European Environment Agency

8th Environment Action Programme

Green bonds

8TH EAP HEADLINE INDICATOR, 2025

European Environment Agency

Green bonds in Europe

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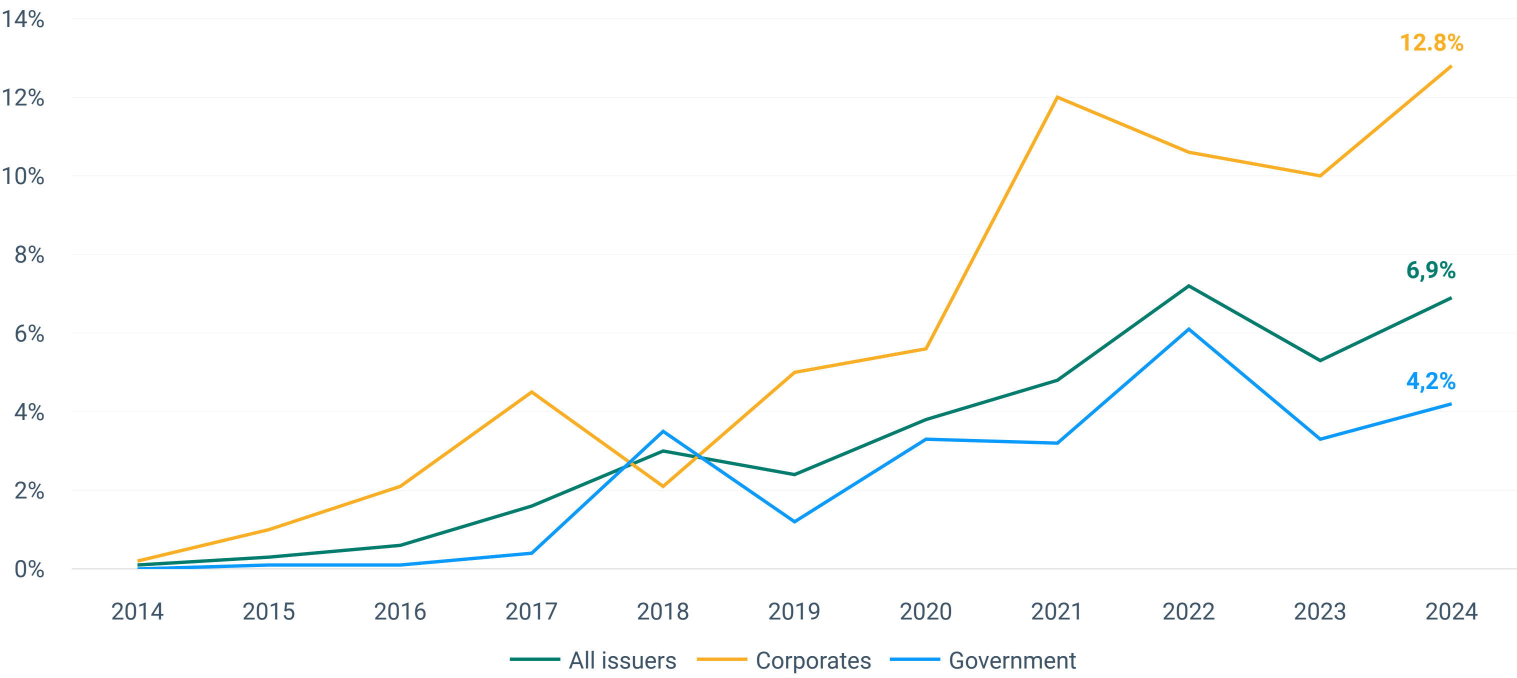
Green bonds are used to finance activities that support climate and environmental objectives. Green bonds reached 6.9% of all bonds issued by corporations and governments across the European Union in 2024, an improvement from the 5.3% noted in 2023. This trend reflects a higher demand for financial products that support sustainability objectives. The issuance of green bonds is likely to increase, given the ambitious decarbonisation goals of the Competitiveness Compass and the European Green Deal.

