



Paris Climate Bond

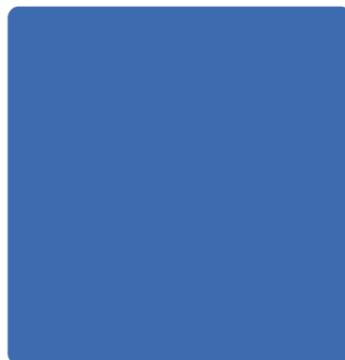
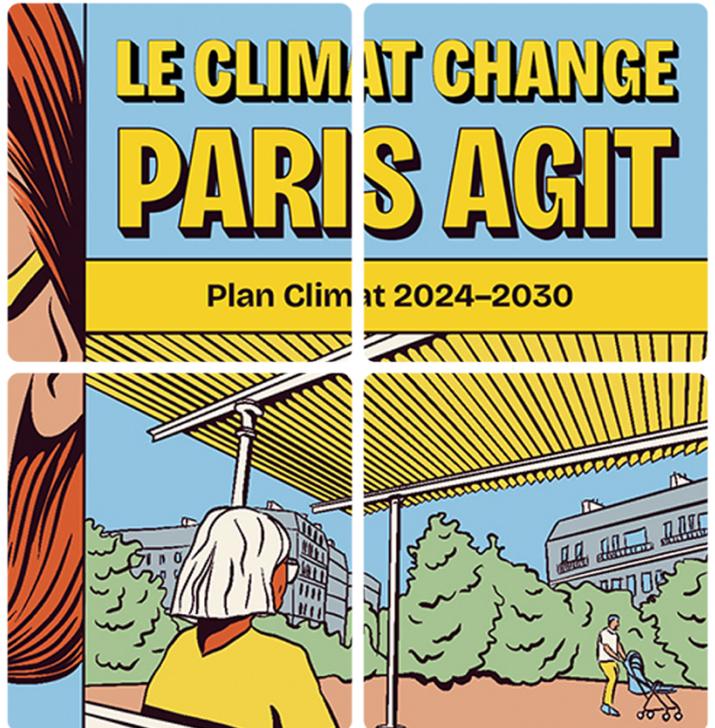
Green bond to co-finance the Paris Climate and Energy Action Plan

CLIMATEFIT International best practice factsheet

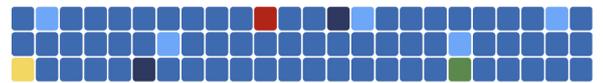
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LE CLIMAT CHANGE PARIS AGIT

Plan Climat 2024-2030



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Summary

The €300 million Paris Climate Bond (2015) channels private capital into climate adaptation and energy projects as outlined in the Paris Climate and Energy Action Plan and the plan's Adaptation Strategy. The bond's financial framework is structured to ensure transparency and accountability, allocating bond proceeds to projects of the City's investment program based on pre-defined eligible project categories, which reassures and attracts investors. The Paris Climate Bond and subsequent bonds issued under the expanded Sustainability Bond Framework (2017) are used to finance a large portion of two adaptation projects with the main objective of reducing urban heat island effects: building 30 hectares of green spaces and planting 20,000 trees by 2020. A small portion is funded directly from the city's greening budget. The projects have a total investment cost of €85 million. The target of both adaptation projects was achieved by 2021.

Enabling conditions for the success of the Paris Climate Bond include robust municipal expertise and resources, supplemented by external financial and sectoral advisors. The bond adheres to the Green Bond Principles, enhancing investor confidence through rigorous project selection and annual impact reporting protocols. Projects are selected by the City's Sustainability Bond Committee based on clear criteria, offering transparency to investors about the use of their funds. Key lessons from the implementation of the Paris Climate Bond for other municipalities highlight the importance of collaboration with knowledgeable stakeholders to optimize project outcomes, establishing comprehensive frameworks for reporting and transparency, seizing strategic timing for issuance to maximize investor interest, and having a strong political commitment towards climate adaptation initiatives. Replicating this model in (smaller) municipalities might be challenging because the implementation of a climate bond requires extensive resources, including the development of a climate plan or adaptation strategy prior to developing the bond framework.

