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Sustainable Financing And The Regulation Of Green Bonds: A Global Perspective

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Abstract

“In the coming age of financial business, Green Bonds is making its way as an indispensable and a sustainable Investment Instrument. It is no secret that the world is witnessing a drastic rise in temperature. Multiple scientific studies evidence this rapid pace of climate change. Therefore, it is pertinent for both environmentalists as well as businesses around the world to gear up and put forth solutions to curb the impending environmental dangers. As a result of this, the Financial Sector has devised the instrument of Green Bonds. Falling under the broader perspective of Green Finance, the instrument is gaining popularity among environmentally responsible investors. The reason behind the same is that it not only facilitates environment friendliness but also signifies Socially Responsible Investing.

This paper aims to highlight this recent growth of the Green Bond Markets in the world. It analyses the existing shortcomings of the Green Bond Market, such as Greenwashing. It aims to mitigate this by creating more Standardisation, and defining the meaning of ‘Green’ for common consensus. It further proposes possible regulations to ensure uniform adherence to Sustainability Goals within the Global Green Bond Market. Finally, it reaffirms the potentiality of Green Bonds and its role in ensuring sustainability in the domain of Business.

- **Keywords:** Climate Change, Green Finance, Socially Responsible Investing, Green Bond Markets, Business, Trade, International Capital Markets Association, Sustainability Goals.

Introduction

Today's Globalised and Industrial World is highly reliant on Capitalistic ideologies of production and economic growth. It has now become the norm by which countries thrive in the Global Economy. An unfortunate reality of this is the Ecological Degradation that takes place in direct proportion to the Economic leaps and bounds made by a particular country. In this backdrop, the Reformist School of Thought has gained prevalence. This ideology aims to tie mutual knots between the Principles of Ecology and Capitalistic Economic tendencies.¹

Green Bonds can be considered as a mere practical implementation of the Reformist School of Ecology, wherein Environmental and Capitalistic interests are equally balanced out. It is a well-known fact that the Ecological Systems of the world are at threat. Green Bonds are essentially financial instruments which aim to fund Green Projects.² The Investors of such projects, receive a certain share of profits accruing from the said project. The term 'Green Project' refers to an Environmentally Sustainable yet profitable business venture. In 2007, the World Bank was the first ever financial institution to issue a Green Bond and facilitate Green Investments.³

Cut to the year 2022, where Green Bonds have emerged as a solution to many leading as well as growing economies, to balance out their Environmental concerns with Economic growth. Some of these countries have even accommodated for the Regulations of Green Bonds under their Domestic Law. This is because they view this as a potential solution in achieving the Sustainable Development Goals (SDGs) set by the United Nations (UN).

While this is true, it is important to note that not all countries are progressing towards the Goals at the same pace as the other. There is a humungous disparity between the Well-Developed Capital Markets and Less Developed ones. Additionally, their progression towards achieving the said Goals also signifies the extent to which they make use of Green Bonds. Therefore, for the uniform realisation of the SDGs, it is imperative that a new Standard of Green Bonds is created. This must entail a universal definition of the term 'Green,' list of Taxonomies which can be deemed common for all Green Bond issuing nations and finally, a Regulatory Model that is capable of homogenising the Global Green Bond Market.

¹ Andrew Heywood, "Global Politics," Pg. 383, Palgrave Foundations, (2011).

² The World Bank, URL = <https://www.worldbank.org/en/news/feature/2021/12/08/what-you-need-to-know-about-ifc-s-green-bonds>, (Date: 8th December, 2021).

³ The World Bank, URL = <https://www.worldbank.org/en/news/immersive-story/2019/03/18/10-years-of-green-bonds-creating-the-blueprint-for-sustainability-across-capital-markets>, (Date: 18th March, 2019).

Literature Review

In the report titled “Green Bonds: Current Development and their Future,”⁴ the authors Olaf Weber and Vasundhara Saravade have reviewed all aspects of Green Bonds under different Research Parts. Under their Research Part titled ‘Market Challenges,’ they have highlighted the need for harmonising the meaning of ‘Green’ across the world by way of a universal and homogenic definition. This according to the report, this will function as a solution to the phenomenon of Greenwashing that is prevalent in the Green Bond Market. Furthermore, in the ‘Policy Recommendations’ Research Part of their report, they call for a universal Regulation in the Green Bond Market through an Inter-Regulatory Strategy. However, the gap in this paper is with regards to proposing a uniform method of Taxonomy in the Green Bond Regulation. The authors in this paper aim to bridge this very gap.

