

Green Bonds & Green Infrastructure

Changing the *narrative* around climate finance

Sean Kidney, CEO, Climate Bonds Initiative

Inter-American Development Bank, 28 January 2016



Challenge and opportunity

Mitigation and adaptation

Scale \$50-90 trillion

Speed five years

It's about big emerging markets

Infrastructure & Cities

AFOLU

COP21 INDC's + solar momentum

Deal flow?

Infra vs green?



We have the capital

\$90^{tn} institutionals: insurance, pension, SWF, etc

SRI = \$21^{tn} global

\$43^{tn} represented at UN Climate Summit



\$59 trillion

Targets and mandates

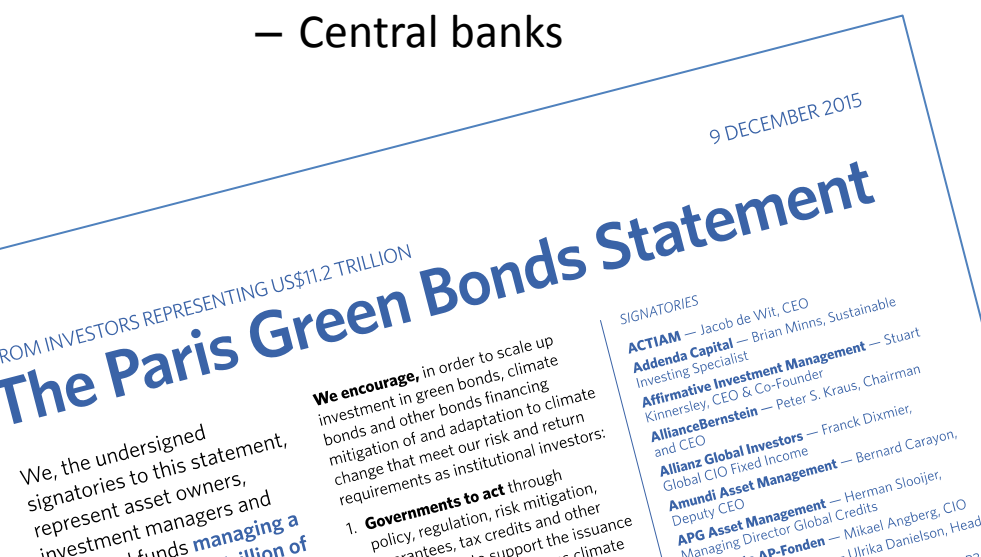
- Zurich, Blackrock, ACTIAM, Aviva, Allianz
- Deutsche Bank treasury, Barclays treasury
- KfW, Norges Bank, IFC
- Central banks