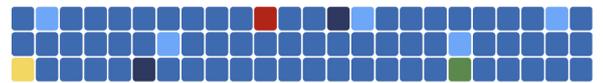
Keywords: Paris, climate bond, sustainability bond, municipal bond, climate and energy action plan

Actor(s) interviewed: Head of the Cash Management Fund, City of Paris

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Further reading: [Climate bond financing urban adaptation actions to reduce heat stress in Paris](#)

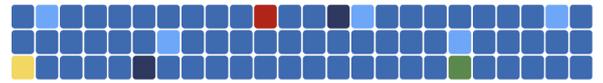
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Best practice information card

Table 1. Paris Climate Bond. Information card

Location	City of Paris, France
Population size	2.1 million (City of Paris)
Project area size	105 km ² (City of Paris)
Area type	Urban area
Climate challenge	Heatwaves (main climate risk). Paris is facing an increase in average daily temperatures as well as in the number of hot, very hot and extremely hot days and heatwaves.
Key Community System(s)	Critical (urban) infrastructure
Objectives	Objectives of the Adaptation Strategy, part of the Climate and Energy Action Plan: Protecting Parisians against extreme climate events; ensuring water, food, and energy supply; living with climate change: more sustainable city planning; fostering new lifestyles and boosting solidarity.
Climate challenge solution	Two adaptation projects forming part of the Climate and Energy Action Plan: Building 30 hectares of green spaces and the planting 20,000 trees by 2020.
Key benefits	Key benefit: reducing urban heat island effect and cooler temperatures. Co-benefits: increase biodiversity, water absorption, slowing of floods and the trapping of dust, beautifying the city and creating spaces for relaxation and even food production.
Implementation status	2014-2020 (two adaptation projects)
Investment volume (€)	€85 million for the two adaptation projects. The climate and sustainability bonds issued since 2015 are expected to have raised a total of €2.3 billion when the 2024 sustainability bond will be issued.
Key financing barriers	Lack of public resources to achieve all the targets of the Climate and Energy Action Plan.
Financial model	The use of climate bonds and sustainability bonds to raise private capital for financing projects of the Climate and Energy Action Plan.
Financial sources	Private: Asset owners/institutional investors (pension funds, asset managers). Public: local municipality.
Financial instruments	Debt: climate bond, sustainability bond Taxation: public budget (general and greening budget) from local taxes



Overview and timeline

In 2003, Paris suffered from a heatwave that caused almost 15,000 heat-related deaths. Due to climate change, **Paris is facing an increase in average daily temperatures as well as in the number of hot, very hot, and extremely hot days and heatwaves.** In a 2012 study, revised in 2015, Météo-France pointed to a trend of more frequent droughts with lower summer rainfall, a decreased flow rate of the river Seine, and a higher risk of agricultural drought in Île-de-France. This may impact the supply of drinking water from surface waters. Recent projections by CNRS (Centre National de la Recherche Scientifique), based on the latest IPCC report's methodology, point to a concrete possibility of higher temperature increases for France, compared to previous assessments. Under the current carbon emissions trends, average temperatures will be 3.8 °C higher than at the beginning of the 20th century. Similarly, a report commissioned by the City of Paris and released in September 2021 found that by 2085, the city could easily face persistent heatwaves, with over 34 days a year with an average daily temperature over 30 °C, 35 tropical nights a year with an average daily temperature over 20 °C, and peak summer temperatures around 50 degrees. The same report suggests a moderate increase in precipitation in winter by 2085, and a 10% drier summer compared to preindustrial levels (Climate-ADAPT, 2023).

In 2007, the Council of Paris adopted its first Climate and Energy Action Plan. The plan has been updated in 2012 and 2018, and a draft version of the fourth Climate and Energy Action Plan 2024 is currently available. The first plan's main objective was to reduce greenhouse gas emissions and energy consumption by 25% relative to 2004 and increase the share of renewable energies to 25% by 2020. The first plan guided the city's policies for 2010-2020. The 2012 update was followed in 2015 with the publication of the operational application of the Climate and Energy Action Plan in the form of an **Adaptation Strategy**, including 30 objectives applied in 35 actions with the goal of adapting Paris to the effects of climate change and the scarcity of resources, while making the city more resilient, more attractive, and a nicer place to live. The objectives and actions of the Adaptation Strategy were centred around four challenges:

- Protecting Parisians against extreme climate events (e.g., heatwaves, floods, very cold weather, storms, fires).
- Ensuring water, food, and energy supply.
- Living with climate change: more sustainable city planning.
- Fostering new lifestyles and boosting solidarity.

For more than ten years, Paris has been governed by left and green parties, which has led to climate change and adaptation becoming a priority in the city's investment policies. Objectives have become more ambitious with each updated version. The fourth Climate and Energy Action Plan (2024) has carbon footprint reduction and greenhouse gas emission goals for 2030 and 2050. The plan includes measures to prepare the capital of France for an environment that could exceed a 2.5°C increase in 2030 and even a 3°C increase by 2050. The plan also contains trajectories for adaptation to climate change.

- 40% greening in the Paris territory by 2050, meaning to have 40% of non-impermeable territory through greening and revegetation.
- 100% of Parisians less than 7 minutes within walking distance from an island of freshness (day and night).
- 10m² of green spaces for every inhabitant by 2040.