In “Context & Challenges of the 2021 EU Green Bond Standard,”⁵ author Tudor N. Pana critically analyses the Green Bond Standard launched by the European Union as against the Principles laid down by the ICMA. The paper sets the tone with the importance of Green Bonds in achieving Environmental Goals set by the SDGs and Europe’s lead in the same. Furthermore, it regards the EU’s Standard to be the saviour of the growing number of Issuers and Investors in the unregulated Green Bond Market, provided it is implemented aptly. By this it means that the EU’s proposed Standard will ensure better Standardisation and Regulation of the Green Bond Market. However, the gap in this paper is that it does not propose any methodology of including the Global Green Bond Market within the EU Standards and Regulations. It is this research gap that the authors of the said paper aim to mitigate.

In “Understanding the Role of Green Bonds in Advancing Sustainability,”⁶ authors Aaron Maltais and Bjorn Nykvist have analysed the role of Green Bonds in attaining sustainability by specifically focusing on the case study of Sweden. They successfully identify Green Bonds to be the answer to the growing need of Green Projects to create a sustainable world. The standard of sustainability that their aims to meet are those set by the Paris Agreement as well as the SDGs. However, it is important to understand that most of the conclusions are made with respect to the Swedish case study. The authors in this paper, aim to provide a wholistic understanding of the Global Green Bond Market by putting forth solutions to bridge the inequality among all countries in working towards the SDGs as proclaimed by the UN.

⁴ Olaf Weber & Vasundhara Saravade, “Green Bonds: Current Development and Their Future,” Centre for International Governance Innovation, Pg. 1-22, 12,15 (2019).

⁵ Tudor N. Pana, “Context & Challenges of the 2021 EU Green Bond Standard,” SSRN, pg. 1-36, 12, (2021).

⁶ Aaron Maltais & Bjorn Nykvist, “Understanding the Role of Green Bonds in Advancing Sustainability” Journal of Sustainable Finance & Investment, pg. 1-20, 20, (2020).

Research Questions

- Need for Redefinition: Whether a universal Taxonomy will prevent Greenwashing in the Global Green Bond Market?
- Standardisation and Regulation: Whether the growth of Green Bonds is being impeded by the absence of a unified framework?
- Greener Pastures: Whether SDGs can be attained by promoting uniform Green Bond Investments?

Research Objective

The main aim of this research paper is to examine the effectiveness of the Green Bond Principles (GBP). It further attempts to understand the implications of GBPs specifically with reference to Greenwashing of the Green Bond proceeds. It also analyses the need for Standardisation and uniform Regulation across the world. Finally, the paper seeks to assess the potentiality of Green Bonds for all countries to uniformly attain the SDGs.

Research Methodology

The Authors have made use of Doctrinal Method of Research, by analysing secondary sources of information. These include various books, research articles, online journals as well as information posted on official websites of various International Organisations.

I. Need For Redefinition: Whether A Universal Taxonomy Will Prevent Greenwashing In The Global Green Bond Market?

It is a well-known fact that the Green Bond Market has picked up momentum at a Global level towards the end of the 2010s decade. This is because Green Bonds not only presents itself as a reliable investment tool but also presents itself as a viable solution for Capital Formation in the Climate friendly projects. Green Bonds also presents a bounty of opportunity for investors to step into the domain of Adaptation related projects by engaging Private Sector Financing.⁷

In this endeavour, a common practice by all investors is to ensure that the particular Green Bond which claims to finance an Environmentally Sustainable project, is truly doing so as per the GBPs. The GBPs, laid down by the ICMA, are merely voluntary process guidelines, which aim at increasing the accuracy of Green Bond Investment. In fact, the GBPs hold the important stature of being first Internationally recognised standard of Green Bonds, which popularised the concept of making Green and informed

⁷ Heidi Tuhkanen, "Green Bonds: A Mechanism for Bridging the Adaptation Gap?," Stockholm Environment Institute, pg. 8-15, 9, (2020).

