



# CASE STUDY

## Green Bond Transparency Platform

## LATIN AMERICA AND CARIBBEAN

### 1. PROJECT HIGHLIGHTS

Key Cross-Country Benefit	Key National Benefit
 <p><i>Stimulating green investments through increased transparency and credibility in the green bond market.</i></p>	 <p><i>Increased (foreign direct) investments on the green transition including climate change adaptation.</i></p>

### 2. QUICK FACTS

Categories	Project Details
<b>Project Name</b>	Green Bond Transparency Platform
<b>Project Description</b>	The GBTP, launched in April 2021, is an innovative solution that promotes the harmonisation and standardisation of green bond reporting to increase investors' confidence in the green bond market and facilitate green investments in the region. Users can learn about the proceeds, impacts, and methodologies for each green bond in the region and can filter data to access environmental performance using different criteria.
<b>Global Public Good (GPG) Theme</b>	Climate & environment
<b>Sub-Theme</b>	Climate change mitigation

**Disclaimer:** We based the case study on the information cited and publicly available as of May 2023. The findings – especially concerning the GPG perspective – have been concluded to our best knowledge. The views expressed are the authors' assessments and do not necessarily reflect the project stakeholders' views. Any errors that remain are our responsibility.

<b>Sector</b>	Financial Markets
<b>Countries of Implementation</b>	18 active countries, i.e., Panama, Peru, Barbados, Brazil, Argentina, Chile, Mexico, Costa Rica, Dominican Republic, Colombia, Chile, Uruguay, Ecuador, Honduras, El Salvador, Nicaragua, Paraguay
<b>Region</b>	Latin America & Caribbean
<b>Income Category</b>	Lower-middle income, upper-middle income, high income
<b>Implementation Period</b>	2021-ongoing
<b>Project Volume</b>	Ongoing due to running expenses
<b>Financial Source</b>	MDB own account and bilateral co-financing (mainly Swiss State Secretariat for Economic Affairs, International Climate Initiative, potentially KfW and EU Commission (tbc))
<b>Instruments</b>	Technical assistance and policy support
<b>MDB Involved</b>	Inter-American Development Bank (IDB) in the future possible partnerships with regional MDBs
<b>Implementing Partner</b>	Issuers, external reviewers, MDBs (EIB), Investment banks, standard setters, stock exchanges
<b>Link to Detailed Project Information<sup>1</sup></b>	<a href="https://www.greenbondtransparency.com/support/about-us/">https://www.greenbondtransparency.com/support/about-us/</a> <a href="https://www.greenbondtransparency.com/support/resources/brochure-gbtp-october2022.pdf">https://www.greenbondtransparency.com/support/resources/brochure-gbtp-october2022.pdf</a>

### 3. WHY THIS IS A GOOD PRACTICE

This project is a good practice example for implementing the following features that promote GPG provision:

- **Ambition:** The ambition of the project is high, as it ultimately aims to scale up green finance globally. It does so by providing a freely accessible and innovative platform containing transparent and secure data on green bonds.
- **Sustainability:** The project is socially and environmentally sustainable as it promotes transparency on the green bond market globally especially in the long-term. Its economic sustainability depends on the GBTP to generate revenues to cover the ongoing IT, user engagement, and communications cost. Maintaining funding would be necessary until both the demand (investors) and supply (issuers/external reviewers) side of the transparency market understand and price the value of transparency. Global

<sup>1</sup> Unless stated otherwise, the two documents provide the main source for the case study.

scaling could help achieve this point as this allows global market actors to see additional value relative to a fragmented platform space.

- **Scalability:** The project is highly scalable and designed to be scaled-up to other countries and regions as well. This is reflected, for example, by including various taxonomy standards on the GBTP. As the platform itself is being used already the additional effort needed to scale the GBTP up and out should be relatively small compared to initial set-up costs, while engagement costs will predominate.
- **Transformability:** The GBTP changes the framework conditions of the green bond market mobilising private capital to achieve the green transition. By providing data openly and increasing transparency, trust is built, and investors and other stakeholders can make informed decisions.

