

Peru, Latin America's Sustainable Finance Pioneer reaches USD 4.8bn in GSS+ issuances in 2021

The country is on the right pathway to scale its market and transition to a low carbon economy

LIMA, 15/09/2022, 10AM: Green, social and sustainability and sustainability-linked (GSS+) deals originating from Peru increased in 2021, reaching USD4.8bn, according to Climate Bonds Initiative's latest report, produced in partnership with LAGreen Fund. Launched today in Lima, the report identifies green and sustainable investment opportunities in the country and brings the latest market figures on the shape and size of the Peruvian GSS+ debt market.

Download the report now: < <https://bit.ly/3xmojPh> >

Peru is the fourth-largest country in Latin America and Caribbean (LAC), after Brazil, Mexico and Argentina and is also the 6th largest economy in the region. Peruvian company Energía Eólica S.A was the first green bond issuer in LAC, joining the market in December 2014 with a 20-year, USD204m deal.

Peru's market growth has been timid compared to its peers, but it has followed other Latin American countries and reached important milestones, such as the publication by the Stock of Exchange of its Green Bond Guide, and most recently taking on discussions about the development of a national green finance taxonomy to identify sectors that are economically relevant to a low-carbon transition. In February 2022, the Ministry of Environment launched the report '*Hoja de Ruta Hacia las Finanzas Verdes*' which includes a clear goal of developing a local taxonomy by 2025.

Key findings:

- Green bonds account for 17% of Peru's GSS+ deals, with a cumulative USD 1.1 bn issued up to April 2022. 2019 was the record year for green issuance with USD 652 m. Non-financial corporates represent 97% of the cumulative issuance volume.
- Banks represent 9% of LACs GSS+ issuer profile, with a participation in 90% of the financing activity in Peru, there is an important role for financial institutions.
- There are further opportunities as investments in green, sustainable and transition sectors could further support Peru's shift to a more resilient economic model.

- Peru has introduced climate policies and broader initiatives to facilitate market growth. In the short term, it is likely that more opportunities in the GSS+ market will follow.
- The Lima Stock Exchange (BVL) has consistently supported sustainability in the Peruvian financial market, as the fourth Latin American Exchange to join the Global Sustainable Stock Exchange Initiative in 2014.

Leisa Souza, Head of Latin America, Climate Bonds Initiative

"Peru is an important player in the Latin American sustainable debt market, being the first country to issue a green bond in the region. The growth of GSS+ bonds has been timid, but there is potential to favour further labelled issuances. The Peru State of the Market highlights a few of the opportunities for Peru and we are excited about how it can contribute to the discussions in the country and support more deals from Peruvian issuers."

Diana Arango, Member of LAGreen's Investment Committee and Technical Assistance Facility

"The green debt market in Peru has shown progressive growth, a fact which is confirmed by the Peru State of the Market. With this report, we aim to empowered local players to be agents of change who can innovate the financial system to deliver tangible climate and environmental impact. The LAGreen Fund and Technical Assistance Facility are there to complement the knowledge shared in the report by offering support, insight and potential financing to current and future GSS+ bonds issuance in Peru."

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Note to the Editors:

About Climate Bonds Initiative: The Climate Bonds Initiative is a non-profit organisation focused on promoting large-scale investment in the low-carbon economy. Visit our website: www.climatebonds.net.

About LAGreen: The LAGreen Fund is the first impact investment fund dedicated to promoting the issuance of green bonds in Latin America. The objective of the LAGreen Fund is to consolidate green bonds as instruments for mobilizing resources towards more sustainable and green economic models in the region. With the purpose of financing sustainable investments, the fund provides technical assistance and invests in green bonds issued in the region.

The German Development Bank (KfW) established the LAGreen Fund, with seed capital provided by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ) and Finance in Motion as an investment advisor. The fund seeks to support the issuance of high-impact green bonds in the region, attract a greater volume of long-term funding for sustainable projects, as well as support issuers through technical assistance during the different phases of bond preparation, issuance, and post-issuance and through the commitment to purchase a significant portion of the issue.

For more information on the LAGreen Fund, please visit: www.lagreen.lu

For more information on Finance in Motion, please visit: www.finance-in-motion.com

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