

Labeled Sustainable Bonds

Market Update – July 2025

Hello everyone, and a warm welcome to the update on the trends in the labeled sustainable bond market for the second quarter of the year 2025, prepared by the World Bank Treasury's Sustainable Finance Program. This newsletter provides a special focus on emerging market sovereign and sub-sovereign issuances, and an update to the policies and regulations in the sustainable finance market space. The labeled sustainable bond market comprises green, social, sustainability-linked and transition bonds.

Market Overview

The cumulative amount of green, social, sustainability, sustainability-linked, and transition bonds issued in the market reached USD 6.3 trillion as of June 2025. Performance in the second quarter of 2025 continued to show decline, with cumulative issuance in Jan-June 2025 reaching USD 480 billion. Green bond issuances represented the largest share of the labeled sustainable bond market, representing 68.3% of the overall issuances in Q2 2025.

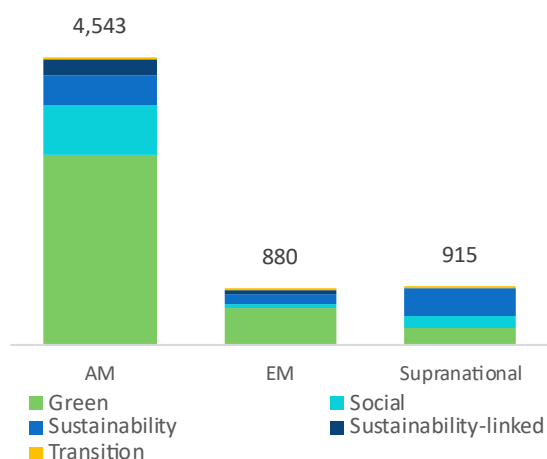
Global labeled sustainable bond annual issuance, USD bn



Source: World Bank based on Environmental Finance Data

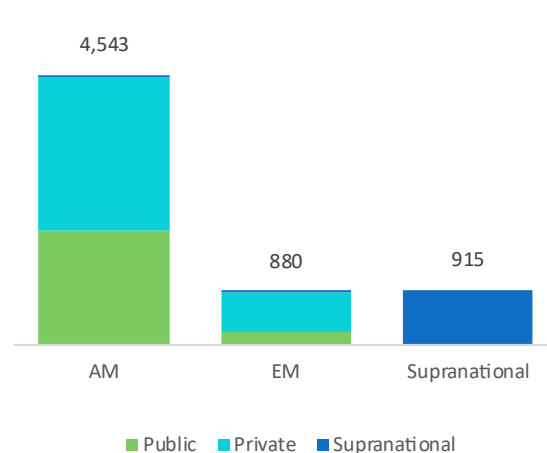
EM vs AM trends: Share of emerging markets (EM) within labeled bonds represented 14% of the total amount issued. Green bond issuances dominate both the emerging market and advanced markets (AM), representing 68% and 66% of overall cumulative issuances, respectively. Public sector, including sovereigns, government agencies, municipalities, local and regional governments. participation in EM labeled bond markets represents 26% of overall issuances, compared to 43% in AM labeled bond market.

Cumulative labeled sustainable bond issuance by market and by bond type, USD bn



Source: World Bank based on Environmental Finance Data

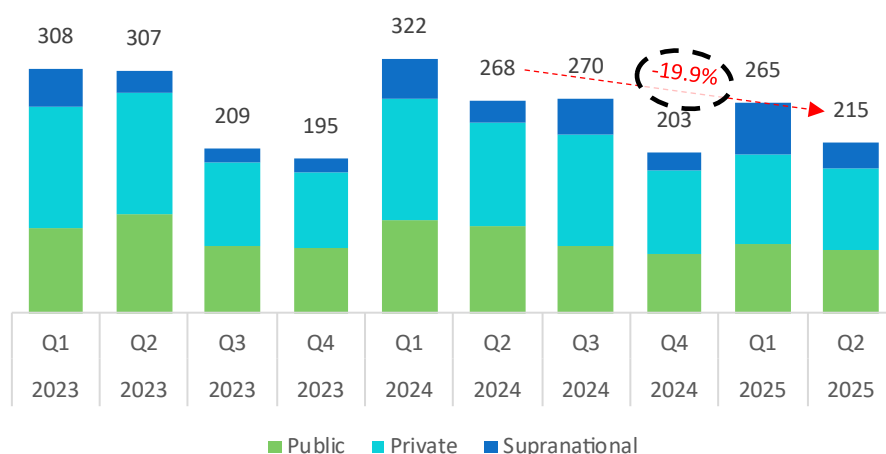
Cumulative labeled sustainable bond issuance by market and by issuer type, USD bn



