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S&P U.S. Municipal Sustainable Debt And Resilience 2020 Outlook: Sprouting More Leaves

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Key Takeaways

- U.S. municipal self-labeled green bond issuance had its strongest year yet in 2019, with 99 issues totaling $10.1 billion in issuance, or 2.4% of the total municipal market.
- Based on recent trends, we project 2020 municipal green issuance of $11.4 billion to $14.0 billion in 2020, with a most likely amount of $13.2 billion.
- Municipal issuers are also issuing debt carrying other labels intended to highlight a financing's environmental, social, and governance (ESG) credentials, most notably sustainability bonds ($2.8 billion in 2019) and social bonds ($621 million).
- For the first time, in 2019, the majority of municipal green bonds had external verification, and 23% of sustainability bonds were Climate Bond Certified.
- Resilience continues to emerge in budgets and capital plans as a focus area for municipal governments, although challenges remain to financing large-scale resilience and adaptation projects.
- Debt financing of adaptation projects remains a largely undeveloped portion of the green bond market, and a mostly untapped portion of the broader municipal market.

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