

# Green Bonds for Financing Energy Efficiency and Clean Energy

**Dina Azhgaliyeva**

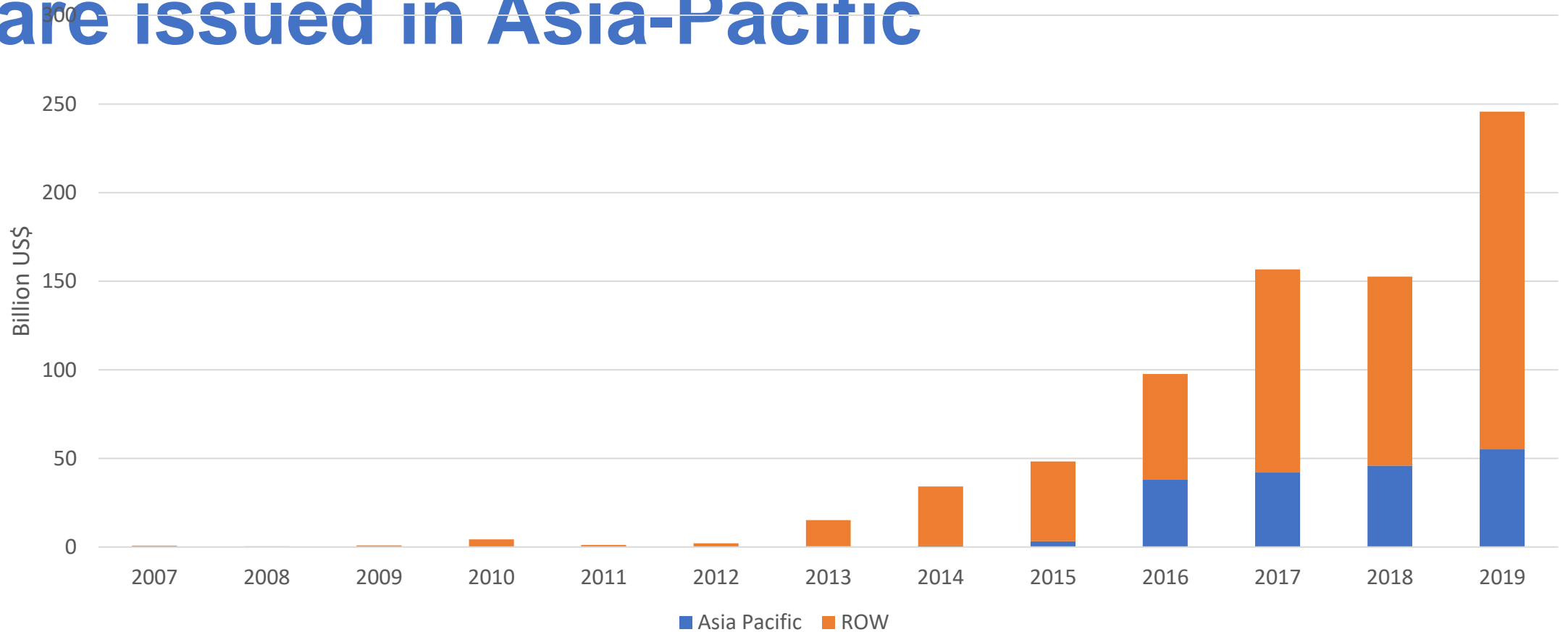
APERC Annual Conference, Advisory Board Meeting and Joint Symposium with  
IEEJ 2020

15 September 2020

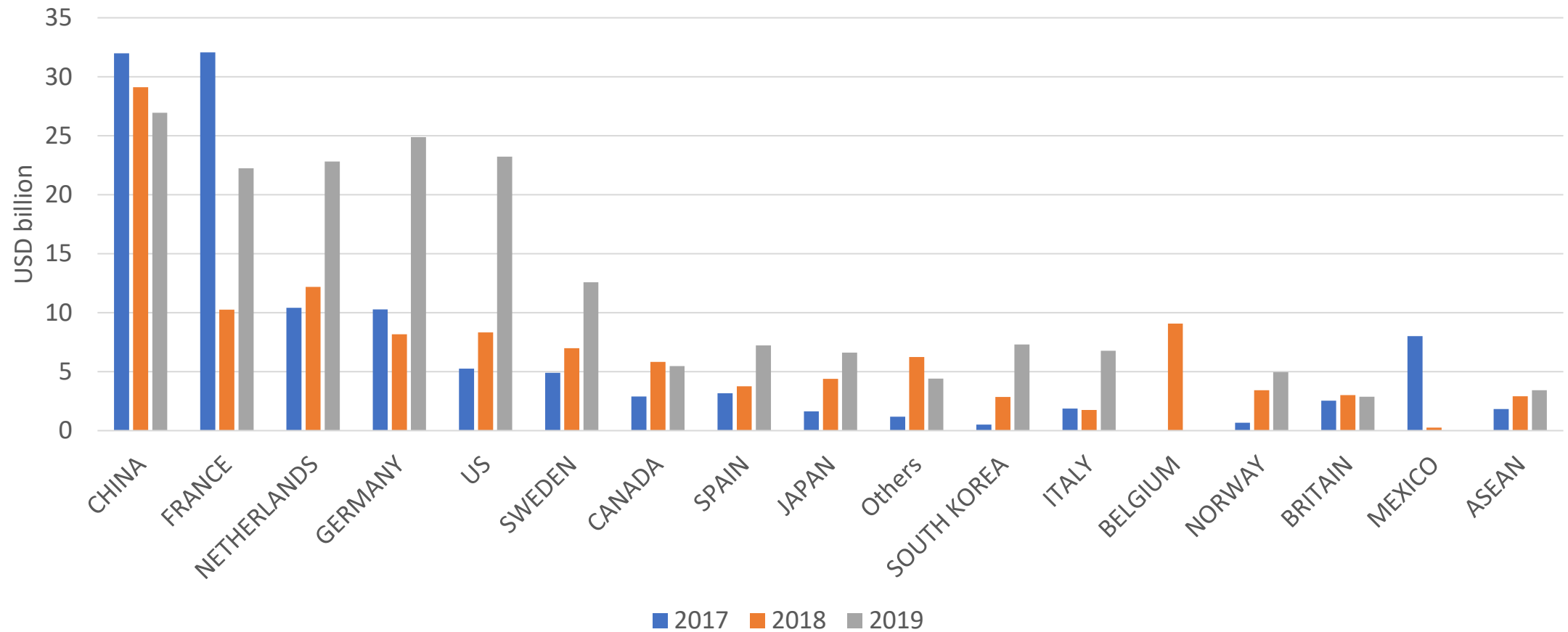
# What are Green Bonds?

