Definitions, including ICMA sustainable bond principles, gender lens investing and Gender bonds.

2. Case studies of Gender bonds and issuer frameworks issued through 2023, including in African markets.

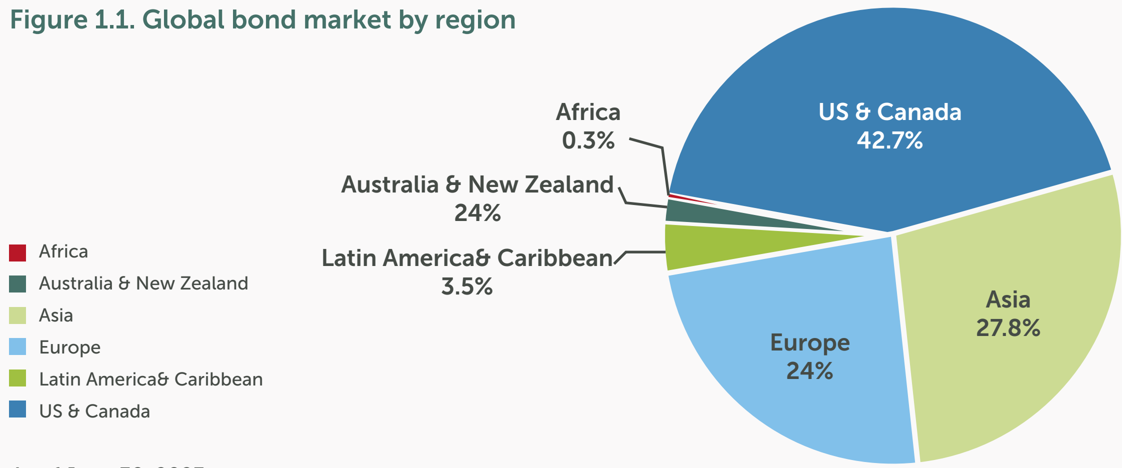
3. Reference charts outlining the processes for Gender bond issuances and how these fit within the ICMA processes, including pre- and post-issuance steps.

4. Discussions of each main step in the issuance process.

1 DEFINITIONS, STANDARDS AND MARKET OVERVIEW

A bond is a fixed income investment vehicle: a loan made by an investor to a borrower, with a fixed or variable periodic interest rate and a date on which the loan principal is due. Bonds are issued by borrowers in private placement or public offering transactions and traded in over-the-counter markets or via listing on public markets exchanges. These instruments are regulated by securities and capital markets regulators. Bond markets comprise the largest segment of global capital markets. The global bond market totalled USD135 trillion at midyear 2023.[1]

Figure 1.1. Global bond market by region



As of June 30, 2023
Source: Bank for International Settlements

SUSTAINABLE (GSSS) BONDS

Sustainable bonds are a growing segment of the global bond market. Issuers of sustainable bonds seek to achieve social and environmental impact in addition to financial returns. Under the International Capital Market Association (ICMA) principles, there are four categories of sustainable bonds: Green, Social, Sustainability, and Sustainability-linked bonds, also known collectively as GSSS bonds.[2] While issuer adherence to the ICMA principles is voluntary, they have become the leading global standards for sustainable bond issuances. Issuers have modelled their own bond frameworks on the ICMA principles and guidelines.

There are two types of Gender bonds under the ICMA principles. Use-of-proceeds (UoP) bonds direct the bond proceeds toward the economic activities of identified investees. Performance-based bonds are issuances with terms linked to issuer performance or targets.

The first three ICMA categories are UoP bonds. **Green** bonds provide financing for new or existing projects with positive environmental outcomes. **Social** bonds provide financing for new or current projects with positive social outcomes. For Green and Social bonds, ICMA publishes qualifying project categories and pre-issuance checklists, in addition to project mapping for Green bonds. The relevant guidelines are the Green Bond Principles (GBPs) and the Social Bond Principles (SBPs).

Sustainability bonds provide financing for projects with a combination of positive social and environmental outcomes. ICMA publishes the Sustainability Bond Guidelines (SBGs) for this category.

The last one is **Sustainability-linked** Bonds (SLBs), a type of performance-based bond. These are issues where the terms incentivise the issuer to meet environmental, climate and/or social objectives. Issuer objectives in a performance-based bond are key performance indicators (KPIs), and sustainability performance targets (SPTs) are calibrated to meet each KPI. ICMA publishes the Sustainability-linked Bond Principles (SLBPs) and an illustrative registry of KPIs for issuer reference.

For information about the size and growth of the GSSS bond market, see Appendix A.

Definitions: Sustainable Bond Frameworks and Guidelines

- ICMA principles: Global guidelines/standards (see throughout)
- Issuer bond/financing frameworks: Published by sovereign and private issuers; recommended ICMA component (see Chapter 4, Appendix B)
- Capital markets frameworks/rules: Guidelines, listing rules by capital markets regulators and exchanges (see Appendix C)

INTRODUCTION TO GENDER BONDS

According to the Global Impact Investing Network (GIIN), "Gender Lens Investing (GLI) is a strategy or approach to investing that takes into consideration gender-based factors across the investment process to advance gender equality and better inform investment decisions."[3] As the market for sustainable bonds develops, Gender bonds comprise a growing GLI asset class. Over the past decade, Gender bonds have been issued in a range of currencies and markets by multilateral development banks (MDBs), development finance institutions (DFIs) and private financial institutions in both developed and developing markets, including microfinance institutions (MFIs) and corporations.

The ICMA sustainable bond principles and guidelines do not specify Gender bonds as a category. Where do these fit in? For UoP bonds, a Gender bond can fit within the Social or Sustainability ICMA categories. For performance-based bonds aligned with SLBPs, gender-focused KPIs with corresponding SPTs can be included by the issuer.

Gender bonds direct financing into projects that reduce gender inequalities and promote women's empowerment. In 2021 UN Women, together with the IFC and ICMA, published guidelines for sustainable bonds to include a focus on gender equality, *Bonds to Bridge the Gender Gap: A Practitioner's Guide to Using Sustainable Debt for Gender Equality*. In describing Gender bonds, the document states, "Bonds that adhere to the SBP or SLBP, and which focus exclusively on gender equality, are often referred to as gender bonds." The document also highlights issuances where gender is included together with additional social and/or environmental focus areas. The guide provides examples and information to enable both public and private market debt issuers, borrowers, underwriters, and all related parties to use sustainable bonds for projects supportive of gender equality. In addition, in 2023 UN Women partnered with the Luxembourg Stock Exchange (LuxSE) on *Innovative Financing for Gender Equality via Bonds* which includes fact sheets on selected bonds with a gender equality focus, summarising structure information, the gender equality components, and some impact data.

UN Women has asserted that financing for gender equality must be accelerated to achieve the SDGs by 2030. Increased gender equality is connected to progress on all 17 UN Sustainable Development Goals (SDGs). The case for GLI is further strengthened by a wide body of research demonstrating that higher levels of gender diversity are connected to superior financial and operational performance and better risk management for corporations.[4] Studies also show that higher gender equality leads to improved climate-focused solutions, mitigation and outcomes,[5] as well as advancements in peace and security.[6] In addition, gender-diverse investment teams achieve superior performance[7] and better risk/reward profiles.[8]

Figure 1.2. Increased gender equality is a driver of progress on all SDGs - particularly these:

https://www.unwomen.org/en/digital-library/multimedia/2018/7/infographic-why-gender-equality-matters-to-achieving-all-17-sdgs]

The Orange Bond Principles: Emerging global gender bond guidelines

Impact Investment Exchange (IIX), a Singapore-based impact investing firm and an issuer of Gender bonds, published The Orange Bond Principles (OBPs) in 2022, named for the colour hue of SDG5. These were formulated under a multi-stakeholder collaboration and designed to fit the ICMA sustainable bond guidelines. The goal of the umbrella Orange Bond Initiative (OBI) is to unlock USD10 billion in gender lens investment vehicles by 2030 – benefitting 100 million women, girls and gender minorities. With a steering committee of several DFIs and financial institutions, the OBPs were developed with input from over 100 ecosystem actors.

The implementation of OBPs is in an early stage. As 2023 came to a close, there were six certified Orange bonds, including five issued by IIX. The three core principles are:

1. Gender-positive capital allocation: Issuers must use the proceeds to advance gender equality by financing one or more specified qualifying project categories.
2. Gender-lens capacity and diversity in leadership: Issuers must meet specified parameters for gender-diverse leadership on internal and bond teams.

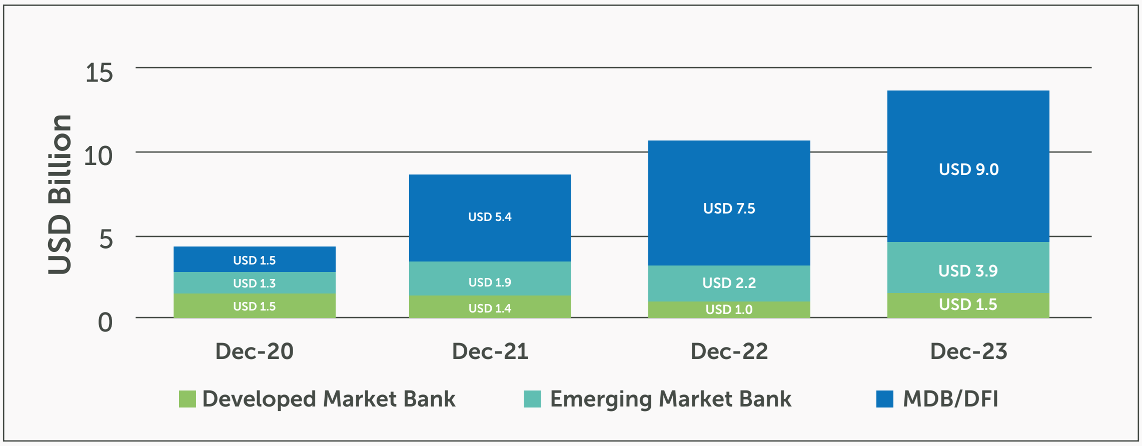
3. Transparency in the investment process and reporting: Issuers must provide to investors: an issuer framework at time of issuance, annual UoP confirmation, and annual impact reports with gender-disaggregated data.

- Recommended: A second-party opinion or other external review prior to issuance; reporting and review in alignment with ICMA guidelines.

GLOBAL GROWTH OF GENDER BOND MARKETS

AUM growth in Gender bond issuances has been driven primarily by UoP bonds. Figure 1.3 presents recent growth in UoP Gender bonds by issuer type. Global AUM in these bonds was USD14.5 billion as of December 31, 2023. This includes approximately 100 UoP bonds issued since 2016 with a sole or primary focus on gender equality and women's empowerment. The primary issuer types are MDBs and DFIs, e.g. the World Bank Group (WBG), including the International Bank for Reconstruction and Development (IBRD) and the IFC; the Asian Development Bank (ADB); the Inter-American Development Bank (IDB), through its private-sector investment arm, IDB Invest; and Japan International Cooperation Agency. Some bonds in the dataset have achieved maturity with successful repayment of principal. Case studies and examples throughout this toolkit will highlight various Gender bonds included in this dataset, in addition to broader-based Social or Sustainability bonds that encompass gender among several focus areas. For those bonds directing proceeds into both gender and other Social or Sustainability project categories, allocations of proceeds to gender equality objectives may be unspecified at the time of bond issuance.

Figure 1.3. UoP bonds outstanding with sole or primary focus on gender equality and women's empowerment



Source: Parallelle Finance

There are a growing number of private-issuer SLBs that include gender equality metrics among KPIs and corresponding SPTs – more than 25 have been issued through December 31, 2023. While UoP Gender bonds invest directly in women's financial inclusion and other women's empowerment areas, gender-focused performance targets support gender equality at the issuer. The KPIs and SPTs of sovereign SLBs support gender equality and women's empowerment through government policies and programmes.

