

# Sustainable Financing for Climate Change

*Global Trends on Green Finance*



*Preparation of the Twelfth Malaysia Plan*

*Kick-Off Conference*

*July 2, 2019*

*Putrajaya*

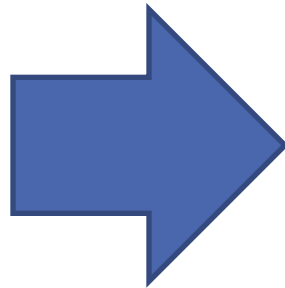
## Disclaimer

This document is prepared solely for the purpose of discussion only at the Preparation of the Twelfth Malaysia Plan Kick-Off Conference (July 1-4, 2019) and shall not be shared with any third parties without written consent by both parties. The findings, interpretations, or recommendations expressed herein are those of the author(s), and do not necessarily reflect the views of the International Bank for Reconstruction and Development/The World Bank Group and its affiliated organizations, or those of the Executive Directors of The World Bank or the governments they represent.

## What is Green Finance?

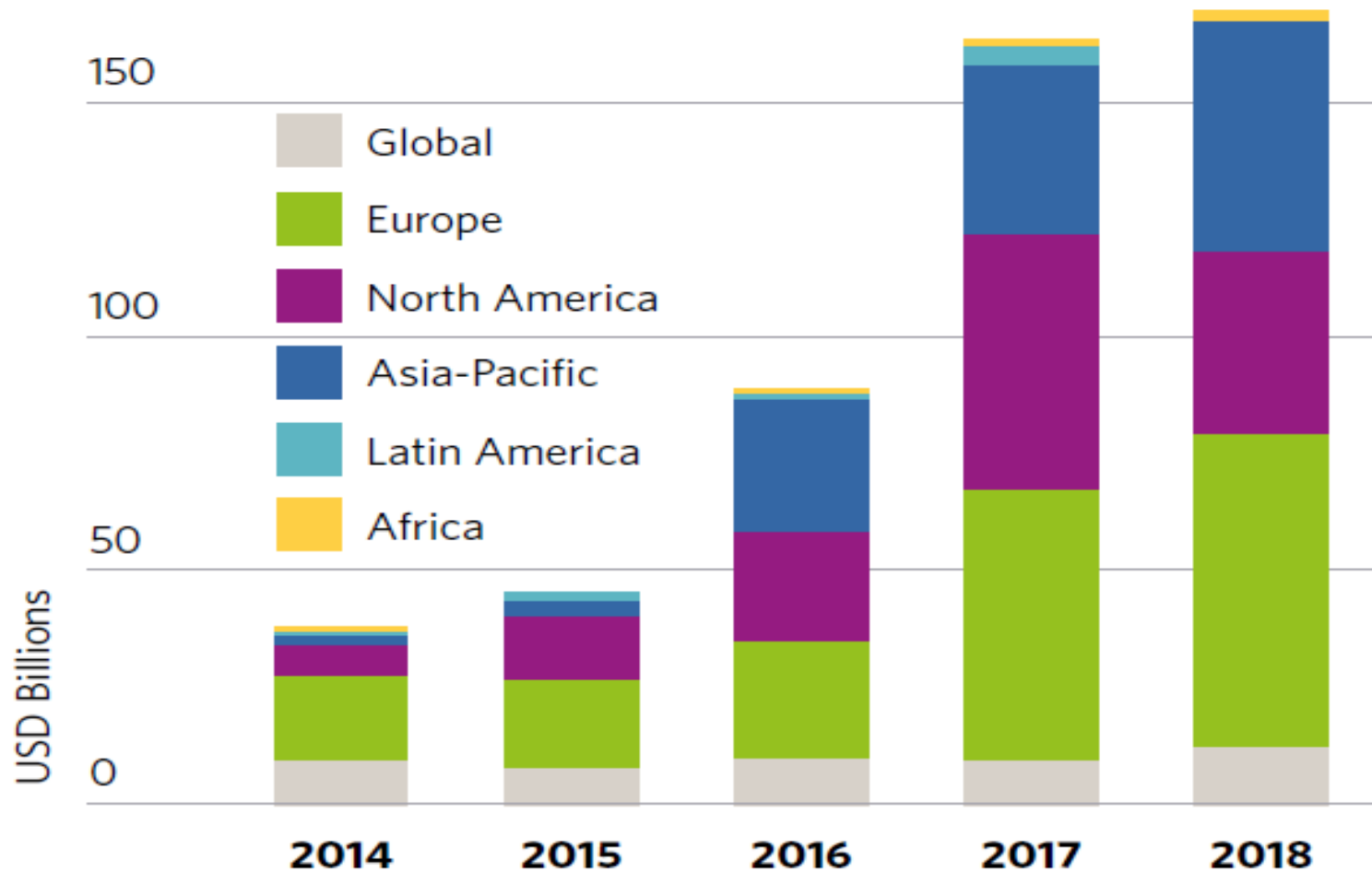
- Financing for environmentally-friendly projects and assets
- Green Bonds/Sukuk, Green Loans, Green Equity
  - Financially the same as ordinary bonds/sukuk, loans, equity
  - Use of proceeds for environmentally-friendly projects
- Various flavours
  - Sustainable – combined environmental and social agenda
  - SDG – advance the Sustainable Development Goals objectives
  - Blue – water
- A Malaysian solar IPP issued the world's first green sukuk in 2017
- PNB issued the first ASEAN Green Sukuk in 2017
- Indonesia issued the world's first sovereign green sukuk in 2018
- Global investors consider environmental, social and governance (ESG) factors across \$12 trillion of professionally managed assets, a 38 percent increase since 2016 (USSIF, 2018)
- Globally, more than \$22.8 trillion are invested sustainably, representing more than \$1 in every \$4 under professional management (Morgan Stanley, 2018)

