Asian Development Bank

Green, Social, and Sustainability Bonds for Asia and the Pacific

ADB — Asia and the Pacific’s Climate Bank

$80 billion from 2019 to 2030 to combat climate change

At least 75% of ADB’s committed operations to support climate change mitigation and adaptation by 2030

Our commitment

• The first multilateral development bank (MDB) to set clear climate investment targets for 2030
• The first MDB to implement a long-term climate change operational framework
• The first MDB to establish a climate risk screening and management framework for its operations, and the first to disclose project-level data for all its climate projects
• Supported the first publicly listed Certified Climate Bond in Asia and the Pacific
• ADB has issued $7.9 billion equivalent in green bonds since 2015

Green, Social, and Sustainability Bonds

Green, social, and sustainability bonds are bond instruments where the proceeds are used for eligible projects with positive environmental and/or social outcomes. The International Capital Market Association (ICMA) has developed Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines to improve consistency and integrity for issuers and investors in relation to these fixed income debt instruments.

Climate Bonds

Climate bonds are a subset of green bonds (Figure 1). They can be issued to raise finance for investments across multiple sectors in climate change mitigation, adaptation, and resilience. The Climate Bonds Standard and Certification Scheme, coordinated by the Climate Bonds Initiative (CBI), ensures investments are consistent with the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels.

Asia and the Pacific represents the largest emerging economies market for the issuance of green and social bonds and leads on regional and national regulation and official guidance, notably via the ASEAN Green Bond Standards and the Green Bond Project Endorsed Catalogue of the People’s Republic of China. Green and climate bonds can help meet the estimated $26 trillion of climate-adjusted infrastructure investments required in developing Asia by 2030.

The United Nations recognizes green bonds as “one of the most significant developments in the financing of low-carbon, climate-resilient investment opportunities.”

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1 Eligible Green Project categories include but are not limited to: clean transportation; green buildings; eco-efficient and/or circular economy adapted products, production technologies and processes; climate change adaptation; energy efficiency; renewable energy; environmentally sustainable management of living natural resources and land use; pollution prevention and control; sustainable water and wastewater management; and terrestrial and aquatic biodiversity conservation.
6 ADB supported the development and launch of the ASEAN Green Bond Standards.
**HOW CAN ADB HELP?**

ADB can help support the development of the green bond market by playing the role of an anchor or cornerstone investor for issuances and facilitating compliance with relevant green, social, and sustainable bond frameworks. ADB’s participation can also enhance the perceived credibility of the issuer among other investors and demonstrate best practice for green bond issuance within the region. In addition to direct investment, ADB can also design guarantees and mobilise green investment funds to support green bond market development. ADB has experience supporting issuers to ensure that green bonds comply with relevant frameworks such as the ICMA Green Bond Principles, the ASEAN Green Bond Standards\(^{10}\) and CBI’s Climate Bonds Standard and Certification Scheme. There are also ongoing roles for ADB to help grow the climate bond market that may include defining asset classes, setting standards, structuring transactions, and attracting investors.

**ADBSUPPORTED GREEN BONDS**

ADB is leading support for green bonds in Asia and the Pacific, as illustrated by three recent and cutting-edge project examples:

### TIWI AND MAKBAN GEOTHERMAL POWER PROJECTS IN THE PHILIPPINES

In 2016, ADB provided a loan of $37.7 million and a guarantee to AP Renewables to support a climate bond issuance of $225 million equivalent. ADB’s guarantee of 75% of principal and interest on the bond was risk-participated by the Credit Guarantee Investment Facility, a multilateral facility established by ASEAN+3 governments and ADB, to develop bond markets in the ASEAN+3 region.

This climate bond—certified by CBI—was the first to become available in Asia and the Pacific, and as a single project in an emerging market and globally certified under the Geothermal Criteria of the Climate Bonds Standard.

### B.GRIMM GREEN BOND FOR THAILAND SOLAR PROJECTS:

In 2018, ADB invested $155 million (฿5 billion) in B.Grimm Power Public Company Limited’s first 5-year and 7-year climate bond issuances. Proceeds are allocated to nine operational solar power plants (total capacity of 67.7 megawatts (MW)) and seven solar power plants under construction (total capacity of 30.8 MW).

This was Thailand’s initial certified climate bond and the first issued by a Thai energy company.

### AC ENERGY REGIONAL RENEWABLE ENERGY GREEN BOND

In 2019, ADB invested $20 million in AC Energy’s first climate bond issuance. As anchor investor in the 10-year tranche, ADB has contributed to a total issue volume of $410 million. Bond proceeds will finance renewable energy projects in Indonesia, the Philippines, and Viet Nam.

AC Energy’s Climate Bond is ADB’s first publicly listed climate bond. This landmark public listing will be the first CBI-certified United States dollar-denominated climate bond in Southeast Asia listed on Singapore’s Stock Exchange.\(^{11}\)

Bond proceeds could finance a range of renewable energy projects.

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\(^{10}\) ADB supported the development and launch of the ASEAN Green Bond Standards.


ADB recognizes “China” as the People’s Republic of China.

All photos by ADB.

For more information, please contact [capitalmarkets@adb.org](mailto:capitalmarkets@adb.org)