What are Green Bonds?

Green Bonds work like regular bonds, offering a fixed return and a guarantee that proceeds will be exclusively applied for the finance or re-finance of new or already existing green projects that result in environmental benefits.

Green Bonds can be issued by city governments, utility companies, corporations managing green assets, states or development banks.

How do Green Bonds work?



1. INVESTMENT

Bonds are issued for existing or new projects



2. SCREENING

Projects are screened based on their ability to meet the bond criteria



3. SELECTION

Green projects are identified and selected



4. GREEN BOND **FRAMEWORK**

Project must comply with sustainable practices



5. REVIEW

Verification of financial allocation, use and project impacts

What are the advantages?

- 1. Improve liquidity
- 2. Applies to several types of projects
- 3. Limited need for public funding

- 4. Attractive to new investors
- 5. Articulation and enhanced credibility of sustainability strategy



Targeted Sectors







Public

Buildings Transport Sectoral

Characteristics

- Green projects that will have positive environmental and social impacts
- Large pools of finance
- Reasonable returns

Examples

Gothenburg Green Bonds, Sweden

Gothenburg was the first city in the world to issue green bonds to fund projects that target climate change mitigation and adaptation and environmental sustainability.

Paris Climate Bond, France

Issued in 2015, the PCB is an innovative tool to finance and re-finance projects in climate mitigation in order to achieve the ambitious targets established in Paris' Climate Action Plan



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