Investor Network on
CLIMATE RISK



Investor Group on
Climate Change



Climate Bonds INITIATIVE



Proof of demand

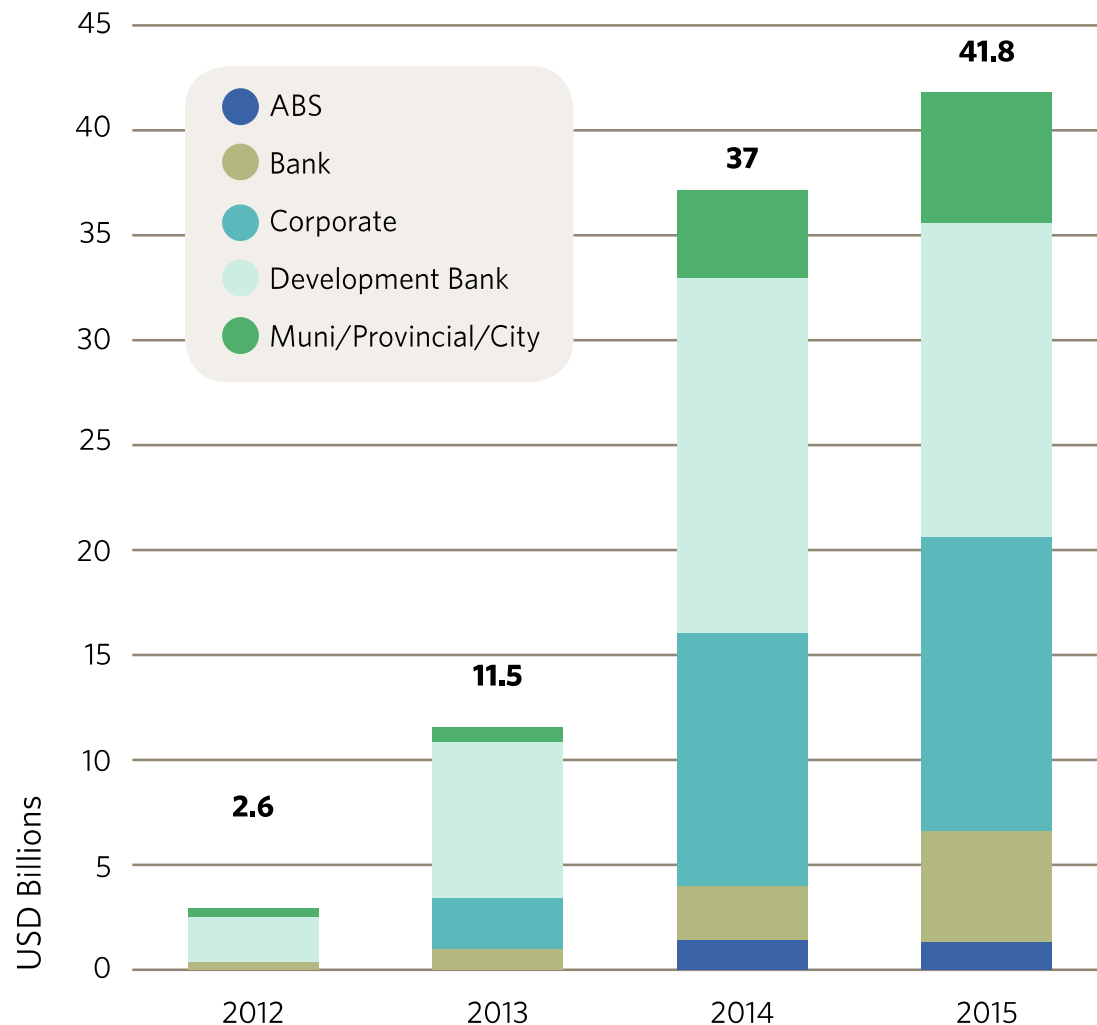
Diverse issuers,
wide range of
green assets

