

Література:

1. Шаповал Н., Федосенко М., Грибановський О., Терещенко О. Повоєнне відновлення України. Нові ринки та цифрові рішення. *KSE*. 28 с. URL: <http://surl.li/dlsfr> (дата звернення: 22.02.2024).
2. Збитки, завдані інфраструктурі України. URL: <http://surl.li/quhas> (дата звернення: 23.02.2024).
3. Данилишин Б. Воєнно-економічні хроніки: ситуація в економіці та фінансових ринках. *ЛВ.м.* 21 лютого 2024 р. URL: <http://surl.li/qtqdk> (дата звернення: 22.02.2024).
4. Вересневий випуск Ukrainian Recovery Digest. *KSE Institute*. 17 жовтня 2023 р. URL: <http://surl.li/qurbn> (дата звернення: 24.02.2024).
5. Хмарська І.А., Кучерява К.Я. Особливості післявоєнного відновлення економіки України. *Економіка та суспільство* 2022. Вип. № 42. URL: <http://surl.li/qtkih> (дата звернення: 22.02.2024).
6. Зверяков М.І. Формування моделі економічного розвитку в нових історичних реаліях. *Економіка України*. 2022. № 8. С. 3-19.

THE FIRST ISSUE OF GREEN BONDS: THE CASE OF LITHUANIA AND CROATIA

Markevič, L., Novikaite, V.,
Vilniaus kolegija / Higher Education Institution,
Faculty of Economics, Vilnius, Lithuania
Franić, I., Veleučilište Baltazar Zaprešić, Zagreb, Croatia
Supervisors – Sigita Juzėnienė, Jolita Naujalienė

Introduction

The whole world, including Lithuania, is not indifferent to the environment around us, so it is looking for ways to pollute nature less and preserve it. This is reflected in many areas of life, one of which is the economy. An excellent example of an ecological financial instrument is green bonds. They also are illuminating the importance of the bond issuer's sustainability approach and activities. The European Investment Bank was the first to issue these bonds in 2007, and in Lithuania the first company to issue green bonds was Ignitis Group, in Croatia – M+ Group (Spasić, 2022; Nordic Investment Bank, 2017).

The aim of the article – review the theoretical aspects of green bonds and their first issue in Lithuania and Croatia.

Definition and principles of green bonds

Recently, the color green has been associated with ecology, friendliness to nature, non-exemption and green financial instruments, one

of which is green bonds. Like each type of bond, green bonds have their own definition and general principles of operation.

Green bonds is a financial instrument and that it is intended to finance green projects. They are referred to as a debt security, fixed income instrument, debt financing instrument or fixed income product. It is a product for which investors' funds will be returned at maturity and which allows the issuer to raise capital. Green bonds are intended to finance projects that have a positive impact on the environment. They not only contribute positively to the environment, but also help countries adapt to the effects of climate change.

The principles of green bonds apply to the issuance of green bonds. It are voluntary guidelines that set out transparency and disclosure provisions to promote integrity in the development of the green bond market by clarifying the manner in which such bonds are issued (ICMA, 2021).

The Green Bond Principles are intended to be widely used by market participants: they provide issuers with guidance on key components of green bond issuance that are credible to investors; ensures the availability of information for investors to assess the environmental impact of their investments in green bonds; encourages contractors by suggesting key actions for transactions that help preserve market integrity (ICMA, 2021).

The first principle is the use of income, which must be directed to ecological projects. Eligible areas include renewable energy, biodiversity conservation, resource efficiency and other environmentally friendly areas. The second principle is the project selection and evaluation process, according to which the green bond issuer must provide:

1. Sustainability goals of ecological projects;
2. The procedure according to which the Issuer's projects correspond to green projects;
3. Additional information about the processes that foresee social and environmental risks of projects and their management.

Issuers are recommended to disclose as much information as possible about priority goals, strategies and similar information. The third principle promotes a high level of transparency in the management of income, so transactions related to their amounts must be properly and separately accounted for by the Issuer. During the period of circulation in the market circulation, the balance of the income from the sale of green bonds must be periodically compared with the funds invested by the issuer in green projects in a certain period. The Issuer informs the investors about the expected means of distribution of temporary unused net income. The fourth principle establishes that issuers must collect and be ready to provide relevant

information on the use of funds until the funds are fully used and update the information in a timely manner in case of significant changes. The annual report includes a list of projects for which funds from green bonds have been allocated, a summary of the projects, the amounts of funds diverted, and the expected impact of the projects. If, due to confidentiality agreements or reasons related to competition, only limited detail of the projects can be provided, the principles recommend that the information be provided in a summarized form. Transparency is particularly important when communicating the expected and/or existing environmental impacts of projects (ICMA, 2021).

