

The African Development Bank (AfDB) has raised an exceptional \$3 billion in a three-year bond to help alleviate the economic and social impact the Covid-19 pandemic will have on livelihoods and Africa's economies.

The Fight Covid-19 Social bond, with a three-year maturity, garnered interest from central banks and official institutions, bank treasuries, and asset managers including Socially Responsible Investors, with bids exceeding \$4.6 billion. This is the largest Social Bond ever launched in international capital markets to date, and the largest US Dollar benchmark ever issued by the Bank. It will pay an interest rate of 0.75%.

The African Development Bank Group is moving to provide flexible responses aimed at lessening the severe economic and social impact of this pandemic on its regional member countries and Africa's private sector.

"These are critical times for Africa as it addresses the challenges resulting from the Coronavirus. The African Development Bank is taking bold measures to support African countries. This \$3 billion Covid-19 bond issuance is the first part of our comprehensive response that will soon be announced. This is indeed the largest social bond transaction to date in capital markets. We are here for Africa, and we will provide significant rapid support for countries," said Dr. Akinwumi Adesina, President of the African Development Bank Group.

The order book for this record-breaking bond highlights the scale of investor support, which the African Development Bank enjoys, said the arrangers.

"As the Covid-19 outbreak is dangerously threatening Africa, the African Development Bank lives up to its huge responsibilities and deploys funds to assist and prepare the African population, through the financing of access to health and to all other essential goods, services and infrastructure," said Tanguy Claquin, Head of Sustainable Banking, Crédit Agricole CIB.

Coronavirus cases were slow to arrive in Africa, but the virus is spreading quickly and has infected nearly 3,000 people across 45 countries, placing strain on already fragile health systems.

It is estimated that the continent will require many billions of dollars to cushion the impact of the disease as many countries scrambled contingency measures, including commercial lockdowns in desperate efforts to contain it. Globally, factories

have been closed and workers sent home, disrupting supply chains, trade, travel, and driving many economies toward recession.

Commenting on the landmark transaction, George Sager, Executive Director, SSA Syndicate, Goldman Sachs said: “In a time of unprecedented market volatility, the African Development Bank has been able to brave the capital markets in order to secure invaluable funding to help the efforts of the African continent’s fight against Covid-19. Not only that, but in the process, delivering their largest ever USD benchmark. A truly remarkable outcome both in terms of its purpose but also in terms of a USD financing”.

The Bank established its Social Bond framework in 2017 and raised the equivalent of \$2 billion through issuances denominated in Euro and Norwegian krone. In 2018 the Bank was designated by financial markets, ‘Second most impressive social or sustainability bond issuer’ at the Global Capital SRI Awards.

“We are thankful for the exceptional level of interest the Fight Covid-19 Social Bond has raised across the world, as the African Development Bank moves towards lessening the social and economic impact of the pandemic on a continent already severely constrained. Our Social bond program enables us to highlight our strong development mandate to the investor community, allowing them to play a part in improving the lives of the people of Africa. This was an exceptional outcome for an exceptional cause,” said Hassatou Diop N’Sele, Treasurer, African Development Bank.

Fight Covid-19 was allocated to central banks and official institutions (53%), bank treasuries (27%) and asset managers (20%). Final bond distribution statistics were as follows: Europe (37%), Americas (36%), Asia (17%), Africa (8%), and Middle-East (1%)