

Green bonds: A finance tool for NDCs implementation

SIWI World Water Week

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What are Green Bonds?

Green bonds are debt securities issued by financial, non-financial or public entities where the proceeds are used to finance 100% green projects and assets

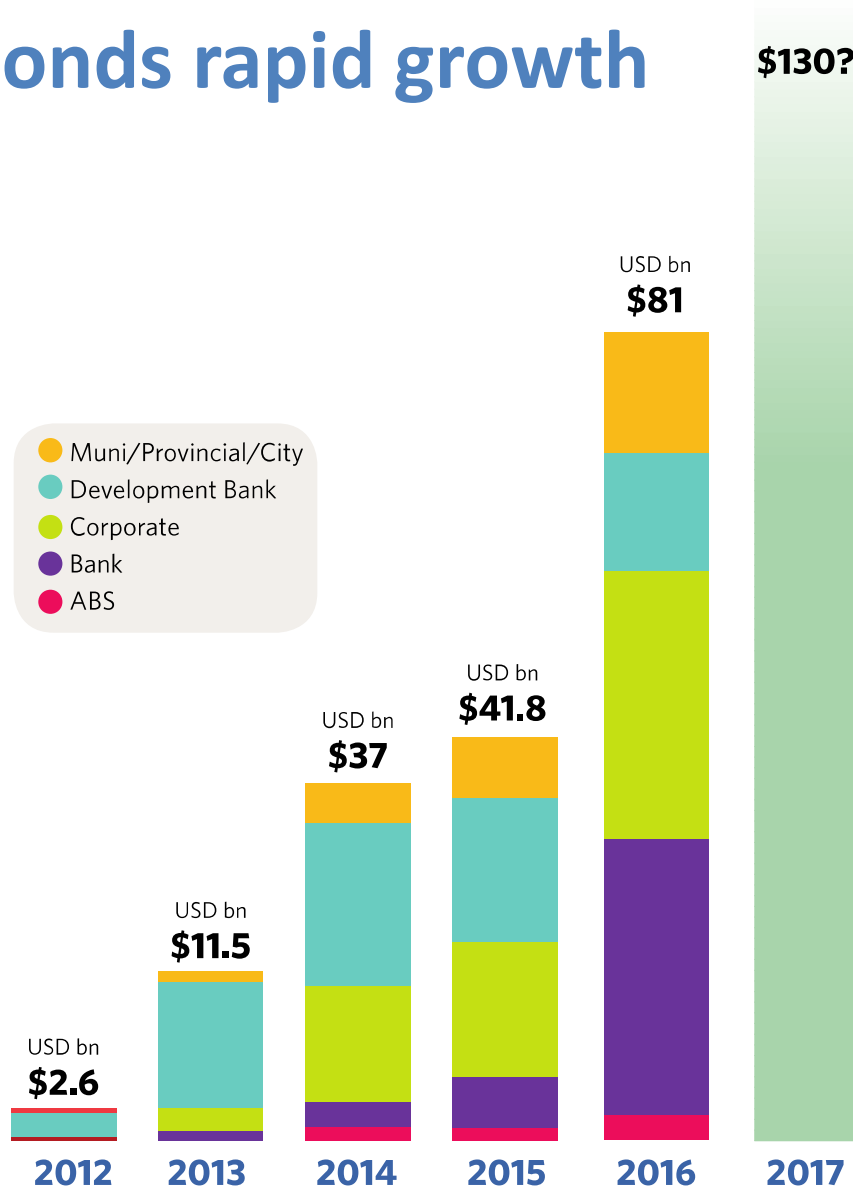
Just like regular vanilla bonds. “green” is a bonus feature to the bond.

It's about the projects and assets, not the issuer.

