

## Green, Social, Sustainability, and Sustainability-Linked (GSSS) Bonds

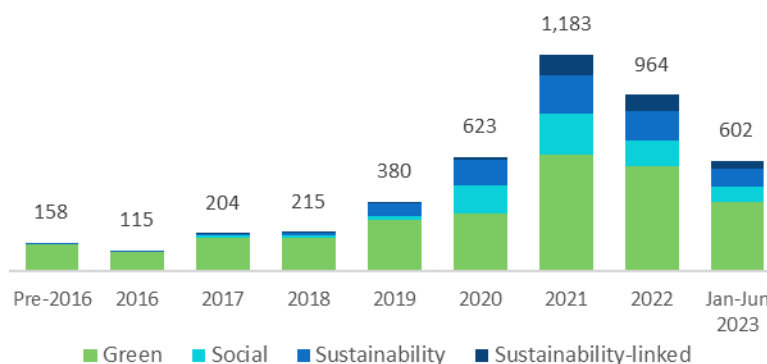
### Market Update – July 2023

This newsletter presents recent trends in the GSSS bond market with a special focus on emerging market sovereign and sub-sovereign issuances.

### Market Overview

The cumulative amount of green, social, sustainability, and sustainability-linked bonds issued reached USD 4.4 trillion up to June 2023. Green bonds represent 64% and emerging market issuances 16% of the total amount.

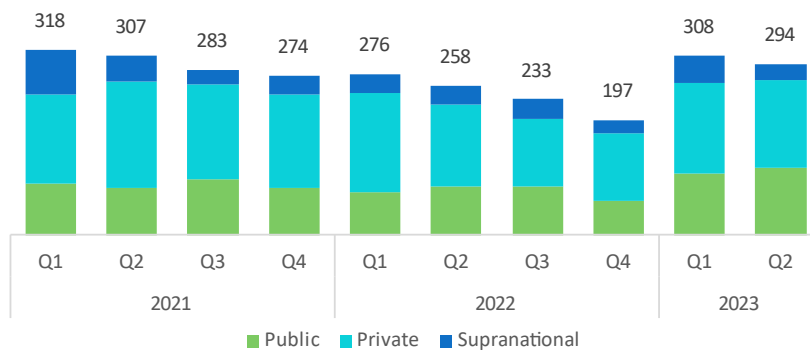
**Global GSSS bond annual issuance, USD Bn**



*Source: World Bank based on data from Bloomberg and Bloomberg NEF*

**Quarter 2 2023 performance:** Quarterly issuances declined, decreasing 4% compared to Q1 2023 but increasing by 14% compared to Q2 2022, led by emerging market sovereigns.

