

Strong Rebound in Emerging Market Green Bonds in 2021 as Issuance Soars to Record US\$95 billion

London, 9th June 2022 - Amundi, leading European asset manager, and IFC, a member of the World Bank Group, today published their *Emerging Market Green Bonds Report 2021*. The report highlights a sharp rebound in issuance of green bonds in emerging markets and developing economies in 2021 as a result of rising demand from both domestic and international investors combined with expanded issuance by new and existing issuers.

Despite ongoing uncertainty related to the pandemic and dislocations in many economies, the global market for green bonds exceeded most forecasts. Issuance of green bonds in emerging markets and developing economies (EMDEs) more than doubled in 2021 to a record US\$95 billion from \$41 billion in 2020. Thirty-five EMDEs issued green bonds in 2021, including 7 new entrants to the market: Bangladesh, Côte d'Ivoire, the Dominican Republic, Guatemala, Pakistan, Serbia, and the Slovak Republic. China was the largest issuer, accounting for more than 60% of the total, with India, Chile, the Czech Republic, Poland, and Brazil as the next largest.

Susan Lund, Vice President, Economics and Private Sector Development, IFC, commented: *“Green bonds and other nascent financial instruments earmarked for social and sustainability projects are becoming an increasingly significant source of funding for many emerging economies. As this report shows, the momentum of issuance rebounded very strongly after a difficult year in 2020 and investor interest, both domestic and international, remains strong.”*

Considerable investment is necessary for emerging markets to meet development goals and transition to low-carbon economies. Maintaining the growth momentum achieved in 2021 in the year ahead could be challenging, with existing inflation pressures and supply chain disruptions exacerbated by the war in Ukraine.

Yerlan Syzdykov, Global Head of Emerging Markets at Amundi, commented: *“Through its unique and innovative partnership with IFC, Amundi remains committed to the development of the green bond market in emerging countries through vigorous and robust engagement efforts with different market participants to boost both supply and demand of green bonds. While we see new challenges emerging after the pandemic, we still expect continued growth. Annual issuance in EM green bonds could rise to US\$150 billion by 2023, with Chinese issuers potentially contributing more than half the total.”*

2021 EM Green bond issuance hits US\$95 billion

The US\$95 billion in issuance in 2021 was more than double the US\$41 billion in 2020 and well above the US\$53 billion in 2019. An additional US\$64 billion of social, sustainability, and sustainability-linked bonds brought the total emerging market issuance of these bonds to US\$159 billion in 2021, nearly triple the 2020 volume.

While rising interest rates affected total returns in the global green bond market, emerging market green bonds were relatively more resilient in 2021, outperforming the broader emerging market bond index by 77 basis points. Secondary market data indicate that the average “green premium” for emerging market issuers stands at about 3.4 basis points.

China maintained its role as the largest green bond issuer among EMDEs, with issuance of US\$59 billion in 2021, or 63 percent of the total. Nonfinancial corporate issuers in China overtook financial institutions for the first time. EMDEs’ issuance outside China saw rapid growth, as green bond issuance in these countries rose by 58 percent in 2021 to US\$35.2 billion.

The use of proceeds from green bonds is typically designated for specific projects that would contribute to environmental objectives. Cumulatively, the largest share of the use of proceeds has been designated for renewable energy, accounting for 45 percent in 2021.

Along with green bonds, other types of bonds issued in EMDEs whose proceeds are earmarked for specific social and sustainability projects have also seen rising issuance and investor interest, as have sustainability-linked bonds (SLBs).

As well as providing updates on the green bond market, the report has sections that focus on the need to scale up investments in climate adaptation projects in EMDEs, on global policy initiatives, including those announced at the 26th United Nations Climate Change Conference of the Parties, and on the “greening” of debt restructuring, enabling countries whose debt is unsustainable to direct capital toward green and sustainable investment.

Amundi and IFC have partnered since 2018 to report on growth drivers in emerging market green bond investments. The full report is available on:

- [Amundi Research Center](#)
- [IFC website](#)

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Amundi, the leading European asset manager, ranking among the top 10 global players¹, offers its 100 million clients - retail, institutional and corporate - a complete range of savings and investment solutions in active and passive management, in traditional or real assets.

With its six international investment hubs², financial and extra-financial research capabilities and long-standing commitment to responsible investment, Amundi is a key player in the asset management landscape.

Amundi clients benefit from the expertise and advice of 5,300 employees in 35 countries. A subsidiary of the Crédit Agricole group and listed on the stock exchange, Amundi currently manages more than €2.0 trillion of assets³.

Amundi Emerging Markets offers a unique 360° approach based on the combination of Fixed Income and Equity teams to identify and capture the best investment opportunities. Its cross-asset capability is grounded in financial and extra-financial research. One of the largest European Emerging Markets platforms, Amundi manages €38.7bn of assets⁴.

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About IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2021, IFC committed a record \$31.5 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of the COVID-19 pandemic. For more information, visit www.ifc.org.

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¹ Source: IPE “Top 500 Asset Managers” published in June 2022, based on assets under management as at 31/12/2021

² Boston, Dublin, London, Milan, Paris and Tokyo

³ Amundi data including Lyxor as at 31/03/2022

⁴ Amundi data at 31/03/2022

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