

6. Investor information: green and social bonds

The EBRD strives for a high standard of sustainable development in all its operations, as reflected in its mandate, its [Environmental and Social Policy \(ESP\)](#) and its [Sustainability Statement](#), so all of its bonds may be considered socially responsible investments (SRIs). Nevertheless, in response to demand from an SRI-focused investor community, the Bank has, since 2010, earmarked portfolios of green projects and social projects against which the proceeds of its Green Bonds and Social Bonds are allocated and tracked.

The terms “Green Bond” and “Social Bond” are used by the market for green or social bonds that are issued in conformity with the Green Bond Principles (GBPs) and Social Bond Principles (SBPs), respectively. The EBRD has been a member of the GBP since its inception in 2014 and is currently serving on the GBP SBP Executive Committee and in various working groups. All of the EBRD’s Green Bonds and Social Bonds are aligned with the GBPs or SBPs.

SRI finance harnesses support from global investors and capital markets to help improve people’s daily lives and overcome global challenges, as highlighted by the 17 SDGs. In particular, Green and Social Bonds – the proceeds of which go exclusively to projects with clear environmental or social benefits – are gaining global recognition for enabling debt issuers to finance projects that seek long-term sustainability.

The increasing market, regulatory and public focus on sustainability has further encouraged all market participants to integrate sustainability criteria into their strategies and operations. To that end, this report seeks to provide transparency on the EBRD’s sustainability strategy, policies and activities. This is further enhanced through the 2020 update of the EBRD’s sustainability reporting disclosures in accordance with the GRI Standards. Furthermore, as an issuer of Green and Social Bonds, and together with other MDBs, the EBRD seeks to establish harmonised best practices for this market.

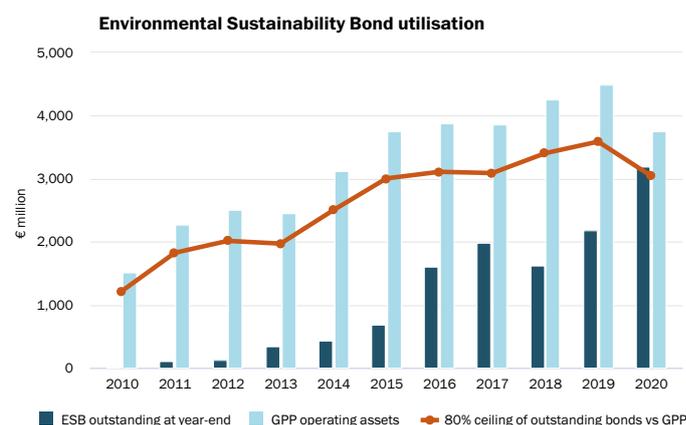
EBRD Green Bond issuance

The EBRD issues three different types of Green Bond, which are all aligned with the GBP and highlight the importance the Bank places on environmentally sound and sustainable development while fulfilling core elements of its mandate.

All of the EBRD’s Green Bonds are underpinned by projects that have been scrutinised by its Environment and Sustainability Department. New, eligible projects are not only required to comply with the EBRD ESP, but must also meet specific hurdles under the Green Economy Transition (GET) approach, as well as strict selection criteria for one of the three types of Green Bond. In addition, all eligible projects are reassessed on a quarterly basis to ensure continued compliance with the respective selection criteria. Any project subsequently deemed ineligible is removed from the relevant Green Bond portfolio, against which issuance is capped at 80 per cent to ensure that the operating assets of each portfolio exceed the related Green Bond proceeds.

Environmental Sustainability Bonds

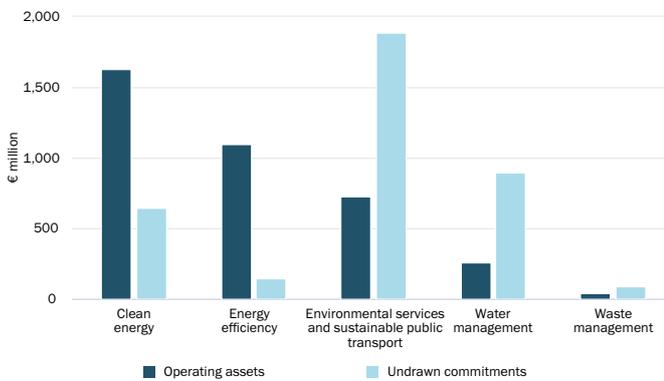
Environmental Sustainability Bonds (ESBs) have been issued since 2010. These are bonds issued against a Green Project Portfolio (GPP) of the Bank’s greenest assets. The EBRD has issued an aggregate amount of €5.211 billion. The table shows the annual euro equivalent issuance.



