Sustainable Finance in Emerging Markets

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March 2023

Sources: Sustainable Finance in Emerging Markets: Evolution, Challenges and Policy Priorities – IMF Working Paper
IMF Global Financial Stability Report October 2022

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Sources for the charts: Bloomberg, BNEF, Haver Analytics, other sources cited in

a) Sustainable Finance in Emerging Markets: Evolution, Challenges and Policy Priorities – IMF Working Paper

b) IMF Global Financial Stability Report October 2022

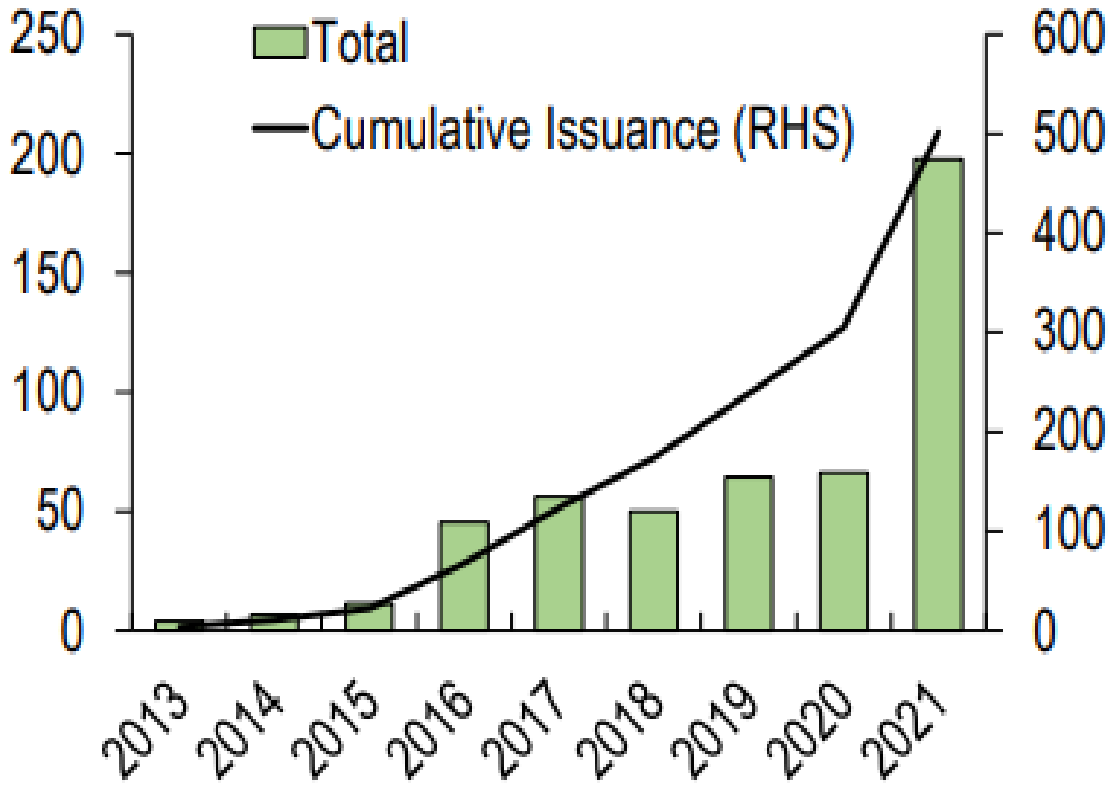
Agenda

1. Rise of EM sustainable finance – in size
2. Rise of EM sustainable finance – in scope
3. Key Challenges faced by EMs
4. Opportunities

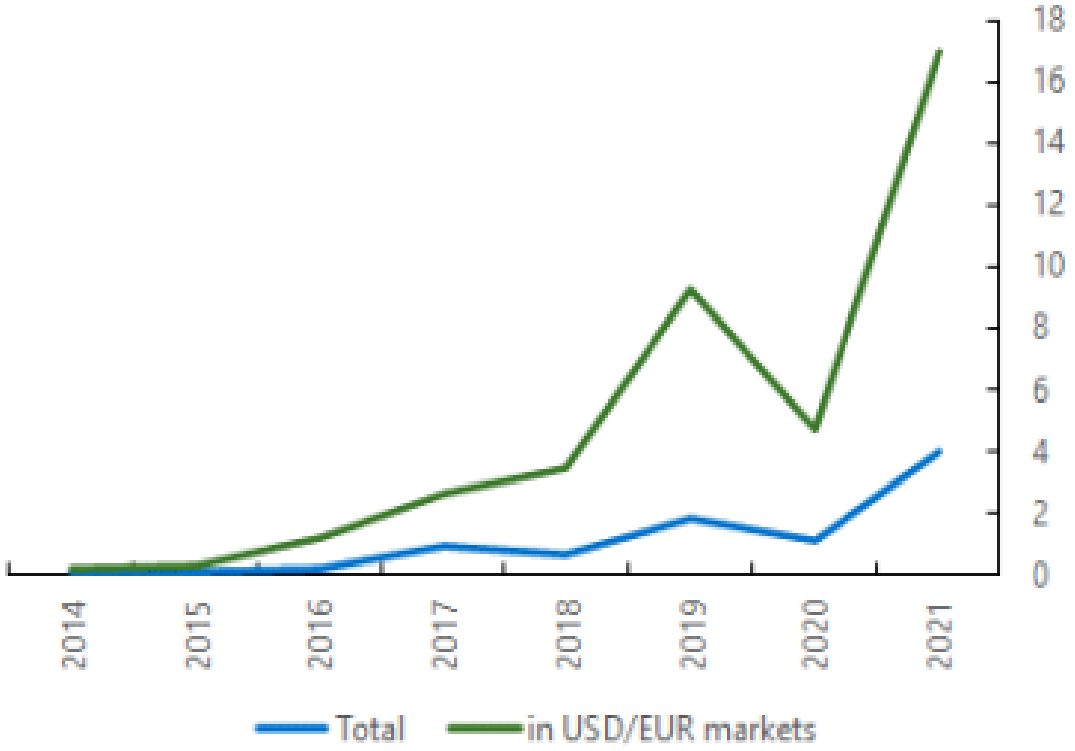
EM Sustainable Finance Ecosystem – Rising in Size

Rise of Sustainable Finance in EMs

EM ESG Bond Issuance
(USD Bn)

