

***SUMP Türkiye - Sustainable Urban Mobility
in Turkish Cities Green Bonds Webinar
Best Practices in Green Bond-Financed
Mobility Projects***

Agenda

1. Introduction
2. Financing Areas in the Mobility Market & Financing Structures
3. Global Climate Financing Trends
4. Main Climate Finance Structures (Green Bonds & Bond-Supported Green Loans)
5. Sustainable Urban Mobility Planning Steps For SUMP Funding And Financing
6. Addressing Financing Gaps through Blended Finance & Climate Finance
7. Global Exemplary Cases Applicable to CIS Region
8. Climate Finance Examples

Company Information

Profinance Advisory & Training Services was born as a professional practice in 2016 and then registered as a corporation in 2019. The company provides services such as project finance, climate finance, public-private partnership, corporate finance, financial due diligence based financial advisory services. Profinance has a wide range of customer base from corporate sponsors, municipal corporations, national and international financial institutions to governmental agencies in Europe (inc. Turkey), Eurasia and the Middle East. **Profinance Advisory & Training Services** also provides services in evaluating investment projects in terms of global funding and financing opportunities, while bringing together the qualities and financial needs of the project at a common ground, especially in **Mobility**, transportation, smart city, infrastructure, environment, water, waste, energy, technology center, entrepreneurship center, culture, agriculture, mining, tourism and health sectors.

Profinance Advisory & Training Services is currently focusing on supporting for capacity development, strategy development, policy structuring, risk management, gaps and challenges identification specific to the sector and projects, development of taxonomy, framework & guidelines, and reviewing existing frameworks and policies under best practices & international practice in various sectors such as **Mobility**, along with private sector participation in line with global funding priorities.

Besides, Profinance establishes world-class college courses & training programs on theoretical & practical project finance fields; supports infrastructural development of Turkey & surrounding regions along with up-to-date civil engineering practices in global contract management procedures & fund sourcing. Profinance team consists of 3 Management & Project Financier Staff, and Financial Business Consultants dealing with assignments and projects in Europe (inc. Turkey), Eurasia and the Middle East. The ultimate goal is to share expertise in project finance with financial institutions and sponsors in ancillary financial and project finance practices.

Profinance Advisory & Training Services expanded globally & began its journey in the financial advisory industry in Europe with a subsidiary company, **Stance Consulenza S.r.l**, in **Italy** at the end of 2022.

Advisory & Training Services

Financial Institutions/Corporate Sponsors/Public Entities

PROJECT FINANCE

CORPORATE FINANCE

CLIMATE FINANCE

TRAINING SERVICES

Financial Arrangement

Financial Modelling

Project Due Diligence

Project Feasibility Studies

Structured Financial Arrangement

Financial Project Strategy

Financial Monitoring
Project Management & Monitoring

Financial Structuring for Islamic Project Finance

PPP Structuring

PPP Procurement

Contract Management

Financial Arrangement

Mergers & Acquisitions

Venture Capital Investments

Financial Strategy

Financial Modelling & Valuation

Financial Forecasting & Budgeting

Financial Management & Control

Green loan, green bond, sustainable loan, sustainable bond, sustainability linked loan, sustainability linked bond structuring