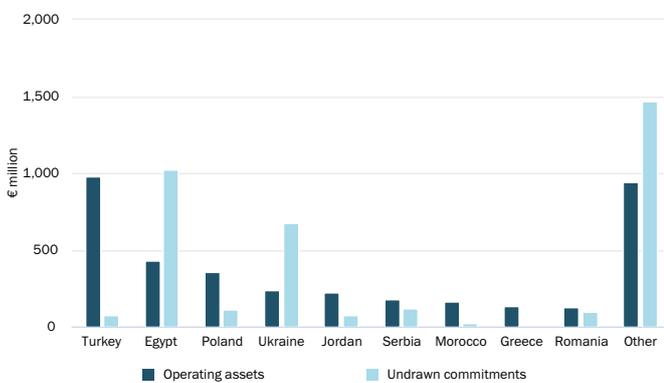
The GPP can potentially cover all project categories listed as examples under the GBPs, however, the focus is on: renewable energy, energy efficiency, water and waste management, as well as air pollution prevention (sustainable transport). The following charts and table show the year-end 2020 GPP composition:

Total operating assets	€3.75 billion
Total undisbursed commitments	€3.66 billion
Number of projects	355
Weighted average remaining life	10.22 years
Weighted average tenor	13.68 years
Weighted average age of the GPP from signing as of 31 December 2020	3.47 years
Total committed amounts approved in 2020	€819 million
Total of new operating assets approved in 2020	€237 million
Total of undisbursed commitments approved in 2020	€582 million

GPP operating assets and undrawn commitments, by classification



GPP operating assets and undrawn commitments, by economy



Read more about the Bank’s [Green Bond Issuance on ebrd.com](https://www.ebrd.com/green-bond-issuance)

Download the following documents:

- [Environmental Sustainability Bond/Green Bond Framework Information Template](#)
- [Investor material](#)
- [Frequently asked questions](#)

Climate Resilience Bonds

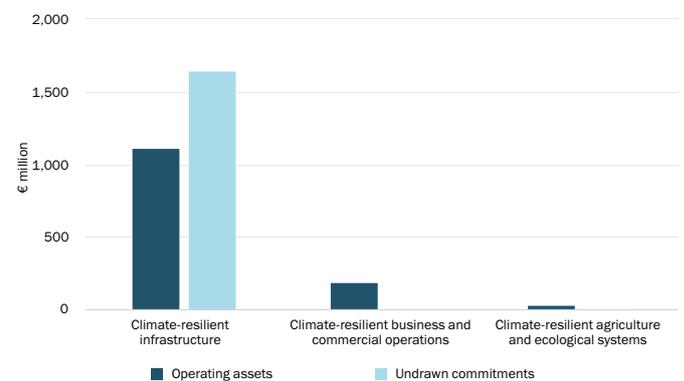
The EBRD successfully launched the first ever dedicated Climate Resilience Bond in 2019. It was issued in accordance with the four core requirements of the GBPs to fund projects earmarked for the Climate Resilience Portfolio (CRPP), which are selected and managed in alignment with the Climate Bonds Initiative’s Climate Resilience Principles, published in September 2019. These will typically fall into one of three categories:

- climate-resilient infrastructure (for example, water, energy, transport, communications and urban infrastructure)
- climate-resilient business and commercial operations
- climate-resilient agriculture and ecological systems.