GENDER BONDS IN AFRICA: MARKET DEVELOPMENTS AND ISSUANCES

A Gender bond market is developing in Africa through awareness raising in securities markets, development of sovereign sustainable debt frameworks, regulatory guidelines, and the first Gender bond issuances. Egypt has announced discussions on supporting a market for gender and other sustainable bonds, including publishing guidelines for gender equality thresholds for recipients of Gender bond proceeds. In 2023, the Ghana Stock Exchange issued a call for Gender bonds in the country's fixed income market. The exchange has been calling for women-owned businesses to list on the Ghana Alternative Market, which was created for small and medium enterprises (SMEs). No Gender bonds have been issued in Egypt or Ghana as of year-end 2023. Also, the Botswana Stock Exchange has made strides on gender equality, including gender parity in its management ranks.

UN Women's Empowerment Principles (WEPs): Several African stock exchanges and financial regulatory bodies are signatories to the WEPs. These include: the Egyptian Exchange and Egypt's Financial Regulatory Authority, the Nigerian Stock Exchange, the Nairobi Securities Exchange, the Bourse de Valeurs Mobilières de Tunis, and the Regional Stock Exchange of the West African Economic and Monetary Union. These markets may be leading candidates for the listing of Gender bonds. Nigeria's exchange also boasts a sustainable bond section. (See Chapter 2 for more information on the WEPs.)

In August 2020, FSD Africa and UN Women published Viability of Gender Bonds in SSA: A Landscape Analysis and Feasibility Assessment and introduced the results to issuers and investors, followed by technical support by FSD Africa to regulators and interested issuers. Gender bonds have now entered the market.

Figure 1.4. Gender equality-focused bond issuances in Africa

Use-of proceeds-bonds				
Issuer	**NMB Bank**	**NMB Bank**	**Banque Centrale Populaire**	**Ecobank Transnational**
Bond Type	Sustainability (Jamii Bond)	Gender (Jasiri Bond)	Gender	Sustainability
Year Issued	2023	2022	2021	2021
Maturity	2026	2025	2025	2031
Currency/ Amount	TZS400 billion (USD159 million)	TZS75 billion (USD32 million)	MAD200 million (USD21 million)	USD350 million
Gender-based UoP	Advancing gender equality or equal opportunities for WMSMEs and education	Lending to WMSMEs	Loan to WMSMEs by MFI Attawfiq	Financing or refinancing women-owned or -focused businesses
UoP Country	Tanzania	Tanzania	Morocco	Pan-Africa
Issuance Type	Listed on Dar es Salaam Stock Exchange	Listed on Dar es Salaam Stock Exchange and Luxembourg Green Exchange (LGX)	Private placement	Listed on London Stock Exchange

*For the NMB Bank Jamii bond, gender-focused UoP impact areas represent 2 of 26 impact areas with no allocation specified at bond issuance.
**For the EcoBank Group Sustainability Notes, gender-focused UoP eligible activities represent 1 of more than 15 eligible activities with no proceeds allocation specified at bond issuance.

Sustainability-linked bonds with gender included among KPIs and SPTs			
Issuer	**Development Bank of Rwanda**	**Barloworld**	**Rand Water**
Year Issued	2023	2022	2021
Maturity	2030	2025 & 2027	2026 & 2028
Currency/Amount	FRW30 billion (USD24 million)	ZAR1.1 billion (USD65 million)	ZAR1.2 billion (USD83 million)
Issuer Location	Rwanda	South Africa	South Africa
Gender-based Sustainable Performance Targets (SPTs)	• Increase loans to women-led businesses to 30% of SME loans by 2028	• Increase women in leadership to minimum 50% by 2025 • Increase Black women representation in supply chain to 15% of total spend by 2025	• Increase women's representation at all management levels to minimum 45% by 2025
Issuance Type	Listed on Rwanda Stock Exchange	Listed on Johannesburg Stock Exchange	Listed on Johannesburg Stock Exchange

PART II: GENDER BOND ISSUANCE PROCESS

The GSSS bond issuance process includes steps that are additional to the procedures for a traditional bond. Beyond both traditional and GSSS bonds, the Gender bond process encompasses unique elements. The following charts provide overviews of traditional, GSSS and Gender bond steps. The Gender bond process is the focus of Chapters 2-8.

TRADITIONAL BOND ISSUANCE PROCESS

PRE-ISSUANCE

Select Arranger/Underwriter
Due Diligence
Structure the bond
Documentation
Credit Rating
Approval (Regulator/Exchange)
Roadshow
Bookrunning

ISSUANCE

Allocation & Pricing
Registration

PROCESS FOR ISSUANCE OF USE-OF-PROCEEDS (UOP) GENDER BOND

UoP ICMA Social and Sustainability Bond Issuance Process *Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG)*		**UoP Gender Bond Issuance Process** *Process for alignment with SBP or SBG; observed components*
PRE-ISSUANCE		
ICMA component		
		Issuer preparation for gender bond **(see Chapter 2)** Internal team: Build gender expertise, improve metrics, support issuance Collection of gender disaggregated data on portfolio, projects and programmes
Core	Define UoP: Select qualifying project categories Social: Clear social benefits Sustainability: Clear social and environment benefits Identify target population(s)	Define UoP: Gender equality, women's empowerment **(See Chapter 3)** Identify gender-focused project categories with clear social benefits
Core	Clear process for project evaluation and selection Definitions and process to determine investment eligibility Define criteria for each qualifying project category	Establish project selection criteria in each project category **(See Chapter 3)** Define criteria in each gender-equality-focused project category Define process for project selection
Recommend	Issuer's bond framework describing alignment with SBP or SBG Definitions and processes for all core ICMA components Publish prior to bond issuance	Provide bond framework prior to bond issuance (See Chapter 4) State intended alignment with SBPs or SBGs and any other principles Definitions and processes for all core ICMA components Describe rationale for gender-focused projects Educate investors on gender bonds within SBPs or SBGs
Recommend	Pre-issuance external review Four ICMA types for Social and Sustainability bonds Second-party opinion employed most often	Pre-issuance external review (See Chapter 5) Second-party opinion employed by gender bond issuers Issuer should assess provider's relevant experience and approach
		Structure the bond (See Chapter 6) Credit enhancements observed: Subordination, guarantee, securitisation MDBs utilise support structures beyond issuer and anchor investor

ISSUANCE		
		Issue the bond (See Chapter 7) Private placements and public offerings are both common Gender bonds issued in at least 29 currencies to date Global exchange listings of gender bonds: Singapore, Luxembourg
POST-ISSUANCE		
Core	Manage the proceeds Track proceeds in appropriate manner Empoly formal internal process Proceeds balance periodically updated and adjusted External audit recommended	Manage the proceeds (See Chapter 7) Track proceeds in line with ICMA guidance Employ formal internal process Proceeds balance periodically updated and adjusted External audit recommended
Core	Reporting: Provide post-issuance annual reports List and describe funded projects and amounts Transparency in reporting expected/actual impact	Reporting: Provide post-issuance annual reports (See Chapter 8) List and describe women-focused investees Summarise impact - quantitative data where available

Sources: ICMA Social Bond Principles and ICMA Sustainability Bond Guidelines

Additional resources on ICMA markets and sustainable bond processes:
- *UN Economic and Social Commission for Asia and the Pacific: An Introduction to Issuing Thematic Bonds*
- *Association of Southeast Asian Nations (ASEAN) SDG Bond Toolkit*

PROCESS FOR ISSUANCE OF PERFORMANCE-BASED GENDER BOND

ICMA Sustainablity-Linked Bond (SLB) Issuance Process *Sustainability-linked Bond Principles (SLBPs)*		**Performance-based Gender Bond Process within SLBPs** *Process for alignment with SLBPs*
PRE-ISSUANCE		
ICMA component		Issuer preparation for Gender bond **(see Chapter 2)** Internal team: Build gender expertise, support issuance Identify baseline internal gender metrics
Core	Selection of key performance indicators (KPIs) Relevant, core, material Measurable on consistent basis Externally verifiable Able to be benchmarked	Select gender equality KPIs **(see Chapter 3)** Align with SLBP KPI guidance
Core	Calibration of sustainability performance targets (SPTs) Ambitious: Material improvement Compared to external benchmark where possible Consistent with sustainability and business strategy Predefined timeline, set before issuance	Construct SPTs to meet the gender-focused KPIs **(see Chapter 3)** Align with SLBP SPT guidance SPTs must reflect meaningful increase in gender metrics and programmes
Recommend	Pre-issuance external review (See UoP chart above) Assessment of above KPI and SPT features	Pre-issuance external review **(Chapter 4 & 6)** (See UoP chart above) Assessment of above KPI and SPT features
ISSUANCE		
Core	Bond characteristics: Cornerstone of SLB State financial and/or structural impact of trigger events Tied to meet/fail to meet SPTs Coupon adjustment up and/or down most common	Identify financial and/or structural impact around: **(see Chapter 5 & 7)** State financial and/or structural impact of trigger events Tied to meet/fail to meet gender-focused SPTs Coupon adjustment up and/or down most common
POST-ISSUANCE		
Core	Reporting: At least annually Updated info on KPI performance Info to help investors assess SPT ambition levels Update on issuer sustainability strategy	Reporting: At least annually **(see Chapter 8)** Updated info on KPI performance Info to help investors assess SPT ambition levels Update on issuer sustainability strategy
Core	External verification: At least annually Required external verification of above reporting info	External verification: At least annually **(see Chapter 8)** Required external verification of above reporting info

Source: ICMA Sustainability-linked Bond Principles

2 ISSUER GROUNDWORK

In order to issue, manage the proceeds of, and monitor a Gender bond, it is important to add the necessary gender-focused steps and roles into the process in advance. As a first step, issuers may need to engage advisory services or technical assistance around the ICMA principles and how to integrate the core and recommended components into the issuance process. In addition, there are three key groundwork areas to consider:

- Prioritise gender equality as fundamental to the organisation's strategy.
- Establish a Gender bond working group (GBG).
- Ensure the availability of robust gender-disaggregated data.

PRIORITISE GENDER EQUALITY WITHIN THE ORGANISATION'S STRATEGY

Prioritizing gender equality within the organisation's strategy focuses attention and resources on impactful outcomes. When an organisation identifies gender equality as fundamental to its success, it can effectively contribute to broad sustainability objectives, supporting positive social change.[10] While gender strategies vary by industry and region, the central aim is a commitment to gender equality and the implementation of corresponding goals in all areas of strategy, structure, operations, management and leadership.

65% of banks in sub-Saharan Africa have a gender strategy in place, with 19% planning to implement one, according to a 2023 survey.[9]

It is important for the issuer's leadership, including board of directors, investment committee and/or similar governing groups, to embrace gender equality as both a priority for the organisation and as a business rationale behind the Gender bond issuance. This rationale could include:

- Supporting women borrowers as a strategy to capture share of an underserved but investable market
- The advancement of gender equality across all SDGs
  - For example, reducing maternal mortality, improving women's technical skills or eliminating gender pay gaps (related to SDG indicators 3.1.1, 4.4.1 and 8.5.1)
- Investment in the operational and financial rewards of higher levels of gender-diverse leadership
- Positioning the issuer as a gender equality champion
- Diversifying the issuer's investor base.

As globally recognised gender equality guidelines, the Women's Empowerment Principles (WEP) can serve as a helpful tool for Gender bond issuers of both types seeking to improve internal equality. Through the WEPs, UN Women and the UN Global Compact provide learning materials and global outreach to more than 9,000 signatories. The WEP Transparency and Accountability guide provides indicators for each principle that public and private organisations can use to gauge progress on gender equality. The principles are:

- High-level corporate leadership.
- Treat all women and men fairly at work without discrimination.
- Employee health, well-being and safety.
- Education and training for career advancement.
- Enterprise development, supply chain and marketing practices.
- Community initiatives and advocacy.
- Measurement and reporting.

Another resource for issuers is the Economic Dividends for Gender Equality (EDGE) certification,a leading global standard for gender equality in the workplace.[11] Launched in 2011, the EDGE Certified Foundation offers a programme of gender equality certifications to for-profit and nonprofit workplace entities of all types. Organisations of over 200 people can earn three progressive EDGE certification levels through rigorous quantitative and qualitative assessment of gender balance metrics in four pillars: workplace representation, pay equity, policies supportive of equitable careers, and inclusive culture. Among multilateral institutions, the United Nations Development Program, the United Nations Population Fund, UNICEF and the International Monetary Fund (IMF) are all EDGE certified. Among Gender bond issuers, WBG, IDB Invest and IFC have attained an EDGE certification. Another issuer, Ecuador's Banco Solidario, has also earned a certification.