## 4. PROJECT INFORMATION

### 4.1 CHALLENGES OF GPG PROVISION IN THE COUNTRY CONTEXT

Latin America and the Caribbean are severely affected by climate change, with storms, floods, and droughts occurring frequently. Transitioning to a green and climate resilient economy is crucial for the region. To combat climate change and its consequences, government (budget) funds and aid money are not enough. Green bonds are an **additional key financing tool** that play an increasingly important role. While in 2022, the green bond market reached an issuance of US\$ 2 trillion globally, its potential is estimated to be between US\$ 4.7 trillion and US\$ 5.6 trillion by 2035.<sup>2</sup> Yet, the Caribbean and Latin America represented just 2% of the global market in 2020.

The Green Bond Transparency Platform (GBTP), launched in April 2021, is an innovative solution developed by the Inter-American Development Bank (IDB) and IDB Invest that **promotes the harmonisation and standardisation of green bond reporting to increase investors' confidence in the green bond market and facilitate green investments in the region.** Users can learn about the proceeds, impacts, and methodologies for each green bond in the region and can filter data to access environmental performance using different criteria. Block chain (DLT) technology facilitates secure data reporting.

The IDB has identified a gap between the investment opportunities of the region and the supply of capital and aimed to address it. After a survey by the Climate Bonds Initiative (CBI) stressed the wide variety in reporting practices globally in 2019, the IDB took up conversations with more than 30 key market players. The aim was to understand their demands and needs, and to discuss the usefulness of a platform such as the GBTP. Additionally to the CBI post-issuance report, other elements favoured the decision to build the tool. Those include, among others, the lack of a public platform providing a complete database to analyse green bonds' environmental performance and the evolution of reporting practices over time, the importance for detailed data to provide technical support for green bond issuers, and the cost of analysis for investors. The creation of the digital tool started in mid-2019 with an inclusive

**80% of the green  
bond market**

in Latin America and the  
Caribbean are covered by the  
Green Bond Transparency  
Platform by 2022.

<sup>2</sup> GBTP Factsheet (2023): [Fact Sheet 2021 IDB Green Bond Transparency Platform ENG.docx](#)

participatory process with market stakeholders such as issuers, investors, standard setters, external reviewers, stock exchanges, and investment banks, helped develop the principles that guided the platform:

- First-hand data, taxonomy neutrality, free access, and no data assumption (i.e., the data are directly produced from the original source such as issuers and external reviewers ensuring that no interpretation or calculation of an individual bond is applied by the platform system)
- User support
- User-friendliness
- Issuer reporting needs, commitment, and support.

In April 2021, the platform was launched and since then has had a steady growth. It currently reaches more than 80% of the LAC green bond market by volume while almost 100 issuers have joined the platform voluntarily and uploaded more than 220 individual bonds.

## 4.2 INTERVENTION

### 4.2.1 Project Design and Agents of Change

The **GBTP is a free and public tool promoting green bonds in Latin America and the Caribbean** and aiming to support climate action by increasing investors’ confidence and attracting long-term investments to ultimately help member countries to transition to a green economy. Its aim is to **increase the market’s transparency** and to support the harmonisation and standardisation of reporting as well as facilitating granular, credible, and comparable data for evidence-based decisions. The GBTP’s basic principles are displayed in Figure 1.

**FIGURE 1: BASIC PRINCIPLES OF GBTP**

<b>Completeness</b>	Unrestricted open access to the data of green bonds issued in Latin America and the Caribbean
<b>Transparency</b>	Disclosure of the use of proceeds, impacts, methodologies, and standards used
<b>Traceability</b>	Simplified processes leveraging Distributed Ledger Technology to ensure reliability, security, and traceability
<b>Comparability</b>	Data filters to assess the environmental performance by different criteria, in line with existing and evolving green bond guidelines, standards, and methodologies

Source: [Green Bond Transparency Platform](#)

The first principle—of completeness—is achieved by providing unrestricted open access to the concerned data. The need to disclose proceeds, impacts, methodologies, and standards used constituting meets the principle of transparency.

