Climate Finance & other innovative financing instruments

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Strong growth (to Sep-2021)

Strong growth puts market on track for record levels at end of 2021

- Green-aligned
- Social
- Sustainability
- SLB
- Transition

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Social and Sustainable Bond market

Social and Sustainability market stabilising

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**Strong momentum to continue**

**Annual trillion in green bonds within reach by 2023**

![Bar chart showing USD billions from 2016 to 2023, with projected growth indicated. The chart suggests a strong momentum in green bonds, with a significant increase expected by 2023.](Climate Bonds Initiative, 2021)
Sovereign issuers boost Q3 2021 green volume

Development Bank 7.1%

Sovereign 22%

Non-Financial Corporate 25.7%

Financial Corporate 26%

Local Government Loan 5.1%

Government-Backed Entity 15%
The Green, Social and Sustainable Bond market

Energy and Buildings represent the majority of green investment in ASEAN

- Energy: 30.9%
- Buildings: 48.6%
- Transport: 5.6%
- Water: 6.1%
- Waste: 2.9%
- Land use: 2.7%
- Unallocated A&R: 3%
- ICT: 0.2%

Source: Climate Bonds Initiative, 2021
How can SIDS issuers access this market?

1. Prepare the bond
   - Identify assets that meet the relevant sector criteria and compile supporting information
   - Create Green Bond Framework setting out how proceeds of the bond will be used

2. Engage a verifier
   - Engage an Approved Verifier for pre- and post-issuance Certification
   - Provide them with relevant information
   - Receive a Verifier’s Report giving assurance that Climate Bonds Standard requirements are met

3. Get Certified & issue a Certified Climate Bond
   - Within 12 months of issuance, submit the Verifiers post-issuance report
   - Receive notification of post-issuance certification

4. Confirm the Certification post-issuance
   - Submit the Verifier’s Report and Information Form to the Climate Bonds Initiative
   - Receive a decision on pre-issuance Certification
   - Issue your bond, using the Certified Climate Bond mark

5. Report annually
   - Prepare a simple report each year for term of the bond
   - Provide it to bond holders and Climate Bonds Initiative
Who decides to issue labelled bonds?

Source: Climate Bonds Initiative, “Sovereign GSS Bond Survey” 2021
How to issue Sovereign GSS bonds?

Seven steps to turbo-charge the Sovereign GSS issuance:
1. Stimulate investor demand through new supply
2. Governments must assume the role of investor and enabler
3. Governments must create more expenditures
4. Fund high-profile projects
5. Develop and promote best practice standards
6. Work collaboratively on GSS bonds
7. Prepare for whole economy transition

Advice for issuers:
I – Get a clear mandate from government
II – Design a robust and simple framework
III – Choose a few high-profile projects
IV – Implement budgetary reporting standards
V – Prepare for reporting process

Source: Climate Bonds Initiative, “Sovereign GSS Bond Survey” 2021