

UNLOCKING SUSTAINABLE FINANCE IN AFRICA

FSD Africa's Support for Sustainable Bonds



Africa's Growth Opportunities

Africa, with its vast natural resources, renewable energy potential, and youthful population holds great promise for sustainable development. At the same time, the continent is also particularly vulnerable to the impacts of climate change. Addressing challenges and seizing opportunities in the pursuit of sustainable economic growth and development for Africa requires a comprehensive approach to foster enhanced climate resilience, social development, ecosystems protection and sustainable resource use. The diverse range of green and sustainable capital sources for sectors such as agriculture, clean energy, clean mobility and transport, forestry and land use, urban infrastructure, and water management.

The Case for Sustainable Bonds in Africa

Sustainable bonds are innovative financial instruments enabling governments, corporates, and financial institutions across Africa to mobilise private capital (both domestic and international) for sustainable economic growth and development.

The term "sustainable bond" is used to describe debt instruments that, in addition to financial returns, deliver environmental and social benefits, and can be issued by companies, sovereigns and sub-sovereigns. Subsets include, but are not limited to:

- **Green Bonds:** Financing for projects and assets that generate financial returns and economic development in an environmentally sustainable way (e.g., renewable energy).
- **Social Bonds e.g. Gender Bonds:** Financing for projects that generate social impact (e.g., healthcare, education, gender priorities).
- **Sustainability Bonds:** Combination of green and social objectives.
- **Sustainability-Linked Bonds (SLBs):** Performance-based instruments tied to sustainability targets.



The global sustainable bond market has grown exponentially over the past twenty years – reaching **USD 5.4 trillion cumulative issuance by September 2024** - as investors acknowledge that climate and other environmental and social risks can impact financial returns.

Advantages of Issuing a Sustainable Bond

Bonds are a safe and familiar investment asset class for investors, resulting in high demand and over subscription of sustainable bonds when they come to market.

Notable benefits to issuers, investors and governments include:

- **Investor diversification across regions** - The developmental and financial returns coupled with transparency requirements meets strong investor demand.
- **Strong oversubscription** - Demand for sustainable bonds generally outstrips supply and investors acquiring sustainable bonds often hold them to maturity.
- **"Stickier" pool of investors** - Typically, investors of sustainable bonds invest for the long term, which is a major benefit for infrastructure projects seeking longer-term investments
- **Improved risk management and growth strategies** - Growth and expansion with better Environmental and Social risk management enables companies to save on costs, harness innovation and align with national and international sustainable development strategies.
- **Reputational benefits** - Requirements for enhanced transparency disclosures associated with a green bond issuance will appeal to investors.

FSD Africa's Support for Sustainable Bond Market Development



FSD Africa's approach to developing sustainable bonds combines support for regulatory guidelines with pipeline development, hands-on transaction support to sovereign and private sector issuers and investor engagement.

