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GREEN BONDS FINANCE: IS THIS A PANACEA TO FIGHT WITH CLIMATE CHANGE?

Abstract:

The Paris Climate Agreement (2015) proposes “holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels”. To seek this goal the rich countries must provide at least \$ 100 billion per year from 2020. In this paper, we analysed the green bonds that have been proposed and implemented for financing renewable energy and low-carbon technology projects. The green bonds are one of the tools that are issued by corporations, governments, and institutional banks to raise capital in support of projects beneficial contribute to tackling climate change, natural resource depletion, biodiversity loss, air, water, or soil pollution problems. Hence we focus on the characteristics, principles, and taxonomy of green bonds. Also, we present some theoretical insights on green bonds, investment possibilities in green bonds and how green bonds can mobilize public and private financial flows to support the desire to fight with climate change. The results of the analysis are useful in assessing the effectiveness of green bonds finance and taking into account the obtained results to draw up strategic guidelines for future investment possibilities in green finance.

Keywords:

bond market, green finance, sustainable finance, green bonds, climate change

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