



SUSTAINABLE FINANCE IN CANADA'S MUNICIPAL SECTOR ADVANCING

CIBC FICC Strategy
Government Credit

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Canada's municipal sector launched its first green bond in 2017 led by City of Ottawa. Following that important milestone, other major Canadian municipal sector issuers followed. These issuers continue to advance their long-term plans to build sustainability frameworks along with initiatives to green their operations. Below we provide a brief summary on how they are leading the way.

City of Ottawa

- First green bond issued in 2017 under Green Debenture Framework, with subsequent re-opening in 2019
- The Green Debenture Program will be an ongoing program of the City of Ottawa. Total issuance to date is \$602mln. The City is planning to issue a \$280mln Green Debenture in 2021 and approximately \$150mln in Green Debentures annually from 2022 to 2025.
- City of Ottawa Green Debenture Framework [online](#)
- Vision Statement - City of Ottawa green debentures are used to finance capital works that promote environmentally sustainable development across the City to mitigate or adapt to the effects of climate change and/or contribute to the reduction of greenhouse gases.

City of Toronto

- Green Bond Framework and first green bond issued in 2018
- Social Bond Framework and first social bond issued in 2020
- City of Toronto has an ambitious goal of achieving net zero emissions by 2050 or sooner. Toronto's climate action strategy, TransformTO, provides a set of long-term, low-carbon goals and strategies to reduce local greenhouse gas emissions and improve health, grow the economy, improve social equity, and build resilience. Green Debenture Program [online](#).
- City of Toronto was the first municipality in Canada to establish a Social Debenture Program in 2020. Program information [online](#).

City of Vancouver

- First green bond issued in 2018 under Green Bond Framework
- In June 2020, a new Sustainability Bond Framework was introduced superseding the 2018 Green Bond Framework. The single framework gives the city the flexibility to issue Green Bonds, Social Bonds or Sustainability Bonds. Program information available [online](#).

- Vision Statement - The City strives to create a great city of communities that cares about our people, our environment, and our opportunities to live, work and prosper. It is our vision to be recognized as a city that meets the needs of generations to come. People are at the heart of everything the City does, and we are working hard to ensure our activities support fairness, equality, and access for all. Through a set of measurable and attainable targets, we are ensuring that the City is considered as one of the most liveable cities in the world.

South Coast British Columbia Transportation Authority (Translink)

- First green bond issued in 2018 under Green Bond Framework
- Translink's Green Bond Program supports their efforts to connect the region and enhance livability by providing a sustainable transportation network. Program information available [online](#).
- In October 2019, Translink issued their second Green Bond for \$200mln. The book was oversubscribed and preference was given to Green Investors. A total of 17 Dark Green investors participated accounting for around 75% of allocations.

Municipal Finance Authority of British Columbia (MFABC)

- MFABC currently has no intention of issuing certified labeled bonds. Given their unique mandate of providing low-cost lending for local government capital projects, they believe their efforts should be focused on being a thought leader and promoter of the adoption of common and comparable ESG reporting data by their members. Thus, they have recently introduced an ESG reporting framework [online](#). The foundation of that framework is an ESG mapping approach that endeavours to provide Environmental, Social, and Governance disclosure by which investors, bond market participants, and other interested stakeholders can better understand how proceeds from their funding program are used.
- MFABC ESG Report 2020 [online](#). Excerpt:

Changes to MFA's Response to ESG

ESG has continued to grow in prominence and therefore, despite the current lack of consensus or standardization in this emerging field, the MFA will be taking steps to update our programs and enhance our data collection and reporting to meet demand for suitable products and information. Our stakeholders will have additional information available upon which to assess our approach and programs.

We will take action in four primary areas:

- Augmenting long-term lending and related bond issuance data collection, classification, and reporting around the lending that we issue the bonds to support
- Reviewing our investment products to increase information on ESG factors, and potentially adding additional investment options for clients seeking options that meet their ESG-type investment plans
- Reviewing and reporting on our own in-house sustainability
- Thought leadership, education, and working with the BC local government sector to standardize definitions and the collection of ESG-related data

Canadian Municipal Green Bonds Outstanding

Issuer (Ticker)	Issue Details		Amount (\$mln)	Project	Issue Date
City of Ottawa (OTTAWA)	3.25% due Nov 10, 2047	'Green'	\$102	Light Rail Transit	Nov-17
	Reopening		\$200	Light Rail Transit	Jul-19
	2.5% due May 11, 2051	'Green'	\$300	Light Rail Transit	May-20
City of Toronto (TRNT)	3.2% due Aug 1, 2048	'Green'	\$300	Eligible projects	Aug-18
	2.6% due Sep 24, 2039	'Green'	\$200	Eligible projects	Sep-19
	Reopening		\$130	Eligible projects	Dec-20
	1.6% due Dec 2, 2030	'Social'	\$100	Shelters & other projects	Jun-20
City of Vancouver (VANC)	3.10% due Sep 21, 2028	'Green'	\$85	Eligible projects	Sep-18
Translink (SOUCOA)	3.25% due Nov 23, 2028	'Green'	\$400	Eligible projects	Nov-18
	2.65% due Oct 29, 2050	'Green'	\$200	Eligible projects	Oct-19

Source: Issuer websites, Bloomberg

Related Research:

Municipal

- Canadian Municipal Quick Reference Guide (2-Mar-21) [online](#)
- Major Urban Centres Still Absorbing Strong Population Growth During Pandemic (2-Mar-21) [online](#)
- FAO Frames COVID-19 Impact on Ontario Municipalities (10-Dec-20) [online](#)
- City of Toronto Releases Update On COVID-19 Financial Impacts (14-Jul-20) [online](#)
- Federal Government Fast Tracks \$2.2bln in Annual Infrastructure Funding for Communities (1-Jun-20) [online](#)
- Special Report - City Facilities Are Closed To The Public Until Further Notice (5-May-2020) [online](#)

Sustainable Finance

- Special Report: Transition Finance To Bridge The Way to Paris Commitments (10-Dec-20) [online](#)
- Green Bond Portfolio - Q2 2021 Rebalancing (12-Apr-21) [online](#)
- Special Report: Towards Balanced Growth and Sustainability in Canada (17-Jun-20) [online](#)
- Special Report: Three-Quarters of Surveyed Investors Sporting the 'Green Jacket' (2-May-19) [online](#)

Should you wish to arrange a one-on-one call or meeting with a municipal debt issuer, please send your request to:

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