Next, traceability is central: simplified processes ensure reliability, security, and traceability using the blockchain technology. Lastly, comparability is key, thus the GBTP provides filters to assess the environmental performance in various ways, in line with different types of green bond guidelines, standards, and methodologies.

The GBTP aims to support all market actors. For issuers, the GBTP provides a simple and easy-to-use format to report on the use of proceeds and impacts of their bonds in a standardised way. For external reviewers, the GBTP constitutes a way to present their work with issuers on pre- and post-issuance and the conclusions of these reviews. For investors, the GBTP facilitates granular, credible, and comparable data for evidence-based decisions. Lastly, for public sector authorities, the GBTP is an evidence-based data tool to inform discussions on taxonomies and facilitate evidence-based policy making.

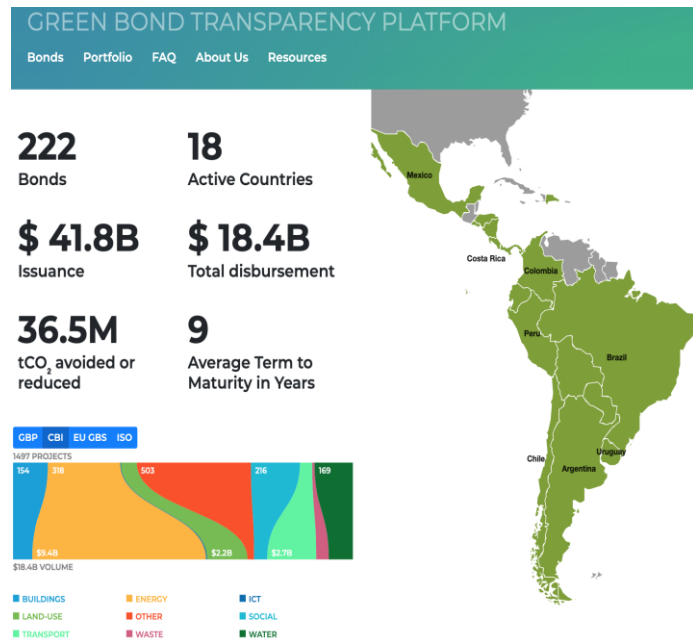
To ensure international comparability and competitiveness of the system as well as an efficient transition towards a green economy, the **GBTP is aligned to international standards** such as the CBI and the International Capital Market Association (ICMA), with the potential to include evolving taxonomies like the European Union Green Bond Standard.

Notably, the GBTP is continuously upgraded based on the feedback of market actors. The IDB's expectation is that over time the GBTP will become a benchmark for reporting, which maintains incentives to participate.

#### 4.2.2 Results

In less than a year, the GBTP has become a key reporting tool for issuers in Latin America and the Caribbean and for local and international investors looking for quality and sustainable investment opportunities in the region. It **covers 80% of the market volume of the region** as well as almost 100 issuers and has trained more than 400 market actors.<sup>3</sup> Additionally, 18 countries in the region are represented, including two supranational organisations, and 14 issuance currencies reported, with nine local currencies. As of March 2023, more than 200 bonds issued in the region have been reported, **avoiding, or reducing more than 36 million tonnes of CO<sub>2</sub>** according to the GBTP, which is about the yearly CO<sub>2</sub> emissions of Honduras, Paraguay, Costa Rica, and Nicaragua combined. Currently, the largest share of the volume is invested towards renewable energy projects, followed by clean transportation, and environmental management according to the ICMA Green Bonds Principles Project categories (see Figure 2).