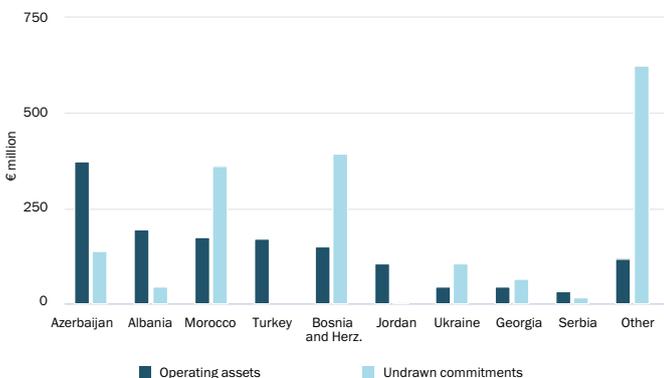
Currently, the EBRD has a portfolio of some €2.986 billion in climate-resilient projects. The projects in the CRPP focus on the GBP category of “climate change adaptation”. The following charts and table show the 2020 year-end CRPP composition:

Total operating assets	€1.33 billion
Total undisbursed commitments	€1.65 billion
Number of projects	74
Weighted average remaining life	11.46 years
Weighted average tenor	14.60 years
Weighted average age of the CRPP from signing as of 31 December 2020	3.14 years
Total committed amounts approved in 2020	€577 million
Total of new operating assets approved in 2020	€53 million
Total of undisbursed commitments approved in 2020	€523 million

CRPP operating assets and undrawn commitments, by category



CRPP operating assets and undrawn commitments, by economy



Download the following documents:

- [Climate Resilience Bond/Green Bond Framework Information Template](#)
- [Investor material](#)
- [Frequently asked questions](#)

Green Transition Bonds

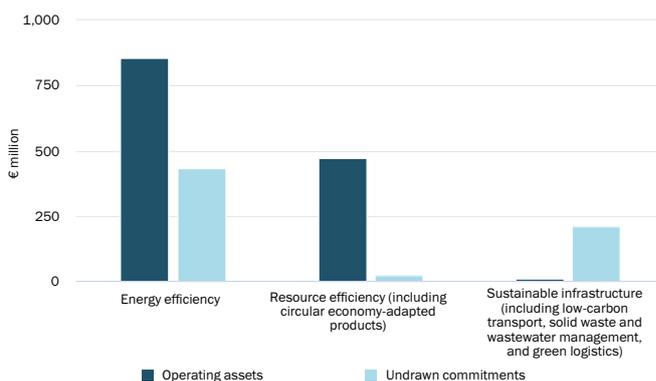
In 2019, the EBRD also promoted Green Transition Bonds (GTBs) in alignment with the GBPs, with its inaugural five-year euro issuance. The proceeds of the Bank’s GTBs finance a Green Transition Project Portfolio (GTPP) focusing on key sectors of the economy that are currently highly dependent on the use of fossil fuels, to enable their transition to low-carbon and resource-efficient operations. Of vital importance in assessing GTPP investments is to go beyond the typical Green Bond focus on projects’ environmental sustainability objectives and to contextualise the investments within the overarching mandate, strategies and policies of each borrower. The projects are, therefore, required to be implemented in the broader context of improved climate governance of the borrower and should ensure that financing is redirected from carbon-intensive assets and/or processes towards enabling the countries in which the projects are situated to fulfil their Paris Agreement objectives.

The projects in the GTPP concentrate on manufacturing, food production and the construction and renovation of buildings, with an emphasis on three GBP categories that account for more than 74 per cent of the portfolio’s operating assets: energy efficiency, renewable energy and green buildings.

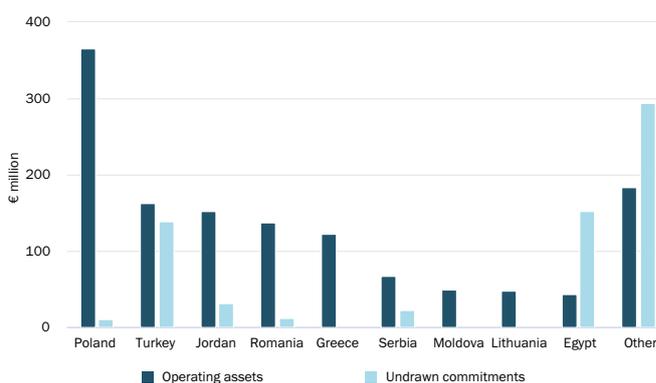
The following charts and table show the 2020 year-end GTPP composition:

