

Green Financing Opportunities in Greece and SE Europe - The Role of IENE



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FOR SOUTH EAST EUROPE

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Who Can Issue a Green Bond?

- Any entity with bonding authority may issue Green Bonds, including private companies, financial institutions or governments. These include:
 - **Private companies:** Non-financial corporations, particularly energy and utility companies, finance specific environmental projects through Green Bonds issuance. Such issuances allow investors to know their investments are going to green solutions, as companies issuing Green Bonds obligate themselves to ring-fence the proceeds to specific, previously-outlined projects.
 - **Financial institutions:** Commercial, investment and development banks can all issue Green Bonds. Such issuances signal the companies' commitment to sustainable development.
 - **Municipalities and national governments:** Government entities can issue Green Bonds as a means to finance specific local projects or meet selected environmental targets. For municipalities, Green Bonds are a sure way to engage local stakeholders into financing sustainable solutions, while for national governments, sovereign Green Bonds aid in carrying out sustainable policy agendas and stimulate the flow of private capital investments.

Climate Bonds Sector Criteria

- ❑ The Sector Criteria contain the requirements that specify what assets and infrastructure can be financed with bonds/loans, which have received Climate Bonds Certification.



Climate Bonds Initiative and IENE

- As of January 2021, **IENE became the first organization in Greece and in SE Europe to be granted Approved Verifier status** under the Climate Bond Standard. This is a significant milestone in the development of Green Bond markets in SE Europe.

- As an Approved Verifier, IENE is in a position to **assess project eligibility** against the solar, wind, biomass, geothermal, energy efficiency, cogeneration and low carbon buildings criteria under the Climate Bonds Standard for green bond issuance.
 - Verification services will be provided across all low carbon energy sectors for **pre-issuance and post-issuance assurance**.

- **Quarterly Assurance Roundtables** with Climate Bonds Initiative to share updates with Approved Verifiers

- **Regular communication with Climate Bonds Standard Secretariat for questions or issues**

The SE European Region as Defined by IENE



Core countries

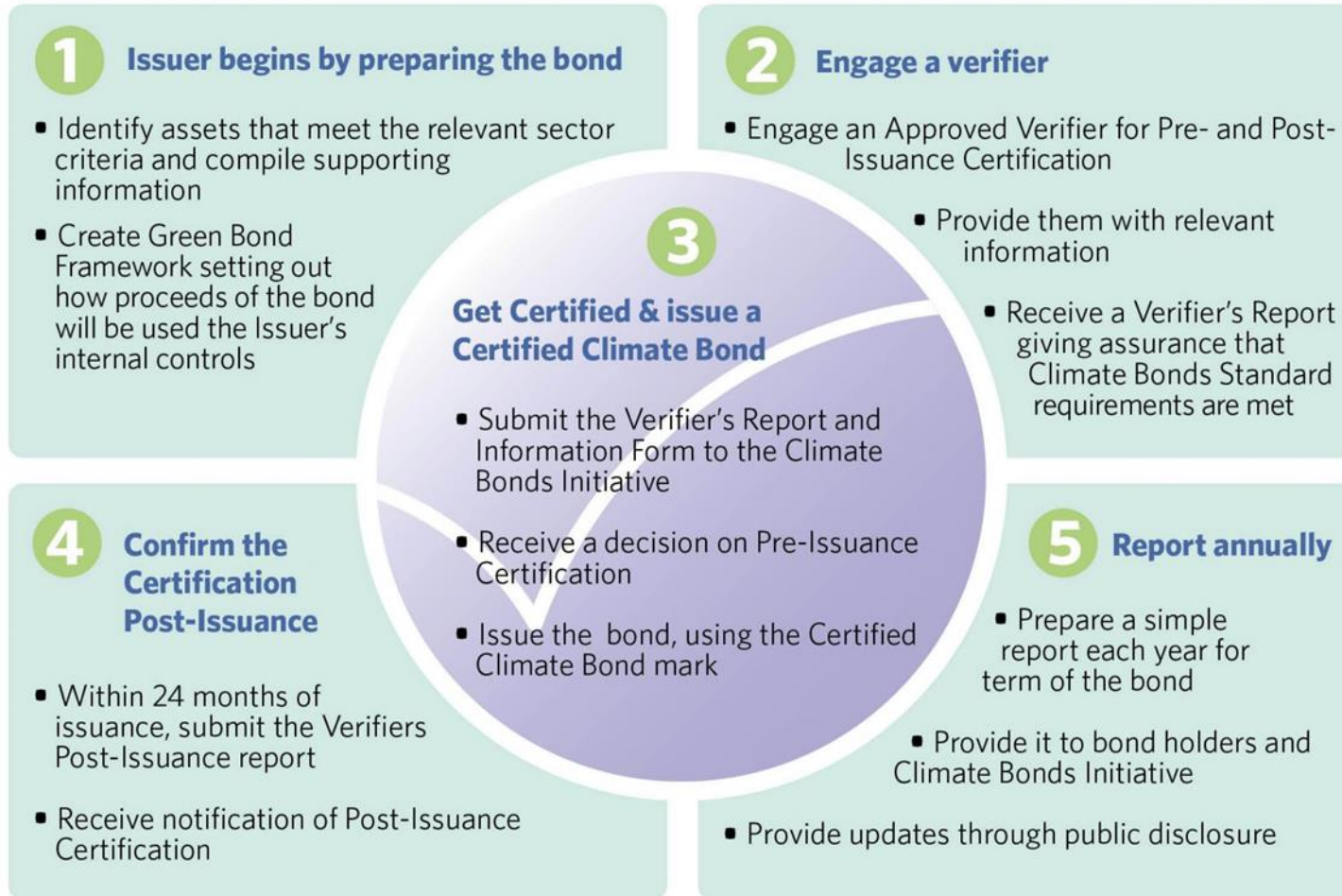
- Albania
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Greece
- Hungary
- Israel
- Kosovo
- Montenegro
- North Macedonia
- Romania
- Serbia
- Slovenia
- Turkey

