PERU SUSTAINABLE FINANCE STATE OF THE MARKET 2022

Climate Bonds Initiative

Prepared by Climate Bonds Initiative.

lagreen Technical Assistance Facility

Supported by the LAGreen Fund

Introduction

Table of contents

About this report

This report identifies green and sustainable investment opportunities in Peru, including how green and labelled instruments can attract investment to the country. The report describes the shape and size of the Peruvian sustainable debt market and an overview of supporting policy developments and milestones over the last decade. By disclosing tangible green opportunities for Peru's critical economic sectors, their alignment with leading international standards, and guidelines for investors and issuers, this report aims to contribute to the growth of Peru's sustainable finance market.

The LAGreen Fund commissioned Peru's Sustainable Finance State of the Market 2022, and the Climate Bonds Initiative (Climate Bonds) consulted key stakeholders in Peru on its content. Climate Bonds thanks PRCP, Garrigues, A2G and Bolsa de Lima for their insights.

About the Climate Bonds Initiative

Climate Bonds is an international organisation working to mobilise global capital for climate action. Climate Bonds promotes investment in projects and assets needed for a rapid transition to a low-carbon and climate-resilience economy. Its mission is to help drive down the cost of capital for large-scale climate and infrastructure projects and support governments seeking increased access to capital markets to meet climate and greenhouse gas (GHG) emission reduction goals.

About LAGreen Fund

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 mobilising resources towards more sustainable and green economic models in the region. With the purpose of financing sustainable investments, the fund supports 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) , Finance in Motion and Santander Asset Managementas investment advisors. The fund seeks to support the issuance of high-impact thematic 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.

Sustainable finance supporting resilient growth

Sustainable finance can support Peru's low carbon transition. Peru is the fourth-largest country in Latin America, after Brazil, Mexico, and Argentina in terms of territory. Its geographic diversity ranging from the Pacific coast and plains, and the peaks of the Andes mountains,to tropical forests presents opportunities and challenges for the development of a sustainable, climate resilient economy. While the country's vast mineral, agricultural and marine resources have served as the basis of Peru's economy and are true assets in attracting further investment, there is an opportunity for the country to transition these critical sectors and direct investment toward green and sustainable projects and assets.

Investment in low-carbon solutions will be essential to meet global emission reduction commitments under the Paris Climate Change Agreement and reducing the risks posed by climate change. Given the projected climate volatility in the coming decades, vast investment in climate-resilient projects and assets, such as infrastructure is needed.

The effects of climate change and the risks associated with a rise in global temperature above 1.5°C degrees by the end of the century are significant: rising sea levels, increased frequency and severity of hurricanes, droughts, wildfires, typhoons, and changes in rainfall patterns, consequently affecting food production and thus on crop yields.

Peru is not a substantial GHG emitter compared to other countries in the region. Nonetheless, it is highly vulnerable to the impacts of climate change, with seven out of the nine vulnerability characteristics recognised by the United Nations.[1] Around 70% of natural disasters in Peru are related to climate change and extreme weather events, such as El Niño, and are becoming more frequent and severe, leading to economic losses from disruptions in agriculture production and supply, logistics, and infrastructure, and urban centres.[2] The latest El Niño, in 2017, led to damage estimated at USD3.2bn.[3] Projections for Peru show that climate change losses could reach 6% of GDP by 2030 and 20% by 2050.[4] This highlights the urgency to act.

Investments in sustainable infrastructure, agriculture, and industry can help mitigate the impacts of climate change. Infrastructure has the potential to improve Peru's competitiveness and economic growth if the gap in investments for that sector is addressed. The Peruvian National Infrastructure Plan for Competitiveness identified a USD110bn infrastructure gap between 2019-2038 across transport, sanitation, healthcare, water, telecommunication, energy, and education.[5]

The country still relies primarily on public investments to fund its infrastructure projects, and private investment could close this gap.[6] Over the past years, the Government has worked to mobilise public and private investment. For example, ProInversion, Peru's Private Investment Promotion Agency, has worked to build a project pipeline to foster private investment through public-private partnerships.

Within this context, capital markets emerge as a relevant tool to mobilise resources, even though it currently represents a small share of financing for infrastructure investments, as banks control around 90% of financing activities.[7] Nevertheless, green investments can come from a wide range of non-bank financial institutions (NBFIs), pension funds (AFPs), or insurance companies, from local and international sources.

Peru has tested the sustainable finance market already, and though it has not taken off at scale, there is potential for growth. However, the pandemic and political backdrop have affected the debt market for long-term investments and projects and, consequently, new issuance of impact-related debt instruments has been subdued. There has also been a growth of demand for sustainable investment opportunities.

Peru: country facts[8]

Population: **31,237,385**

Total area: **1,285,216 km^2**

Population projection by 2030: **35,900,000**

Urban population: **75%** (2017)

GDP: **USD223.5bn**[9] (2021)

Trade balance: **USD7.7bn** (2020)

Fitch rating: BBB, Stable (April 2022)

S&P rating: BBB, Stable (March 2022)

Moody rating: BAA1 (September 2021)

To build a pipeline of bankable projects, there is work to be done on raising awareness of green projects and assets beyond wind and solar. Interaction with market players in Peru identified the need for clearer definitions of sustainable investments. The perception is that clearer regulation from the regulators (**Superintendencia de Mercado de Valores** or the **Superintendencia de Banca, Seguros y AFP**), as well as tax incentives, might facilitate the issuance of labelled debt instruments. Thus, the integration of green and sustainable criteria by regulators and governments could further support market development in the country.

Sustainable finance trends, challenges, and opportunities

Peru is the 6th economy in the Latin America and Caribbean (LAC) region[10] and its macroeconomic outlook has traditionally been stable. In 2021 the country's economy grew by 13.3%, one of the fastest growth rates post COVID-19. This increase came from the mining sector, agriculture exports, recovery of retail and hospitality, and housing construction - More recently, however, low commodity prices, the ongoing impacts of the COVID-19 pandemic, and political instability, have caused an economic slowdown, with an anticipated growth of 2.5% GDP for 2022.[11]

The current economic and political environment has led to a downgrade of Peru's credit rating in 2021 from BBB+ to BBB (Fitch and S&P) [12,13] and from A3 to a BAA1 (Moody's), which impacts investor confidence.[14] The Government has indicated that it will continue to maintain its prudent fiscal policies and further strengthen its fiscal accounts to improve the country's credit rating.

Peru faces long-term challenges that will require infrastructure development and improved natural resource management. Its economy continues to rely heavily on few export sectors, particularly minerals and agroindustry, which introduces volatility.

Investments in green, sustainable and transition sectors could support Peru's shift to a more resilient economic model that adapts to the impacts of climate change and protects local production from negative shocks. The greening of the economy can also lead to positive change as it may bring a greater diversification of exports and enhance competitiveness; by introducting new investment instruments and a more sophisticated market. The Peruvian Government has communicated its commitment to moving towards a green economy.[15]

Since the pandemic, the country has taken a build-back better approach and is looking at incorporating sustainability and climate change into its recovery pathway. In the past two years, the Government approved its National Sustainable Urban Transport Programme, submitted a more ambitious NDC, created the High-Level Climate Change Committee, and recognised the urgency of addressing climate change and sustainability to reactivate its economy. [16,17] Building back greener will require a much highier volume of investment, and sustainable financial instruments could attract the required capital.

Peru already offers good conditions for foreign private capital flows. It does not impose restrictions on international transactions (Legislative Decree nº 662) and puts local and international investors under the same conditions (Legislative Decree nº 757) providing legal certainty and with reduced government intervention.

Access to international financial markets has been achieved by foreign direct investments (FDI) in commodity sectors. Though FDI decreased due to the Pandemic, they are likely to increase in the short term with opportunities in the energy , transport, and mining sectors, which are eligible sectors for green and sustainable investments.[18] Banks can also play an important role in Peru's sustainable finance market. In Latin America, they represent 9% of the green, social, and sustainability (GSS) issuer profile, meaning that there is an opportunity for these financial institutions to be more active in the sustainable finance market in Peru by incorporating GSS debt into their lending portfolios.[19,20]

Local markets are an important source of demand for GSS+ debt and comes mainly via FIs, pension fund administrators (AFPs) and insurance companies. Pension funds have alsob een a financing source for sustainable assets since their long-term investment horizons are well matched with infrastructure projects.[21] In Peru, AFPs have a high concentration of securities. Financial institutions are also essential to promoting sustainable financing in the country, as they can enhance corporate lending and scale financial products and innovations. Other stakeholders such as insurance companies, can be important allies in leveraging the market by developing new products to address climate risks, particularly with economic losses from climate change catastrophes increasing.

Sustainable debt market growth usually follows the development and maturity of local capital markets. In Peru, activity in the capital markets increased in recent decades due to a series of reforms but still underperforms compared to other countries in the region.[22] Challenges include low liquidity, the small volume of listed companies (predominance of mining companies), and the concentration of investments to a limited number of players.[23,24] Financial inclusion in the country is also low, with only a limited portion of the population having pension savings and investing in the capital markets. In addition, there are tax asymmetries between banks and capital markets, with higher taxation for the latter preventing further development.

Recently, the adoption of new measures has made capital markets more attractive to investors, but structural reforms would consolidate the expansion. For instance, to improve liquidity, in 2017, the Ministry of Finance "solarised" (i.e., shifted into local currency) its debt to reduce foreign exchange exposure.[25] That same year, Peru also connected with Euroclear, a financial service producer that settles securities transactions, to allow domestic bonds to be cleared and settled in the international market. The Government took other measures to make the stock exchange more attractive, such as the 5% capital gains tax cut (though few companies qualify for this) and a reduction of transaction costs. It created the *Mercado Alternativo de Valores* (MAV) to boost medium-sized companies coming to market; in Peru, 99.6% of the companies are SMEs that rely predominately on financial institutions for funding[26] With the right policies and support from the Government, regulators, and investors, there is still potential to grow Peru's capital market and diversify issuers' profiles.

In addition to capital market improvements, sector-specific regulation is needed to unlock private investment flows. An example is the creation of Peru's Ley de APP (the Legislative Decree nº 1362) for public-private partnerships, PPPs, which can facilitate access to private investments via capital marketsand Legislative Decree nº 1543 for improvements on PPP governance and contract execution. .

There is still work to be done to expand capital markets through sustainable finance in Peru. From the demand side, there is the need to build a diversified investor base. On the supply side, there is a need to create a pipeline of green and sustainable projects – further explored on page 13.

Peru's climate goals

Mitigation:

In December 2020, Peru updated its Nationally Determined Contribution (NDC), limiting emissions to 123 $MtCO_2e$ (excl. LULUFC) by 2030 as its unconditional goal, a 6% lower than their 2016 NDC. As a conditional goal it considers that greenhouse gas emissions (GHG) could reach a maximum level of 179$MtCO_2e$ depending on the availability of international financing and favourable conditions. [27]

Adaptation:

Peru's adaptation NDCs seek to reduce and avoid current and future damage, losses, alterations, and climate hazards on the livelihoods of populations, ecosystems, watersheds, territories, infrastructure, goods, and services, among others. Five priority thematic areas are central to the country's adaptation objectives and measures: i) Agriculture; ii) Forests; iii) Fisheries and aquaculture; iv) Health; and v) Water, which also include the incorporation of cross-cutting approaches. Peru's updated NDCs consider two new thematic areas to those initially presented in 2015: i) Tourism and ii) Transport.[28]

The growth of Peru's GSS+ market

Despite the slower pace of Peru's GSS+ market expansion (see page 7), compared to its regional peers, there have been movements to leverage sustainable finance in the country. Peru has introduced climate policies and broader initiatives that could facilitate market growth like other Latin American and Caribbean neighbours.