In summary, green bonds are debt securities whose monetary value is intended to finance green and nature-friendly projects. In total it is four principles of green bonds, which establish guidelines for the permitted areas of activity, help market participants to obtain or issuers to properly provide information about green projects and the use of funds, and thus demonstrate the transparency of activities.

First issues of green bonds

The first green bond issue in Lithuania was issued by Ignitis Group in 2017 (Nordic Investment Bank, 2017). UAB «Ignitis» is one of the best-known and most environmentally friendly electricity and gas suppliers in Lithuania.

The first issue of green bonds in Croatia was issued by M+ group in 2022 (Market Screener, 2022). It is a Zagreb-based provider of business process and technology outsourcing services.

A comparison of bonds issued by companies is presented in the table

Issuer	«Ignitis group»	«M + group»
Purpose	1. Construction of a lawn power plant 2. Ecological operation of new robots	1. Reduce CO2 emissions 2. Increase the number of female managers
Issue date	2017	2022
Issue amount, EUR.	300 000 000	40 000 000
Interest rate, %	2,00	4,25
Payout Period	120 months	60 months
Rating (according to Moody's)	BBB+	BBB+
Regulated Market Segment	Nasdaq Vilnius , LuxSE	Zagreb stock exchange , the official market

Issue of green bond

Source: Compiled by the author according to the Spasić, 2022; Market Screener, 2022; Ignitis group, n.a.

In Lithuania, the first green bond issue appeared 5 years earlier than in Croatia. The goals of issuing green bonds of Ignitis groups are oriented only to ecology, while M+ groups have one goal for ecology and the other for the social environment. The period of Ignitis group's green bonds is twice as long as that of M+ group, and the interest rate is almost twice as low, the size of Ignitis group's bonds is 6.5 times larger than that of M+ group, the rating is the same. As for trading, Ignitis groups mandatory trading is carried out on a wider scale, as it is possible to buy through the Luxembourg and Nasdaq Vilnius stock exchanges, while M+ group bonds are traded only on the Zagreb Stock Exchange.

In summary, Ignitis group and M+ group were the first companies that started issuing green bonds in their countries. Ignitis group issued bonds much earlier than M+ group, the size of the issue was 6.5 times larger than that of Croatia, and the term was 2 times longer. The interest rate is almost twice as low. Lithuanian bonds are traded on nasdaq and Luxembourg stock exchanges, and Croatian bonds are traded only on the local stock exchange.

References:

1. Ignitis group (n.a.). About Us. URL: <https://ignitisgrupe.lt/en/about-us> (date of application: 05.03.2024).
2. International Capital Market Association. (2021). *Green bond principles*. URL: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf (date of application: 05.03.2024).
3. M plus (n.a.). About M plus. URL: <https://mplusgroup.eu/about-mplus> (date of application: 05.03.2024).
4. Market Screener (2022, July 29). Meritus ulaganja d d : M+ Group issued the first Croatian Sustainability-Linked Bonds. URL: <https://www.marketscreener.com/quote/stock/MERITUS-ULAGANJA-D-D-103505569/news/Meritus-ulaganja-d-d-M-Group-issued-the-first-Croatian-Sustainability-Linked-Bonds-41127494/> (date of application: 05.03.2024).
5. Nordic Investment Bank (2017, July 14). NIB invests in Lithuania's first green bond. URL: <https://www.nib.int/releases/nib-invests-in-lithuanias-first-green-bond> (date of application: 05.03.2024).
6. Reichelt, H. & Cantor, S. (2023, January 20). Why green bonds matter - it may be more than you think. World Bank Blogs. URL: [Why green bonds matter - it may be more than you think \(worldbank.org\)](https://blogs.worldbank.org/why-green-bonds-matter-it-may-be-more-than-you-think) (date of application: 05.03.2024).
7. Spasić, V. (2022, August 2). First green bonds issued in Croatia. Balkan Green Energy News URL: <https://balkangreenenergynews.com/first-green-bonds-issued-in-croatia/> (date of application: 05.03.2024).