Source: World Bank based on Environmental Finance Data

Quarter 2, 2025 performance: Overall cumulative issuances in the quarter were USD 214.6 bn, a decrease of 19.9% and 19% compared to Q2 2024 and Q1 2025, respectively. Year on year quarter performance across the bond types underperformed, with issuances of green, social, sustainability, sustainability-linked and transition bonds decreasing by 14.6%, 27.0%, 32.8%, 0.2% and 78.8% respectively compared to Q2 2024. Issuances in both advanced markets and emerging markets (EM) decreased by 22.0% and 39.7% respectively compared to Q2 2024.

Quarterly labeled sustainable bond issuance by type of issuer, USD bn



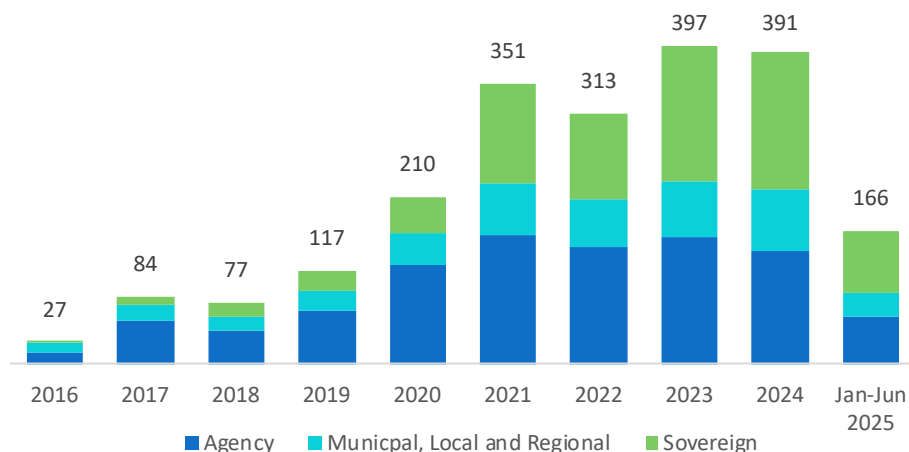
Source: World Bank based on Environmental Finance Data

Public Sector

Public sector issuances represent about 34% (USD 2.16 trillion) of the cumulative labeled sustainable bonds issued. Green bonds are the preferred instrument for public sector issuers, comprising 59% of the overall issuances. Government agencies represent the biggest segment overall (46% overall, 32% in Q2 2025) among public sector issuers. However, sovereign issuances have begun to dominate quarterly issuances (35% overall, 52% in Q2 2025), with municipals, local and regional governments representing the remaining

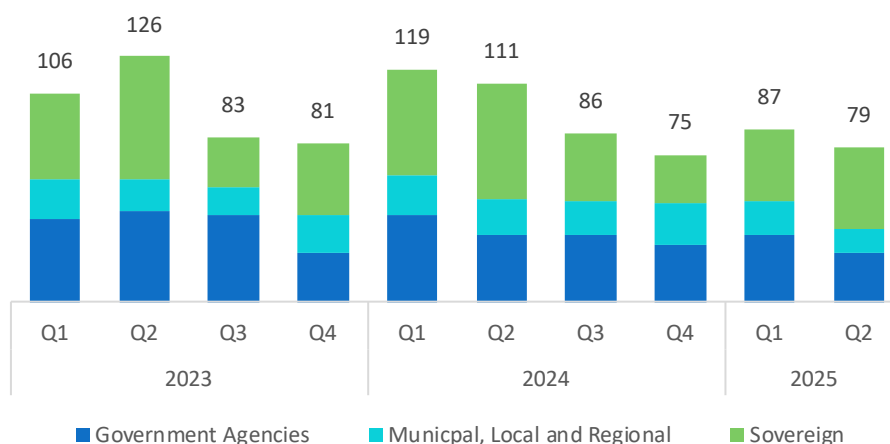
(20% overall, 16% in Q2 2025). In Q2 2025, the public sector issued USD 79 billion in labeled sustainable bonds, with overall issuances declining by 29.1% compared to Q2 2024.

