

Bonds to Bridge the Gender Gap:

A Practitioner's Guide
to Using Sustainable Debt
for Gender Equality

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ABBREVIATIONS AND ACRONYMS

ESG	Environmental, social, and governance
GBP	Green Bond Principles
GRB	Gender responsive budgeting
HIPSO	Harmonized Indicators for Private Sector Operations
ILO	International Labour Organization
KPI	Key performance indicator
NAP	National action plan for gender equality
OECD	Organisation for Economic Co-operation and Development
SB	Social Bond
SBG	Sustainability Bond Guidelines
SBP	Social Bond Principles
SDG	Sustainable Development Goals
SLB	Sustainability-linked Bond
SLBP	Sustainability-linked Bond Principles
SME	Small and medium enterprise
SPT	Sustainability performance target
UOP	Use of proceeds
UN WEPs	United Nations' Women's Empowerment Principles

DEFINITIONS

Social Bonds, according to the Social Bond Principles (SBP), are any type of bond instrument that exclusively applies the proceeds, or an equivalent amount, to finance or re-finance, in part, or in full, new or existing eligible Social Projects that align with the four core components of the SBP: i) Use of Proceeds; ii) A Process for Project Evaluation and Selection; iii) Management of the Proceeds; and iv) Reporting.

Sustainability Bonds, according to the Sustainability Bond Guidelines, are bonds that exclusively apply the proceeds to finance or re-finance a combination of both Green and Social Projects. Sustainability Bonds align with the four core components of both the Green Bond Principles (GBP) and the Social Bond Principles. The GBP is especially relevant for Green Projects, and the SBP for Social Projects.

Sustainability-linked Bonds, according to the Sustainability-linked Bond Principles (SLBP), are bond instruments with financial and/or structural characteristics that depend on whether the issuer achieves predefined sustainability/environmental, social, and governance (ESG) objectives, and that align with the five core components of the SLBP: i) Selection of Key Performance Indicators (KPIs); ii) Calibration of Sustainability Performance Targets (SPTs); iii) Bond Characteristics; iv) Reporting; and, v) Verification. With these bonds, issuers commit, explicitly, to improve sustainability outcome(s) by a predefined deadline. The proceeds from SLBs are intended for general purposes, and, hence, the use of proceeds is not a determinant in its categorization.

Bonds that adhere to the SBP or SLBP, and which focus exclusively on gender equality, are often referred to as **gender bonds**.



Understanding How Debt Capital Markets Can Direct Financing Towards Gender Equality

1. INTRODUCTION

In today's capital markets, there are instruments that can be used to address gender inequalities. This guide provides practical guidance on how to use sustainable bonds to credibly access financing for projects and strategies that advance gender equality objectives. It offers examples that illustrate how to identify gender-related use of proceeds and establish gender-related commitments. In doing so, this guide builds on existing global frameworks—the [Social Bond Principles](#) (SBP),¹ the [Sustainability Bond Guidelines](#) (SBG),² and the [Sustainability-linked Bond Principles](#) (SLBP)³—and, thus, should be considered alongside these documents.⁴

While this guide focuses on bonds, the guidance may also be applicable to other debt instruments within capital markets, such as loans. In the case of loans, it is recommended that this guide be considered alongside the [Social Loan Principles](#)^{5, 6} and the [Sustainability-linked Loan Principles](#).⁷

Global debt capital markets play an important role in financing progress toward gender equality in both the public and private sectors. The rise of [sustainable finance](#)⁸ offers new ways to uniquely drive finance to address social issues, including gender inequality; and investors are increasingly adopting strategies to intentionally, and measurably, use their capital to reduce “the gender gap”—the inequalities that persist between women and men.^{9, 10}

However, debt capital flows are not on track to meaningfully contribute to the United Nations' Sustainable Development Goal (SDG) 5, *Achieve Gender Equality and Empower all Women and Girls*.¹¹ This continues to be the case even though the COVID-19 pandemic is disproportionately impacting women, widening the gender gap, and making the need for financing to address gender inequalities even greater.¹²

Debt instruments such as Social, Sustainability, and Sustainability-linked Bonds and Loans provide financing opportunities for market participants that want to advance



“Labelled securities, specifically Social Bonds, present a unique opportunity to address gender equity challenges by directly financing critical women’s issues, like access to clean water and education, as well as for the operation and expansion of businesses.”

– Nuveen, a TIAA Company

gender equality. These products can shift the typical relationship between issuers and investors that centers on the exchange of financial data toward one that also focuses on accelerating organizational change to advance social impact. In the bond market, particularly, the demand for gender related sustainable bonds remains high among investors—higher than the current supply.¹³

For issuers, these bonds offer an opportunity to demonstrate their leadership in advancing gender equality. They also offer issuers the opportunity to diversify their investor base and leverage new sources of financing, as well as the potential to be included in sustainability indices. For public sector

for investors seeking to understand and support projects and strategies that are designed to advance gender equality.

2. THE USE-OF-PROCEEDS APPROACH: SOCIAL AND SUSTAINABILITY BONDS

As defined by the Social Bond Principles and the Sustainability Bond Guidelines, Social and Sustainability Bonds are use-of-proceeds bonds. This means that issuers must apply all the proceeds from the bond issue to implement the types of projects that were identified prior to the bond’s issuance. The

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