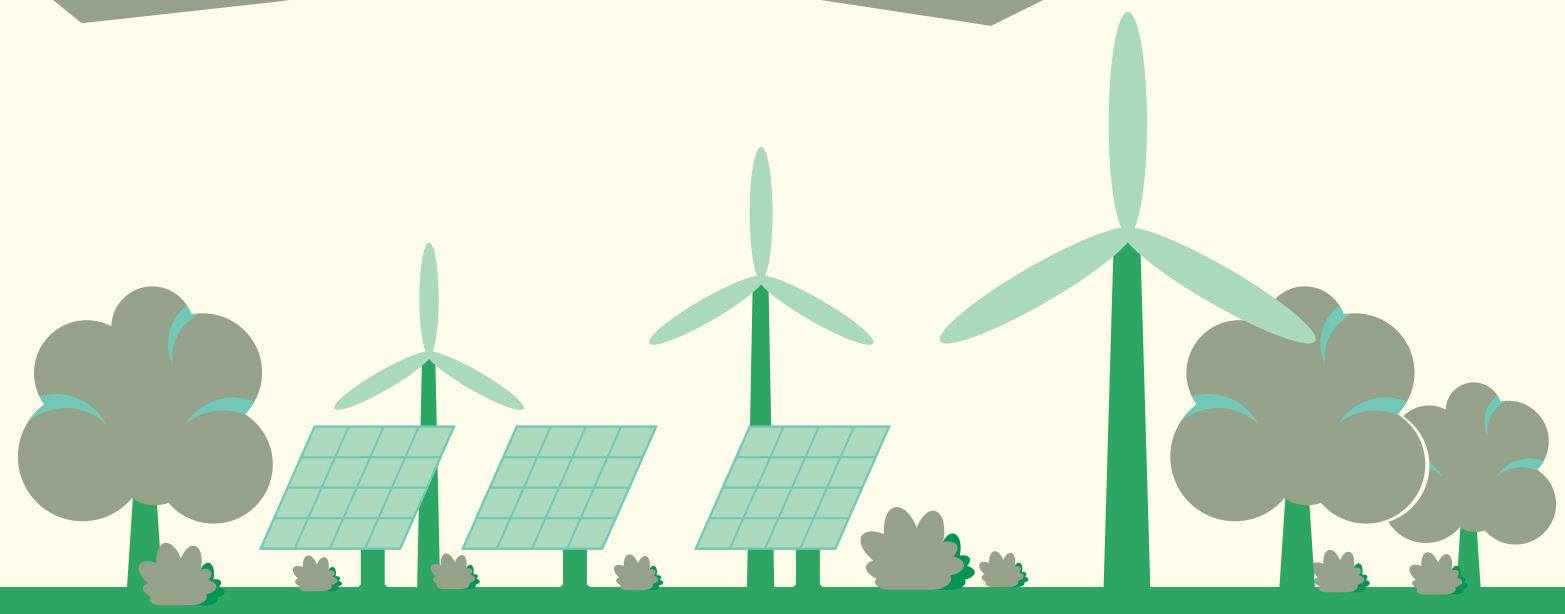


# An Introduction to Issuing Thematic Bonds



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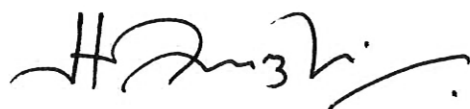
# Foreword

The fixed income markets have seen a substantial rise in the issuance of green, social, sustainability, and Sustainable Development Goal (SDG) bonds in the past few years. These types of bonds, referred to collectively as thematic bonds, are akin to common fixed-income securities with the main difference being that the projects financed from the issuance of such bonds aim to generate high environmental and social benefits. Thus, thematic bonds have the potential to contribute to the implementation of the 2030 Agenda for Sustainable Development.

The signing of the Paris Agreement in 2015 was in part responsible for triggering the emergence of green bonds. The Agreement brought to the forefront the urgent need for global institutional investors to join the fight against climate change through capital investments based on sound environmental principles. Simultaneously, other types of fixed-income securities — such as social, sustainability, and SDG bonds — emerged to offer redress for other global challenges outlined by the Sustainable Development Goals (SDGs). The devastating socio-economic consequences of the COVID-19 pandemic, and the resultant need for fiscal spending, have only increased interest in these instruments, including in countries in special situations. Issuing a thematic bond is a multifaceted process, involving numerous steps issuers are required to follow.

This report describes the major processes involved in the issuance of thematic bonds, which can be categorized into four stages: (i) feasibility; (ii) pre-issuance; (iii) issuance; and (iv) post-issuance. It provides practical guidelines for engaging in each stage of the process and explains critical actions that need to be undertaken in the issuance procedures, as well as outlines the unique dimensions and benefits that thematic bonds offer.

I hope that both practitioners and policymakers benefit from this report.



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# Explanatory Notes

Groupings of countries and territories/areas referred to are listed alphabetically as follows:

**ESCAP region:** Afghanistan; American Samoa; Armenia; Australia; Azerbaijan; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; Cook Islands; Democratic People's Republic of Korea; Fiji; French Polynesia; Georgia; Guam; Hong Kong, China; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Kiribati; Kyrgyzstan; Lao People's Democratic Republic; Macao, China; Malaysia; Maldives; Marshall Islands; Micronesia (Federated States of); Mongolia; Myanmar; Nauru; Nepal; New Caledonia; New Zealand; Niue; Northern Mariana Islands; Pakistan; Palau; Papua New Guinea; the Philippines; the Republic of Korea; the Russian Federation; Samoa; Singapore; Solomon Islands; Sri Lanka; Tajikistan; Thailand; Timor-Leste; Tonga; Turkey; Turkmenistan; Tuvalu; Uzbekistan; Vanuatu; and Viet Nam.

**Least developed countries:** Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao People's Democratic Republic, Myanmar, Nepal, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu. Samoa was part of the least developed countries prior to its graduation in 2014.

**Landlocked developing countries:** Afghanistan, Armenia, Azerbaijan, Bhutan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Mongolia, Nepal, Tajikistan, Turkmenistan, and Uzbekistan.

**Small island developing States:** Cook Islands, Fiji, Kiribati, Maldives, Marshall Islands, Micronesia (Federated States of), Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

**East and North-East Asia:** China; Democratic People's Republic of Korea; Hong Kong, China; Japan; Macao, China; Mongolia; and the Republic of Korea.

**North and Central Asia:** Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan, Turkmenistan, and Uzbekistan.

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