- Green bonds are fixed income financial instruments used to fund projects that have positive environmental and/or climate benefits.
- The issuer commits to use proceeds only for ‘green projects’ with clear environmental benefits.
- **Labelling** provides a guarantee that proceeds will be used only to fund Green Projects.

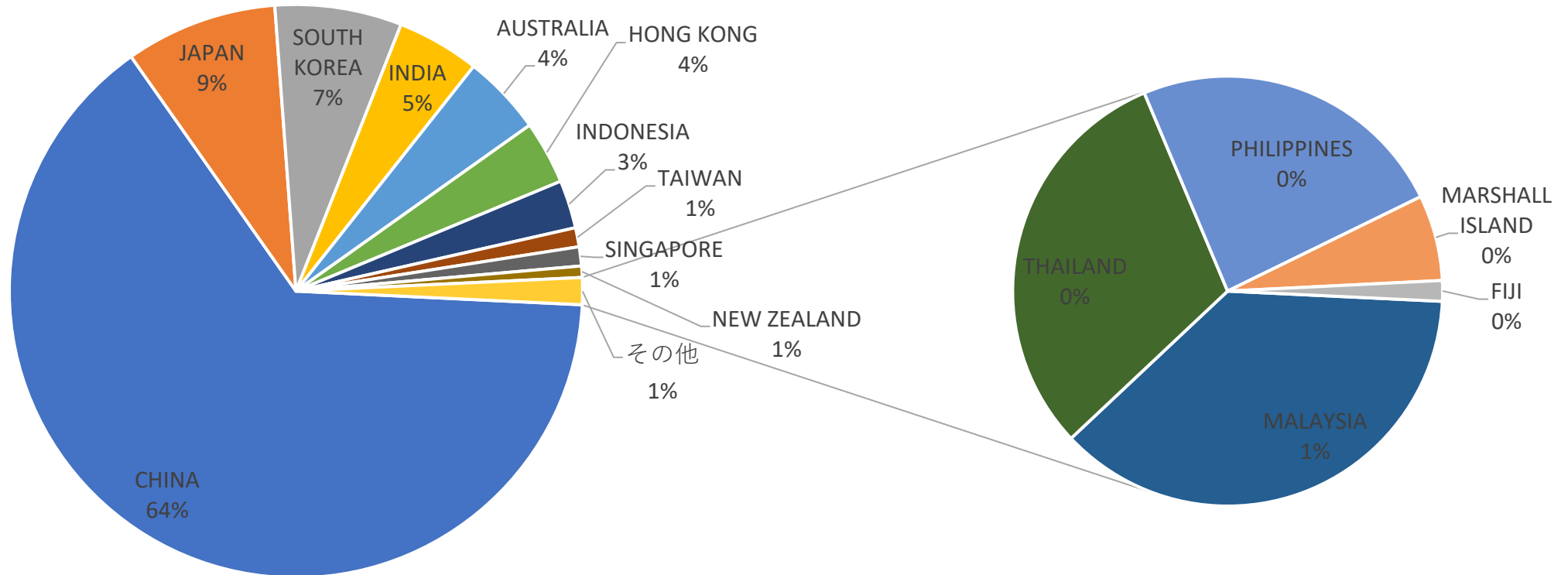
# The global green bond market grew from \$3 billion in 2012 to over \$200 billion in 2019 (not cumulative). 1/5 of green bonds are issued in Asia-Pacific



