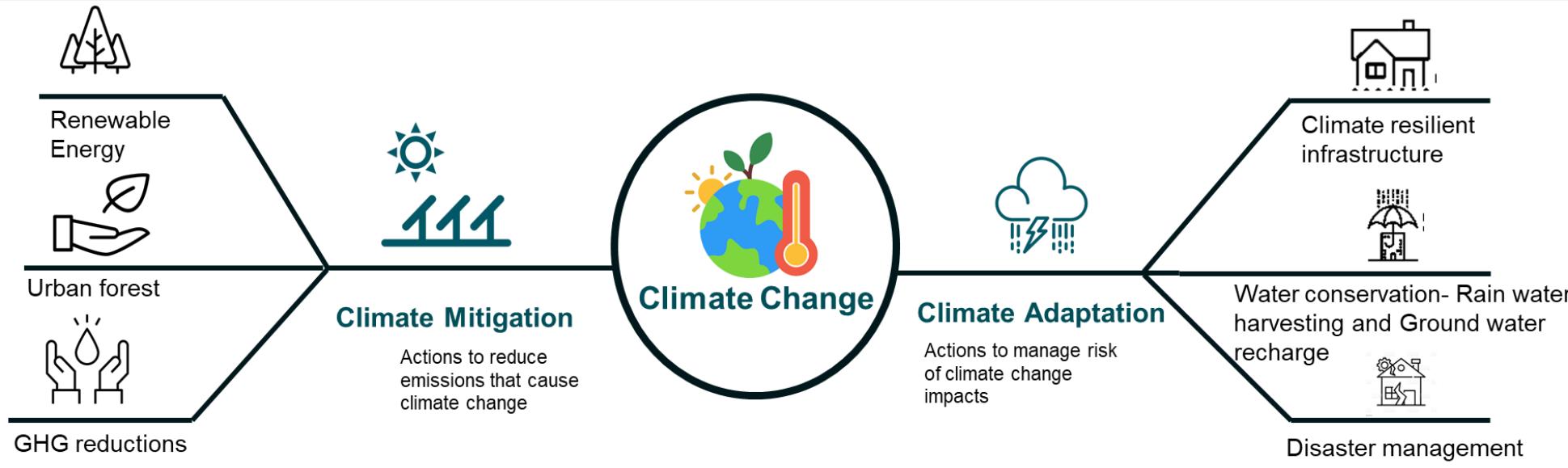


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What Is Climate Finance?

