

Labeled Sustainable Bonds

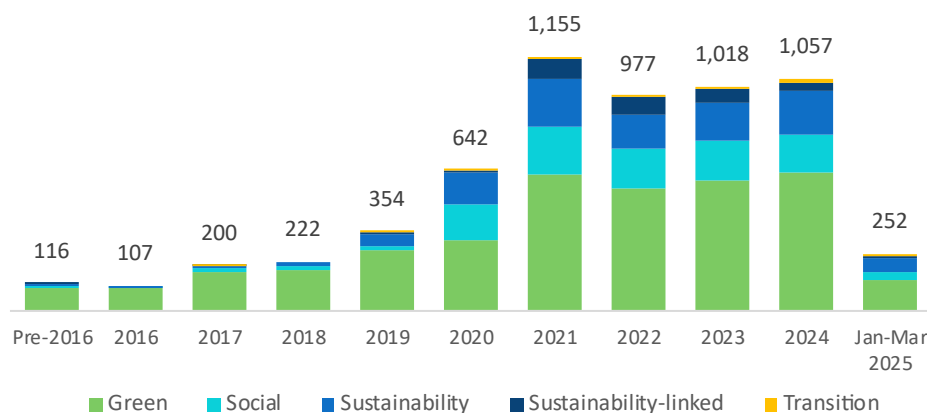
Market Update – June 2025

Hello everyone, and a warm welcome to the first quarter update on the trends in the labeled sustainable bond market for the year 2025, prepared by the World Bank Treasury. 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. In this newsletter, we have also transitioned our base database towards a new source, so expect some changes compared to our previous publications. 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 (labeled sustainable) bonds issued in the market reached USD 6.1 trillion as of March 2025. Performance in the first quarter of 2025 was muted, with cumulative issuance in Jan-Mar 2025 reaching USD 252 billion. Green bond issuances represented the largest share of the labeled sustainable bond market, representing 53.2% of the overall issuances in Q1 2025, with a significant rise in sustainability issuances.

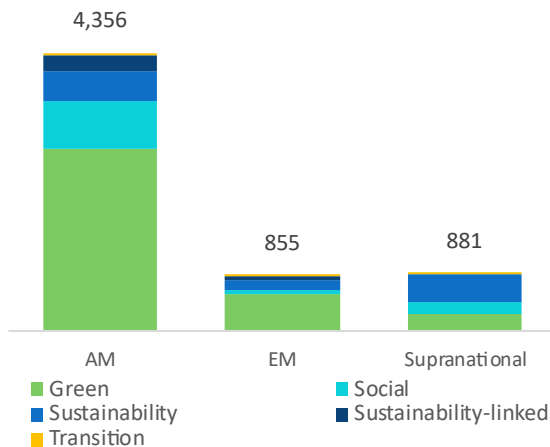
Global labeled sustainable bond annual issuance, USD bn



Source: World Bank based on Environmental Finance Data

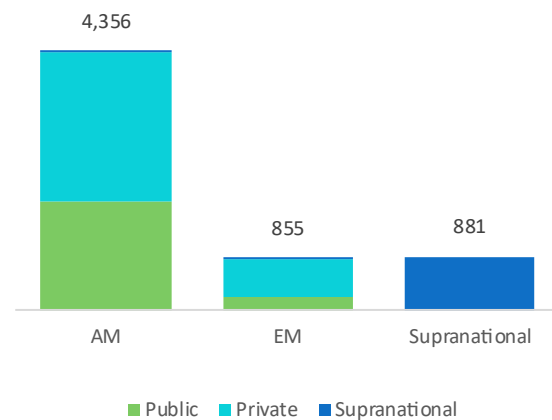
EM vs AM trends: Share of emerging market (EM) within labeled bonds represented 14% of the total amount issued. Green bond issuances dominate both the emerging market and advanced markets (AM), representing 68% and 65% of overall cumulative issuances, respectively. Public sector participation in EM labeled bond markets remains low, representing 26% of overall issuances, compared to 42% 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

