



## Green Bond Sales Should Nearly Quadruple This Year

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Increased interest in solving environmental problems through investments is pushing the sale of green bonds through the roof, according to As You Sow, a non-profit foundation that promotes environmental and social corporate responsibility.

Green bonds provide funding for projects that promote protecting the environment and halting climate change. They have been identified like this since 2007, according to As You Sow, but already they have become a staple of the marketplace.

Green bonds raised almost \$11 billion in 2013 and are on target to raise \$40 billion this year. Next year, \$100 billion are expected to be sold, according to a recent report, Green Bonds in Brief, issued by As You Sow. Others have estimated even higher totals for green bonds, depending on definition used. As You Sow defines green bonds as those that raise funds specifically for environmental and climate-change projects.

As investors become more concerned about their investments having a positive impact on the environment, as well as providing an adequate return, green bonds are becoming more important to finance projects such as retrofitting old buildings, managing watersheds and providing clean energy.

“Accessing capital at the massive scale needed to finance a transition to a low carbon, sustainable economy faces a tremendous challenge,” the report says. “But the green bond market shows tremendous promise, and is booming as investors clamor for fixed-income investments with environmental attributes.”

“Green bonds represent a significant opportunity, with some estimates predicting that green bonds could supply up to 84 percent of the private, third-party capital required to finance the transition to a low carbon economy,” the report continues. “Constant oversubscriptions of green bond issuances are indicative of the investor appetite for solutions.”

Green bonds also are getting a boost from the wave of baby boomers in and near retirement who are looking for more stable portfolios. The value of investments in fossil fuel-based companies is expected to decrease in the future, further fueling the sale of green bonds, As You Sow says.

Green bonds are being rated by the same organizations as regular bonds and many are receiving double and triple A ratings, boosting investor confidence in the investments, the report says.

One challenge to marketing green bonds is the lack of a specific definition of what constitutes a green bond so that investors can accurately identify their investments and the environmental goals of the projects.

To continue the growth of green bonds, issuers must improve transparency and encourage complementary products such as indices, funds and standard rating criteria, the report says.