## Examples of Green Projects



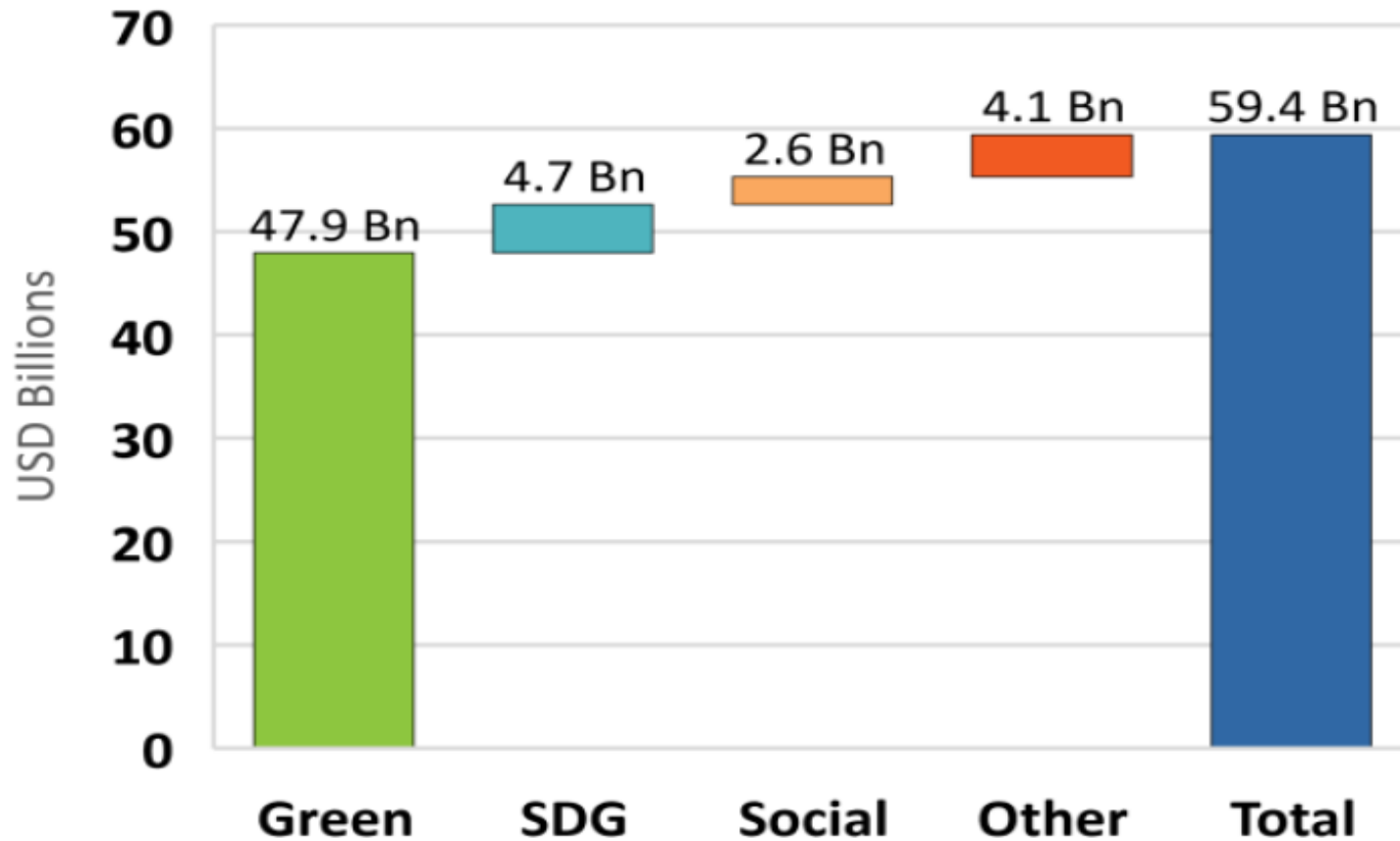
# Global Trends in Green Bond Issuance (1)

