



WEBINAR

Developing the Green Bond Market in Ghana



SECURITIES AND EXCHANGE COMMISSION
GHANA

Agenda

- 1 Introduction and Overview
Vimal Parmar, FSD Africa
- 2 Presentation: Green Bonds in Ghana
Gaia De Battista, LHGP
Ighosime Oyofe, LGHP
- 3 Feedback, Questions & Answers
FSD Africa & LHGP
- 4 Closing Remarks
David Ogbarmey Tetteh, SEC

Speaker Profiles



David Ogbarmey Tetteh
Director General
SEC Ghana

- Chairman at West Africa Securities Regulators Association
- Previously at Databank Group
- BSc. And MBA from the University of Ghana



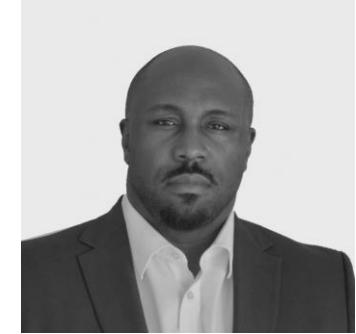
Vimal Parmar, CFA, MBA
Senior Capital Markets Specialist
FSD Africa

- Capital markets and development specialist for Africa
- Green and sustainable finance expert
- CFA charter holder and MBA from Edinburgh Business School



Gaia De Battista
Executive Director
Lion's Head Global Partners

- Head of Sustainable and Impact Finance
- Previously at Vivid Economics and Goldman Sachs
- Masters (First Class Hons) from Imperial College London and a Graduate Diploma (Merit) in Economics from LSE



Ighosime Oyoyo
Executive Director
Lion's Head Global Partners

- Capital Markets and M&A expert
- Previously at African Leadership University (Mauritius) and Chapel Hill Denham
- Bachelors in Business Administration from The George Washington University

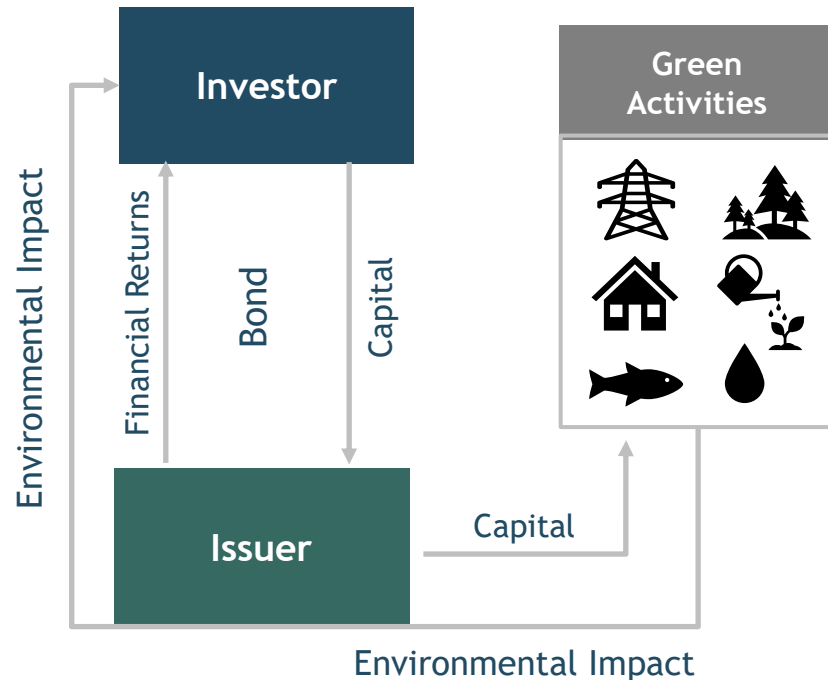
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1 What is a Green Bond?

