



Call to Action for COVID-19 Bond Issuance



GISD Global Investors for Sustainable Development
Alliance 



CALL TO ACTION FOR COVID-19 BOND ISSUANCE

Introduction and Purpose

The United Nations Global Investors for Sustainable Development (GISD) Alliance brings together 30 global investment firms and companies to advance the allocation of capital to facilitate and achieve the UN Sustainable Development Goals by 2030. Members of this alliance investing in fixed income see an opportunity for companies, sovereign governments, and other entities to take action to address the global COVID-19 pandemic, to support a sustainable recovery, and to finance these activities through COVID-themed Social Bonds that are aligned with the Sustainable Development Goals (“SDGs”).

Our Call to Action for COVID-19 Bond issuance seeks to encourage issuers – both public and private sector entities – to take meaningful steps towards addressing COVID-related challenges, supported by the issuance of innovative Social Bonds. We seek to support issuers in financing a holistic recovery, with a specific emphasis on aligning with the SDGs. In doing so, we aim to support high-priority activities and projects according to the most urgent needs to stem the negative impacts of COVID on public health, livelihoods and economic wellbeing.

Defining COVID-related challenges

COVID-19 response and recovery bonds should have designated use of proceeds financing solutions to the challenges presented by COVID, with a particular focus on vulnerable populations. In line with the UN Sustainable Development System’s framework (see Chart 1), these challenges include:

Direct challenges

- Lack of a vaccine or treatment for the disease itself
- Insufficient health infrastructure (personal protective equipment for healthcare professionals, hospital capacity, supplies, personnel)
- Insufficient water and sanitation infrastructure in public spaces that are required to curb the spread of the virus

Indirect challenges

- Unequal access to quality healthcare among vulnerable and marginalized groups, leading to co-morbidities that increase the risk of death from COVID among certain populations
- Economic consequences including financial instability among small businesses, loss of jobs and livelihoods
- Disrupted education and lack of access to remote learning capabilities

Opportunities for scope of influence and impact on direct or indirect challenges will depend on the issuer’s sector.

The challenges identified are reflected in the UN Framework for Immediate Socio-Economic Response to COVID-19





Expectations for COVID-19 Issuance:

- Bonds addressing COVID-19 response and recovery fall under the umbrella of Social or Sustainability Bonds and as such should follow the widely accepted Social Bond Principles¹ or Sustainability Bond Guidelines² administered by the International Capital Markets Association (“ICMA”). They should also be aligned with the SDGs. Issuers are encouraged to use the Sustainable Development Investing (SDI) definition developed by the GISD Alliance for this purpose.³
- The use of proceeds should clearly state the financing for direct or indirect challenges related to COVID-19 (see appendix for examples of activities/projects by sector). In addition, proceeds may finance other environmental or social challenges⁴ that are specific to the issuer and that are eligible under the ICMA Social Bond Principles, the ICMA Green Bond Principles⁵, or in line with the ICMA Sustainability Bond Guidelines. To the extent possible, issuers should provide transparency on the use of proceeds with clear distinction between COVID-related and other purposes at issuance.
- Use of proceeds should create additional positive contribution to sustainable development. To this end, and where feasible, issuers are encouraged to check the use of proceeds alignment with the SDI definition developed by the GISD Alliance and explain how a positive impact is created by the activities or projects financed.
- To ensure limited barriers to financing the most urgent COVID challenges, issuers may apply a lookback period for projects/activities that were implemented prior to issuance. The lookback period should only be for projects that started as of 11 March 2020 or thereafter.⁶
- A governance structure should be in place to ensure that the proceeds of the issuance are allocated to credible COVID-related projects and create positive impact.
- Wherever feasible, issuers are strongly encouraged to report annually on impacts achieved from the projects/activities financed through the use of proceeds. See appendix for suggested impact indicators and their alignment with SDGs and targets.
- It is preferable for issuers to have a demonstrated track record on managing material ESG risks and opportunities.
- We encourage issuers to seek external review of alignment with the ICMA Social Bond Principles and the SDGs at the time of issuance.

GISD Alliance SDI definition

Sustainable Development Investing (SDI) refers to deploying capital in ways that make a positive contribution to sustainable development, using the Sustainable Development Goals (SDGs) as a basis for measurement.

The contribution can be made through products, services, and/or operations or through projects financed across asset classes and in multiple sectors or themes. The positive contribution of an investment should not be outweighed by negative impacts from the same investment over the life of this investment.