Since 2014, the Peruvian Government and other strategic players such as regulators, financial institutions, and the private sector, have developed climate-related and sustainable finance initiatives (see the figure below for a summary of the key milestones). Integrating sustainable principles into policy frameworks can help attract a wider pool of investors, especially international ones. These stakeholders have an essential role in advancing these initiatives in the market.

Stock exchanges contribute to market development

The Lima Stock Exchange (BVL) is involved with various efforts and entities promoting the development of a sustainable securities market. It is a member of PIR (Responsible Investment Program), FIAB Sustainability Committee (Ibero-American Federation of Stock Exchanges), SSE (Sustainable Stock Exchanges), and the Sustainability Committee of the Capital Markets Advisory Council, Sustainability Working Group of the WFE, among others.

Last year, together with S&P Dow Jones Indices, BVL launched the first sustainability index for the Peruvian stock market. The index comprises 17 entities subject to a 50% rate discount in negotiation and settlement by the BVL and Cavali (Deposit). By August 2022, ten thematic instruments with a combined volume of USD230m have been issued.

The BVL has published guidance for stakeholders, primarily listed companies, seeking to raise their standards and best practices. These include the Guide to Social and Sustainable Bonds Aligned with the United Nations SDGs for Peru in 2021, the Green Bond Guide for Peru in 2018 and the User Guide for filling out the Corporate Sustainability Report in 2017.

The growth of Peru's GSS+ market

2014	2015	2016
COP20 in Lima. Launch of the Responsible Investment Programme to encourage the integration of environmental and social elements into investment practices in Peru, with the initial participation of the Lima Stock Exchange (BVL), Grupo Sura, A2G, and The Peruvian Development Bank (COFIDE). **The Lima Stock Exchange** joined the Sustainable Stock Exchange Initiative (SSE).[38]	Resolution No. 033-2015 of the **Peruvian Securities Authority (SMV)** required listed companies to disclose annual sustainability reports. **Ministry of Environment (Minam) signs the Green Protocol** with financial institutions to promote the adoption of sustainability criteria into projects and assets financed by the Peruvian banking system.	**The Superintendencia de Banca y Seguros (SBS)** implemented the Social and Environmental Risk Management Regulation.
2017	**2018**	**2019**
The Latin American Integrated Market (MILA) announced an agreement with S&P, Dow Jones Indices, IFC & RobecoSAM to develop a new regional environmental, social, and governance (ESG) index.	**The Lima Stock Exchange** published its *Green Bond Guide for Peru*. The National Policy for Competitiveness and Productivity (NPCP) is published, recognising environmental sustainability as a priority objective.	Launch of new measures under the **Plan Nacional de Competitividad (NPCP)** with focus on green financial instruments, tools for low-carbon technologies, and impact metrics.
2020	**2021**	**2022**
Peru's Securities Commission declared support to TCFD to promote best practices in the Peruvian market. PIR published *Guidelines for Responsible Investment Policy* to encourage institutional investors to consider sustainability in their investment decisions.	**The Ministry of Environment** published the *Green Finance Roadmap* to facilitate the incorporation of environmental indicators into financial operations. **Peru's Central Bank (BCRP)** joined the **Network of Central Banks and Supervisors for Greening the Financial System (NGFS)**. **BVL** published its *Social, Sustainable, and SDG-Aligned Bond Guide* The Government launched its **Peru Sustainable Bond Framework** based on ICMA's principles in July to guide their sovereign issuance.	**Ministry of Environment** announced its intention to develop a Green Finance Taxonomy. The German Corporation for International Cooperation (GIZ) supported initial scoping work.

In late 2021, the Lima Stock Exchange (BVL) joined forces with two other Stock Exchanges in the region, the Santiago Stock Exchange (BCS, Chile) and the Colombia Stock Exchange (BVC, Colombia). This agreement will allow all three to create a single local market to integrate trading regionally. The stock exchanges are discussing the initiative and are joining efforts to create a unified market, with the possibility of regional integration to follow.

This synergy will most likely present a new opportunity for sustainable finance instruments. Issuers will have a broader market where they can offer their green products, and investors can offer Peruvian, Colombian, and Chilean financial products through a single platform. A strong ESG component is expected within the corporate structure of the joint venture which could attract greater scale to the market.

Peru's development bank supports local market growth

Development Banks can act as lenders, issuers, structurers, and providers of technical assistance in the development of local sustainable debt markets. In Peru, the National Development Bank (COFIDE) was the first to issue a green bond in the local market with support from the Inter-American Bank (IADB) in 2019.[29] The USD30m (PEN100m) green bond-funded renewable energy generation and matured in 2022. COFIDE has since issued other GSS instruments. In 2019, it issued a USD30m (PEN100m) sustainability bond with the proceeds earmarked for micro-enterprises, alternative vehicles, and wastewater treatment plants. COFIDE is the 7th largest GSS+ issuer in Peru, with a cumulative USD100m issued. The Peruvian Government could expand guarantees for labelled debt instruments through COFIDE to support the use of green bonds to finance infrastructure. COFIDE can continue to play an essential role in Peru's GGS+ market, by supporting issuers, investing in GSS projects, and issuing GSS+ bonds.[30]

Reporting brings transparency

The Superintendencia del Mercado de Valores (SMV), the stock market regulator and supervisor, has worked with companies to report socio-environmental impacts. In February 2020, SMV approved the update of the Corporate Sustainability Report (CSR) resolution, established in 2015, requiring listed companies to disclose an annual sustainability report. New reporting requirements are aligned with current social and environmental trends regarding disclosure of relevant data on policies, standards, and actions that companies are adopting for long-term sustainability.[31]

Public-private collaborations drive change

In 2020, the Ministry of Environment relaunched the Green Protocol, which had been initially approved in 2015, in partnership with the Association of Peruvian Banks (ASBANC), Peru's Microfinance Association (ASOMIF), and the Peruvian Federation of Municipal Savings Funds (FEPCMAC). The Protocol creates guidelines around incorporating sustainability criteria into projects and assets financed in Peru.[32] The Green Protocol has three strategic pillars: risk management analysis and integration, developing green products and service portfolios, and adopting eco-efficiency aligned to international standards and practices. In 2021, as part of the Green Protocol, the Ministry of Finance published a Green Finance Roadmap to set activities that will support the adoption of environmental criteria by financial institutions in Peru and leverage the country's sustainable finance market.[33] In the short term, the roadmap aims to support the development of green financial instruments, (self) regulatory initiatives on environmental management, and a green taxonomy for Peru.[34]

Taxonomy development gives clarity on green definitions

Following in the footsteps of other Latin America and Caribbean countries, such as Colombia and Mexico, Peru will develop a national green finance taxonomy. This is an important step in identifying the sectors that are economically relevant to a low-carbon transition in Peru. Two technical workshops were carried out in January 2022 by the Ministry of Environment and GIZ with more than 400 stakeholders to kick off taxonomy discussions.[35] In February, the Ministry of Environment launched its report *Hoja de Ruta Hacia las Finanzas Verdes*, laying out the roadmap to boosting green finance in the country and establishing a clear goal to have a local taxonomy in place by 2025.[36]

Market development is supported in LAC

Several Multilateral Development Banks and International Cooperation Agencies support the issuance of GSS+ instruments in Latin America and the Caribbean. Climate Bonds *Latin America & Caribbean: Sustainable Finance State of the Market 2021* report highlighted the work that the Inter-American Development Bank (IADB) and the International Finance Corporationaround local issuances.[37] Both organisations have provided technical assistance to public and private stakeholders to accelerate the growth of thematic bonds that meet international best practices.

The IADB has supported LAC issuers throughout the GSS+ issuance process including COFIDE in 2019. Its Green Bond Transparency Platform has increased international visibility of the local market providing data publicly and freely, with insights on best practices for disclosure.

The IFC is also active in the region through its Green Bond Technical Assistance Programme, which covers executive training, ESG disclosure, quality of reporting, advisory services, guidelines, taxonomies, and knowledge-sharing events. Peru has also benefited from the Technical Assistance Programme, with Peruvian institutions taking part in executive training.

Most recently, the LAGreen Fund was launched by KfW, with seed capital from the EU and the German Government, to support the issuance of GSS+ bonds in the region and attract greater long-term funding for sustainable projects. The LAGreen Fund can serve as anchor investor in GSS+ instruments, while also supporting the preparation process with technical assistance.

The fund strives to set a high benchmark in terms of clear, transparent, and robust reporting methodologies in the green bond market. Another strategic pillar of LAGreen is to serve as an exchange platform for promoting partnerships among the different stakeholders promoting the use of GSS+ bonds, which include development banks, development agencies.

Sustainable market overview

Methodology and scope

The following section covers GSS+ debt issued from Peru up to April 2022. The GSS+ themes are defined below.

Use of Proceeds bonds

Green: dedicated environmental benefits (green bonds and loans, together referred to as green debt, captured since 2012)

Social: dedicated social benefits (social bonds, captured since 2020)

Sustainability: green and social benefits combined into one instrument (sustainability bonds, captured since 2020).

Transition debt instruments

SLBs: coupon step-ups/step-downs linked to entity-level sustainability performance targets (SPTs) (captured since 2021)

SLLs: rate step-ups/step-downs linked to entity level SPTs (captured since 2021).

Methodology overview

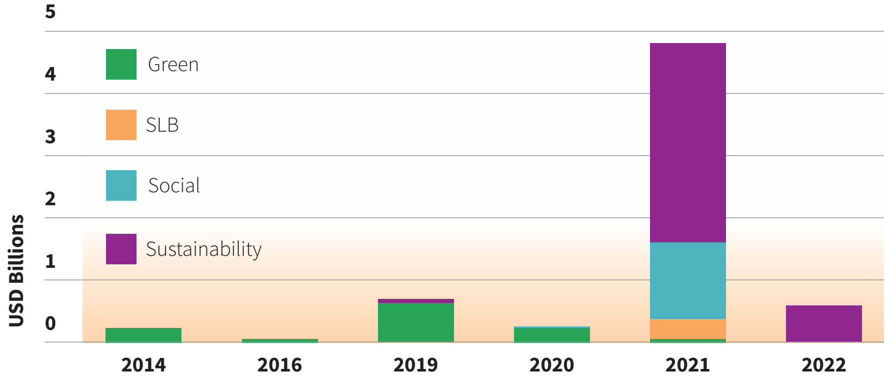
This report is based on three Climate Bonds databases: 1. Green Bond Database (GBDB) 2. Social and Sustainability Bond Database (SSBDB) 3. SLB and Transition Bond Database. GSS and transition bonds must finance sustainable projects, activities, or expenditures, while SLBs must annunciate clear SPTs for the entity. Debt labels describe the nature of financed projects, activities, or expenditures and their benefits. Green, social, sustainability, and transition are the most common labels, but a broad range of labels is used (see Appendix A).