Figure 1. Green bonds as a percentage of total bonds issued by corporations, by governments, and by both corporations and governments in the EU-27, 2014-2024.

Green bond issuance as a share of total bond issuance



The European Green Deal emphasises the need to direct capital flows to **green investments**. One way to achieve this is by issuing green bonds, which, supported by the EU Sustainable Finance Framework, raise finance for projects that help achieve environmental and climate objectives. Additionally, the Competitiveness Compass emphasises the need to better mobilise investments for a more competitive, innovative and decarbonised Europe.

Green bond **issuance** increased significantly in the EU between 2014 and 2024, from 0.1% to 6.9% of total bonds issued. This indicates an increasing demand to finance sustainable investments, driven in part by the European Green Deal and the need to fund the transition to a low-carbon, green economy.

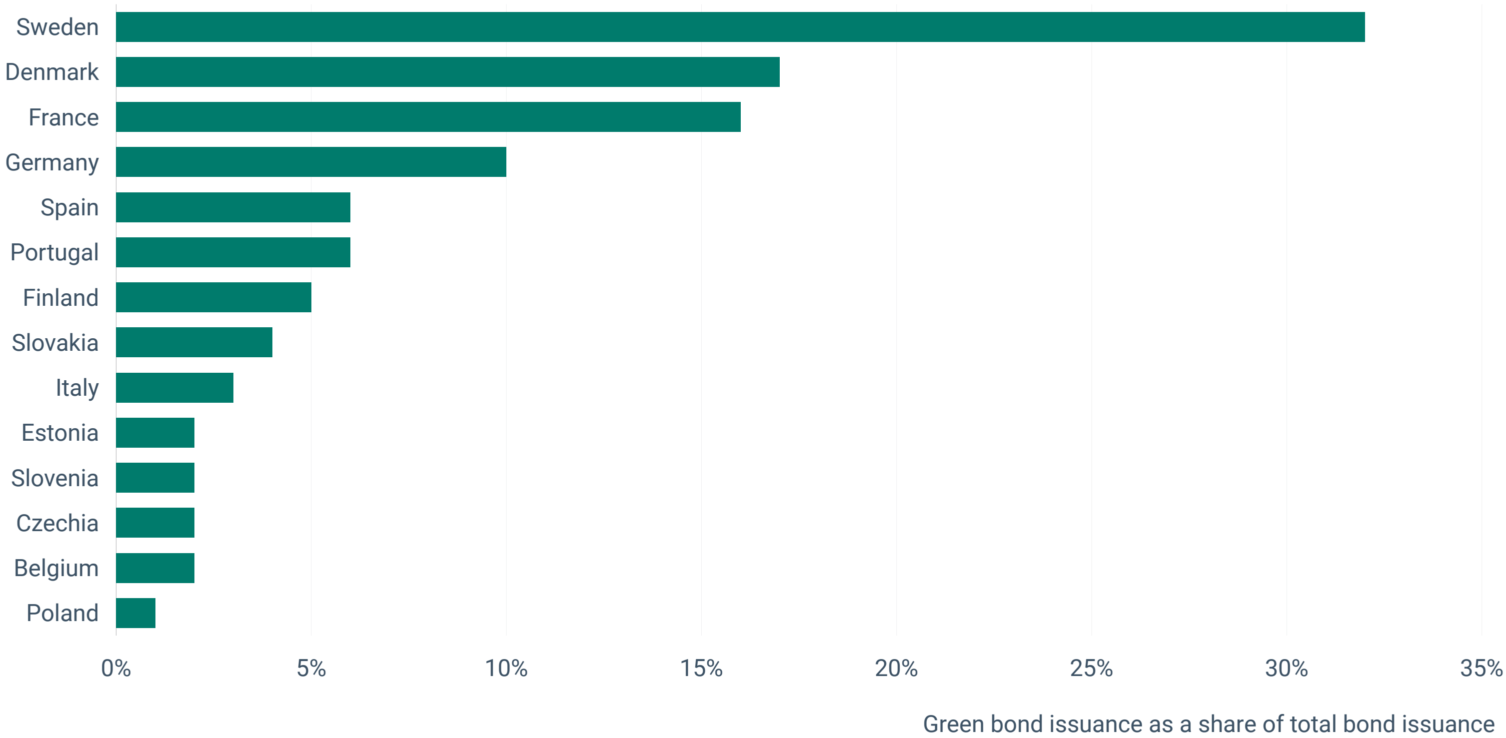
Green bonds can be issued by various types of entities under multiple standards, each following different levels of ambition. The rates at which these entities have increased green bond issuance vary. In recent years, green bond issuance by **corporations** increased rapidly, from 5.6% of total corporate bonds issued in 2020 to a new high of 12.8% in 2024. A recovery from the recent fall to 10% in 2023.