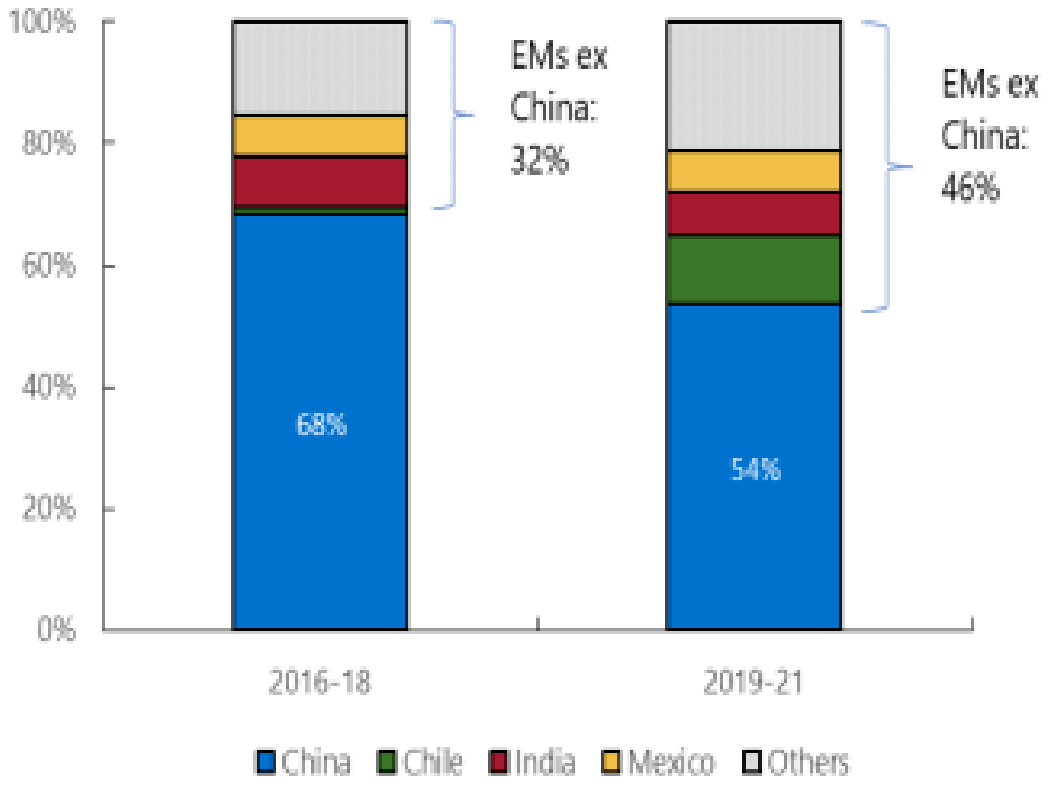


. ESG Issuance as a proportion of the total issuance
(Percent; for EMs ex China)



Steady expansion of the universe across EMs

Yearly ESG debt issuance in EMs, by region
(USD Billion, percent)



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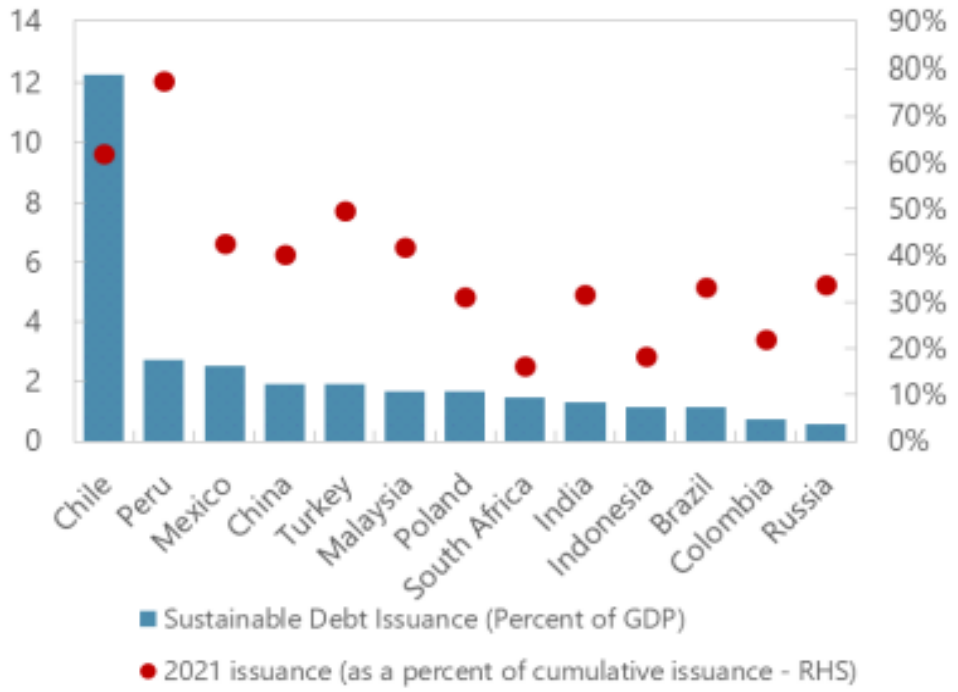
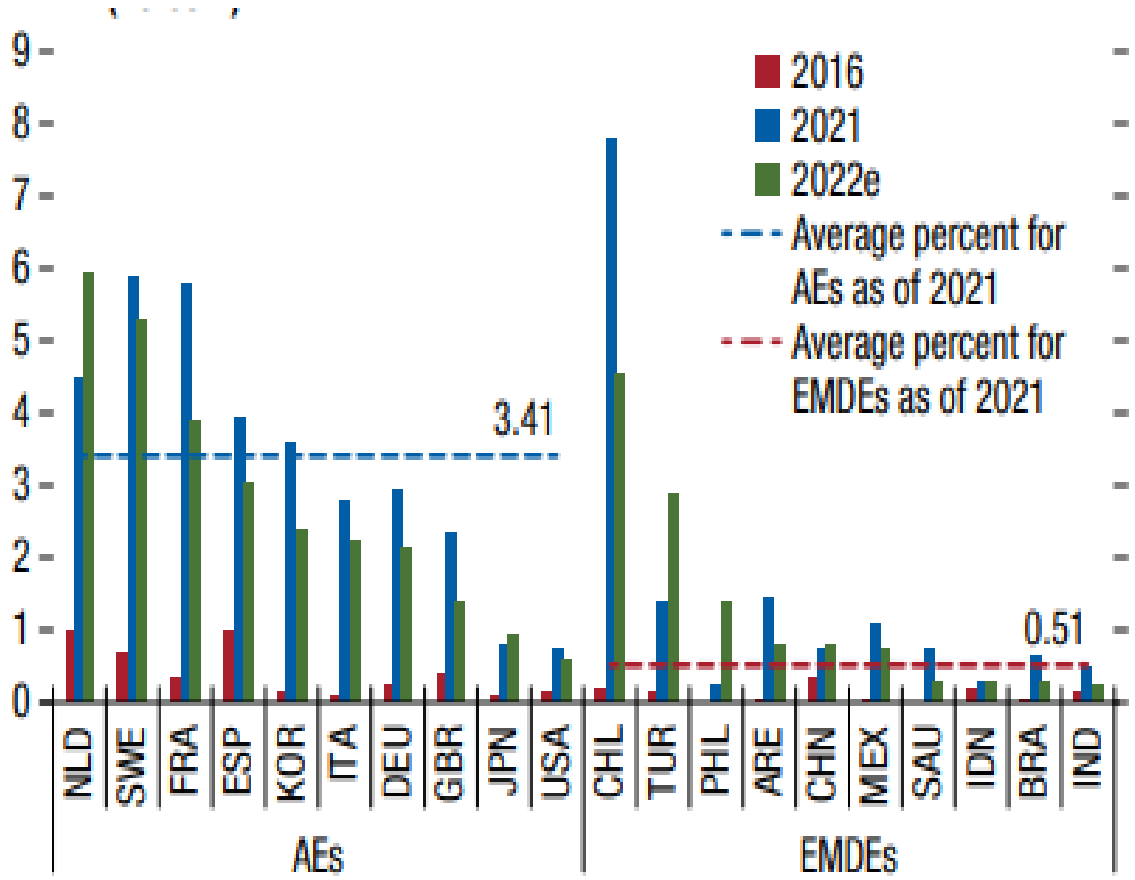
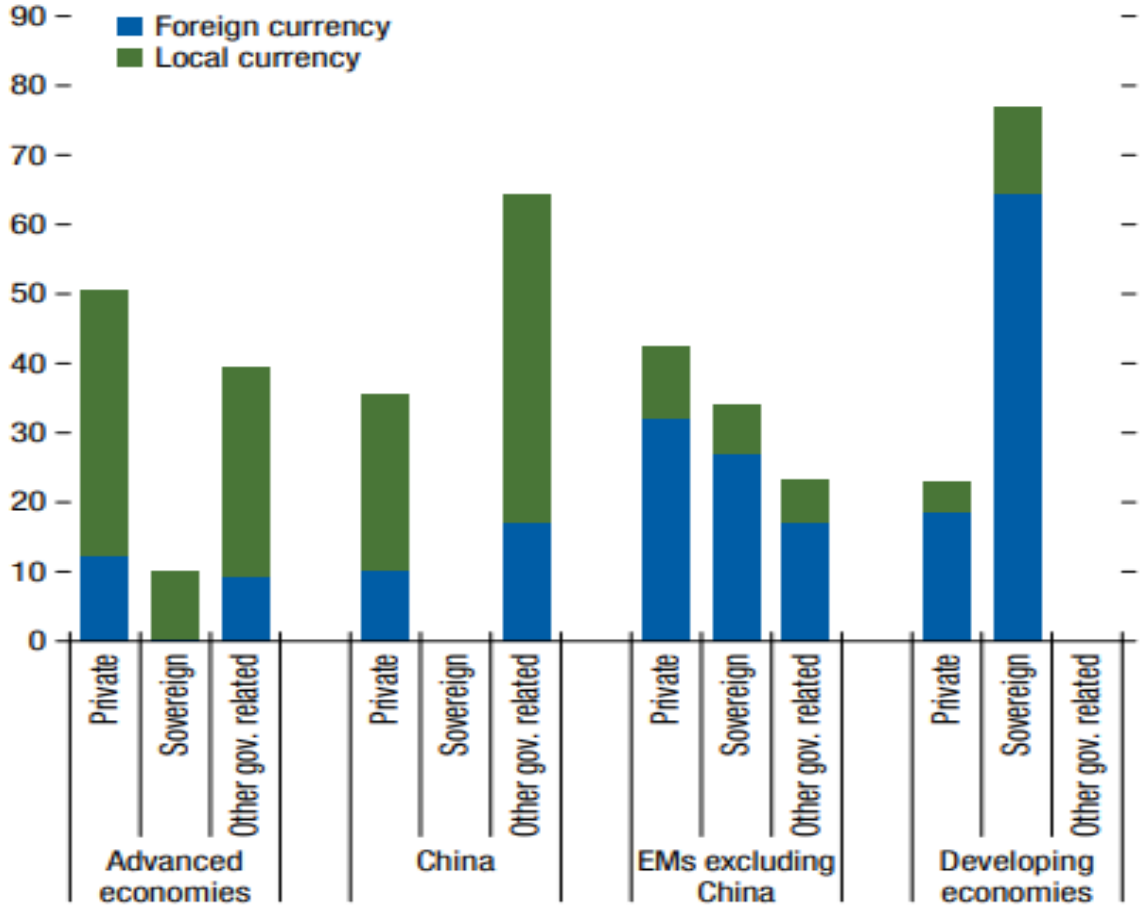