**Quarterly GSSS bond issuance by type of issuer, USD Bn**

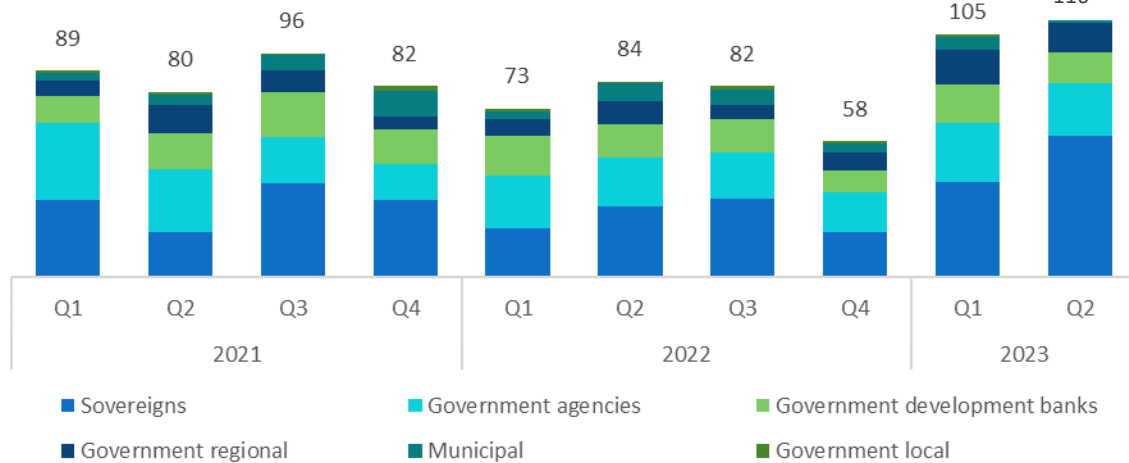


*Source: World Bank based on data from Bloomberg and Bloomberg NEF*

## Public Sector

The public sector, including sovereigns, government agencies, government development banks, regional governments, municipalities, and local governments, represented 31% (USD 1.37 trillion) of the total amount issued to date. At 60% of the amount issued, green bonds are still the preferred instrument for public sector issuers. Sovereigns continue to be the biggest segment (31%) among public sector issuers, followed closely by government agencies (25%) and government development banks (19%). In Q2 2023, the public sector issued USD 116 billion in GSSS bonds, an 11% increase compared to Q1 2023 and a 38.3% increase compared to Q1 2022, mainly pushed by sovereigns and regional governments.

Quarterly public sector GSSS bond issuance, USD Bn

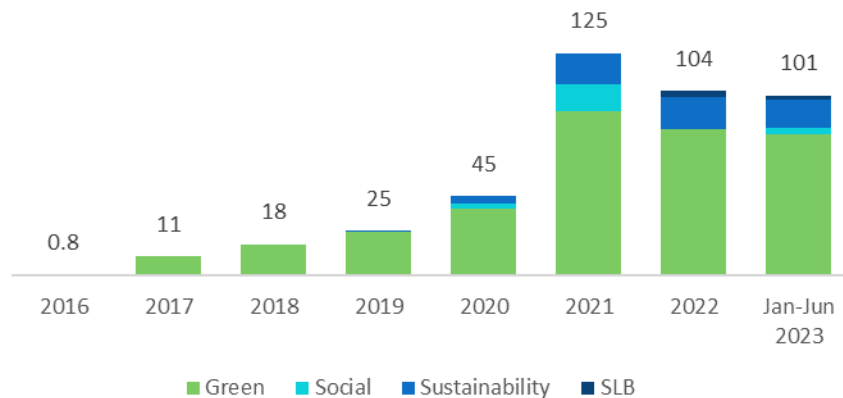


Source: World Bank based on data from Bloomberg and Bloomberg NEF

## Sovereigns

48 sovereigns have tapped the GSSS bond market up to June 2023. In Q2 2023, Türkiye and Cyprus debuted in the market. Cumulative issuances by sovereigns reached USD 429 billion (10% of the total amount ever issued in GSSS bonds).

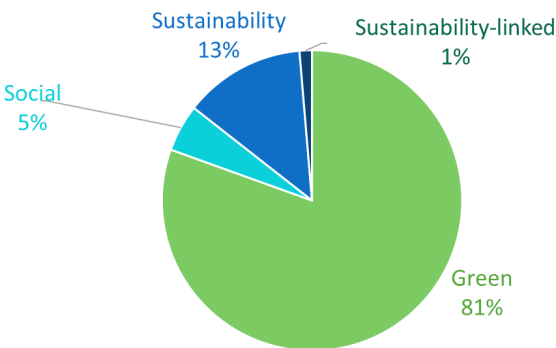
Sovereign GSSS bond annual issuance, USD Bn



Source: World Bank based on data from Bloomberg and Bloomberg NEF

Green bonds continue to be the most preferred instrument for sovereign issuers, with USD 345 million issued using this instrument.

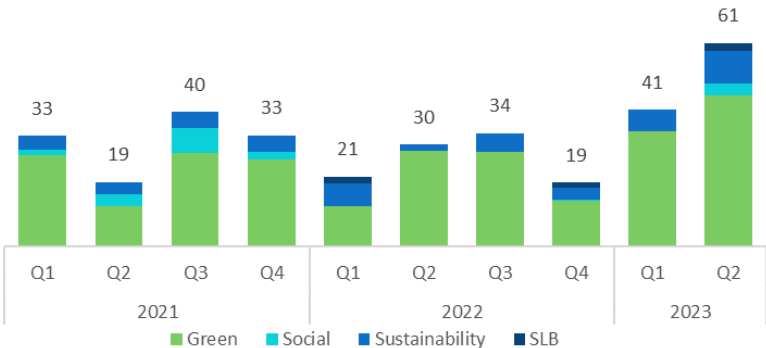
**Sovereign GSSS issuance by type of instrument, % total amount to date**



Source: World Bank based on data from Bloomberg and Bloomberg NEF

In Q2 2023, sovereign issuances reached USD 61 billion making this the quarter with the highest amount issued by sovereigns to date. Sovereign issuances in Q2 2023 represented a 50% increase from the amount issued in Q1 2023 and twice the amount issued in Q2 2022.