The Climate and Energy Action Plan of Paris shows that the city has almost 20 years of experience with climate action. However, the city was short on financial means to realise these plans. For that reason, **Paris issued its first climate bond in 2015 (€300 million), also called the Paris Climate Bond.** €60 million of the bond proceeds were allocated to climate adaptation projects. Bond proceeds are allocated to projects whose socially responsible environmental approaches contribute to reaching the goals of the second (2012) Paris Climate and Energy Action Plan at that time.

- Reducing greenhouse gas emissions (clean transportation): low-carbon energy (public) transport, charging stations for electric vehicles.
- Reducing energy consumption: energy renovation and reducing electricity consumption of (public) buildings.
- Producing renewable and waste energy to spur the transition from fossil energies to renewables.
- Adaptation to climate change: Building of green spaces and the planting of trees. The city of Paris has planned to build about 30 hectares of green spaces by 2020, which are essential to combat the heat island effect and enhance the capacity for soil absorption in the case of heavy rainfall. Furthermore, Paris aims to plant 20,000 additional trees over the territory of the city in the same period of time. Maintenance of the parks and trees will be provided by the city itself and is not covered by the climate bond investments.

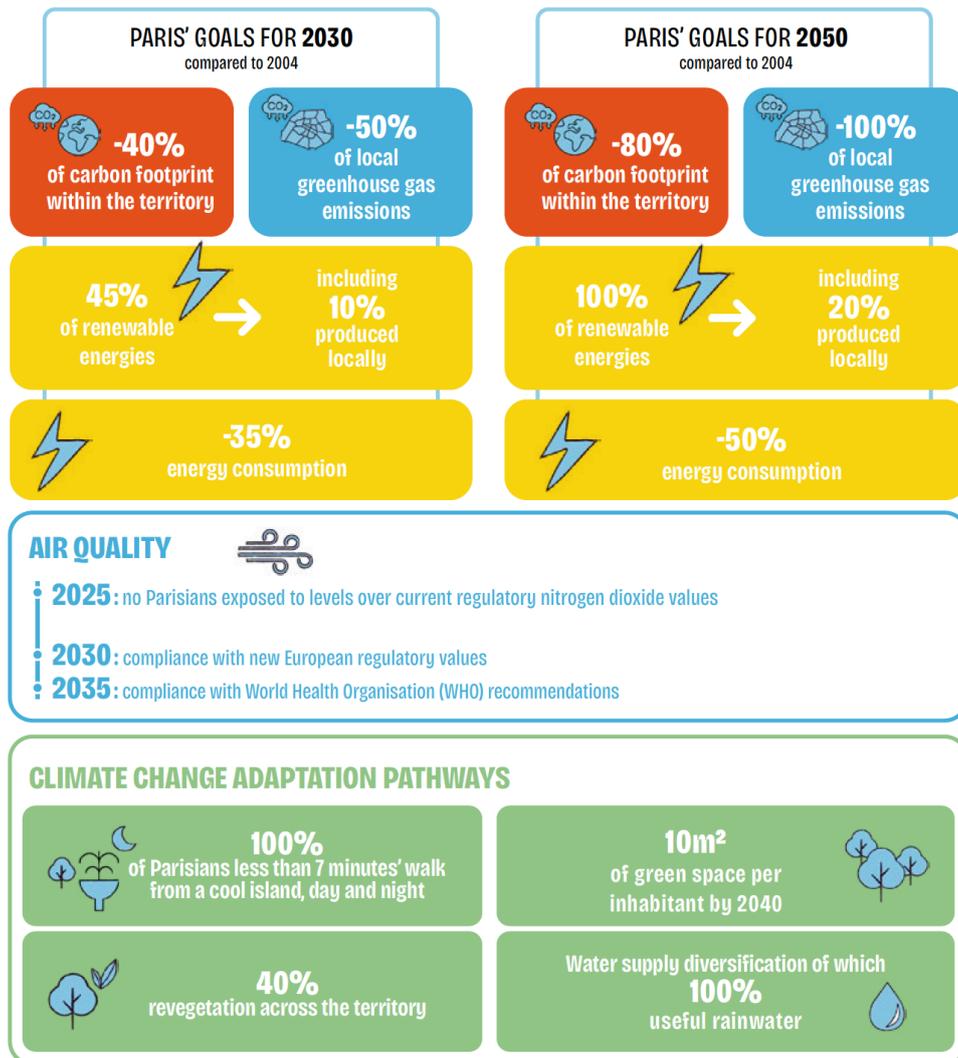
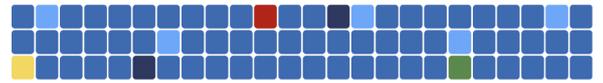