EMs have followed a very different route to AEs

Issuance of Sustainable Instruments (Percent of GDP)



Cumulative Issuance of Sustainable Bonds (Percent, since 2008)

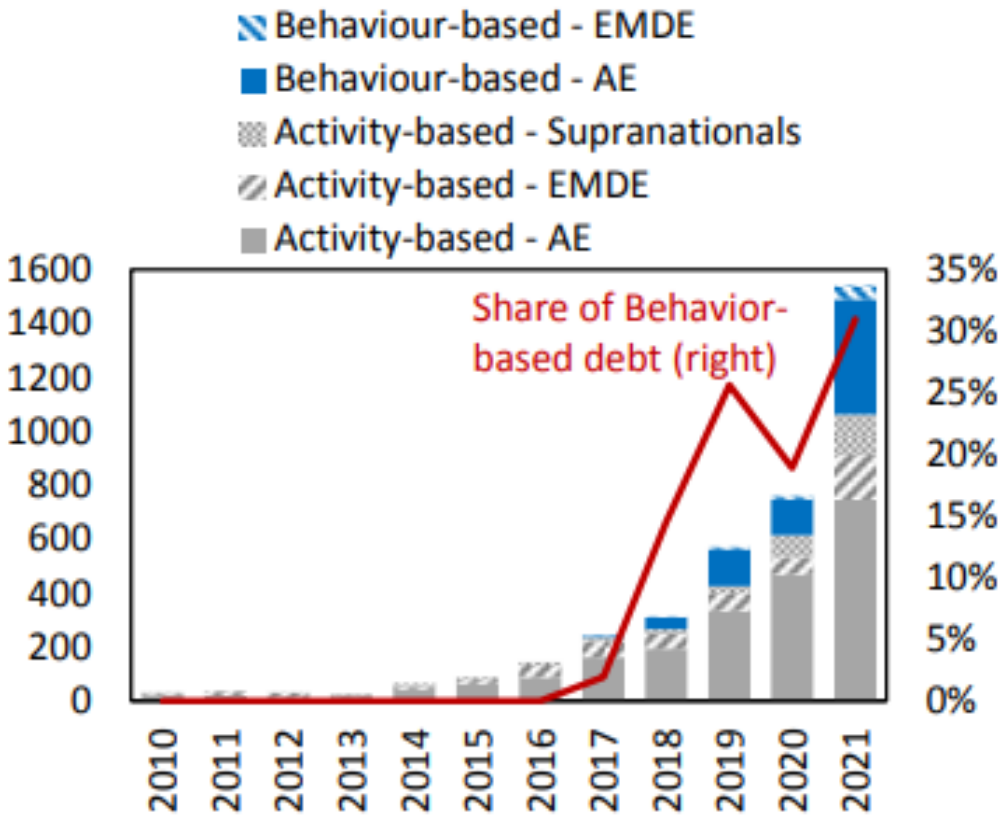


Sourced from IMF GFSR October 2022: Chapter on Private Financing for EM Sustainable Finance Strategies

… and rising in scope

Steady expansion of the universe across categories

Global annual issuance by type of sustainable debt
(USD Billion, percent)



