

Green + Sustainable Bonds and Their Outcomes

Luis Señires and Hiroaki Kurachi

December 3, 2024

Table of contents I

Introduction

Research Question

- ▶ How do ASEAN countries perform on environmental issues?
- ▶ What is the relationship between Green and Sustainability bond issuances and a country's EPI score?

Datasets

Data 1: Bonds issuance

- ▶ Bond datasets
 - ▶ Green and Sustainability bond issuance volumes (USD millions)
 - ▶ Total local currency bond issuance volumes (USD millions)
 - ▶ Broken down per issuer (Government and Corporate) and bond label (Green and Sustainability)
 - ▶ Taken from the Asian Development Bank's AsianBondsOnline portal.

Data 2: EPI (Environmental Performance Index) 1/2

- ▶ Desirable dataset on outcomes:
 - ▶ Need to comprehensively cover a wide range of environmental issues, not just a single or limited issues (such as gas emission)
 - ▶ Though our focus is on ASEAN+3, global coverage is desirable to see the performance in the area from world standard objectively
- ▶ EPI (Environmental Performance Index)
 - ▶ Provided by Yale and Columbia Univ.
 - ▶ “summary of the state of sustainability around the world. Using 58 performance indicators across 11 issues, the EPI ranks 180 countries and territories

Findings

Bond statistics

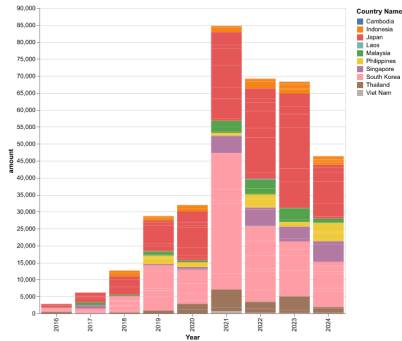


Figure 2: Consolidated issuance volume, 2016 - 2024YTD

In nominal terms, bond issuance volumes have been trending upwards for the past decade.

► Paris commitments

Conclusion/Recommendation/Further Research

- ▶ Lower scores observed despite higher issuance volumes
- ▶ Possible that EPI scores would have decreased even more if not for these investments as they were already downtrending
- ▶ Could be a signal of “greenwashing”
- ▶ For further research:
 - ▶ Use of project-level data or more specific categorization of use of proceeds
 - ▶ Other potential determinants of EPI scores (e.g. GDP, specific investment into renewable energy, etc.)
 - ▶ Other “peer” comparisons aside from region