Green Bonds:

- Fixed-income instruments with proceeds earmarked for new and existing projects that have environmental benefits;
- Use of Proceeds must be specified upfront;
- Different standards and guidelines exist to obtain the “Green” label



Reference Standards for Green Bond issuances:

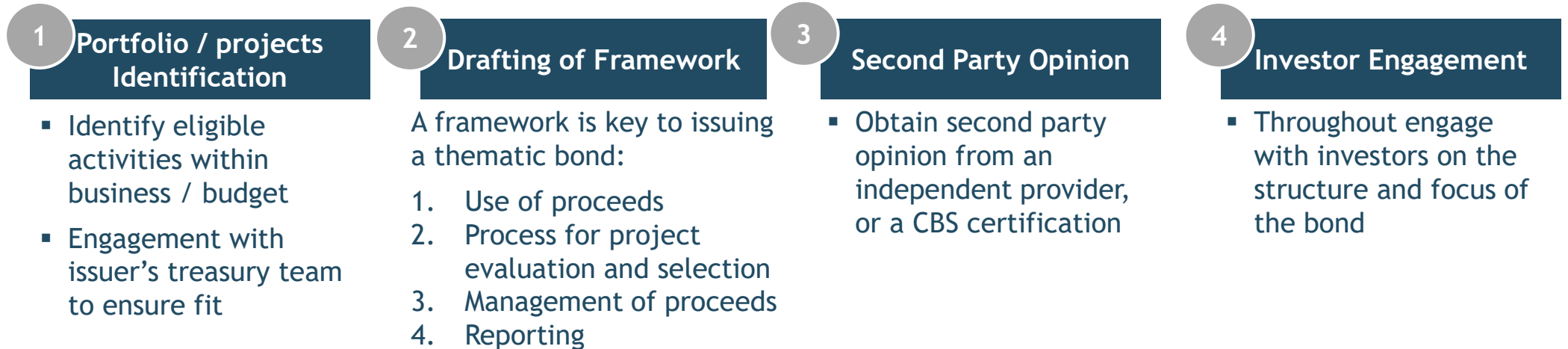


Eligible Uses of Proceeds:

- Renewable Energy, Energy Efficiency
- Green Buildings
- Water infrastructure (reuse, treatment)
- Pollution prevention and control (waste management)
- Sustainable land use (forestry, sustainable agriculture)
- Sustainable ocean economy (sustainable fishing, fisheries management)
- Green and low-carbon transport (freight, mass, electric)

2 Green Bond Issuance Process

As Green Bond issuances continue to gain momentum, a growing number of businesses will wonder if green bonds are suitable for their purposes and if so, what the process would entail



3 African Green Bond Issuances

- Green Bonds have been issued across Africa since 2017. While the initial activity was slow, issuances have become more popular of late. Sovereign issuances are far less common, but this is expected to pick up;
- The Green and Sustainable Bond landscape in Africa is nascent (USD1.8 bn excl. DFIs), but growing rapidly, particularly in South Africa, Nigeria and Egypt where there has been broad investor support for the instruments and capital markets are active;

Morocco - USD476mn

- Masen - USD115mn
- BMCE Africa - USD54mn
- BCP - USD160mn
- Casablanca- USD35.8mn
- Al Omrane Hold. - USD111mn