The share of green bonds issued by **governments** (sovereign bonds) increased from 3.3% in 2020 to 4.2% in 2024, which is lower than the peak 6.1% noted in 2022. Corporations accounted for 58.8% of the total value of corporate and government green bonds issued in the EU during 2024, reaching €33.55 billion[1].

Green bonds are increasingly used by companies to finance sustainable investments, indicating a broader greening of the EU economy. The European green bond standard (EuGBs), entered into force in December 2023, strengthens this trend by enhancing transparency and ensuring that financed projects align with EU Taxonomy. The benign financial environment assisted the green bond **market recovery** after the dip noted in 2023 by the LSEG, which was driven by tighter financing conditions.

The European Investment Bank issued its first bond aligned with the EuGBs, raising €3 billion with strong market demand. This Climate Awareness Bond, the largest of its kind to date, will finance activities aligned with EU Taxonomy with a primary focus on climate change mitigation.

Figure 2. Shares of green bonds issued by corporations and by governments in 2024, by EU Member State



Green bond issuance as a share of total bond issuance varies across the EU Member States. In 2024, the share of green bonds was **highest** in Sweden, Denmark and France, where green bonds represented more than 16% of bonds issued. In contrast, thirteen Member States did not issue any green bonds in 2024.

The speed at which national green bond markets develop and mature depends on many variables, including policy and regulatory factors, market conditions and financing trends. Further growth in the issuance of green bonds across the EU faces a range of **challenges**, including fragmented capital markets in Europe, insufficient pipelines of standardised green projects ready for green bond funding, and a lack of domestic investors.

Differences in investment needs and a lack of commonly accepted green bond standards and definitions add to the challenges and lead to green bond markets of different scales across the EU. The EuGBs aims to overcome some of these barriers and boost the share of green bonds in domestic (i.e., national) markets, but its application remains voluntary.

Supporting information

Definition

Bonds

According to the European Securities and Markets Authority (ESMA), a bond is defined as a form of debt security. Bonds are loans provided by an investor to a borrower that are widely used to fund activities. The borrower agrees to pay back the loan with interest at a specified future date. Bonds can be used to finance a wide range of projects, and the proceeds are not necessarily earmarked for any particular purpose. In practical terms, bonds are financial instruments issued by entities such as corporations or governments to raise capital. Investors purchase these bonds, effectively lending money to the issuer, who in return agrees to pay periodic interest and repay the principal amount at a specified maturity date. Within the European Union, bonds play a significant role in financial markets by providing companies and governments with access to funding, while offering investors opportunities for portfolio diversification and income generation.

Green bonds

Green bonds are types of bonds committed to financing or re-financing investments, projects, expenditure or assets helping to address climate and environmental issues. Both governments and companies use them to finance the transition to a more sustainable and low-carbon economy.

Green bond frameworks and standards

This indicator only includes those green bonds that are either aligned with the four core components of the **International Capital Market Association** (ICMA) green bond principles or are certified by the **Climate Bond Initiative** (CBI), i.e. follow the climate bond standard or are CBI aligned (i.e. unlabelled (conventional) bonds issued by a climate-aligned issuer or self-labelled green bonds that do not need to be aligned with ICMA principles or certified by the CBI).

EU Green Bond Standard

The EU Green Bond Standard establishes a new and clear gold standard for green bonds. Eighty-five percent of the bond's proceeds must be aligned with the EU Taxonomy technical screening criteria. The standard will be accessible to all issuers, including non-EU issuers, on a voluntary basis.