Green - All deals carrying a variant of the green label have been screened for inclusion in the relevant database. Screening is based on a set of process rules stipulated in Climate Bonds Green Bond Database Methodology, summarised in the following overarching criteria:

- Deals must carry a variant of the green label, and
- All net proceeds must verifiably (based on public disclosure) meet Climate Bonds' green definitions based on the Climate Bonds Taxonomy. Only bonds with 100% of proceeds dedicated to green assets and projects aligned with the Climate Bonds Taxonomy are included in our GBDB and figures. If there is insufficient information on allocations, a bond may be excluded.

Social, sustainability, and sustainability-linked - Social, sustainability bonds' use of proceeds and SLB's KPIs are not screened against performance thresholds are not used to screen the Use of Proceeds (UoP) of social and sustainability bonds. A comprehensive social taxonomy or equivalent classification and screening system for debt instruments aiming to achieve positive social outcomes is yet to be developed. Existing market guidance on these three labels includes the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG), and the Sustainability-Linked Bond Principles (SLBP) by the International Capital Market Association (ICMA).

Sustainability Bonds dominate the GSS+ market in Peru



Source: Climate Bonds Initiative

Peru's sustainable finance market

Peru is Latin America's sustainable finance pioneer, and its journey has been unique. The Peruvian company Energía Eólica S.A. was the first green bond issuer in the region(see Annex I), joining the market in December 2014 with a 20-year, USD204m deal to finance two wind generation projects. [39]

Peru experienced a market hiatus between 2015 and 2017. It was only after the launch of the *Green Bond Guide for Peru* by the Lima Stock Exchange in March 2018 that the green bond market picked up again. In late 2018, Protisa Peru issued the only Peruvian sustainable deal of the year, a green PEN100m (USD30m) to finance the energy efficiency and water and waste management of its paper processing. Protisa is a subsidiary of CMPC, a Chilean company and green bond issuer (2017), which may have contributed to the decision to label the bond as green.

In 2019, two sustainability bonds with a volume of USD43m, and three green bonds with a combined volume of USD652m, came to market (page 10). Although the market slowed down in the following year, Caja Arequipa issued an 8-year PEN58m (USD17.4m) social bond with proceeds earmarked to support female entrepreneurs.

GSS+ volumes originating from Peru rapidly increased in 2021, reaching USD4.8bn. Three large sovereign social and sustainability bonds accounted for 90% of the total. Climate Bonds *Sovereign Green, Social, and Sustainability Survey 2021* highlighted the green market creation potential of sovereign GSS bonds.[40]

In April 2022, Fondo Mivivienda issued a social bond of USD600m with the proceeds earmarked for social housing.

Overall, Peru is the fourth largest sustainable market in the LAC region(see Annex II), with 16 deals and a cumulative total of approximately USD6.6bn across all GSS+ labels and a diverse range of debt instruments. Considering, other available instruments in Peru (see Annex I), more deals could come to market with a GSS+ label.

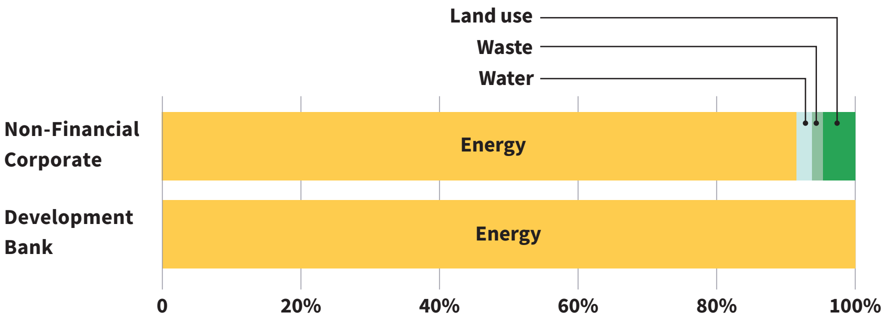
Green bonds

Green bonds account for 17% of Peru's GSS+ volumes, with cumulative volumes of USD1.1bn by April 2022. 2019 was the most prolific year at USD652m, with deals from non-financial corporate issuers Consorcio Trasmantaro (USD400m) and Ergon Peru (USD222m), plus the state development bank COFIDE (PEN100m/USD30m). Though green was the first thematic label to emerge in Peru, the sustainability label has exceeded the growth of green bonds since 2021 due to the large Government deals, and most recently, in 2021, the Fondo Mivivienda deal.

Peru Green Scorecard

LAC Ranking	5
Cumulative amount issued	USD1.1bn
Number of entities	6
Repeat issuers	1
Number of deals	7
Average size	USD162m
Biggest issuer	Consorcio Transmantaro S.A. (USD400m)

Green bonds in Peru - Use of proceeds and Issuer type (by April 2022)



Source: Climate Bonds Initiative

Non-financial corporates represent 97% of the cumulative volume, with the remaining 3% coming from the local national development bank. The issuer profile is not as diversified as other regional markets in LAC. 93% (USD1.1bn) of the UoP are earmarked for Renewable Energy. Water, Waste, and Land Use investments are also covered by the Peruvian green bonds, though represented by a smaller share of 7% (USD75m).

The Bosques Amazónicos (USD45m) deal in December 2021 diversified the UoP by directing funds to forest conservation. Although Bosques Amazónicos was not the first forestry sector company to reach the local green bond market (preceded by Protisa Peru's PEN100m (USD30m) deal to finance Water, Waste, and Land Use), it was the first to fund the forestry sector in the country. It was also the first green Climate Bonds Certified forestry deal in the LAC region.

The Peruvian market has adopted external review as a common practice with issuers typically obtaining an external review. COFIDE (PEN100m or USD30m) and Protisa Peru (PEN100m or USD30m) obtained second party opinions (SPOs) and three others were evaluated by rating agencies: two deals from Consorcio Transmantaro (USD400m and USD200m) and one from Ergon Peru (USD222m). There has been one certified bond (see above) which Pacific Corporate Sustainability (PCS), a regional consultancy firm, verified the against the Climate Bonds Standard. Energía Eólica S.A issued the only self-certified green bond.

United States Dollar- denominated issuances (95%) prevail over Peruvian Soles (5%). Five of the seven green deals were USD- denominated, while the two PEN deals were smaller: PEN100m (USD30m), from Protisa Peru, in 2018, and COFIDE, also PEN100m (USD30m), in 2019.

Social bonds

Social bonds account for 18% of Peru's GSS+ market, with a cumulative volume of USD1.2bn. Caja Arequipa kick-started the market in December 2020 with its PEN58m (USD 15.5m) deal. In early 2021, COFIDE issued a PEN144m (USD39.5m) bond to fund micro and small businesses impacted by COVID-19. The Government of Peru priced its first sovereign social bond in November 2021. The UoP of the EUR1bn (USD1.1bn) for this issuance were earmarked for COVID-19 related expenditures including support to vulnerable groups, affordable housing, education, basic health services, support for micro and small-sized enterprises (MSMEs), and social programmes to prevent unemployment.

Peruvian social bonds have been issued in Peruvian Soles (PEN201m/USD55m) or Euro (EUR1bn). The three social bonds span the yield curve, with tenors of 15 years (sovereign), eight years (Caja Arequipa), and three years (COFIDE).

External reviews are standard. The three social deals obtained SPOs. Sustainalytics assessed the sovereign and the COFIDE deals, and Vigeo Eiris evaluated Caja Arequipa's social bond.

Peru Social Scorecard

LAC Ranking	4
Cumulative amount issued	USD1.2bn
Number of entities	3
Repeat issuers	0
Number of deals	3
Average size	USD396m
Biggest issuer	Peruvian Government sovereign bond (USD1.1bn)

Case study: Bosques Amazónicos

Bosques Amazónicos (Bam) is a private environmental service and products company that aims to provide economic development for the Peruvian Amazon region while restoring degraded pastureland. Founded in 2004, it has restored more than 1,500 ha, protected 380,000 ha, and avoided 20bn CO2 emissions while generating 1,200 jobs across the local communities annually.[41]

In December 2021, Bam priced a green bond certified against the Climate Bonds Forestry criteria, the first of its kind in the region and the first certified deal in the country. The Grupo Pacific Credit Rating (PCR) reviewed the 5-year USD45m deal against the Climate Bonds Standard 3.0. The proceeds will go to protecting 10,933 ha of forests and restoring 2,969 ha of land in the region of Ucayali, avoiding a total of 10 million tons of CO2 emission, and protecting the local natural flora and fauna.

In addition to the environmental benefits, the issuer highlightedthe social co-benefits of the deal. The green bond proceedswill benefit five local communities by building their capacity for sustainable forest management and conservation, and 520 families will increase their household income by 25%.[42]

Case study: COFIDE's GSS experience

COFIDE was founded in 1971 to execute the Federal Government's financial strategy by designing and implementing economic and social development programmes. By October 2020, the bank's business lines reached USD7.1tn.[43]

COFIDE has a sustainability policy that ensures its commitment to sustainable development. Along with its triple bottom line strategy, the institution can contribute to Peru's development by promoting infrastructure, productive investment, and supporting SMEs and entrepreneurship.

Promoting sustainable investments is included in the objectives of the Sustainability Policy. In April 2019, the development bank was the first financial institution in the country to issue a thematic bond, a PEN100m (USD30m) green bond, with UoP earmarked to refinance Renewable Energy projects and support climate change mitigation.[44]

In October 2019, COFIDE issued a PEN100m (USD30m) sustainability bond with UoP for microenterprises, alternative vehicle initiatives, and wastewater treatment plants.[45] In 2021, the bank returned to the market, issuing its third thematic bond, a PEN144m (USD 39.5m) social deal to finance microenterprises and SMEs affected by COVID-19.[46]

Peru Sustainability Scorecard

LAC Ranking	**3**
Cumulative amount issued	**USD3.9bn**
Number of entities	**4**
Repeat issuers	**1**
Number of deals	**5**
Average size	**USD779m**
Biggest issuer	**Peruvian Government sovereign bond (USD2.25bn)**

Case study: Peru's sovereign sustainability and social bonds

The Peruvian Government successfully issued three thematic sovereign bonds in November 2021. The deals are part of the Government's response to COVID-19 addressing the country's economic, environmental, and social challenges.

The Government began with two sustainability bonds, a 12-year tenor worth USD2.3bn and a USD1bn 50-year. Two weeks later, Peru priced a 15-year EUR1bn social bond. All three deals were at least two times oversubscribed and attracted investors from the international community.[47,48]

Peru's Sustainable Framework establishes the eligible UoP categories to refinance 2021-2022 government expenditures.[49] Eligible expenditures include:

- Social housing, education, and health services;
- Financial support to MSMEs and vulnerable people; and
- Green buildings, Renewable Energy, Energy Efficiency, Low-carbon Transport, Water Infrastructure, sustainable management of natural resources, Agriculture, and Waste Management.

Projects refinanced through the proceeds of sustainable bonds under this framework could be at a local, regional, or national level identified in either the public budget or the Government's Multiannual Investment Planning.