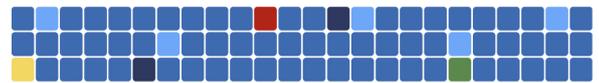
Figure 1. Climate mitigation and adaptation objectives of the 2024 Paris Climate Plan.¹

In **2017**, the City of Paris decided to expand the initial climate bond framework by setting up a **sustainability bond framework** to support a broad range of actions. This framework is a flexible platform from which the city can issue climate, social, or sustainability bonds. Climate bonds aim to channel financing to projects in the four categories mentioned above. Social bonds are issued to raise financing for projects in social categories, and sustainability bonds can be issued to allocate proceeds to a mix of climate and social projects. Under this new framework, €320 million and €300 million sustainability bonds were issued in 2017 and 2020 respectively. This bond was reissued in the period 2021-2023 on a yearly basis to support a wide range of projects dealing with sustainability. This case study report focuses on the 2015 Paris Climate Bond, with particular attention to the two adaptation projects (tree planting and creating green spaces). In 2024, a new sustainability bond between €400 and €500 million will be issued, bringing the total income from bond issuances since 2015 to around €2.3 billion.

Table 2. Paris Climate Bond. Timeline with key moments

Date	Key moment
2007	First Paris Climate and Energy Action Plan.
2012	Second Paris Climate and Energy Action Plan.
2015	Publication of the Adaptation Strategy as part of the Climate and Energy Action Plan.
2015	Issuance of the Paris Climate Bond (€300 million).
2017	Expansion of the climate bond framework by setting up a sustainability bond framework that allows for the issuance of climate, social, and sustainability bonds.

¹ Ville de Paris. (2024). *Plan Climat 2024-2030*. Ville de Paris. [PDF](#) (p.7)



2017	Issuance of a €320 million Sustainability Bond.
2018	Third Paris Climate and Energy Action Plan.
	Issuance of a €300 million Sustainability Bond.
2020	Issuance of a €320 million Sustainability Bond, after which a sustainability bond was issued annually.
2024	Fourth Paris Climate and Energy Action Plan & review of the sustainability bond framework

Governance and key stakeholders

Figure 2 gives an overview of the organisational structure of the 2015 Paris Climate Bond (PARIS CLIMATE BOND) and the subsequent Sustainability Bond Framework (SBF) of 2017. The PARIS CLIMATE BOND and the SBF were developed by the **Finance and Procurement Department**, and the **Parks and Environment Department**, in collaboration with three financing and investment entities: **Crédit Agricole CIB**, **HSBC**, and **Société Générale CIB**. These three are the joint lead managers of the PARIS CLIMATE BOND and any bond issued thereafter. These banks have been selected through competitive tendering to guide the City of Paris in the process. In this way, the City of Paris can rely on their expertise on investor expectations (e.g., to validate the use of proceeds, the framework and the selection of the projects of this bond), their network, and marketing services (media relations, help in the organisation of the information campaigns, etc.). Crédit Agricole CIB is the corporate and investment bank of the Crédit Agricole Group, the world's largest cooperative financial institution, sometimes called 'the green bank'. HSBC is one of the largest banking and financial services institutions in the world. Société Générale is the corporate and investment bank of the Société Générale group, the third-largest bank in France.

Each year, projects for the use of proceeds are selected from the City's investment programme. The **Deputy Mayors of the City**, who are responsible for different sectors, propose projects for the City's annual investment programme based on advice from the **City departments**. These are projects that potentially at some point will be funded, but it does not include a decision on when and with which financial sources. The **Mayor of Paris** presents the proposed projects and investment programme for approval to the **Council of Paris** in December each year. After approval, eligible projects are selected from the investment programme to be financed from climate or sustainability bond proceeds. This selection process is performed by the **Finance Management Support Service** of the city in collaboration with the **Urban Ecology Agency of Paris**. Since the 2017 Sustainability Bond Framework, these two make up the **Sustainability Bond Committee responsible for project selection**. Sustainability bonds since 2020 are annually issued around June, which means that proceeds may be used for projects of the investment programme that still must be approved in December that year. If projects have not been selected before issuance, investors still have transparency about the type of projects because of the sustainability bond framework. **Vigeo (today 'Vigeo Eiris', or 'VE')**, a non-financial rating agency, oversees the project selection process, impact reporting, and the bond issuing process.

Table 3. Paris Climate Bond. Key stakeholders and their responsibilities or roles

Stakeholder	Type	Role and responsibilities
City of Paris	Public (municipality)	<ul style="list-style-type: none"> Responsible for the development of the Paris Climate Bond (Finance and Procurement Department, and Parks and Environment Department). Responsible for the project selection process by the start of each political term (Finance Management Support Service and Urban Ecology Agency). Responsible for project proposal for approval (mayor) and approval (Council of Paris).
Crédit Agricole CIB	Private (bank)	Joint lead manager of the Paris Climate Bond and the subsequent Sustainability Bond Framework
HSBC	Private (bank)	
Société Générale CIB	Private (bank)	
Vigeo	Private (rating agency)	A non-financial rating agency that oversees the project selection process, impact reporting, and the bond issuing process.