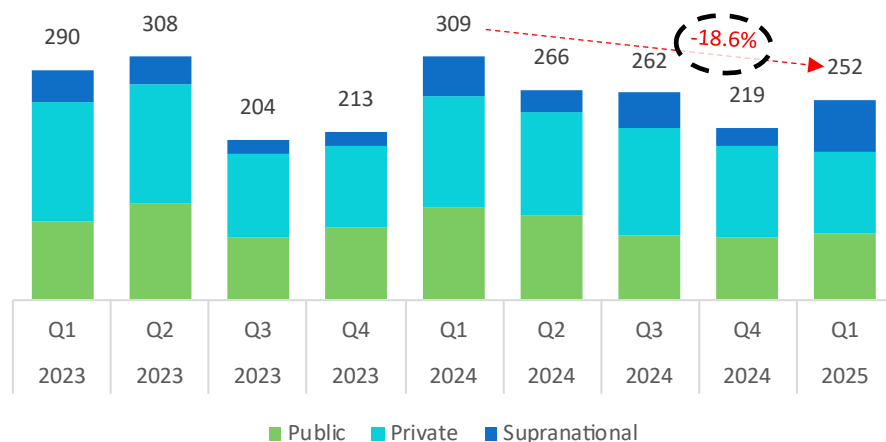
Cumulative labeled sustainable bond issuance by market and by issuer type, USD bn



Source: World Bank based on Environmental Finance Data

Quarter 1, 2025 performance: Issuances declined in the first quarter for the first time in over three years, driven by geopolitical headwinds early in the quarter. Overall issuances in the quarter were USD 252.7 bn, a decrease of 18.6% compared to Q1 2024 and an increase of 15.1% compared to Q4 2024. Issuances of green, social, sustainability-linked and transition bonds decreased by 22.8%, 17.5%, 30.4% and 71.7% respectively compared to Q1 2024. Issuances in sustainability bonds increased by 3.8% compared to Q1 2024. Issuances in both advanced markets and emerging markets (EM) for the quarter declined sharply as well, decreasing by 27.2% and 25.9% respectively compared to Q1 2024.

