



GREEN BOND TRANSPARENCY PLATFORM



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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**



2019

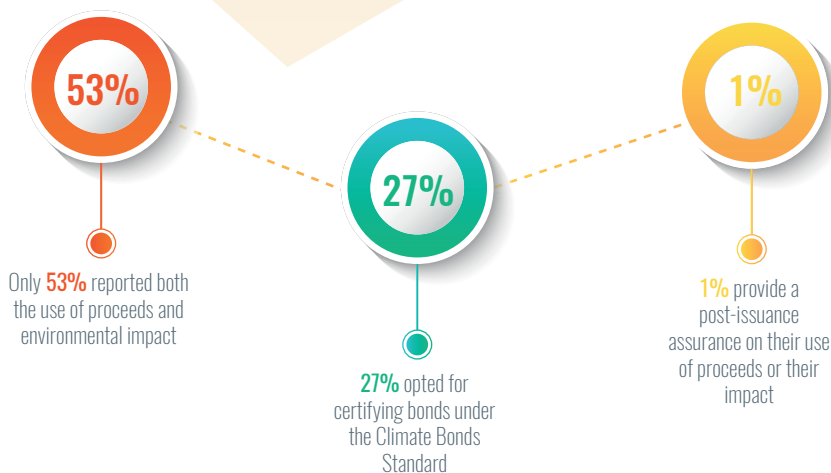


Actual needs

Actual financing needs are more than ten times larger than current green bond issuances

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:



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 to 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

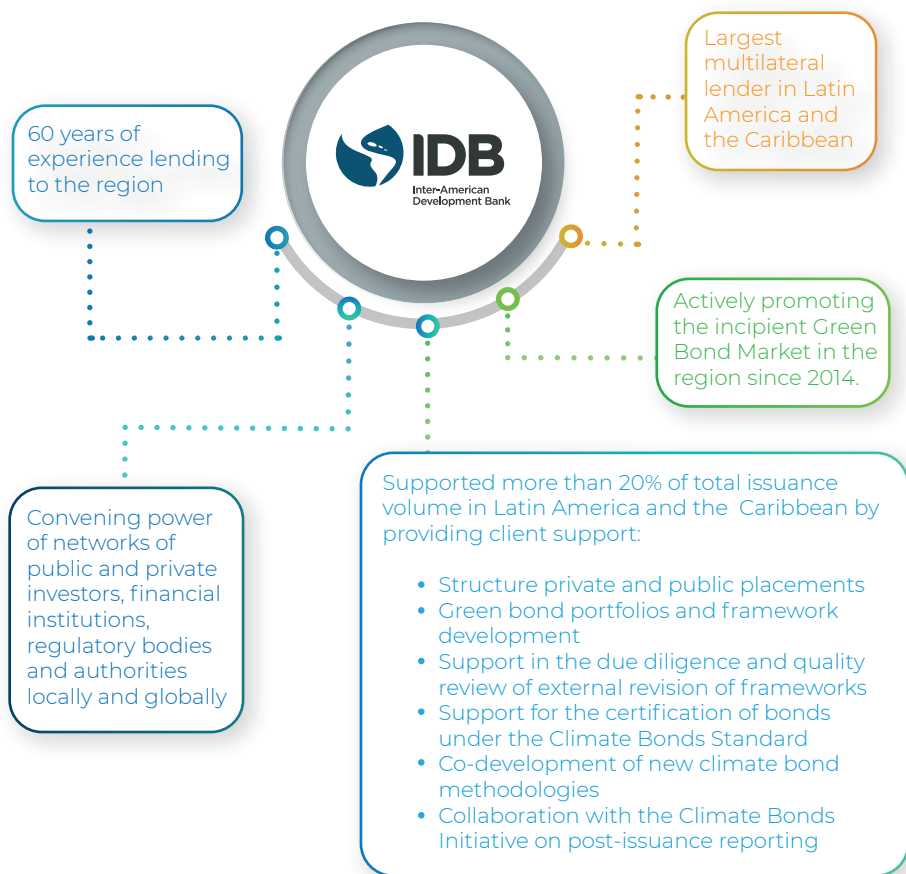


Comparability Data filters to compare environmental performance and other characteristics of green bonds

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



Contact

Maria Netto

Lead Financial Markets Specialist
mnetto@iadb.org

Daniel Hincapie

Partnerships Lead Specialist
danielhi@iadb.org

Alexander Vasa

Green Finance Advisor
alexanderv@iadb.org

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KFW