Public sector labeled sustainable bond annual issuance, USD bn



Source: World Bank based on Environmental Finance Data

Quarterly labeled sustainable bond issuance in public sector by type of issuer, USD bn

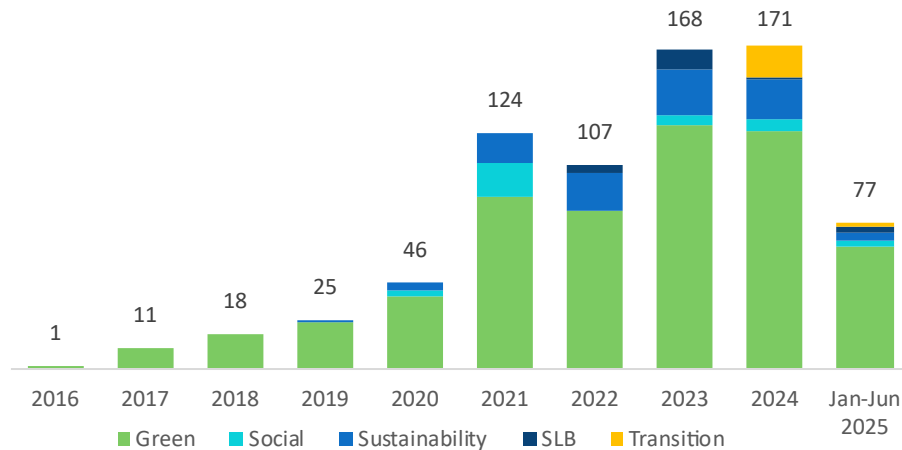


Source: World Bank based on Environmental Finance Data

Sovereigns

23 sovereigns represented cumulative labeled sustainable bond issuances of USD 41.2 billion in Q2 2025, with inaugural issuances from [China](#) and [Pakistan](#). Large ticket issuances were seen from AM sovereigns, particularly Italy, France, UK, Germany and Austria. [Poland](#) and [Nigeria](#) returned to market respectively after a gap of almost 6 years with a EUR 1.25 billion and a NGN 50 billion green bond respectively. [Slovenia](#) issued its inaugural sustainability-linked bond worth EUR1.16 bn in the market, having previously issued social and sustainability bonds. Overall issuance in the market is represented by 61 sovereigns, who have issued a cumulative amount of USD 748.5 billion in the labeled sustainable bond market.

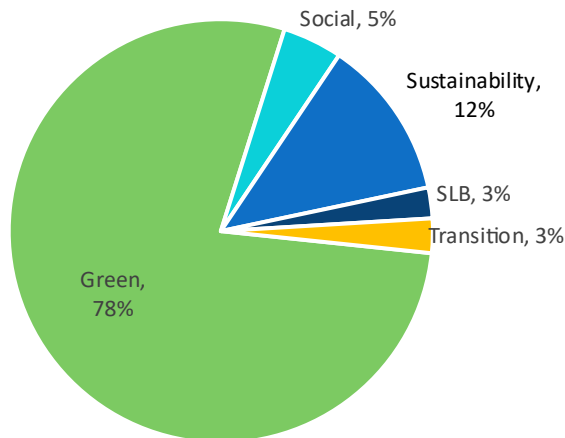
Sovereign labeled sustainable bond annual issuance, USD bn



Source: World Bank based on Environmental Finance Data

Green bonds are the preferred instrument for advanced market sovereign sustainable bond issuers, with USD 539 billion of green bonds representing 94.5% of cumulative sovereign labeled sustainable bonds issuances. The preference flips towards sustainability bonds for emerging market issuers, with USD 81.8 billion of sustainability bonds representing 46% of cumulative issuances in the emerging markets. The volume of green bonds dominates the cumulative sovereign issuances in the market, and this trend continues in 2025, with USD 37.7 billion in cumulative issuances in Q2 2025.