Total operating assets	€1.332 billion
Total undisbursed commitments	€663 million
Number of projects	53
Weighted average remaining life	8.11 years
Weighted average tenor	9.88 years
Weighted average age of the GTPP from signing as of 31 December 2020	1.78 years
Total committed amounts approved in 2020	€882 million
Total of new operating assets approved in 2020	€577 million
Total of undisbursed commitments approved in 2020	€305 million

GTPP operating assets and undrawn commitments, by category



GTPP operating assets and undrawn commitments, by economy



Download the following documents:

- [Green Transition Bonds Framework information template](#)
- [Investor material](#)
- [Frequently asked questions](#)

EBRD Social Bond issuance

The EBRD issues two types of Social Bond, which are both aligned with the SBPs.

Health Bonds

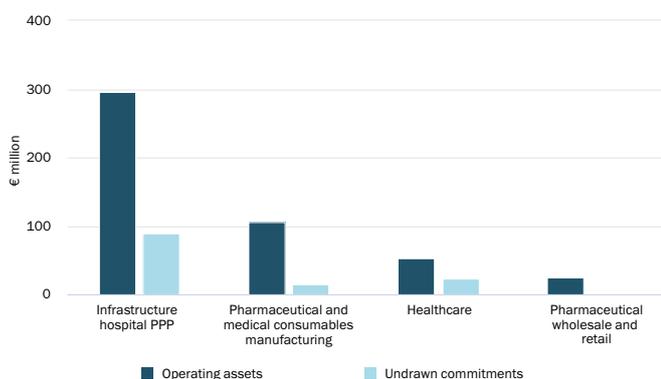
In 2018, the Bank issued its inaugural EBRD Health Bond (HB) to finance projects seeking to improve access to and the quality of health services and pharmaceutical products.

The Bank's HB issuance is linked to the disbursed amount of the Health Project Portfolio (HPP). The eligible project investments focus on general hospitals, speciality hospitals, outpatient treatment centres, diagnostic imaging and laboratory facilities and long-term care, as well as medical technology producers and pharmaceutical production. The Bank finances hospital infrastructure public-private partnerships (PPPs), which are facility management projects (no medical service provision).

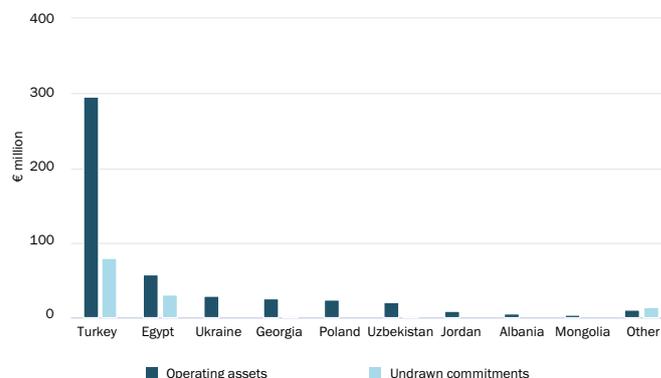
The following chart and tables show the 2020 year-end HPP composition:

Total operating assets	€479 million
Total undisbursed commitments	€127 million
Number of projects	37
Weighted average remaining life	9.0 years
Weighted average tenor	12.6 years
Weighted average age of the HPP from signing as of 31 December 2020	3.6 years
Total committed amounts approved in 2020	€102 million
Total of new operating assets approved in 2020	€89 million
Total of undisbursed commitments approved in 2020	€13 million

HPP operating assets and undrawn commitments by category



HPP operating assets and undrawn commitments, by economy



Download the following documents:

- EBRD Social Bond presentation, including the [Social Bond Framework](#)

