


COVID-19 Resilience Finance Certification Scheme

Financing for Projects Fighting COVID-19

Declared as a pandemic by the World Health Organisation (WHO), COVID-19 has been causing a huge impact on lives, families and communities across the globe. If no urgent socio-economic responses and long-term plans are implemented, suffering will increase, jeopardising lives and livelihoods for years to come, the United Nations has warned.

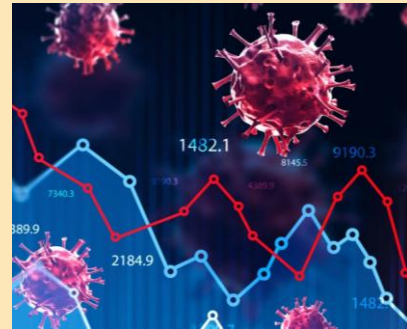
In response to the current situation and the recession that may result from it, the financial sector has been mobilising capital. COVID-19 related bond issuance has increased in mainland China and internationally. Since February, a number of Chinese banks and corporations have issued bonds to combat the coronavirus outbreak. Sovereign, supra-national and development banks have issued bonds, including the European Investment Bank, the African Development Bank and IFC. The International Capital Market Association (ICMA) and International Finance Corporation (IFC) have also issued guidelines on COVID-19 related bonds.



To cope with market needs, HKQAA has developed a new certification scheme, the **COVID-19 Resilience Finance Certification Scheme**. It aims at encouraging more issuers to direct capital to projects related to COVID-19 prevention, control and recovery, and building resilience against COVID-19.

About the Scheme

The COVID-19 Resilience Finance Certification Scheme is built on certification frameworks such as the Green Finance Certification Scheme (GFCS), and has similar requirements. Issuers of any bond or loan **which allocates all or part of its proceeds for COVID-19 Resilience** are eligible to apply for the certification. **Pre-issuance stage certificates** and **Post-issuance stage certificates** are available to cater to issuers which seek certification before or after debt instrument issuance.



The difference between GFCS and the new scheme mainly concerns the use of proceeds. In the new scheme, applicants can determine the percentage of proceeds to be allocated to COVID-19 Resilience. Also, issuers are required to disclose this percentage and how the remaining proceeds will be used.

An Eligible Project Classification has been developed, with reference to ICMA and IFC guidelines on COVID-19 related bonds and based on a recent UN report illustrating COVID-19's impact on Sustainable Development Goals (SDGs). The Classification is provided in the Scheme's Handbook for project matching. It provides examples of project activities that aim to tackle these impacts. Issuers match their project with the Classification to demonstrate their contribution to COVID-19 Resilience (i.e. Prevention, Control, Recovery and Resilience), describe the target population and intended outcome with KPI defined.



COVID-19's impact on Sustainable Development Goals (SDGs)

Benefits of the Certification

The certification enhances the credibility of and stakeholder confidence in the management framework of the debt instrument via independent, impartial third-party conformity assessments, reaches out to potential investors with specific focus on COVID-19 resilience with the aid of the Certificate and Certification Mark, demonstrates issuer's efforts to help with the COVID-19 resilience, and promotes a common understanding of responsible finance.

Hong Kong Quality Assurance Agency

E-mail: hkqaa.mkt@hkqaa.org

Tel: Hong Kong (852) 2202 9111

Shanghai (86 21) 6876 9911

Xi'an (86 29) 8636 0030

Website: <http://www.hkqaa.org>

Macau (853) 6238 8759 / (852) 6293 0647

Guangzhou (86 20) 8383 3777