

Mobilising capital towards a low carbon world, at speed, at scale

Changing the *narrative* around climate finance

Thatyanne Gasparotto, Head of Latin America

Climate Bonds Initiative

Santiago, April 2018

Our current path



The Challenge

"All infrastructure has to now be green.
And rivers of capital need to flow
to assets and projects that are
the *right* ones for the 2050 world
we have to build."

Christiana Figueres, UNFCCC

We have the capital



Climate Bonds Initiative is an investor-focused not-for-profit organisation working to shift the largest capital market of all; the \$80 trillion bond market, for climate change solutions.

Policy models and advice

Developing policy proposals for government and finance industry. Our interest is in the engineering of rapid and large-scale mitigation opportunities suitable for long-term debt finance.

Developing trusted Standards

Developing an easy-to-use screening tool for investors and governments which allows them to easily prioritize climate and green bonds with confidence that the funds are being used to deliver climate change solutions.



Partnering with Institutions

Climate Bonds partners program boasts a combined Assets under management of over \$13 trillion across our investors , with some \$34tn represented across our Boards and Committees

Tracking the market

Market analysis, Investor education (events, reports) and commenting on the market developments via the Climate Bonds Blog

Our Partners



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.
- The *green* label is a tool for investors

Proceeds to climate projects

- Vanilla bonds – no complicated structure
- Comparable pricing
- Refinance as well as project
- 90% investment grade

Any entity

- Governments & DFIs
- Corporates
- Asset owners: PPPs, banks, utilities, etc
- Municipalities

Any structure

- Senior unsecured
- Asset-backed
- Covered bonds
- Other: loans, Sukuk

Reporting

- Transparency to climate asset or project
- Independent review
- Reporting on use of proceeds

How can green bonds finance climate infrastructure?

Global financial markets

- \$90trn bond market
- Investors seeking yield
- Record low interest rates
- Investors want green
 - \$60trn investor commitment at UN Climate Summit
 - Insurers commit to increase climate investments 10x by 2020

Green bonds

Tool to shift debt capital markets to climate solutions

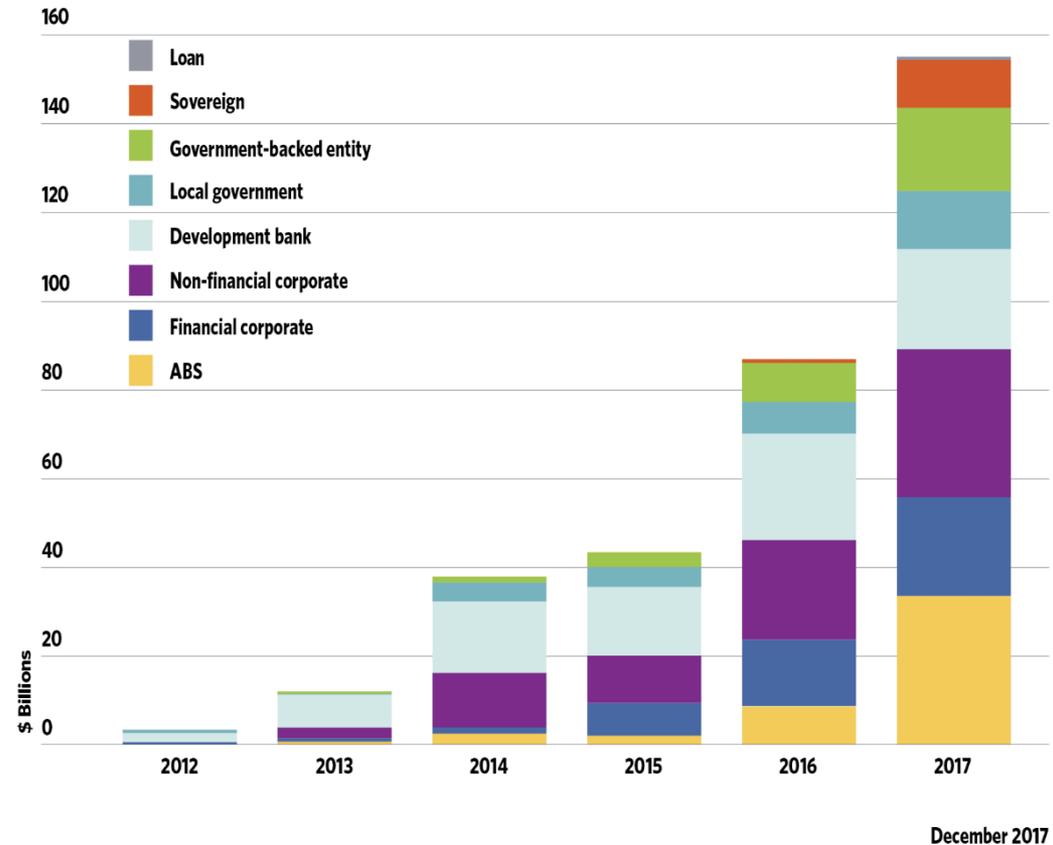
Climate mitigation and adaptation requirements