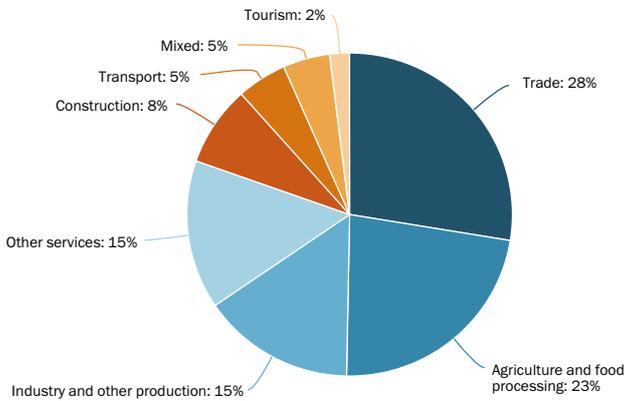
Microfinance Bonds

The Bank issued its inaugural Microfinance Bonds (MBs) in 2010. The proceeds are dedicated to supporting the smallest loans provided under the EBRD Small Business Initiative. This strategic initiative builds on the Bank's long experience in this field and provides a range of flexible instruments that are combined into integrated products to help SMEs. Apart from funding micro-, small and medium-sized enterprises (MSMEs), the proceeds to financial institutions are mostly earmarked for specific target or underserved groups, such as women entrepreneurs and those based outside major cities, or to promote specific priorities, such as trade, competitiveness or innovation. The Bank has issued two privately placed MBs in South African rand and Mexican peso.

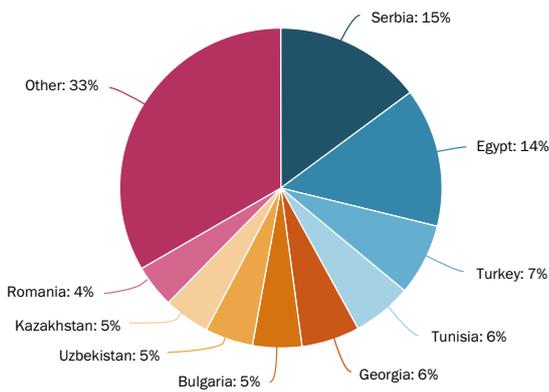
The MBs fund a select microfinance portfolio (MFP) that is disbursed via the EBRD's network of more than 200 partnering local financial institutions, which helps the Bank reach hundreds of thousands of enterprises every year. The average individual sub-loan size to the end-client amounted to less than €7,000 (as of the first half of 2020). Technical assistance (often through donor funding) typically accompanies these programmes to help local partner banks adapt the way they do business with small clients for the long term, creating sustainable outcomes. The following charts and table show the first half of 2020 MFP composition:

Portfolio	€2,279 million
Operating assets	€1,278 million
Number of "unique" clients	127
Number of active EBRD projects	234
Average sized sub-loan	< €7,000
Weighted average tenor	4.8 years
Weighted average remaining life	3 years
Weighted average margin	2.1%

MFB operating assets, by industry



MFB operating assets, by economy



Download the following documents:

- EBRD Social Bond presentation, including the [Social Bond Framework](#)

Impact, outcome and output reporting

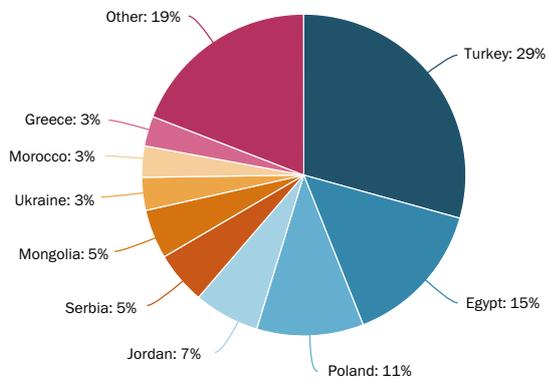
The expected impacts, outcomes and outputs for all of the project portfolios that underlie the EBRD’s Green and Social Bonds are based on the committed investment amounts. As the EBRD takes a holistic project view, the data are presented on a full project basis as well as pro rata to the EBRD’s share of funding. Note that because of the criteria applied to the respective project portfolios, not all of the EBRD’s investments in these sectors are included. Consequently, investment amounts and project benefits for the GPP are lower than the Bank’s overall investments in these sectors. For further data or more granular breakdowns, please [contact the funding team](#) at the EBRD.

