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## **EU Government Green Bonds Yields' Determinants**

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### **Abstract**

Green bonds are debt securities that occurred as promising financial instruments aimed at financing projects oriented towards natural environment preservation and mitigation of climate change. Funds raised through the issuance of green bonds are directed towards adaptation to climate change, sustainable natural resources, renewable energy, sustainable land use, energy efficiency, water purification, prevention and control of pollution. Green bonds are usually structured as classical fixed coupon bonds, but can also be issued in the form of revenue bonds or securitized instruments. They differ in accordance to the issuer, credit rating and maturity.

The research in this paper is focused on the determinants of the EU governments green bonds' yield behavior. By employing the panel data regression analysis we empirically test the impact of variables of importance to the yield movement for analyzed bonds. The empirical results confirm the significant impact of both, bond specific and relevant macro variables, on green bond yields' formation.

### **Keywords**

Government green bonds, Yield determinants, EU