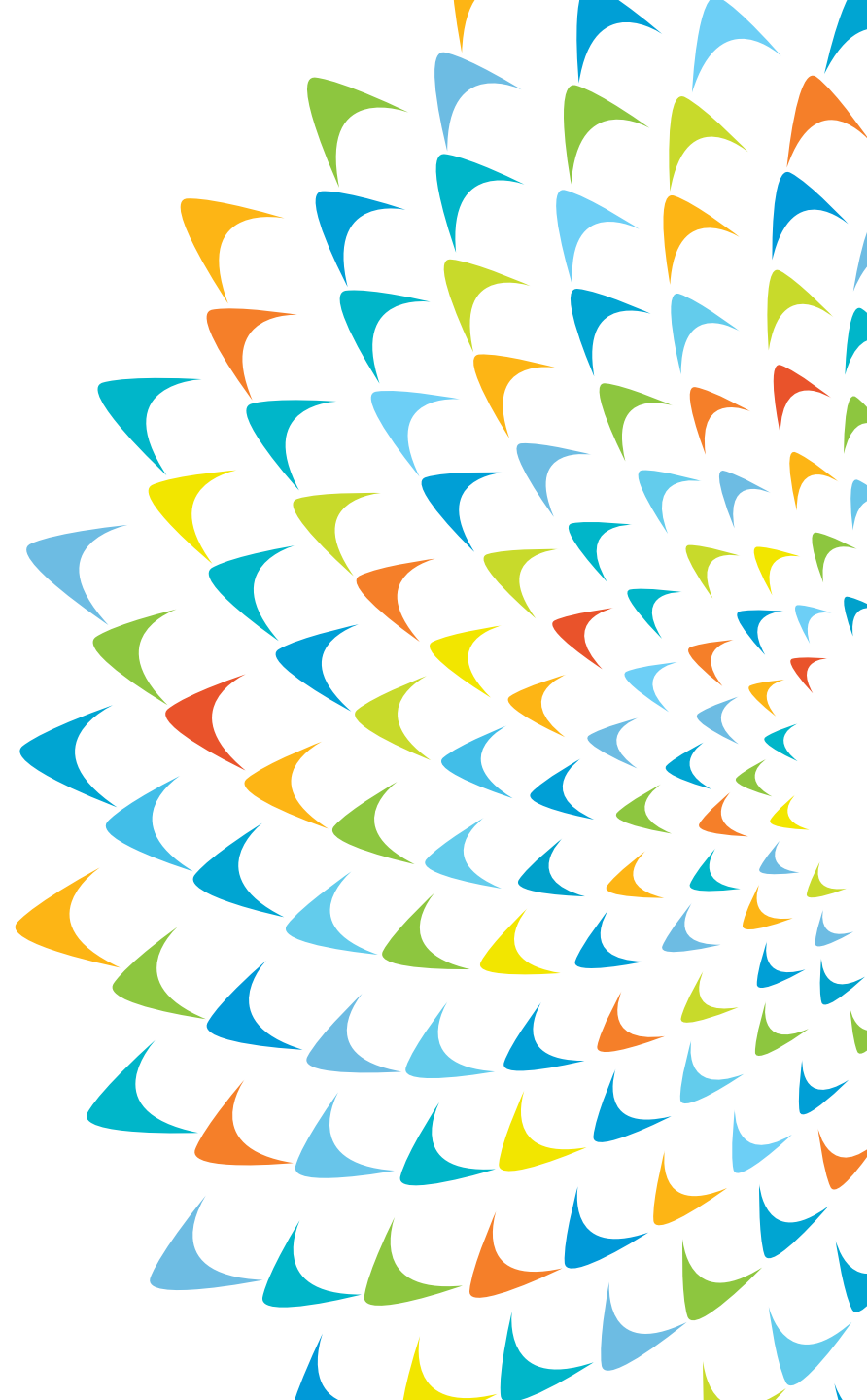




**Online Meeting to study the
demand from IFIs for Sustainable
& Green Financial Instruments**

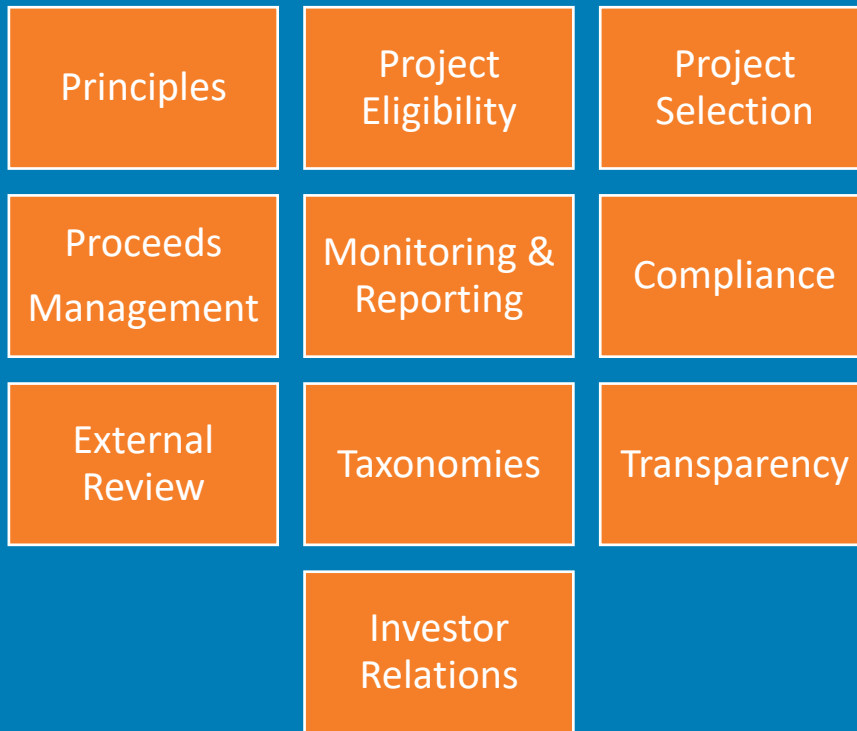
***Hosted by the Agency of the
Republic of Kazakhstan for
Regulation & Development of
Financial Markets & KASE***

**Asian Development Bank
20th May 2022**





Establishing a Framework:





ICMA GREEN BOND PRINCIPLES

Green Bond Principles (GBP) *are designed to promote the transparency and integrity needed to increase capital allocation to Green Projects;*

Voluntary Process Guidelines *latest update June 2021;*

Green bond definitions;

Use of proceeds *renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity, clean transportation, sustainable water and waste-water management, climate change adaptation, circular economy adapted products, green buildings;*

Project Evaluation & Selection *objectives, process and risk management/mitigation;*

Proceeds Management *dedicated portfolios and sub-accounts;*

Reporting *annual updates, Harmonized Framework for Impact Reporting;*

Frameworks *reference Climate Transition Finance Handbook;*

External reviews *Guidelines for External Reviews.*

<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>

<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

