Sovereign Green Bonds in the Region

Source Metadata

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CBI Sector Criteria

Sovereign green bonds represent government-level commitment to green finance, with proceeds allocated across multiple CBI-eligible sectors. CBI has developed sovereign bond guidance that applies sector criteria at the project level within sovereign frameworks. Sovereign issuers must demonstrate that their green bond framework defines eligible categories aligned with CBI sector criteria and that allocation reporting tracks proceeds to specific projects or expenditure lines.

Eligible Activities & Assets

Sovereign green bond proceeds in LATAM typically finance: national renewable energy programs; public transport infrastructure; water and sanitation systems; forest conservation and restoration; green building programs for public facilities; climate adaptation infrastructure; and biodiversity conservation programs. Sovereign frameworks allow flexibility across sectors while requiring project-level compliance with CBI criteria for each allocation.

Certification Process

Sovereign issuers develop green bond frameworks reviewed by CBI-approved verifiers or second-party opinion providers. Pre-issuance assessment evaluates the framework's alignment with CBI criteria across all nominated project categories. Post-issuance reporting requires detailed allocation reports showing proceeds deployment by project and sector, with annual verification. Chile's sovereign framework is considered a best-practice example of CBI-aligned sovereign green bond structuring.

LATAM Market Context

Chile pioneered sovereign green bonds in LATAM, issuing its first in 2019 and continuing with multiple benchmark issuances including sustainability-linked sovereign bonds (SLBs) totaling over USD 8 billion by 2023. Brazil debuted its sovereign sustainability bond in November 2023 with a USD 2 billion issuance. Colombia and Mexico have also accessed sovereign green markets. The OECD reports that LATAM sovereign sustainable issuance has been driven primarily by Chilean government activity.

Colombia Green Finance Taxonomy Alignment

Colombia's sovereign green bond framework references the TVC as the primary eligibility classification. The Colombian Ministry of Finance (Ministerio de Hacienda) coordinates sovereign green bond issuance with TVC-aligned project categories. Sovereign green bond proceeds have been allocated to transport, energy, and environmental programs. CBI certification of Colombia's sovereign framework would further strengthen international investor confidence and validate TVC-CBI interoperability at the national level.

Origo Crosswalk

Sovereign green bonds span the entire Cleantech Taxonomy. This page maps sovereign allocations to: ES (Energy) for national renewable programs, TR (Transport) for public transit, WW (Water) for national water infrastructure, AF (AFOLU) for forest and biodiversity programs, BU (Buildings) for public facility efficiency, and XS (Cross-Sectoral) for multi-sector sovereign frameworks and climate adaptation programs.

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