Why Green Bonds?

The successful transition to a green economy is crucial for Latin America and the Caribbean to mitigate climate change and better hedge against increased climate risks.

This process will require substantial annual investments of between USD 40-50 billion in the region through 2030.

Green bonds emerged as a new vehicle to finance climate-relevant investments, including renewable energy, energy and water efficiency, sustainable transport and land-use.

Green Bonds, in relation to other instruments, promised transparency in the use of proceeds.

Since 2014, the annual green bonds issuance volume in Latin America and the Caribbean grew 18-fold to USD 3.6 Billion in 2019.
Transparency is key

Between 2014 and 2019, a total of USD 12.6 billion was issued in Latin America and the Caribbean through 52 issuances. Nevertheless, of the issuances surveyed by Climate Bonds Initiative:

- Only 53% reported both the use of proceeds and environmental impact.
- 27% opted for certifying bonds under the Climate Bonds Standard.
- 1% provide a post-issuance assurance on their use of proceeds or their impact.

As the green bond market expands, investors are demanding greater transparency and comparability in evaluating such instruments.

- **Transparency** regarding the use of proceeds from green bonds and their environmental impact is a core differentiating element to traditional bonds that is valued by investors.

- **Harmonized and consistent reporting** is an important factor in the green bond market. Issuers of labelled green bonds need to adhere to the Green Bond Principles by the International Capital Markets Association and can decide certify their issuances under the Climate Bonds Standard.

- The lack of transparent, comparable and verifiable impact data and transaction costs hinder the high-quality market expansion.
Green Bond Transparency Platform

The Inter-American Development Bank is developing the Green Bond Transparency Platform to support harmonization and standardization efforts on Latin America and the Caribbean green bond reporting. Its goals are to contribute to transparency, facilitate consistent reporting, help attract new investors to the region and provide an enhanced level of confidence to existing ones.

The Green Bond Transparency Platform enables issuers, external review service providers, investors and underwriters to publish, verify and retrieve data on environmental impact metrics and use of proceeds.

Green Bond Transparency Platform principles

- **Completeness** Unrestricted open access to all labeled green bonds issued in Latin America and the Caribbean
- **Transparency** Disclosure of the use of proceeds, impacts, and methodologies and standards used
- **Traceability** Simplified and automated processes leveraging Distributed Ledger Technology to ensure reliability, security and traceability
- **Comparability** Data filters to compare environmental performance and other characteristics of green bonds
Strategy

The Inter-American Development Bank develops the Platform with guidance of an advisory consortium consisting of standard and guideline setters, and external review providers, pilot issuers, underwriters, and investors.

The Inter-American Development Bank and Green Bonds

60 years of experience lending to the region

Convening power of networks of public and private investors, financial institutions, regulatory bodies and authorities locally and globally

Supported more than 20% of total issuance volume in Latin America and the Caribbean by providing client support:

- Structure private and public placements
- Green bond portfolios and framework development
- Support in the due diligence and quality review of external revision of frameworks
- Support for the certification of bonds under the Climate Bonds Standard
- Co-development of new climate bond methodologies
- Collaboration with the Climate Bonds Initiative on post-issuance reporting

Largest multilateral lender in Latin America and the Caribbean

Actively promoting the incipient Green Bond Market in the region since 2014.
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