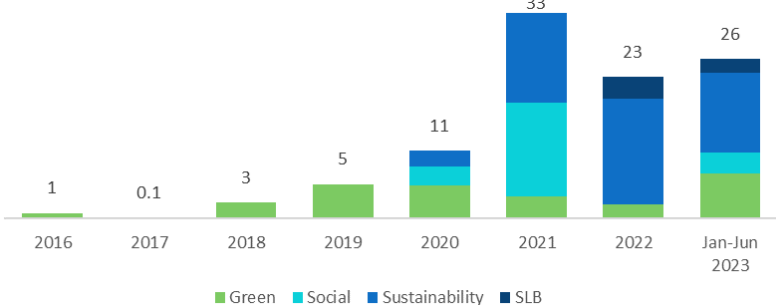
**Quarterly sovereign GSSS bond issuance, USD Bn**



Source: World Bank based on data from Bloomberg and Bloomberg NEF

Since 2016, 21 emerging market (EM) sovereigns have issued GSSS bonds for a total of USD 101 billion, representing 2% of total GSSS bonds ever issued globally.

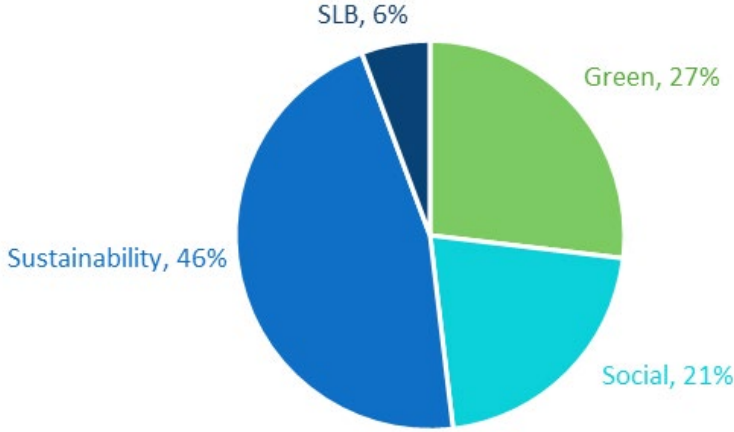
**EM sovereign GSSS bond annual issuance, USD Bn**



Source: World Bank based on data from Bloomberg and Bloomberg NEF

Unlike advanced market sovereigns, which still demonstrate a strong preference for green bonds (representing 97% of their total amount issued), EM sovereigns are issuing more bonds that finance a combination of green and social projects, i.e. sustainability bonds (46% of their total amount issued), rather than green projects only.

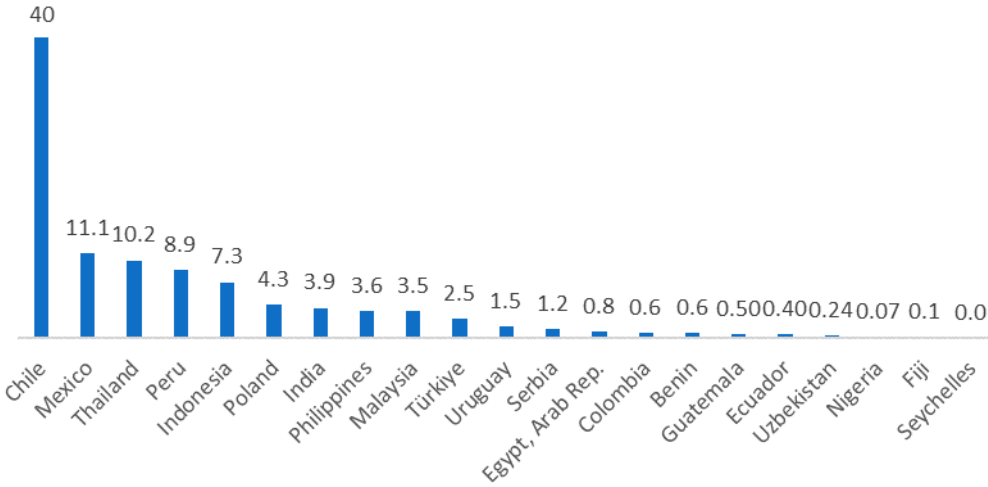
**EM sovereign GSSS issuance by type of bond, % total amount to date**