Green finance framework preparation

ESG linked financing implementation

Sustainable Impact investment advisory

Portfolio investment strategy

Portfolio impact measurement analysis

Portfolio 'greenness' analysis

Circular economy feasibility analysis

ICMA KPI & SPT advisory

Fundamentals of Project Finance

Fundamentals of Climate Finance

Sustainable Finance

Green Finance

Renewable Energy Project Finance

Engineering Finance in Energy Projects

Energy Efficiency Finance

Environmental, Social, and Governance (ESG) Principles

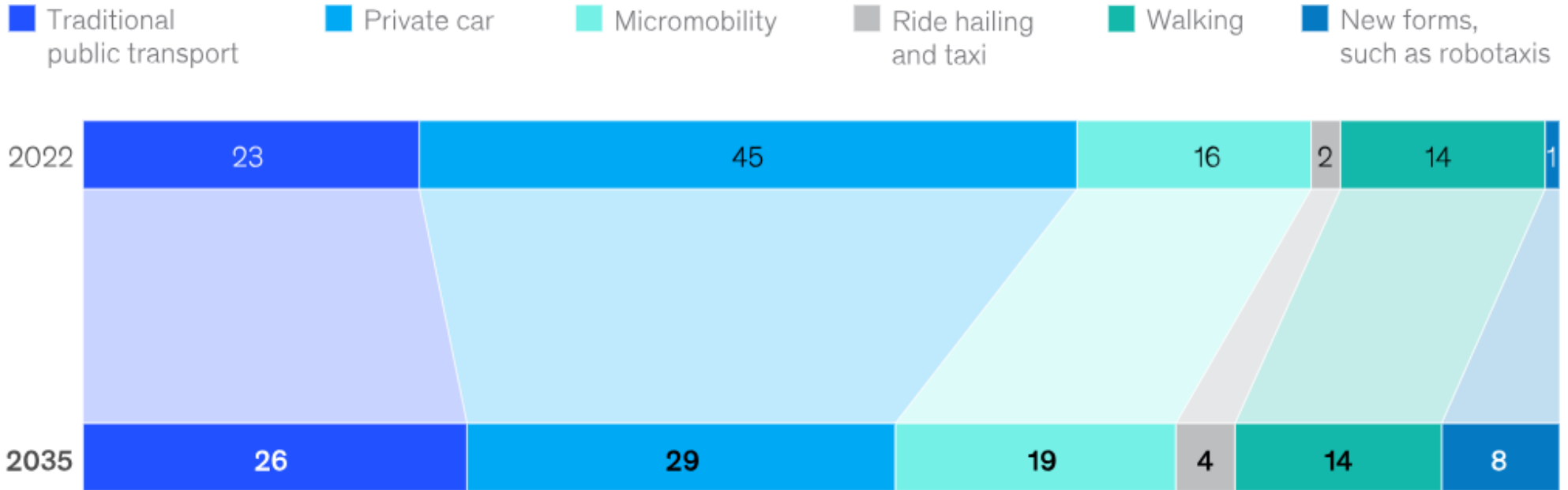
Financial Model Preparation, Scenario and Sensitivity Analysis in Project Finance