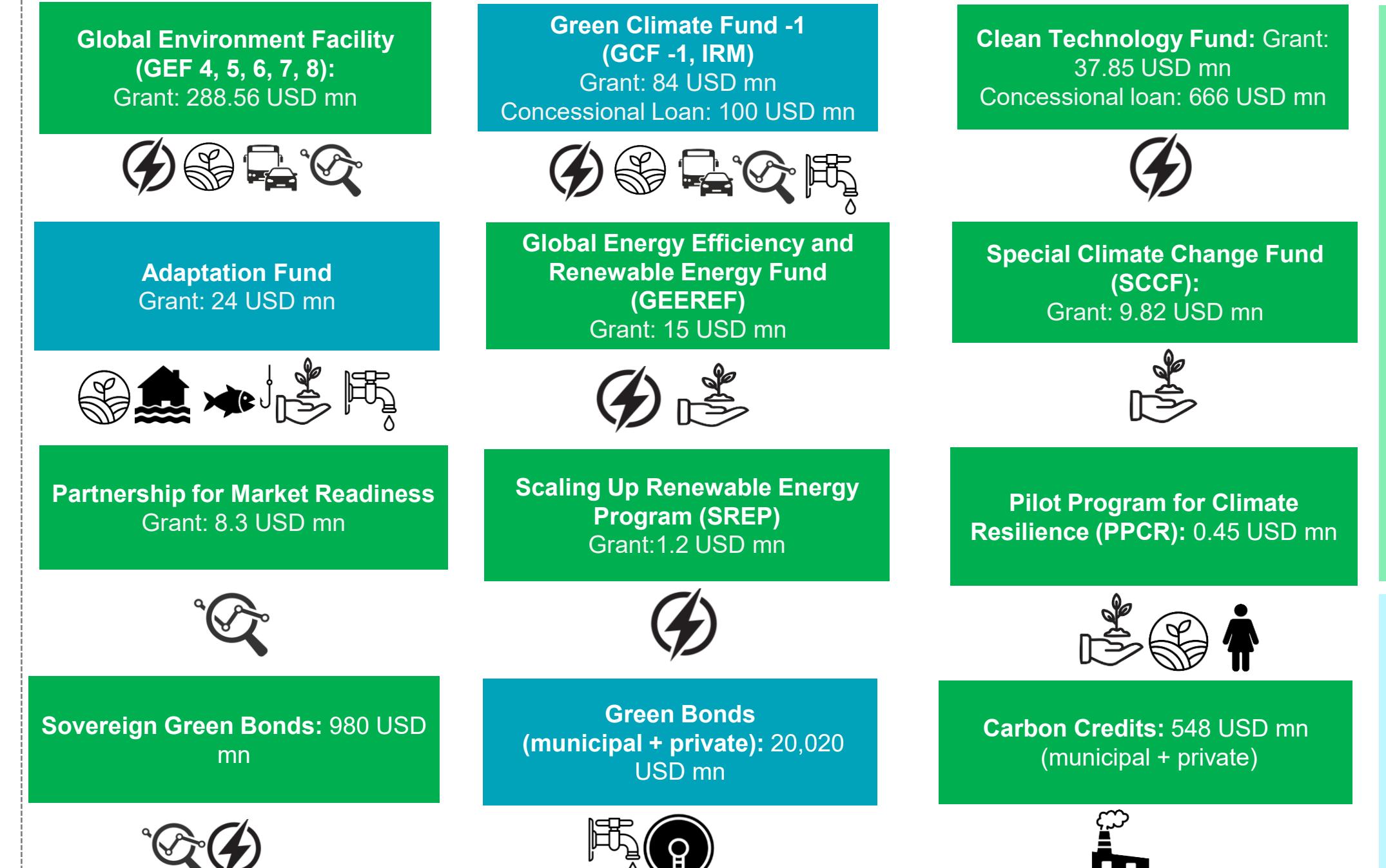


Climate finance refers to **local, national or transnational financing** drawn from public, private and alternative sources of financing that seeks to support mitigation and adaptation actions that will address climate change.



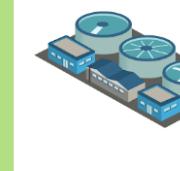
WASH finance is generally adaptation finance which is very low as compared to other sectors.
Only 1% of mitigation finance is WASH.

India's green portfolio



India's green portfolio size: 23,000 USD mn

Green Bond for climate finance

What are Green bonds?	Sectors eligible for Green bonds	Municipal and Green bonds Market in India	Key Initiatives
 Raised capital for environmental and climate focused green projects	 Renewable energy  Sustainable water and waste management  Pollution prevention  Clean transportation  Climate change projects	<p>35 municipal bonds by 14 Urban Local Governments + 2 state development authorities raised pooled bonds to implement 23 WASH projects</p> <p>FY 1997- 2017  Total USD 288 million mobilized for WASH projects</p> <p>FY 2017-2023  USD 202 million mobilized for WASH projects + USD 21 million leveraged in the form incentive-based grants offered by GoI to raise bonds</p>	 India's first green bond was raised in 2015 by Yes bank Ltd.  The Government of India raised USD 2 billion Sovereign Green Bonds January 2023  Ghaziabad city raised first municipal green bond for water and sanitation treatment infra  USD 1 million in incentives by GoI on raising green bonds worth USD 10 million.
 Fixed income debt instrument			
 SEBI guidelines for issuing Green Bonds			

Examples of Green Bond

Ghaziabad Green bond

Green Municipal Bond of ~USD 18 million, FY 2024

- Financed 40 MLD Tertiary Sewage Treatment Plant (TSTP) with 95 km pipeline supplying treated water to ~1,400 industries.
- Certified by CBI for sustainable water management.
- Oversubscribed >4 X times under PPP-HAM model.

Indore Green bond

Green Bond of USD 12 million, FY 2024

- Set up a 60 MW solar power plant to lift Narmada River water (~80 km away).
- Bid subscribed 5.9 X times.
- AA+ Stable rating.
- Carbon credits worth ~USD 62 k earned for O&M of solar-powered WASH system

Vadodara Green bond

Green Bond of USD 12 million, FY 2024

- Developed 2 STPs (121 MLD) with drainage network for liquid wastewater management.
- Bid subscribed 44 X times.
- A+ Stable rating.
- India's first certified green municipal bond for sustainable WASH infrastructure

Surat Green bond

Green Bond of ~USD 24 million, FY 2025

- For Zero Liquid Discharge (250 MLD) Water Treatment Plant, renewable energy (10 MW solar & 6.3 MW wind), and urban green infrastructure.
- Oversubscribed 8 X times
- AA+ rating, verified by KPMG and Climate Bonds Initiative.

- Green bonds offer potential for cities to finance sustainable projects, but face key challenges, low awareness, limited creditworthiness, and weak project pipelines
- Strengthen capacity building, credit enhancement mechanisms, and technical assistance for cities
- Provide tax incentives to attract retail and institutional investors like USA green bond market
- Reduce issuance costs through pooled bonds and standard templates for municipal green bonds

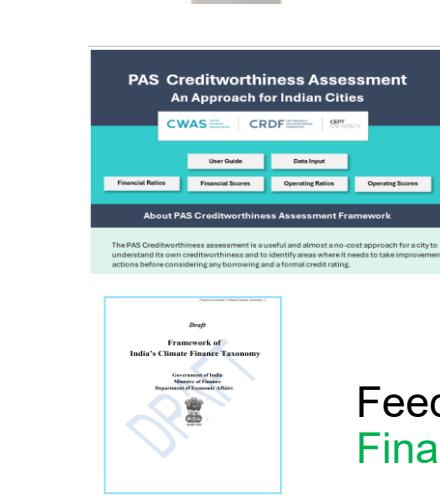
Other Initiatives for climate finance



Course Module Development of Innovative Financing Mechanism with SEBI/NISM



Research on green bonds for urban infrastructure investments



Course Module Development of Innovative Financing Mechanism with SEBI/NISM



Integrating climate budgeting with annual municipal budgeting process in cities

Feedback on Draft Climate Finance Taxonomy to GoI