Nigeria - USD125mn

- Sovereign - USD71mn
- Access Bank - USD30mn
- NS Power - USD23.4mn



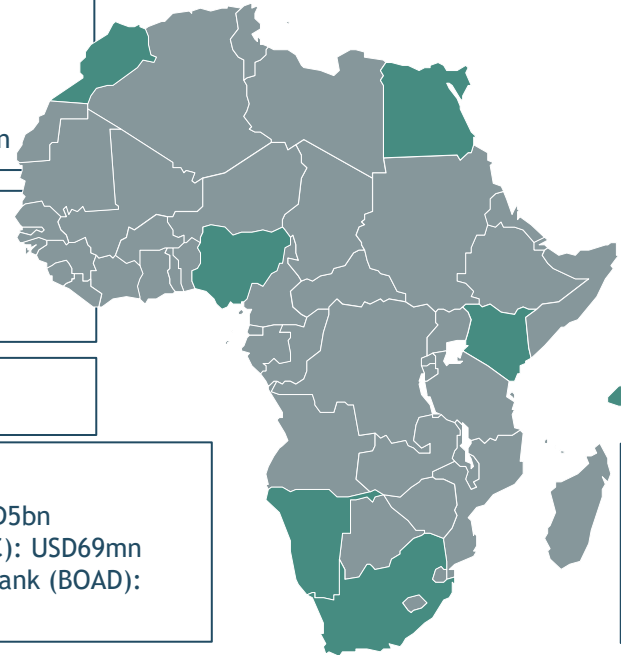
Namibia

- Bank Windhoek - USD5mn



Regional DFIs - USD6.2bn

- African Development Bank: USD5bn
- Africa Finance Corporation (AFC): USD69mn
- The West Africa Development Bank (BOAD): USD909mn


Egypt

- Sovereign - USD750mn



Kenya

- Acorn Holdings - USD40mn



Seychelles (Blue Bond)

- Sovereign - USD15mn



South Africa - USD442mn

- Growthpoint - USD94mn
- Nedbank - USD134mn
- Cape Town - USD76mn
- Johannesburg - USD138mn*



4 Green Bonds in Emerging Markets

Growing demand for developed market green bonds far outstrips available supply, emerging market bonds look increasingly more attractive in the low-rate environment



Emerging Market Green Bond Issuance, 2019

- Emerging markets increasingly a large subset of GB universe
- China continues to lead the way with 99 issuances in 2019; USD31.3bn second only to the USA
- Financial institutions remain the largest issuing sector
- Diversified instruments, such as green sukuks, have continued to gain traction predominantly funding solar projects in UAE, Saudi Arabia, Indonesia and Malaysia