- Paris agreement to keep temperature rise below 2 degrees
- IEA: Energy sector requires \$53trn investment by 2035
- \$93trn required by 2030 across all sectors

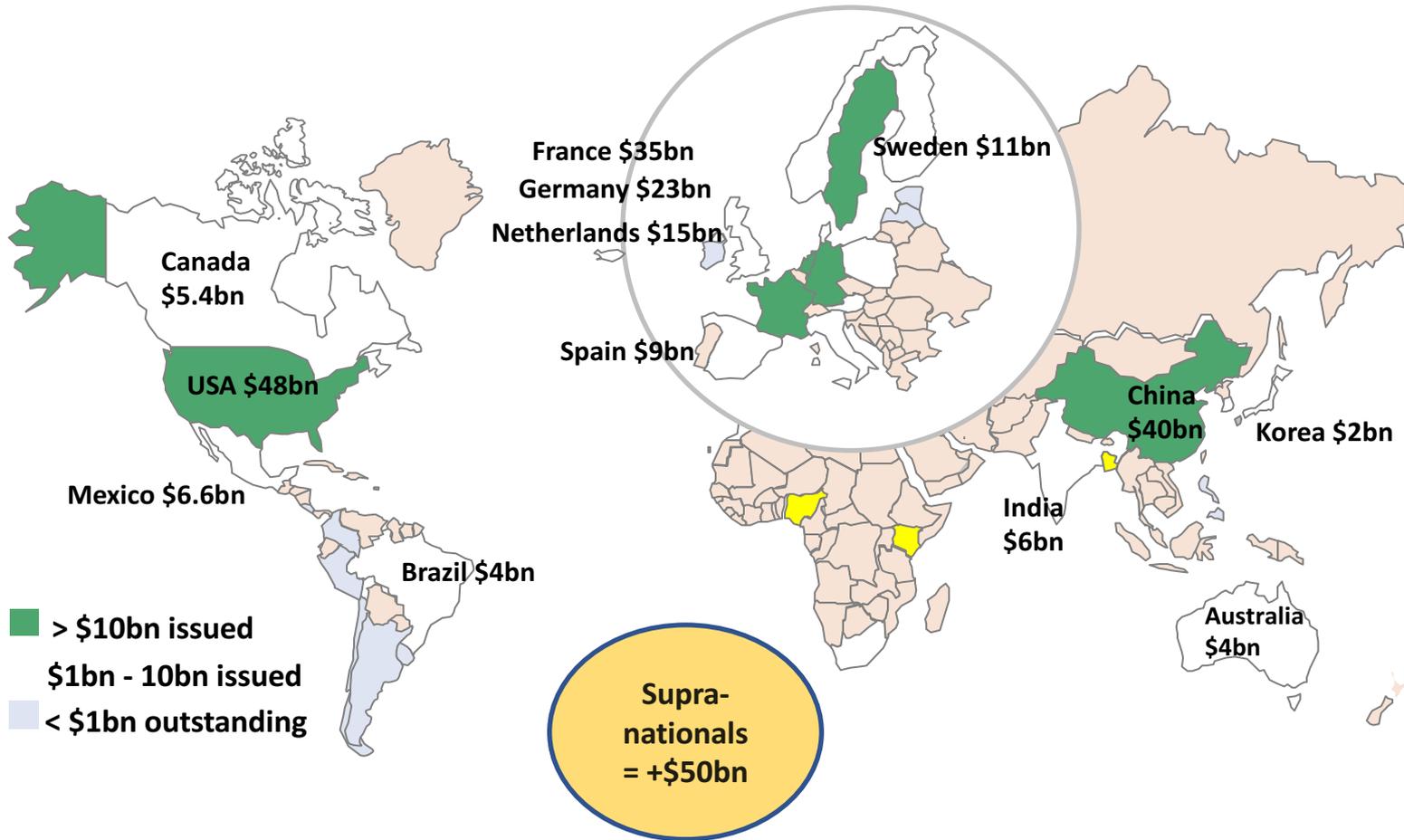
Labeled green bond market is growing rapidly