<https://www.icmagroup.org/assets/documents/Sustainable-finance/Guidelines-for-GreenSocialSustainability-and-Sustainability-Linked-Bonds-External-Reviews-February-2021-170221.pdf>



CICERO SHADES OF GREEN

- Cicero is a leading global provider of *Second Opinions* on green bonds
- Completed > 150 *Second Opinions* for bonds to a value of > \$200 billion

- Output & Grading:

Dark Green

eg wind energy

Medium Green

eg plug-in hybrid buses

Light Green

eg efficiency in fossil fuel infrastructure

- Methodology
 - Green Bond Framework
 - Sustainability Strategy
- } *Use of proceeds*
- } *Management of proceeds*
- } *Governance & transparency*
- } *Impact reporting*

<https://cicero.green>
Located in Oslo, Norway.



THE CLIMATE BONDS INITIATIVE

An international not-for-profit organization promoting investment in projects and assets necessary for a rapid transition to a low carbon and climate resilient economy.

- **Market intelligence**
 - Data platform, data library, league tables,
- **Climate Bonds Standard and Climate Bonds Taxonomy**
 - Criteria and governance. Published standards;
- **Certification**
 - Verifiers, eligibility;
- **Policy Models & Advisory**
 - Regional and thematic projects, Integrity, strategy, Securitization, taxation;
- <https://www.climatebonds.net/>
- HQ in London with multiple global locations including China, Hong Kong, Mumbai, New Delhi, Singapore, Vietnam.