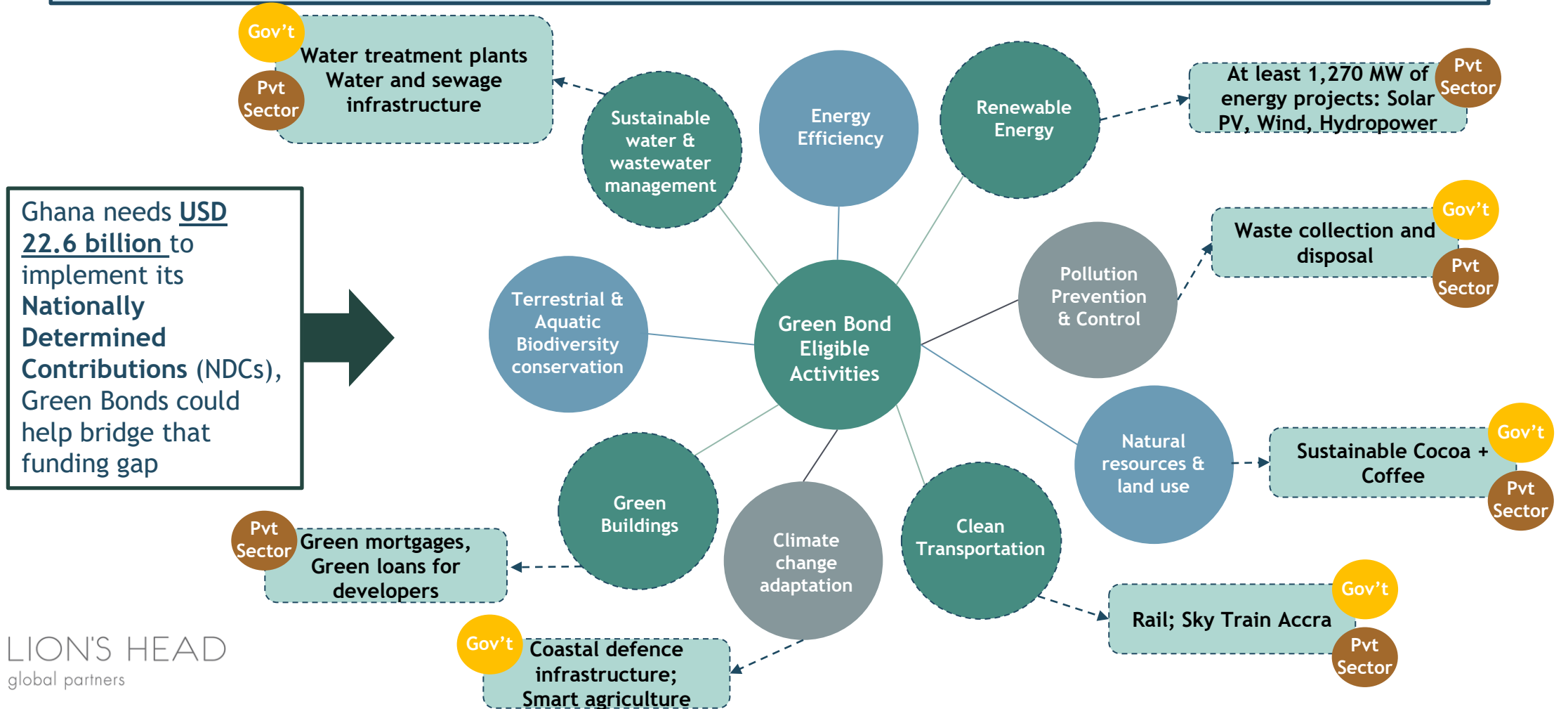
Growing number of EM Green Bond Funds

- Increased interest in emerging market bonds is on the back of stronger appetite for ESG products in general
- Some large DFI-backed funds being set up globally;
- Mostly hard currency, some local currency flexibility
- This is in line with growing trends, with global ESG funds accounting for approximately USD850bn in AUMs



5 Viability of Green Bonds in Ghana

A number of key activities and investment need in the country align with green bond principles



6 Potential in Ghana

Demand for GBs:

- There is demand for Green Bond issuances in Ghana by local asset managers and institutional investors
- Supporting Pensions Regulation

What investors do to support the sector:

- Investors should engage with the companies they already invest in to promote discourse on sustainability
- Engage with issuers or intermediaries around any concerns or preferences

Benefits of buying “Green”:

- Climate hedged activities
- Greater transparency on the issuer’s use of proceeds
- Regular reporting on progress

Supply of GBs

- There is significant potential for Green Bond aligned issuance
- Few issuers have started reviewing their portfolios / activities in light of the guidelines
- Broadly need to know there will be a buyer

What can issuers do:

- Consider a credit rating - this will help investors
- Engage with their existing investors on their appetite for a Green (or Social) Bond
- Work with advisors on understanding how their business could issue a Green Bond

Benefits of issuing “Green”:

- Investor diversification (could attract international DFIs into structure)
- Greater engagement with existing investors
- Climate-proofing business model

7 Creating a Conducive Regulatory & Issuance Environment



Development of a Green Bond segment and issuance guidelines for Ghana

- Dedicated guidance can help issuers and market operators navigate a new product
- Can rely on international standards like South Africa or be more tailored like Nigeria



Intermediaries to provide leverage for the local market

- Consider enhancements such as first loss capital or partial credit guarantees
- For example, GuarantCo provided a 50% partial credit guarantee of the green bond issued by Acorn Holdings Plc in Kenya



Government Support and incentives

- The government could take a leadership role in engaging the private sector and sensitizing market participants on green investment opportunities and incentives.



Training & Capacity Building

- Strengthening institutional capacity and dissemination and sharing knowledge with the overall objective of promoting issuance of Green Bonds

Investor Appetite



- Ultimate driver of the market
- It needs to be well understood that green bonds carry no additional risk than regular bonds.
- They provide additional transparency for investors and they can help hedge portfolios against climate risk
- Enhancing structure & credit quality

Thank you!

Questions & Answers