Investments.⁸

These GBPs ensure transparency in the Green Bond Investment and maintain the credibility of the Green Bond Market.⁹ This is done by laying down a framework wherein the investors, banks and placement agents are able to collate all the requisite information before making an investment. This information includes the disclosure of the Issuer and even the procedure of investing in the Green Bond.¹⁰ GBPs function on four core components, which include tracking as well as managing the use of proceeds accrued from Green Bonds, evaluating and selecting relevant Green projects and reporting the finality in the outcome of the Green Investment.

▪ Addressing The Issue Of Greenwashing In Light Of The Gbps:

Investors have now begun to understand the implications of their Portfolio design on the Environment and Climate of the world. It is this realisation that has caused a sudden boom in the Green Bond market. A large chunk of these Investors includes many Private Corporate bodies whose Portfolios of investment benefit from Green Investments. While, prima facie this may seem like a big and beneficial shift in Investment patterns of the Corporate world, there are threats of Greenwashing in the Green Bond Market space.

The term Greenwashing refers to a practice wherein the proceeds accrued from a Green Bond Investment gets allocated to a project or assets which have little or no Environmental benefits.¹¹ This means that while Green Bond Investments are adding a greener value to the Capital Market Ecosystem, the practice of Greenwashing brings down this value addition without even being accounted for. In the growing Corporate Green Bond Investments, any Corporate set up may use Greenwashing as a means of making hypocritical claims of being Environmentally aware, without actually contributing to it actively.¹² This means that many institutions may utilise Green Bonds as branding, to promote their services, rather than genuinely investing.

The main causative agent of Greenwashing in the Green Bond Market is the lack of transparency.¹³ As aforementioned the ICMA has advanced its efforts to maintain transparency in the Investment mechanism through the four core components. While this true, it is unable to contain the surging growth of the Market. This mainly owed to the lack of consensus in the meaning of 'Green Projects' leaving

⁸ Richard Dahl, "Greenwashing: Do You Know What You're Buying," Vol. 118, No. 6, Environmental Health Perspectives, pg. A247-A252, A247, (2010).

⁹ International Capital Market Association, URL = <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>, (Access Date: 02nd March, 2022).

¹⁰ Ibid.

¹¹ Olaf Weber & Vasundhara Saravade, Supra note 4.

¹² Caroline Flammer, "Corporate Green Bonds," Global Development Policy Centre, Boston University, pg. 1-22, 2, (2018).

¹³ Supra note 10.

behind uncertainties and costs for all transactors.¹⁴

▪ Defining what is ‘Green’ for the world in the 21st Century:

As aforementioned, the term ‘Green Projects’ may colloquially refer to Environmentally Sustainable projects, but the question that the 21st Century world has to address is what makes a project ‘Green.’ The purpose of doing this is to address the growing number of Investors as well as Issuers across the world in the Green Bond Market. The best example that can be cited for this is when China included ‘clean coal’ within its Taxonomy of Green Bond Investments, but the same was not appreciated by other countries as they did not regard coal to be ‘Green.’¹⁵ Therefore, in the eyes of other countries, the Chinese institution that was investing the proceeds accrued from Green Bonds into coal, would be committing an act of Greenwashing.

In light of this, it is important for to constitute a universal understanding of ‘Green Projects’ by defining the term ‘Green.’ This universal definition will lay down a framework for all economies, regardless of how developed they are, an idea of what projects will fall under the ambit of Green Bonds. The European Union has recognised this very gap in the system and has begun to formulate the European Union Green Bond Standard (EUGBS), to function as a Gold Standard for Green Bonds.¹⁶ An important differentiator it claims to provide is a list of ‘Green’ Economic Projects that Green Bonds can facilitate called the ‘EU Taxonomy.’

The EUGBS has identified the gaps left behind by the GBPs issued by the ICMA and aims to create a Taxonomy which is suitable to its Ecological needs. This makes the EUGBS a framework which is more aligned to the clauses agreed upon in the Paris Agreement, 2015 than GBPs. Furthermore, the trend seen in most regional Green Bond Standards such as the proposed by the EU is that they provide for an external verification of the listed projects.