The EDGE seal has gained traction among African financial institutions. Gender bond issuer NMB Bank became the first bank in Africa, and the first sub-Saharan African corporation, to earn an EDGE certification in 2022. The AfDB holds an EDGE certification, with women's representation in leadership ranks rising from 17% in 2019 to 32% in 2022.[12] Société Générale Marocaine de Banques holds a certification, and Standard Chartered Ghana is in the process of attaining one.

ESTABLISH A GENDER BOND WORKING GROUP

Forming an internal working group to advance expertise in the target project areas has been identified as best practice by issuers of sustainable bonds.[13] For financial institutions and other Gender bond issuers, core bond issuance functions should all be represented in a Gender bond working group (GBG). The group's function is to implement internal preparation. If a gender equality strategy is in place or under development, the group's work should be aligned with the strategy.

Beyond the treasury/funding, loan administration, investor relations, and legal team members charged with executing any bond issuance, the GBG should include representation from additional functions, including sustainability, IT and reporting teams. For UoP bonds, there should be representation from loan origination and business development functions. Sovereign, DFI and non-government organisation issuers may have gender specialists in place who should also contribute to the group. For an SLB issuance, representation from human resources and the diversity, equity and inclusion (DEI) team, where applicable, is also necessary. For public sector issuers where there may be a gender action plan in place, participation from the plan's key departments and stakeholders should be made available to the GBG.

Once the GBG is formed, planning for adherence to core and recommended ICMA components can begin. The group can assess the need for advisory services at any point. The group should plan for all external partners, including an underwriter/arranger and an external review provider with expertise in gender and/or broader sustainable bond issuance.

ENSURE THE AVAILABILITY OF ROBUST GENDER-DISAGGREGATED DATA

The collection of gender-disaggregated data is a fundamental starting point for UoP Gender bond issuers seeking to align with ICMA. Preparation for the four core components of the Social Bond Principles (SBPs) should be done in advance through the collection of gender-disaggregated data by portfolio, product and/or programme. Establishing or strengthening such collection is an important initial function of the GBG. Financing businesses owned or led by women – from micro enterprises to large, publicly listed businesses – is a leading qualifying project area for UoP Gender bonds. Other focus areas include mortgages and other financial services for women. Therefore, the identification of current borrowers, investees or customers by gender can pave the way for defining the UoP and expanding the issuer's reach to bring more women into the financial system. For sovereign and other non-financial institution issuers aiming to include gender metrics or key performance indicators (KPIs) among GSSS issuances, gender-disaggregated data should be gathered on the recipients of those government programmes identified as qualifying project categories. This could encompass data on wide-ranging gender gaps, including women living in high-poverty areas, women experiencing gender-based violence (GBV), and available programmes for response to these issues. Gender-disaggregated data on pay, leadership and other metrics within government agencies may also warrant collection.

While post-issuance reporting of data points will be specified based on the qualifying projects, implementing the collection of core gender data on all current borrowers or investees serves to (1) identify eligible borrowers within the current portfolio, (2) allow for expansion of services to women-focused funding areas, and (3) prepare for Gender bond monitoring. With data by gender on current activities, the issuer is set up for the first SBP core component, identify clear use of proceeds, as well as identifying gender-focused eligible projects, which is the second component, process for project evaluation and selection. Clear gender-equality-centred UoP allows development of the issuer framework and the external review. For adherence with the remaining core components, management of proceeds and reporting, gender-disaggregated data – and the processes for collection – is required.
After assessing current practices on gender-disaggregated data collection, the issuer should turn to implementation or strengthening of processes.

Some Gender bond issuers have offered an initial financial product focused on women clients. For example, prior to its 2023 Gender bond issuance, in 2020 Tanzania's NMB Bank launched an initiative centred on attracting women-owned businesses, which included gathering portfolio data by gender. Gender-disaggregated data can also help financial services providers and partners understand the profitability and impact of programmes on reaching a wider circle of unfinanced women-owned, -focused or -led businesses and services.

WE Finance Code: The [Women Entrepreneurs Finance Initiative (We-Fi)] is a WBG-housed partnership of eight MDBs and 14 countries with a focus on addressing financial constraints facing women-owned micro, small and medium enterprises (WMSMEs) in developing countries. The African Development Bank (AfDB) and the Islamic Development Bank are implementing partners. We-Fi support has been included in Gender bond structures in both Latin America and Asia. We-Fi has launched the WE Finance Code, a multi-stakeholder initiative inviting financial services providers and public sector financial authorities at local, state and country levels to collect and report standardised gender-disaggregated data on loans and other programmes. The Code provides guidance on financial services data collection and can serve as a resource for private and public Gender bond issuers.

For issuers of UoP Gender bonds, strengthening internal gender equality metrics serves to establish leadership in investing towards women's empowerment and gender equality. Gender metrics vary widely by industry and region, so an initial assessment is an important step, and a certification process or advisory services may be useful. Attention to internal metrics – and a commitment to improve them – serves to attract women-owned and -led clients and equality-focused investors.

For issuers of performance-based Gender bonds preparing to work towards gender equality KPIs, assessment of current metrics is required. This can be achieved through a certification programme, an audit of current gender equality indicators, and/or through advisory and training.

3 QUALIFYING PROJECT CATEGORIES AND INVESTMENT ELIGIBILITY CRITERIA

To develop the structure and the framework of a Gender bond, issuers should start to clearly define the eligibility criteria and categories for selection and screening. A reference standard – a research source for project identification – may be cited by the issuer of a sustainable bond.

REFERENCE STANDARDS FOR PROJECT CATEGORIES

Project categories for UoP Gender bonds

ICMA SBPs suggest that social project categories include but are not limited to the provision of:[14]

- Affordable basic infrastructure
- Access to essential services
- Affordable housing
- Employment generation, including through SME financing
- Food security
- Socioeconomic advancement and empowerment.

With a 2020 update, the SBPs include women and gender/sexual minorities among cited examples of target populations for those social project categories.

Intended to align with the SBPs, the OBPs cite project types for gender-positive capital allocation: women-focused products and services; entities with gender-diverse workforce and value chains; >50% women-owned or above-market women in leadership; ESG- or SDG-aligned projects disproportionately benefiting women.

As broad guidelines around organisational gender equality, the WEPs can serve as reference standards for UoP Gender bond project categories. (See Chapter 2 for description.)

The project category reference standards most often cited by issuers of UoP Gender bonds are the SDGs, either selected SDGs or as a whole. As noted, gender equality targets are included in a number of the SDGs, primarily SDG5: Achieve gender equality and empower all women and girls. These outcomes are anti-discrimination; elimination of harmful practices; recognizing and valuing unpaid care work; women's representation in leadership; sexual and reproductive health care and rights; access to economic resources; directing technology toward gender equality; and strong policies and legislation for women's empowerment. SDG5 corresponds to 14 SDG indicators for assessing achievement of the specific targets. Several other SDGs have gender equality outcomes with corresponding indicators. Across the 17 SDGs, 54 of 248 SDG indicators make direct reference to women and girls.

The primary qualifying project categories cited by the UoP Gender bond issuers are:[15]

Funding for WMSMEs

Funding for other women borrowers: housing and services

Funding for WMSMEs with an environmental or climate focus

Financing for large/public corporations demonstrating strength in gender equality metrics

Reference standards for performance-based Gender bonds

The guidelines and indicators above can also serve as broad reference standards for issuers of performance-based Gender bonds. In addition, ICMA provides illustrative KPI and SPT registries to accompany the SLBPs. Gender equality objectives based on the KPI registry could include:

Target % of women across all levels of the organisation

Target % of women at management and executive levels

Target % of women in Science, Technology, Engineering and Mathematics (STEM) roles

Narrowing or closure of median gender pay gaps.

Bringing gender equality indicators together

Bonds to Bridge the Gender Gap expands on ICMA's use-of-proceeds areas and illustrative KPI registry with specific gender-related use-of-proceed projects, as well as sample KPIs and SPTs for performance-based bonds. Core gender equality metrics can be employed by use-of-proceed or performance-based private sector issuers, including:

- Leadership representation
- Employee representation
- Remuneration in leadership and employees (for KPI/SPT)
- Safe, supportive and respectful workplace
- Supply chain representation
- Skills building and support
- Equality-supportive policies and standards (for KPI/SPT)
- Representation in customer base
- Targeted customer/user offerings
- Customer experience
- Community representation and engagement
- Community skills building and support.

The use-of-proceed and illustrative KPI/SPT areas for public sector issuers include gender equality metrics in:
- o Access to finance and markets; entrepreneurship
- o Public procurement
- o Decent employment and leadership opportunities
- o Redistribution and reduction in unpaid care and domestic work
- o Programs to eliminate GBV; support services for those impacted.

For sovereign issuers to prepare for Gender bond issuances, pave the way by including gender equality indicators into country macroeconomic and gender plans. Align the indicators with these Gender bond reference standards.

The Joint Impact Indicators, issued under the Harmonised Indicators for Private Sector Operations and GIIN's IRIS+ impact measurement system, offer high-level indicators for investors to employ in measuring and reporting on sustainable investments. Gender indicators recommend that investors prepare to measure and report metrics around women in leadership, the number of women-founded investees, the number of women's jobs supported and/or the number of women consumers served.

UOP QUALIFYING PROJECT CATEGORIES: CRITERIA AND CASE STUDIES[16]

Financing for women-owned micro, small and medium enterprises (WMSMEs)

Financing for WMSMEs is the project category most often cited for UoP Gender bonds. At least 85% of the non-MDB Gender bonds are centred on financing WMSMEs in a specified geographic market.[17]

Figure 3.1. Definitions and project selection criteria for lending to WMSMEs

Use-of proceeds-bonds	
IFC definitions of MSME[18]	• Micro enterprise: <10 employees; <USD100,000 assets and/or sales. • Small enterprise: 10–49 employees; USD100,000–USD3 million assets and/or sales. • Medium enterprise: 50–300 employees; USD3–15 million assets and/or sales. • Women-owned MSME: >50% owned; min. 20%. owned with min. one woman executive and min. 40% representation if there is a board.
WE Finance Code definition of WMSME	• >50% owned or effective control via combination of ownership, management and governance. • Code requires separate data for micro vs small/medium.
2X Criteria:	One of following: (applicable to entity of any size) • >50% owned or founded by women. • 30% senior leadership or board/investment committee. • 30–50% women in workforce and addressing barriers. • Women-focused products or services.

2X Global: The 2X Challenge is a groundbreaking public-private GLI partnership first announced at the 2018 G7 Summit. Garnering participation by more than 20 DFIs and MDBs, the Challenge has exceeded its first two targets, with total investments of USD27.7 billion through 2022, including mobilising more than USD6.3 billion in private capital. The Challenge is housed under 2X Global, a GLI finance membership and field building organisation. In seeking to advance standards, the organisation offers investment criteria, including those cited in Figures 3.1 and 3.3. In addition, 2X has announced the development of a certification for gender-focused investments in private and public markets. The certification is being developed through a co-creation process with GLI leaders, with the launch of a pilot programme expected in 2024.

Figure 3.2. Case studies: Gender bond issuances in support of financing WMSMEs in a range of markets

Notes: (1) Reference standards and project selection criteria are stated by the issuer at time of issuance and provide directional indicators for investors. An external review (see Chapter 6) can be undertaken to evaluate how well the issuer's procedures and use of proceeds align with the stated standards and criteria. (2) All of these issuers had an external review of their bond/financing frameworks completed.

