

Green Bonds

In 2013 the City of Gothenburg was the first city in the world to use the framework for green bonds. In three years, a total of 3.36 billion SEK (397 million USD) have been issued for the City of Gothenburg and we will continue with the aim to finance a growing part of the city's investments. Eligible Projects are a selected pool of projects funded by the City of Gothenburg that promote the transition to low carbon and climate resilient growth.

Green Bonds are a financial tool designed to counter and reduce the impact of climate change. The initiative comes from the World Bank, which launched these bonds in 2008 as a part of the process of stimulating and coordinating the activities of the public and private sectors aiming to combat the effects of climate change. These bonds mean that capital is dedicated to various green projects. Green Bonds offer the same ROI as other bonds under similar conditions while at the same time contributing to a better environment and greater awareness of climate-related challenges and solutions. City of Gothenburg has collaborated with Cicero, a research institute at the University of Oslo. Cicero has provided a so-called second opinion about the framework for Green Bonds.

There are many possible positive side effects. Green bonds give a clear and transparent funding of sustainable projects that did not previously exist. This gives the financial markets the opportunity to choose sustainable options. The major impact will likely come when green bonds and other sustainable forms of investment spread and become a significant part of the financial market. In the future Green bonds could be an additional driving force for the City of Gothenburg to increase investments to reduce emissions and adapt the city to climate change.

The response to our work in green bonds has been tremendous and has created a large international and national interest. In July 2015 Gothenburg was the first issuer to use the new dedicated green bond segment on London Stock Exchange. It has also created new partnerships internally between different parts of the City of Gothenburg's large organization (about 50,000 employees), eg, between Finance and Environmental Department. Green bonds help to fund large parts of the city's environmental work with the aim of realizing the city's Environmental Programme and Climate Programme (see other Actions) that includes both objectives, strategies and concrete measures for the city's overall environmental performance.

Projects we have funded through Green Bond program will be added as soon as they have passed the selection process. The following projects are selected so far:

- Lackarebäck Water Plant - purification filter for drinking water (climate adaptation)
- GoBiGas - Plant for biogas production by gasification of forest waste
- Investment in 100 electric cars.
- Denitrification project at Gryaab Sewage Treatment plant
- Park & naturförvaltningen - tree planting project within the city
- Göteborg Energi Celsius Project - knowledge dissemination and demonstration projects on district heating for example district heating for a large ferry and for domestic appliances
- Lokalförvaltningen – projects in sustainable housing, low energy schools and preschools in line with passive house standard and high standards on materials use

More information (in English):

City of Gothenburg website for financial information and Green Bonds:

<http://finans.goteborg.se/en/greenbonds>

The World Bank;

http://www.eurocapitalmarkets.org/system/files/George_Richardson_WorldBank.pdf