- The key figures:
- **USD160.8bn** green bond issuance in 2017
- **Over 1500** green bond issues
- **78%** growth on 2016
- **37** countries from all continents
- **239** different issuers
- **146** new issuers
- **USD10.7bn** – largest single green bond
- **3** sovereign Green Bonds from France, Fiji, Nigeria

<https://youtu.be/L10UnCy8hXQ>



A global phenomena – as at end 2017



It's about mitigation *and* adaptation/resilience



Solar, wind grid
Bioenergy, Geothermal
Hydro, Marine



Low-carbon buildings
Greening industry



Low emission vehicles
Electric Vehicles
Rail, BRTs



Sustainable water mgmt.
Water infrastructure
Storm adaptation



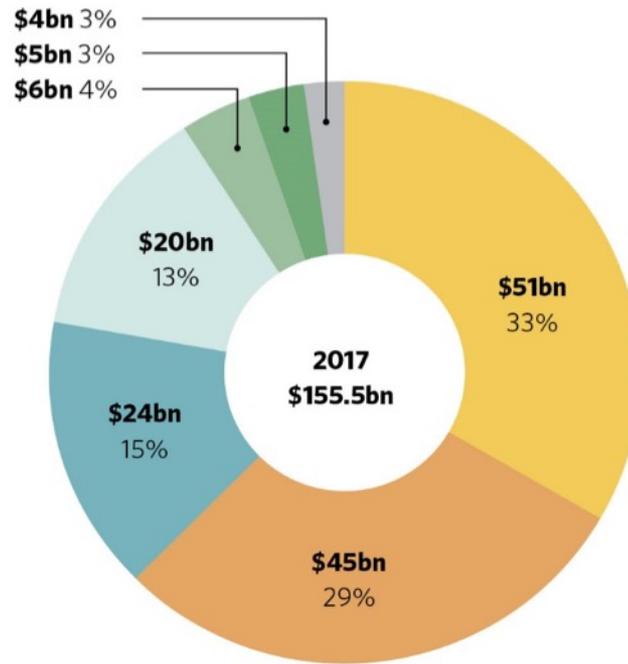
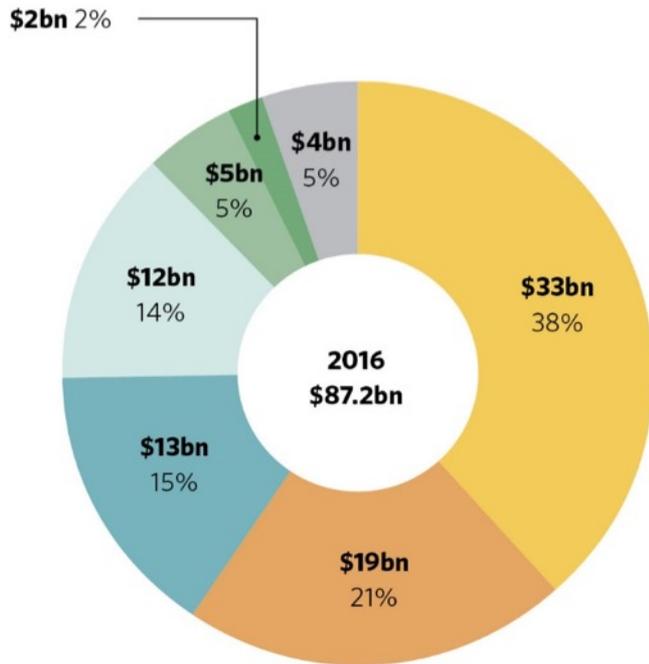
Waste & pollution mgmt.
Methane reduction
Recycling