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

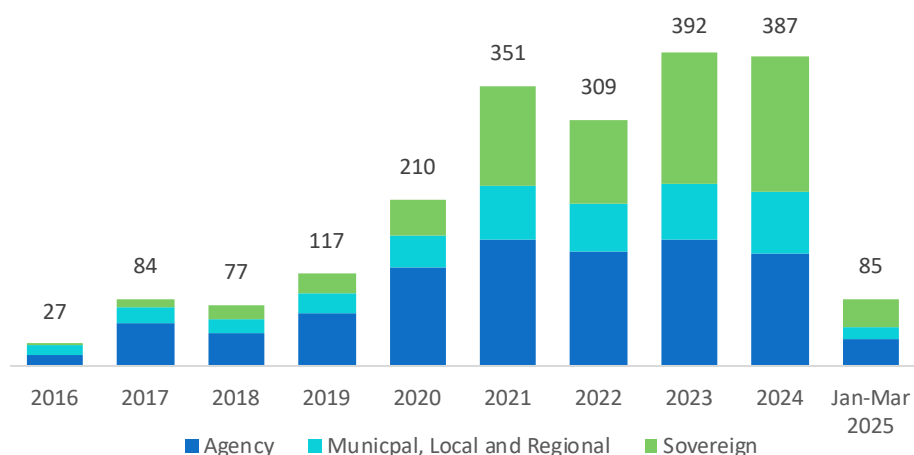


Source: World Bank based on Environmental Finance Data

Public Sector

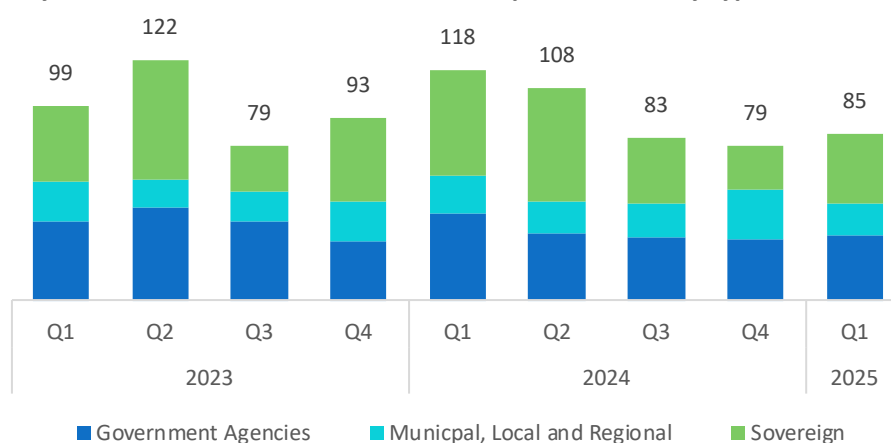
The public sector includes issuances from sovereigns, government agencies, municipalities, local and regional governments. Public sector issuances represent about 34% (USD 2.07 trillion) of the cumulative labeled sustainable bonds issued. Green bonds are the preferred instrument for public sector issuers, comprising 59% of the overall issuances. Government agencies represent the biggest segment (46% overall, 39% in Q1 2025) among public sector issuers, followed closely by sovereigns (34% overall, 42% in Q1 2025), and municipals, local and regional governments (20% overall, 18% in Q1 2025). In Q1 2025, the public sector issued USD 85 billion in labeled sustainable bonds, with overall issuances declining by 27.5% compared to Q1 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

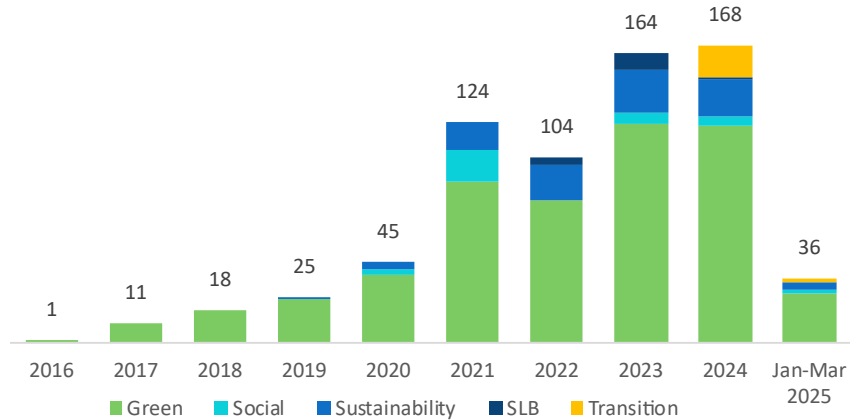


Source: World Bank based on Environmental Finance Data

Sovereigns

16 sovereigns represented cumulative labeled sustainable bond issuances of USD 36 billion in Q1 2025, with an inaugural issuance from Saudi Arabia. Large ticket issuances were seen from AM sovereigns, particularly Italy, UK, Japan and Austria. Overall issuance in the market is now represented by 59 sovereigns, who have issued a cumulative amount of USD 695 billion in the labeled sustainable bond market. Debut issuances from China and Slovenia are expected this year.

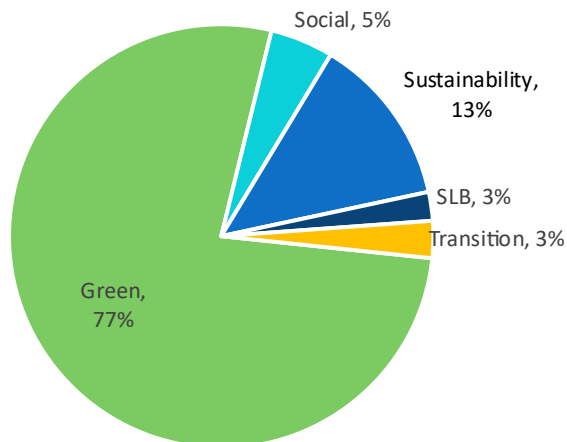
Sovereign labeled sustainable bond annual issuance, USD bn



Source: World Bank based on Environmental Finance Data

Green bonds are the preferred instrument for advanced market sovereign sustainable bond issuers, with USD 495 billion of green bonds representing 94% of cumulative sovereign labeled sustainable bonds issuances. The preference flips towards sustainability bonds for emerging market issuers, with USD 80.4 billion of sustainability bonds representing 47% 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 27.8 billion in cumulative issuances in Q1 2025.

