

SW Thinks...



SW Thinks is our thought leadership series where we share our ideas, opinions and insights on how to create a more sustainable world.

A Citizen Green Bond for Ireland How a green State Savings account could empower positive climate action across Ireland

At SustainabilityWorks, we work with public and private sector organisations on a range of sustainability projects, but in addition to that, we develop initiatives that we believe will move the needle in terms of climate and sustainability action in Ireland. One such initiative is the design of a **Citizen Green Bond** that would empower Irish citizens to take action collectively and at scale, via a structured mechanism that supports our national decarbonisation journey.

This is an idea that we have been **actively advocating for the last two years** since we started SustainabilityWorks, and have been discussing the potential proposal with policymakers and State Agencies. The idea has been well received but the timing, so far, has not been quite right given other competing monetary and fiscal policies and more recently, the pandemic. **Interesting to see a similar idea coming to fruition in the UK this week** with the government there announcing a new green

savings bond that will give people across the UK the opportunity to contribute to the collective effort to tackle climate change. Maybe now, with a new Climate Action Plan due out mid-year, the timing is right to dust the idea off?

How the Citizen Green Bond would work

The mechanisms for establishing a **Citizen Green Bond** in Ireland are already in place. There is no need to reinvent the wheel here. It would be a **new “green” addition to the range of State Savings products** that Irish savers can already avail of. It should be similar to the State Savings National Solidarity Bond (launched in 2010) with a few key tweaks:

1. Linked to a national climate action engagement programme,
2. The funds raised are used for Irish green projects, and
3. There is an attractive financial return for savers.

For more detail on each feature, see overleaf.

What are State Savings products?

Irish State Savings provide an effective means for Irish savers to deposit money with the Irish government. They are secure, low risk investments that are 100% protected by the State. Examples of existing State Savings products are Prize Bonds, Savings Certificates and the National Solidarity Bond.

Spend or save?

The savings of Irish households have surged during the pandemic to €125 billion in December 2020. However, the return to be made on amassing piles of cash is negligible at the moment because of the low and even negative interest rate environment. As we come out of the economic shock of the pandemic, the government will be looking at how to encourage people to spend their savings in Ireland, on Irish goods and services. But many people will remain cautious and will want to continue to save. The **Citizen Green Bond** would give savers the ability to add positive local and national environmental and social impact to their financial return. From the State's perspective, given that low and negative interest rates won't last forever, there's an opportunity now to build a product appealing to Irish people's values that is a future fund for Ireland's decarbonisation journey.

Key features of the Bond

1. Citizen engagement

A communications campaign to promote the Bond would tell a compelling 'good news' climate story to the public, helping to engage more citizens in the climate conversation. Communications to date have been focused on changing individual behaviours and consumption practices, with campaigns giving facts and information in the hope that this will be enough to spur people into action. But the research shows that we need to go beyond this and give people more specific and tangible ways to take action and make a meaningful difference. The **Citizen Green Bond** provides this, and given that the money would be invested directly and visibly in local communities, citizens would see the positive impact their money is making on the ground, giving a sense of collective pride and achievement.

2. Funds used for green projects

The money collected via the Bond would be used to fund green projects designed to transition Ireland to a low carbon economy and benefit communities around the country. The savings could be invested in line with the **Irish Sovereign Green Bond Framework**, developed in 2018. Savers would be issued with an annual report showing where their money is being invested and the positive impact it is having.

3. An attractive financial return

In an ideal world, the financial return (i.e. interest earned) on the **Citizen Green Bond** should be more attractive than what savers would get by investing in a bank savings account or another State Savings scheme. This could be justified on the basis of the length of the term of the product and/or on the reduced EU fines the Irish government would have

to pay due to the carbon emission savings that would bring it closer to meeting its legally binding carbon targets. At the very least, if it can't be a higher return, the return should be equal to that which would be achieved via other State Savings schemes.

How would the money be spent?

The money collected via the **Citizen Green Bond** could be invested by the Irish government in large-scale projects that would contribute to achieving Ireland's decarbonisation targets. These projects would benefit all regions of Ireland, be visible so that citizens would see tangible change on the ground, and bring long-term positive impacts to local communities. Examples of such projects could include:

- Large scale retrofitting of Irish homes to make them more energy efficient
- Investment in public transport and green routes for everyday commuting
- Investment in community renewable energy schemes
- Development of flood defences or other climate adaptation measures to make towns and communities more resilient to extreme weather events
- Large scale planting of native forests or rewilding of suitable land

These projects are aligned to the existing Irish Sovereign Green Bond Framework. They also echo the types of activities that citizens have expressed support for, as shown in a **2020 survey** of Irish adults. The same survey found that despite knowing there are tough economic times ahead, two-thirds of people agreed that the economic recovery post COVID-19 should prioritise climate action.

A win-win for government and citizens

The whole rationale for this idea is to have engaged citizens who are invested in positive climate action and empowered to make a meaningful difference. For the government, it would create goodwill among citizens who may have to accept more difficult or costly changes coming down the track, such as an increased carbon tax. For citizens, it would help them see the transition to a cleaner, greener Ireland as an opportunity, not just a burden, and would give them some collective 'skin in the game'. They would also get an attractive financial return on their savings. Beyond this, they would feel empowered in the knowledge that in a very material and tangible way, they are personally contributing to Ireland's transition to a low carbon future and leaving a positive legacy for their children and grandchildren.

What do you think? Let us know your thoughts and views. We'd love to see this happen!

About SustainabilityWorks

SustainabilityWorks is a mission-driven consultancy working with organisations across the public and private sector to accelerate Ireland's shift towards a sustainable future. We make sustainability simple. We make it actionable. We make it work.

www.sustainabilityworks.ie

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