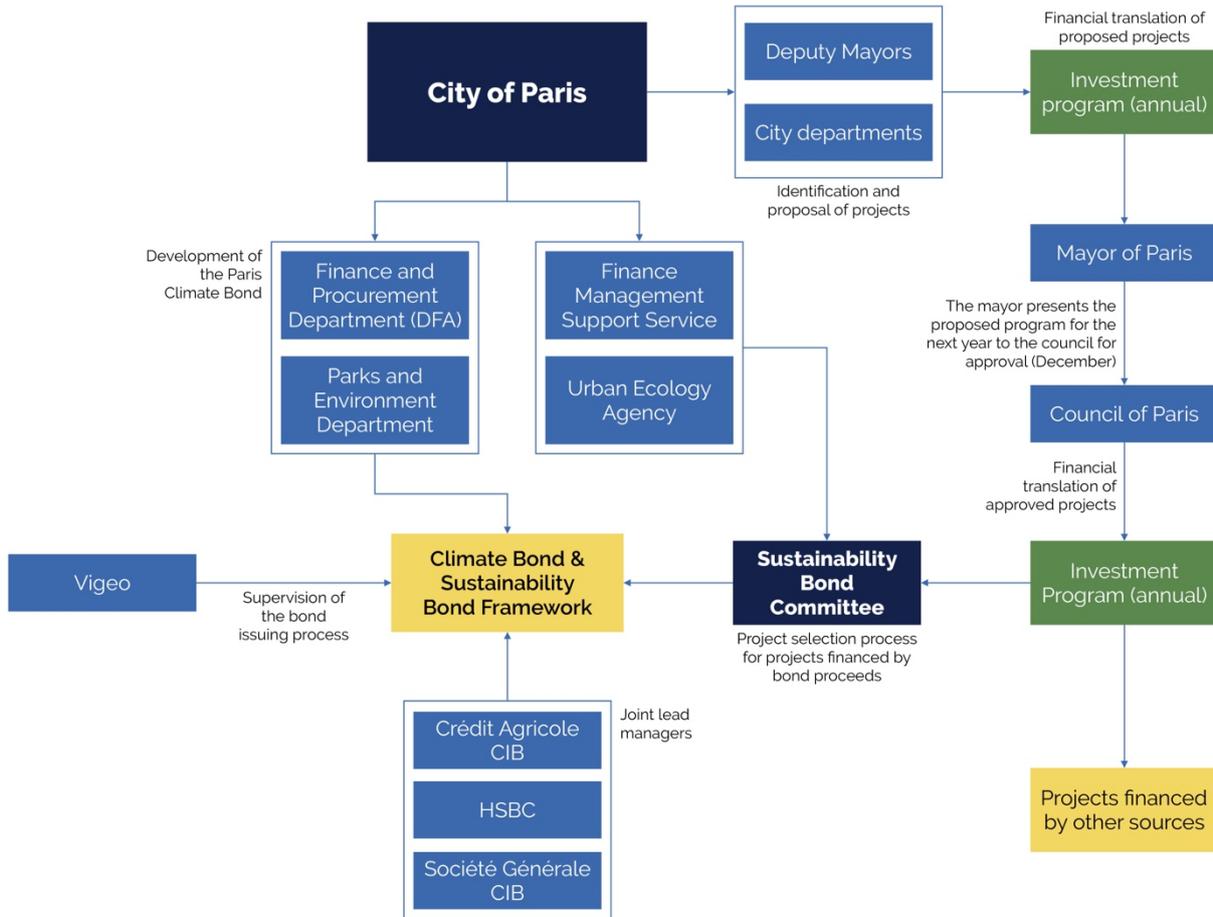
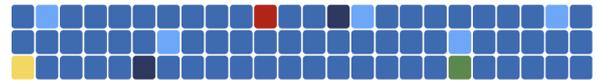


Figure 2. Organisational structure of the Paris Climate Bond and the subsequent Sustainability Bond Framework (source: author).