¹ [Social Bond Principles 2020](#)

² [Sustainability Bond Guidelines 2018](#)

³ [Sustainable Development Investing definition](#)

⁴ Investors generally prefer that a majority of the proceeds are designated for COVID-related projects.

⁵ [Green Bond Principles 2018](#)

⁶ 11 March 2020 is the date the World Health Organization declared the coronavirus (COVID-19) a pandemic.



Appendix: Examples of SDG-aligned COVID Bond activities and impact indicators

Activity	Intended Outcome	Example Impact Indicator	Linked SDG Targets
Healthcare Services & Pharmaceuticals	Treat and prevent devastating health impacts from COVID-19 and its rapid spread	<ul style="list-style-type: none"> - # of patients treated/tested - amount invested in R&D and information campaigns for COVID-19 treatment and prevention - # of additional people with access to affordable health services, medicines and vaccines 	SDG 3- Good Health and Well-Being (3.8, 3.B)
Healthcare Supplies & Equipment	Prepare populations to safely treat COVID-19 and protect against the further spread thereof	<ul style="list-style-type: none"> - # of units of personal protective equipment (PPE) produced (including gloves, masks, gowns, eye protection, disinfectant, and other urgently needed supplies) - # of medical equipment produced (including respirators, ventilators, and other urgently needed equipment) 	SDG 3- Good Health and Well-Being (3.8, 3.C)
SME Lending to Clients in Distress	Ensuring continued access to capital for underserved populations; employment continuity; economic development; protection of worker health & well-being	<ul style="list-style-type: none"> - # of recipients of small business loans or microfinance loans in distress - # of jobs retained/created - # of business loan recipients extending healthcare and flexible work benefits to workers (increased paid time off, telehealth options, childcare, etc.) 	SDG 1- No Poverty (1.4), SDG 3- Good Health and Well-Being (3.8), SDG 8- Decent Work and Economic Growth (8.5)
Education	Support continued quality education and remote learning opportunities during COVID-19 disruption	<ul style="list-style-type: none"> - # of students enrolled in alternative education programs - # of students accessing online/mobile learning - # of teachers supported with technology 	SDG 4- Quality Education (4.1)
Provision of Basic Needs (Housing, Utilities, Sanitation, Transportation)	Support vulnerable, disadvantaged, or at-risk populations in maintaining basic and essential goods/ services during a period of severe income disruption	<ul style="list-style-type: none"> - # of people receiving grants or assistance to meet basic needs (rent provisions, utility provisions, food assistance, etc.) 	SDG 1- No Poverty (1.4), SDG 2 – Zero Hunger (2.1), SDG 3- Good Health and Well-Being (3.8), SDG 6- Clean Water and Sanitation (6.1), SDG 7- Affordable and Clean Energy (7.1)
Safe Operating (Production & Manufacturing, Hotels, Restaurants, Airlines, or other activities with increased safety risk)	Prepare employees to safely operate business, while preventing infection and spread of COVID-19	<ul style="list-style-type: none"> - # of employees with access to improved safety equipment (PPE, barriers to prevent disease spread, etc.) 	SDG 8- Decent Work and Economic Growth (8.8)



Job Creation, Retention, and Quality⁷	Support employees through maintaining job stability, increasing access to needed healthcare, hazard pay, and improving job quality through increased benefits and flexibility	<ul style="list-style-type: none"> - # of jobs retained/created - # of employees with increased access to healthcare and benefits (access to telehealth, mental health counselling, etc.) - # of employees with increased flexibility (increased paid time off, childcare, etc.). 	SDG 3- Good Health and Well-Being 3.8, SDG 5- Gender Equality (5.4), SDG 8- Decent Work and Economic Growth (8.5)
(All Sectors)			

⁷ **COVID-19 impact on job creation, retention, and quality:** We encourage issuers to have a transparent strategy on managing human capital through the immediate disruption and longer-term impacts, including planning for job decreases, maintenance, or increases. Job creation, retention, and quality are considered acceptable use of proceeds categories¹ for COVID-19 Bonds where the issuer demonstrates additional social benefit over the business-as-usual scenario. For example, acceptable use of proceeds includes pay for employees during ‘shelter-in-place’ orders that required business to close, or additional spending to improve healthcare benefits and flexibility to employees such as paid time off and childcare services. Benefits should be sustained over an appropriate time frame.

The Global Investors for Sustainable Development' (GISD) is an alliance of 30 business leaders convened by the United Nations Secretary-General to provide decisive leadership in mobilizing resources for sustainable development.

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