Public - Private - Partnership Models in Project Finance

Islamic Project Finance

Global Climate Financing Trends

Mobility split by mode of transportation, worldwide, %

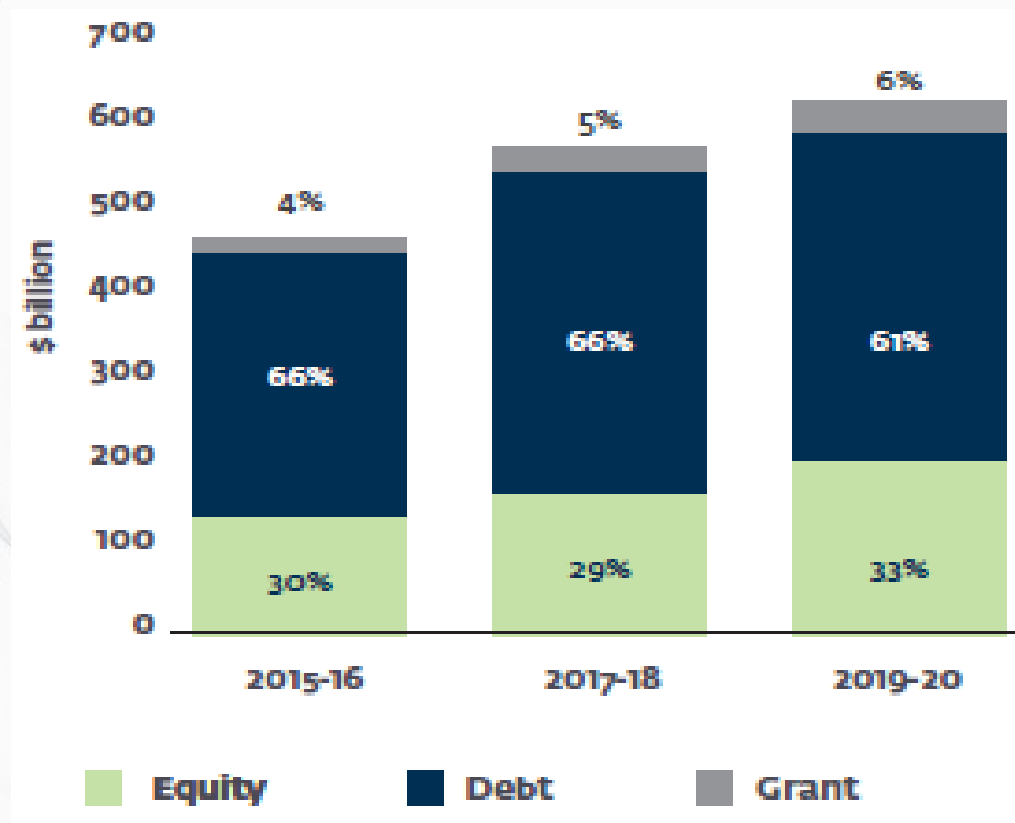


Note: Figures may not sum to 100%, because of rounding.
Source: McKinsey Center for Future Mobility