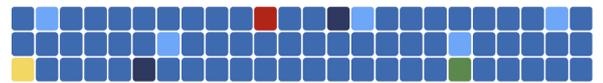
Business model & financial model

Business model

This case is an example of an **investment plan with climate goals and a financing strategy**. The purpose of the climate bond is to channel private capital to climate projects to partly finance projects to reach the goals of the Paris Climate and Energy Action Plan, and the Adaptation Strategy. The investment plan, here called the investment programme, is determined prior to the issuance of the bond and clearly lists all the projects that will be financed with bond proceeds. The objective of both adaptation projects under implementation (tree planting and creating green spaces) within the Climate Bond is to reduce the urban heat island effect and increase thermal comfort within the city, which mainly relates to the objectives of the Paris Adaptation Strategy. As written in the 2018 Paris Climate and Energy Action Plan, the increasing green areas in the city not only **reduce the urban heat island effect**, but also create many **co-benefits**: Increase biodiversity, cooler temperatures, shade, water absorption, slowing of floods and the trapping of dust, beautifying the city, creating spaces for relaxation, creating spaces for food production.

Financial model

The Paris Climate Bond (PARIS CLIMATE BOND) is a type of green bond. The case study page of the PARIS CLIMATE BOND on Climate-ADAPT defines a **green bond as "a bond issued by a government (local, regional or national) or corporate entity in order to raise finance for climate change mitigation or adaptation-related projects or programmes**. A bond is, ultimately, a loan: the holder of the bond is the lender (creditor), the issuer of the bond is the borrower (debtor), in this case the City of Paris. Bonds provide the borrower with external funds to finance long-term investments. The issuer owes the holders a debt and, depending on the terms of the bond, is obliged to pay them interest (the coupon) and to repay the principal at a later date. Bonds are risk-weighted, and credit rated in the usual way, based on the creditworthiness of the issuer. They are tradable, market conditions permitting, on international secondary bond markets." The total size of the PARIS CLIMATE BOND is €300 million. The allocation of proceeds was decided prior to the issuance of the bond: €120 million



for the reduction of greenhouse gas emissions, €115 million for energy efficiency, €5 million for the production of renewable and/or recovered energy and €60 million for adaptation to climate change. The timeframe of the Paris Climate Bond is from 18 November 2015 to 25 May 2031.

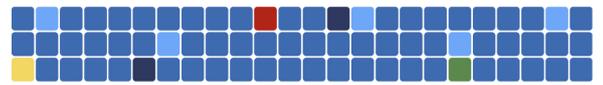
As for the climate adaptation projects, **the expected cost of planting 20,000 trees was €18 million in total, while the estimated cost for creating new green spaces was €67 million in the 2015 PARIS CLIMATE BOND. €60 million (20%) of the PARIS CLIMATE BOND were allocated to these climate adaptation projects. The remainder is funded directly by the City's greening budget and the 2017 Sustainability Bond.** These adaptation projects do not directly generate revenue streams or financial benefits that can be used to repay the bonds. However, other projects covered by the bond based on the Paris Climate and Energy Action Plan will lead to a reduction of energy consumption and therefore generate extra revenue for the City of Paris in the form of reduced municipal energy expenses. Again, these revenues are not used to pay the interest rate to bond investors or to repay the full amount at the bond's maturity date because this is legally not allowed. Bonds are repaid out of the general City budget. The **maintenance of the parks and trees is covered by the city itself** and not by the Climate Bond investments, as this is not allowed. The adaptation projects supported by the bond were already approved by the time the bond was issued and would have been financed and implemented in any case. The bond, however, helped significantly with the financial burden of these projects.

The Paris Climate Bond was very successful in attracting investors. The bond was oversubscribed with enough applications during the launch phase to cover €475 million, involving 30 investors. The high interest from investors ensured an annual interest rate of 1.75%. The bond is mainly supported by domestic investors (83%), but the City of Paris managed to diversify its investor base to international institutional accounts, in particular to Benelux (9%), Switzerland (3%) and Nordic countries (3%). Insurers and pension funds bought the lion's share of the trade (51%), followed by asset managers (49%).

As with most other green bonds, the Paris Climate Bond and subsequent sustainability bonds are subjected to the **ICMA's Green Bond Principles (GBP)**. The GBP prescribes four key components that must be included in the green bond framework (or a framework for any bond of a similar type). To illustrate the technicalities of the framework, we cite the four key components of the current 2017 sustainability bond framework, which will be updated in 2024.