Sustainability bonds

Sustainability bonds comprised 59% of the Peruvian GSS+ market volume as of April 2022. The first Peruvian sustainable bonds emerged in 2019 from Banco Pichincha (USD13m) and COFIDE (PEN100m/USD30m). Nothing was issued in 2020, and in 2021 two sovereign sustainability deals were priced (USD1bn and USD2.25bn).

By mid-2022, sustainability was the only label issued that year. Fondo Mivivienda priced one deal of USD600m. Most of the sustainability volume (99%) to date has been USD denominated, with only one PEN-nominated deal in 2021 from COFIDE (PEN100m/USD30m). All of Peru's sustainability bonds have obtained external reviews.

Sustainability-linked bonds

SLB debt represents 6% of the Peruvian sustainable market, with one USD380m issuance from 2021, making it the fourth-largest theme in Peru. As in the rest of the LAC region, issuers are increasingly interested in performance-based instruments (KPIs). The single SLB deal in the country was issued by San Miguel Industrias PET SA, a non-financial corporate; see case study below.

Peru Sustainability-linked Scorecard

LAC Ranking	**5**
Cumulative amount issued	**USD380m**
Number of entities	**1**
Repeat issuers	**0**
Number of deals	**1**
Average size	**USD380m**
Biggest issuer	**San Miguel Industrias PET SA (USD 380m)**

San Miguel Industrias PET

San Miguel Industrias, also known as SMI Group, is the market leader in rigid plastic packaging in the Andean region, Central America, and the Caribbean. Nexus Group, the largest private equity firm in Peru, has owned the company since 2013. The Group has been investing in recycling to ensure sustainability across its supply chain.

SMI Group, through its subsidiary BG PET R&P Latin America, issued a USD380m SLB with a 3.5% coupon in July 2021. Its KPIs were linked to the entity's goals of following a circular economy model and diverting waste from landfill. The SLB obtained an SPO from ISS Corporate Solutions, which found that the KPIs and Sustainability Performance Targets (SPTs) were sufficiently ambitious. The SPO highlighted three trigger events related to the transparent and timely achievement of KPIs which, if not achieved, would incur an increase in the coupon payment (disclosed in confidential documents of the transaction).[50] ISS Corporate Solutions identified the alignment of the SLB's Framework with ICMA's SLB Principles.[51]

Peru's sustainable debt instruments from 2014 to 2022

Green bonds						
Issuer name	**Instrument**	**Amount issued**	**Issue date**	**Issuer type**	**Use of Proceeds**	**External Review**
Bosques Amazónicos	Bond	USD45m	01/12/2021	Non-financial Corporate	Land Use	Climate Bonds Certified (PCS)
Consorcio Transmantaro S.A.	Bond	USD200m	14/09/2020	Non-financial Corporate	Renewable Energy	Rating S&P Global
Ergon Peru	Bond	USD222m	29/07/2019	Non-financial Corporate	Renewable Energy	Rating S&P Global
Consorcio Transmantaro S.A.	Bond	USD400m	16/04/2019	Non-financial Corporate	Renewable Energy	Rating Moody's
COFIDE	Bond	PEN100m (USD30m)	26/04/2019	Development Bank	Renewable Energy	SPO Sustainalytics
Protisa Peru	Bond	PEN100m (USD30m)	22/10/2018	Non-financial Corporate	Water, Waste, and Land Use	SPO Sustainalytics
Energia Eólica	Bond	USD204m	11/12/2014	Non-financial Corporate	Renewable Energy	None
Social Bonds						
Issuer name	**Instrument**	**Amount issued**	**Issue date**	**Issuer type**	**Theme**	**External Review**
Peruvian Government International Bond	Bond	EUR1bn (USD1.1bn)	17/11/2021	Sovereign	COVID-19	SPO Sustainalytics
COFIDE	Bond	PEN144m (USD39.5m)	28/01/2021	Development Bank	COVID-19	SPO Sustainalytics
Caja Arequipa	Bond	PEN57.6 m (USD15.5m)	18/12/2020	Financial Corporate	Gender	SPO Vigeo Eiris
Sustainability Bonds						
Issuer name	**Instrument**	**Amount issued**	**Issue date**	**Issuer type**	**Theme**	**External Review**
Fondo MIVIVIENDA SA	Bond	USD600m	12/04/2022	Non-financial Corporate	Affordable housing, green housing	SPO ISS ESG
Peruvian Government International Bond	Bond	USD1bn	02/11/2021	Sovereign	Support for vulnerable groups; affordable housing, education, and basic health services; support for MSMEs and social programmes; green buildings; renewable energy; energy efficiency; low-carbon transport; resilient and efficient water and wastewater management; sustainable management of natural resources, land use and marine protected areas; sustainable agriculture; sustainable waste management	SPO Sustainalytics

Sustainability bonds, continued						
Issuer name	**Instrument**	**Amount issued**	**Issue date**	**Issuer type**	**Theme**	**External Review**
Peruvian Government International Bond	Bond	USD2.3bn	02/11/2021	Sovereign	Support for vulnerable groups; affordable housing, education, and basic health services; support for MSMEs and social Programmes; green buildings; renewable energy; energy efficiency; low-carbon transport; resilient and efficient water and wastewater management; sustainable management of natural resources, land use, and marine protected areas; sustainable agriculture; sustainable waste management	SPO Sustainalytics
COFIDE	Bond	PEN100m (USD30m)	28/10/2019	Development Bank	Support for micro-business; alternative vehicles, and wastewater treatment	SPO Sustainalytics
Banco Pichincha	Loan	USD13m	11/02/2019	Financial Corporate	Renewable energy; energy efficiency; cleaner and more efficient production; sustainable agriculture; sustainable building, sustainable transportation; solid, liquid waste management and recycling	SPO Deloitte

Sustainability-linked bonds						
Issuer name	**Instrument**	**Amount Issued**	**Issue date**	**Issuer Type**	**Theme**	**External Review**
San Miguel Industrias PET SA	Bond	USD380m	26/07/2021	Non-financial Corporate	Waste management, circular economy	SPO ISS ESG

Green investment opportunities in Peru

Identifying a pipeline of green projects, assets, and expenditures is essential to demonstrate the investment opportunities in Peru. The Climate Bonds Taxonomy, which classifies sectors for the transition to a low-carbon and resilient economy aligned to a 1.5ºC trajectory, was used to map the most relevant sectors for Peru. In addition to green projects and assets, it explores hard-to-abate sectors with decarbonisation potential.

Renewable energy

Peru's electricity mix is relatively clean, with more than 65% of its capacity coming from renewable sources, mainly hydropower (60%). Natural gas is also an important energy source, with several projects in the Central and Southern parts of the country.[52] Climate Bonds does not support the use of fossil gas as a transition fuel.

Even though Peru's electricity mix is cleaner than other LAC countries, it is underusing its renewable energy generation potential. The country has mapped its available capacity compared to current production capacity and found that hydro and wind could have the potential for increased shares. Hydropower has a generation potential 13 times greater than the installed hydro capacity, and wind power has a generation potential 58 times greater than the installed wind capacity.[53] Green bonds are widely used to finance or refinance renewable energy capacity, and could support development in Peru, such as Energia Eólica S.A. project bond in 2014 and Ergon Perú S.A.C private placement, both with a green label (see Annex I). Additionally, electricity consumption is increasing in Peru as economic activities are resuming post COVID-19. The Peruvian Government has invested in transmission projects and infrastructure for renewable energy creating a fertile landscape for renewable energy projects. [54]

Sustainable water management

Peru's water sector faces several challenges, including pollution of water bodies and wastewater treatment. There has been a fundamental transformation in the past decade, with broader coverage in drinking water (90%) and sewage treatment (84%).[55] The Government has built a public-private partnerships pipeline estimated at USD1.4bn for water supply, wastewater treatment, and sanitation for 2022.[56] Despite advances in the sector, a USD22bn funding gap in sanitation must be addressed to leverage growth. Sustainable water management is a project category ideal for inclusion in green bonds, which could be used to support the country in closing this gap.

Low-carbon agriculture

Agriculture and livestock are important economic sectors for Peru. The country produces a variety of grains, vegetables and exotics fruits and is the fifth largest exporter of quinoa in the world. In 2021, agriculture and livestock were responsible for 3.6% of GDP. Growth in this sector is expected to continue.[57] Like other agricultural producers from LAC, deforestation presents challenges, particularly in the Amazon region.[58] Deforestation leads to biodiversity loss and soil degradation which impact crop yields. The Peruvian Government has already demonstrated its intention to pursue sustainable production and, in 2020, launched the Sustainable Production Coalition, supported by the Tropical Forest Alliance.[59] There is an opportunity to further encourage the adoption of low-carbon agriculture by supporting sustainable management and best practices. Asset based securities (see Annex I) are an interesting instrument to finance low-carbon agriculture considering the size of producers as it allows aggregation and consequently a higher ticket.

Sustainable forest management

Forest management has the potential to generate income as well as protect forested areas. The Peruvian Amazon comprises an area of around 780.000 km^2, rich in biodiversity and natural resources. The sustainable management of these resources through investments in forest maintenance and controlled production of timber and non-timber products (e.g., Brazil nuts) in monitored areas helps to eliminate illegal logging and intensive extraction of valuable environmental assets. Environmental impact or pay-for-results bonds (see Annex I) that encourage both conservation and production of forestry value chains could be used to fund sustainable forest management projects.

Low-carbon transport

Peru's transport system relies predominantly on roads, with 168,474km of road network. The country also uses railways, but to a lesser extent, with a total length of 1,939km in rail lines.[60] Reliance on road transportation brings environmental and logistical challenges. Aware of the need to shift its transport modals, Peru is investing in infrastructure integration across its different regions, increasing efficiency in logistics and consequently decreasing transportation costs to become more competitive.

Transport is the sector with the most significant infrastructure gap, with around USD49bn need in investments by 2038.[61] According to Peru's Private Investment Promotion Agency (*ProInversion*), transport investment is already substantial compared to other sectors, demonstrating its attractiveness for investments: over USD4bn invested in roads, railways, and ports.[62] Investment could help Peru move towards low-carbon transport alternatives and build climate-resilient infrastructure that is less vulnerable to climate hazards. Peru's Sustainable Bond (see Annex I) includes low-carbon transport as one of the eligible green categories. The Sustainable Bond Framework identifies opportunities for financing or re-financing expenditures related to metro lines, developing a national sustainable urban transport programme, or promoting cleaner fuels and electric vehicles.

Other opportunities for Peru

Climate adaptation & resilience

Peru is highly vulnerable to climate change and severe social and economic impacts such as tourism, food security, and access to basic infrastructure. Investing in climate adaptation and resilience (A&R) is key to achieving climate and environmental goals and resisting future economic shocks caused by the climate crisis. Even with drastic GHG emission reductions, current carbon emissions take years to affect global temperature. Therefore, even by cutting off emissions today and limiting the temperature to 1.5°C above pre-industrial levels, there are unavoidable consequences of temperature rise and centuries of GHG emissions.

Investments in A&R are essential to cope with the impacts of temperature rise on the system. Not only can they protect future revenues, but they also attract a broader range of investors, desperate to diversify their green bond portfolio exposure, to the country.