Although, this can be considered as commendable step, the EUGBS framework does not cover the remaining signatories of the Paris Agreement in its vision.¹⁷ It is pertinent, therefore, to take the best of both worlds. This means, to introduce a Green Bond Standard which holds the extent of coverage such as GBPs and the clauses of compliance as much as the EUGBS. Additionally, it must create a definition for the term ‘Green’ by formulating a universal Taxonomy that is applicable to all nations. This will make all Green Bond investments, a sustainable one and even reduce the extent of Greenwashing in the Global Green Bond Market.

¹⁴ European Commission, URL = https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_3406, (Date: 06th July, 2021).

¹⁵ Supra note 12.

¹⁶ Supra note 13.

¹⁷ Giuseppe Cortellini & Ida Claudia Panetta, “Green Bond: A Systemic Literature Review for Future Research Agendas,” *Journal of Risk and Financial Management*, pg. 1-29, 1, (2021).

II. Standardisation And Regulation: Whether The Absence Of A Unified Framework Is Clogging The Growth Of The International Green Bond Market?

Over the past decade, the green bond market has seen exponential growth. Be it a developed economy or a developing one, there has been an increasing amount of interest from various economies. However, considering the future, there are barriers to the market's further evolution. As aforesaid, there are issues with regards to green washing and transparency, which not only limit the confidence but also demeans the trust of new stakeholders. So, in order to determine the future direction of this market, the economies are required to have uniform regulations and standardisation. This is elaborated as below by analysing the case studies of both developing and developed economies around the world.

▪ Role of Standards in Green Bonds:

The issue of transparency has been one of the major barriers in the growth of green bond markets. Many experts of the field have suggested to introduce standardization.¹⁸ So, before understanding standardization with respect to the green bonds, it is needed to know what standardization actually means. In plain language, it is a framework which is to be adhered by all members in an industry. In other words, it is a set of guidelines, that ensures equivalent creation of a goods and performance of a services in a particular industry.¹⁹ Accordingly, to achieve this, it is needed for all relevant parties to accept and operate as per the guidelines. It is done to enforce a level of consistency and uniformity within the selected industry.

If this standardization is incorporated across green-bond market, it'd result in a robust framework. It would not only monitor but also assure of the green bond proceeds. As the same time, the buzz of non-transparency across the green bonds would also loosen. A standard framework for green bonds would welcome investors from across the world to invest in a reasonable instrument without doubting its viability. This could be elaborated from the following example. Wherein an Institutional Investor sitting in a developed nation can invest in renewable projects across the developing nations in Africa and Asia without encountering local, political and legal risks.

As of now, there are a variety of players in the International Green Bond markets. These players have different goals. While, one focuses more on environmental concerns, the other might focus on financial

¹⁸ Olaf Weber & Vasundhara Saravade, *Supra* 11.

¹⁹ Michael Gambro & Michael Ruder, "Challenges in standardisation of green bonds: the US perspective," *International Finance Law Review*, URL = <https://www.iflr.com/article/b1sq3xd1p5vh8/challenges-in-standardisation-of-green-bonds-the-us-perspective>, (July, 2021).

returns and investment.²⁰ Therefore, having an International Green Bond standard would create an accountability in their functioning. A certain level of trust and transparency would be created in the market. This would not only new investor but also encourage new issuers to venture into the market. As a result of this, a company working in the renewable sector that was earlier unsure of green bonds, would now have an opportunity to initiate green bonds on a global standard.

There are four primary-stakeholders in the market, i.e., institutional investors, regulators, issuers and verifiers. Implementation of standardisation would entail their support and participation. Therefore, a uniform focus is needed on all aspects for making a stable green bond market. This brings us to the very next issue of regulations, which is elaborated as below.

▪ **Green Bonds and Regulations:**

Regulation refers to the development of rules by public authorities, or supranational organisations. It is done to influence market-activity and behaviour of private economic actors.

Before delving into the aspect directly, it is needed to shed some light on the context with which this regulation is being considered in the research. There are many contentions that financial regulators should not regulate the environment related instruments. This paper deals with the very opposite contention. As aforesaid, the issue of greenwashing is affecting the green bond market. This is mainly due to the lack of unified regulatory compliance around the economies.²¹ Financial regulators in China²² and the United Kingdom²³ have started supervising environmental instruments. Still, it is being done on different parameters and goals.