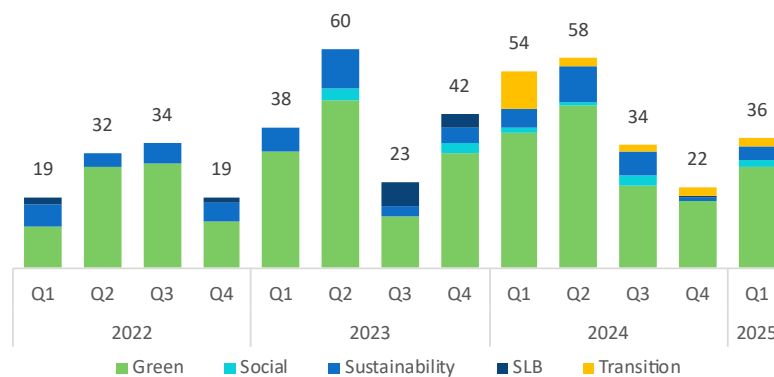
Sovereign bond issuance by instrument type, % total amount to date



Source: World Bank based on Environmental Finance Data

Sovereign issuances in Q1 2025 decreased by 33.8% when compared to Q1 2024 issuances, but increased by 60.6% with respect to the previous quarter (Q4 2024). Saudi Arabia was the sole inaugural issuer in the quarter, with its inaugural EUR 1.5 billion green bond transaction.

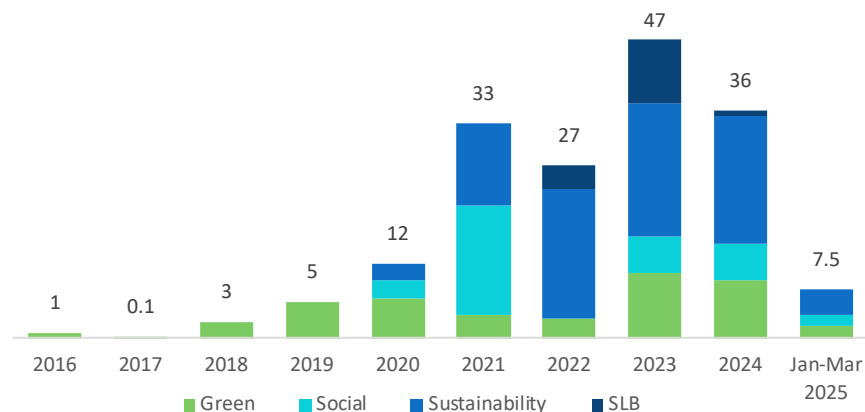
Quarterly sovereign bond issuance by instrument type, USD bn



Source: World Bank based on Environmental Finance Data

Since 2016, 27 emerging market (EM) sovereigns have issued labeled sustainable bonds for a total of USD 170.4 billion, representing 2.8% of total labeled sustainable bonds ever issued globally.

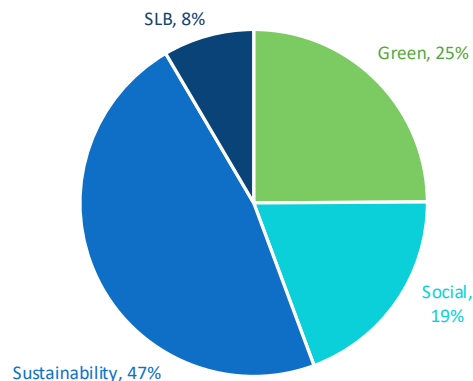
EM sovereign bond annual issuance by instrument type, USD bn



Source: World Bank based on Environmental Finance Data

Unlike advanced market (AM) sovereigns, EM sovereigns are issuing more bonds that finance a combination of green and social projects, i.e., sustainability bonds (47% of the total amount issued), rather than green projects only.

