More than meets the eye: the true story of Green Bonds

21 September 2017
Green Bonds as process
Transparency/accountability of environmental finance

**DRIVER: ISSUERS**

- **EUR inaugural CAB** – first ever Green Bond
- First European Public Offering of Securities in all EU-Countries
  - First EIB-issue via LuxCSD and dematerialised, first capital settlement in CB-money
- EUR Energy Action Plan

**DRIVER: INTERMEDIARIES/INVESTORS**

- 9bn EUR CABs issued in “ECoop-minibenchmark” format
- First CAB benchmark due 11/2019
- Second CAB benchmark due 11/2026
- Market push towards benchmarking
- Law on Dematerialised Securities in Luxembourg
  - 24/10/15: EU 2030 Climate and Energy Package
- 13/01/14: First edition of Green Bond Principles (GBP)

**DRIVER: POLICY**

- CAB Issuance becomes autonomous strategic goal on EIB’s Corporate Operational Plan
- 2015 edition of Green Bond Principles (essential features)
  - Harmonised framework proposal for Green Bond impact Reporting by AfDB, EIB, IBRD and IFC, then circulated to the GBP-members and observers by ICMA on 18/5/2015
  - 2014 CAB Newsletter: Full disclosure of EIB’s practice Impact Reporting – first use of MDBs’ proposed impact reporting template
- 2/12/2015: Revised Proposal for GB impact reporting-harm. (11 IFIs)

**UNFCCC COP 21 in Paris**

- Pillar: „Transparency, accountability, compliance“
- GBP-OBS.
  - Policy makers/regulators
  - Exernal reviewers (consultants certifiers, verifiers, rating agencies -Stock exchanges -NGOs
- GBP-MEM: Investors Banks Issuers

**Market and policy framework**

- Financial Services Action Plan 2005-2010
- Prospectus Directive – EU passporting mechanism
- EU Energy Action Plan

**UNFCCC COP 21 in Paris**

- 27/03/2015:
  - 2015 edition of Green Bond Principles (essential features)
  - Harmonised framework proposal for Green Bond impact Reporting by AfDB, EIB, IBRD and IFC, then circulated to the GBP-members and observers by ICMA on 18/5/2015
- 2014 CAB Newsletter: Full disclosure of EIB’s practice Impact Reporting – first use of MDBs’ proposed impact reporting template
- 2/10/2015:
  - First semiannual CAB Newsletter: First report on individual CAB allocations to individual CAB-projects

2/12/2015: Revised Proposal for GB impact reporting-harm. (11 IFIs)
PARIS AGREEMENT: without accountability, facts cannot follow words

Implementation:
- China
- France
- G20
- European Commission (HLEG)
...
Classification, metrics, reporting and external review are key (but still to be agreed)

- Discussion on common taxonomy for use of proceeds
- Discussion on common measurement instruments and data sets (e.g. for GHG-emission estimates)
- Discussion on common reporting principles and indicators
- Discussion on external review standards

Increasing market-oriented public guidance in definitions, measurement, reporting, verification, TARGETING
The need for a common language in Green Finance

China’s Green Bond Endorsed Project Catalogue and MDB/IDFC’s Common Principles for Climate Finance Tracking mapped and compared

Extensive consultation with IFIs and green bond external reviewers, which EIB is coordinating in the context of the High-Level Expert Group on sustainable finance.

Three core principles:
1. Disentanglement of objectives and sectors to clarify purpose of investment
2. Comparison of sectorial categories by objective to establish equivalences ("Rosetta stone")
3. Use of a single taxonomy as “unit of account” to compare eligibility criteria by sector

WHITE PAPER
(COP 23?)
Remarks by President Donald Tusk after the EU-China summit in Brussels

Good afternoon, let me first of all welcome Premier Li in Brussels. It is very good to have you here.

Yesterday evening we had a good informal meeting with Premier Li and this morning we have just concluded our plenary session of this year’s EU-China summit. We had fruitful and constructive talks that underline the importance we both attach to EU-China relations.

China and the European Union are strategic partners. We have a stake in each other’s success. Our cooperation is broad and continues to broaden and strengthen on issues like trade and investment, climate change, the migration crisis, North Korea, and a security partnership in Africa. We share many interests. Most importantly, we share a fundamental interest in upholding and strengthening the rules-based international system. For example, respect for the territorial integrity and sovereignty of Ukraine has been our common position since 2015. And in these difficult times we have a joint responsibility to protect this system and demonstrate its added value in all aspects of our relations.

Today, we are stepping up our cooperation on climate change with China. Which means that today, China and Europe have demonstrated solidarity with future generations and responsibility for the whole planet. We are convinced that yesterday’s decision by the United States to leave the Paris Agreement is a big mistake, bigger than not ratifying the Kyoto Protocol, because Paris is fairer. But the fight against climate change, and all the research, innovation and technological progress it will bring, will continue, with or without the US.