

Government of the Republic of Benin

SDG Bond Framework Lays Foundations For €500 Million Bond

Case Study

The Client The Republic of Benin, rated B/B1/B+ by Fitch, Moody's and S&P respectively, is a Sub-Saharan sovereign with a population of 12 million and GDP of \$15.7 billion.

The Challenge The Republic of Benin wanted to establish a Sustainable Development Goals Bond Framework in order to access financing that would enable it to achieve objectives in line with the United Nations Sustainable Development Goals (SDGs). The Framework describes 12 eligible categories, covering environmental, social and governance (ESG) objectives, such as an adequate healthcare, access to clean water and energy, and equal rights and opportunities for all.

Establishing an SDG Bond Framework was challenging as Benin is one of the smallest countries in the region, with a GDP per capita of \$1,251 (2020). In order to effectively access private capital allocated to ESG, Benin had to identify and prioritise capital expenditures deployed for SDG-related projects.

The Solution Citi acted as joint sustainability structuring adviser, assisting the government with the development of an SDG Bond Framework aligned with ICMA's Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines published in June 2021. Citi also worked with the government to ensure it could obtain the best possible evaluation score from the second party opinion provider Vigeo Eiris (an independent international provider of ESG research and services that is part of Moody's).

On July 12, 2021, the Republic of Benin accessed the international debt capital markets and priced an innovative €500 million 4.950% SDG bond with a 12.5 year maturity. Citi acted as joint bookrunner, as well as fiscal, paying and transfer agent on the transaction.

The Result The transaction was a landmark for Benin – and Sub-Saharan Africa – in the capital markets. It was the first hard currency SDG bond from CEEMEA and the first ESG international sovereign issuance from Sub-Saharan Africa. Benin is well positioned for future SDG issuances.

Extensive and positive investor feedback and indications of interest were received throughout the transaction, reflecting Citi's knowledge of the SSA investor base and the careful preparation of Benin's SDG Bond Framework.