



Joint communication on a revised proposal for Green Bond impact reporting harmonization

The overall goal of the Green Bond market is to help mobilize private sector financing for sound climate- and environmentally-sustainable investments and help enhance transparency of environmental finance. The relevance of this market is growing rapidly – in 2014, issuances were over US\$35 billion, more than three times higher than the US\$11 billion issued the year before. The 2014 amount has been surpassed in 2015 to-date, with almost US\$40 billion in new Green Bond issuance.

Today an informal working group of eleven International Financial Institutions¹ proposes a harmonized framework outline for impact reporting on projects to which Green Bond proceeds have been allocated. It is a revised version of the original draft published in March 2015 as the result of the first working group of four Multilateral Development Banks on the topic and expands the group of Green Bond issuers who proposes to use the agreed framework.

The work ongoing in this area reflects requests by the investor community as well as the conclusions of the 2015 Green Bond Principles - voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market.

The Green Bond Principles “*acknowledge that there are currently no established standards for impact reporting on Green Projects, and welcome and encourage initiatives, including those by leading green bond issuers, that help establish a model for impact reporting that others can adopt and/or adapt to their needs. Until more harmonization is achieved, transparency is of particular value, including disclosure of methodologies and key underlying assumptions.*”

The harmonized framework outlines core principles and recommendations, proposes core indicators for two sectors - energy efficiency and renewable energy – and includes reporting templates, in order to provide issuers with a reference that they can adapt to their own circumstances as they develop their own reporting.

The proposal also aims to provide a basis for broader market consideration with the goal to establish Green Bond reporting principles that are shared by all market stakeholders. A dedicated *forum* has recently been established by the GBP-Executive Committee for this purpose and this document can serve as contribution to the upcoming debate.

The proposal does not, at this stage, cover impact reporting on projects outside the energy efficiency and renewable energy fields. However, the involved IFIs acknowledge the importance of harmonization also for such projects, and plan to develop additional suitable indicators for these other types of projects in the future.

¹ African Development Bank (AfDB), Agence Française de Développement (AFD), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IDB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), and Nordic Investment Bank (NIB).