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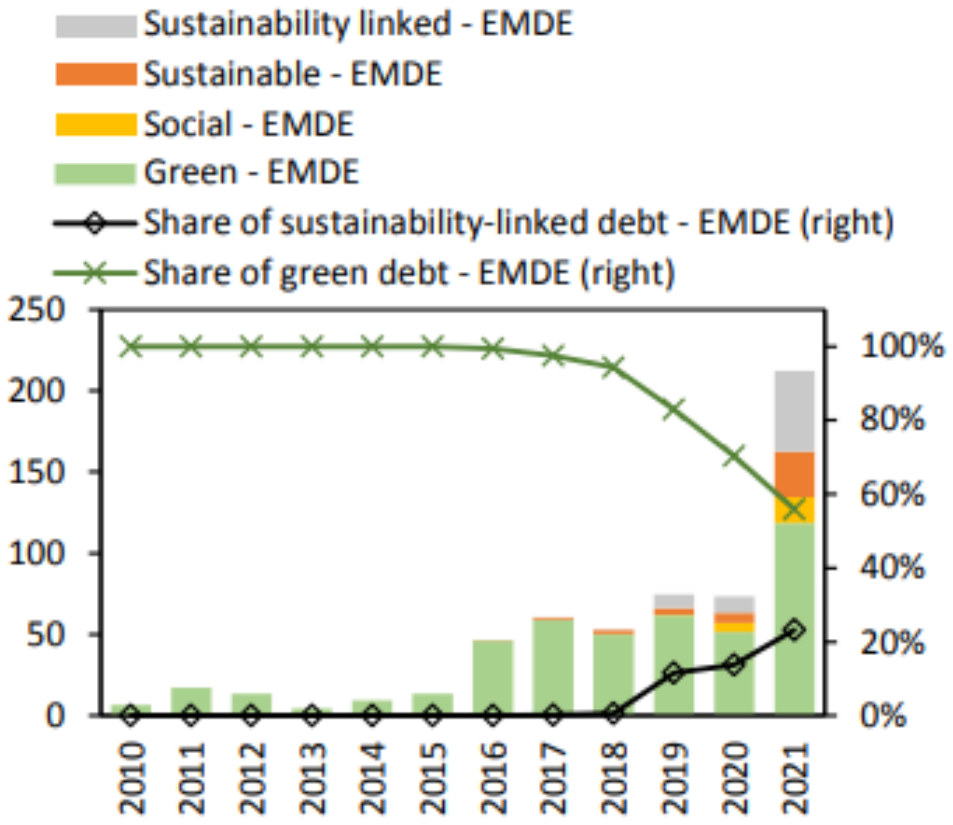
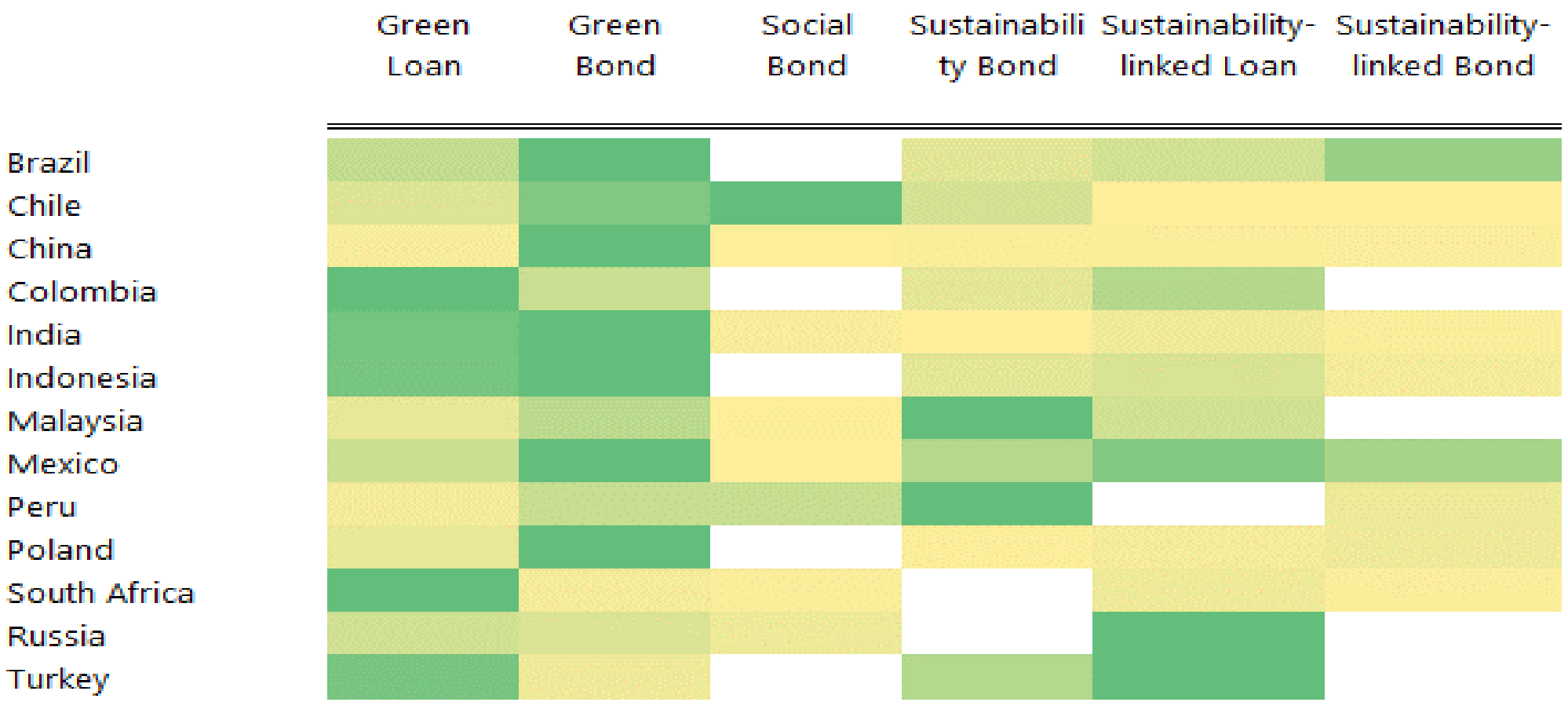