First gender bond in Philippines ASA Philippines Foundation, PHP5 billion (USD90 million) in 5-year notes. Funding for loans to WMSMEs. ASA serves over 2 million WMSMEs. Islamic financing offered. **Reference standards cited:** Not disclosed. **Project selection criteria:** Client-initiated income-generating project. Initial loan from PHP6,000 (USD109).	**First gender bond in Argentine capital markets** Pro Mujer (social enterprise), ARS200 million (USD1 million) in 12-month notes. Funding for loans to over 1,400 women-owned micro and small enterprises in Argentina. Carries guarantees by four Argentine banks. **Reference standards cited:** SDGs 1, 3, 4, 5, 8, 10, 11, 16. **Project selection criteria:** Women entrepreneurs aged 18–75 who own micro and small businesses in the semiformal sector. Industries include commercial, textile, agriculture.

First gender bond in Georgia

MFI Organisation Crystal, GEL25 million (USD9 million) in 2-year bullet bond. Funding and business support services for WMSMEs in Georgia. Includes innovative funding platform. ADB and Bank of Georgia were the initial investors.

Reference standards cited: SDGs 1, 4, 5, 7, 8, 10.

Project selection criteria: Micro and small women-owned businesses, including women-owned renewable energy equipment enterprises.

Note: Issuer is a WEP signatory.

First gender bond for European borrowers

National Westminster Bank (NatWest) Women-Led Social Bond, EUR500 million (USD533 million) 5-year bond. Finance or refinance 14,000 women-owned sole proprietors or SMEs. Average loan size GBP27,000.

Reference standards cited: SDGs 5 and 10.

Project criteria selection: Women-owned sole proprietors and at least 51% women-owned SMEs as defined by the UK Companies Act 2006.

Kyrgyzstan

Bank of Asia, KGS82 million (USD1 million) 3-year bond. Funding in support of the Kyrgyz Republic's gender equality strategies, including the National Gender Strategy on Achieving Gender Equality by 2030. Supported by UN Women, Institute for Economic Policy Research for the Kyrgyz Republic.

Reference standards cited: Kyrgyzstan gender equality strategies. National Gender Strategy on Achieving Gender Equality by 2030.

Project selection criteria: Women entrepreneurs with new and growing businesses.

First gender bond in Ecuador

Banco Solidario, USD30 million 2-year bond. Fully subscribed by IDB Invest. Will advise on strengthening its savings and lending programmes for target groups. Funding for MSMEs owned by women and other underrepresented borrowers, including older business owners and migrants who lack access to the formal financial system.

Reference standards cited: SDGs 1, 5, 8, 9, 10, 17.

Project selection criteria: MSMEs owned by one of the target borrower groups.

Note: Issuer is a signatory to the UN Principles for Responsible Investment and WEPs and is EDGE certified.

India

Symbiotics Investments, INR244.6 million (USD3 million) 3-year bond through its platform, MSME Bonds S.A. Funding for loans to 6,000 WSMEs in India in a pass-through note structure, on lending to Light MF Pvt Ltd. Microloan defined as up to USD10,000 equivalent.

Reference standards cited: SDGs (unspecified)

Project selection criteria: Employment generation, alleviate unemployment stemming from socioeconomic crises, for target population: female population of India.

Canada

BMO Financial Group Women in Business bond, CAD750 million (USD593 million) 5-year bond. Financing for Canadian women-owned businesses of all sizes, including SMEs. Part of BMO's Sustainable Financing Framework.

Reference standards cited: SDGs 5 and 8

Project selection criteria: Women-owned businesses.

Note: Issuer is a WEP signatory.

Gender bonds in support of housing finance for women

Housing finance for women is another observed project category for Gender bonds. Across developing economies, women comprise a higher proportion of those who lack secure, durable and sanitary housing, which leads to increased risks of GBV and health issues.[19] The IFC estimates that Africa's urban population will increase by 1.2 billion over the next 30 years, whereas housing finance remains underdeveloped.[20] A significant opportunity to develop unique housing finance products for women in Africa has been cited by the WBG, particularly for women working in the informal economy, where a financial track record can be difficult to establish.[21]

The ADB has issued multiple Gender bonds, finding investor demand in a range of global and local currencies. Its "Promoting Gender Equality in Housing Project" is a series of bond issues in support of housing for rural women in Kazakhstan. (See more about this series in Chapter 7.)

In 2020, Aavas Financiers Ltd, a leading affordable housing finance provider in India, issued an INR3.6 billion (USD50 million) Gender bond to increase access for women's home and property ownership in India. British International Investment (BII) was the sole purchaser of the bond. Aavas has reported alignment with the SBPs and several SDGs, and BII has noted alignment with the SBPs and the 2X Challenge.

Gender bonds in support of large corporations with strong gender metrics

In developed markets, Gender bonds have been utilised to provide financing to large and/or listed companies with strong gender metrics. A leading provider of corporate gender metrics and data, Equileap publishes Gender Equality Global Report and Ranking, an annual scoring of 5,600 public companies based on 21 gender equality criteria, including representation at all levels of the workforce and board, pay gap and transparency, workforce benefits, anti-sexual harassment policies, and commitment and transparency.[22]

In 2017 Australia's QBE Insurance Group issued a perpetual USD400 million bond. Proceeds were directed toward financing (or re-financing) for companies recognised in Equileap's 2017 rankings or for those that had become signatories to the WEPs.

A Long Journey to Achieve Gender Equality in Publicly Listed African Companies: In 2019, Equileap partnered with the Nairobi Securities Exchange (NSE) and New Faces New Voices, a network of women in finance, to assess all listed companies in Kenya on gender equality in the workplace. For the 60 companies in the dataset, the average score was 26%. (A 100% score implies achievement of gender equality.)[23]

In a 2021 analysis, the IFC used the Equileap criteria to assess the gender equality of the Nigerian Stock Exchange's 30 highest-capitalised listed companies. The result showed that none had achieved gender balance, and the average score of 32% was below the 2021 average score of 34% for the Equileap database. Recommendations from the study included having leadership embrace and promote gender diversity, setting targets for women's representation at all workforce levels, and adopting policies supportive of hiring and promoting women, as well as workplace benefits for parents.[24]

In 2017, Canadian bank CIBC issued a three-year CAD1 billion (USD761 million) Women in Leadership (WIL) Bond. Proceeds were used to extend beneficial financing terms for corporations meeting specified thresholds for WIL and other gender metrics. The issuance matured in September 2021. Shortly after the bond's maturity, the bank announced a new Sustainability Issuance Framework, the first of its kind for a Canadian bank.

Sustainability bonds with combination of gender and green use-of-proceeds

As described in Chapter 1, Sustainability bonds direct proceeds toward eligible projects under both Green and Social guidelines. While the SBGs do not call for an integration of Social and Green criteria within each eligible project, gender lens investors have a growing focus on investments that encompass both criteria areas. This has led to growth in investment offerings that combine the two. A central focus for the combined criteria is financing women as agents or leaders of climate solutions, including in mitigation, adaptation, and a just transition.

Figure 3.3. Criteria for directing investments toward gender equality and climate solutions

Women in Finance Climate Action Group	Applying a Gender Lens to Climate Investing: An action framework Provides a framework and metrics for integrating women into investment processes and target outcomes of climate investing vehicles.
2X Global	Gender and Climate Finance Toolkit A guide to identify and prioritise combined gender and climate investment risks and opportunities.

IIX is an issuer of Gender bonds, with six Women's Livelihood Bond™ (WLB) issuances totalling USD228 million to date. Starting with WLB1 in 2017, the bonds finance WMSMEs in multiple countries and sectors. Several bonds in the series encompass a climate focus, including financing women-led climate solutions, women-owned small-scale fisheries and agriculture, and access to transportation and clean water.

In 2021, Ecobank Transnational issued USD350 million in 10-year Tier 2 Sustainability Notes. Eligible projects under its framework included 10 climate-related and social categories, with target allocations unspecified in the bond's documentation. Women-owned and -focused businesses were listed as a target population and as one of over 15 eligible activities. The issuance followed the bank's 2022 launch of an initiative to support WMSMEs. Post-issuance reporting disclosed that 25% of the total proceeds were used for more than 3,000 loans to women-owned or -managed businesses.

In December 2021, Bank of America issued a USD2 billion, 4-year Equality Progress Sustainability Bond. The issue followed the bank's ESG-themed Issuance Framework and followed from a similar 2020 issuance. At least 50% of the bond's proceeds will go to affordable housing and business capital for women or people of colour. Specifying allocations offers clarity to investors about how Sustainability bond objectives will be met.

The bond, which is callable after three years, will pay a fixed rate of 1.53% for the first three years and a floating rate thereafter.[25] The third bond in the series was issued for the same amount in 2022. This 6-year bond, callable in five years, pays 6.204% semiannually for the first five years and a quarterly floating rate thereafter.

In issuing its Equality Progress Sustainability Bonds, Bank of America (BofA) has been intentional about employing women- and minority-owned broker dealers to serve jointly as lead managers alongside BofA Securities. This is another way that Gender bond issuers can promote gender equality in finance.

In June 2023, the International Fund for Agricultural Development, a UN agency, issued a 15-year sustainable bond with proceeds to support increased financing for inclusive and sustainable rural transformation. The EUR115 million (USD123 million) bond was privately placed with Amundi Asset Management.

Beyond private sector issuances: MDB, non-profit and government agency Gender bonds

While there has not been a sovereign UoP Gender bond issued to date, the focus areas of several broad-based WBG Gender bonds can serve as examples for sovereign and public issuers. In early 2021, IBRD priced a NOK5 billion (USD587 million), 5-year floating rate SDG bond with a focus on gender equality and health, as well as on the disproportionate impact of the COVID-19 pandemic on women.[26] The bond is traded on the Luxembourg Green Exchange (LGX) in increments of NOK10,000. It carries a coupon rate of 3-month NIBOR + 150 basis points (bps) per annum paid quarterly. (LGX is a segment of the Luxembourg Stock Exchange (LuxSE).)

The first MDB Gender bond in Latin America and the Caribbean was issued by IDB Invest in 2021. The three-year bond raised MXN2.5 billion (USD121 million) and was listed on the Mexican Institutional Stock Exchange (BIVA). The reference standard cited was SDG5. Proceeds were earmarked for direction into projects promoting gender equality in the region, including women's access to essential services, food systems safety, and employment generation.

Figure 3.4. MDB gender bond programme: relevant guideposts for sovereign issuers

Asian Development Bank (ADB) ADB Asian Development Bank	Gender bond financing goals: • Gender equality in human development: education; sexual and reproductive health and rights; prevention of GBV. • Reduced time in poverty for women. • Reduced time in unpaid care and household work for women. • Representation in decision-making and leadership. • Women's resilience against risks, including climate change . Qualifying project types: • Lending to WMSMEs. • Agricultural development. • Value chain support for women. • Financial literacy and entrepreneurship training.

A 2021 example of a non-financial institution Gender bond issuance, India's nonprofit National Skill Dev Corporation issued a USD14.4 million skills impact bond to provide funding for vocational training to 50,000 young people, with a target of 60% women and girls participation. A consortium of outcome funding agencies participated, and two international foundations served as risk investors by committing upfront working capital.

Between 2021 and 2023, the regional government of Andalusia, Spain, issued EUR2.6 billion (USD2.9 billion) in Sustainability bonds following from the Junta de Andalusia Sustainable Finance Framework, which identified four social project categories around education and essential services, affordable housing, employment generation, and socioeconomic advancement. The proceeds may be directed toward 35 target areas, including two for funding legal and other expenses for victims of GBV.

4 ISSUER FRAMEWORK

An issuer's bond (or financing) framework ("issuer framework"), which can serve as an umbrella over multiple bond issuances or other stated forms of financing, is a recommended component for ICMA alignment and should be made available prior to any issuances. The document should summarise for investors definitions and processes around all ICMA components, including project eligibility, selection criteria and processes, the management of proceeds, and the issuer's commitments on monitoring and reporting. The OBPs also encompass guidelines on transparency in the investment process, including providing investors with an issuer framework.

