

SUSTAINABLE BANKING  
NETWORK (SBN)

# CREATING GREEN BOND MARKETS – INSIGHTS, INNOVATIONS, AND TOOLS FROM EMERGING MARKETS

OCTOBER 2018

Foreword from SBN Green  
Bond Working Group

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## Foreword from the SBN Green Bond Working Group

The popularity of green bonds has been clearly shown by investor demand. They offer a powerful market-based solution to achieve national sustainable development objectives. They also offer issuers a more diverse investor base and early evidence of lower volatility.

SBN is characterized by the open and practical knowledge sharing among members and our desire to learn quickly from innovations in other countries. For those of us that are often taking the first leap in new directions, it is immensely valuable to get feedback from other countries who are interested in, or already busy with, similar initiatives.

Consequently, SBN's technical working groups provide us an opportunity to share innovations as they are being implemented and to get information on trends across other jurisdictions in real time. It also allows us to collectively identify and discuss some of the challenges we all face, and to surface new topics that need to be explored.


This was very much the case with this research report. The SBN Green Bond Working Group was established with the following broad objectives:

1. To enhance collective knowledge and develop technical resources to support members in developing green bond markets.
2. To support the integration of environmental, social and governance (ESG) factors into all stages of green bond issuance and reporting.
3. To support SBN members to develop and deepen green bond markets through awareness raising, capacity building, and knowledge sharing.

The first step in this process was to map and analyze green bond market developments in SBN member countries, and to assess capacity building needs. The next step will be to develop practical technical resources and capacity building that address the needs that have been identified.

The starting point for this next phase of work will be the 4 Guiding Principles, the Roadmap, and the key milestones presented in this report. These already provide a framework and some forward sight to help members in designing their own national green bond roadmaps and frameworks.

The Principles, in particular, reflect how SBN members already work collectively across a range of different spheres of sustainable finance. Our countries and regions face different challenges and



have unique characteristics. We will therefore always need to tailor the development of national frameworks accordingly. However, it serves us to leverage the convergence in international good practices and definitions that are shaping the global trend in sustainable finance.

As Co-Chairs, we also represent regional initiatives that are actively seeking harmonization as a means to empower our economies. In Asia, the ASEAN (Association of Southeast Asian Nations) Green Bond Standards represent a consensus by the 10 countries of the ASEAN Capital Markets Forum and will facilitate and streamline national and cross-border issuances. Bonds aligned with the Standards have been issued in Malaysia, Singapore, and Indonesia. In Africa, Morocco is leading the charge through several initiatives of the Moroccan Capital Markets Authority. These include the recent update of its own green bonds guidelines and launch of new Social and Sustainability Bond Guidelines, as well as the Marrakech Pledge, a commitment by African regulators to foster green capital markets. In Latin America, FELABAN, the Latin American Banking Federation, is supporting members in voluntary, financial sector innovation. Green bond guidelines have been launched by stock exchanges in Mexico, Peru and Chile. Awareness raising and education initiatives have taken place across the region. Keeping this in mind, FELABAN is considering forming a Latin American Sustainable Banking Committee. Last, but not least, a Green Banking Academy has been launched in partnership with IFC.

Climate change, environmental degradation, and social inequality are challenges we cannot ignore. Green bonds are among the first of a new kind of financial instrument that helps markets address social and environmental challenges while unlocking investment opportunity and increasing financial stability through enhanced risk management.

The value proposition is clear, but much work still needs to be done to create the policy and regulatory conditions as well as sufficient market knowledge to fully capitalize on these trends. We welcome the findings of this study, and particularly the basis for the next phase of work to develop technical resources and build capacity in SBN countries.

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