## Global Green Bond Issuance 2014-2018



## Global Trends in Green Bond issuance (2)

### Q1 2019 issuance including SDG, Social and other excluded bonds



# Global Trends in Green Bond issuance (3)

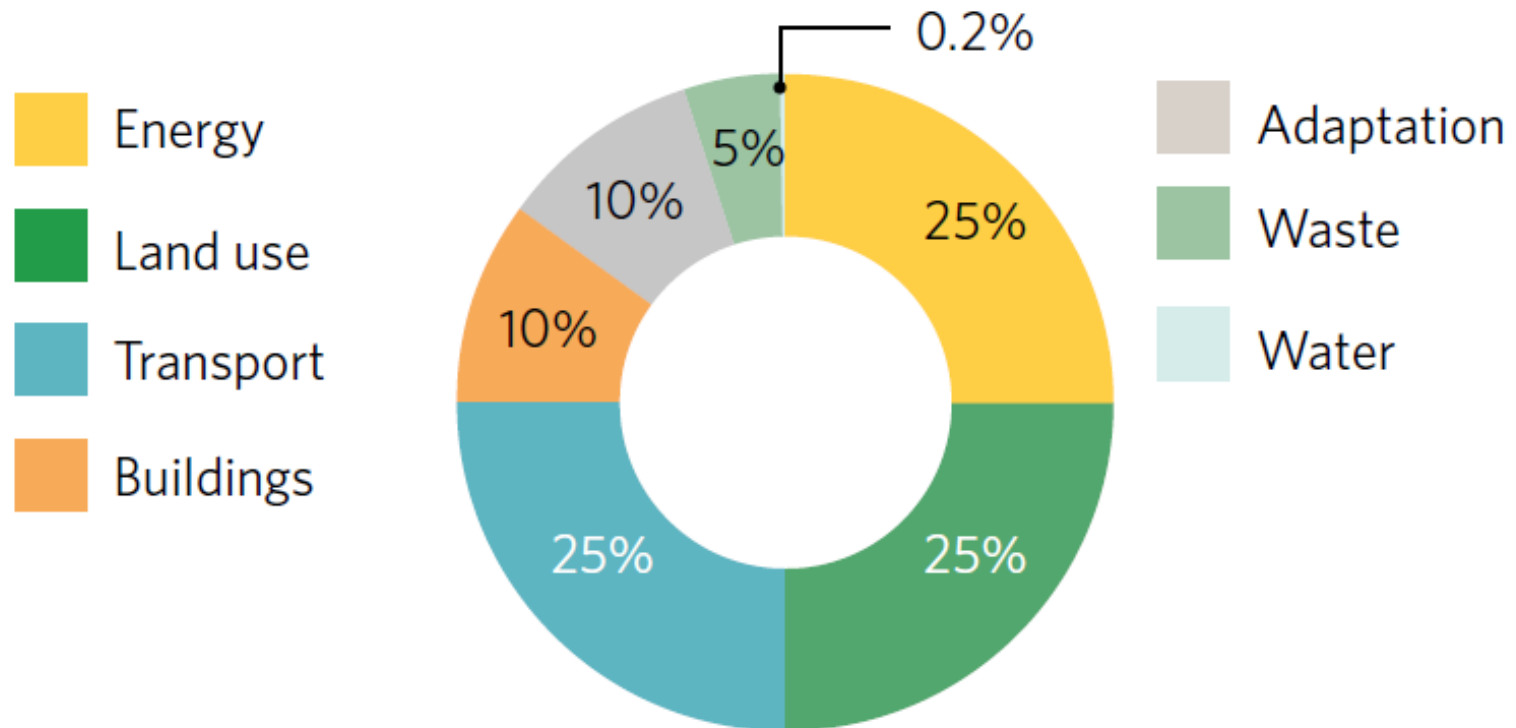
## Sovereign green bond issuers to date

Nation	Debut	Total issued and issue currency	
<b>Belgium</b>	Mar 2018	USD5.5bn	EUR4.5bn
<b>Fiji</b>	Nov 2017	USD49m	FJD100m
<b>France</b>	Jan 2017	USD16.7bn	EUR14.8bn
<b>Indonesia</b>	Mar 2018	USD2bn	USD2bn
<b>Ireland</b>	Oct 2018	USD3.5bn	EUR3bn
<b>Lithuania</b>	May 2018	USD24m	EUR20m
<b>Nigeria</b>	Dec 2017	USD30m	NGN10.7bn
<b>Poland</b>	Dec 2016	USD2bn	EUR1.8bn
<b>Seychelles</b>	Oct 2018	USD15m	USD15m