This thereby is creating a disparity of regulations between developing and developed nations. No doubt, the role of regulators is different based on the country's economy and political system. The amount of regulation may vary depending on the market and on national priorities. However, considering that environment and market growth is something common for all countries, there is a need of a common elaborated policy at International Level. This would enable harmonization in different regulatory environments, be it stock exchanges banks and financial services providers. At the same time, it would also foster future sustainable growth. An example of this coordination is the Group of Twenty Task-Force on Climate-Related Disclosures.²⁴ This group is a high-level group of developing countries to coordinating financial regulation in the field of green finance.²⁵

²⁰ Olaf Weber & Vasundhara Saravade, Supra 18.

²¹ Palesa Shipalana, "Green Finance Mechanisms in Developing Countries: Emerging Practice," South African Institute of International Affairs, pg. 1-21, (2020).

²² Yujun Cui, Sean Geobey, Olaf Weber & Haiying Lin, "The Impact of Green Lending on Credit Risk in China," MPDI, pg. 1-16, (2018).

²³ Bank of England, "Transition in Thinking: The Impact of Climate Change on the UK Banking Sector," Bank of England, Prudential Regulation Authority, pg. 1-53, (2018).

²⁴ Task Force on Climate-related Financial Disclosures, URL = <https://www.fsb-tcfd.org/>, (Access Date: 04th March, 2020).

²⁵ Olaf Weber & Vasundhara Saravade, Supra 20.

However, currently, only a few financial regulators around the world are actively involved in green financial products.²⁶ They supervise the financial aspect of green products, still the greenwashing has been on the rise.²⁷ This again evidences the need of a new framework regarding green financial sector for both international and domestic regulators. Considering the Sustainable Development Goals of 2030, there is an ardent need to develop a regulatory strategy in green bond market. This has been elaborated in the subsequent section.

III. Greener Pastures: Whether Sdgs Can Be Attained By Promoting Uniform Green Bond Investments?

The SDGs were adopted in the year 2015 as Global Goals to protect the planet by ensuring sustainability in energy creation, production processes and consumption patterns. It is also important to note that all 17 SDGs are interrelated. This is because, when a positive and sustainable action is taken on one end, its benefits are seen to the effect of many ends.²⁸ As a result, one small step towards sustainability will yield large results for the entire world community. It is also important to note that, a sustainable environment is a very important precursor to socio-economic development as well as poverty reduction.²⁹

Keeping this in mind, the 2030 Agenda for Sustainable Development was adopted, with the aim to achieve the said goals by the year 2030. With the acceptance of the Global Goals, the Financial Markets have seen a wave of Instruments that promote sustainability and environment friendly investments. The reason that the Finance Sector is considered to be an instrumental way of attaining the SDGs is twofold. Firstly, this sector has the ability to mobilise Private Capital towards the Internationally accepted goals of SDGs and Paris Agreement.³⁰ Secondly, the Finance Sector can be relied on to ensure efficient Capital allocation.³¹

▪ Green Financing as a tool for Sustainability:

Financing is considered to be the heart and soul of any Green Project. In fact, according to the United Nations Environment Programme (UNEP), Green Finance is a Financial Instrument which specifically aims to increase the financials flows towards sustainable projects.³² The confluence of Finance and Environment arises from the rationale that the Financial Markets hold the decision-making power in terms of Capital Allocation. Therefore, today's investments are bound to shape the future's ecosystem,

²⁶ Tudor N. Pana, Supra 5.

²⁷ Ibid.

²⁸ United Nations Development Programme, URL = <https://www.undp.org/sustainable-development-goals>, (Access Date: 04th March, 2022).

²⁹ United Nations Environment Programme, URL = <https://www.unep.org/explore-topics/sustainable-development-goals/why-do-sustainable-development-goals-matter>, (Access Date: 5th March, 2022).

³⁰ Aaron Maltais & Bjorn Nykvist, Supra 6

³¹ Ibid

³² Supra 26.

production and consumption patterns.³³

In order to achieve this, the UNEP recommends all member nations' Governments to take the first step by modifying Policies and creating Regulatory set ups. One of the many instrumental ways of doing this is through Green Bonds. Green Bonds, today have gained the stature of debt instruments or finance mechanisms which will aid in funding sustainably driven projects, that do not receive funding in the regular Bond market.³⁴ In the past few years, we have seen the sudden Green Bond boom that many developing countries experienced. As a result, they have put Regulations in place, so as to recognise the instrument and encourage investors.