# Major issuers in Asia-Pacific: Peoples' Republic of China, Japan and Republic of Korea

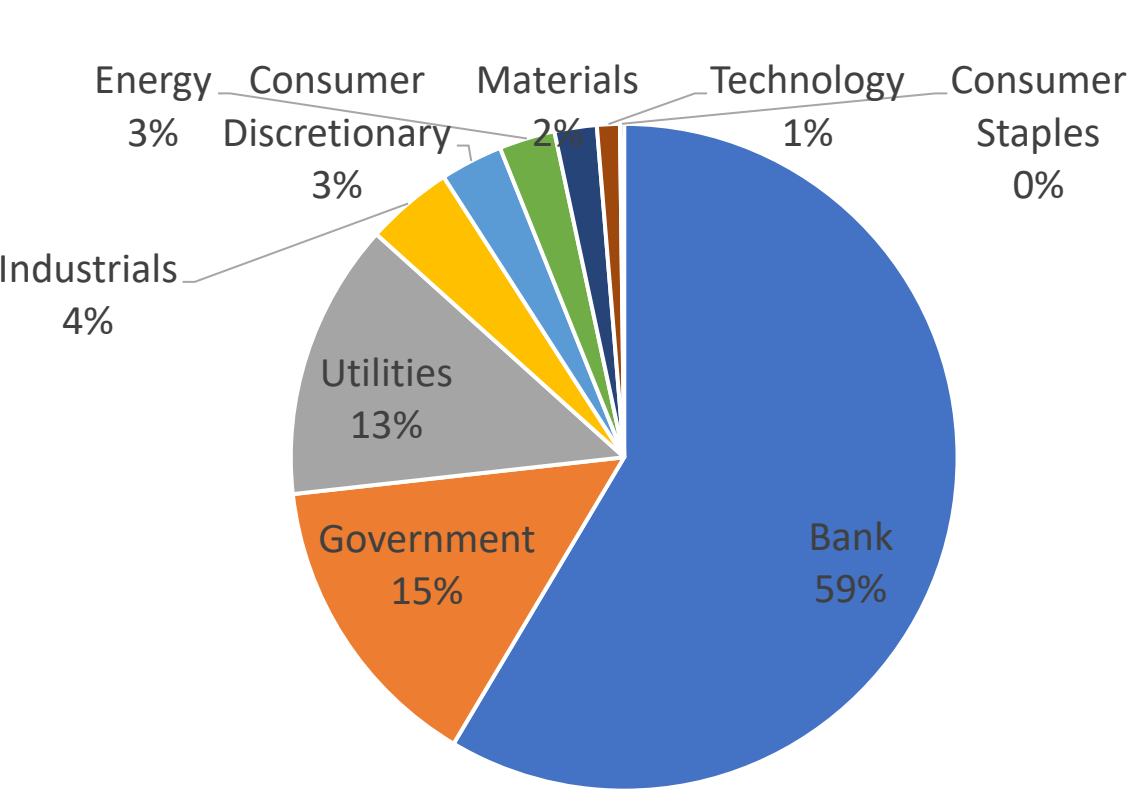


# Out of 58 green bond issuing countries, 15 are from Asia-Pacific