1. Proceeds go to Green
2. External review/certification
3. Annual reporting

* New and/or re-financing

Green bonds rapid growth



BENEFITS

Issuers

Investor diversification
Market positioning
Pricing

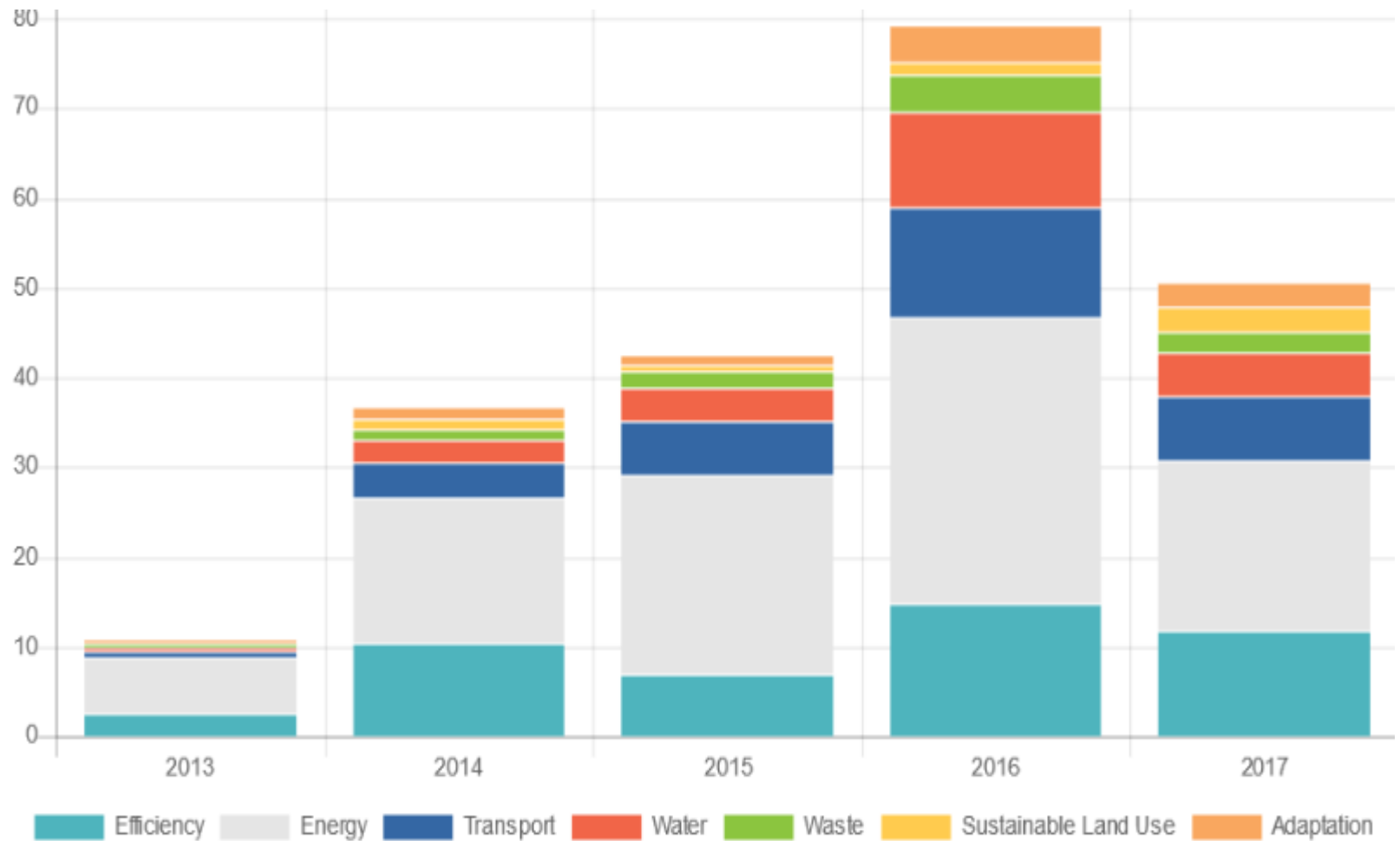
Investors

Addressing climate risk
Financial returns w/
environment benefits
Secondary market value

China went from zero to
40% of issuance in 2016



Green bonds breakdown by Sector



Developments Post Paris

- Green bonds grow as a mainstream tool to help implement NDCs
- Sovereign Green Bond Programmes
- Capital raising plans for NDCs

Green Infrastructure Investment Coalition

- NDCs => 3-5 year green investment plans
- Investor-country dialogue



Guidelines and Reviews



Green Bond Principles – ICMA

Proceeds must go to green / Explain process for project selection; use 2nd party review / Track proceeds; use auditor to verify / Report each year on details

Climate Bonds Standard & Certification: incorporates GBPs into a standardized framework with green definitions



National Green Bond Guidelines: China, India, Nigeria, South Africa, Brazil

ASEAN Green Bond Framework



Moody's/ S&P green assessment tools: quality of review & reporting



The developing scope of the CBS Water Criteria

Engineered water infrastructure (i.e. built assets to capture, treat and deliver waste water and clean water, and assets to protect against flooding)	IN
Nature based water infrastructure (i.e. nature based assets and systems that provide, among other ecosystem services, the treatment, capture and delivery of water)	PUBLIC CONSULTATION
Water infrastructure in other sectors (e.g. water infrastructure assets in the agricultural sector)	IN (with exceptions)
Water driven energy assets , including wave and tidal installations, and hydropower	UNDER DEVELOPMENT

Examples: Certified Water Climate Bonds

Issuer	Size (USD)	Use of proceeds
<p>City of Cape Town</p>  <p>CITY OF CAPE TOWN ISIXEKO SASEKAPA STAD KAAPSTAD</p>	76M	<ul style="list-style-type: none"> • water management initiatives (which includes water meter installations and replacements, water pressure management, and upgrade of reservoirs) • sewerage effluent treatment • rehabilitation and protection of coastal structures
<p>San Francisco Public Utilities</p>  <p>San Francisco Water Power Sewer Services of the San Francisco Public Utilities Commission</p>	240M	Sustainable storm water management and wastewater projects included in the SFPUC Sewer System Improvement Program
	259M	

Technical WG

Alliance for Global Water Adaptation
Stockholm International Water Institute
World Resource Institute
CDP
Ceres
Colorado State University
University of Massachusetts
IUCN
Water Environment Federation
Chinese Academy of Sciences
Duke University
Deloitte
Charles River Water Authority

Industry WG

OECD
Seattle Public Utilities
DC Water
San Francisco Public Utilities
Abengoa
SEB
JP Morgan
Goldman Sachs
Bloomberg
European Investment Bank
World Bank
Asian Development Bank
International Hydropower Association

Consulted well over 100 individuals

www.climatebonds.net

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