Green Project Portfolio

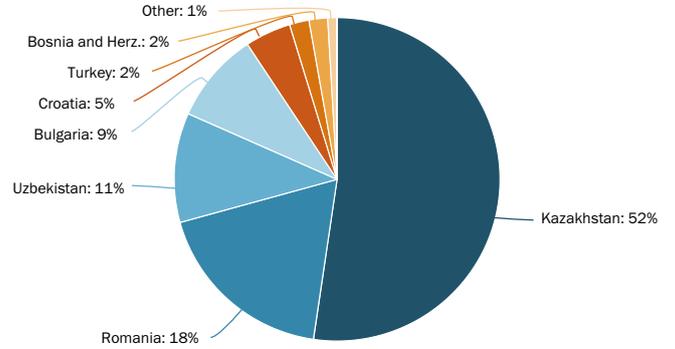
The GPP comprises investments in renewable energy, energy efficiency, water, waste and sustainable transport projects.

	Total impact	Pro rata impact
Climate projects (48% of committed amount)		
Greenhouse gas reduced (million tonnes CO ₂ equivalent annually)	12.1	4.2
Capacity installed (gigawatts)	4.2	1.3
Primary energy saved (million gigajoules annually)	83	26
Water projects and waste management projects (17% of committed amount)		
People benefiting (million)	21	11
Water savings (million m ³ annually)	216	130
Wastewater treated (million m ³ annually)	246	112
Reduce waste disposal and improve recycling (million tonnes annually)	4.1	2.0
Sustainable transport projects (35% of committed amount)		
Reduction in particulate matter (tonnes annually)	25	12
Reduction in nitrogen oxides (tonnes annually)	370	218

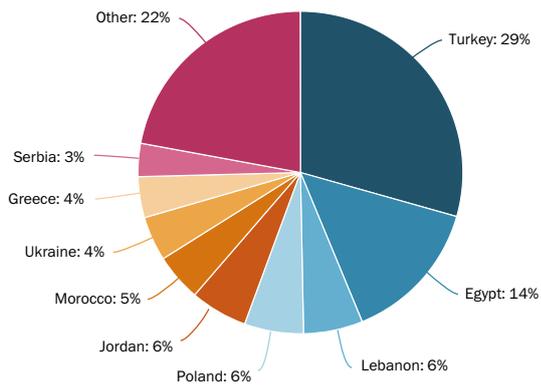
GPP GHG saved, by economy (total)



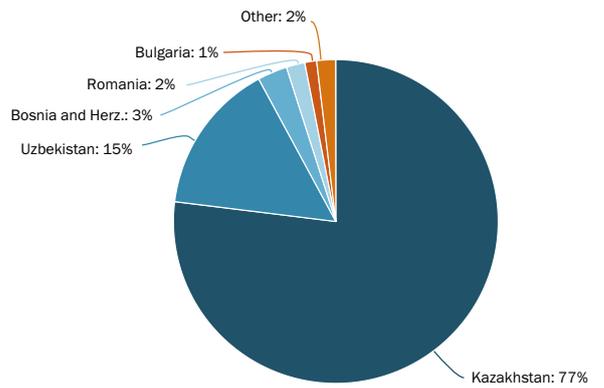
GPP water savings, by economy (total)



GPP GHG saved, by economy (pro rata)



GPP water savings, by economy (pro rata)



Climate Resilience Project Portfolio

The EBRD's project-level climate resilience results, including those of the CRPP, are assessed as set out in Annex 4.2 of the EBRD's [Green Economy Transition \(GET\) Handbook](#) and are reported at outcome-level, as defined in the [MDB-IDFC Framework for Climate Resilience Metrics in Financing Operations](#). Projects in the CRPP are assessed in relation to five types of physical climate risk: (i) increasing frequency and severity of extreme weather events, (ii) increasing water stress, (iii) increasing heat stress, (iv) increasing hydrological variability and (v) increasing soil degradation. The results (outcomes) of the projects in the CRPP are reported under six categories, as defined in the GET Handbook.