Review and
audit required

Evolution of
standards

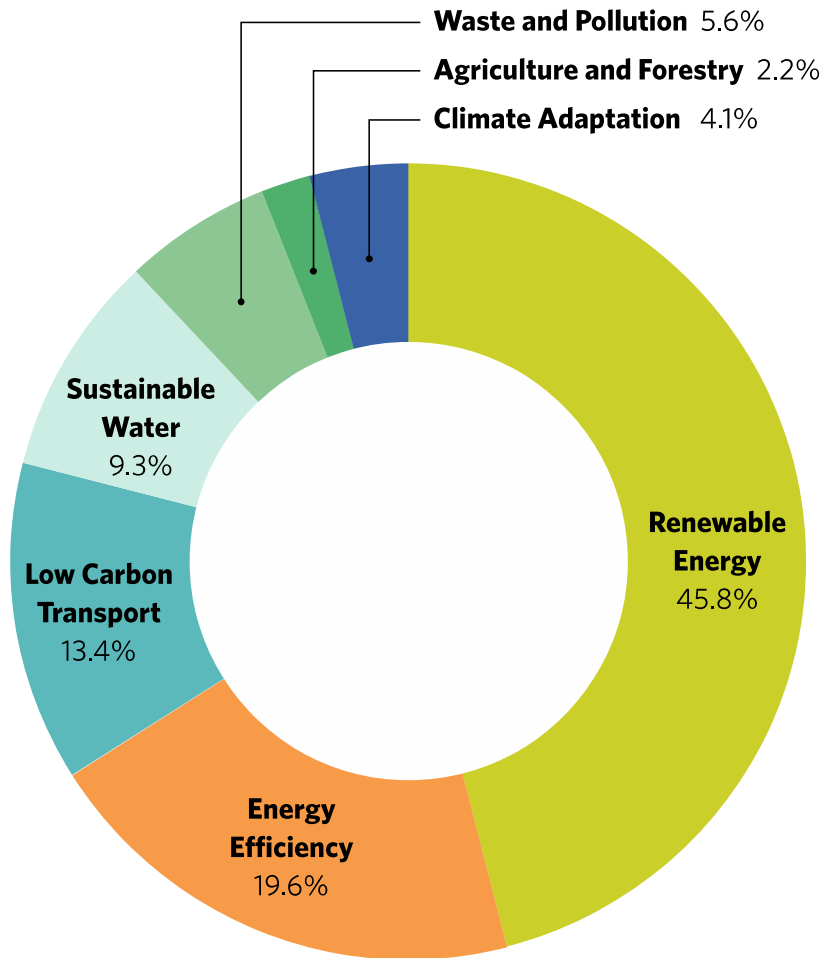
Strong demand

We need supply



It's not just renewable energy

2015 green bond proceeds



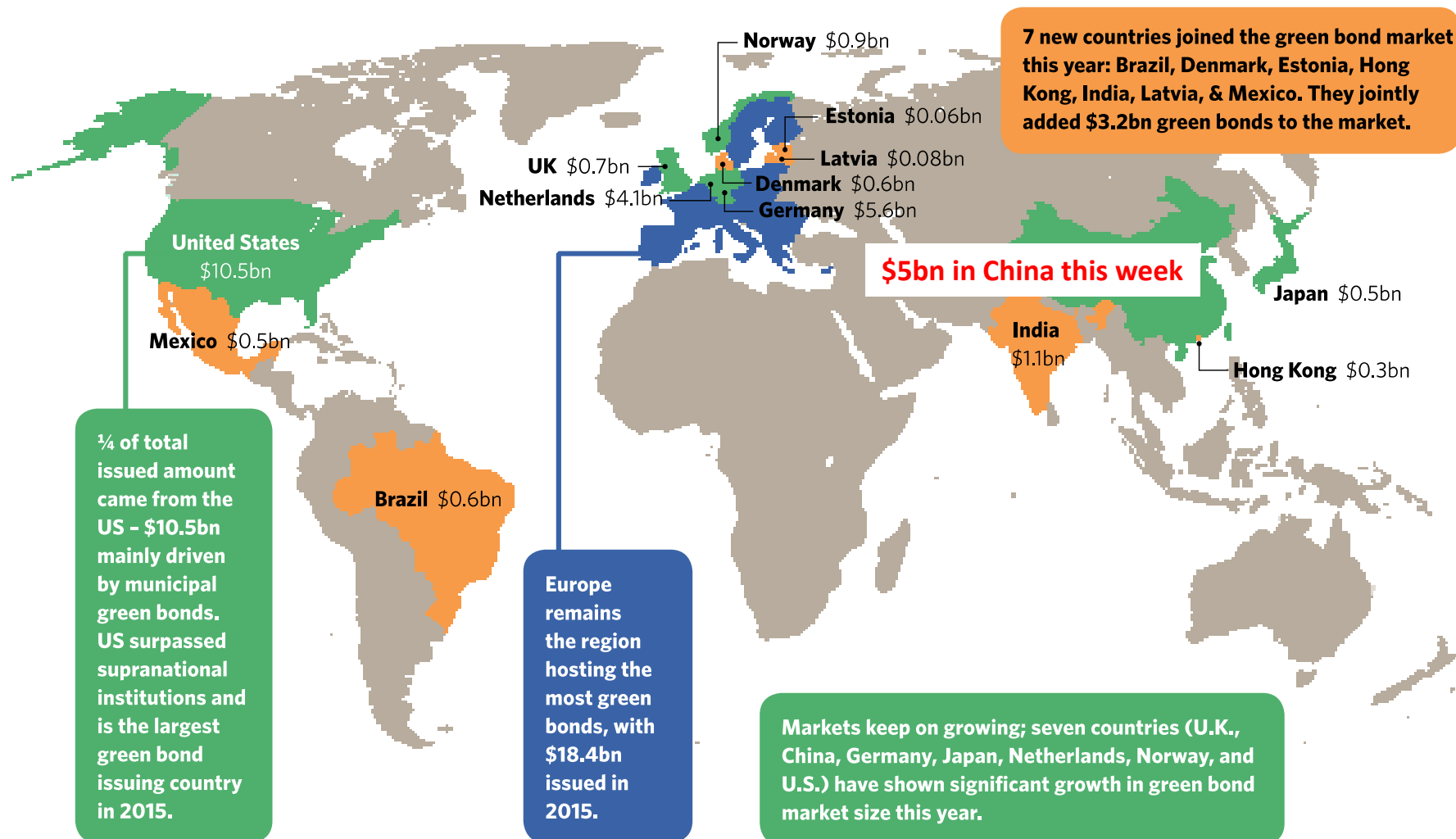
Any issuer can go green

Benefits

- Investor diversification
- Stickiness
- Longer tenors
- Corporate portfolio



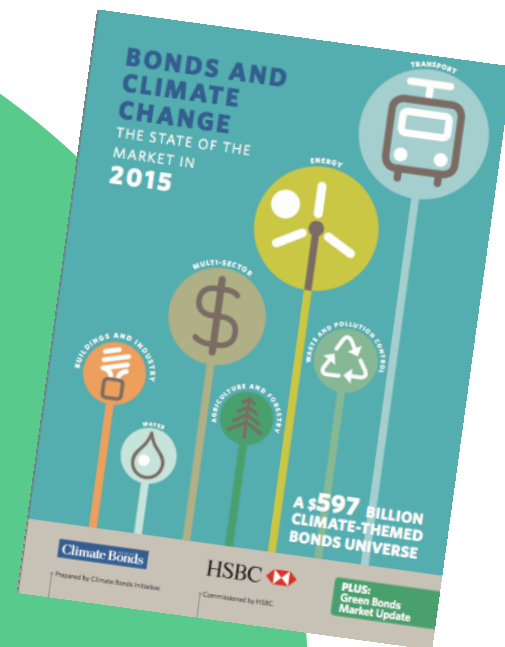
Spreading across the world



Labelled vs unlabelled

Climate-themed bonds
\$600 bn

Green Bonds
\$85 bn



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 mngmt
Water infrastructure
Storm adaptation



Waste & pollution mngmt
Methane reduction
Recycling



Agriculture
Food supply chain
Forestry, wood, paper

ICT & Broadband





Climate
Bond
Certified

Environmental credibility + low transaction costs

\$34tn Standards Board



Investor Network on
CLIMATE RISK



CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?



