GIZ & SEB Strategic Alliance

Green Bond Market Development in G20 Emerging Economies

Background

Driven by the growing awareness and concerns about the impacts of environmental degradation and climate change on our social, economic and financial systems, efforts to re-align our economies to a more sustainable path have risen significantly worldwide. The adoption of the Sustainable Development Goals and the Paris Climate Agreement represent landmark achievements to formulate a global response to tackle climate change and foster sustainable growth. To achieve the 2°C target, substantial investments in a low-carbon, resource efficient economy of up to USD 93 trillion are needed until 2030 (NCE 2015). An increasingly recognized financial instrument used to effectively raise the capital for this green transformation are Green Bonds.

The practices along which Green Bond markets develop in this early, rapidly expanding stage are crucial. In order to ensure investors’ confidence in the environmental and financial credentials of Green Bonds, synchronized efforts that promote transparency and integrity of practices and standards are of critical importance in order to bridge the financial gap for necessary environmental investments in emerging economies and across the globe over the coming decades.

The Partnership

Expanding the commitment for global green financial sector development, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Skandinaviska Enskilda Banken (SEB) entered in April 2016 a Strategic Alliance (STA) to jointly promote the development of Green Bond markets in G20 emerging economies.

The Swedish bank SEB is recognized as a pioneer and leading knowledge provider with regards to Green Bond product and market development worldwide. As underwriter, SEB organized a large number of path breaking issuances, in particular the inaugural World Bank Green Bond, the first municipal Green Bond (City of Gothenburg), the first non-supranational Green Bond (Korea Export Import Bank) and the first corporate Green Bond (Swedish property company Vasakronan).

Through the develoPPP.de programme, GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) works with the private sector to support innovative projects in developing and emerging economies for sustainable development. As service provider with offices in over 130 countries, GIZ has – in over 50 years of experience in international cooperation for sustainable development – built strong regional and technical expertise and close working relationships with governments, industries and think tanks across the globe.

Objectives and Approach

With the objective to promote and foster the development of efficient, prosperous and sustainable Green Bond markets in Brazil, China, India and Mexico, subject to the highest environmental, market and transparency standards, the Strategic Alliance aims to raise awareness, enhance practical knowledge and build professional capacity on Green Bonds as (re-)financing and investment tool. Core activities include conferences, theme-focused workshop series, roundtables and individual advisory support addressing key stakeholder groups, i.e. potential issuers, investors, underwriters, regulators/policy makers and potential verifiers. In the conferences and workshops leading international and domestic finance and climate science experts share their profound
knowledge and hands-on technical expertise on the pillars that constitute a robust Green Bond framework. Themes include Definition, Selection, Verification, Monitoring & Reporting as well as Market Aspects. By incorporating practical case studies and interactive exercises, the workshops are intended to offer a practical, technical learning experience. Complementary, the STA offers tailored individual advisory support to potential early movers in order to support exemplary Green Bond issuances and set benchmarks for subsequent issuers.

All activities are designed to complement and build on existing national and international initiatives while taking into consideration regional peculiarities. Moreover, through this cross-sectoral multi-stakeholder approach, the Strategic Alliance aims to mobilize human capital that represents an essential ingredient for a successful green transformation.

Our Services at a Glance

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<tr>
<th>Policymakers and regulators</th>
<th>Support the adaptation and enhancement of a conducive regulatory framework by advising on international standards while taking into account country-specific conditions.</th>
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<tbody>
<tr>
<td>Public and private sector issuers</td>
<td>Transfer knowledge on Green Bonds as (re)financing tool and offer tailored one-on-one structural advisory support for exemplary Green Bond issuances.</td>
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<td>Investors</td>
<td>Provide in-depth knowledge and tailored advice on the risks and opportunities offered by Green Bonds as asset class for investment.</td>
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<td>Domestic second opinion providers</td>
<td>Enable domestic environmental research and consulting institutions to deliver second opinions on issuers’ Green Bond frameworks based on international best practices to ensure environmental integrity.</td>
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Our Regional, International and Academic Partners

[Multiple logos of partner organizations]

For further information please contact:
Yannick Motz (yannick.motz@giz.de) | Mats Olausson (mats.olausson@seb.se)
www.emergingmarketsdialogue.org | www.seb.se/greenbonds | www.develoPPP.de