These are the expected outcomes, based on best estimates and reported on an *ex ante* basis, that the projects are intended to deliver against a pre-project baseline in response to the physical climate risks associated with the project-specific context of climate vulnerability:

1. **increased water availability:** the additional water made available as a result of the project, either through water savings or through the provision of additional usable water, measured in m³/year
2. **increased energy availability:** the additional energy made available as a result of the project, either through energy savings or through increased energy generation, measured in GWh/year
3. **increased agricultural potential:** the additional capacity for agricultural potential achieved as a result of the project through improvements in soil quality, measured in tonnes yield/year
4. **improvements to human health/productivity:** improved health/productivity as a result of the project, measured in quality-adjusted life years (QALYs)
5. **reduced weather-related disruption:** reduction in the amount of time that a system or elements of a system are rendered inoperable due to extreme weather events acute climate risks, measured in days/year
6. **reduced weather-related damage:** reduction in the damage to assets due to extreme weather events or shifts in climate conditions, measured in a range of units, including risk frequency and extra years of service life, but presented in this table in valorised terms as it is not possible to aggregate the different physical units used.

These physical climate resilience outcomes are also expressed in valorised terms, as set out in the GET Handbook, in order to provide an estimate of their potential economic value in monetary terms.

Summary of CRPP outcomes (total)

		Physical climate risks					Climate resilience outcome totals		
		Increasing extreme weather events	Increasing water stress	Increasing heat stress	Increasing hydrological variability	Increasing soil degradation	Number of projects	Portfolio amount (€ million)	
Number of projects		20	46	7	9	1	74	2,986	
Portfolio amount (€ million)		1,869	607	147	362	1			
Climate resilience outcomes	Increased water availability	Number of projects (w. quantitative outcomes)	0	52 (37)	0	2 (1)	0	54	608
		Physical climate resilience outcomes (Δ million m ³ /year)	0	620	0	2	0		
		Valorised climate resilience outcomes (€ million/year)	0	651	0	4	0		
	Increased energy availability	Number of projects (w. quantitative outcomes)	0	0	6 (2)	7 (0)	0	13	442
		Physical climate resilience outcomes (Δ million GWh/year)	0	0	21	0	0		
		Valorised climate resilience outcomes (€ million/year)	0	0	2	0	0		
	Increased agricultural potential	Number of projects (w. quantitative outcomes)	0	2 (2)	0	0	1 (0)	3	4
		Physical climate resilience outcomes (Δ million tonnes/year)	0	1,263	0	0	0		
		Valorised climate resilience outcomes (€ million/year)	0	4	0	0	0		
	Improved human health/productivity	Number of projects (w. quantitative outcomes)	2 (2)	0	4 (0)	0	0	6	80
		Physical climate resilience outcomes (Δ million QALYs)	4,000	0	0	0	0		
		Valorised climate resilience outcomes (€ million/year)	56	0	0	0	0		
	Reduced weather-related disruption	Number of projects (w. quantitative outcomes)	18 (8)	0	0	1 (1)	0	19	857
		Physical climate resilience outcomes (days/year)	98	0	0	14	0		
		Valorised climate resilience outcomes (€ million/year)	42	0	0	0	0		
	Reduced weather-related damage	Number of projects (w. quantitative outcomes)	22 (7)	0	3 (0)	1 (1)	0	26	994
Physical climate resilience outcomes		n/a	0	0	n/a	0			
Valorised climate resilience outcomes (€ million/year)		25	0	0	1	0			

Summary of CRPP outcomes (pro rata)