THEME, GREEN & BLUE BONDS



- ADB's theme bond issuance highlights efforts to support key initiatives such as water, gender, health, and education projects.
- ADB has issued approximately \$6.2 billion equivalent in theme bonds since 2010. In addition, ADB has issued approximately \$10.0 billion equivalent in green bonds since 2015.
- In 2021, ADB expanded its program to a Green & Blue Bond Framework. The *Second Opinion* from CICERO was updated and renewed.
- ADB issued its first blue bonds in 2021 through dual tranche issuances denominated in AUD and NZD for a total of \$301 million.
- As of October 2021, the amount of outstanding ADB theme, green and blue bonds is approximately \$13.0 billion equivalent.



ADB GREEN & BLUE BOND FRAMEWORK

1. **Principles:** All ADB green and blue bonds are consistent with the Green Bond Principles, voluntary guidelines which are established by the *International Capital Market Association*.
2. **Project eligibility:** Green bonds include investments that support climate change mitigation and climate change adaptation. Blue bonds include investments that contribute to: (i) ecosystem and natural resources management, (ii) pollution control, and (iii) sustainable coastal and marine development.
3. **Process for evaluation and selection of projects:** The project selection criteria will be implemented by sector specialists in coordination with the treasury department.
4. **Allocation of proceeds:** Green and blue bond proceeds will be allocated to sub-portfolios and tracked against disbursement of eligible projects.
5. **Monitoring & Reporting:** ADB will make available eligible project lists and green bond and blue bond annual newsletters online.
6. **Compliance**
7. **External Review:** Second Opinion (CICERO Shades of Green)

<https://www.adb.org/sites/default/files/publication/731026/adb-green-blue-bond-framework.pdf>



ADB ASSISTANCE

1. Principle of Additionality;
2. Development Impact, Outcome & Output;
3. Alignment with ADB Strategy 2030;
4. Safeguards and Social Dimensions;
5. Gender Mainstreaming;
6. Anti-corruption policy;
7. Design & Monitoring Framework;
8. Assurances.



Partial Credit Guarantees may be extended by ADB to provide rating uplifts to private sector issuers as part of capital markets transactions.



Green bond financed local currency projects in Kazakhstan:

Baikonyr Solar Power

\$12 million local currency loan

50MW project in Kyzylorda.

Power produced under the project will be sold to the national electricity grid operator KEGOC

Total Eren Access M-Kat Solar Power

\$30.5 million local currency loan

100 MW design, construction, commission and operation project in Shu, Zhambyl.

Power produced will be sold into the national grid under a 15-year PPA with KEGOC.



**Gender bond
local currency
project in
Kazakhstan:
*Promoting
Gender Equality
in Housing
Finance Project
[Otbasy Bank]***

Total Loan = \$100 million

Outputs

Expand funding to microfinance institutions (MFIs) for microenterprises with at least 70% of total loan portfolio for female borrowers

Conduct gender gap assessments in policies and operations

Extend microenterprise development support using e-commerce platform

Expected Results

14,000 female borrowers use mobile-based apps

1,400 female microenterprises use e-commerce for product marketing

Additional financing to help revive microenterprises severely affected by COVID-19



THAILAND GREEN BOND PROJECT

PROJECT CATEGORY:

Renewable energy generation

PROJECT FUNDING :

ADB supported two Thai energy companies with the issue of local currency **green bonds** in the domestic capital market:

1. **B. Grimm** (ADB = sole investor):
 - THB 1.5bn (\$ 48m) 5-year bonds
 - THB 3.5bn (\$ 112m) 7-year bonds
 2. **Energy Absolute:**
 - (ADB = sole tranche investor)
 - THB 3bn (\$ 96m) 7-year bonds
- First Green Bond Principles-compliant bond issues in Thailand
 - First Climate Bond Initiative-certified bond issues in Thailand



Investments were funded by ADB Treasury with onshore door-to-door USDTHB cross currency swaps



Building a **green**, resilient and inclusive Asia and the Pacific

Asian Development Bank
Treasury Department
Client Solutions Division
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

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