The use of green criteria, such as under the *Climate Bonds Standard*, can provide the market with clear definitions of A&R projects, assets, and expenditures. In 2019 Climate Bonds launched the *Climate Resilience Principles*, which provide a framework for a systematic approach to climate-resilient investments across all sectors.[63]

Nature-based solutions

Peru has the potential to lead the nature-based solutions (NbS) sector in the region. The country hosts incredible biodiversity, with an extensive coastal area and 40% of its territory covered by forests. 21% of the adaptation measures contained in its National Climate Change Plan qualify as NbS.[64] Investing in such projects is critical to achieving the country's goals and commitments. Investments in NbS address climate adaptation and environmental issues and contribute to social and economic development.

Peru benefits from knowledgeable native communities that, for centuries, have applied NbS techniques to build infrastructure. An Ecosystem Services for Poverty Alleviation (ESPA) project that improved water management in the Peruvian rural highlands and Lima is one example of the social and environmental impacts of ancient nature-based infrastructure and investments in NbS.[65] Through monitoring techniques, restoring an ancient canal (mamanteo canal), and preventing grazing along its streamline, the project increased the water infiltration in the highlands, delaying downstream water flows by two weeks to eight months, and ultimately improved the water availability during the dry season. In turn, this impacted water distribution, agriculture, and people's livelihoods in upstream rural areas and downstream Lima. The findings of this project led SEDEPAL (Lima's water utility company) to invest USD23m in green infrastructure, with USD1m dedicated to the restoration of the mamanteo canal.

Water infrastructure, sustainable agriculture, land use, management of aquatic ecosystems, and blue economy are eligible green categories, and investments in NbS within these sectors can boost development and increase the adaptive capacity to climate risks. Green and sustainability bonds could help to attract capital from specialist and mainstream investors (see Annex I).

Hard-to-abate sectors

Peru must support the transition of its hard-to-abate sectors that are critical to economic stability. These include industrials, cement, steel, mining, and oil and gas.[66,67] While these sectors are not eligible for green UoP investment, SLBs or transition bonds could be issued to support transformation aligned to a 1.5°C trajectory.

Transition finance can finance the rapid transformation needed to phase out environmentally harmful activities in emission-intensive activities. This means a phased approach to turning green, as many sectors depend on new technologies. This journey needs to be science-based, and adhere to ambitious, time bound targets.

Transition finance

Green and sustainable bonds can support the transition to a low-carbon economy and have so far focused on financing low-carbon assets, projects, and activities. Reputational, regulatory, compliance, and stranded assets are all sources of potential risk for economic sectors that do not demonstrate transition. Economic activities that do not engage in the net-zero pathway will also limit their own future investment flows. Market players no longer discuss when the transition will happen, but how fast it will happen. In 2020, South Korean Samcheok Blue Power station issued a KRW100m (USD76.8m) deal, but no investors were interested in bidding on it, partially due to the company's credit rating downgrade related to its coal-fired plant.

The market is hinting at the importance of climate-aligned investments and their impact on portfolios. In 2021, according to Bloomberg, banks made more revenues from arranging green debt than fossil fuel debt.[77] Still, brown, and hard-to-abate industries will continue to be critical economic activities, and they must join the net-zero transition pathway. To achieve climate goals and secure the market against transition-washing, it is crucial to have robust, science-based, credible, and transparent definitions. In 2020, Climate Bonds began its work in defining transition thresholds for high-emitting activities to fill this gap. The same year, the organisation published the *Financing Credible Transitions Whitepaper*, a framework for using the transition label.[78] Climate Bonds is working on sector-specific criteria to support science-based transition within sectors. The first set of Criteria for 2022 includes basic chemicals, cement, and steel.

Industry (steel, cement, chemicals)

Construction and manufacturing are Peru's two leading industrial sectors and attract substantial investments. Peru is the third largest cement producer in Latin America, and manufacturing chemicals has been one of the main export products.[68,69] Decarbonisation for basic chemicals, cement, and steel is central to global emission GHG reduction, particularly given the importance of these sectors, and the market should grow in the coming years. Due to the role that these sectors can play, Climate Bonds began developing transition criteria for all three industries to support their decarbonisation. These Criteria should be ready for use by the end of 2022.

Oil and gas

Peru has a large reserve of oil and gas, which has attracted large public and private investment in the country. The oil and gas sector is vital to the Peruvian economy, with exports going to the United States (22%), Japan (13%), and South Korea (13%).[70] The country's oil and gas proven reserves are sizable: 344 million barrels of oil and 12 trillion cubic feet of fossil gas.[71]

According to the *ProInversion*, the cost of one gas transportation project in Southern Peru was USD4.3bn.[72] Decarbonising the sector is challenging, mainly because of the potential to explore and exploit undiscovered resources. Transition finance for the industry is in its early stages. In the past six years Repsol and Orsted have issued green bonds. In the 2020 *Financing Credible Transition Report*, Climate Bonds did not recognise the Repsol bond as green nor transition due to the potential lock-in of stranded activities.[73] Even with the current challenges, it is essential to bring the transition agenda to oil & gas companies, such as PeuPetro, so they align with best international practices and do not get left behind in the transition.[74]

Mining

Mining is a high emitting sector and one that is vulnerable to extreme weather events and accounts for the largest share of Peruvian exports.[75] The industry provides a substantial amount of raw materials for the continuous expansion of infrastructure in the country. In 2020, Peru was the second-largest silver, copper, and zinc producer in Latin America, and the country hosts many minerals providing employment for almost 200,000 people.[76] The Chilean Taxonomy Roadmap, supported by Climate Bonds, identified mining as a critical sector, though international taxonomies do not include mining. One of the primary goals of mining is to support the exploration of the minerals required for a low-carbon transition, such as lithium and copper, and to address the energy consumption needed to fulfil this role. Peru could consider a similar pathway for its mining sector. There are currently no sector Criteria from Climate Bonds for mining.

Barriers to growth in Peru's sustainable finance market

Most of the barriers preventing growth in the Peruvian market are not specific to GSS+ bondsbut to the overall development of the capital market . The roadmap to grow Peru's sustainable finance market (see below) will focus on how labelled bonds, mainly green bonds, can attract financial flows to green assets and projects in Peru and how to exploit the country's potential.

1. Currency hedging. Local issuers prefer GSS+ bonds to be denominated in local currency. To offset the resulting currency risk, foreign investors require currency hedging solutions. While investors have recently demonstrated an appetite for local currency, most international investors cannot combine EM credit risk with currency risk, and still prefer hard currencies (USD and EUR). Currency risk is often a challenge in EM including Peru, as contracting debt in hard currencies is a higher risk and more expensive to local issuers. The higher interest rate environment in the USA and Europe may put additional pressure on local currencies, while reducing investors' appetite for EM currency risk.

2. Market liquidity. Despite a solid financial system and a well-established, traditional stock exchange, Peru's capital market still struggles with lower liquidity and diversity than other LAC markets. It has a small secondary market, and a reduced number of listed companies and new issuances.[79] There is a high incidence of informal labour (90%) in Peru which has prevented the establishment of a large, liquid, pool of local pension fund capital. Such capital typically serves as the largest, long-term source of investment in local currency debt.

3. Issuance costs. The issuance costs of smaller bonds (issuance size < USD100m) are relatively high compared to loan financingin emerging markets like Peru. There are typical costs for all types of bonds, vanilla and GSS+, such as obtaining a credit rating, drafting a bond prospectus, and legal fees. Other prices, such as preparing a framework, getting an SPO and certification, and preparing annual reviews, are specific to GSS+ bonds and must be borne by the issuer. These higher costs can deter smaller issuers from entering the market. For larger transactions (issuance size >USD300m), these costs are negligible, yet the issuer may perceive the additional steps to obtain a GSS+ label as a barrier to entry.

4. Access to finance. Expanding access to capital markets is fundamental for the expansion of thematic debt issuance in the country. Though there are resources available in Peru, their availability has been limited to a few borrowers and issuers that may not have incentives to issue GSS+ bonds.

5. Bankability and pipeline. The risk exposure and risk-return profile of GSS+ projects may be higher than in other traditional sectors. A wide range of GSS categories such as those related to water, pollution control, land use, and natural resource management requires the inclusion of additional elements to address climate mitigation and adaptation. Lack of pipeline is also a barrier for investors, as repeat issuers offer economies of scale in terms of the required entity level analysis.

6. Market awareness. One of the central barriers for the markets in LAC is the lack of understanding of thematic bonds and best practices. Often, issuers have limited access to service providers and advisers and might be reluctant to invest time and resources to come to market, which may prevent new deals from happening. Further market education is needed to grow the market and connect investors and issuers, as well as work with public and private stakeholders to improve the business environment for GSS+ instruments.

7. Political environment. Peru's political landscape is historically of high complexity and frequent change. Market uncertainties could shift investment perceptions and capital flight to other countries in the short term, and changes in policy frameworks could have medium to long-term implications. The recent downgrade of Peru's credit rating across all credit agencies contributed to a shift in investor confidence. There are opportunities for growth in the GSS+ market, and they could be further encouraged through policy and institutional changes.

Roadmap to grow Peru's sustainable finance market

Identifying stakeholders and their roles and capacity can further expand Peru's sustainable investments. The GSS+ bond universe allows these stakeholders to drive investment capacity and local capital market development.

Investors have an influential role in building market demand by incorporating green and sustainability into their investment policy guidelines.

Regulators and policymakers can set policies and promote a conducive environment to facilitate the issuance of labelled bonds.

Intermediaries and other service providers can support local market players to follow best market practices and come to market.

All these stakeholders have a role in developing the sustainable finance market in Peru, and the country's growth will depend on joint efforts. The leading market players and their potential roles are summarised below.

Institution	Category	Role
Government of Peru – Ministry of Finance	Public sector	**Market regulation and policy development.** Establish policies that will support green investments and promote benefits of GSS+. **Taxonomy development.** Lead taxonomy development to further guide the market on the eligibility of GSS projects and assets. **Sovereign issuance.** Sends signal to investors and attracts a wider pool of investors to the Peruvian market. Contributes to green market creation, particularly if such issuances are made on regular basis, providing new pricing points and liquidity. **Promote the adoption of best practices.** Encourage alignment to best practices, including incorporating climate risk exposure and sustainability criteria into project planning and development.
Banco Central de Reserva del Perú	Public sector	**Climate risk disclosure.** Require the disclosure of climate risk following TCFD recommendation. Include the development of climate scenarios and stress tests to better inform strategies. **Risk-weighting adjustment.** Capital adequacy tests could be subjected to climate stress tests to assess green and brown assets. **Green quantitative easing.** Could support capital injection into targeted sectors such as renewables, low-carbon transport, water infrastructure, and shunning brown assets.
Superintendencia de Bancos, Seguros y AFP (SBS)	Public sector	**Financial supervision.** Regulates and supervises the financial, insurance, and private pensions systems and could support incorporating sustainability indicators. **Market guidance.** Could define mandates for responsible investments and support the development of market guidance and common language around GSS+ instruments.
Superintendencia de Valores Monetarios (SVM)	Public sector	**Market regulation.** Sets market rules and could encourage new thematic issuance. **Market awareness.** Could raise awareness to attract organisations to raise funding via the capital market, as well as on what GSS+ instruments and the opportunities attached to them. **Disclosure and Reporting.** Support climate-related biodiversity, and environmental disclosure mechanisms such as the Task Force on Climate-Related Disclosure. It can also support the harmonisation of GSS+ frameworks and reporting.
COFIDE	Development bank	**Setting a benchmark.** Set benchmarks for the local market regarding the process, the standards, the labels, and other financial features. **Sustainable financing.** The Bank can provide sustainable/ESG-aligned credit lines as a lender, leveraging the country's sustainable projects and assets portfolio. **Technical assistance.** Support the bankability of projects and the structuring of deals by providing technical assistance. For instance, it can cluster smaller deals and pooled financed structures to raise larger amounts of capital in the market by making it more appealing to investors. **Provide guarantees.** Expand guarantees for labelled debt instruments.

continued.

