

# ‘Social Tuesday’ and an increasing volume of social/green issuances



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November 2017 will go down as a seminal month in the development of the social and green bond markets. During the month, a previously unprecedented number of ‘specific use of proceeds’ bonds was issued, three of which – those of the African Development Bank (ADB), BayernLabo,<sup>3</sup> and Cassa Depositi e Prestiti – arrived on just one day (14th November), as a result of which we are now informally calling it ‘Social Tuesday’!

African Development Bank’s bond represents a landmark issuance in terms not just of regional diversification – the bulk of such issuance being European focused – but for the

granularity of reporting, tangibility of the associated outcomes, and intensity of the anticipated social impact. The bond has been issued to finance a diverse range of projects to deliver sustainable economic development and social progress across the Bank’s members countries. Over half the allocation (52%) supports improvement of living conditions, with a further 18% improving access to energy, 12% to sustainable and accessible industry and 10% to small-scale agriculture. Through the underlying projects, the bond supports 16 million farmers, 630,000 related jobs and gives improved access to food and water for 11 million people.

Another bond issued on Social Tuesday, this time with a European focus, was that of BayernLabo – an organisation engaged in the promotion of social housing and construction of municipal infrastructure in Bavaria. The aim of their Social Bond Programme is to (re-)finance subsidised loans from three of BayernLabo’s loan programmes. The first programme offers low-interest loans for private housing, particularly aimed at young families, as well as those with disabilities, elderly people, and students. The second is directed towards a Bavarian modernisation programme, improving housing conditions, adapting housing to the

needs of the elderly, saving energy and water, and reducing carbon emissions. The third relates to a municipal subsidised housing programme, assisting municipalities which cannot construct or purchase housing on the market unassisted.

We are encouraged by the rapid progress and pace of development in the market, particularly given that the ICMA published their Social Bond Principles and Sustainability Bond Guidelines as recently as 2nd June 2017.

The openness to engagement, free dialogue and sharing of best practice is also a distinctive characteristic of this market. In both the cases we have highlighted, we were able to meet with the issuers, undertaking in-depth discussions to understand better the nature and intensity of the anticipated outcomes, and the 'additionality' advantage of raising capital via issuance of social bonds.

The proliferation of these new ICMA Social and Sustainability Bond issuances has allowed us to radically enhance the social alpha in our European outcome-focused funds; we hope, even expect, this trend to continue.

**Sources:**

3 More formally known as Bayerische Landesbodenkreditanstalt.



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