

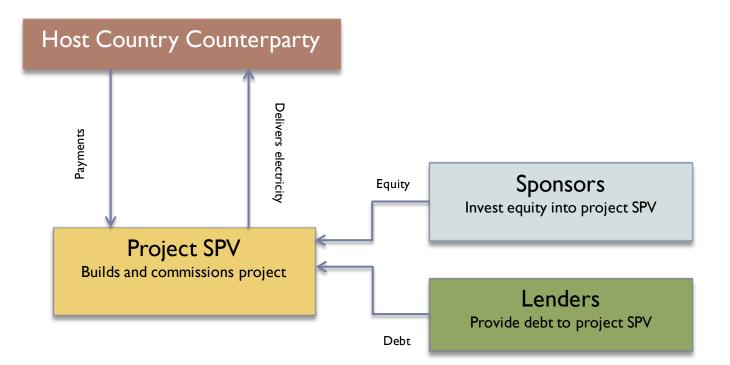
Green Bonds: Mobilising the Bond Market for Climate Change Solutions Regional Workshop on Carbon Finance for Latin America and the Caribbean – Santiago, 7 Sept 2015 Presentation by Daniel Rossetto, Managing Director

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- Introduction
- Going into Detail: Green Bonds
- Determining Eligibility and Verifying the Results
- Conclusions and Recommendations

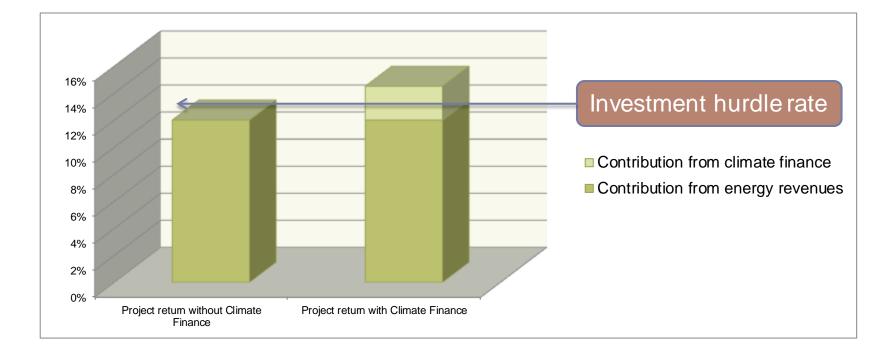
Financing Instruments

Typical project finance structure



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Influencing Investment Decisions



Key Question: To what extent should we still be concerned with additionality and how should it be proved?

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Financing Instruments

Instruments increasing project revenues



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Financing Instruments

Instruments reducing cost of capital

Debt	 Concessional interest rates, extended tenors and grace periods, bonds
Equity	Subordinated equityGrants
Insurances or Guarantees	Credit enhancementPrice guarantees