ISSUER FRAMEWORK FOR UOP GENDER BONDS

The issuer framework should state the intended alignment with ICMA and/or other principles or guidelines. For ICMA alignment, the UoP issuer framework should summarise:

1. Identification of use of proceeds:
    - Clear definitions of qualifying project categories.
    - Relevant and justifiable objectives: social, environmental.
    - Expected benefits of gender-focused and any other project categories.
    - Expected risks and identified mitigation.
    - Exclusionary criteria: list of ineligible activities and project types.
2. Project evaluation and selection:
    - Within each project category, descriptions of criteria for project selection.
    - Process around project selection: roles and responsibilities.
3. Management of proceeds:
    - Description of policies and procedures around the management of allocated and unallocated proceeds, including the allocation period and intended tracking mechanisms.
    - (See also Chapter 7.)
4. Reporting:
    - Summarise plan for transparent reporting throughout bond life with disclosure of impact indicators, tracking of allocation, and reporting methodology.
    - (See also Chapter 8.)

Country and regulatory frameworks

As a reference point, issuers may align their frameworks with broader country or regulatory GSSS frameworks in their markets. Many countries have adopted ICMA-compliant GSSS frameworks, including a number in Africa. In addition to providing a supportive environment for private financial institution and corporate bonds, these also signal potential markets for a sovereign Gender bond. Green bonds have dominated sovereign frameworks, often with a later expansion to include Social, Sustainability and SLB guidelines – where gender-focused qualifying areas can be included. (See Appendix B for African sovereign GSSS/SDG bond frameworks.)

In addition to its own framework, an issuer may need a capital markets regulator and exchange to approve Social, Sustainability and/or Gender bonds as issuance and listing categories. A number of regulatory authorities have issued such approval, and exchanges have established sustainable bond segments. (See Appendix C.)

Policies in support of Gender bonds: The public sector's role in supporting gender equality objectives within sustainable debt goes beyond sovereign frameworks. For example, tax policies supportive of Green bond issuances could be extended to Social bond issuances, which could include gender-focused qualifying project categories. Pakistan's Federal Board of Revenue incorporated a fiscal year 2022–23 proposal from the Securities and Exchange Commission of Pakistan to grant tax incentives for the issuance of Green and Gender bonds.[27] Subsequently, the first Gender bond in Pakistan was issued in 2023.

Case studies: UoP Gender bond frameworks

NMB Bank's Jasiri Gender bond was issued under the bank's Social bond framework, which encompasses four SDG-based qualifying project categories, including definitions of women-owned micro enterprises and WSMEs and the processes for lending to and reporting on each.

Making institutional and retail investors aware of the issuer framework paves the way for a bond issuance under its parameters. Press releases and investor education events are tools often used by GSSS issuers.

With a mandate to finance infrastructure and public services projects, Banobras (Banco Nacional de Obras y Servicios Públicos) is a state-owned development bank in Mexico. In 2022 the bank updated its sustainable bonds framework to incorporate best practices in climate-related, social and gender equality-focused allocation of national resources. The gender focus areas include the right to equality, affirmative actions, women as agents of change, and zero tolerance of GBV. Following the update, Banobras issued three sustainable bonds, two with allocations for women and girls in transportation services, education, maternal health, and girls' sports and recreation. The 4-year, variable rate BANOB 22X bond raised MXN1.97 billion (USD98 million), and the 7-year, 10.26% BANOB 22-2X raised MXN2.47 billion (USD123 million). Banobras issued similar bonds again in 2023.

SLB ISSUER FRAMEWORKS WITH GENDER COMPONENT

For alignment with ICMA, an issuer of SLBs with gender KPIs and SPTs should also publish a framework summarising the definitions and processes around these elements of the SLBPs:

1. Selection of KPIs: Relevant, specific, measurable and verifiable KPIs.
2. Calibration of SPTs: Achievable – yet ambitious – SPTs relative to baseline and benchmarks.
3. Bond characteristics: Clear trigger events, timing and consequences – with clear plan, roles and resources for achieving targets.
4. Reporting: Specify the plan and frequency for investor reporting on targets and progress.
5. Verification: Describe commitment for post-issuance external review.

Sovereign issuers have begun to publish SLB frameworks with provisions for gender equality KPIs. In 2023 the Government of Chile issued more than USD3 billion equivalent (in mixed currencies) in three tranches. The issuance included gender-related SPTs, in line with an update to its SLB framework to incorporate gender. The target is 40% women's representation on the boards of directors at Chile's largest companies by 2031. The USD- and EUR-denominated bonds have maturities dating from 2034 to 2054 and coupons ranging from 4.125% to 5.33%. Failure to meet the SPTs would result in a coupon step-up in 2034 for each bond. The bonds also include two environmental SPTs capping absolute greenhouse gas emissions (GHG).

Figure 4.1. Case studies: Private SLB bonds and frameworks with a gender component

Issuer	Jacobs – global professional services firm	Shiseido – Japanese maker of personal and beauty products	Kinnevik AB – Swedish investment company	Suzano – Brazilian pulp and paper producer
Amount/ currency	USD500 million	JPY20 billion (USD139 million)	SEK2 billion (USD228 million)	USD1 billion
Maturity	10-year	5-year	5- and 7-year tranches	11-year
SPTs	• 40% women executives by 2027 • Additional SPT for GHG reduction by 2029	• 40% women executives in Japan operations by 2026 • Additional SPT carbon neutrality by 2026	• 10% increase in new capital allocation to women-founded/led companies on rolling 2-year basis • SPTs on GHG reduction and annual ESG score improvement	• 30% women in management and executive ranks by end-2025 • Reduction of industrial water withdrawal intensity
Bond characteristics	Coupon step-ups in 2028/9 if targets not met	Donate portion of issuance to orgs addressing target areas if not met	Redemption price increase 0.075% per year if any unmet target	12.5 bps step-up in coupon if failure to meet either. 25 bps step-up if failure to meet both.

As highlighted previously, South Africa's Barloworld issued SLBs in 2022 with rates linked to progress on women in its leadership and efforts to increase Black-women-owned businesses in its supply chain. The KPIs include reaching 50% leadership representation by 2025 and raising procurement spending on Black women suppliers to at least 15%. There is a coupon step-down of 1–4 basis points (bps) for achieving the 2023 and 2024 targets or a coupon step-up of 0.5–2 bps for failure to meet them.

The Barloworld SLB framework included:

- Background and rationale on its diversity and inclusion strategy.
- Rationale for issuing a gender-linked bond.
- KPIs with verified baseline data, rationale for selection, benchmark, and calculation methodology.
- KPIs have gradual targets (SPTs) with annual observation dates.
- Factors and risks associated with achieving the targets.
- Provisions for coupon step-downs and step-ups as performance-linked incentive/penalty.
- Commitment to annual reporting to be verified by a licensed independent auditor or consultant.

5 GENDER BOND STRUCTURES

Gender bonds exhibit the full range of structures consistent with non-GSSS bonds, and most observed structures are straightforward, allowing investors to evaluate the relative investment opportunity. Several of the issuances were completed under shelf registrations. Performance-based bonds carry unique financial and/or structural characteristics connected to achieving (or failing to achieve) the SPTs.

Figure 5.1. Observed range of terms for Gender bonds

Characteristics	Observed terms
Face value	Equivalent to USD1 million to USD2 billion
Term/Maturity	From 12 months to perpetual
Seniority	From senior to subordinated
Coupon rate	Fixed, floating, fixed to floating
Coupon frequency	Quarterly, semiannual, zero
Embedded options	Callable, convertible

Source: Parallelle Finance Gender bond dataset

CREDIT ENHANCEMENTS AND SECURITISATION EMPLOYED FOR GENDER BONDS

In addition to the above observed Gender bond terms, various credit enhancement structures have been incorporated into UoP Gender bond issues, including subordinate tranches and partial or full guarantees. Employed to reduce investor exposure to borrower default and other credit events, credit enhancement allows investors to focus on market risk dynamics. While credit enhancement can improve bond pricing, the cost must also be considered.

Collateralisation

In a first for a development bank, in late 2023 the Development Bank of Rwanda (BRD) issued a groundbreaking RWF30 billion (USD24 million) SLB. The 7-year bond carries an annual coupon rate of 12.85%, paid semi-annually. The environmental and social SPTs for achievement by 2028 are: (a) to raise ESG best practices implementation to 75% of borrowing institutions, (b) to increase funding for WMSMEs from 15% to 30% of the bank's SME loan portfolio, and (c) to finance 13,000 loans for affordable housing. Reaching these SPTs may result in a decrease in coupon rate of up to 40 bps, whereas failure to provide certification or third-party verification of achieving these targets will result in a 40-bps increase in the coupon rate. In a unique arrangement, BRD, through the Government of Rwanda, utilised USD10 million in World Bank funds to collateralise the bond. Held in escrow, investors would take ownership of the collateral in the event of a default.

Guarantees

Example 1: In July 2023, Kashf Foundation issued the first Gender bond in Pakistan following the 2021 release of Gender Bond Guidelines by the Securities and Exchange Commission. Kashf Foundation is a nonprofit microfinance institution operating in the country since 1996. The PKR2.5 billion in proceeds from the 3-year bond is expected to fund about 30,000 microloans for women in support of educational facilities, home flood rehabilitation and business expansions. The bond carries a full, irrevocable, unconditional credit guarantee of principal and a partial interest guarantee from InfraZamin Pakistan. With the credit guarantee, the bond was able to garner a AAA long-term rating and A1+ from local credit rating agency PACRA.

InfraZamin Pakistan is a for-profit credit enhancement facility with sponsorship from Private Infrastructure Development Group (PIDG) and others.

Example 2: The US International Development Finance Corporation (DFC) provides a limited guarantee to IIX to cover up to 50% of any net losses incurred as a result of nonpayment of principal of the loans extended by IIX. Under this structure, the bonds themselves are not guaranteed. The Swedish International Development Cooperation Agency joined DFC to provide a similar limited guarantee for WLB5 and WLB6.

African guarantees for Benin SDG loan facility: The Ministry of Economy and Finance of the Republic of Benin issued the first sovereign SDG loan in Africa, in July 2023. The EUR350 million (USD385 million), 12-year facility is focused on projects with environmental, social or governance goals outlined under the country's SDG Bond Framework. The facility carries a first-loss guarantee from the African Development Fund and second-loss insurance from African Trade & Investment Development Insurance.

Example 3: Latin American nonprofit organisation Pro Mujer offers financial services, health services and skills training to women. Pro Mujer's 2023 bond issuance (see also Chapter 3) is guaranteed and backed by four local banks: Banco Galicia, Banco Hipotecario, Banco Comafi and Banco Supervielle. Pro Mujer completed a second issuance with similar terms in 2023.

Subordination

The WLB series is supported by subordinated debt to absorb potential first losses. The principal on this debt is repaid after all bond principal and interest payments have been satisfied. These tranches are purchased by the IIX Women's Catalyst Fund, a de-risking facility with a mission to mobilise private GLI capital. The fund has capacity to provide the WLB series with a liquidity facility that warehouses the bonds or provides bridge loans. The fund's partnerships include the DFC, Taiwan's International Cooperation and Development Fund, the Korea International Cooperation Agency, and Australia's Department of Foreign Affairs and Trade.

Securitisation/Pooled Issuance

Northern Arc and BII structured an INR3.2 billion (USD43 million) pooled bond issuance in March 2021. The pool involved issuing senior secured nonconvertible debentures for six leading MFIs in India.

Proceeds are expected to support loans by the MFIs to women and rural borrowers. Northern Arc provided a partial guarantee. The transaction qualifies for the 2X Challenge. BII is the sole initial investor in the structure.[28]

OBSERVED SPONSORSHIP, PARTNERSHIP AND SUPPORT TERMS

Beyond acting as issuers, MDBs and DFIs have undertaken a breadth of supporting roles for UoP Gender bonds issued by regional and local DFIs and private financial institutions. These include:

- Serving as anchor investor or buyer in full
- Leveraging the We-Fi programme to offer outcome incentives to issuers
- Providing technical assistance:
  - design and/or implementation of women-centred financial products, and/or
  - design bond framework and/or issuance in alignment with market standards
- Serving as arranger or assisting in the structuring process
- Guaranteeing timely interest and principal payments (or funding a guarantee)
- Securing a second-party opinion.

