

# African Development Bank

## COVID-19 Bond Facilitates Rapid Response

### Case Study

**The Client** The African Development Bank Group (AfDB) seeks to spur sustainable economic development and social progress to reduce poverty in the region. It does this by mobilizing and allocating resources for investment and providing policy advice and technical assistance.

**The Challenge** The COVID-19 pandemic resulted in the slowdown of economic growth in several African countries. Many African governments had limited fiscal and monetary headroom to stimulate their economies and support local businesses. As Africa's preeminent development bank, AfDB – which is rated triple-A by all the major rating agencies – sought to raise capital to alleviate the economic and social impact of the pandemic on Africa's economies and its inhabitants' livelihoods.

**The Solution** Citi led a \$3 billion three-year Fight COVID-19 Social Bond for AfDB. Strong interest from real money accounts and anchor central banks started flowing into the books quickly following the announcement of the issue. The Fight COVID-19 bond priced with an interest rate of 0.5% and was listed on the Luxembourg Stock Exchange. It has subsequently been listed on the London Stock Exchange and admitted to the Nasdaq Sustainable Bond Platform.

The bond issue was part of a suite of interventions by AfDB to strengthen African countries' responses to the health and economic impacts of the COVID-19 pandemic. These include a COVID-19 Response Facility of up to \$10 billion to provide flexible and emergency assistance to the Bank's members to shore up their national budgets, economies and citizens' livelihoods.

**The Result** AfDB's issue was the largest social bond at the time of the transaction as well as AfDB's largest ever USD benchmark. The issue was significantly oversubscribed, with bids exceeding \$4.6 billion, and was strongly supported by a wide range of investors, including central banks, official institutions, bank treasuries and asset managers from all regions, including high quality ESG investors. The final order book included more than 20 new investors to AfDB's credit, helping to diversify its investor base and highlighting the growing reach of social bonds. The success of the bond enabled AfDB to respond rapidly during a challenging time to alleviate the impact of the COVID-19 pandemic on African economies and lives.