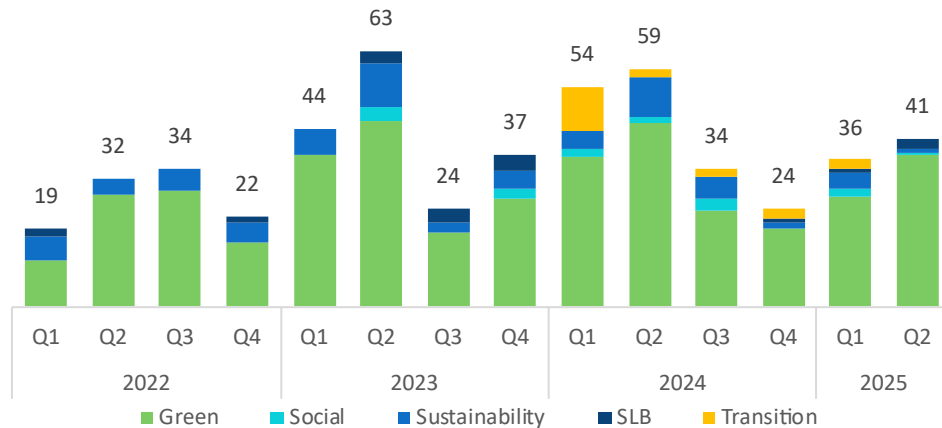
Cumulative sovereign bond issuance by instrument type, % total amount to date



Source: World Bank based on Environmental Finance Data

Sovereign issuances in Q2 2025 decreased by 29.9% when compared to Q1 2024 issuances, but increased by 13.8% with respect to the previous quarter (Q1 2025).

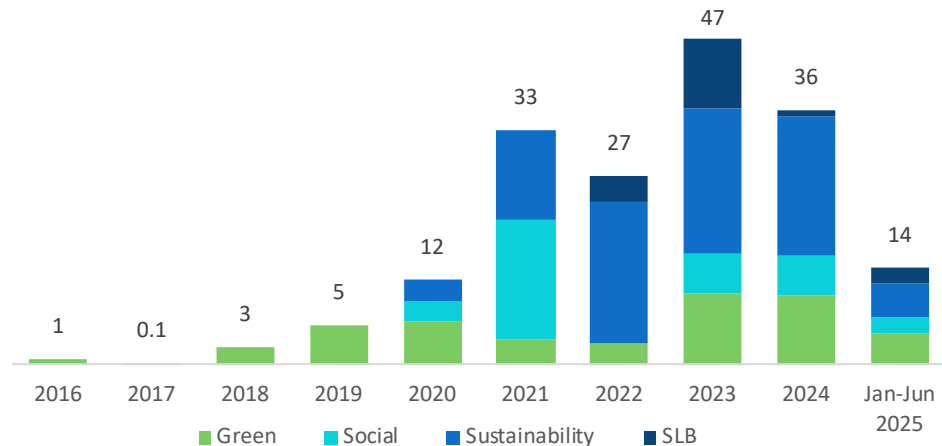
Quarterly sovereign bond issuance by instrument type, USD bn



Source: World Bank based on Environmental Finance Data

Since 2016, 29 emerging market (EM) sovereigns have issued labeled sustainable bonds for a total of USD 178 billion, representing 2.8% of total labeled sustainable bonds ever issued globally.