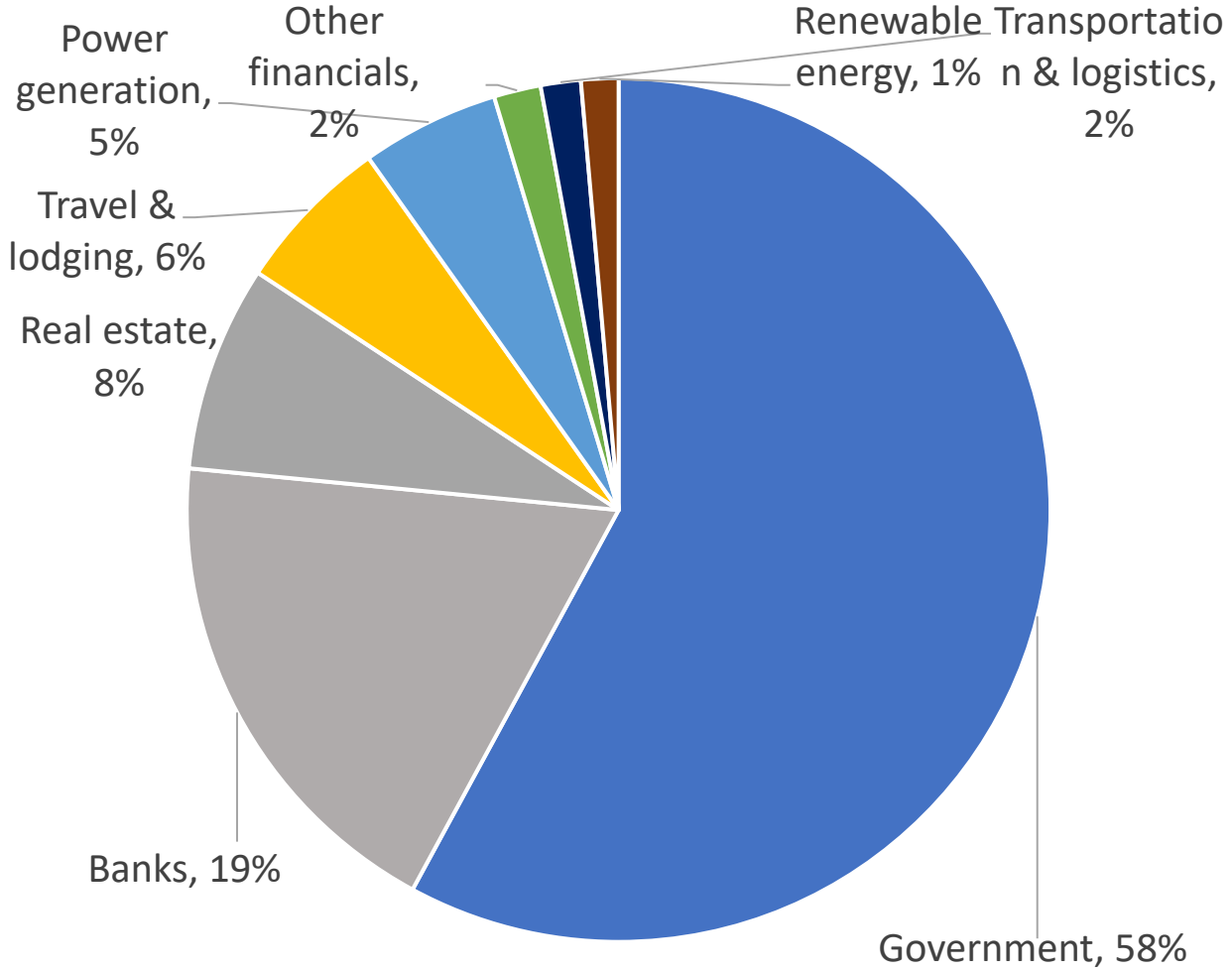


# Green Bond are issued mostly by Governments & Banks

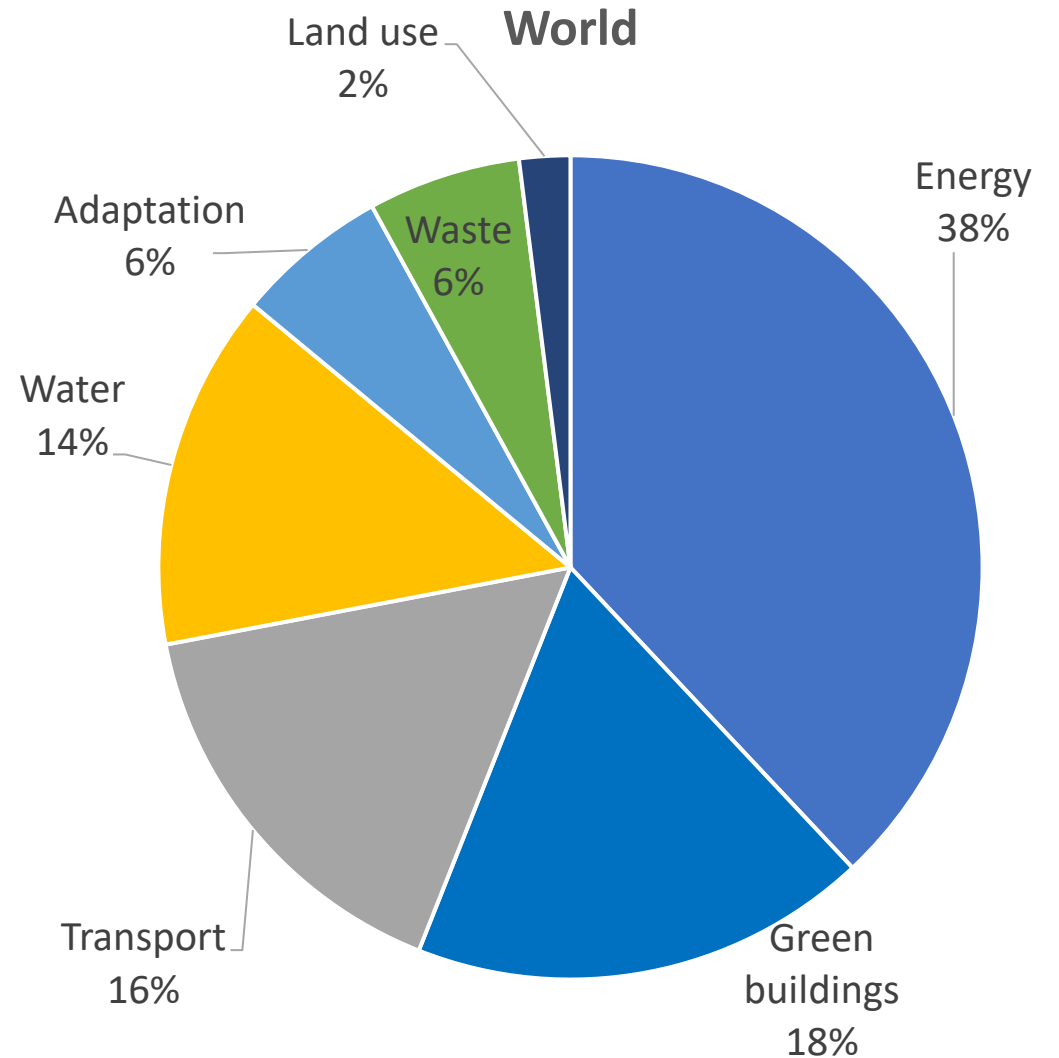
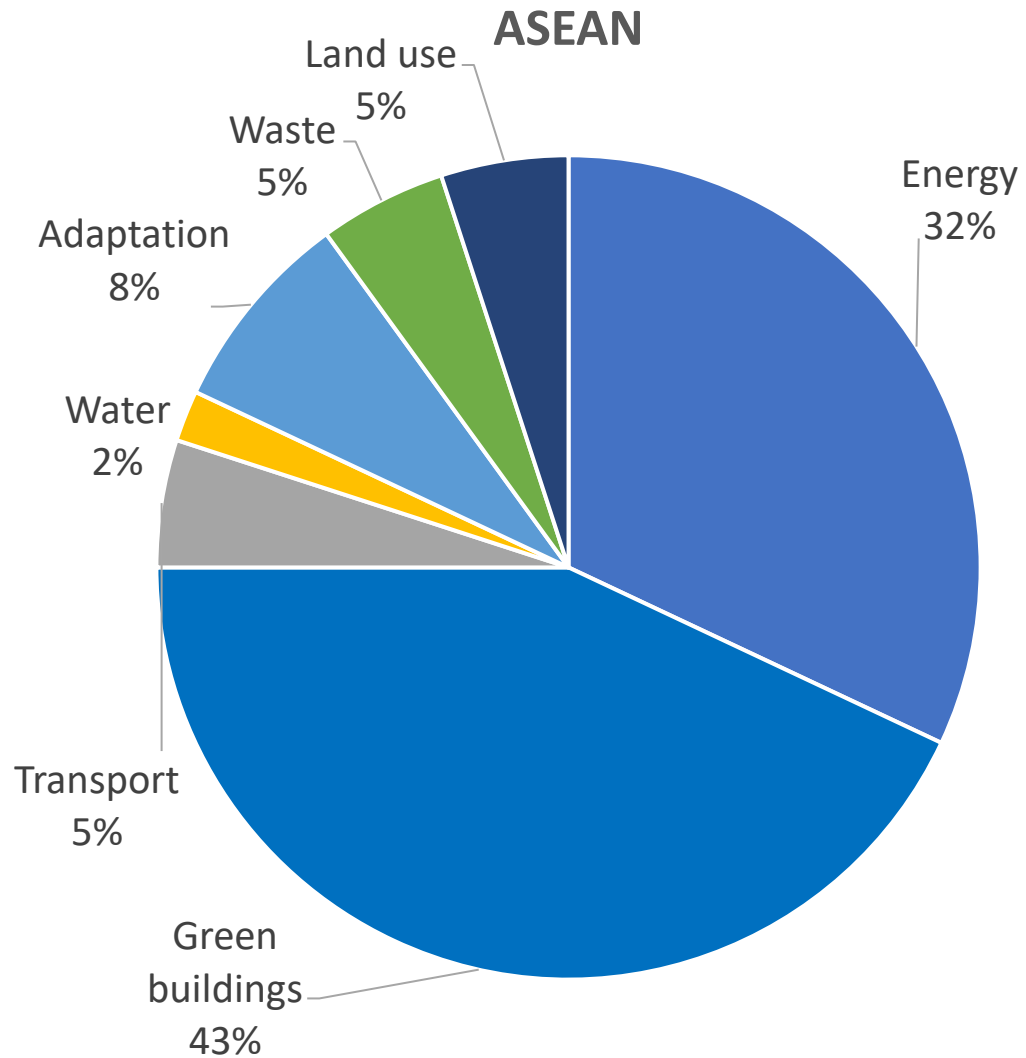
**Asia-Pacific**