**FIGURE 2: GREEN BOND TRANSPARENCY PLATFORM LAUNCH PAGE**



Source: [GBTP Webpage](https://www.greenbondtransparency.com/support/resources/brochure-gbtp-october2022.pdf), accessed 13.04.2023

## 5. PROJECT IMPACT

### 5.1 NATIONAL BENEFITS

The client countries benefit from the project in several ways since the **GBTP aims to mobilise domestic and international investments into projects that can have an important impact on the region's development**. The increase in capital substantially supports the region's efforts related to climate change. More precisely,

<sup>3</sup> Green Bond Transparency Platform (2022): <https://www.greenbondtransparency.com/support/resources/brochure-gbtp-october2022.pdf>

climate change mitigation—which includes, for instance, renewable energy investments, clean transportation, and green buildings—make up a large share of the green bonds covered by the GBTP (see Figure 1). Thus, the GBTP supports the countries in reaching their Nationally Determined Contributions (NDCs). Notably, climate change adaptation is supported as well, exhibiting significant national benefits.

Further national benefits that are supported by the GBTP relate to social investments, environmental management, pollution, waste and wastewater, and an eco-efficient economy. Covered countries benefit socially and economically since, for example, the efficiency of the economy is improved by reducing costs (e.g., by increasing energy efficiency). Health benefits arise as well due to investments on pollution reduction, and waste and wastewater, for instance.

Moreover, the GBTP also benefits the client country by providing technical support and capacity building materials, thus facilitating market education and democratisation of bond reporting practices. More than 400 market actors that were staff of issuers and external reviewers have been trained and numerous capacity building materials were created based on market feedback such as user manual training videos, indexation of the aggregated export data of the platform, and user-friendly templates for post-issuance reporting of green bonds and for external reviewers aligned to international standards. The concerned countries are likely to economically benefit from this besides the GBTP as well as these trainings are useful outside the GBTP context as well.

## 5.2 CROSS-COUNTRY BENEFITS

As the GBTP constitutes an open and freely accessible platform it exhibits significant positive cross-country externalities, especially due to **knowledge generation that ideally fosters green investments**. It eases data access, supports data coverage, and promotes transparency. Thus, first-hand and quality data are provided for all market actors, new and existing issuers, researchers, regulators, investors, and decision makers—irrespective of the country. This transparency aims to increase investors’ trust and thus to ultimately promote green investments. Notably, these investors may be private market participants, governments, or multilaterals and NGOs. Mobilising capital for green investments has large cross-country externalities, especially if investments target renewable energy, clean transportation, and green buildings, for example, as these projects largely contribute to climate change mitigation. As displayed in Figure 2, large shares of the investments are directed towards those projects, confirming the significant cross-country externalities supported by the GBTP.

“The platform closes important information gaps in this market by promoting the standardisation and harmonisation of green bonds reporting on the final use of resources and their environmental impacts. That increases investor confidence that proceeds are being used to fund high-quality green projects.”

(Susana Cordeiro Guerra, Manager of the IDB’s Institutions for Development Department)

The GBTP also fosters research and in 2022 a three-day research seminar on “Green Bonds in Emerging Market Economies” presented the preliminary results of a successful call for papers. The seminar included nine paper presentations from top universities and researchers from Latin America, the US, and Europe, to address a regional and global policy perspective of the topic discussed, building a bridge for LAC green bond market actors

to interact and share knowledge with other international markets experts.<sup>4</sup> Additionally, the platform has contributed to the green bond market development supporting several publications with a newly constructed database for green bonds.<sup>5</sup>

Besides these cross-country externalities, people globally also benefit from the GBTP through its interlinkages with other GPGs. The platform, for example, **supports a stable financial architecture as investment decisions can be more informed due to increased levels of transparency**. Furthermore, as the project also covers bonds relating to the environment, such as environmental management, it also promotes the preservation of biodiversity.

Although no cost-benefit analysis has been performed for the GBTP, it can reasonably be assumed to be favourable. The initial set-up cost as well as the maintenance, IT, and communication costs can be considered low compared to the significant national and cross-country benefits outlined above. Scaling the platform up and out is likely to enhance this relation even further.

## 6. LESSONS FOR FUTURE GPG PROVISION

### 6.1 SUCCESS FACTORS

Although being implemented just two years ago, the GBTP has been a success story so far. Several regional development banks have named it as a best practice and it has **won the “Initiative of the year – Green Bond 2022” award** by Environmental Finance, an online news and analysis service focused on sustainable finance. The award has been commended for promoting comparability in impact reporting from multiple issuers and praised it for a focus on emerging markets countries.