1. **Use of proceeds.** Criteria are determined to define eligible projects to which bond proceeds can be allocated. There are four climate eligible project categories (climate bond) that reflect the four goals of the Paris Climate and Energy Plan: clean transportation, energy efficiency, renewable energy, and adaptation to climate change. There are also social eligible project categories (social bond). A sustainability bond would include projects that are a mix of climate and social eligible project categories.
1. **Process for project selection and evaluation.** The project selection happens in two steps. During the first step, the Sustainability Bond Committee makes a pre-selection based on these criteria. During step two, the selection is further refined through meetings with project managers and other actors. During these meetings, additional information on each project is collected to ensure that they match the 'use of proceeds' and that each project has real and measurable environmental benefits. Most projects set up in Paris are covered by markets supervised by the Procurement Department ("Sous-Direction des Achats") within the framework of a Responsible Procurement Charter which guarantees the automatic inclusion of some ESG criteria and/or clauses in the selection of contractors and suppliers.
2. **Management of proceeds.** The net proceeds of the Climate, Social, and Sustainability Bonds issuance will be managed within City of Paris' normal treasury liquidity account in accordance with the French regulatory Framework for Local Authorities, until the total amount of the net proceeds equals the total amount of selected eligible projects and/or until the maturity date of the Bond. The City of Paris will take specific measures as part of the annual financial audit process to track the invested amounts used to finance the selected eligible projects. The net proceeds of the issuance will be used to finance and refinance current and future projects. Refinancing will exclusively refer to the budget year of the bond issue
1. **Reporting.** On an annual basis at least until full allocation, the City of Paris will provide the following reporting on any bonds issued under this Framework:
 - i. **ESG reporting:** reporting on ESG management and the monitoring of the ESG criteria at the project or bond level, when relevant.
 - ii. **Allocation reporting:** detailing the bond proceeds allocated by each eligible project category and the progress on the projects financed by the Bond proceeds.
 - iii. **Impact reporting:** on a project level, when feasible, for each eligible project category, City of Paris will endeavour to report using the agreed reporting indicators.

Bond proceeds and annual interest are (re)paid to investors from the general City budget, meaning they are repaid from taxes, which is the City's main source of income aside from incomes from delivering various services to citizens (e.g., entrance to publicly owned places such as swimming pools). Overall, the City of Paris annually repays €400 million to €500 million of outstanding debt, including bonds. The climate and sustainability bonds are about 25% to 30% of all outstanding debt from bonds. If some income sources



decrease, then the City looks for new ways to levy taxes rather than saving on expenses. This is necessary to manage the increasing amount of debt from annual bond issuances. For example, the City of Paris recently decided that motorbikes must pay for parking, which was not the case before.

Enabling conditions

Different conditions were present in the City of Paris that enabled the setting up of the Paris Climate Bond and the subsequent Sustainability Bond Framework. Through the Urban Ecology Agency, the City of Paris possessed **internal resources** in terms of staff, time, money, and expertise to issue the bonds and to undertake the annual reporting. The City was already experienced with bonds and therefore did not require any additional expertise because there are no technical differences between a normal bond and a climate or sustainability bond. Because climate and sustainability bonds have a bond framework, **the city hired two people** who are full-time committed to collecting data and information about projects to ensure that they fit within the framework, and about financed project impacts for the reporting. For expertise that was not internally present, the City of Paris had money to bring in **external resources**, including independent advisors, sectoral experts, and bankers. These groups factored in the development of an attractive green bond. The external expertise also helped the City of Paris to develop significant experience in the green financial markets and understand what is expected or valued by investors.

Although the Green Bond Principles are voluntary guidelines, most green bonds comply with these, and they can be considered as **legal conditions** present to ensure transparency and accountability of the Paris Climate Bond and subsequent bonds. The bond complies with the Green Bond Principles and therefore offers **guarantees to investors for sustainable finance disclosures**. This is important for investors interested in sustainable investments and helped to attract investors. Also important is the Paris Climate and Energy Plan and the Adaptation Strategy as a policy and political instrument to guide the description of the eligible climate projects.

Finally, **timing** played an important role in the setting up of the Paris Climate Bond in 2015. Part of the plans for the new parks and trees had existed for a long time already, waiting for the financing to become available for their implementation. The idea of a Climate Bond had been already around at the Environment Department of the City of Paris for many years. In 2015, when the COP21 was held in Paris, this was an incentive to make the Paris Climate Bond a reality.

Outcomes

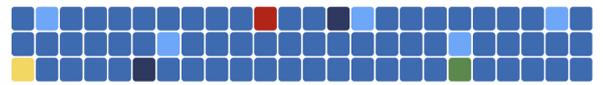
The target was to complete the adaptation projects on tree planting (20,000 trees) and green space creation (30 hectares) by 2020. As stated on Climate-ADAPT, "by the end of 2018, the implementation of both projects was still incomplete. According to the 2018 Climate Bond Reporting, of the 30 new hectares of green areas, 10.93 hectares were delivered and €15.5 million of the planned €45 million were invested. Of the 20,000 trees to be planted, 11,690 were planted. Of the €15 million allocated for tree-planting, €4.7 million were invested. Tree planting continued under other funding sources. In 2020, under the Sustainability Bond of the City of Paris, (a new bond launched in 2017 and reissued yearly in the period 2020-2023 to support a wide range of sustainability projects), €14.14 million were allocated to the 30 hectares project and €1.32 million to the 20,000 trees project with almost 8 new hectares of green areas and 3,080 new trees planted." **The target for both projects was reached at the beginning of 2021**, with the delay mostly due to the restrictions and lockdown caused by the COVID-19 pandemic. Measurable impacts for both projects include carbon sequestration, but no information was found about other impacts, for example, on heat island effects.