Institution	Category	Role
Bolsa de Valores de Lima (BVL)	Stock exchange	**Market education.** As an intermediary between issuers and investors, the local stock exchange can support issuers' capacity building on sustainable credentials. **GSS+ guidance.** BVL has already published guidance for Peru but could further implement international practices around disclosure and reporting.It could also continue to promote the benefits of GSS+ and accompany the preparation process of first time issuers. **Create tools.** Develop new tools to facilitate the engagement between issuers and investors, particularly those looking for impact and responsible investments, by incorporating special listings features for GSS+ instruments. Facilitate and reduce time of thematic issuances and listings and promote the establishment of a local ecosystem of service providers.
Financial Institutions (e.g. Banco de Crédito del Perú - BCP)	Financial institution	**GSS+ issuance.** Issue thematic bonds to fund sustainable projects and assets in their portfolio. **Build eligible portfolios.** Generate a sustainable project portfolio and work with clients to support their low-carbon transition. **Provide capital.** Finance sustainable projects and assets through dedicated products **Adhere to international initiatives.** Become a signatory of international initiatives that promote best practices such as the Principles for Responsible Banking, Principles for Responsible Investment and the Net-zero Banking Alliance to begin their sustainability journey.
External Verifiers	Service provider (verifier)	**Market education.** Support issuers on understanding how to come to market and align to international best practices. **Advisory.** Support companies in incorporating sustainability standards and preparing for GSS+ issuance.
Multilateral Development Banks	Development bank -supranational	**Technical assistance.** Guide pre-and post-issuance, including developing a green bond framework, portfolio review, external verification, and capacity building. **Enhance Bankability.** Provide guarantees, credit enhancement, and blended finance to facilitate investments in eligible projects and assets. **Subscribe to GSS+ bonds.** Invest in a share of a particular bond or provide a cornerstone investment that crowds in private investment and integrating co-investors into such issuances.
Administradoras de Fondos de Pensiones (AFPs)	Institutional investors	**Market Demand.** Leverage the selling market using its expertise in long-term risk management and encourage the adoption of robust sustainability standards aligned to international best practices. **Diversify portfolios.** Strengthen the demand for impact investment beyond renewable energy, looking at other critical infrastructure sectors, agriculture, and hard-to-abate sectors. **Build Funds.** Create local GSS+ investment funds to promote transition and push demand for thematic deals. Introduce new investors (individuals) to GSS+ products. **Knowledge sharing.** Promote GSS+ investments among its peers, building up a common ground approach to responsible investment.
Insurance Companies (Mutual Funds)	Institutional investors	**Incorporate Climate Biodiversity, and other Environmental Risks.** Complement sustainable investment strategies to reduce the impact of climate changeand other environmental externalities, **and offer products such as parametric insurance.** **Offer Incentives.** Increase premium to encourage the implementation of risk reduction measures. **Offer ESG products and services.** Develop tools and other products that can support clients to mitigate climate and environmental risks. **Adhere to international initiatives.** Become a signatory of international initiatives that promote best practices such as the Principles for Responsible Investment and the Principles for Sustainable insurance.

Outlook

Peru is a diverse country which offers opportunities to grow its sustainable finance marketdespite challenges. It was the first to issue a green bond in the LAC region, with Peruvian company Energía Eólica S.A. joining the market in December 2014 with a 20-year, USD204m deal to finance two wind generation projects. Despite a lower expansion compared to its peers, new deals across the GSS+ labels indicate the country's potential to access the market.

Sustainable finance can protect the country's natural resources to ensure economic resilience and address its increasing vulnerability to natural disasters. Despite the current political scenario, the Peruvian Government has sent important signals to the market through the issuance of its sovereign social and sustainability bonds and the incorporation of sustainability elements in the National Infrastructure Plan (PNIC).

Peru's sustainability journey is underway and the Peruvian market must now scale up to achieve the required impact. Climate Bonds identifies eight measures to strengthen and extend the market.

1. More GSS+ sovereign debt. More sovereign issuance(including local currency) covering new labels and sectors would reinforce the Government's commitments to a more resilient economy and help to attract private sector capital.It is important that such issuances take place on a regular basis (peer countries issue several times a-year) so that they can serve as a benchmark for the whole market at this early stage of development.

2. More local currency deals. Five out Peru's 17 GSS+ deals were in local currency (PEN). Though hard currency continues to dominate GSS+ issuance globally, there is growing appetite for local currency deals. Such deals would attract local investors and continue to reduce reliance on foreign currency and exchange rate risk.

3. Create Market Conditions for GSS+. Demand from local investors could be stimulated through communication of opportunities in the GSS+ market. Public sector institutions can lead by aligning some or all their investment portfolios to responsible investment strategies. Financial institutions can identify and invest in eligible assets and portfolios either by issuing GSS+ debt or creating dedicated instruments or finance lines. AFPs or insurance companies could also define a minimum investment percentage in these instruments to encourage new deals.

4. Facilitate GSS+ issuance. Labelled issuance could be encouraged through multiple strategies. These include fast track approval of GSS+ projects, clear guidance on the identification of eligible projects and assets, information on pre- and post-issuance processes, mapping strategic stakeholders and service providers supporting new deals, and reducing or exempting listing fees for GSS+ issuers.

5. Incorporate sustainability criteria into the preparation of projects funded through public-private partnerships. Climate risk exposure, including future depreciation of assets due to extreme weather events such as precipitation patterns or temperature increases, should be accounted for in new infrastructure projects.

6. Taxonomy development. Peru is already considering the development of a local taxonomy, which would provide greater clarity on eligible activities based on the country's national context. Taxonomy developments drive local market development, but Peru would need to align with international taxonomies to facilitate cross-border flows and comparability, such as the Climate Bonds Intiative Taxonomy or the European Union's Sustainable Finance Taxonomy. Peru should also consider including other elements beyond climate change within its taxonomy, particularly NbS, biodiversity, and natural capital.

7. Broaden the use of GSS+ labels. Peru has the potential to explore new labels such as resilience bonds. While the GSS bonds have focused on UoP for environmental and social benefits, building resilience in the country will be critical to addressing its vulnerability to extreme weather events. Peru also has the opportunity to issue GSS+ bonds that focus on NbS and biodiversity, as well as its transition to a low-carbon economy, considering hard-to-abate sectors, particularly industry.

8. Engage key market players. Stakeholders such as the BVL could provide capacity building to issuers and investors to help them understand the opportunity for attractive investments with GSS benefits. These interactions can guide entities through the issuance process and highlight GSS+ instruments potential to mobilise resources for the country's infrastructure gap and other priority sectors.

Annex I – GSS debt Instruments available in Peru

Corporates, financial entities, subnational authorities, government-backed entities, or the Federal Government can issue green, social, and sustainability bonds. They are common capital markets' debt instruments and loans used exclusively to (re)finance projects with environmental and social benefits. Any debt format can receive a thematic label. Below we listed the Peruvian debt instruments, and where possible, we included local examples from Peru and the wider LAC region.