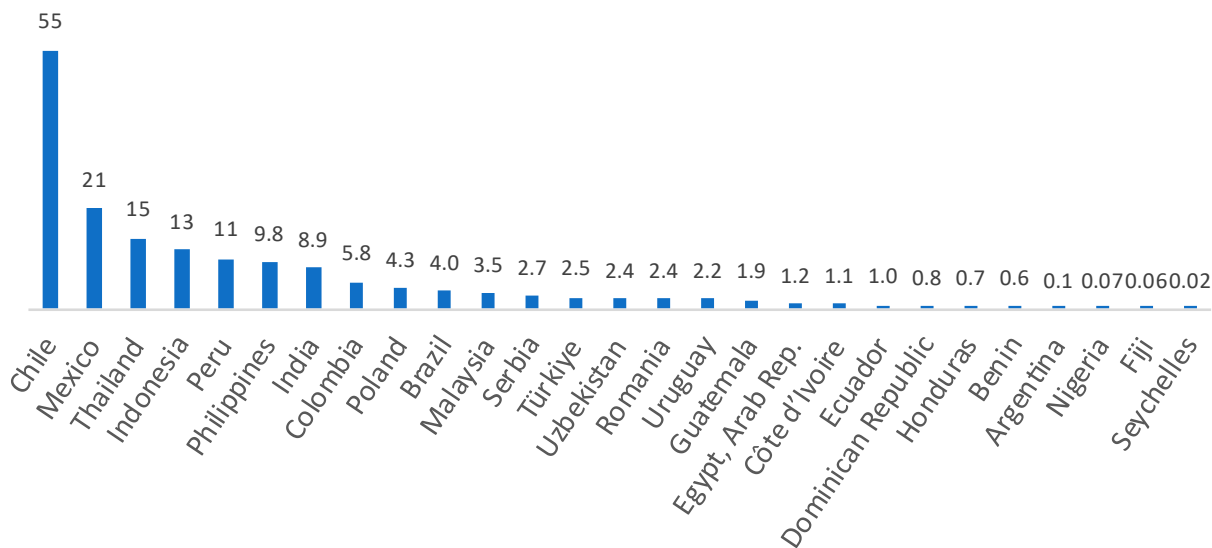
EM sovereign issuance by instrument type, % total amount to date



Source: World Bank based on Environmental Finance Data

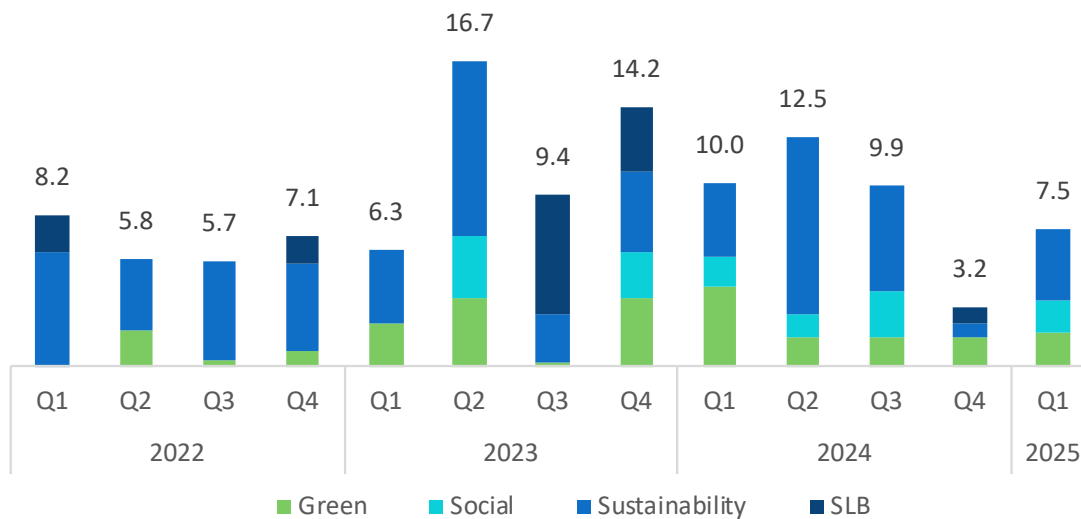
Among the EM sovereigns, Chile is the largest issuer, with a total of USD 55 billion in green, social, sustainability and sustainability-linked bond issuances. This is followed by Mexico with USD 21 billion, and Thailand with USD 15 billion, as of March 2025.