Source: World Bank based on data from Bloomberg and Bloomberg NEF

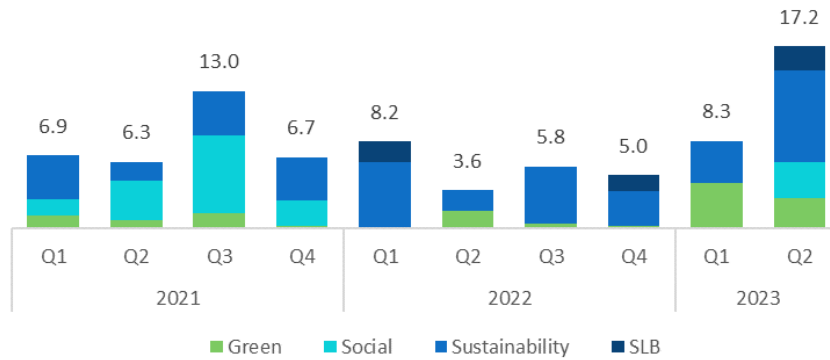
Among the EMs, Chile remains the largest issuer, with a total of USD 39.6 billion issued in GSSS bonds, followed by Mexico with USD 11.1 billion, and Thailand with USD 10.2 billion, as of June 2023.

**EM sovereign GSSS bond issuers, USD Bn total to date**



Source: World Bank based on data from Bloomberg and Bloomberg NEF

### QoQ EM sovereign GSSS bond issuance, USD Bn

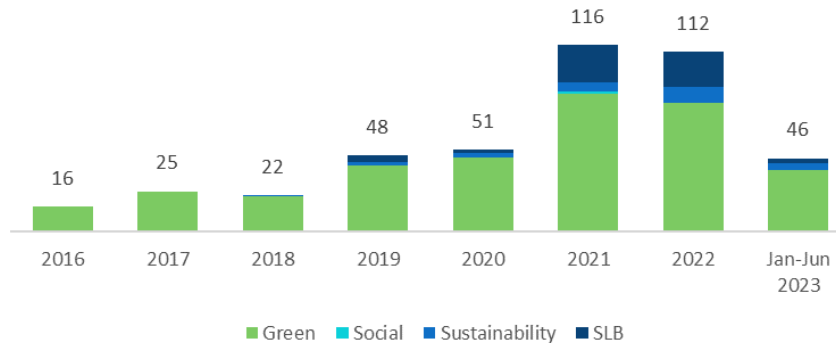


Source: World Bank based on data from Bloomberg and Bloomberg NEF

## Utilities

Utility company (which can be public or private depending on the jurisdiction) issuances totaled USD 460 billion up to July 2023, corresponding to 10% of the total GSSS bond market. 79% of the GSSS bond amount issued by utilities is from companies in advanced markets. Green bonds continue to be the preferred instrument for utilities, accounting for 82% of the total GSSS bond issuance by utilities.

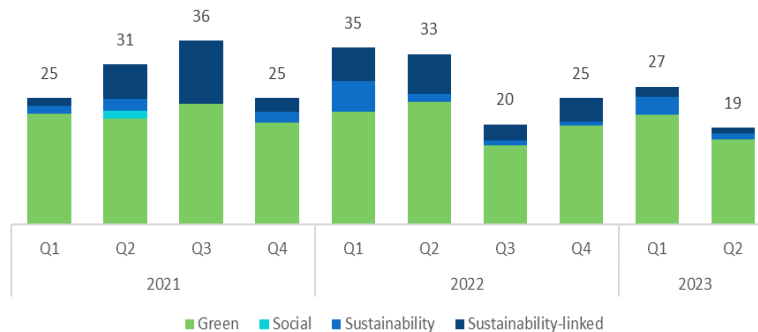
### Utilities GSSS bond annual issuance, USD Bn



Source: World Bank based on data from Bloomberg and Bloomberg NEF

In Q2 2023, utilities issued USD 19 billion, a 30% decrease compared to Q1 2023 and 43% less compared to Q2 2022.

