



# SOCIAL BONDS

ILLUSTRATIVE USE-OF-PROCEEDS CASE STUDIES:

CORONAVIRUS

March 2020

## Social Bonds in the Context of the Coronavirus (COVID-19)

The global [coronavirus](#) crisis is a social issue that threatens the well-being of the world's population, especially the elderly and those with underlying health conditions. In addition, millions of people around the world are suffering from the downturn brought on by the impact of the epidemic on economies and businesses. This document aims to provide an illustrative reference by which issuers and bond market participants can evaluate the financing objectives of a Social or Sustainability Bond in light of the current coronavirus epidemic and its global socio-economic impact.

Social bonds finance projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes. As the pandemic is causing far-reaching economic disruption in emerging markets and developing countries, the social bond market is one avenue through which the public and private sectors could access the critical capital required to meet healthcare needs, restore economic stability and preserve jobs. This guide is in response to the efforts being made within the capital markets to mitigate the negative health and socio-economic impacts of the coronavirus.

The case studies that follow highlight how issuers from various industries may use social bonds to raise financing which will go towards addressing social issues that have emerged as a consequence of the COVID-19 pandemic. **This guide is intended as indicative and not exhaustive.**

Fundamentally, social bonds related to COVID-19 must abide by the four core components of the Social Bond Principles. It is essential that proceeds of the bonds go exclusively towards addressing or mitigating social issues wholly or partially emanating from the coronavirus outbreak. For further guidance on social bonds, issuers are encouraged to consult the [Social Bond Principles](#) and complementary guidance made available at the [Social Bond Principles Resource website](#).



*Photo: Ascendis, IFC Case Study 2016*

IFC is a key player in the social bond market and operates an active Social Bond Program in several ways:


- regular issuance in public and private markets,
- systematic industry engagement, leading the dialogue on transparency and best practice through its position as chair of the Social Bond Principles Working Group and;
- supporting its clients to become social bond issuers through advisory and investment services.

Ultimately, this illustrative guide is provided to encourage transparency and best practices as issuers consider social bonds as a financing option to mitigate the COVID-19 health and socioeconomic crisis.

## Social Bonds: Illustrative Use of Proceeds Case Studies - CORONAVIRUS

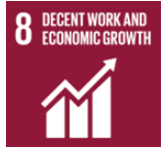
### Industry: Pharmaceutical

#### Issuer: Illustrative

Use of proceeds	Social Issue	Target Population	Intended Social Outcome	SDG Linkage	Example Indicators
Research and development of - COVID-19 tests, vaccines and/or other medications intended to alleviate symptoms of the infectious virus.	COVID-19 is a global pandemic that is threatening the health and well-being of the world's population.	Given the widespread nature of the issue, the project is expected to benefit the general populace. Benefits are especially expected for those most vulnerable to the virus, including the elderly and those with underlying health conditions.	The project is expected to create positive health outcomes as a result of the vaccine and/or medications that alleviate symptoms.		<p># of vaccines, tests, or medicines distributed</p> <p># of individuals obtaining the tests, vaccine or medicines</p>


### Industry: Financial Institutions

#### Issuer: Illustrative

Use of proceeds	Social Issue	Target Population	Intended Social Outcome	SDG Linkage	Example Indicators
Loans to small businesses negatively impacted by the economic slowdown from COVID-19.	COVID-19 has spurred the temporary closure of many non-essential businesses, putting many businesses at risk and consequently increasing job losses.	Small businesses and employees at risk of financial distress/ unemployment as a result of COVID-19 control measures.	The project seeks to ensure continued access to financial services during the downturn, alleviating unemployment and promoting job preservation/creation.		<p># of loans provided</p> <p># of jobs provided</p> <p># of jobs preserved</p>

### Industry: Manufacturing

#### Issuer: Illustrative

Use of proceeds	Social Issue	Target Population	Intended Social Outcome	SDG Linkage	Example Indicators
Manufacturing or modification of existing machines to produce, and/or production or increased production, of health safety equipment and hygiene supplies.	There is a global shortage of health safety equipment to combat the spread of COVID-19. Healthcare facilities in particular are facing a lack of sufficient supply of equipment to protect healthcare workers.	The project is expected to benefit the general population given the widespread nature of COVID-19. Healthcare workers are expected to be especially targeted given their vulnerability to exposure.	It is intended that the output of the project will lead to a reduction in the spread of the virus among users of the equipment and supplies.		# of health safety equipment produced, (e.g. masks, gloves, hygiene supplies)

## ABOUT IFC

IFC – a sister organization of the World Bank and member of the World Bank Group – is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities where they are needed most. In fiscal year 2019, we delivered more than \$19 billion in long-term financing for developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit [www.ifc.org](http://www.ifc.org).

## AUTHORS

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IFC is a frequent issuer of social bonds having established its Social Bond Program in 2017. Proceeds from IFC's social bonds finance projects with positive social outcomes in line with the Social Bond Principles, as published by ICMA, the International Capital Market Association. Targeted projects are those that expand access to essential services such as energy, medical supplies and water, as well as access to capital for micro, small, and medium-sized businesses in emerging markets. IFC has led the Social Bond Working Group since its creation in 2016. More information on IFC's Social Bond Program is accessible at [www.ifc.org/socialbonds](http://www.ifc.org/socialbonds)

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