Deep dive on support structures: In particular, the IDB and IDB Invest have taken a multi-pronged approach to supporting private financial institution Gender bond issuances, including a 2020 issuance by Banco Davivienda SA – the first gender-focused bond in Latin America aligned with the SBPs, per external review. Proceeds from the placement will be used to finance 1) the growth of the issuer's WMSME portfolio and 2) the purchase of social interest houses by women in Colombia.

Leveraging the We-Fi programme, IDB Invest will grant the issuer a USD$300,000 incentive over a period of five years as outcomes are achieved – in this case, the expansion of the WSMEs loan portfolio from 20% to 27%.

As part of the issuance process, IDB Invest advised Davivienda on 1) designing the issuer framework, 2) formulating criteria for its WMSME portfolio, 3) securing a second-party opinion and 4) the monitoring of projects.

In another example of MDB support, in 2023 Itaú Unibanco became the first commercial bank in Brazil to issue Gender bonds under the Financial Bill structure. The BRL2 billion (USD396 million) in proceeds will support lending to WMSMEs. The IFC served as an anchor investor at approximately 50%. The issuance is also supported by IFC's cornerstone gender lens initiatives – Banking on Women and Women Entrepreneurs Opportunity Facility – as well as by We-Fi. Itaú Unibanco has been included on the Bloomberg Gender Equality Index of global corporations for seven years.

In late 2023 NMB Bank raised TZS400 billion (USD159 million) in a dual-tranche 3-year Sustainability bond under its Sustainable Financing Framework. The issuance has been celebrated as the largest Sustainability bond in East Africa. The TZS tranche of the bond carries a 9.5% fixed annual rate, payable quarterly, and is listed on the Dar es Salaam Stock Exchange. The USD tranche was privately placed with offshore investors. The bond was heavily oversubscribed, and 54% participation by individual investors. Proceeds will be used for climate, social and environmental projects that strengthen climate change resilience and support sustainability in infrastructure and use of natural resources. BII and the IFC served as co-anchor investors, with BII making a USD15 million commitment. The opinion found alignment with the SBGs, the GBPs, the SBPs and several related principles, per the second-party opinion. While SDG5 was not cited, the opinion stated that investments in the eligible categories would have a positive impact in ten SDG areas, which include equality-focused provisions. FSD Africa provided technical assistance for a third-party review of NMB's portfolio, as well as in securing a second-party opinion on the banks' Sustainable Finance Framework.

6 EXTERNAL REVIEW

Investors, regulators and other stakeholders rely on an external review to vet the credibility of a framework and/or bond in meeting the sustainable objectives. External-review due diligence relies on issuer and regulatory documentation, interviews with issuer management and staff, and provider expertise on the ICMA guidelines.

Pre- and post-issuance external review costs add to the standard cost of a bond issuance.

The SPBs and SBGs recommend pre- and post-issuance review by independent parties as a means of increasing transparency. External review is a component of adherence, and ICMA's Guidelines for External Reviews lists several types: second-party opinion (SPO), bond scoring/rating, verification, and certification. SPO is the external review most often employed by GSSS issuers. While the SPO can apply to a framework or a bond, it is typically obtained to assess a framework. At least 80% of observed non-MDB/DFI Gender bond frameworks received SPOs, including a number of frameworks for the MDB-sponsored bonds.[29]

An SPO is completed in advance of the bond issuance. For an ICMA-centred Gender bond, the due diligence analysis is on processes, systems and governance on the core components:

1 Use of proceeds
Are eligible categories, social objectives and expected benefits clearly defined and consistent among each other and with the principles?

2 Process for project evaluation and selection
Does the decision-making process support project selection based on the use of proceeds? How are environmental and social risks identified and managed?

3 Management of proceeds
What policies and procedures facilitate appropriate allocation and tracking of funds disbursements? How are unallocated funds managed?

4 Reporting
Is transparency and accountability provided through the frequency of and disclosures in the proposed reporting plan?

For a Sustainability-linked framework, the assessment focuses on the five core components of the SLBPs:

Selection of KPIs	Calibration of SPTs	Bond characteristics	Reporting	Verification
Are the KPIs relevant, specific, measurable, verifiable and in line with benchmarks?	How do the targets look relative to the baseline? Conservative or ambitious?	Are the trigger event and consequences clearly defined?	Is transparency and accountability provided through the frequency of and disclosures in the proposed reporting plan?	What is the commitment for post-issuance external review?

The assessment methodology and findings are disclosed in the SPO. The ICMA external review landscape also provides for GSSS bond scoring or rating (i.e. a sustainability equivalent to a credit rating). Some SPO providers qualify the extent of alignment with the principles and include scores on their assessment criteria.

In addition, verification services can be used to externally audit use and management of proceeds and/or post-issuance reporting for UoP bonds. According to the SLBPs, performance-based bonds are required to have independent verification of internal reporting on performance against the SPTs at least once a year and in support of SPT trigger events. Pre-issuance verification can serve to validate KPI baselines. For example, one Gender bond issuer referenced gender data from the company's annual external audit as verification of gender metrics baselines.

ICMA maintains a non-exhaustive list of external reviewers based on voluntary disclosures and without recommendations. Broadly, these providers are divisions of credit, ESG or other specialised ratings providers. Of these, a majority indicate expertise in Social and/or Sustainability bonds, and more than half provide verification services for those types. A minority of the providers in the directory offer certification and/or scoring/rating services. In addition to these providers, accounting/audit firms provide verification services. Local and regional external review providers may also be available. A Gender bond issuer should assess a potential provider's experience level, including with gender-focused issuances, and evaluate the proposed methodology for fit.

Another type of ICMA-identified external review is certification. IIX's Orange Bond Initiative offers Gender bond certification. An independent verifier of Orange bonds must be approved by IIX, which requires a training programme. The accredited verifier can then provide external review on whether a framework or issuance aligns with ICMA and/or the OBPs. This programme is meant to create consistency in the review process and oversight of the verifiers. The expectation is for an increased level of comfort to investors and regulators.

7 ISSUE THE BOND

To support the development of UoP Gender bonds in developing markets, MDBs have assisted in a range of structures, as mentioned in the previous chapter. MDBs and DFIs often serve as Gender bond anchor investors at 30% to 100% of the offer. In contrast to a traditional MDB loan, this approach seeks to introduce Gender bonds to investors and bring in global and local capital. Toward this aim, several developed-market DFIs have invested in Gender bonds, with institutional and individual investors following suit. Both private placements and public offerings are common.

Figure 7.1. Observed Gender bond markets: from MDB/DFI support to local and global

Gender bonds have noted investments by asset managers, governments/central banks, private banks, insurance companies, pension funds and corporations. Gender bond issuers have found demand in at least 29 currencies. Moreover, UoP Gender bonds have included significant levels of oversubscription. For example:[30]

- NatWest: 3.5x oversubscribed (2023).
- Barloworld: 2.0x (2022).
- Instituto del Fondo Nacional para el Consumo de los Trabajadores (FONACOT): 3.3x (2021).
- International Bank for Reconstruction and Development: 2.5x (2019).
- Banco de Comercio Exterior de Colombia (Bancóldex): 4.2x (2018).
- QBE: 20x (2017).

GENDER BONDS: GLOBAL MARKET LISTINGS

In addition to local exchange listing, two global stock exchanges have taken leadership in the listing of Gender bonds. Beginning with the first WLB in 2017, all bonds in the series have been listed on the Singapore Stock Exchange (SGX). In addition, the perpetual Gender bond issued by QBE is also listed on SGX.

As introduced in Chapter 3, the ADB's Gender Equality in Housing Project is a bond series in support of housing for rural women in Kazakhstan. The project is an example of the development of a Gender bond market from a first issue in the local currency to a listing on a major international exchange.

- In February 2021, the ADB raised KZT8.4 billion (USD20 million) from domestic institutional investors through the Kazakhstan Stock Exchange (KASE) to support Otbasy Bank's housing loan programme for rural women. This local currency bond pays a 10.15% annual coupon and has a 10-year bullet maturity. The bond carries a government guarantee.
- In February 2022, the ADB announced its second bond in the series, which raised KZT14 billion (USD32 million). Listed on KASE, the 9-year bond was fully subscribed, and pays a semiannual coupon of 11%.
- In early 2023, the ADB raised KZT15.6 billion (USD34 million) in two new 7.5-year Gender bonds. The onshore bond (85% of the proceeds) is listed on KASE. The second bond (15% of the proceeds) was sold offshore with a listing on LGX, with currency conversion for US dollar settlement managed by the ADB.

Several additional ADB and WBG Gender bonds are listed on LGX, as are the Gender bonds issued in Indian rupees and Mongolian togrogs by Symbiotics, a market access platform. UN Women and LuxSE formed a partnership to advance gender financing through recognising sustainable bonds that incorporate a gender lens – using ***Bonds to Bridge the Gender Gap*** as a roadmap.[31]

In another global listing, Banco de Bogotá issued its first sustainable bond in 2023, raising USD230 million in subordinated notes through a private placement arranged by the IDB. The investors were IDB Invest, the IFC, FinDev Canada and a group of institutional investors. The issue is listed on the International Stock Exchange. Proceeds will be directed to a list of project categories under the bank's Sustainability framework, including loans to WMSMEs.

MANAGE PROCEEDS UPON ISSUANCE

Early preparation, qualifying project identification and the framework should all support the management of allocations to eligible investees, tracking of net allocations, and monitoring of repayment – in alignment with issuance objectives. Management of proceeds is a core component of the ICMA guidelines. The balance of net proceeds and allocations to eligible projects should be tracked throughout the life of the bond and covered in external review. Annual reports to investors should include a list of allocations by project, amount and expected impact.

INSTITUTIONAL INVESTOR LANDSCAPE IN AFRICA

The African institutional investor landscape includes corporations, pension funds, insurance companies, collective investment schemes and regional DFIs. Members of the Association of African Development and Finance Institutions include more than 80 DFIs. Some have invested in sustainable bonds and may have the capacity to invest in regional Gender bond issuances. In addition, a 2022 IFC/AfDB study cited strong growth in pension fund assets from the mid-2000s up until the COVID-19 pandemic. The study also noted a small but growing trend of institutional investors directing capital into alternative asset classes, including sustainable bonds.[32] According to the WBG, African sovereign wealth funds – an important African institutional investor group – grew AUM by 76% from 2015 to 2020. African sovereign wealth funds managed USD300 million in 2020.[33]

Demand from retail investors: The NMB Bank's Jasiri bond was listed on the Dar es Salaam Stock Exchange, then later on the LGX. IFC served as an anchor buyer, purchasing 31% of the issue. In total the issue had 1,630 initial investors and was 197% oversubscribed.

99% of initial investors were individuals – and the majority of these (52%) were women.

SUSTAINABLE BOND PRICING

A bond price concession is when a new bond has a higher price, and thus a lower yield, relative to comparable traditional debt. For Green bonds, this has become known as a 'greenium'. Issuers pay less to fund Green bonds. For sustainable issuances, issuers seek consideration from investors in order to:

- Cover the cost of external review, tracking and reporting
- Reward the commitment to deliver impact.

Even with willingness to concede on price for impact, sustainable bond investors are focused on the risk/reward profile. The performance of sustainable bonds on the secondary market determines how much a concession will affect this. Data is beginning to show that Green bonds demonstrate stronger secondary market performance than standard issuances.[34] This lower yield has not been observed for Social bonds or in the nascent African sustainable bond market to date.

8 POST-ISSUE MONITORING AND REPORTING

As discussed throughout, prior to any issuance a Gender bond issuer should be prepared to monitor proceeds and report to investors. For a UoP bond, this begins with the collection of gender-disaggregated data on the issuer's current portfolio and projects (see Chapter 2). This serves to broaden financing for gender equality and women's empowerment objectives, from lending to more women to positive social outcomes in health, safety, resource access and other areas. Clear definition of qualifying project types and their eligibility criteria – with key data points – also prepares the issuer to manage the use of proceeds and report to investors.

For a performance-based bond, the issuer must prepare for identification of gender-equality KPIs and SPTs through an initial gender equality audit to establish a baseline. Targets and the processes to achieve them can then be established. With these elements in place prior to issuance, the issuer is set up to report on progress and thresholds post-issuance.

