Are «green» bonds efficient in reducing cost of borrowings for company's ecological projects?

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Abstract
The subject/topic. The article addresses the issue of reducing cost of debt for ecological projects with green bonds. ***Goals/Objectives.*** The primary aim of this research is to reveal the interest rate discount «green» bonds have compared to conventional bonds. A decrease in cost of funding is a key element of «green» financial markets mechanism that improves investment quality of environmental projects. ***Methodology***. The study uses statistical and regression analysis of more than 7,2 thousand bond primary placements for 2016-2020 years with total volume exceeding 6 trillion USD. Among them are 91 «green» bond issues with total volume of 84 bn USD. Cbonds and Bloomberg databases are primary sources of financial data for this study. ***The Results.*** Green bonds tend of have interest rate 0,3% lower compared to conventional bonds owing to sufficient demand from responsible investors. This result is the same for several different sub-samples of data that confirms its sustainability. ***Conclusions/Significance.*** The discount in interest rate that «green» bonds have allows reducing cost of funding for environmental projects making them more economically viable and attractive for companies. This mechanism persisting in global bond markets facilitates fulfillment of sustainable development goals (SDGs) defined by United Nations. ***Application.*** However, Russian bond market still doesn't have this mechanism working properly since there are no responsible investors as a self-sufficient class.

Keywords: *«green» bonds, bonds pricing, responsible investment, ecological impact, corporate social responsibility.*

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