**WORLD**



# Green Bond mostly finance Green Buildings & Energy

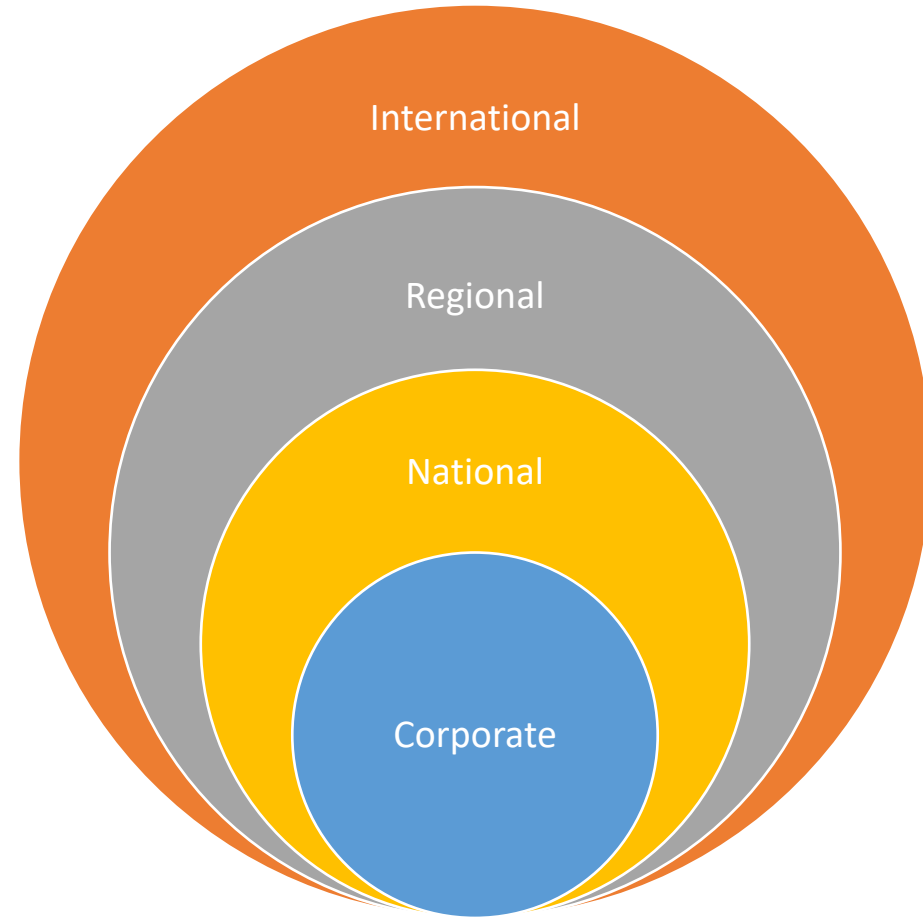


# Green Bond Policies

1. Green Bond Guidelines/Standards
2. Green Bonds Disclosure/Reporting
3. Public issuance of green bonds
4. Grant/Subsidy for green bond issuance