A central factor contributing to the success of the platform is that it is designed as a **precise response to challenges previously identified in the market by key actors**. More precisely, the findings that showed the need for a tool such as the GBTP were the CBI (2019) post-issuance disclosure report<sup>6</sup>, revealing considerable heterogeneity in reporting practices, the absence of a free and public green bond data base and the importance for detailed data to provide technical support to issuers, the challenges for issuers to report in a standardised and comparative manner, and the cost of analysis for investors. Thus, the platform aims at contributing to provide response to green bond reporting market demands with an inclusive participatory

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<sup>4</sup> See: [Green Bonds in Emerging Market Economies Agenda](#) and [Call for Proposals Green Bonds in Emerging Market Economies](#)

<sup>5</sup> See, for example, CBI-IDB (2021): Post Issuance Reporting in the Green Bond Market (<https://www.climatebonds.net/resources/reports/post-issuance-reporting-green-bond-market-2021>); ICMA (2021): Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds’ Impact Reporting Databases (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Guidelines-for-Green-Social-Sustainability-and-Sustainability-Linked-Bonds-Impact-Reporting-Databases-June-2021-100621.pdf>); CBI-IDB (2021): Latin America & Caribbean: Sustainable Finance State of the Market 2021 (<https://www.climatebonds.net/resources/reports/latin-america-caribbean-sustainable-finance-state-market-2021>).

<sup>6</sup> CBO (2019): [https://www.climatebonds.net/files/reports/cbi\\_post-issuance-reporting\\_032019\\_web.pdf](https://www.climatebonds.net/files/reports/cbi_post-issuance-reporting_032019_web.pdf)

development process that includes around 40 key market supporters and continuous feedback from issuers, investors, and other market actors to offer an up-to-date response to stakeholders' needs while promoting green bond market development and education. Susana Cordeiro Guerra, manager of the IDB's Institutions for Development Department sums it up: "The platform closes important information gaps in this market by promoting the standardisation and harmonisation of green bonds reporting on the final use of resources and their environmental impacts. That increases investor confidence that proceeds are being used to fund high-quality green projects" (Environmental Finance, 2023).<sup>7</sup>

Additionally, although the project exhibits great benefits for participants as well as the countries covered, these actors do not face any costs concerning the GBTP. Therefore, its uptake and use are very attractive making in turn the GBTP more successful.

## 6.2 HOW TO REPLICATE THE GOOD PRACTICE

The GBTP could also be replicated in other countries and regions. The system is explicitly designed openly to make replication easier. Potential partners could, for example, include regional MDBs in Asia, Africa, and Europe as they are knowledgeable about their respective markets.

In addition to that, so far, the following lessons can be learned from the project:

- Platform and knowledge solutions can be central in increasing GPG provision. They typically have high initial fixed cost but low ongoing and variable cost. Thus, once set up, they can be scaled up and out easily. Moreover, providing these tools for free makes them very attractive to the users as they can only benefit of using it.
- Achieving the green transition globally is costly. Combining MDB finance, other grants, and loans with the leveraging of private capital is therefore necessary. The GBTP addresses this issue and thus complements other projects on the green transition in a particularly efficient manner.
- Although scaling the GBTP up and out is comparatively cheap, initial set-up costs exist and maintenance, IT, and communications cost remain long term. Yet, as the GBTP does not generate revenues, continuous financing is necessary. To maintain the platform, one option would be a steering committee of MDBs playing a leading role in the platform's globalisation. Interested donors could support the making of the GPG maintaining the highest standards in the evolving green and sustainable finance space.

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<sup>7</sup> Environmental Finance (2023): <https://www.environmental-finance.com/content/awards/environmental-finances-bond-awards-2022/winners/initiative-of-the-year-green-bond-idbs-green-bond-transparency-platform.html>