Lessons learned

Successes and limitations

The Paris Climate Bond and the subsequent Sustainability Bonds are considered good practices for a variety of **success factors** as reported in multiple sources (Climate ADAPT, 2024; Interlace Hub, 2023; NDC partnership, 2019):

- **Political buy-in:** The political will to push for ambitious climate policies in Paris has been continuously strong, which eased the implementation of the green bond. The City of Paris is at the international forefront in pushing for innovative solutions to the issues arising from climate change. This political context also helped bring about the Paris Agreement, the most ambitious international agreement on climate change yet, and has been strongly committed to its Climate and Energy Plan since 2007.
- **Quality of the bond framework:** The transparent reporting, as confirmed by the rating received from Vigeo, was a key success factor. Vigeo rated Paris as the leader of the sector in climate bonds among local authorities, which increased the attractiveness of the bonds to investors. The positive market



conditions significantly spurred the demand for investors to invest in green bonds. A transparent reporting structure attracted investors as they could easily assess the impact of their investments in terms of carbon sequestration.

- **Participation of various stakeholders:** There was good internal collaboration between government partners from different city departments visualised in Figure 2. Through the involvement of the private sector in the management of the bond, an independent rating agency overseeing the implementation process, and the continuous teamwork within the city administration, diverse inputs and perspectives came together to realise the Paris Climate Bond project. This also increases ownership for the measures at these diverse levels. On a broader stakeholder level, the City of Paris has, since 2007, involved its administration, economic and associative actors, as well as citizens in the Climate Plan initiative to increase environmental and climate change awareness.

No limitations were found in the documents analysed, which does not mean that there were no limitations regarding the use of the Paris Climate Bond and subsequent Sustainability Bonds to finance climate adaptation. The interviewee did mention that the bond proceeds cannot be used for projects of less than €1 million. Because the bond framework includes reporting responsibilities, the time and effort spent collecting data on a project's impact becomes more costly relative to the project investment cost if a project is smaller.

Transferability conditions and potential

The NDC partnership², hosted by the World Resources Institute, documented the Paris Climate Bond and defined four lessons learned that could help replicate this practice in other contexts:

- **"Collaborate with knowledgeable actors for optimised results:** When issuing a green bond, governments should consider involving experts in the process to improve its overall quality and feasibility. For example, the private sector can give useful advice or even help in managing the bond. Independent rating agencies can oversee the issuing process and act as an additional source of quality assurance."
- **"Establish a bond framework:** When the Paris Climate Bond was issued, it was not common practice to publish a Climate Bond framework (that inter alia includes information on the use of proceeds, the project selection process as well as the management of reporting). Over the years, the Parisian experience with green and sustainable bonds (also apart from the PCB) has shown that establishing a framework helps investors to assess the impacts of the project measures and to manage their expectations (information gathered from interview)."
- **Seize the right moment to issue a green (climate) bond:** The Paris Climate Bond has been issued at a time where the salience of climate change among the population was high. When COP21 took place in Paris at the end of 2015, it spurred a high level of attention among diverse stakeholders (including the private sector), who were thus sensitised to the issue. This helped to attract investors at that point, securing funds for the bond (information gathered from interview).
- **Put in place a well-working reporting structure to increase transparency:** While building a proper monitoring and reporting structure for the use of proceeds of green bonds can be a time-consuming process, it is vital to secure that the implementation of the bond takes place in a transparent manner. Enhanced transparency will ultimately also attract investors, as they can stay up to date with regards to how their investments are used."

We want to emphasise that these conditions, which we consider helpful to implement a similar initiative in other contexts, should not be taken for granted. The **implementation of a green bond requires extensive resources**, including time, expertise, and money. This can be challenging for municipalities of any size, especially smaller ones, that do not have any experience with bonds or green financial instruments. Hiring additional staff to manage bond reporting, for example, may not be financially possible for every municipality. Finally, this case also illustrates the **importance of developing a climate and energy plan or adaptation strategy first**, which eases the implementation of a bond framework if the green mitigation and adaptation projects that a bond will finance are readily available and can be communicated to potential investors.

Related factsheets

Other cases that include a bond, are Hampton Environmental Impact Bond (ID 08), Viveracqua Hydrobond (ID 16), and Gothenburg Green Bond (ID 18). The most similar case of these three is the Gothenburg Green Bond.

² The NDC Partnership is a global initiative to help countries achieve their national climate commitments and ensure financial and technical assistance is delivered as efficiently as possible.



References

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³ This website provides information about the City of Paris' climate initiatives, including the Climate and Energy Plan(s).