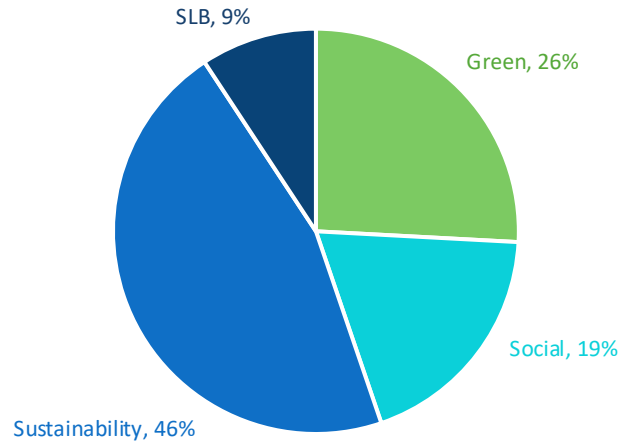
EM sovereign bond annual issuance by instrument type, USD bn



Source: World Bank based on Environmental Finance Data

On a cumulative basis, EM sovereigns have issued more bonds that finance a combination of green and social projects, i.e., sustainability bonds (46% of the total amount issued), rather than green projects only. This trend was not seen in Q2 2025, with green bond issuances representing 57.5% of the overall issuance amongst EM sovereigns.

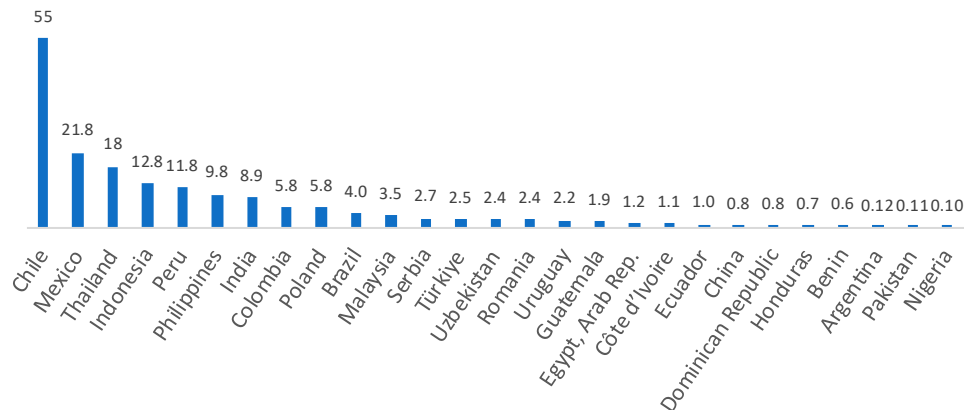
Cumulative EM sovereign issuance by instrument type, % total amount to date



Source: World Bank based on Environmental Finance Data

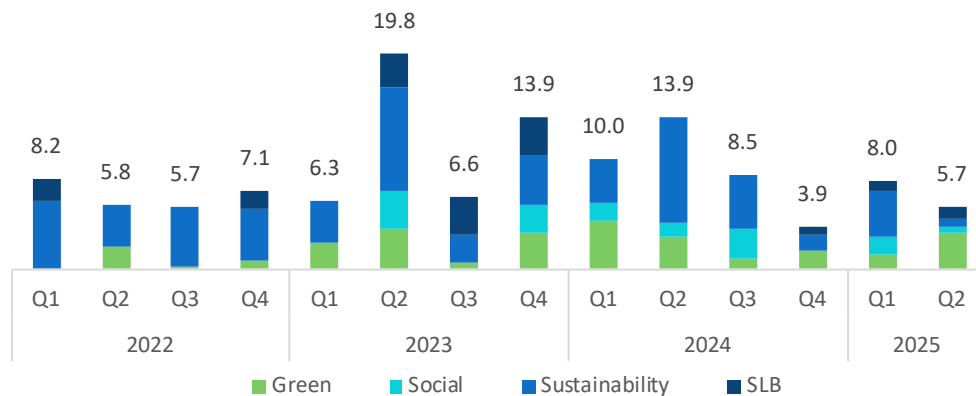
Among the EM sovereigns, Chile is the largest issuer, with a total of USD 55 billion in green, social, sustainability and sustainability-linked bond issuances. This is followed by Mexico with USD 22 billion, and Thailand with USD 18 billion, as of June 2025.

