



## Women's Livelihood Bond

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The **World Bank, UN Women (a United Nations entity dedicated to gender equality and empowerment of women), and Small Industries Development Bank of India (SIDBI)** have come together to launch a five-year tenor **women's livelihood bond (WLB)**.

- The proceeds from these social impact bonds will be used to help rural women in the country's poorest States to set up or scale up their own enterprises.
- WLB's will be unsecured and unlisted.

### Unsecured and Unlisted Bonds

- **Unlisted Securities:** Unlisted securities are shares, bonds or any other securities that are not traded on a stock exchange but through the over-the-counter (OTC) market.
- **Unsecured Bonds:** Unsecured bonds, also called debentures, are not backed by any collateral, or mortgages on real estate. Instead, the issuer promises that they will be repaid. This promise is frequently called "full faith and credit."

### Social Impact Bond

- A **social impact bond (SIB) is a contract with the public sector or governing authority, whereby it pays for better social outcomes in certain areas** and passes on the part of the savings achieved to investors.
- A social impact bond is not a bond, per se, since repayment and return on investment depend upon the achievement of desired social outcomes; **if the objectives are not achieved, investors receive neither a return nor repayment of principal.**
- The bonds will be placed with leading wealth managers and corporates in the country on a private placement basis.
- The return on these bonds will be 3% per annum.
- **SIDBI has also put together its own ₹1,000 crore social-impact fund 'Prayaas' for providing funding support to women entrepreneurs.**
- The proposed bond will enable individual women entrepreneurs in sectors like food

processing, agriculture, services, and small units to borrow around Rs 50,000 to Rs 3 lakh at an annual interest rate of around 13%-14% or less.

- **SIDBI will act as the financial intermediary** and channel funds raised to women entrepreneurs through participating financial intermediaries like banks, NBFCs or microfinance institutions.