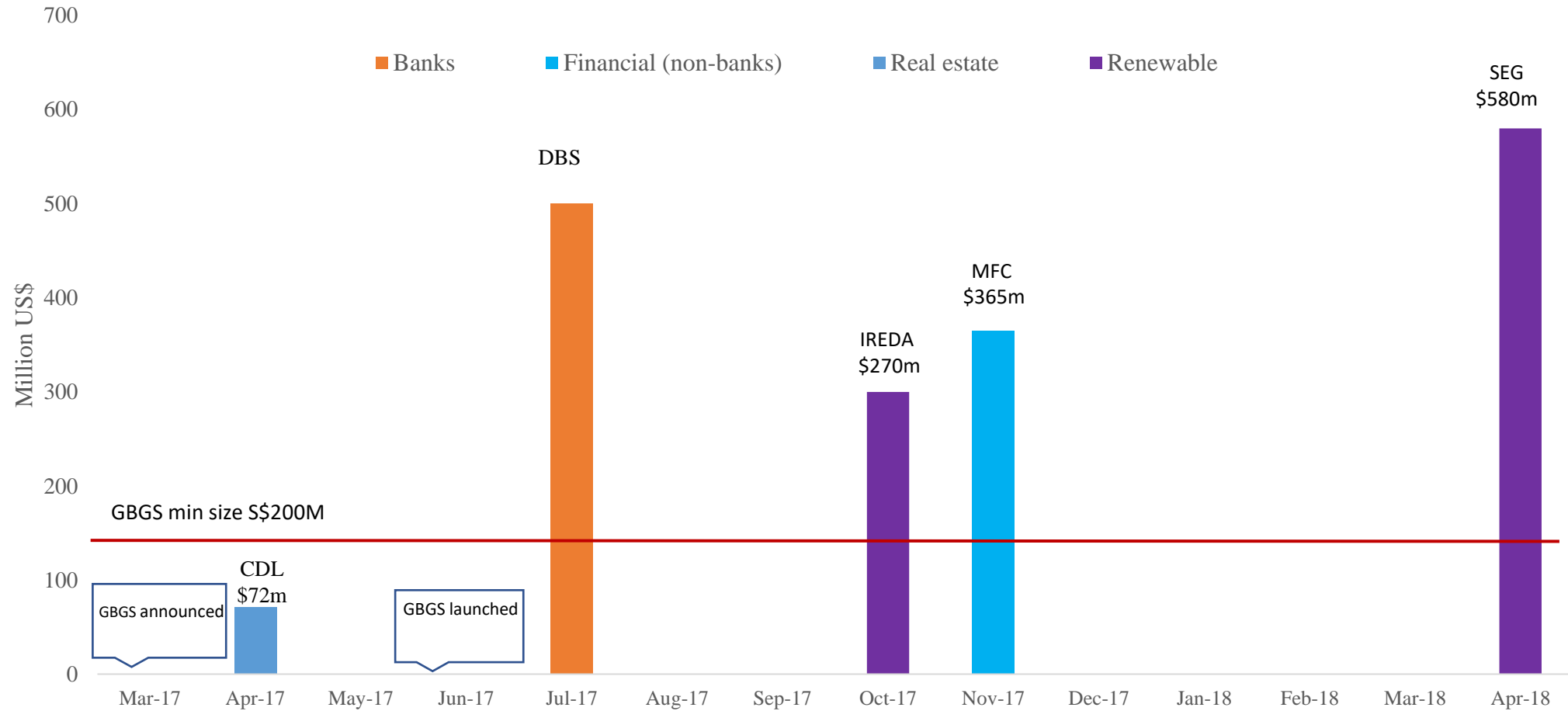
Eligible green projects are stated in Green Bond Principles/Framework/Standards



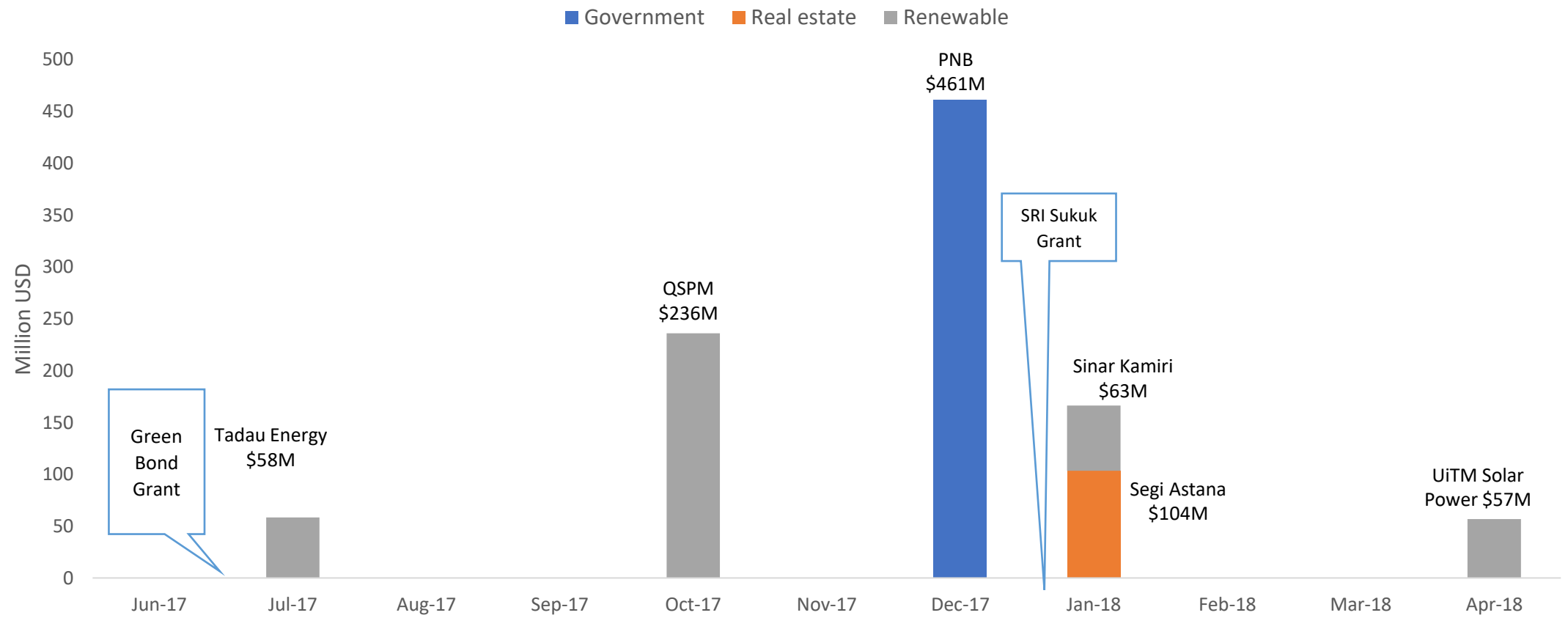
# Grant/Subsidy for green bonds in ASEAN

- Green bond grants in ASEAN are provided in **Malaysia and Singapore**. Non-ASEAN countries with grants include **Hong-Kong (PRC), Japan, Kazakhstan**.
- Green bond grant reduces the cost of labelling bonds 'green'.
- Both green bond grant schemes are usually set for a limited number of years as a temporary measure to boost green bond issuance.
- Both schemes allows to claim up to **USD 70,000** to cover the cost of **external review**. However there are some differences in these grant schemes.