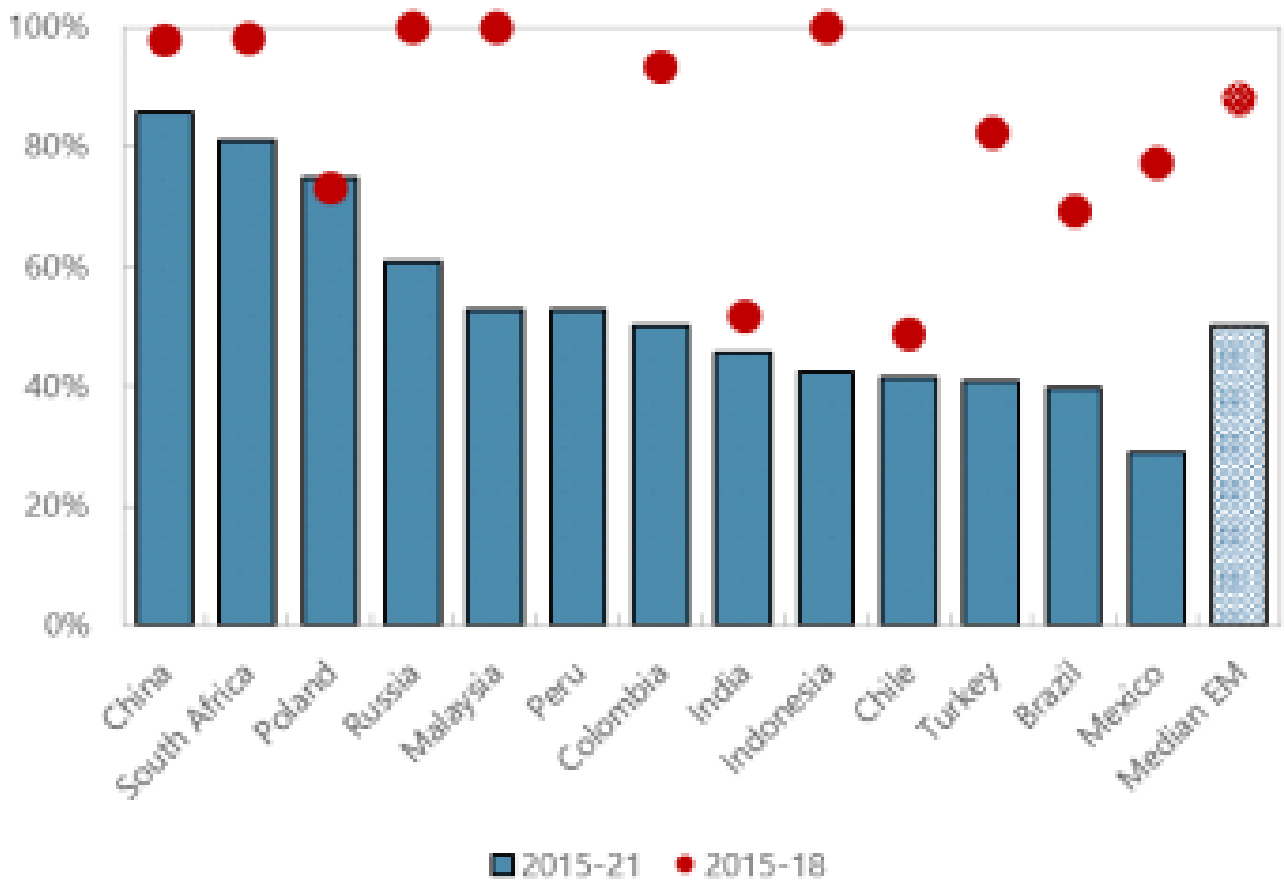
Rich variation across EMs: Category mix

Type of Sustainable Finance Issuance by key EMs (Cumulative since 2015 beginning)



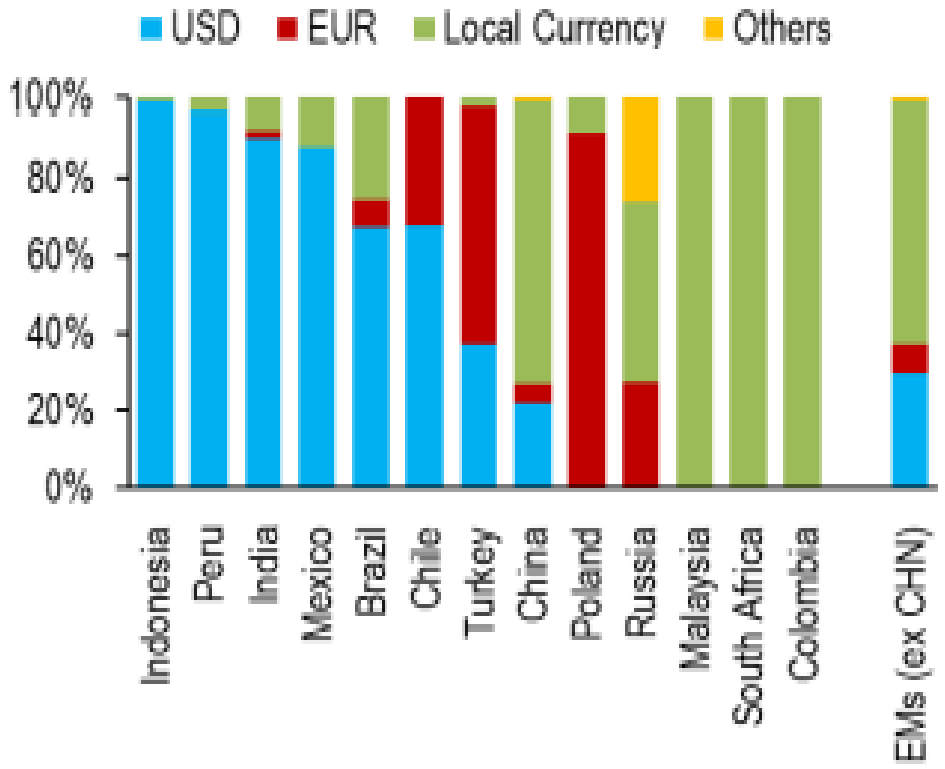
… and the variation is rising over time

Proportion of issuance by the largest category
(Percent)