Types of green bond issuers

Green bonds can be differentiated by the entity that issues them. For instance, corporate green bonds are issued by a corporate entity, such as a company or financial corporation. Sovereign green bonds are issued by a national government. Supranational green bonds are issued by an international body such as the EU, which started to issue green bonds in 2021 under the **NextGenerationEU Green Bonds programme**, or by international financial institutions (IFIs) such as the European Investment Bank, the lending arm of the EU. Data providers also differentiate green bonds issued by subnational entities such as municipalities or agencies from other types of green bond. Green bonds issued by agencies are usually securitised by a government-sponsored enterprise or a government department.

EU taxonomy for sustainable activities

The EU taxonomy for sustainable activities is a classification system that defines sustainable activities, e.g. activities for climate change mitigation and adaptation.

Methodology

This indicator is calculated based on data on the issuance of green bonds by companies, including financial institutions, and governments in the EU. The indicator shows green bond issuance as a percentage of all bonds issued and by type of green bond issuer. Data on corporate and government bonds were provided by Refinitiv. Green bond indicators such as this may contain discrepancies, as they rely on data provided by various commercial data providers, which report on issuances at different dates and rely on different green bond standards or frameworks. Moreover, numbers from the same data provider can vary depending on the date of data download and the currency exchange rate used, impacting comparability.

The 2025 update of the indicator refines the calculation of green bonds as a share of the total EU bond market. The denominator now excludes short-term debt instruments, such as loan notes with maturities under one year, as these are not typically used to finance long-term sustainable projects. Similarly, the numerator excludes financial instruments that fall outside the scope of the **EU Green Bond Standard (EuGBs)**, including SUKUs and comparable structures.

It is important to note that the indicator does not provide information on the environmental impact, or the sustainability of the projects financed by green bonds. In addition, the indicator does not capture the varying 'greenness' levels of the projects financed by different bonds or the contribution of financed projects to achieving the **Paris Agreement** goals, which are increasingly important factors for investors and regulators. Finally, fixed-income instruments cover only parts of the financial system, and this green bond indicator therefore only partially reflects trends in financing green assets. Those trends might be different for different environmental objectives depending on the financial preferences and the 'bankability of the projects and activities funded.

Policy/environmental relevance

This indicator is a headline indicator for monitoring progress towards meeting targets of the Eighth Environment Action Programme (8th EAP). It contributes mainly to monitoring in relation to aspects of 8th EAP Article 3(u), which requires 'mobilising resources and ensuring sufficient sustainable investments from public and private sources… consistent with the Union's sustainable finance policy agenda'. The European Commission communication on the 8th EAP monitoring framework specifies that this indicator should be used to monitor the 'increase [in] the issuance of green bonds to boost public and private financing for green investments' [2].

Data sources and providers

- LSEG Data & Analytics formerly Refinitiv (copyright-protected and direct link to the dataset is not available), LSEG

Metadata

DPSIR

Response

Topics

Sustainable finance

Tags

green bond issuances # European Green Deal # SUFI004 # sustainable finance # 8th EAP # green bonds

Temporal coverage

2014-2024

Geographic coverage

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czechia
Denmark
Estonia

Finland	France
Germany	Greece
Hungary	Ireland
Italy	Latvia
Lithuania	Luxembourg
Malta	Netherlands
Poland	Portugal
Romania	Slovakia
Slovenia	Spain
Sweden	

Typology

Descriptive indicator (Type A - What is happening to the environment and to humans?)

UN SDGs

SDG11: Sustainable cities and communities

Unit of measure

Green bond issuance is measured as a share (%) of total bond issuance.

Frequency of dissemination

Once a year

References and footnotes

1. EEA calculations based on data provided by ESMA. Data for the European Economic Area is published in ESMA's 2024 report: TRV Risk Monitor ESMA Report on Trends, Risks and Vulnerabilities No. 1.
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2. EC, 2022, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the monitoring framework for the 8th Environment Action Programme: measuring progress towards the attainment of the programme's 2030 and 2050 priority objectives, COM (2022) 357 final of 26 July 2022.
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