MITIGATION
NON- BLENDED

PROJECT NAME	**European Bank for Reconstruction and Development Green Transition Bond**[1]
COUNTRY/REGION	Various
SECTOR	Energy Efficiency, Resource Efficiency, and Sustainable Infrastructure
PROJECT/INVESTMENT AMOUNT	EUR 500 million
DEVELOPMENT PARTNER(S)/STAKEHOLDERS	N/A
BENEFICIARY MINISTRY/ INSTITUTION	European Bank of Reconstruction and Development
INVESTOR(S) AND FUNDERS	Variety of institutional investors and banks and central banks
GUIDEBOOK TAXONOMY FINANCIAL SYSTEM ACTOR	Private Institutional Investors and Asset Managers Private Debt Providers Public Balance Sheet
PROJECT OVERALL GOAL	The overall goal of the issuance was to invest in environmental and sustainable solutions through a triple-A security that supports state and private sector environmental projects in the EBRD's countries of operations
PROJECT OUTCOMES	Projects in implementation and outcomes are being monitored.
ALIGNMENT WITH COUNTRY IDENTIFIED CLIMATE STRATEGIES, NDCS, ETC. (IF APPLICABLE)	N/A
CONTRIBUTION OF THE PROJECT TO THE UN SDGS	SDG13: Climate Action
SOCIOECONOMIC IMPACT	N/A
ENVIRONMENTAL IMPACT (ON CLIMATE MITIGATION AND/OR ADAPTATION)	Mitigation: EBRD's framework provides an opportunity to finance investments in key sectors of the economy that are highly dependent on the use of fossil fuels, thereby enabling the transition to low carbon and resource efficient operations.
ENABLING ENVIRONMENT (SUPPORTING POLICIES)	Bond Frameworks aligned with best practice Green Bond Principles
TECHNICAL ASSISTANCE (IF PROVIDED)	N/A
FINANCING MODEL/APPROACH (EX: BLENDED FINANCE)	Single issuer marketing a "qualified" sustainable bond to international institutional investors
RATIONALE FOR FINANCING MODEL/APPROACH	Strong market access with a proven track record; verifiable SDG-impact projects
FINANCIAL INSTRUMENT(S) (LOANS (COMMERCIAL/ CONCESSIONAL), EQUITY, GUARANTEE)	Global Medium Term Notes program, listed on London Stock Exchange's Regulated Market Tranche 2: EUR 500 million at 2%, due 2049

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

Diagram of the financing structure	N/A

Executive Summary

The proceeds from the transaction were earmarked to support environmentally and socially sustainable projects, which comprise of investments in the following 3 areas: Energy Efficiency, Resource Efficiency (including circular economy adapted products); and Sustainable Infrastructure (including low carbon transport, and green logistics)

The green bond reached a broad audience of international investors. The bulk of demand came from the UK (55%), followed by EMEA (18%), Asia (15%) and the Americas (12%). The main investor category was banks (59%), with strong support also coming from asset managers (26%) and central banks and official institutions (15%).

Analysis

What made this project successful?	Triple A credit rating allowed EBRD to achieve a low (2%) costs of borrower and attract high quality institutional and public investors to the offering
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. The market has increasing depth. This issuance is part of a broader Medium Term Notes programme.
What are the necessary conditions to make it replicable in other countries/regions?	Green bonds have been successfully utilized by a variety of MDBs and in a variety of countries.
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	• 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