

Emerging Market Green Bonds and Sustainability Endeavours – A Global Overview



Novák, Zsuzsanna¹, Böcskei, Elvira²

¹Department of Finance, Budapest University of Technology and Economics, Budapest, Hungary

²Department of Finance, Budapest University of Technology and Economics, Budapest, Hungary

As emerging markets are most exposed to climate change it is in their vital interest to channel capital to those projects which serve the mitigation of environmental damages. While FDI involvement often raises concerns with dubious environmental consequences, a lot of promising initiatives have been realised in emerging markets worldwide funded from green and sustainability bond proceeds. Our research aims at examining the efficiency of the green bond markets of EMDEs in their contribution to renewable energy transition and the reduction of the carbon footprint. The joint reports of Amundi and IFC provide comprehensive data on green bond issues which help gauge the main characteristics of the market revealing the dominant role of the financial sector among the issuers. Our empirical analysis supplements the descriptive analysis of green bond markets with the examination of its link to Sustainable Development Goals with the help of GMM panel estimation. The panel sample covers a group of 75 emerging and developing economies and the period between the years 2000 and 2022. The GMM analyses reveal that the expansion of the green bond market can be an important source to finance investment aimed at achieving zero-carbon goals and reducing energy intensity. The results of the empirical examination are very sensitive to the combination of the variables representing both energy policy and human development. Green finance and financial innovation have been widely acknowledged to be important tools in CO₂ emission reduction which has been confirmed and applied to green bond markets in the current research across a wide range of economies facing various environmental challenges.

Biography:

Zsuzsanna Novák graduated from the Budapest University of Economic Sciences and Public Administration (Corvinus University of Budapest) in 2000, and obtained her doctoral degree in Business and Administration at the Szent István University (SZIE) in the subject of monetary policy and economic convergence. From 2003 she has been a lecturer of Finance and Economics at various universities (SZIE, Corvinus University of Budapest, Budapest University of Technology and Economics). Between 2014 and 2018 she worked as analyst at the Central Bank of Hungary (MNB). Her main field of research is monetary policy, equilibrium exchange rates, public debt, technological and financial innovation.