

Commonwealth sets up \$1 billion green finance facility

November 28 2015, by Ella Ide



Malta's Prime Minister Joseph Muscat (R) delivers a speech during the opening ceremony of the Commonwealth Heads of Government Meeting (CHOGM) at the Mediterranean Conference Centre in Valletta on November 27, 2015

Maltese Prime Minister Joseph Muscat unveiled Friday a new \$1 billion Commonwealth Green Finance Facility to support environmental projects within the 53-nation bloc as the race against climate change intensifies.

The CGFF will start with a working group, bringing together representatives from countries including Australia, Britain, Canada, Malaysia and Nigeria, and financial companies including HSBC and

PricewaterhouseCoopers, the facility said in a statement.

The \$1 billion (950-million-euro) facility would be capitalised initially through sovereign contributions and then through so-called [green](#) bonds, and is expected to be fully operational by the end of 2016.

The project was announced during the first day of the 2015 Commonwealth summit, which is being seen as a stepping stone towards a UN climate conference in Paris on Monday.

The CGFF hopes to "improve the bankability of green projects in Commonwealth countries, including the Commonwealth's small island states, by providing risk cover and credit enhancement," the statement said.

Green bonds—which raise funds for specific climate-related programmes or assets—have shot up in popularity over the past couple of years, with big businesses catching on to the profit to be gained by jumping into bed with the green economy.

VHS vs Betamax

On Wednesday, HSBC issued its first green bond, raising 500 million euros (\$531 million), joining banks such as the National Australia Bank and Norway's DNB ASA.

At the moment, the World Bank and the European Investment Bank are the main market players, but the field is rapidly expanding: according to Bloomberg, sales of green bonds over the past five years totalled over \$84 billion (79.3 billion euros).

HSBC—which said its funds will go towards renewable energy projects as well as water management and [climate change](#) adaptation—has called

for green bond projects to be standardised.

"We need consistence on green bonds. At the moment it's like working with both VHS and Betamax," Sherard Cowper-Coles, senior adviser to the bank's chairman, quipped Thursday in a reference to rival videotape formats.

Former diplomat Cowper-Coles urged companies at the summit to put aside fears of "being accused of greenwash" and embrace an area of "serious mainstream business".

"We need to construct the market architecture that will cause the great global investors to move their capital... if humanity is to have any kind of decent future," he said.

Prince Charles, attending the Commonwealth summit along with his mother Queen Elizabeth II and her husband Prince Philip, tackled the subject at a business forum in Malta on Thursday.

He said his International Sustainability Unit had been working on "a blue economy development framework" to advise those countries whose future economic growth relies on the health of the world's ocean ecosystems.

And he congratulated the Seychelles government in particular on their decision to issue a "blue bond"—an aquatic version of the green bond which the prince hopes will help the Commonwealth's small island states, which are the most vulnerable to global warming.

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