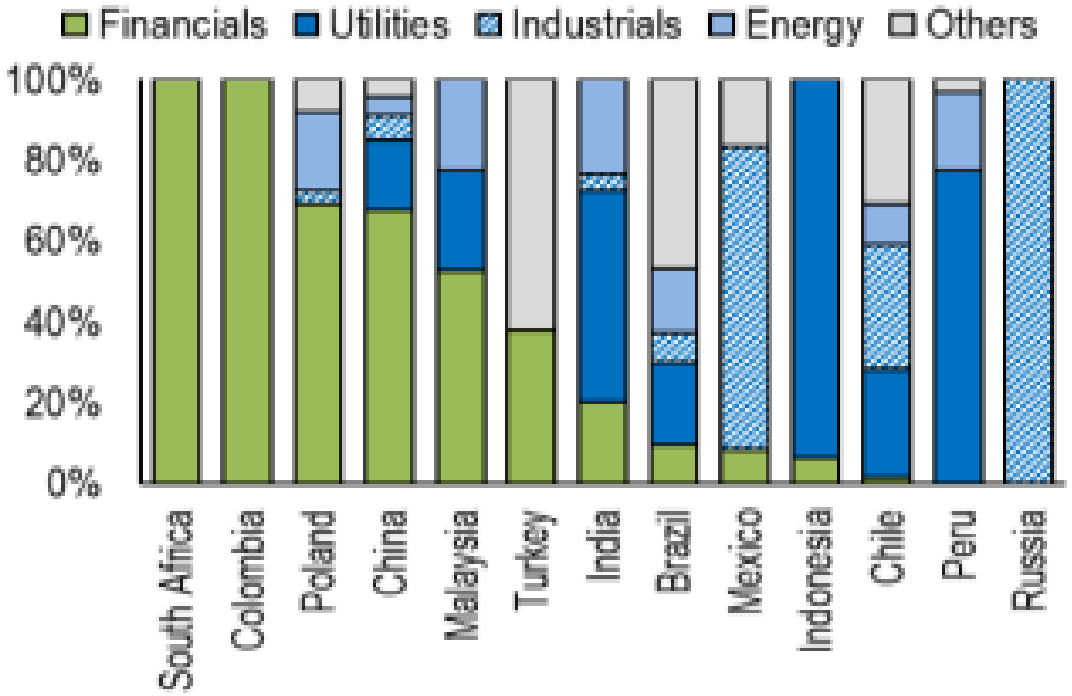


Rich Variation across EMs

Green bond issuance: Split by currency denomination



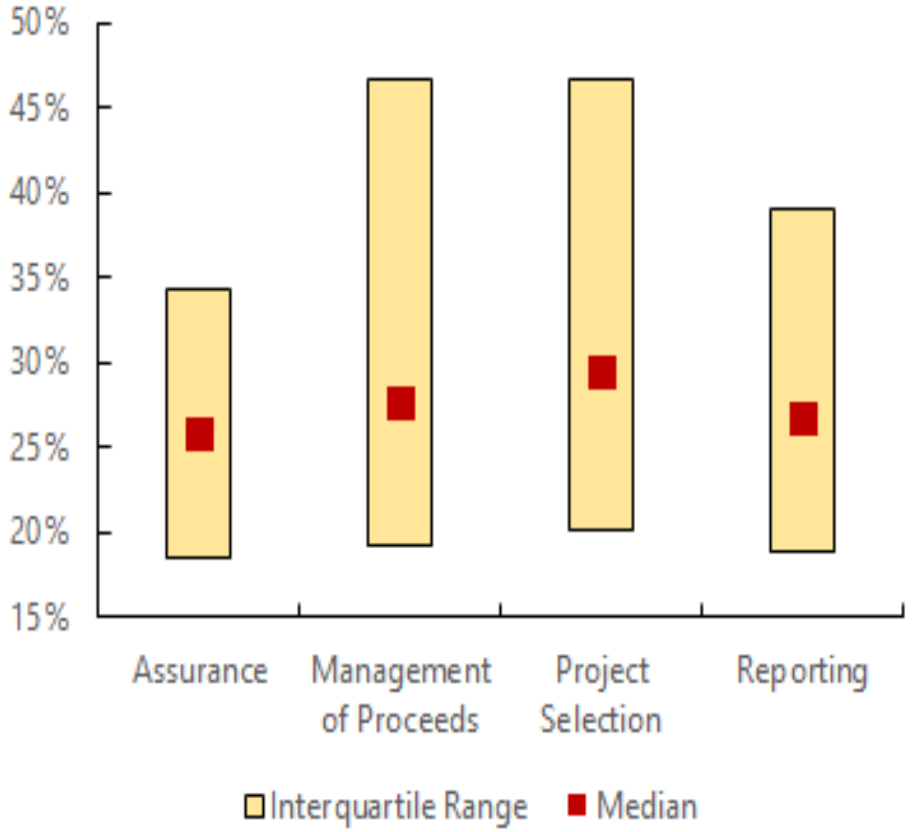
Green bond issuance: Split by sectors



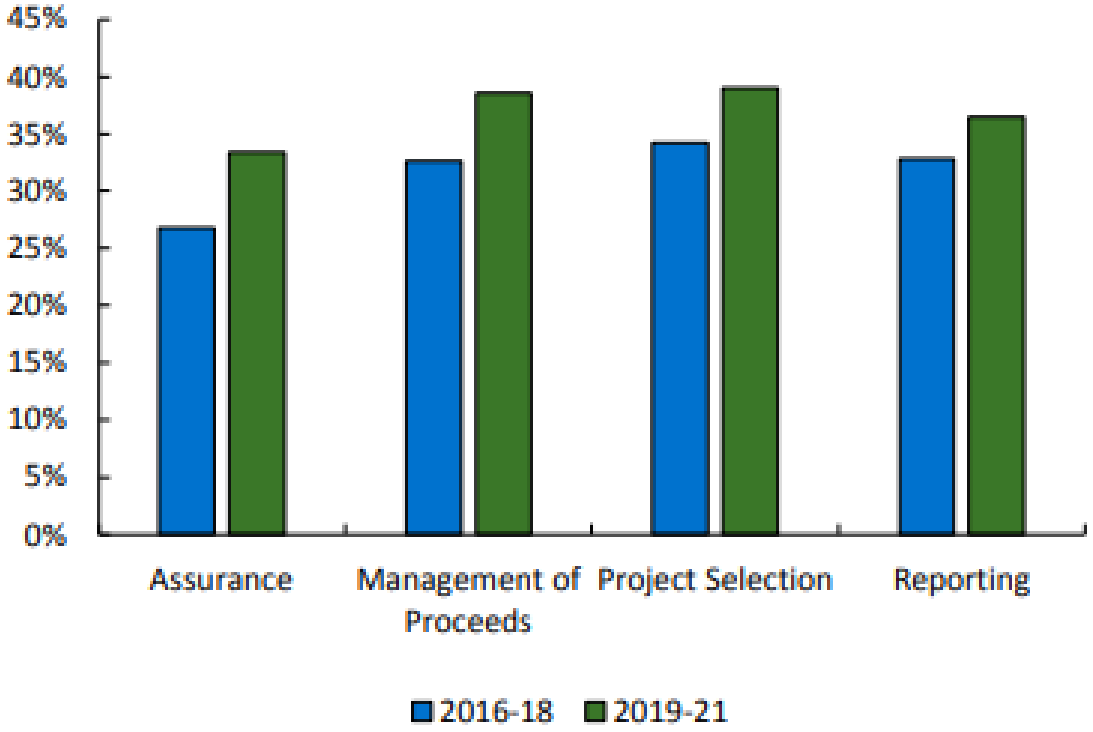
Key Challenges

Adherence to principles

% of projects which adhere to ICMA Green Bond Principles (Range across EMs)