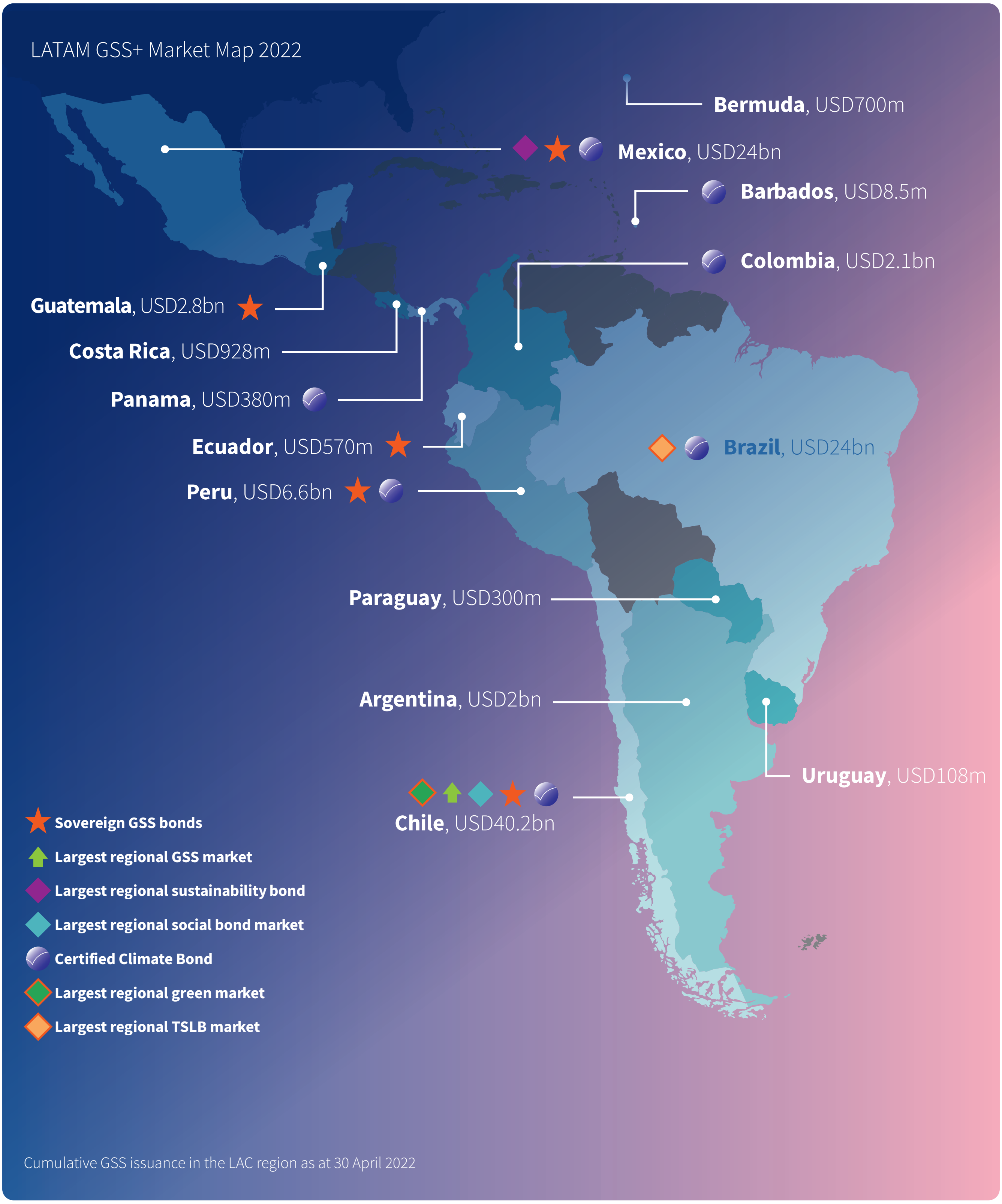
GSS debt Instruments available in Peru

Debt Instrument	Definition	Local instruments	Example
Supranational and sovereign bonds	Usually, these securities carry the credit rating of the issuing supranational/ federal entity, but separate rating can be assigned as well.	Bonos del tesoro (Treasury Bonds)	**Supranational. CAF (Corporación Andina de Fomento)** issued, between 2018 and 2020, six green bonds denominated in hard currencies and Colombian pesos (COP150m, USD30m, USD50m, EUR750m, CHF350m, and COP104m). All green bonds received second-party opinions from Sustainalytics and financed mixed UoP, including Renewable Energy, Transport, Water, Waste, and Land Use. In 2020, the development bank issued a EUR700m social bond to finance COVID-19-related expenditures. **Sovereign. The Government of Peru** issued two sovereign sustainability bonds in November 2021 (USD1bn and USD2.3bn), followed by a social bond (EUR1bn) in the European market. The bond proceeds fund eligible projects and assets under its Sustainable Bond Framework.
Sub-sovereign (state/ municipal) bond	The credit rating assignment is based on the issuing subnational entity and the underlying asset.	Bonos básicos (Bonds) Notas (Notes) Bonos globales (Global Bonds)	**Mexico City** issued two green-labelled debt instruments in 2016 (MXN1bn) and 2018 (MXN1.1bn) to finance low-carbon transport and water sectors, buildings, climate adaptation, and resilience assets that also received proceeds from the first issuance. The **Argentinian provinces of La Rioja and Jujuy** financed Renewable Energy projects with green bonds. The Province of La Rioja issued USD100m and USD200m, in 2017 and USD18m in 2021; and the Province of Jujuy issued USD210m in 2017. A sustainability labelled sub-sovereign bond have not yet materialised from Peru. While there are no legal restrictions for sub-sovereign issuance, this depends on resource autonomy, budget management, and appropriate use of resources. Peruvian municipalities would then required government approval and backing, or issue within their own budget; a major challenge for most LAC municipalities.
General obligation bond	The securities are backed by issuing entity's balance sheet assets, and the issuing entity receives the credit rating.	Bonos garantizados (General Obligation Bond) Notas (Notes)	**COFIDE** issued a PEN143.9m (USD43.2m) 3-year sustainability bond in January 2021. Proceeds will support MSEs affected by COVID-19.
Project bond	Direct exposure to the project(s) risk, with or without recourse project financing. The backing assets and the financial returns receive the credit rating.	Bonos básicos (Bonds) Bonos subordinados (Subordinated Debt) Notas (Notes)	Peruvian **Energía Eólica S.A.** issued a 20-year USD204m senior secured green project bond to refinance two wind farms acquired through a 20-year guaranteed Power Purchase Agreement.

GSS debt Instruments available in Peru (Continued)

Debt Instrument	Definition	Local instruments	Example
Revenue bonds	These securities are at least partially backed by the issuer's revenue stream. They carry the credit rating of the issuing entity. For instance, local governments can issue revenue bonds backed by future revenue receipts from taxes or fees.	Bonos básicos (Bonds) Bonos de arrendamiento financiero (Revenue Bonds) Bonos garantizados (General Obligation Bond)	Although Peru nor LAC issuers have issued a sustainable labelled revenue bond, the **municipality of San Salvador** (El Salvador) issued a USD10.5m two tranche deal comprising 5-and 10-year tenors. The future revenue flows from the municipality backed supported the underlying projects.[80]
Dual recourse bond	The issuing entity primarily backs these securities. In case of payment defaults, a cover pool of financial assets (also financed by the proceeds of the bond) can provide an alternative for investors. The cover pool reduces credit risk.	Bonos garantizados (General Obligation Bond) Bonos cubiertos (Covered Bonds) Bonos hipotecarios cubiertos (Covered Mortgage Bonds)	**Berlin Hyp,** a German mortgage bank, became the first issuer to come to market with a green covered bond (or Green Pfandbriefe), in 2015, to refinance loans for green buildings. The cover pool of assets comes from the Berlin Hyp mortgages portfolio. Neither Peru nor LAC issuers have issued a sustainable labelled dual recourse bond.
Securitisation/ tranches in Asset-backed securities	A pool of underlying assets backs these securities, which are the only payment source to investors. The risk of these assets reflects the assigned credit rating; despite a rating not being mandatory.	Bonos titulizados (Asset-backed securities)	The Brazilian pulp & paper company **Suzano Papel e Celulose** issued an 8-year BRL1bn (USD295m) green asset-backed deal in November 2018 to finance reforestation projects and expansion of certified forests and Renewable Energy. No sustainable labelled securitised or asset-backed bond has been issued from Peru.
Structured finance and Mezzanine subordinated debt	These securities are hybrid capital investments, in which financial institutions support private investments in senior debt.	Bonos estructurados (Structured Debt Instruments) Bonos híbridos (Hybrid Securities) Bonos de arrendamiento financiero (Revenue Bonds)	The private arm of the Inter-American Development Bank, **IDB Invest,** structured and subscribed to the 10-year USD13m subordinated bond from Banco Pichincha in Peru. The UoP were earmarked for female empowerment, MSEs, and housing. In Uruguay, IDB Invest (at the time, the Inter-American Investment Corporation IIC) structured a USD136m 20-year B-bond to finance a Uruguayan 70MW wind farm belonging to the US-based Invenergy.
Convertible bond	The security can be converted into a predetermined amount of the company's common stock. The bond will carry the credit rating of the issuing entity.	Bonos convertibles (Convertible Bonds)	The Japanese **Sumitomo Forestry** issued a green convertible bond in 2018 to refinance the acquisition of FSC-certified timberlands and plantation forests in New Zealand. Bondholders received the option of acquiring the company's common stock. Neither Peru nor LAC issuers have issued a GSS+ convertible bond.
Environmental impact/ Pay-for-results bonds	The payments to investors depend on the project's outcomes and a third-party evaluation. Investors receive the project risk.	There is no specific Peruvian mechanism used for this structure yet.	The **Ashaninka** Impact Bond (USD110k) was issued in 2015 to support sustainable cocoa and coffee production.[81] A set of indicators for the repayment of the bond was agreed upon by all involved parties, which included metrics for an increase in supply, improvement in production yields, and resistant varieties.[82]
Private placements	Investors directly negotiate these securities. Details of the transaction might remain confidential.	There is no specific Peruvian mechanism for this structure.	**Ergon Perú S.A.C.** closed a USD222m green bond deal as a private placement to fund the refinancing of small-scale photovoltaic systems in off-grid rural areas in north-central and southern Peru.[83]

Annex II – LATAM GSS+ Market Map



The SSSLB database was launched in April 2022. Any data published prior to this date was provisional and subject to change.

Appendix A

Green	Social	Sustainability	SLBs	Transition
Blue	Affordable housing	ESG	Sustainability-linked	Transition
Climate	Education	Green innovation	ESG-linked	Blue transition
Green	Gender equality	Positive impact	SDG-linked	Green transition
Green (Carbon Neutrality)	Healthcare	Sustainability	Social impact-linked	Low-carbon transition
Renewable Energy	SDG housing	Sustainability awareness	Social & sustainability-linked	
Solar	Town revitalisation	SDG		
Environmental	Youth	Socially responsible investment		
Water	Employment			
PACE				

Appendix B

1. Methodology notes & caveats. Due to the methodological difference between green and other themes, it is essential to note that Climate Bond's analysis of different themes is merely an indicator of the financing aimed at each, based on the label applied to each deal. For instance, some deals labelled SDG and included under the sustainability theme may only actually finance social projects. Notably, there will also, for example, be various deals under the social and sustainability themes that fund, in whole or in part, pandemic-related investments. Climate Bonds is developing more granular UoP analysis for other themes.

2. Climate Bonds Green Bond Database includes many loans and ABS deals. These have historically been treated as issuer types; the same applies to this report. However, under Climate Bonds' new methodology, these are considered different instrument – not issuer – types. It is uncommon to see loans or ABS deal with a sustainability, social, or pandemic label. Performance-linked loans are not included.

3. Climate Bonds database updates. Climate Bonds has expanded data coverage to other labelled debt instruments, particularly sustainability and social bonds, and a separate database covering these was launched in 2022. The comprehensive databases will complement other enhancements to our data collation and analysis, including collecting more granular information on the UoP and impacts of green bonds, a more robust and detailed analysis of climate-aligned issuers, and a more detailed assessment of SDG alignment.

Appendix C

The following list shows the main stakeholders in the Peruvian financial sector that are or could be involved in the sustainable finance market:

Pension fund administrators (AFPs):

AFP Habitat

AFP Profuturo

Prima AFP

AFP Integra

Commercial banks:

Banco de Comercio

Banco de Crédito del Perú

Banco Interamericano de Finanzas (BanBif)

Banco Pichincha

BBVA Perú

Citibank Perú

Interbank

MiBanco

Scotiabank Perú

Banco GNB Perú

Banco Falabella

Banco Ripley

Banco Santander Perú

Alfin Banco

ICBC PERU BANK

Investment banks:

J.P. Morgan Investment Bank

State financial entities:

Agrobanco

Banco de la Nación

COFIDE

Fondo MiVivienda

Municipal savings and credit unions (CMACs):

Arequipa

Cusco

Del Santa

Trujillo

Huancayo

Ica

Maynas

Paita

Piura

Sullana

Tacna

Rural savings and credit banks (CRACs):

Incasur

Los Andes

Prymera

Del Centro

Raíz

Cencosud Scotia

Associations:

Asociación de Administradoras de Fondos Mutuos (AAFM)

Asociación de Bancos de Perú

Asociación de Instituciones de Microfinanzas del Perú (Asomif)

Federación Peruana de Cajas Municipales de Ahorro y Crédito (FEPCMAC)

Legal advisors:

Cuatrecasas

Garrigues

Payet, Rey, Cauvi, Pérez Abogados

Insurance companies:

