



CALIFORNIA STATE TREASURER JOHN CHIANG

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World Bank and State of California Grow Green Bond Partnership

SACRAMENTO – The World Bank (International Bank for Reconstruction and Development, IBRD, Aaa/AAA) and the State of California, today, announced that the state has invested US\$200 million in World Bank green bonds, deepening a long-standing partnership to support market-based solutions for climate change.

"Globally, trillions of dollars in new investment are needed to convert our gross-polluting infrastructure to greener, cleaner alternatives. Green financing is central to unlocking the capital to not only build desperately-needed new infrastructure, but to do it in a responsible and climate-friendly manner," said California State Treasurer John Chiang. "We must build, so let's build green. Let's build to protect ourselves from rising sea levels, from extreme weather, and to ensure prosperity for our children and grandchildren."

Arunma Oteh, World Bank Vice President and Treasurer, said, "Green bonds have transformed capital markets, providing an important way for investors to support better stewardship of the planet through their investment choices. We are delighted to deepen our long-standing partnership with the State of California, an important ally in the global response to climate change."

"This significant purchase of World Bank green bonds by the State of California sends a leadership message that investors support the growth of a sustainable low carbon economy," said Mindy Lubber, CEO and President at Ceres, a sustainability nonprofit organization working with the most influential investors and companies to build leadership and drive solutions throughout the economy. "These green bonds offer competitive yields that enable Treasurer Chiang to respond as an investor to the challenges of climate change consistent with his fiduciary duty."

In 2009, California became the sole investor in the World Bank's first U.S. dollar-denominated green bond. Since then, California has regularly invested in World Bank green bonds, in addition to making climate change mitigation a priority at the policy level. The investment announced Wednesday pushes the total amount of green bonds purchased by the California State Treasurer's Office over the past decade to US\$1.5 billion.

The bonds being purchased mature on October 1, 2020, and pay an interest rate of 2.92 percent annually. JP Morgan Securities Plc is the sole lead manager for the bond. Proceeds from the sale will support the financing of projects that seek to mitigate climate change or help affected people adapt to it.

Treasurer Chiang added, "I applaud the World Bank for their green finance leadership and for bringing to the marketplace high-quality green bonds with attractive yields."

In 2008, the World Bank issued a green bond that created the blueprint for the market. It was the first time that an issuer defined criteria for eligible green bond projects, and the first time investors received assurance, through a second party opinion provider, that eligible projects would address climate change. The World Bank was also the first to commit to reporting on the use of proceeds and expected project impacts, setting the standard for the market.

Since then, the World Bank has issued more than 145 green bonds in nearly 20 currencies. It has also led efforts to harmonize the market and bring greater transparency and clarity to issuers and investors, setting best market practices for reporting on the use of green bond proceeds through its green bond impact reports.

The World Bank raises around US\$50-60 billion a year by issuing bonds in the global capital markets. Proceeds from World Bank bonds serve the goals of eradicating extreme poverty and boosting shared prosperity by supporting development activities that are aligned with the Sustainable Development Goals. The Sustainable Development Goals are a set of 17 goals covering a broad range of sustainable development issues agreed upon by the global development community.

In addition to raising funding, the World Bank uses its bond issuances to raise market awareness for priority issues, such as climate finance, health, and education, and to offer investors a framework for aligning their assets with investments that improve development outcomes.

About the World Bank

The World Bank (International Bank for Reconstruction and Development, IBRD), rated Aaa/AAA (Moody's/S&P), is an international organization. Created in 1944, it is the original member of the World Bank Group and operates as a global development cooperative owned by 189 nations.

The World Bank provides loans, guarantees, risk management products, and advisory services to middle-income countries to support the Sustainable Development Goals and to end extreme poverty and promote shared prosperity. It also provides leadership to coordinate regional and global responses to development challenges.

The World Bank has been issuing sustainable development bonds in the international capital markets for over 70 years to fund programs and activities that achieve a positive impact. More information on World Bank bonds is available at: www.worldbank.org/debtsecurities.

About California and Green Bonds

The California State Treasurer's Office administers a substantial investment portfolio, representing about US\$90 billion in fixed income assets, including more than US\$20 billion invested on behalf of 2,000 local government agencies within the state.

In 2017, California, rated Aa3/AA-/AA- (Moody's/Fitch/S&P), became the first state to reach a cumulative total of US\$5 billion in green bonds sold. In August, with the full endorsement of Governor Edmund G. Brown, Treasurer Chiang signed the Green Bond Pledge on behalf of California, making the state the first in the nation to pledge to use green financing to combat climate change. The pledge commits the state to using green bonds to efficiently raise billions of dollars in new and affordable capital to build climate-friendly public infrastructure in the world's fifth-largest economy.

Treasurer Chiang has been leading efforts to turbocharge the U.S. green bond market. Prior to signing the pledge, Treasurer Chiang conducted a national listening tour, held an international symposium, and also produced two reports on green bonds: "[Green Bonds Vol. 1: Barriers and Challenges](#)" and "[Green Bonds Vol. 2: Actionable Strategies and Solutions.](#)"

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