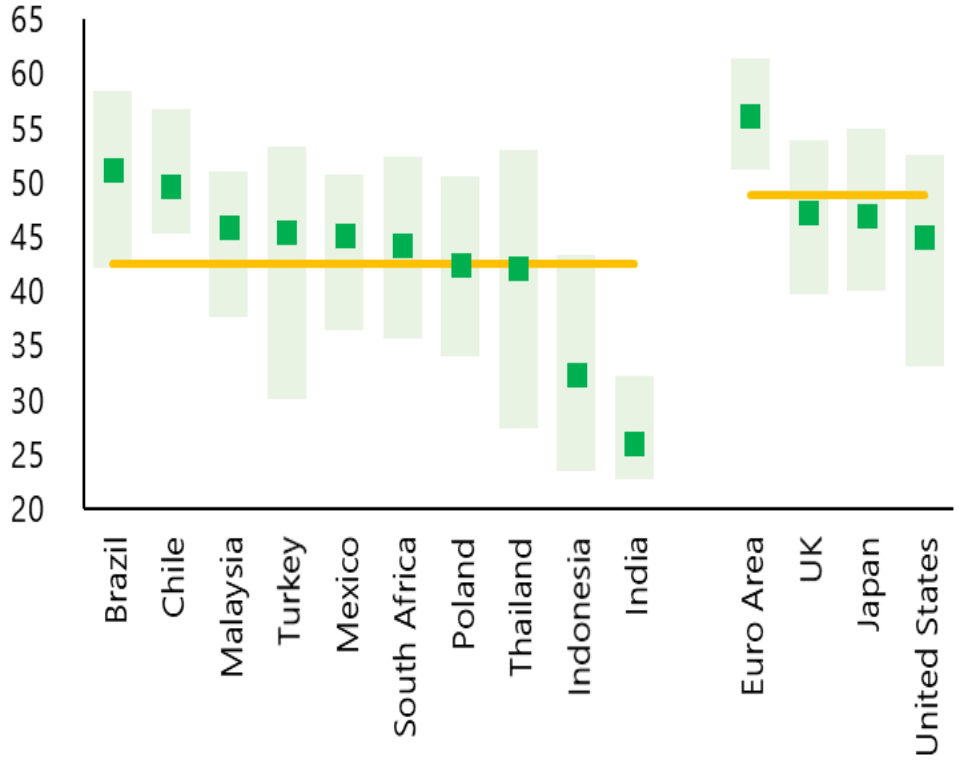


Proportion of the issuance which has disclosures on the usage metrics of the project, over time (Percent)

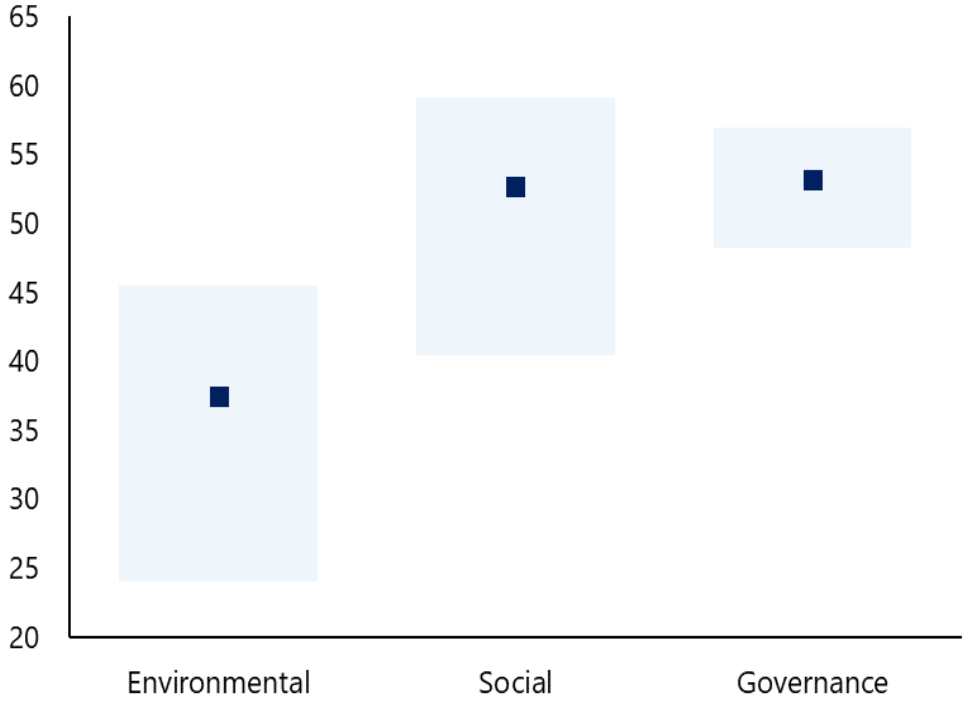


Data disclosure– especially for the environmental category

Percent of corporates who do data disclosures
(Range across EMs)

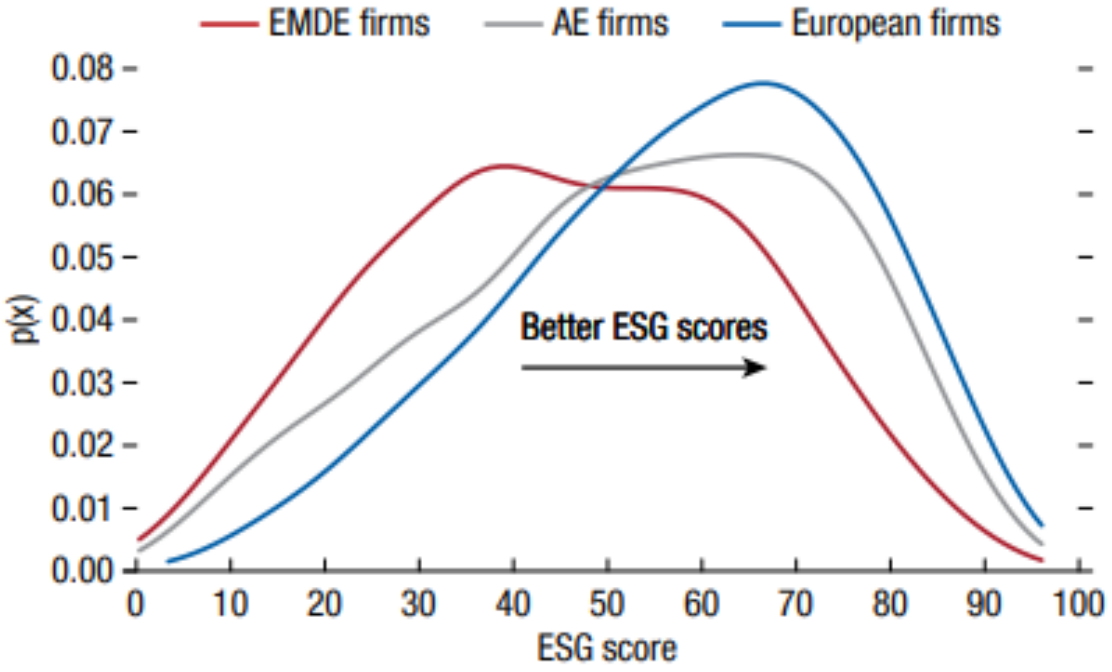


Percent of corporates who report data disclosure, segmented by categories
(Range across EMs)

