

**MITIGATION & ADAPTATION
NON-BLENDED**

PROJECT NAME	Poland Green Bond¹
COUNTRY/REGION	Poland
SECTOR	Sectors mentioned in the Polish Green Bond Framework (renewable energy, clean transport, sustainable agriculture, afforestation, national parks, reclamation of heaps)
PROJECT/INVESTMENT AMOUNT	EUR 2 billion
DEVELOPMENT PARTNER(S)/STAKEHOLDERS	N/A
BENEFICIARY MINISTRY/ INSTITUTION	Ministry of Finance
INVESTOR(S) AND FUNDERS	Variety of institutional investors and banks
GUIDEBOOK TAXONOMY FINANCIAL SYSTEM ACTOR	Private Institutional Investors and Asset Managers Private Debt Providers
PROJECT OVERALL GOAL	Raise proceeds for mitigation and adaptation projects as outlined in Poland's Green Bond Framework
PROJECT OUTCOMES	Projects in implementation and outcomes are being monitored.
ALIGNMENT WITH COUNTRY IDENTIFIED CLIMATE STRATEGIES, NDCs, ETC. (IF APPLICABLE)	Fully aligned to Poland's 2030 National Environmental Policy
CONTRIBUTION OF THE PROJECT TO THE UN SDGs	SDG13: Climate Action
SOCIOECONOMIC IMPACT	N/A
ENVIRONMENTAL IMPACT (ON CLIMATE MITIGATION AND/OR ADAPTATION)	<ul style="list-style-type: none"> ● Generation of energy from renewable sources (wind, solar, tidal, biomass). ● Manufacture of components of renewable energy technology (e.g. turbines and solar panels) ● Investments in rail infrastructure (e.g. rail line modernization, maintenance, upgrades, reinstatement of old, unused lines into working lines) ● Sustainable agriculture (e.g. organic farming, more energy efficient farming processes)
ENABLING ENVIRONMENT (SUPPORTING POLICIES)	Prior to issuing the bond, Poland developed a national Green Bond Framework that sets out how eligible projects are evaluated and selected and how the Republic will manage and report on the proceeds of its green bonds. The Framework was independently verified by Sustainalytics.
TECHNICAL ASSISTANCE (IF PROVIDED)	N/A
FINANCING MODEL/APPROACH (EX: BLENDED FINANCE)	Single-issuer qualified sustainable bond, open market

¹ This case was provided by Citi as a contribution to the Sharm El-Sheikh Guidebook for Just Financing

RATIONALE FOR FINANCING MODEL/APPROACH	A market-rated green bond was appropriate as Poland has strong market access and a proven track record, as well as projects with verifiable SDG impact
FINANCIAL INSTRUMENT(S) (LOANS (COMMERCIAL/ CONCESSIONAL), EQUITY, GUARANTEE)	<ul style="list-style-type: none"> • EUR 2 billion green bond in two tranches under Poland's EUR 60 billion EMTN programme • Tranche 1: EUR 1.5 billion at 1%, due 2029 • Tranche 2: EUR 500,000 at 2%, due 2049 • Reg S bearer Green Eurobond
DIAGRAM OF THE FINANCING STRUCTURE	N/A

Executive Summary

Taking advantage of favorable market conditions, Poland announced a dual tranche 10 and 30 year Euro Green Bond offering on February 28th 2019, its first sovereign green bond. The issuance was managed by six banks, Citi, ING, JPMorgan, PKO BP, Santander and Societe Generale, and verified by Sustainalytics.

Initial price talks of MS+45bps area and MS+85/90bps area respectively. After one hour of book building, the investor interest already exceeded €2,6bn on a combined basis. This momentum continued, enabling the issuer and the syndicate group to release final guidance of MS+35/40bps WPIR and MS+77/80bps WPIR respectively at 11.26UKT. Investors reacted positively as demand increased further, allowing the Ministry to set sizes and launch the transaction at €1.5bn and MS+35bps for the 10-year; and €500mn and MS+77bps for the 30-year. Demand exceeded €4.7bn at its peak and stood at a final €4.5bn.

The 30-year bond is the longest ever Green Bond issued by a sovereign issuer. Furthermore, Poland is the most frequent sovereign issuer in this market, with all its offerings being in line with the issuer Green Bond Framework and with a Second Party Opinion provided by Sustainalytics. With almost 200 investors participating, the transaction saw a high degree of granularity with a broad and well-diversified distribution. The country's pioneering role in the Green Bond market opens the way to other sovereigns to follow suit, improves the supply of funds for environmental projects while expanding the range of local investors and reduces the cost of funding for sustainable projects.

Analysis

WHAT MADE THIS PROJECT SUCCESSFUL?	<ul style="list-style-type: none"> • Government buy-in, particularly championing a national Green Bond Framework, created the enabling environment for a successful issue • A strong sovereign credit rating and fiscal position allowed Poland to successfully seek investors on the private markets • A strong coalition of stakeholders, including verification by Sustainalytics, positioned the bond for success
TO WHAT EXTENT IS THIS MODEL SCALABLE?	Other themed instruments have successfully evolved based on the green bond model, such as sustainable bonds, sustainability-linked bonds, and blue bonds.
WHAT ARE THE NECESSARY CONDITIONS TO MAKE IT REPLICABLE IN OTHER COUNTRIES/REGIONS?	Green bonds have been successfully utilized in a variety of countries, including developing countries. However, countries with weaker credit ratings may need to seek private placement, sometimes with a development or impact investor such as IFC. Developing and verifying a domestic Green Bond Framework can be a powerful catalyst to successfully implementing themed debt such as green bonds.
CONSTRAINTS/DRAWBACKS OF FINANCING MODEL	A stringent green bond framework for use of proceeds is required to avoid accusations of greenwashing. Green bonds are more time consuming to issue than vanilla due to the second opinion required. There may be increased transaction costs.
LESSONS LEARNT	<ul style="list-style-type: none"> • Government buy-in, particularly championing a national Green Bond Framework, created the enabling environment for a successful issue • A strong sovereign credit rating and fiscal position allowed Poland to successfully seek investors on the private markets • A strong coalition of stakeholders, including verification by Sustainalytics, positioned the bond for success