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



Source: World Bank based on Environmental Finance Data

Featured Public Sector Issuances and Sustainable Finance News

China readies landmark RMB6bn sovereign green bond debut

In March 2025, the Chinese government announced that it is preparing to raise up to RMB6 billion (USD 830 million) from its debut sovereign green bond in the “near future.” The Chinese Finance Ministry said the inaugural green bonds will be issued in London with further details available closer to the deal. The update follows the Chinese government’s announcement in January of its plans to issue its debut green bond in the UK during 2025 and the publication of its green bond framework in February. The much-anticipated Chinese sovereign green bond means that it will join fifty-nine other countries who have issued labeled sustainable bonds, including Saudi Arabia which made its debut this year. Read more [here](#).

Saudi Arabia raises EUR 1.5bn from debut sovereign green bond

In February 2025, The Kingdom of Saudi Arabia (KSA) issued its debut sovereign green bond. The EUR 1.5 billion (USD 1.6 billion) tranche is the first euro-denominated sustainable bond from a Middle Eastern sovereign. The EUR 1.5 billion seven-year green tranche was issued alongside a conventional EUR 750 million tranche. The Saudi Arabia National Debt Management Center said this combined transaction secured an orderbook close to EUR 10 billion, of which more than EUR 7 billion was for the green tranche alone. JP Morgan and HSBC acted as sustainability structuring agents on the deal as well as joint lead managers with Société Générale. The Saudi Arabian green bond debut follows the green bonds issued by its sovereign wealth fund – the Public Investment Fund (PIF). PIF has raised approximately USD 9 billion through green bonds since its debut in 2022. Read more [here](#).

Slovenia launches 'pioneering' sovereign SLB framework and eyes 2025 debut

In March 2025, Slovenia published its sustainability-linked bond (SLB) framework as it prepares to become the first European sovereign to issue the performance-based instrument. In the framework, Slovenia has identified three key performance indicators (KPIs) linked to the absolute greenhouse gas (GHG) emissions of the country, renewable energy share of total energy consumed, and energy efficiency of the final energy consumption. Each KPI includes a main and 'stretch' target. If the 'stretch' target is achieved, it will trigger a reduction in the coupon paid on the bond – known as a step-down. In contrast, if the main target is not achieved the coupon will 'step-up' and increase the coupon paid. French bank BNP Paribas served as structurer on the SLB framework. Read more [here](#).

France boosts 2025 green bond issuance plan to EUR 15bn

In March 2025, France announced that it has boosted its planned green bond issuance to up to EUR 15 billion (USD 16 billion). Following the approval of the 2025 budget in February, the Agence France Trésor (AFT) has increased its planned green bond issuance during the year by EUR 4 billion, from EUR 11 billion. During 2025, the AFT said it intends to undertake a syndicated tap of its green bond due June 2049 – which it first issued in 2024 – in addition to taps of its other existing green bonds. The AFT had also previously announced that it was looking to update its sovereign green bond framework in the “first half of 2025”. This would be the first update of the framework since France launched its debut green bond – also known as a ‘green OAT’ – in 2017. Read more [here](#).

Rwanda regulator issues sustainable bond guidelines

The Rwanda Capital Market Authority (CMA) has published new guidelines to help create a “internationally credible, replicable, and attractive” sustainable bond market in the East African country. The 12-page *Capital Market Guidelines on Issuance of Green, Social, Sustainability and Other Labels (GSS+) Bonds* includes guidance on how to structure all major sustainable bonds labels, including sustainability-linked bonds (SLBs). Following the publication of the guidelines, the Rwanda CMA said an issuer can only

issue a labelled sustainable bond on the Rwanda Stock Exchange if it complies with the GSS+ bond guidelines and the sustainable bond framework and external review is approved by the regulator. It also outlines the process related to a “breach” of the sustainable bond requirements, including the removal of a label. 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**

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:**

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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 March 2025 unless otherwise indicated.