EM sovereign labeled sustainable bond issuers, USD bn total to date



Source: World Bank based on Environmental Finance Data

QoQ EM sovereign labeled sustainable bond issuance, USD bn



Featured Public Sector Issuances and Sustainable Finance News

Nigeria issues third sovereign green bond marks return after six years

In June 2025, the federal government of Nigeria launched its third green bond and raised up to NGN50 billion (USD 32 million). The World Bank's [Sustainable Finance Advisory Program](#) provided technical assistance on best practices to be followed prior to the issuance. The Nigerian Debt Management Office (DMO) reported the transaction attracted “impressive” demand with the orderbook for the deal reaching more than NGN91 billion. As a result, the DMO fixed the final bond at NGN47.4 billion with a coupon of 18.95%. “The strong investor interest in this green bond demonstrates growing confidence in Nigeria’s commitment to sustainable financing,” said Nigerian DMO director-general Patience Oniha. “Green bonds are becoming an increasingly important instrument for mobilizing capital towards our climate objectives and sustainable development agenda.” Read more [here](#).

Amazonia Bond Issuance Guidelines launched by World Bank in partnership with IDB

June 2025 saw the launch of guidelines for the issuance of dedicated capital market instruments to finance investments in projects that support the transition to net-zero deforestation in the Amazonia region and help the local population pursue better livelihoods while preserving the ecosystem. The World Bank Treasury's [Sustainable Finance Advisory Program](#), Planet, Prosperity, and IFC teams worked in partnership with the Inter-American Development Bank (IDB) to develop the guidelines. The guidelines identify 22 eligible activities across five different 'pillars.' The guidance also provides clear criteria around impact measurement and transparency for the bonds. The 'Amazonia Bonds' are intended to be a sub-label of the green, social and sustainability bonds issued using the International Capital Market Association (ICMA)-administered Principles. The Amazonia Bond Issuance Guidelines "specifically address the unique challenges and priorities" of the Amazon by providing "region-specific suggested adaptations to align investments with local priorities". The guidelines can also be used to structure loans, which must also align with the Green and Social Loan Principles. Read more [here](#).

Pakistan debuts with sovereign green sukuk

In May 2025, Pakistan raised PKR32 billion (USD 113 million) from its debut sovereign green sukuk, with the “milestone” deal more than five-times oversubscribed and expectations for more sustainable sukuk deals in the country. The three-year deal secured a “remarkable” oversubscription from investors with the orderbook reaching PKR162 billion. The proceeds of the transaction will be used to invest in the construction of the Garuk Storage and Naigaj Dams as well as the 26MW Shagarthang Hydropower Project. Investor demand allowed Pakistan to set the variable rental rate on the sukuk at 10.6% - which was more than 60 basis points lower than the Pakistan market treasury bills (MTB) reference rate. “This milestone reflects the growing integration of environmental, social, and governance (ESG) principles within Pakistan’s capital market,” PSX’s Sabzwari said. Islamic finance lenders Meezan Bank, Dubai Islamic Bank, Bank Islamic Pakistan, and Bank Alfalah served as joint financial and Sharia advisers to the issue. Read more [here](#).

China raises CNY6bn from 'milestone' debut sovereign green bond

In April 2025, China raised CNY6 billion (USD 824 million) from its inaugural sovereign green bond issuance. The dual tranche transaction involved a three- and five-year tranche – each of CNY3 billion – and will be listed on the London Stock Exchange (LSE) as well as the Hong Kong Stock Exchange (HKEX), and

was seven-times oversubscribed, with the orderbook peaking at CNY47 billion. Crédit Agricole Corporate & Investment Bank (CA-CIB) and Bank of China acted as green structuring advisors on the deal as well as joint lead managers and bookrunners with Bank of Communications, Barclays, China International Capital Corporation, HSBC, ICBC, and Standard Chartered. After China entered the market, only three of the G20 countries have not issued a sovereign sustainable bond – US, Russia, and South Africa. Read more [here](#).