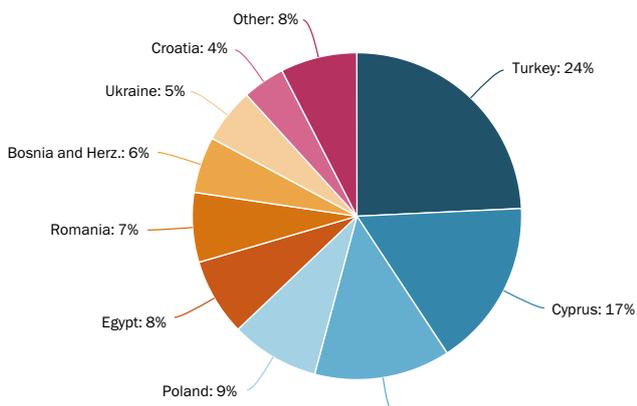
			Physical climate risks				
			Increasing extreme weather events	Increasing water stress	Increasing heat stress	Increasing hydrological variability	Increasing soil degradation
Climate resilience outcomes	Increased water availability	Number projects (w. quantitative outcomes)	0	52 (37)	0	2 (1)	0
		Physical climate resilience outcomes (Δ million m ³ /year)	0	453	0	1	0
		Valorised climate resilience outcomes (€ million/year)	0	452	0	2	0
	Increased energy availability	Number projects (w. quantitative outcomes)	0	0	6 (2)	7 (0)	0
		Physical climate resilience outcomes (Δ GWh/year)	0	0	5	0	0
		Valorised climate resilience outcomes (€ million/year)	0	0	1	0	0
	Increased agricultural potential	Number projects (w. quantitative outcomes)	0	2 (2)	0	0	1 (0)
		Physical climate resilience outcomes (Δ tonnes/year)	0	398	0	0	0
		Valorised climate resilience outcomes (€ million/year)	0	1	0	0	0
	Improved human health/productivity	Number projects (w. quantitative outcomes)	2 (2)	0	4 (0)	0	0
		Physical climate resilience outcomes (Δ QALYs)	873	0	0	0	0
		Valorised climate resilience outcomes (€ million/year)	14	0	0	0	0
	Reduced weather-related disruption	Number projects (w. quantitative outcomes)	18 (8)	0	0	1 (1)	0
		Physical climate resilience outcomes (days/year)	15	0	0	4	0
		Valorised climate resilience outcomes (€ million/year)	8	0	0	0	0
	Reduced weather-related damage	Number projects (w. quantitative outcomes)	22 (7)	0	3 (0)	1 (1)	0
		Physical climate resilience outcomes	n/a	0	0	n/a	0
		Valorised climate resilience outcomes (€ million/year)	6	0	0	0	0

Green Transition Project Portfolio

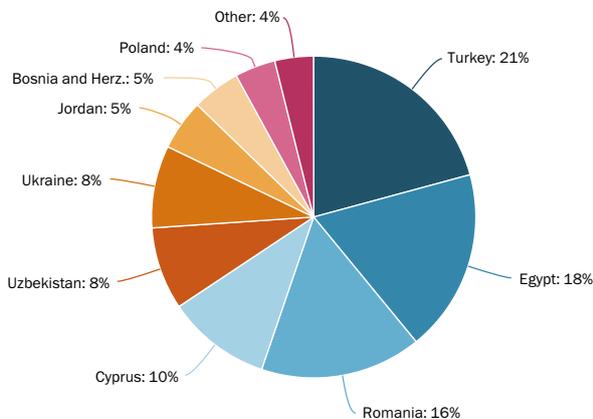
The current key impact metric for the GTPP is GHG savings, however, further metrics will be considered going forward.

GHG savings are achieved by the GTPP portfolio primarily through energy efficiency, which is associated with over 73 per cent of total savings (3.6 million tonnes of GHG annually, with a pro rata share equivalent of 1.3 million tonnes of GHG per year).

GTPP GHG savings (total)



GTPP GHG savings (pro rata)



Healthcare Project Portfolio

Over 76 per cent of the HPP committed amount is allocated to infrastructural hospital PPP and healthcare projects, with the remaining 24 per cent focused on pharmaceutical and medicine manufacturing.

Industry/economy	Total beds	Pro-rata beds
Healthcare	1,143	632
Albania	220	50
Egypt	261	204
Georgia	572	360
Mongolia	90	18
Infrastructure hospital PPP	8,758	1,027
Turkey	8,758	1,027
Total	9,901	1,660

Disclaimer

Impact indicators are typically based on a number of assumptions. While technical experts aim to use sound and conservative assumptions based on the information available at the time, the actual sustainability impact of the projects may diverge from initial projections. Caution should be taken in comparing projects, sectors or whole portfolios, as baselines (and base years) and calculation methods may vary.

Projects will have a wider range of impacts than those captured by the indicators presented in this report. While the EBRD makes efforts to improve the consistency and availability of reported metrics over time, projects cover a wide range of sectors and sub-sectors, making complete harmonisation of reporting metrics challenging. In some cases, numbers have been rounded for ease of presentation.

The EBRD works continuously to update reporting methodologies in order to provide the most accurate and complete view of the impacts presented in this report.