IIGCC
Institutional Investors Group on Climate Change



Investor Group on
Climate Change

Climate Science Framework

Potsdam Institute Climate Science / Climate Analytics

Verifiers



SUSTAINALYTICS

**FIRST
ENVIRONMENT**

EY Building a better
working world

atelier ten



vigeo

Climate Bonds INITIATIVE



Guide for Governments

Basic steps

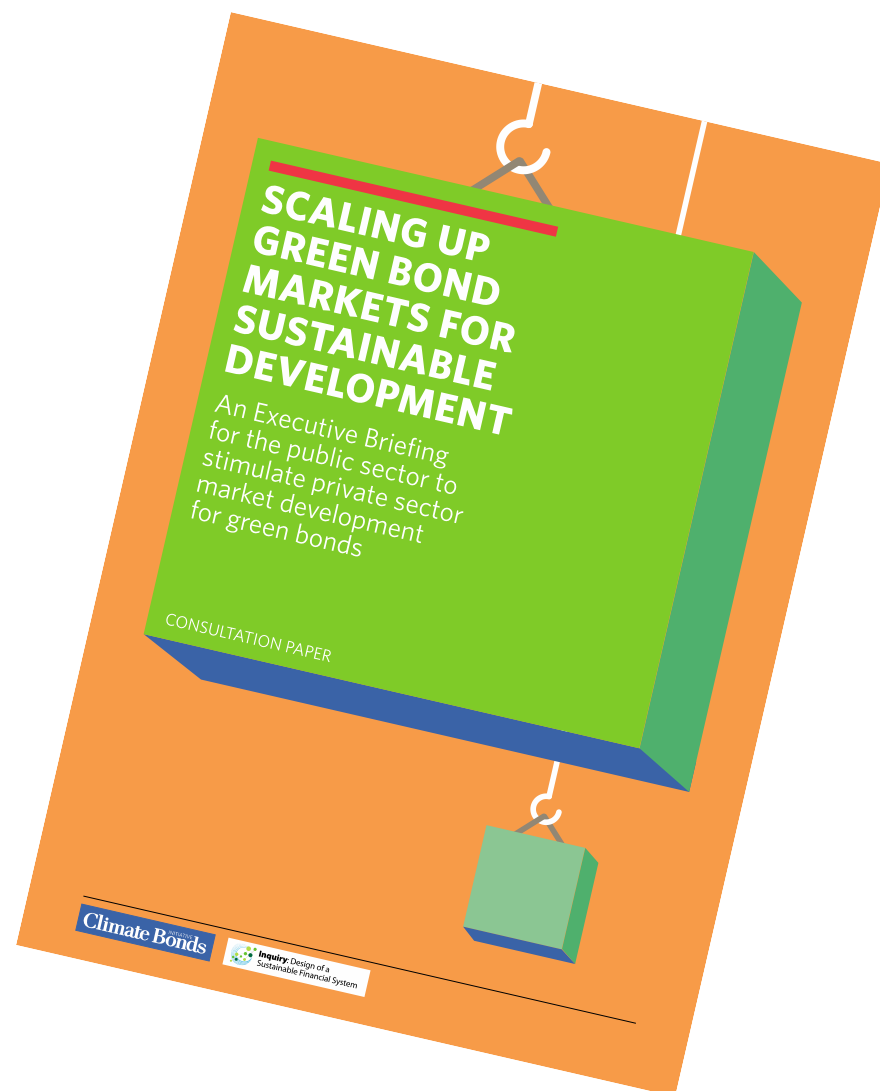
- Demonstration bonds
- Investment pipelines
- Catalyst banks / funds

Support tools

- Regulatory Credit support
- Aggregation

Financial system

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



Merging 'green' & 'infra' agenda

INDCs > 3-5 yr
green investment
plans

Investor-country
dialogue

GREEN BONDS & CAPITAL MARKETS

Green Infrastructure Investment Coalition

Investors + Public Sector + Development Banks

Multi-trillion dollar investor coalition backs green investment platform

At the UN Climate Conference last year, investors representing some \$43 trillion of assets under management signed statements about the importance of acting quickly on climate change. They also said they stand ready to invest in climate solutions, with insurers specifically aiming to multiply by 10 their climate related investments by 2020¹.

Investors representing \$2.6 trillion AUM specifically undertook to work with the Climate Bonds Initiative to grow a vibrant green bonds market².

Clearly, capital is available to invest.

From the institutional investor perspective, what's missing are available investible propositions suitable to their needs.

Many governments are well advanced in developing domestic green investment plans. Now they need investment.

Objectives

The aim of the Coalition is to bring together investors, governments and development banks to help increase the flow of institutional investor capital to green infrastructure investments around the world.

Participants want to:

- Better understand the forward pipeline of green infrastructure investments.
- Examine barriers to capital flows and propose solutions

Coalition Organisers

Climate Bonds INITIATIVE

→ The **Climate Bonds Initiative** is an investor focused NGO working to mobilize debt capital markets for green investments.

PRI Principles for Responsible Investment

→ The **Principles for Responsible Investment** represent investors with assets under management of US\$60 trillion.

icmif
International Cooperative and

→ The **International Cooperative Mutual Insurers Federation** represents insurers around the world with assets under management of US\$9 trillion.

Inquiry: Design of a Sustainable Financial System

→ The **UNEP Inquiry** brings together regulators, central banks, governments and institutional investors to examine how to align the financial system with sustainable development.

Coalition Members

The following organizations have confirmed participation:

The Institutional Investor Group on Climate Change is a network of +110 pension funds & asset managers in Europe, representing EUR11trillion.

IIGCC
Institutional Investors Group on Climate Change

Legal & General Investment Management is one of Europe's largest asset managers, with total assets of USD 1.1trillion.

Legal & General
INVESTMENT MANAGEMENT

AB is a global investment-manager with USD464 billion under management.

The European Investment Bank is the European Union's nonprofit long-term lending institution and the world's largest international financing institution.

European Investment Bank

IDBI, a government-owned bank with a balance sheet of USD53bn.

IDBI BANK

India's Export Import Bank supports...

www.climatebonds.net