Poland returns to green bond market after six-year hiatus

In June 2025, Poland raised EUR 1.25 billion (USD 1.5 billion) from its first green bond since 2019, nine years after the country became the first sovereign sustainable bond issuer. The 12-year green bond tranche was priced 120 basis points (bps) above mid-swaps, with its coupon set at 3.875%. The Polish green bond tranche was part of a larger debt deal which also included a EUR 1.75 billion conventional seven-year bond tranche. The orderbook for both tranches was EUR 5.7 billion, meaning the deal was almost twice oversubscribed. The deal was managed by Citi, Commerzbank, ING, and Santander. The transaction follows Poland publishing an updated Green Bond Framework last week, which received a second-party opinion from Morningstar Sustainalytics. This was the first update to its framework since it entered the market in 2016 and saw a substantial expansion of potential eligible projects. Read more [here](#).

Madrid hails 'impressive' demand for its inaugural European Green Bond

In June 2025, the government of Madrid raised EUR 500 million (USD 570 million) from its debut European Green Bond (EuGB), with the issuer hailing the “impressive” results for the still rare ‘gold standard’ sustainable bond label. The “milestone” five-year bond – with a 2.487% coupon – was the first sub-sovereign green bond to use the recently introduced EuGB label under the EU Green Bond Standard (EU GBS). The final pricing was set at seven basis points (bps) above the Spanish government bonds. In contrast, the 10-year non-EuGB sustainability bond issued by Madrid in February was priced 11bps above the Spanish government benchmark – which matched the previous tightest spread against Spanish sovereign bonds. The 100% EU Taxonomy-aligned bond follows Madrid publishing its EuGB factsheet on 23 May identifying that the proceeds would be allocated to clean transport projects. Read more [here](#).

World Bank Treasury Sustainable Finance Advisory

The World Bank Treasury’s Sustainable Finance Advisory Program facilitates the development of sustainable bond markets, provides technical assistance to financial regulators and public sector issuers in emerging markets. With technical assistance from the World Bank:

- Romania issued its **first sovereign green bond**
- Brazil issued its **first sovereign sustainable bond**
- Colombia issued the **first sovereign green bond in local currency in Latin America**
- Egypt issued the **first sovereign green bond in the Middle East and North Africa**
- An Indonesian **non-bank financial institution issued its first sustainability bond**
- A Malaysian issuer issued **the world’s first green sukuk/Islamic bond**
- Viet Nam’s oldest bank issued **the first green bond in domestic market**

Visit our webpage: **Sustainable Finance Advisory Program**

Watch a short video providing an overview of the **Sustainable Finance Advisory Program**

Take an e-Learning course: **[Green, Social and Sustainability Bonds: Sustainable finance solutions for emerging markets](#)**

For questions on how to develop a sustainable finance strategy, policies, regulations, or mobilize private capital for sustainable finance, **Contact:**

Miguel Navarro-Martin (mnavarromartin@worldbank.org);

Farah Imrana Hussain (fhussain@worldbank.org)

Abhishek Joseph (ajoseph@worldbank.org)

Glossary

Green bonds: Bonds with proceeds earmarked for projects aimed at generating positive environmental impact.

Social bonds: Bonds with proceeds earmarked for projects aimed at generating positive social impact.

Sustainability bonds: Bonds with proceeds earmarked for projects aimed at generating positive environmental and social impact.

Sustainability-linked bonds: Issuer makes a commitment to achieve pre-defined key sustainable performance targets, and the financial characteristics of the bond depend on the achievement of key performance indicators (KPIs). Proceeds go towards general purposes.

Transition bonds: Subset of green bonds, these are bonds with proceeds earmarked for projects aimed at transitioning the entity to its climate targets.

Emerging markets: World Bank Group client countries (IDA + IBRD).

Public sector: Issuances of government agencies, development banks, local and regional governments, municipalities (United States only), and sovereigns.

This Newsletter is published by the World Bank Treasury's Financial Products and Client Solutions team. The sources of data for the report are Environmental Finance Data with data up to June 2025 unless otherwise indicated.