**Hong Kong issued USD1bn in May 2019**

## Global Trends in Green Bond Issuance (4)

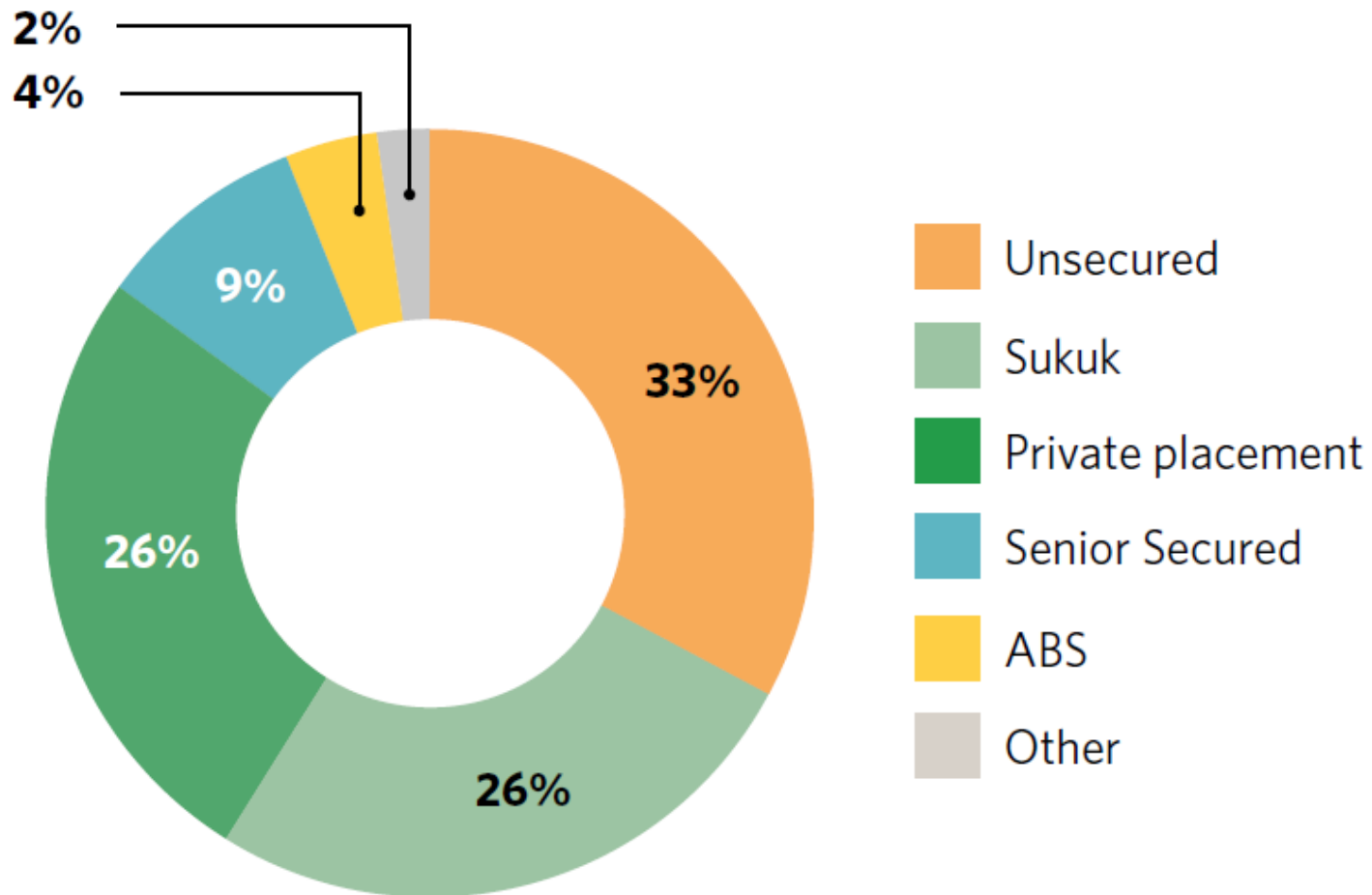
Sovereign green bonds finance mainly renewable energy, land use and transport





## Global Trends in Green Bond Issuance (5)

Green bond issuance in EM is structurally diverse



# Global Trends in Green Bond issuance (6)

## ASEAN green bond markets



## Sustainable / Green Financing Ideas for Malaysia

- Sovereign Sustainable/Green Bond/Sukuk – to finance upcoming projects
- Sustainable Investment Fund – to address funding gap
  - Renewable Energy – to meet 20% RE target by 2025
  - Energy Efficiency – public transportation, green buildings, SMEs, etc.
- Green Affordable Housing
  - Using Green technology to increase housing affordability for B40 and M40
- Forestry Conservation and Rehabilitation Financing
- Education – drives innovation and economic development

**Policy Coordination + Enforcement +  
Innovation + Transparency  
= Success**

## Publications

[What are Green Bonds?](#)

[The World Bank Green Bond Process Implementation Guidelines](#)

[Green Bond Proceeds Management and Reporting](#)

[10 Years of Green Bonds: Creating the Blueprint for Sustainability Across Capital Markets](#)

[Islamic Green Finance : Development, Ecosystem and Prospects](#)

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Thank you