FSD Africa's Key Partners

Regulators and
Supervisors of
Financial
Markets

Capital Markets Regulators

Stock Exchanges

Central Banks

Potential
Issuers of
Sustainable
Instruments

Sovereigns

Sub-sovereigns/ Municipals

Corporations

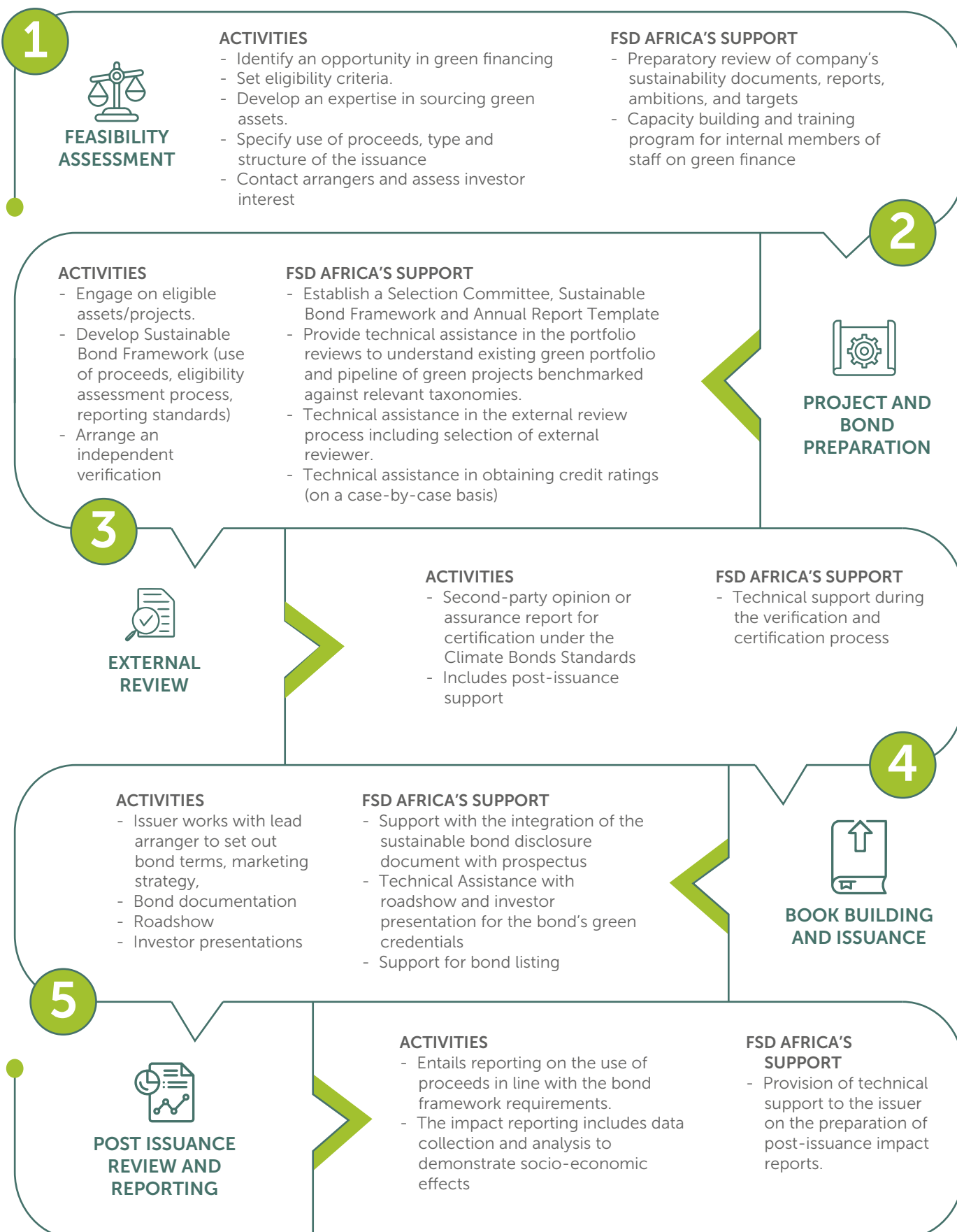
Other Financial
Markets Players

Institutional Investors

Market Intermediaries

Regulatory Agencies

FSD Africa's End-to-End Support to Issuers on Sustainable Bond Transactions



Highlights: A List of Recent Transactions Supported by FSD Africa

FSD Africa has supported 23 Sustainable Bond Transactions that will mobilise USD 1.4 billion in local currency:

Issuer & Issuance Type	Year	Amount (US\$)	Use of Proceeds
Federal Government of Nigeria (Sovereign) Listed – Nigeria Stock Exchange	2017	US\$ 28 million	Afforestation, renewable energy and provision of clean energy
Access Bank Plc (Financial Institution) Listed - FMDQ Exchange, Luxembourg Stock Exchange	2019	US\$ 38 million	Finance projects with green credentials: renewable energy, afforestation, water, agriculture and transportation
North South Power Green Infrastructure Bond Listed - Nigeria Stock Exchange	2019	US\$ 19 million	Green - Finance and refinance environmentally beneficial projects. Earmarked projects cover renewable energy, flood defence and agriculture irrigation projects.
Acorn Holdings (Green REIT)	2021	US\$ 20 million	Finance green and environmentally friendly student accommodation
Banque Centrale Populaire (BCP) (Gender Bond)	2021	US\$ 22 million	Micro-credit loans to urban and rural women, economically disadvantaged, excluded from the financial system in Morocco, who wish to create or develop income-generating activities.
Morocco's national railway operator (ONCF)	2022	US\$ 94 million	Supporting the Al Boraq project, whose gains are immense for the community in terms of connectivity, travel time and frequency, while reducing greenhouse gas emissions.
NMB Bank PLC (Sustainability Bond)	2023	US\$ 84 million	To provide affordable credit to green and/or social projects.
Burn Manufacturing (Clean cooking bond)	2023	US\$10 million	Finance projects to support production and distribution of clean cooking stoves, create market awareness and support R&D initiatives.
Tanga Urban Water Supply & Sanitation Authority (Tanga UWASA) - Tanzania	2024	US\$21 million	Fund the expansion and improvement of sustainable water supply infrastructure and environmental conservation within Tanga city and nearby townships.
Office National des Chemin de Fer (ONCF) Bond Morocco's national railway operator	2025	US\$210 million	Refinance debt & support ONCF's transition to electric mobility, improve energy efficiency and lower greenhouse gas emissions,

More resources available:



**Africa Green Bonds
Toolkit (2020)**



**Gender bonds toolkit
for Africa (2024)**



**Landscape of Climate
Finance in Africa (2024)**



**Impact of Green Bonds
in Africa (2025)**

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