Climate Bonds Initiative

5 for 25

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Climate Bonds Initiative (Climate Bonds) has identified five factors that will increase the flow of green, social, sustainability, and sustainability-linked bonds and loans (collectively GSS+) in 2025.

1. Transition planning will highlight the magnitude of expenditure required to reach net zero.

The first update of nationally determined contributions (NDCs) is due in April 2025, and those that have already been submitted show a step-up in ambition (UK, 81% emissions reduction by 2035, and Brazil, 59-67% by 2035). New NDCs will require green investment across all sectors of the economy. Entity level transition planning is expected to proliferate and rigour as it becomes a regulatory requirement in some jurisdictions and banks incorporate transition plans into counterparty assessments. The GSS+ debt market can deliver the required financing to support these needs.

2. New governments bolster national ambitions.

Governments elected in 2024 will accelerate policy implementation in 2025. Domestic energy and food security will be emphasised as cross border trade flows become more expensive. Renewable energy is competitive, clean, and scalable and the required CAPEX is ideally suited to GSS+ bonds.

3. Taxonomies, definitions, and interoperability.

New definitions will encourage a broader range of issuers to deploy the GSS+ market. Countries on all continents are rapidly working to develop their own taxonomies reflecting economic sectors of national importance, and there is increased emphasis on interoperability to enable more cross border financial flows. Climate Bonds continues to enhance its proprietary sector criteria. In 2025, it will launch new criteria for Alternative Protein, and Food Value Chain, and updates its Waste criteria. Climate Bonds will also publish guidance on methane abatement which will open channels for GSS+ deals from the oil and gas industry.

4. Adaptation and resilience.

The extreme weather events experienced in 2024 make adaptation and resilience (A&R) spending an imperative as countries struggle to protect themselves from the devastating impacts of climate change. GSS+ frameworks referencing A&R among eligible Use of Proceeds Criteria are expected to increase in frequency and scale. Climate Bonds Resilience Taxonomy v1, published in September 2024 can help issuers including governments, development banks, municipalities, insurance companies, and corporates to identify relevant activities that contribute to A&R.[1]

5. Insurance companies will step in.

Green insurance will increase in visibility and presence in 2025, on the back of COP29 declarations. Derisking will help unlock green investment that may be waiting on the sidelines and will address the moral hazard of the public sector being asked to take on investment risk.

Thriving market in 2024

- In 2024 volume of GSS+ debt in alignment with Climate Bonds Methodologies (aligned) reached USD1.1tn.
- On 31 December 2024, cumulative GSS+ volume stood at USD5.7tn
- Green was the largest segment with aligned 2024 volume at USD669.7bn.
- Cumulative aligned volume of social and sustainability debt each passed the USD1tn milestone in 2024.
- Cumulative aligned SLB volume reached USD56.4bn by the end of 2024.

Aligned GSS+ scorecard 31 December 2024
provisional figures

	2024 USD	Cumulative total USD
Green	669.7bn	3.5tn
Social & Sustainability	375.4bn	2.1tn
SLB	7.9bn	56.4bn
Total	**1.1tn**	**5.7tn**

GSS+ bonds captured by Climate Bonds

- Debt instruments meeting the requirements outlined in Climate Bonds screening methodology qualify for inclusion in the datasets and are classified as aligned.
- Labelled deals for which there is not enough information to determine eligibility for database inclusion are classified as pending until sufficient disclosure is available to decide.
- Deals failing to meet the requirements of Climate Bonds screening methodology are classified as non-aligned and are excluded from the datasets. Around 75% of the cumulative volume issued by the end of 2024 was classified as aligned.

Volume captured by Climate Bonds, USD	Aligned	Pending	Non-aligned
Cumulative as of 31/12/2024	**5.7tn**	**19.1bn**	**1.2tn**

Above based on provisional figures. Look out for **Climate Bonds Sustainable Debt Global State of the Market 2024** report, expected early Q2 2025 for final figures and a detailed market breakdown.

1. Climate Bonds Resilience Taxonomy v1, September 2024, Climate Bonds Initiative, Resilience Taxonomy Download | Climate Bonds Initiative