

Green and Sustainable Finance Conference

Finance for a Sustainable Future

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- Thank you to FCDO for hosting this event and inviting me to be here to represent the UK Treasury. It's a pleasure to be here.
- Events like this make a difference to the sustainable finance industry. They help to support progress in the industry.
- When we launched the UK's green financing programme in 2021, we collaborated a lot with industry and with international partners, using events like these to inform and shape our ideas.
- That collaboration was key to the successful launch of our programme.
- So I am glad that this event has been put together in collaboration with our colleagues in Cyprus, and that I am able to be here today to share with you a few of our experiences.
- Let me take you on the **journey of how we developed the UK's Green Financing Programme, the innovations that we created and the success that we had.**
- When we started to develop our programme in 2020, we had two key objectives in mind. First, we saw it as an opportunity to showcase the UK's progress on climate and the environment. We wanted to demonstrate that progress to the UK

population and to the wider world. Second, we were looking to build the UK as a centre for sustainable finance, and to use the creation of the Green Financing Programme as a policy tool to catalyse that progress.

- In order to achieve these objectives, we created a number of innovations in our Green Financing Programme. The idea was that if the UK could be a leader in these areas then other issuers might follow. I'll outline three key innovations we took.
- **The first innovation was centred around the UK's work on the environment. In 2021, the UK government published the landmark Dasgupta Review, the first review commissioned by a Finance Ministry into the economics of biodiversity. The Dasgupta Review presented a new and comprehensive economic framework that accounts for humanity's dependence on nature and recognises that it sustains economies, livelihoods and well-being. In other words, nature is central to our survival. And therefore, nature needs to be at the centre of our economic decision-making.**
- Building on the findings of the Dasgupta Review, we brought biodiversity and nature considerations alongside those of net zero into our Green Financing Framework. For the first time in any green bond programme, biodiversity and nature sit alongside net zero considerations. Doing this helped showcase the progress the UK has made on prioritising action on climate and the environment.
- **The second innovation was designed to demonstrate our progress to the UK population. We created a retail version of the green bond, which is sold through the UK government savings bank, called National Savings and Investment, and which is available to all savers in the UK. This retail green savings bond was a first for any sovereign around the world.**

- For us, it gave us a wider audience for us to communicate the progress the UK had made on climate and the environment. The retail product is available to everyone in the UK. And, whilst savers are deciding whether or not to invest money in the retail green savings bond, they at the same time will read about the UK government's objectives on climate and the environment, and the green projects where we have allocated the money so far. So this innovation has helped create a wider reach than we would otherwise have, and bring the tangible benefits of the Green Financing Programme to a general audience.
- **The third innovation we created aimed to build on the existing growth and successes of the green bond market.** In a first for an issuer, we created a pre-issuance impact report with the Carbon Trust. This allowed investors to understand the types of projects we would invest in and their likely impact, before we issued our first sovereign green bond. Usually, investors decide to invest in the green bond and then learn about how issuers have allocated money to green projects and their good effect on the environment, one or two years afterwards. Instead, our approach with the pre-issuance impact report allowed investors to read about some of the green projects before investing. It is now an approach that is endorsed by the International Capital Markets Association as a recommended step for issuers to take. This innovation demonstrated where the UK was willing to innovate, to build on a growing green bond market and hopefully to demonstrate the successes of the UK financial services industry.
- All together, the innovations that we designed helped create conditions for a successful Green Financing Programme. When it came to the issuance of our inaugural sovereign green bond in September 2021, we broke a number of records.

We issued £10bn at our first issuance, which was the largest inaugural sovereign green bond issuance in the world at the time. For that issuance, we also received over £100bn in orders, the largest order book the UK government has ever received. And that demand for sovereign green bonds and the retail green savings bond has continued since then.

- To date, we have raised over £22bn of green financing and have had strong demand throughout the programme. Our green financing programme has become a central part of the UK debt financing programme announced at Budget in March.
- In all, our successes came down to collaboration with the private sector and across government. We worked with and learned from many others across the sustainable finance industry, and that allowed us to create innovations that were cutting edge at the time.
- I hope that sharing some of our experiences will be useful for others at this event, particularly the Cypriot government, and that by sharing these experiences, you will also enjoy success in your green bond programme.