As is the case for all sustainable bond investors, gender lens investors should look to monitoring and reporting for confirmation that proceeds are being managed and directed in alignment with women-focused objectives. Robust monitoring and reporting guards against alignment challenges.

POST-ISSUE MONITORING AND REPORTING GUIDELINES

ICMA guidelines on monitoring and reporting

The Harmonised Framework for Impact Reporting outlines core areas for reporting.[35] In terms of Gender bond proceeds, these include:

- Outputs: Tangible or intangible practices, products or services resulting from the use of proceeds.
    - Loan programmes and other banking products and services with mandates to focus on women-owned businesses, including women-owned and -led climate solutions and businesses focused on products and services for women.
    - Job creation through business expansion.
    - Mortgage lending programmes with mandates to include women borrower.
- Outcomes: Changes, benefits, learning or other effects of the use of proceeds.
    - Expanding customer base for financial service providers.
- Impacts: Attribution of the UoP toward broader and longer-term outcomes.
    - Long-term growth of women-owned businesses, from WMSMEs to growth-stage companies to large corporations.
    - Women's economic empowerment through financial inclusion, employment generation, access to essential services, educational opportunities, health care, and safety and security.

The SLBPs include similar monitoring requirements. The issuer must maintain information on achievement of the SPTs (or lack thereof) in advancement of the KPIs. For sovereign issuers to comply, any missing data on KPIs or SPTs should include information on how this is being addressed. Annual reports must be provided to investors, with an additional requirement for external verification of KPI and SPT progress. Incorporating this verification into an annual audit is an often-utilised route for adherence.

Orange Bond Principles guidelines on monitoring and reporting

The OBP includes similar guidelines on monitoring and reporting. Issuers are required to provide annual reports to investors on gender-disaggregated data-driven equality impact and the impact experienced by funding recipients. In addition, issuers are encouraged to report on alignment with ICMA principles and other relevant standards.

GENDER BOND REPORTING EXAMPLES: WHO BENEFITS FROM GENDER BONDS?

Best practices are emerging around issuer reporting on Gender bonds. Bonds to Bridge the Gender Gap notes that quantitative and qualitative indicators may be used to reflect improvements in women's access to goods and services and level of empowerment.

NMB Bank provides three types of post-issuance Gender bond reporting to the public via a dedicated page on its website:

1. Quarterly Disbursement Reports – These detailed the proceeds utilised to date with a brief description. The reports reiterated the bank's intent to allocate all proceeds within 18 months of the issuance, consistent with the plan outlined in its framework. These continued until 100% of proceeds were allocated within the period.
2. Annual Review – The first annual report verified the allocation of proceeds and indicated that all projects complied with the eligibility criteria.
3. Post-issuance Allocation and Impact Report –The first impact report by an independent consultant described the bond issuance, administration and impact. Profiles of loan recipients summarised how they used the loan proceeds, spotlighting relevant SDGs and number of women employed by their enterprise.

NMB highlighted several impact statistics from the bond's first year:

- 3,545 loans to women-owned or -controlled MSMEs or agribusinesses (verified).
- 61 loans to SMEs with at least 30% women in the workforce (verified).
- More than 100 jobs created (client survey).

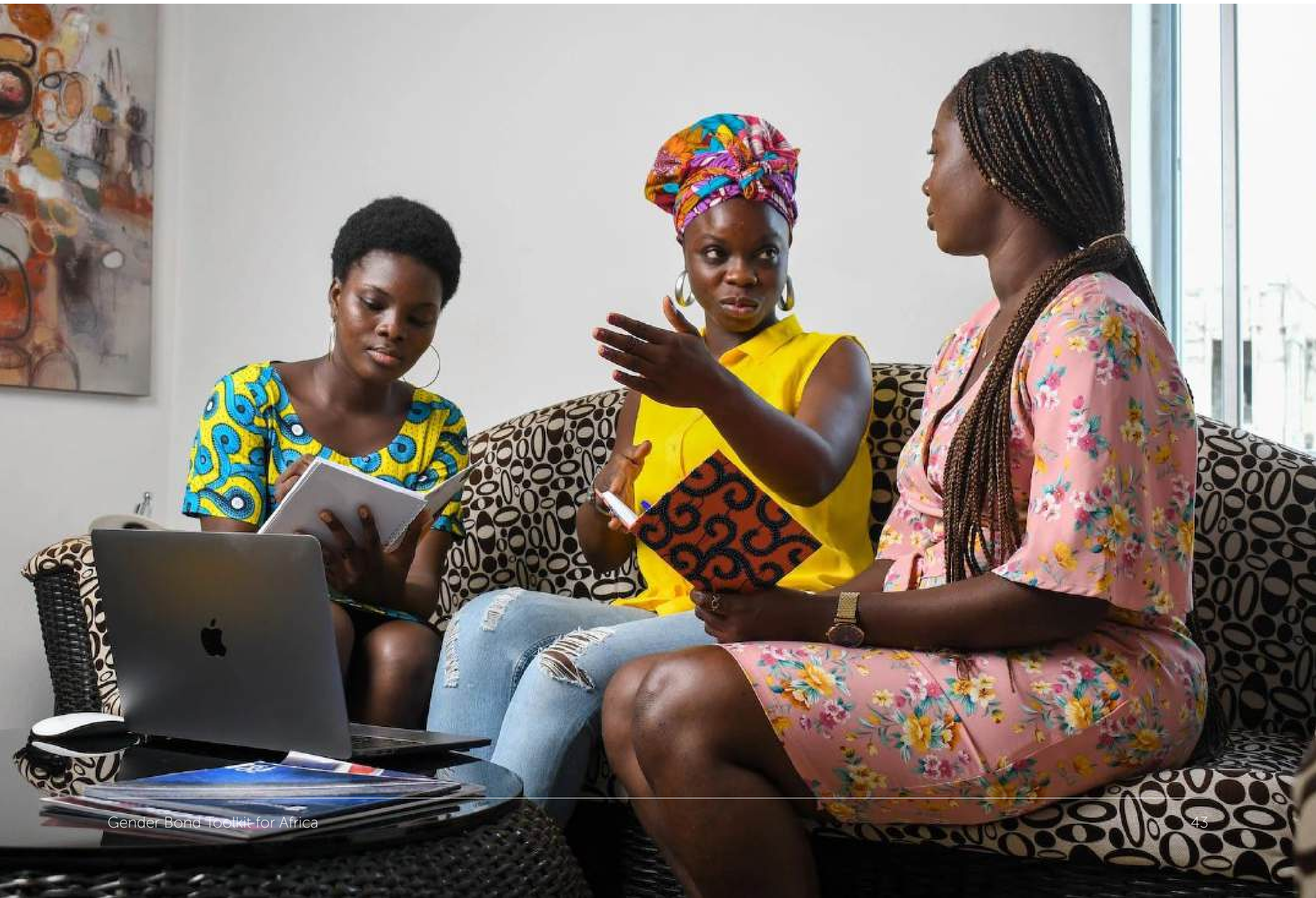
IIX's monitoring process for the WLB series yields several impact measures based on in-person and mobile device surveys of borrowers. Financial and impact performance for the WLB series is housed on dedicated webpages. For the series through WLB3, IIX has not experienced a need to call on its guarantee and has reported that all coupon payments have been on time. Semiannual impact reports quantify the number of women directly impacted and the social return on investment in US dollar terms related to the targets. Additional financial and impact performance reporting is available to investors.

Impact statistics on the WLB series include:

- Women impacted by the WLBs have increased their total income by USD22 million.
- More than 180,000 women microentrepreneurs have gained access to affordable credit.
- 80% of women report easier access to first and affordable loans.
- 80%–90% of female customers report improved quality of life.

* CONCLUSION

As the data shows, wide gender gaps persist globally and across Africa, dampening economic development and women's full economic participation. Bond issuers have a role to play in mobilising capital towards the narrowing of these gender gaps and stimulating economic growth. **The Viability of Gender Bonds in Sub-Saharan Africa** report previously demonstrated the opportunity for gender bond issuances. With the guidance of this toolkit, issuers can now be equipped to apply gender lens investing into practice through integration into bond framework design, followed by issuances. Utilizing the process described here, it is up to bond issuers and investors to take action.



GENDER

Gender refers to the roles, behaviours, activities and attributes that a given society at a given time considers appropriate for men and women. In addition to the social attributes and opportunities associated with being male and female and the relationships between women and men and girls and boys, gender also refers to the relations between women and those between men. These attributes, opportunities and relationships are socially constructed and are learned through socialisation processes. They are context/time-specific and changeable. Gender determines what is expected, allowed and valued in a woman or a man in a given context. In most societies there are differences and inequalities between women and men in responsibilities assigned, activities undertaken, and access to and control over resources, as well as decision-making opportunities. Gender is part of the broader socio-cultural context, as are other important criteria for socio-cultural analysis including class, race, poverty level, ethnic group, sexual orientation, age, etc.

Source: UN Women Training Centre's Gender Equality Glossary, referencing UN Women, OSAGI Gender Mainstreaming - Concepts and definitions

GENDER EQUALITY (EQUALITY BETWEEN WOMEN AND MEN)

This refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Equality does not mean that women and men will become the same but that women's and men's rights, responsibilities and opportunities will not depend on whether they are born male or female. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognising the diversity of different groups of women and men. Gender equality is not a women's issue but should concern and fully engage men as well as women. Equality between women and men is seen both as a human rights issue and as a precondition for, and indicator of, sustainable people-centred development.

Source: UN Women Training Centre's Gender Equality Glossary, referencing UN Women, OSAGI Gender Mainstreaming - Concepts and definitions

GENDER GAP

The term gender gap refers to any disparity between women and men's condition or position in society. It is often used to refer to a difference in average earnings between women and men, e.g. 'gender pay gap'. However, gender gaps can be found in many areas, such as the four pillars that the World Economic Forum uses to calculate its Gender Gap Index, namely: economic participation and opportunity, educational attainment, health and survival, and political empowerment.

Source: UN Women Training Centre's Gender Equality Glossary, referencing Hausmann, Ricardo, Laura D. Tyson, Saadia Zahidi, Editors (2012). "The Global Gender Gap Report 2012". World Economic Forum, Geneva, Switzerland.

WOMEN'S ECONOMIC EMPOWERMENT

Gender equality in the economy refers to the full and equal enjoyment by women and men of their economic rights and entitlements facilitated by enabling policy and institutional environments and economic empowerment. Economic empowerment is a cornerstone of gender equality that refers both to the ability to succeed and advance economically and to the power to make and act on economic decisions. Empowering women economically is a right that is essential for both realising gender equality and achieving broader development goals such as economic growth, poverty reduction, and improvements in health, education and social well-being.

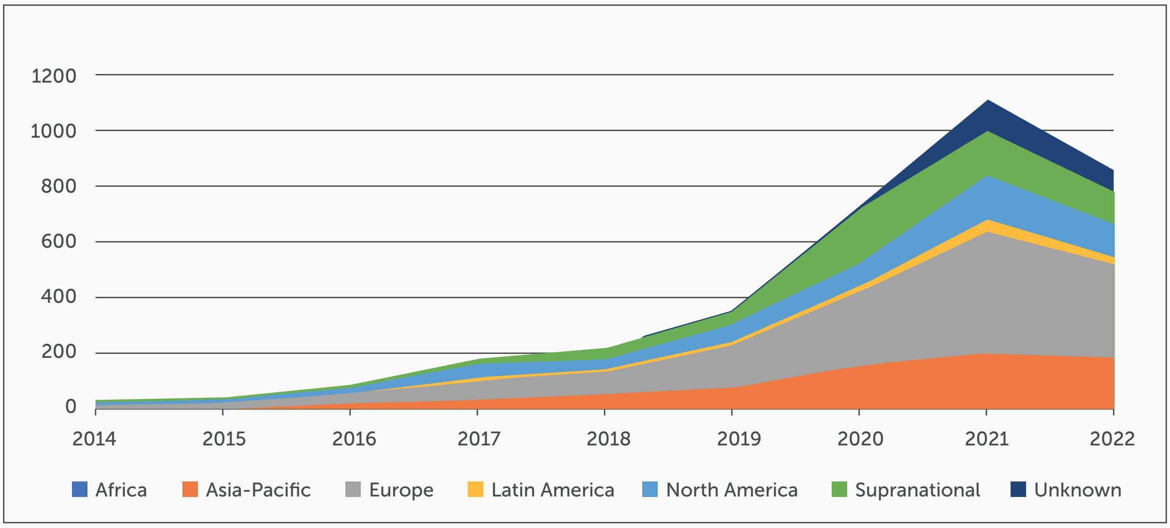
Sources: UN Women Training Centre's Gender Equality Glossary, referencing UN Women; ICRW (2011) Understanding and measuring women´s economic empowerment.

