

France

France's Green OATs



TYPE OF TOOL
Financial instrument



MAIN SECTORS
All sectors



THEME
Green



INFRASTRUCTURE GOVERNANCE PILLARS
Long-term strategic vision

In a nutshell



OBJECTIVE: France's Green Bonds or OATs funds central government budget expenditure and expenditure under the “Invest for the Future” programme to fight climate change, adapt to climate change, protect biodiversity and fight pollution.



Agency in charge
Agence France Trésor



Levels of government
National



Year of implementation
2017



Current status
Fully operational

Overview

Green bond issuances have become increasingly important as a means to mobilise private finance for low-emission infrastructure projects. Project bonds can provide long-term debt capital to such projects by directly financing or refinancing specific assets through the capital markets. France has been one of the pioneer and leading countries on sovereign ESG financing. On 24 January 2017, Agence France Trésor launched the first French sovereign green bond for an issuance amount of €7bn. By becoming the first country in the world to issue a sovereign green benchmark bond, France confirmed its role as a driving force for the implementation of the goals of the December 2015 Paris Climate Agreement. In addition, on 16 March 2021, AFT launched a second Green OAT through syndication: the OAT 0.50% 25 June 2044, for an amount of €7bn matching the level reached during the inaugural issue of the first green OAT. A third green bond was also launched in May 2022 for an amount of €4bn. France's Green OATs funds central government budget expenditure and expenditure under the “Invest for the Future” programme to fight climate change, adapt to climate change, protect biodiversity and fight pollution. In order to achieve these objectives, the French Green OAT finances programs in six major sectors: building, energy, transport, living resources, pollution and adaptation. The funds raised are handled like funds from a conventional government bond and managed in compliance with the general budget rule. However, they are matched to an equivalent amount of Green Eligible Expenditures and the aggregate of such expenditure in a given year sets the limit for Green OATs issuance. The Green OATs Evaluation Council defines the specifications and schedule for evaluation reports on the environmental impact of Green Eligible Expenditures financed by France's green sovereign bond. The Council also gives its opinion on the quality of the evaluation reports and the impact and relevance of the findings.

REFERENCES:

- Agence France Trésor, *Les OAT Vertes*, <https://www.aft.gouv.fr/fr/oat-verte>