McKinsey & Company

Source: The big picture: Worldwide mobility in 2035, McKinsey Quarterly

Global Climate Financing Trends

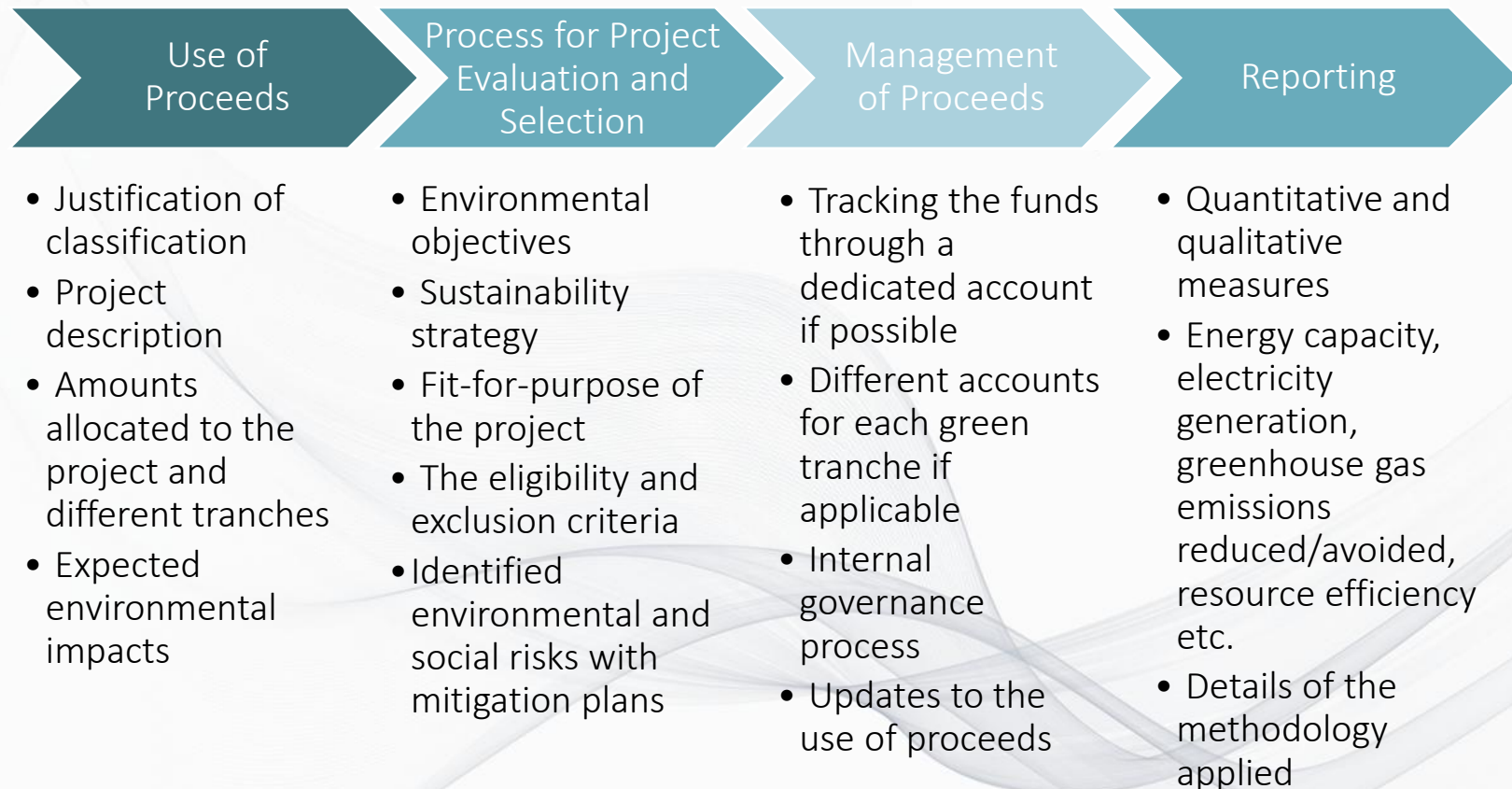


*Climate Policy Initiative:
Instruments
used for climate
investments*

- Total global climate finance steadily increased over the last decade, but investment has slowed over the past few years.
- Annual climate finance needs to increase by 590 per cent to meet internationally agreed-upon climate objectives by 2030.
- Low-cost debt made up only 12 percent and has decreased since 2018.

Main Climate Finance Structures (Green Bonds & Bond-Supported Green Loans)

Four Components of Green Bonds & Bond-Supported Green Loans



Main Climate Finance Structures (Green Bonds & Bond-Supported Green Loans)

International Capital Markets Association
Green Project Mapping

Clean Transportation:
such as electric, hybrid,
public, rail, non-
motorised, multi-modal
transportation,
infrastructure for clean
energy vehicles and
reduction of harmful
emissions.

Table I: Mapping of the GBP-project categories to GBP-environmental objectives

Contribution to objective:
primary ●●● secondary ●● tertiary ●

| GBP - Environmental objectives | | | | | |
|---|---------------------------|---------------------------|--------------|-------------------------------|----------------------------------|
| GBP-project categories | Climate change mitigation | Climate change adaptation | Biodiversity | Natural resource conservation | Pollution prevention and control |
| Renewable energy | ●●● | | | ● | ● |
| Energy efficiency | ●●● | | | | ● |
| Pollution prevention and control projects | | | | ● | ●●● |
| Environmentally sustainable management of living natural resources and land use | ● | ●● | ●●● | ●●● | |
| Terrestrial and aquatic biodiversity conservation projects | | ● | ●●● | ●●● | |
| Clean transportation | ●●● | | | ● | ●●● |
| Sustainable water and waste water management | | ●● | ●● | ●● | ●●● |
| Climate change adaptation projects | | ●●● | | | |
| Eco-efficient and/or circular economy adapted products, production technologies and processes | ●● | | ● | ●●● | ● |
| Green buildings | ●●● | ● | | ●●● | ● |

Sustainable Urban Mobility Planning Steps For SUMP Funding And Financing



Green City Bonds

Green bonds are bonds with proceeds ring-fenced for sustainable projects. Issuers of green city bonds commit to using the capital raised for environmentally beneficial purposes, including sustainable mobility related projects. Examples are the procurement of e-buses and related infrastructure, the extension of tramways or the installation of BRT systems.

The Climate Bonds Initiative - Standards for Transport Projects

The Climate Bonds Initiative has issued sector-specific criteria for transport projects eligible for Certification under the Climate Bonds Standard and Certification Scheme.

The Climate Bonds Standard and Certification Scheme is a labelling scheme for bonds. Rigorous scientific criteria ensure that it is consistent with the 2 degrees Celsius warming limit in the Paris Agreement. The Scheme is used globally by bond issuers, governments, investors and the financial markets to prioritise investments which genuinely contribute to addressing climate change.

Public transport projects such as urban trams, metro systems and bike transport systems, as well as vehicles propelled by fully electric engines or hydrogen fuel cells are automatically eligible. For other forms of transport, the Criteria define specific thresholds which the projects and assets will have to meet in order to be eligible.

