This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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# Debt: Example of Emission Reduction-Linked Bond from Vietnam

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***On this page:*** *Example of Emission Reduction-Linked Bond from Vietnam. Read more below, or visit Strategic Guidance for Country System Assessments, Guidance for Countries in Assessing ERC Projects, or Mobilizing ERC Finance.*

In February 2023, The World Bank issued $50 million Emission Reduction-Linked Notes that mobilized private capital to finance a water purifier project in Vietnam and provided bond investors with a return linked to carbon credits, see Case Study: "Emission Reduction-Linked Notes Mobilize Private Capital for Climate Friendly Project".

**Transaction Structure:**

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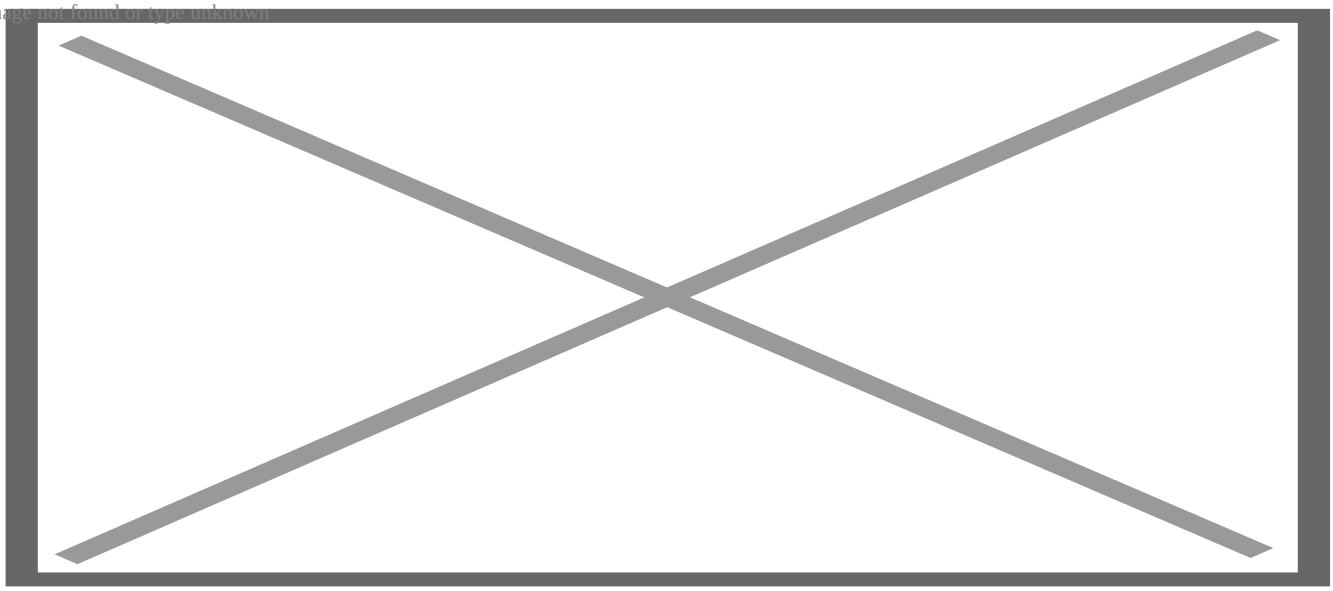


*Figure 7 Example of Emission Reduction-Linked Bond from Vietnam.*

**Key features included:**

- 100% principal protected bond with investors receiving the return of principal plus a minimum return at maturity
- Use of forgone ordinary bond coupons (monetized through an interest rate swap) to make upfront financing available to a climate friendly project that will generate carbon credits in the future
- By securitizing the future carbon credit sales revenue, bond investors earn coupons linked to the number of verified carbon credits generated by a project

**Additional Resources**

- Climate Toolkits
- How PPPs Are Financed

*This section is intended to be a living document and will be reviewed at regular intervals. The Guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions. Unless expressly stated otherwise, the findings, interpretations, and conclusions expressed in the Materials in this Site are those of the various authors of the Materials and are not necessarily those of The World Bank Group, its member institutions, or their respective Boards of Executive Directors or member countries. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.*