### QoQ utilities GSSS bond issuance, USD Bn



Source: World Bank based on data from Bloomberg and Bloomberg NEF

## Featured Sovereign Issuances and ESG News

### Thailand adopts first phase of its green taxonomy

On July 5, 2023, Thailand [officially adopted the first phase of its Green Taxonomy](#). This first phase covers the energy and transportation sectors, which are responsible for up to 2/3 of the country's total emissions. In the coming years, the taxonomy is expected to expand to other key sectors, covering up to 95% of the country's emission-relevant activities. The document was developed by the Bank of Thailand and the Climate Bonds Initiative with support from the IFC – [the private sector arm of the World Bank](#). The taxonomy can be used to issue green bonds, label investment funds, calculate insurance ratios, collect statistics, and implement special support measures, among other uses.

### Türkiye's first sovereign green bond

On April 13, 2023, the government of Türkiye [issued its first sovereign green bond](#) for a total of USD 2.5 billion with a maturity of 7 years and coupon rate of 9.125%. The offering attracted over 3 times the actual issue size with 31% sold to investors in Britain, 19% in Türkiye, 18% in the United States, 16% in the Middle East, 15% in other European countries and 1% in other countries.

### Cyprus' first sovereign sustainable bond

On April 13, 2023, the Republic of Cyprus [issued its inaugural Sustainable Bond](#) for a total of EUR 1 billion with a 10 year maturity and coupon rate of 4.125%. The successful issue had the largest book of offering in the nation's history, in excess of EUR 12 billion. Stelios Leonidou, who manages Cyprus' debt issuance, stated to [Reuters](#) that the country expects to sell sustainable bonds every 2 to 3 years going forward.

### Other

A number of emerging market sovereign and sub-sovereign issuers are in the process of preparing GSSS bond frameworks with technical assistance from the World Bank. Romania and Brazil are in advanced stage. Two countries in the middle east, a state-owned enterprise in Indonesia, a development bank in Rwanda and a development and investment bank in Vietnam have initiated the work with the support of the World Bank.

## World Bank Treasury Sustainable Finance Advisory

The World Bank Financial Products and Client Solutions team facilitates the development of sustainable bond markets and provides technical assistance to financial regulators and public sector issuers in emerging markets. With technical assistance from the World Bank:

- a Malaysian issuer issued [the world's first green sukuk/Islamic Bond](#)
- Colombia issued the [first sovereign green bond in local currency in Latin America](#)
- an Indonesian [non-bank financial institution issued its first sustainability bond](#)
- Egypt issued the [first sovereign green bond in the Middle East and North Africa](#)
- an Indonesia [state-owned enterprise issued the country's first corporate green bond](#)

Visit our webpage: [Sustainable Finance Advisory](#)

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## Glossary

**Green bonds:** Bonds with proceeds earmarked for projects aimed at generating positive environmental impact.

**Social bonds:** Bonds with proceeds earmarked for projects aimed at generating positive social impact.

**Sustainability bonds:** Bonds with proceeds earmarked for projects aimed at generating positive environmental and social impact.

**Sustainability-linked bonds:** Issuer makes a commitment to achieve pre-defined key sustainable performance targets, and the financial characteristics of the bond depend on the achievement of key performance indicators (KPIs). Proceeds go towards general purposes.

**Emerging markets:** World Bank Group client countries (IDA + IBRD).

**Public sector:** Issuances of government agencies, development banks, local and regional governments, municipals (United States only), and sovereigns.

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*This Newsletter is published by the World Bank Treasury, Financial Products and Client Solutions team. The sources of data for the report are Bloomberg terminal and Bloomberg NEF with data up to June 2023 unless otherwise indicated.*