Peripheral countries

- Austria
- Egypt
- Italy
- Lebanon
- Moldova
- Slovakia
- Syria
- Ukraine

Certification Process

Certification Process for a bond, loan or other debt instrument



Issuer begins by preparing the bond



Engage an Approved Verifier



Get Certified & issue a Certified Climate Bond



Confirm the Certification post-issuance



Report annually



Prospects for Issuing Green Bonds in SE Europe

- In **SE Europe**, the issuance market of green bonds **does not actually exist**, with only a small number of private sector companies and financial institutions having issued green bonds, but there are great prospects as the region is moving towards decarbonization and RES and energy efficiency projects are constantly increasing. **For instance**,
 - Greece's **TERNA Energy** issued a seven-year €150mn green bond in October 2019. EBRD invested €18mn in the green bond issuance, being the first certified climate bond that the EBRD is supporting in the country. Ernst & Young has verified that the bond meets the Climate Bonds Initiative's classification as a certified climate bond.
 - 2019 was also the year in which Greece's **ELLAKTOR Group**, taking into account the favorable conditions in the international capital markets, proceeded to the issuance of an international, green bond, with fixed rate without collateral, totaling €670mn over a five-year period.
 - This was the largest high yield green bond in Europe for 2019 and the first high yield green bond in Greece.
 - Greece's **MYTILINEOS S.A.** announced in April 2021 the successful pricing of its inaugural green bond offering of €500mn aggregate principal amount of 2.25% senior notes due 2026 at an issuance price of 100%.

IENE's Advisory Role in the Issuance of Climate Bonds

IENE can offer the following range of services:

- 1. Review financing options:** IENE reviews and challenges the financing objectives and alternatives, enabling the investor to optimize the capital structure and making the most of debt market appetite. IENE specialists can help determine a preferred funding route, and act as a sounding board for the investor's management team.
- 2. Design green bond criteria:** IENE can help develop a green bond framework, 'green' criteria and specifications for the management of proceeds. IENE professionals can advise on project selection and evaluation, fund management processes and controls, and benchmark processes against industry best practice and evolving standards.
- 3. Execution:** IENE specialists can advise on the presentation of green credentials to potential investors and the issuance process of the debt, and liaise with stakeholders including credit rating agencies.
- 4. Ongoing stakeholder management:** Once issued, IENE can help the investor assess the performance of a green bond through independent bond investor studies, giving unbiased insight into bondholders' perspectives and into the profile of bondholders.
- 5. Third-party independent assurance:** To increase the credibility of the green bond, IENE can provide assurance on the issuer's processes and control for selecting green projects and managing proceeds, as well as on the issuer's progress reports.
- 6. Monitoring and reporting:** IENE can undertake to develop performance indicators and project evaluation metrics to monitor and report on the financial and environmental outcomes of projects. Furthermore, IENE can support the investor in reporting to his company's internal and external stakeholders.



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For detailed information concerning green bonds verification by IENE,
please visit:

<https://www.iene.eu/en/congress/33/green-bonds?p=158>

Thank you for your attention!

www.iene.eu