Private Sources

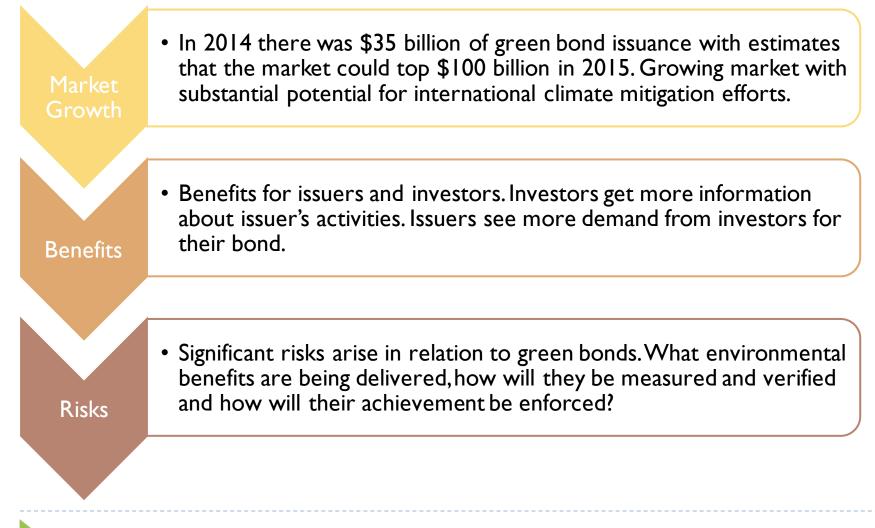


Image sources: The Telegraph, CNBC and IFR Magazine

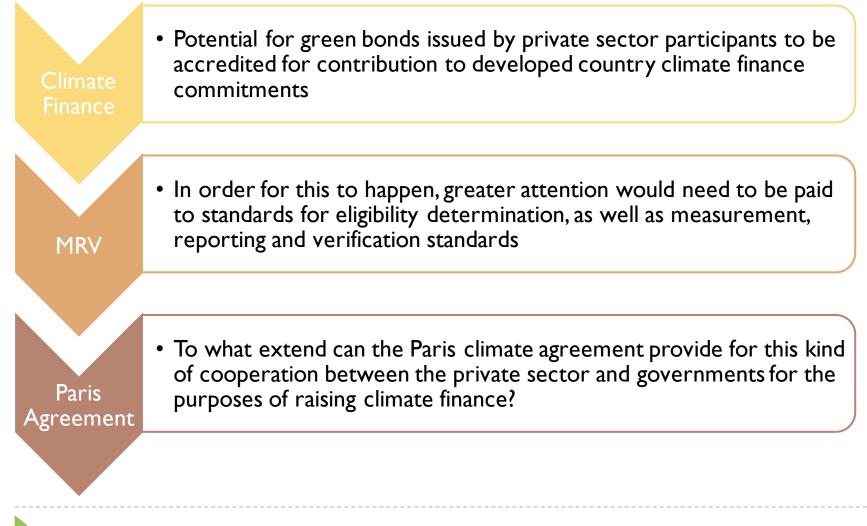
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Green Bonds: The State of Play



Green Bonds: The Future



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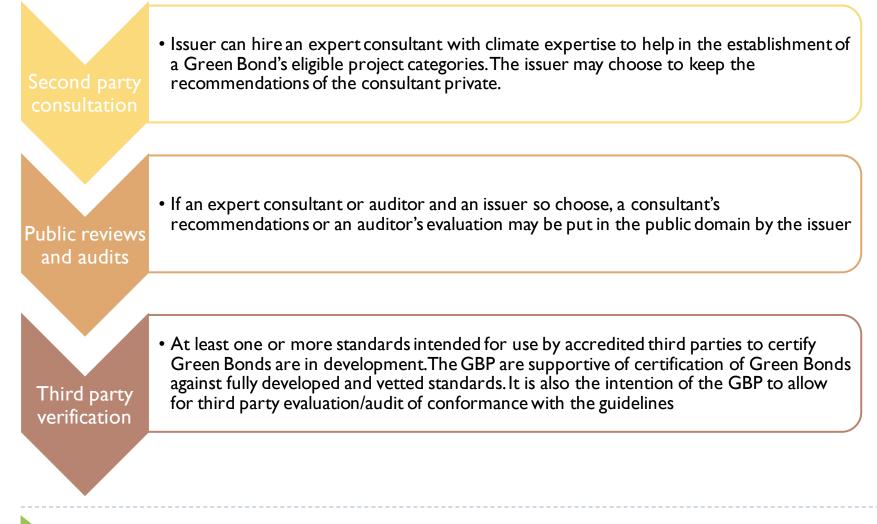
Green Bond Principles

Green Bond Principles recognize several broad categories of potential eligible projects for Use of Proceeds including but not limited to:

Renewable energy
 Energy efficiency (including efficient buildings)
 Sustainable waste management
 Sustainable land use (including sustainable forestry & agriculture)
 Biodiversity conservation
 Clean transportation
 Clean water and/or drinking water

Sources: International Capital Market Association (ICMA)

Key Requirements for Green Bonds – M&V



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Conclusion & Recommendations

Key Question: What can Latin American and Caribbean Governments do to make a difference?

Statements of Opportunity	 Clear priorities, publish resource assessments Processes for assessing unsolicited proposals
State Guarantees	• State guarantees for contracts
	 Clear pathway for repatriation of capital
Tenor of Commitment	 Longer tenors on contractual commitments allow for most efficient financing

Conclusion & Recommendations

Key Question: To what extent will the sources of climate finance shape the kinds of investment to be made?

Accounting	 Define interaction of public & private sources Clarify how climate finance is to be accounted
Eligibility, measurement & verification	 Clarify the role for the CDM going forward Avoid double counting (mitigation v finance)
Driving action	• Alignment of investment imperatives with international climate negotiations



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