

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

## Full Description

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:

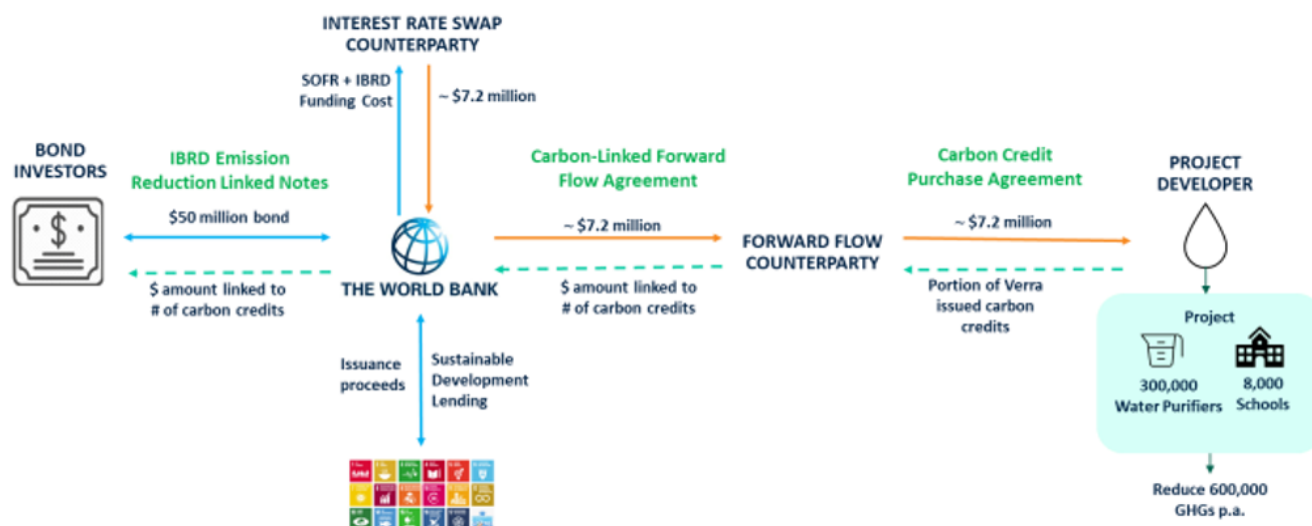


Figure 7 Example of Emission Reduction-Linked Bond from Vietnam.

## 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

[Financing and Risk Mitigation](#)

[Climate Change Toolkits](#)

[How PPPs Are Financed](#)

[Page Specific Disclaimer](#)

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