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ARE GREEN BONDS GREEN?

JOHN MATTHEWS • JOHOMA@ALLIANCE4WATER.ORG
AGWA: ALLIANCE FOR GLOBAL WATER ADAPTATION



Water Consortium: 2014–present



Investor demand driving Green Bond growth

USD155.5bn total green bond issuance 2017;

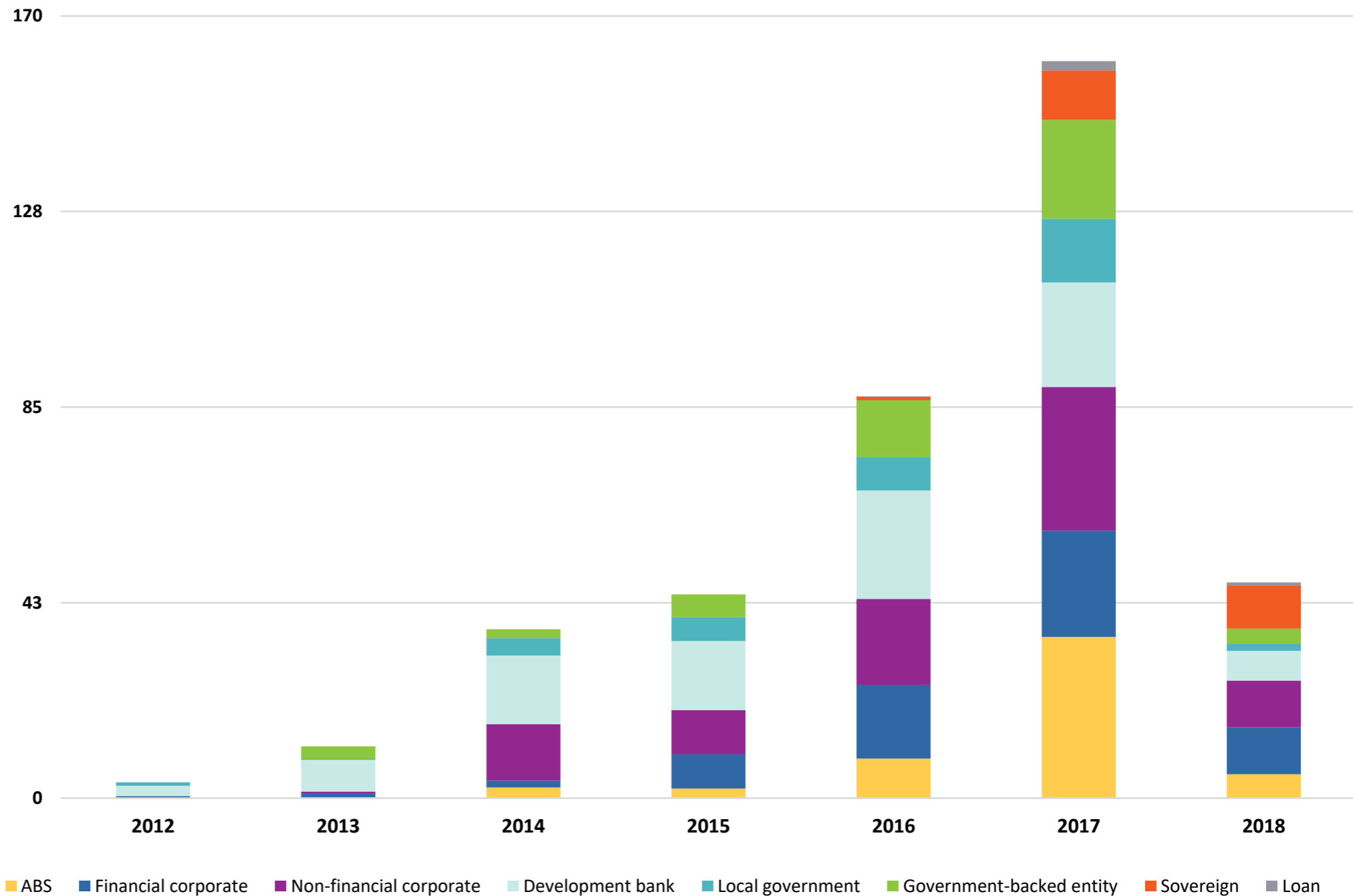
Over1500 green bond issues;

78% growth on 2016

37 countries from all continents;

239 different issuers;

146 new issuers



Climate Bonds Standard Water Criteria Phase 2

Will your project meet the Water Criteria? It's an easy two-step

**STEP
1**

Comply with Mitigation Component

GHG emissions from water projects do not increase and comply with business-as-usual baseline or aim at emission reduction will be delivered over the operational lifetime of the water asset or project.

**STEP
2**

Comply with Adaptation & Resilience Component

Water infrastructure and its surrounding ecosystem are resilient to climate change, and have sufficient adaptation to address climate change risks.

To demonstrate that, issuers should complete a **scorecard** made up of five sections:

Section 1. Allocation: Addressing how water is shared by users within a given basin or aquifer.

Section 2. Governance: Addressing how/whether water will be formally shared, negotiated, and governed.

Section 3. Technical Diagnostics: How/whether changes to the hydrologic system are addressed over time.

Section 4. Nature-based Solutions: (for nature-based and hybrid infrastructure only) addressing whether issuers have sufficient understanding of ecological impacts at/beyond project site with ongoing monitoring and management capacity.

Section 5. Assessment of the Adaptation Plan: Checking the completeness of the coping mechanisms to address identified climate vulnerabilities.

Where are we to date?

Gray Infrastructure

More than 2 billion USD issued: USA, South Africa, China

Important shift noted by SFPUC: *resilience pays*

In their last two issuances, SFPUC has received lower interest rates from higher bond ratings

NBS *Rating agencies have just recognized that climate risk is not an environmental benefit but a core financial risk*

About 400 M embedded within the investments to date, but not using the new criteria

Several cities have expressed strong issuance — expecting issuance later later 2018 or early 2019 at the latest

New partnership between WRI and AGWA to help support the process

Both

China and the EU have adopted our general framework and both will promote these criteria formally through regulatory agencies



How to learn more

<https://climatebonds.net/standard/water>



Interview with Anna Creed, CBI

Financing natural resilience: a new wave



Colorado River delta, near San Felipe, in the Mexican state of Baja California, 2011.

The 2018 edition of the World Water Development Report focuses on nature-based solutions for water. The issuance of water bonds is a relatively new phenomenon in this field, attracting private investment towards a sustainable future for natural resources, especially water. A new set of global scoring criteria for these bonds could help transform the financial markets and boost investment in nature-based solutions.

By John H. Matthews, Lily Dai and Anna Creed

Climate scientists predict global warming of 4–6 °C by the end of the century. At the same time, the world is entering an age of unprecedented urbanization and related infrastructure development. To ensure sustainable development, this infrastructure needs to be both low-carbon and resilient to climate change, without compromising the kind of economic growth needed to improve the livelihoods and well-being of the world's most vulnerable citizens.

<https://en.unesco.org/courier/>

Join AGWA!

<http://alliance4water.org>

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MANY

john matthews • johnma@alliance4water.org

THANKS