Chubb Seguros

Cardif del Perú Compañía de Seguros

La Positiva Compañía de Seguros

Mapfre Perú Compañía de Seguros

Pacifico Peruano Suiza Compañía de seguros

Protecta Compañía de Seguros

INSUR

Endnotes

1. https://www.cepal.org/en/comunicados/pesca-ganaderia-altoandina-y-agricultura-serian-los-sectores-mas-afectados-por-el-cambio
2. https://www.bcrp.gob.pe/docs/Publicaciones/Revista-Moneda/moneda-188/moneda-188-07.pdf
3. https://www.oecd-ilibrary.org/sites/36d1a985-en/index.html?itemId=/content/component/36d1a985-en
4. https://publications.iadb.org/es/costos-y-beneficios-de-la-carbono-neutralidad-en-peru-una-evaluacion-robusta
5. https://www.mef.gob.pe/contenidos/inv_privada/planes/PNIC_2019.pdf
6. https://publications.iadb.org/publications/english/document/Financing-Sustainable-Infrastructure-in-Latin-America-and-the-Caribbean-Market-Development-and-Recommendations.pdf
7. https://publications.iadb.org/publications/english/document/Financing-Sustainable-Infrastructure-in-Latin-America-and-the-Caribbean-Market-Development-and-Recommendations.pdf
8. https://www.inei.gob.pe/estadisticas/indice-tematico/
9. https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=PE
10 https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2020&locations=ZJ&most_recent_value_desc=true&start=1960&view=chart
11. https://www.cepal.org/sites/default/files/pr/files/table_press_gdp_newprojections-2022_27april-eng.pdf
12. https://www.cepal.org/sites/default/files/news/files/22-00485_was_-_capital_flows_2021_year_in_review_web.pdf
13. https://www.smv.gob.pe/ConsultasP8/temp/SevenPeruvianFinancialInstitutions.pdf
14. https://www.gob.pe/institucion/mef/noticias/592791-peru-se-mantiene-como-el-segundo-pais-de-mejor-clasificacion-crediticia-en-la-region-pese-al-ajuste-en-el-rating-realizado-por-s-p
15. https://www.greeneconomycoalition.org/news-and-resources/politics-and-the-green-economy-in-peru
16. https://www.gob.pe/institucion/minam/normas-legales/1212164-006-2020-minam
17. https://www.gob.pe/institucion/minam/normas-legales/2715982-003-2022-minam
18. https://unctad.org/system/files/official-document/wir2021_en.pdf
19. https://www.sitawi.net/wp-content/uploads/2020/06/Financing-Sustainable-Infrastructure-in-Latin-America-and-the-Caribbean.pdf?utm_campaign=resposta_automatica_da_landing_page_financing_sustainable_infrastructure_in_latin_america_and_the_caribbean&utm_medium=email&utm_source=RD+Station
20. Climate Bonds Green Bond Data Base 2022.
21. https://www.oecd.org/finance/private-pensions/49016671.pdf
22. https://www.sitawi.net/wp-content/uploads/2020/06/Financing-Sustainable-Infrastructure-in-Latin-America-and-the-Caribbean.pdf?utm_campaign=resposta_automatica_da_landing_page_financing_sustainable_infrastructure_in_latin_america_and_the_caribbean&utm_medium=email&utm_source=RD+Station
23. https://www.smv.gob.pe/Uploads/Peru-Diagnostico_del_MV-VF_aprobada.pdf
24. https://www.bvl.com.pe/mercado/indices/indice-spbvl-mining
25. https://www.worldbank.org/en/news/feature/2021/04/23/solarizing-peru-a-main-force-behind-peru-s-fiscal-resilience-amid-covid-19
26. https://www.mef.gob.pe/contenidos/archivos-descarga/Peru_Sustainable_Bond_Framework.pdf
27· https://www.unfccc.int/sites/ndcstaging/PublishedDocuments/Peru%20First/Reporte%20de%20Actualizacio%CC%81n%20de%20las%20NDC%20del%20Peru%CC%81.pdf
28. https://www.unfccc.int/sites/ndcstaging/PublishedDocuments/Peru%20First/Reporte%20de%20Actualizacio%CC%81n%20de%20las%20NDC%20del%20Peru%CC%81.pdf.
29. https://publications.iadb.org/publications/english/document/2019-Partnership-Report-Financing-a-Sustainable-Future.pdf
30. https://www.cofide.com.pe/COFIDE/detalles4.php?id=8
31. https://www.cooperacionsuiza.pe/smv-aprueba-nuevo-reporte-de-sostenibilidad-corporativa/
32. https://protocoloverde.minam.gob.pe/
33. https://cdn.www.gob.pe/uploads/document/file/1680603/HRFV%20270121%20para%20medios.pdf.pdf
34. https://www.gob.pe/institucion/minam/campa%C3%B1as/7006-finanzas-verdes
35. https://www.gob.pe/institucion/minam/noticias/581049-elaboran-sistema-de-clasificacion-de-finanzas-ambientales-basado-en-actividades-economicas-ecoamigables
36. https://www.gob.pe/institucion/minam/campa%C3%B1as/7006-finanzas-verdes
37. https://www.climatebonds.net/resources/reports/latin-america-caribbean-sustainable-finance-state-market-2021
38. https://www.unepfi.org/fileadmin/publications/investment/SSE_2014Progress.pdf
39. https://www.climatebonds.net/2014/08/ifc-issues-first-peruvian-soles-denominated-pen-42m-15m-green-bond-domestic-investor-rimac
40. https://www.climatebonds.net/resources/reports/sovereign-green-social-and-sustainability-bond-survey
41· https://www.bosques-amazonicos.com/
42· https://www.pcslatam.com/articulos/bam-primer-bono-en-peru-que-recibe-certificacion-cbi
43· https://www.cofide.com.pe/COFIDE/COFIDE/pdfs/COFIDE_3Q20_Earnings_Presentation_VF.pdf
44· https://s3.us-east-1.amazonaws.com/site.documents.cdn.prod.bvl.com.pe/BonosVerdesReporte_Vigeo.pdf
45· https://www.cofide.com.pe/COFIDE/files/Bono%20sostenible%20COFIDE%20-%20Oct19.pdf
46· https://s3.us-east-1.amazonaws.com/site.documents.cdn.prod.bvl.com.pe/COFIDE_Segunda_Opinion.pdf
47. https://www.gob.pe/institucion/mef/noticias/550073-peru-realizo-exitosa-colocacion-de-bonos-sostenibles-en-el-mercado-internacional
48. https://www.gob.pe/institucion/mef/noticias/553103-peru-emite-exitosamente-su-primer-bono-social-en-euros-completando-satisfactoriamente-el-proceso-de-colocacion-de-bonos-globales
49. https://www.mef.gob.pe/contenidos/archivos-descarga/Peru_Sustainable_Bond_Framework.pdf
50. https://www.isscorporatesolutions.com/file/documents/spo/spo-20210719-SMI.pdf
51. https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/
52. https://cdn.www.gob.pe/uploads/document/file/1636762/Peru%27s%20Business%20and%20Investment%20Guide%20%28ENG%29.pdf.pdf
53. https://cdn.www.gob.pe/uploads/document/file/1636762/Peru%27s%20Business%20and%20Investment%20Guide%20%28ENG%29.pdf.pdf
54. https://www.investinperu.pe/es/app/cartera-de-proyectos-de-proinversion
55. https://cdn.www.gob.pe/uploads/document/file/1636762/Peru%27s%20Business%20and%20Investment%20Guide%20%28ENG%29.pdf.pdf
56. https://www.investinperu.pe/es/app/cartera-de-proyectos-de-proinversion
57. https://cdn.www.gob.pe/uploads/document/file/1636762/Peru%27s%20Business%20and%20Investment%20Guide%20%28ENG%29.pdf.pdf
58. https://documents1.worldbank.org/curated/en/919181490109288624/pdf/Peru-SCD-final-3-16-17-03162017.pdf
59. https://www.tropicalforestalliance.org/en/news-and-events/news/comunicado-de-prensa-el-gobierno-de-peru-lanza-la-coalicion-para-la-produccion-sostenible-para-promover-una-agricultura-positiva-con-los-bosques-que-satisface-las-necesidades-de-32-millones-de-habitantes-del-pais
60. https://www.ey.com/es_pe/infrastructure/guide-to-investing-in-infrastructure-projects-in-peru
61. https://www.mef.gob.pe/contenidos/inv_privada/planes/PNIC_2019.pdf
62. https://www.investinperu.pe/en/projects/proinversion-project-portfolio
63. https://www.climatebonds.net/adaptation-and-resilience
64. https://nbsperu.info/news/perus-environment-minister-highlights-nbs-at-leaders-summit/
65. https://www.espa.ac.uk/files/espa/Mountain%20EVO%20impact%20story_web_final.pdf
66. https://compromisounacem.com.pe/como-aporta-la-industria-cementera-y-la-construccion-al-peru/
67. https://www.mincetur.gob.pe/wp-content/uploads/documentos/comercio_exterior/estadisticas_y_publicaciones/estadisticas/exportaciones/Reporte_Comercial_Acero.pdf
68. http://www.asocem.org.pe/archivo/files/Reporte%20ASOCEM%20-%20Estad%C3%ADsticas%20Internacionales%202019.pdf
69. https://cdn.www.gob.pe/uploads/document/file/1636762/Peru%27s%20Business%20and%20Investment%20Guide%20%28ENG%29.pdf.pdf
70. https://cdn.www.gob.pe/uploads/document/file/1636762/Peru%27s%20Business%20and%20Investment%20Guide%20%28ENG%29.pdf.pdf
71. www.minem.gob.pe/minem/archivos/LARH%202018.pdf
72. https://www.investinperu.pe/en/projects/proinversion-project-portfolio
73. https://www.climatebonds.net/files/reports/cbi_fincredtransitions_final.pdf
74. https://www.perupetro.com.pe/wps/portal/corporativo/PerupetroSite/!ut/p/z1/04_Sj9CPykssy0xPLMnMz0vMAfIjo8zi_YxcTTw8TAy93AN8LQwCTUJcvEJADCMz_XCwAgMcwNFAP4oY_XgUROE3Plw_ipCSgtzQCIN0RUUARuNr4w!!/dz/d5/L2dBISEvZ0FBIS9nQSEh/
75. https://climate-diplomacy.org/sites/default/files/2020-10/Report-Climate-Diplomacy-Climate-Change-and-Mining.pdf
76. https://cdn.www.gob.pe/uploads/document/file/1636762/Peru%27s%20Business%20and%20Investment%20Guide%20%28ENG%29.pdf.pdf
77. https://www.bloomberg.com/news/newsletters/2022-01-05/bank-fees-for-green-debt-surpass-fossil-fuel-financing#:~:text=To%20be%20sure%2C%20the%20final,to%20data%20compiled%20by%20Bloomberg.
78. https://www.climatebonds.net/files/reports/cbi_fincredtransitions_final.pdf
79. https://grupomacro.pe/macroconsult/2021/04/06/limitantes-y-retos-del-mercado-de-capitales-peruano/
80. https://www.centralamericadata.com/en/article/home/San_Salvador_Issues_Second_Securitization
81. https://golab.bsg.ox.ac.uk/knowledge-bank/case-studies/ash%C3%A1ninka-dib/
82. https://golab.bsg.ox.ac.uk/documents/KIT-_DIB_report.pdf
83. https://www.climatebonds.net/files/files/2019-07%20PER%20Ergon%20Per%C3%BA.pdf

Prepared by Climate Bonds Initiative.

Supported by the LAGreen Fund

Authors: Iraís Vazquez, Julia Ambrosano, Leisa Souza, and Raquel Bonelli

Contributors: Alicia Lerner, Valeria Contreras and Marina Barki

Suggested citation: *Peru Sustainable Finance State of the Market 2022*, Climate Bonds Initiative, September 2022

Editorial support: Caroline Harrison

Design: Godfrey Design