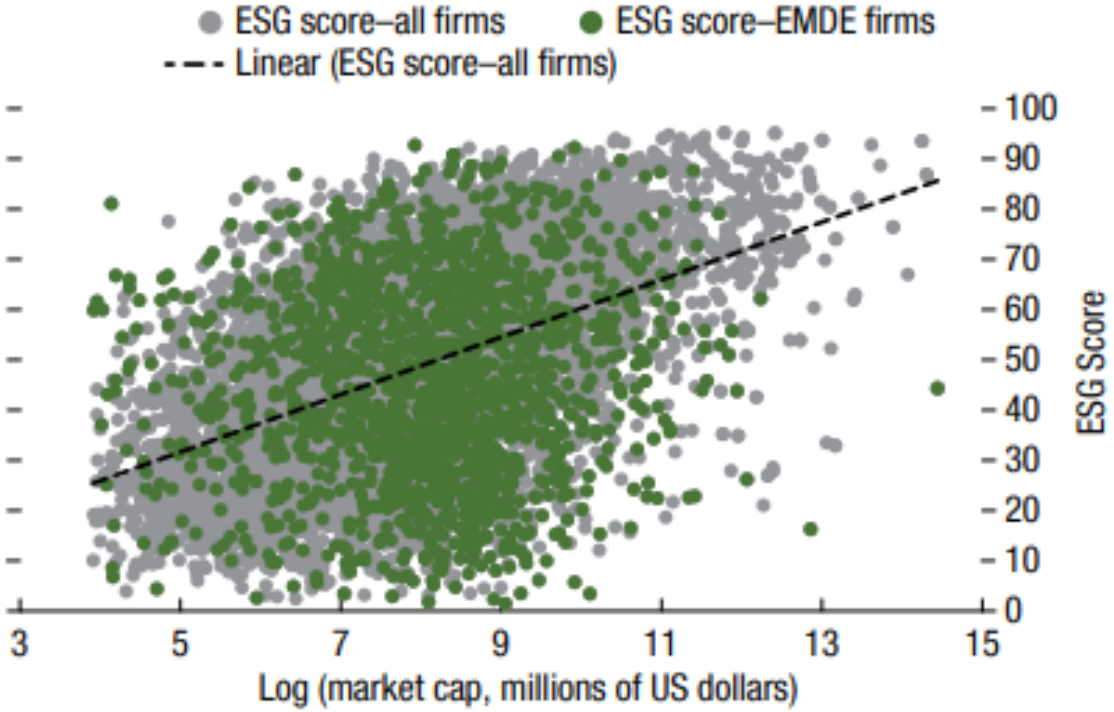


ESG Scores

Smoothed Distribution Function of ESG Scores (Probability)



Change in the ESG Scores across regions

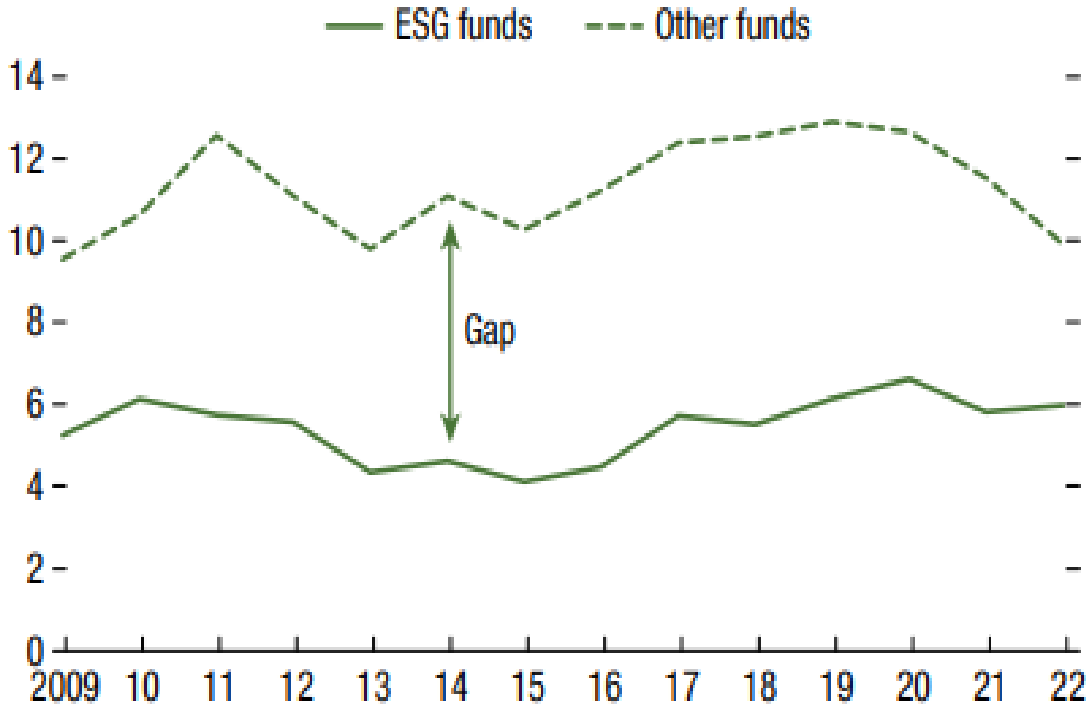


Sourced from IMF GFSR October 2022: Chapter on Private Financing for EM Sustainable Finance Strategies

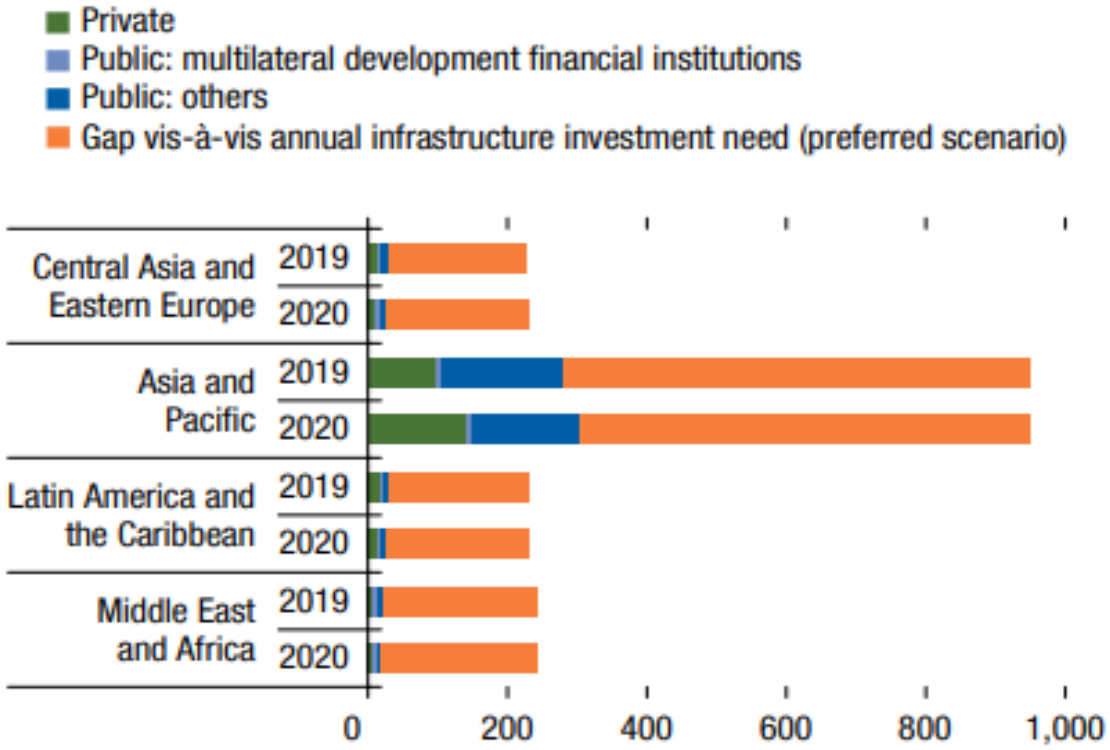
Opportunities

Significant Scope of Growth in EMs

Share of EMDE Allocations of ESG vs. Other Funds (Percent)



Global Climate Finance Flows in Mitigation and Infrastructure Investment Needs by Region (Billions of US dollars)



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