# Green Bond listed in Singapore

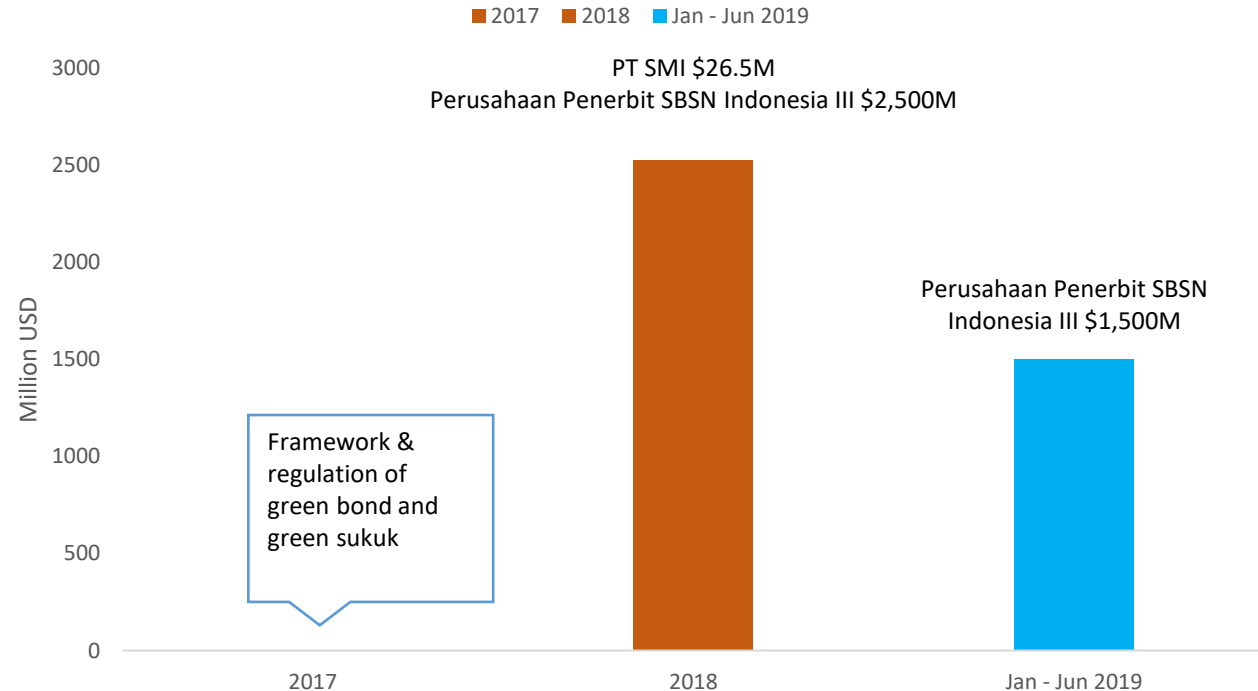


# Green Bond listed in Malaysia



# Green Bond Issuances in Indonesia

- Growth of green bonds listing in Indonesia is driven by government green bonds.
- 99% of green bonds listed on Indonesian Stock Exchange are issued by the Indonesian government.
- The objective is to provide initial market product pipelines and liquidity, engage investors and educating them about green bonds.



# How to design an effective policy?

Policy qualification criteria	Objective: reduce local greenhouse gas emission	Objective: promote local green financial centre
Project location	Domestic only	Anywhere
Use of proceeds for re-financing	Limited/restricted	Allowed
Listing place	Anywhere	Domestic (stock exchange) only
Currency	Any	Any
Issuer location	Anywhere	Anywhere
Coupon	Any	Any
Green bond standards/frameworks	Restricted	Any
Policy examples	Green Bond Subsidy Project in Japan	Green Bond Grant Scheme in Singapore
Grant administrator	Ministry of Environment	Central Bank or other financial/monetary authority

# Policy Recommendations for Green Bond Grants

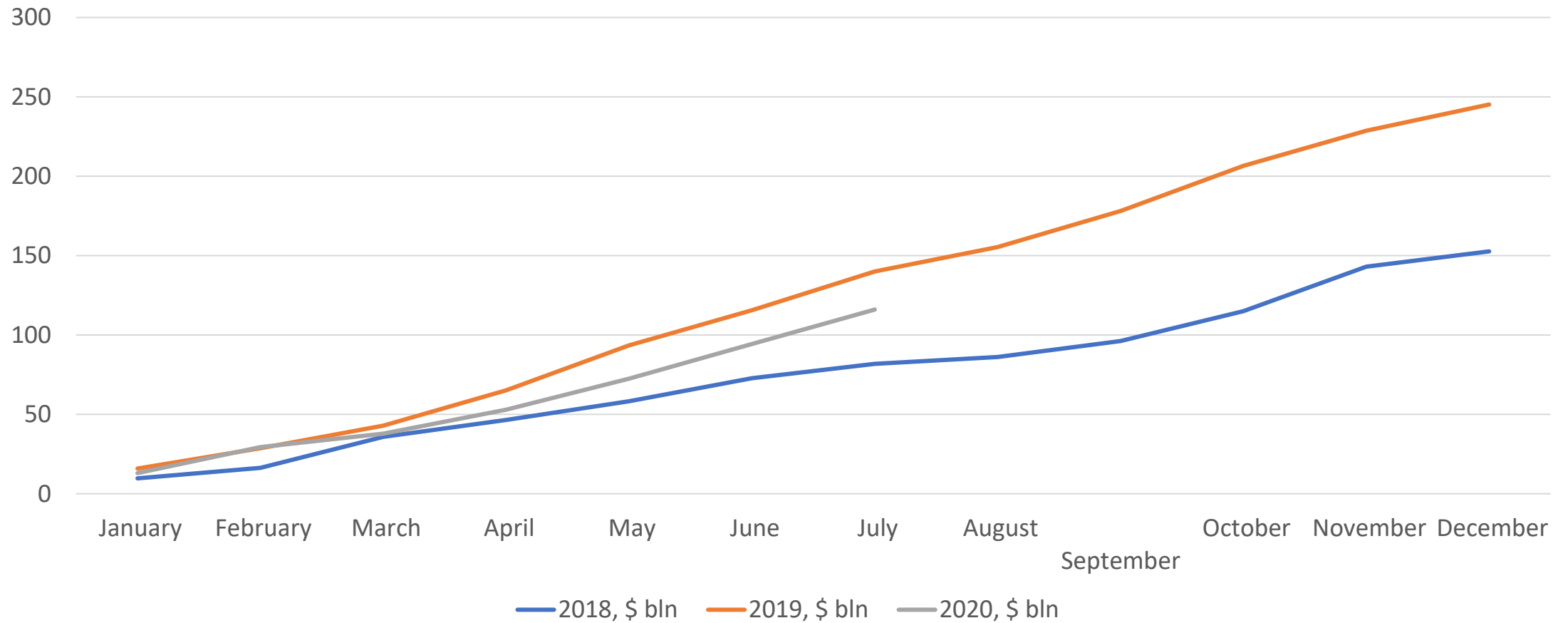
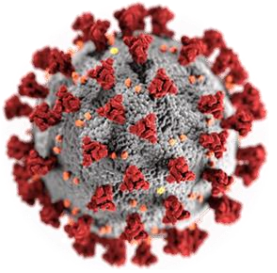
Policy-makers should choose the design of green bond supporting policies based on the objective, such as reduce local greenhouse gas emission or promote green finance.