GSSS BOND MARKET SIZE AND GROWTH

Global sustainable bond (GSSS) bond markets

Climate Bonds Initiative (CBI) reported that GSSS debt issuance volumes declined from a record high of USD1.1 trillion in 2021 to USD863.4 billion in 2022, which unfolded as a tough year for global bond markets. In keeping with previous years, Europe had the highest total in 2022 at USD335.1 billion. The next highest region was Asia-Pacific, followed by North America. Green bonds led the 2022 GSSS market at USD487.1 billion. Sustainability bonds were next, followed by Social bonds, then Sustainability-linked issues. According to CBI, more than USD2 trillion in Green bonds have been issued through 2022, with the growing availability of public funds to support climate solutions a primary driver. Sustainability-linked bonds have turned in growth due to innovative structures and the opportunity for investors to direct capital into company-specific climate performance.[36]

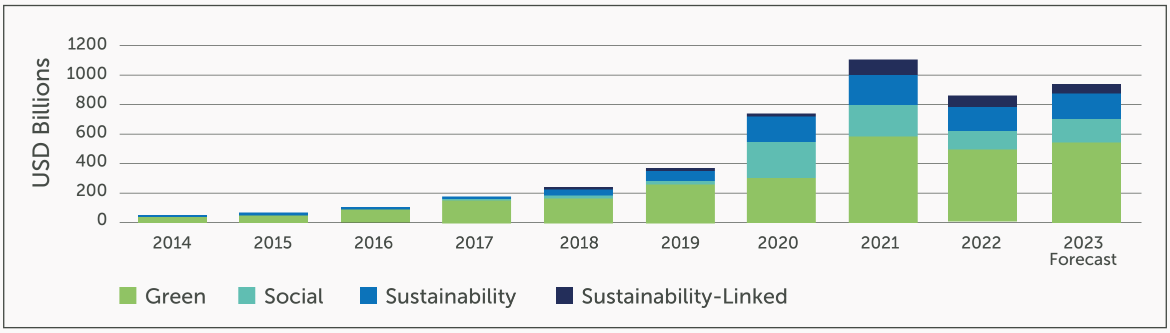
Figure A.1. GSSS bond issuance volume by region (in USD billion)



Note: Africa had less than 0.2% of total volume.
As of December 31, 2022.
Source: Climate Bonds Initiative

Following the 2022 pullback in assets under management (AUM) in the face of rising interest rates and increased geopolitical risks, Moody's Investor Services expects a rebound in GSSS bonds in 2023, with a forecasted total of USD950 billion, a 10% increase over 2022. Moody's expects USD550 billion in new Green bonds to lead the way, followed by USD175 billion in Sustainability bonds, USD150 billion in Social bonds, and USD75 billion in Sustainability-linked bonds. All segments except Social are expected to see growth, with Social seeing a modest decline in 2023 due to the end of pandemic-related financing.[37]

Figure A.2. GSSS bond market issuance volume by bond category/type

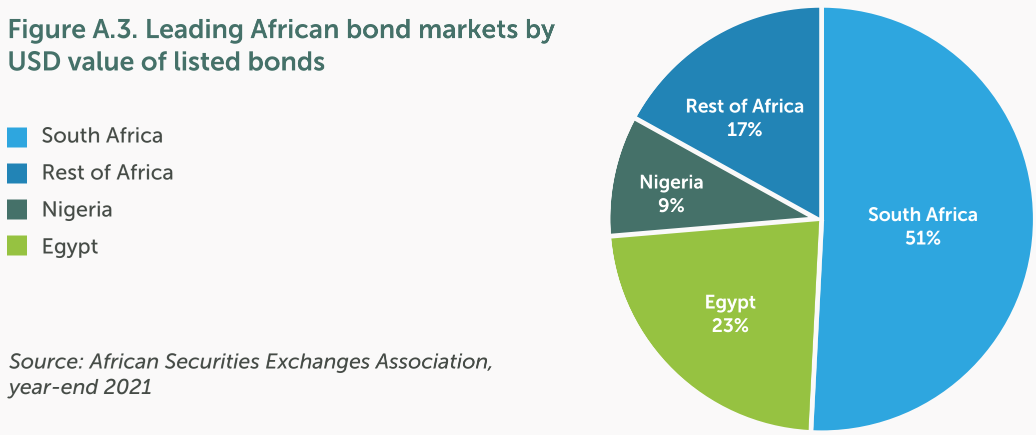


Sources: 2014–2022 year-end actuals from Climate Bonds Initiative, 2023 Forecast from Moody's

African sustainable bond (GSSS) bond markets

Total AUM in African listed sovereign and corporate bond markets was USD536.5 billion at end-2021, according to the African Securities Exchanges Association (ASEA). These markets do not yet comprise a notable portion of global bond markets. According to ASEA, the most-developed markets are in South Africa, Egypt and Nigeria, based on USD value of listed bonds.[38] Analysis by the International Finance Corporation (IFC) indicates that African bond markets have been hampered by limited benchmarks for pricing securities, low liquidity, and the need for more flexible regulations[39]

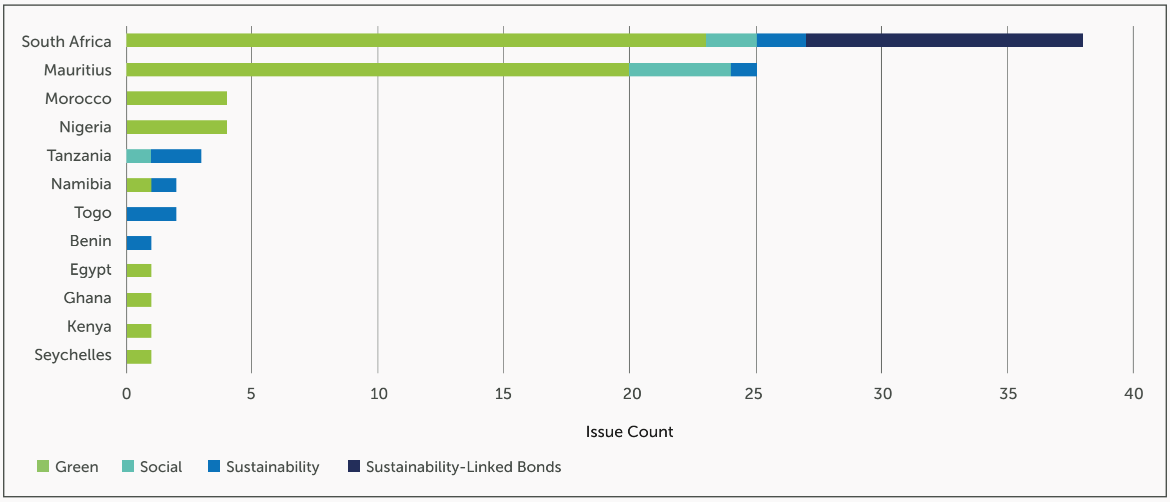
Figure A.3. Leading African bond markets by USD value of listed bonds



Source: African Securities Exchanges Association, year-end 2021

Against this backdrop, a growing GSSS bond market is positioned to play a leading role in developing bond markets across the continent. The value of new issues in Africa declined in 2022 along with global GSSS markets. But the number of 2022 GSSS issues in Africa grew by 14%, according to Sustainable Fitch, surpassing the 6% growth in the number of issues globally. The market is still in an early stage, with 64 actively traded instruments in 2022. Consistent with global markets, Green bonds are the majority of GSSS issues in Africa.[40]

Figure A.4. Green, Social and Sustainability bonds, 2014–22, number of issuances by issuer country



Sources: Climate Bonds Initiative, ICMA and Fitch Sustainable, year-end 2022

Figure A.4 indicates the number of Green, Social and Sustainability bonds in Africa through 2022, including sovereign and corporate. With Green bonds dominant, South Africa was the first in the region to launch a Green Finance Taxonomy. This was followed by the release of voluntary Sustainability and Climate Disclosure Guidelines by the Johannesburg Stock Exchange. Additional markets with Green bond guidelines include Morocco, Kenya, Mauritius and Ghana, with several others pending.

MDB AND SOVEREIGN SUSTAINABLE BOND FRAMEWORKS IN AFRICA

MDB and sovereign bond frameworks include:

- AfDB Sustainable Bond Framework
  - Combines earlier Green Bond Framework and Social Bond Framework
  - Allows AfDB to issue sustainability bonds
  - Includes SDG5 in four of five strategic operational priorities
- Angola Operational Sustainable Finance Framework
- Benin Sustainable Development Goals Bond Framework
- Côte d'Ivoire Sustainable Bond Framework
- Development Bank of Southern Africa Green Bond Framework
- Egypt Sovereign Sustainable Financing Framework
- Update of its earlier Green Financing Framework with expanded Green- and Social project categories
  - Calls for gender bond issuances
  - Women are highlighted in eligibility criteria, including: financing and financial services, social inclusion and poverty reduction, and employment generation and access to financial services.
- Ghana Sustainable Financing Framework
- Kenya Sovereign Green Bond Framework
- Nigeria Green Bond Framework
- Nigeria Social Bond Framework (in progress)
- West African Development Bank (BOAD) Sustainability Bond Framework.

Taxonomies have also been published, including:

- South Africa Green Finance Taxonomy (2022)
- Tanzania Sustainability Taxonomy (In progress).

CAPITAL MARKET REGULATOR AND EXCHANGE GSSS GUIDELINES IN AFRICA

As with sovereign frameworks, GSSS guidelines from capital markets regulators and exchanges have been dominated by Green bond rules. These actors should evaluate an expansion of sustainable categories into Social – with gender – frameworks. Morocco serves as an example of the path from Green issuance guidelines to a Gender bond, with a progression of guidelines as follows:

- Green Bonds Guidelines Autorité Marocaine des Marchés de Capitaux (AMMC) (2016)
- Green, Social and Sustainability Bonds Guidelines AMMC (2018)
- Gender Bonds Guidelines AMMC (2021).
- Gender bond issuance in Morocco in 2022 (see Chapter 1).

Egypt offers another example of framework and guidelines development. In 2022, the Financial Regulatory Authority of Egypt drafted an amendment to the Capital Market Law to facilitate gender bond issuances in the market. The amendment is aligned with the guidance in Bonds to Bridge the Gender Gap. Gender bonds must provide financing to companies or entities with at least 25% women on the board, where women comprise at least one-third of the workforce, or where at least 51% of the entity is women owned. Companies which encourage gender equality, or which target at least one-third of products and services to women, may also be financed.[41]

Other capital markets guidelines include:

- Egypt Guiding Principles on Sustainable Finance
- Nigeria Green Bonds Rules
- Guide for the Issue of Sustainable Bonds in Mauritius
- Tanzania Capital Market and Securities Authority, based on ICMA Principles (in progress)
- Zambia Guidelines and Listing Rules for Green Bonds.

Several African exchanges have launched GSSS segments or adopted listing principles including:

- Dar es Salaam Stock Exchange Public Limited Company Rules (includes Gender bonds)
- Nairobi Securities Exchange dedicated webpage on Green Bonds with Issuer Guide and Guidelines
- Nigerian Exchange Sustainable Bond Market
- Johannesburg Stock Exchange: Launched Green Bond Segment
    - 2020 saw the extension of the Green Bond Segment and its renaming to the Sustainability Segment. This now includes Social and Sustainability bonds. Issuers need to adhere to ICMA Social, Green and Sustainability principles or other standards acceptable to the exchange.
- Zimbabwe Stock Exchange Green and Social Bonds Principles.

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