Agriculture
Food supply chain
Forestry, wood, paper

ICT & Broadband

Renewable Energy & Green Buildings dominate



Investments in **renewable energy** continue to be the most common use of proceeds.

December 2017

Guide for Governments & Policy Makers

Basic steps

- Demonstration bonds
- Investment pipelines
- Catalyst banks / funds

Support tools

- Regulatory Credit support
- Aggregation

Financial system

- *Build bond markets*
- Risk weighting
- Central bank buying



The Climate Bonds Standard & Certification Scheme

The Climate Bonds Standard and Certification Scheme is a FairTrade-like labelling scheme for bonds. It is designed as an easy-to-use tool for investors and issuers to assist them in prioritising investments that truly contribute to addressing climate change.

The Climate Bonds Standard is made up of two parts:

1. Climate Bonds Standard details management and reporting processes
2. Sector specific Criteria detail the requirements assets must meet to be eligible for Climate Bonds Certification

Supporting the rapid transition to a 2C pathway: The Climate Bonds Standard recognises that small improvements will not be sufficient to meet the targets of the international community, step changes are needed.

The Sector Criteria are rooted in emissions trajectories consistent with rapid decarbonisation, and will address adaptation and resilience.



Climate
Bond
Certified

Environmental credibility + low transaction costs

\$34tn Standards Board



Investor Network on
CLIMATE RISK



CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?



DRIVING SUSTAINABLE ECONOMIES



NRDC



IIGCC
Institutional Investors Group on Climate Change



Investor Group on
Climate Change

Climate Science Framework

Potsdam Institute Climate Science / Climate Analytics

Verifiers



DNV



KPMG



**BUREAU
VERITAS**

oekom



SUSTAINALYTICS

**FIRST
ENVIRONMENT**



Building a better
working world

atelier ten



TUV NORD



TRUCOST

vigeo

Available Green definitions

ENERGY	TRANSPORT	WATER	LOW CARBON BUILDINGS	INFORMATION TECHNOLOGY & COMMUNICATIONS	WASTE & POLLUTION CONTROL	NATURE BASED ASSETS	INDUSTRY & ENERGY-INTENSIVE COMMERCIAL
Solar 	Rail 	Built (grey) infrastructure 	Residential 	Power management 	Recycling facilities 	Agricultural land 	Manufacturing 
Wind 	Vehicles 	Green and hybrid infrastructure 	Commercial 	Broadband 	Recycled products & circular economy 	Forests (managed and unmanaged) 	Energy efficiency processes 
Geothermal 	Mass transit 		Retrofit 	Resource efficiency 	Waste to energy 	Wetlands 	Energy efficiency products 
Hydropower 	Bus rapid transport 		Products for building carbon efficiency 	Teleconferencing 	Methane management 	Degraded Lands 	Retail and wholesale 
Bioenergy 	Water-bourne transport 				Geosequestration 	Other land uses (managed and unmanaged) 	Data centres 
Marine Renewable Energy 	Alternative fuel Infrastructure 					Fisheries and aquaculture 	Process & fugitive emissions 
Energy distribution & management 						Coastal infrastructure 	Energy efficient appliances 
Dedicated transmission 							Combined heat & power 



Climate Bond Certified

- Certification Criteria approved 
- Criteria under development 
- Due to commence 

Next: EU Sustainable Finance Taxonomy via High-Level Expert Group on Sustainable Finance

Chile & Green Finance



Climate Bonds INITIATIVE





Gracias!

Thatyanne Gasparotto

thatyanne.gasparotto@climatebonds.net

www.climatebonds.net