Green City Bonds - City Example: The RATP green bonds programme

The French state-owned public transport operator RATP (Régie Autonome des Transports Parisiens) launched a green bonds programme in 2017. The proceeds of the Green Bond will be invested into future projects or used to refinance existing projects that comply with RATP's CSR objectives and fall into one of the following categories:

- Energy transition and climate-change mitigation;
- Pollution prevention; natural resource prevention;
- or other sustainability objectives such as noise reduction or enhanced comfort for passengers.

In a first step, RATP aimed at a € 500 million injection with a 10-year issue for financing the renewal of railway rolling stock, upgrading of a metro line, and the purchase of electric locomotives for the maintenance of RER infrastructures.

With € 1.6 billion of orders, the fund was three times oversubscribed. A second green bond was issued in June 2019.

Türkiye – The First Green Bond Issued by a Metropolitan Municipality



Istanbul Metropolitan Municipality Issued Turkey's First Local Government Green Bond

- Istanbul Metropolitan Municipality has issued Turkey's first municipal green bond with a total value of USD 715 million and a 5-year maturity, listed on the London Stock Exchange.
- By the end of the day, the bond received USD 2.6 billion in demand, significantly surpassing the official issuance size of USD 715 million.
- More than 200 different investment institutions submitted requests to participate in the issuance.
- The demand breakdown was as follows: 34% from the United Kingdom, followed by 17% from the United States, 12% from the United Arab Emirates, 11% from Switzerland, and 26% from other countries.
- **The proceeds from this bond are allocated to finance clean transportation projects, including the construction of metro lines and the procurement of fully electric or zero-emission vehicles for public transportation.**
- This bond issuance aligns with **IMM's Sustainable Urban Mobility Plan (SUMP)**, which aims to enhance the quality of life and mobility in the city by shifting from a car-oriented paradigm to a human-oriented view. Projects under this plan include the expansion of the metro network and pedestrianization initiatives.

Climate Finance Examples

Cape Town, South Africa – Green Bond for Water and Mobility Resilience

- In response to a severe water crisis between 2015 and 2018, the City of Cape Town issued a ZAR 1 billion green bond to finance water management projects.
- While the primary focus was on water infrastructure, the bond also supported initiatives aimed at enhancing the city's resilience, including aspects related to **sustainable urban mobility**.
- The ZAR1 billion Green Bond was used to fund and refinance a number of green projects in the city, including **the procurement of electric buses**, energy efficiency in buildings, water resilience initiatives, sanitation treatment, and the coastal structure protection and rehabilitation.
- This approach aligns with the city's broader climate adaptation strategies, which encompass improvements in transportation systems to reduce emissions and enhance sustainability.
- The green bond issuance not only attracted institutional investors but also encouraged citizen participation, fostering greater community engagement in climate action.

Climate Finance Examples

Mexico City's Green Bond

- Mexico City issued an MXN 1 billion (USD 50 million) municipal green bond in 2016, becoming the first city in Latin America to issue a green bond.
- Mexico City's Climate Action Plan (MCCAP) for 2014–2020 outlined key strategies and actions that the city will undertake to improve the quality of life for citizens, reduce carbon emissions and promote sustainable development, such as delivering an energy transition, containing urban sprawl, **providing clean urban mobility**, modernizing the water distribution system, and reducing disaster risk.
- For transport, investments included bus rapid transit to substitute high-emission minibuses for low-emission buses, light rail, and betterment of the Mexico City Metro.
- The Mexico City green bond raised MXN 1 billion (USD 50 million), becoming oversubscribed by 2.5 times, highlighting the strong demand for Mexico City's green bond from investors. In 2018, the city hired Carbon Trust to undertake an impact assessment of the projects financed with the bond:
 - GHG emissions: **Annual reduction of 45,364 tCO₂e through mobility projects** and avoidance of 3,823 tCO₂e with investments in LED lights - 7,352 MWh of annual energy savings.
 - Water access: 656,730 people benefited from upgrading the City's municipal water distribution network.

Thank You!

Please visit our website to learn more about advisory and training services.

www.profinstanceadvisory.com

For all other matters, please do not hesitate to contact us.

contact@profinstance.com