Some qualification criteria of green bond supporting policies can conflict, such as project location and use of proceeds for refinancing.

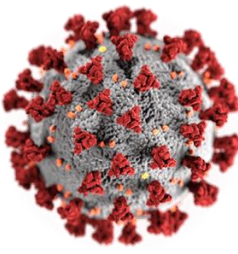
Policies need to restrict eligibility criteria of such policies to only domestic projects and limit refinancing if the objective is to reduce local GHG.

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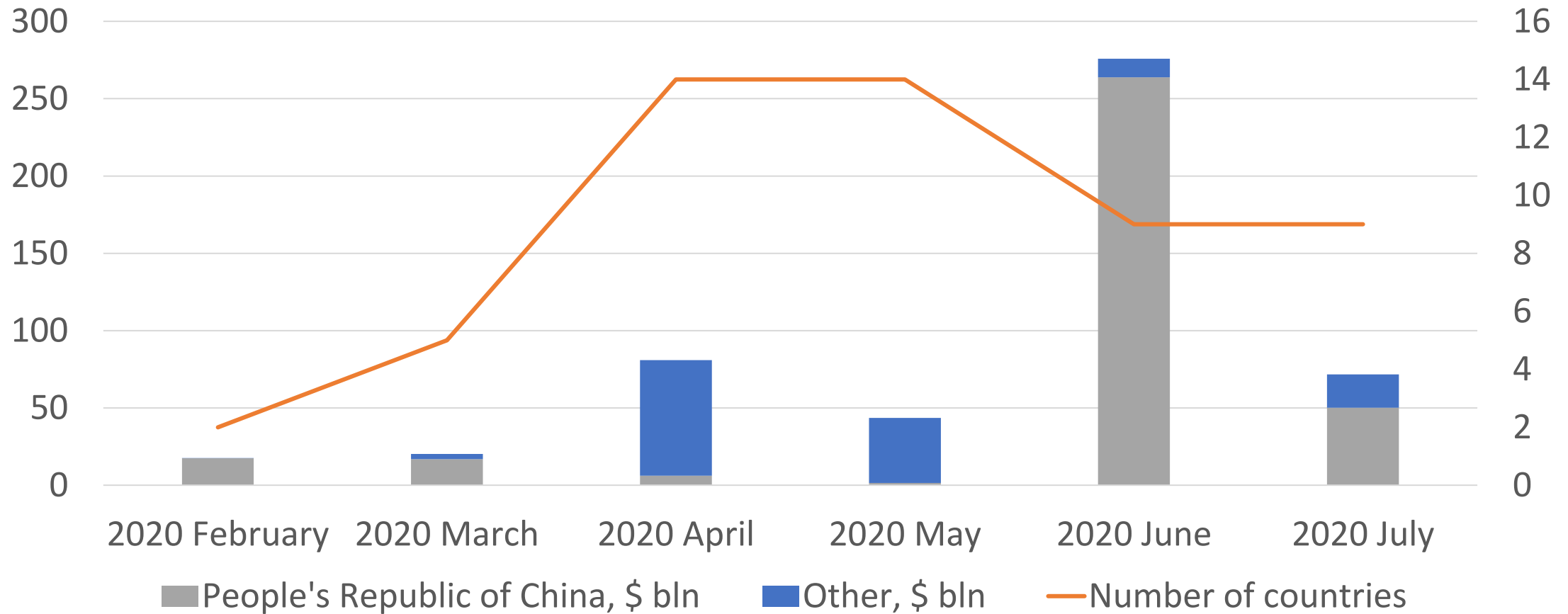
# COVID-19: Green bond issuance slowed down in 2020







# Pandemic bonds increased mostly due to issuance in the People's Republic of China



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# References (with links for free access)

1. Special Issue '[Scaling Up Green Finance in Asia](#)' Journal of Sustainable Finance & Investment, Volume 10 Issue 2 (2020)
2. Blog [Achieving policy objectives for green bonds in ASEAN](#)
3. ADBI Working Paper '[Green Bonds for Financing Renewable Energy and Energy Efficiency in Southeast Asia: A Review of Policies](#)'
4. ACMF [ASEAN Green Bond Standards](#)
5. ADBI e-learning course '[Green Investments: Renewable Energy](#)'