While this is true, it is important to note that there exists a disparity in the Green Bond Market with regards to the traction it is receiving. For instance, many developed European countries have already taken the lead in Green Financing, since their first investment in 2007.³⁵ On the other hand, developing countries such as India realised the importance of the same only around the late 2010s. The Reserve Bank of India took on initiatives, encouraging Indian Public and Private Banks as well as Indian Investors in engaging in the Green Finance Market.³⁶

▪ **Green Bonds in Universal Progression towards SDGs:**

As of today, Green Bond Issuance and Investments are targeting almost six SDGs. These not only include all those goals which aim at a better environment but also the ones which aim to reform the production, consumption and lifestyle of Global Citizens. A large share of the Green Bond Market is dedicated to SDG7 which pertains to providing Affordable and Clean Energy.³⁷ SDG9, on the other hand, which provides for Sustainable Industry, Innovation and Infrastructure, has the second largest Green Bond Market allocation.³⁸ Apart from these, Green Bonds also aid in attaining the goals of Clean Water and Sanitation; Sustainable Cities and Communities; Climate Action and Life of Land.

An important feature of the SDGs is that they are universally accepted goals, which must be fulfilled by all nations in the world. All countries must come together, in partnership with each other so as to attain the Global Goals. This is the true nature of the SDGs. But the status quo, as of today, begs to differ. As pointed out earlier, there already exists a disparity in terms of the number of countries that have stepped their Regulations and recognition of Green Bonds and Green Financing as a viable Debt Instrument. This is because regardless of the increased entries into the Green Bond Market, when compared to the Regular Bond Market, the number of Green Bond Issuers and Investors are miniscule.³⁹

³³ United Nations Environment Programme, URL = <https://www.unep.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-financing>, (Access Date: 04th March, 2022).

³⁴ Elettra Algiardi & Rossella Algiardi, "Financing Environmentally: Sustainable Projects with Green Bonds," Environment and Development Economics, pg. 1-16, 3, (2019).

³⁵ Supra 32.

³⁶ Saurabh Ghosh, Siddhartha Nath & Abhishek Ranjan, "Green Finance in India: Progress and Challenges," Reserve Bank of India Bulletin, pg. 1-12, 4, (2021).

³⁷ Andrew Whiley & Climate Bonds Team, "Green Bonds: A Bridge to the SDGs" Climate Bonds, pg. 1-3, 2, (2018).

³⁸ Ibid.

³⁹ Supra 34.

As a result, it is important that every country realise the need of their contribution to Green Finance and particular utilise the successful model of Green Bonds so as to attain the SDGs in partnership with other nations. This will positively aid in Reducing Inequality and fostering Partnerships amongst nations. But in order to achieve this, it is pertinent for a Global framework to be established, that structures its Standardisation, Regulation and Taxonomies in an inclusive manner, such that it is applicable to all nations. This will not only encourage more Global participation in the Green Bond Market, but also accelerate the attainment of the SDGs.

Conclusion

Climate Change is a tragedy that would have long term consequences. Its impacts can span across decades and almost all the countries. And it is no secret that people struggle to understand this long-term consequence. So, to prevent this damage, people are required to look beyond temporary goals. At the same time, governments are required to providing economic and financial nudges. All economies around the world are needed to create uniform financial and policy incentives. Green bonds are one such financial instrument that has potency to strike a balance between climate change and financial evolution. It can be used to raise long-term debt capital from various investors, without compromising with environmental issues.

However, as aforesaid, there are issues which needs to be addressed for further growth of green Bonds. Greenwashing is one such issue and its mitigation is of the utmost importance. In light of this, there must be a Taxonomy entailing a list of green activities that can be undertaken by all countries alike. This will also establish the true definition of the term 'Green' in Green Projects. Apart from this, green bonds also function as a tool to achieve climate change-related targets such as SDGs and Paris Agreement. Therefore, it can be said that inclusivity of green bonds is the only solution to ensure uniformity in the progress towards attaining the SDGs. To achieve this, the market needs to be navigated to unified regulation and international standardisation. This would not only encourage new investors to venture into the market but would also maintain cultivate environment sustainability.