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ENERGY SUSTAINABILITY

# Sustainable Debt Outlook 2026: Higher issuance with changing compositions

If you think of the global sustainable debt market as a cocktail, 2026 is poised to be a year with a larger pour – but the mix of ingredients will continue to evolve



We expect global sustainable debt issuance to increase in 2026 but with a different composition

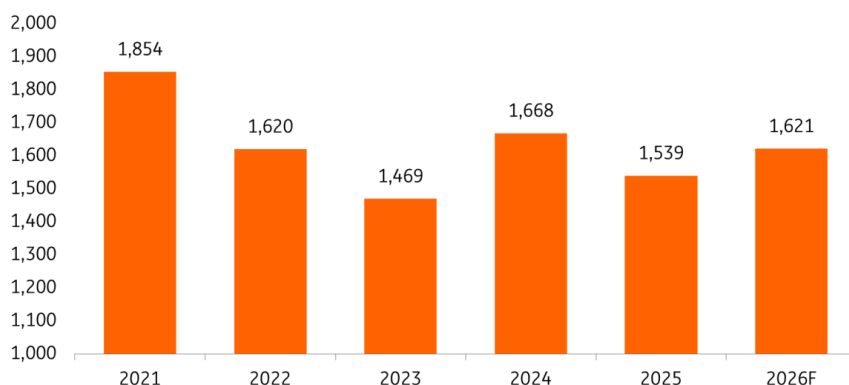
## Call 1: Global sustainable finance set to regain growth, but it's all in the regional differences

Global sustainable finance (excluding asset-backed securities, or ABS) is set to regain growth in 2026, surpassing the slight slowdown in 2025. We ended last year with a total issuance of US\$1,539bn, a modest drop from the US\$1,668bn in 2024, but still comfortably above the dip in 2023. For 2026, we expect a rise once more, with issuance landing around US\$1,621bn. This is still shy of the record 2021 figure, and long-term growth remains non-linear, but the market is showing resilience.

# US\$1,621bn of total sustainable issuance in 2026

## Global sustainable finance issuance

US\$bn



Source: Bloomberg New Energy Finance, ING Research. Note: data excludes asset-backed securities (ABS).

## Global sustainable finance issuance in numbers

US\$bn

	Bonds					Loans					Total
	Green	Sustaina-bility	Social	Sust-linked	Transition	Green	Sustaina-bility	Social	Sust-linked	Transition	
2020	290.4	181.3	155.1	10.9	2.3	93.2	0.0	0.2	143.0	0.3	876.7
2021	601.6	249.3	237.2	109.2	3.8	117.8	4.7	0.1	530.1	0.1	1853.8
2022	553.0	193.3	154.7	88.0	3.3	138.9	6.2	7.3	474.6	0.5	1619.8
2023	611.7	202.5	155.9	70.0	2.8	164.6	12.4	4.4	244.4	0.6	1469.3
2024	648.3	256.3	170.2	39.1	20.9	216.6	9.2	9.3	295.9	2.0	1667.8
2025	669.2	271.5	138.6	33.3	11.7	247.8	19.4	8.5	139.5	0.0	1539.4
2026F	700.0	290.0	150.0	25.0	15.0	255.0	15.0	9.0	160.0	2.0	1621.0

Source: Bloomberg New Energy Finance, ING Research. Note: data excludes ABS.

What is changing the most, however, is the underlying composition behind the issuance. The ingredients that make up this 'sustainable cocktail' are evolving, both in terms of regional outlooks and product choices.

When looking at issuance across regions, we are already seeing very mixed results.

**Europe, the Middle East and Africa (EMEA)** is set to remain the largest region of issuance in 2026 with an expected rebound. By issuer type, governments and financial institutions are holding steady, while sovereigns, supranationals, and agencies (SSAs) show a small slowdown. But corporates have seen a notable dip. This is partially due to the ease of non-ESG debt issuance given strong investor demand, weakening the economic incentive for going Environmental, Social and Governance (ESG). Additionally, EMEA is already a well-established market for corporates with ESG frameworks, but the momentum may be softening. By product, sustainability-linked debt has been the weak spot. The sluggishness in corporate issuance and sustainability-linked products is a global trend, which will be covered in Calls 3 and 2, respectively. Even so, we remain optimistic about EMEA's growth this year, supported by refinancing opportunities from maturing bonds and continued clean energy deployment.

On the other hand, sustainable issuance in Central and Eastern Europe is booming. It registered an impressive 40% year-on-year (YoY) growth in 2025, largely led by sovereigns and state-owned corporates. More robust growth in the sub-region is expected in 2026, contributing to EMEA's overall positivity.

The largest dip in global supply is evident in the **US** market, as policy swings have constrained issuance, given heightened challenges. The cut in tax incentives and funding, the rollback of regulations, and abandoned efforts to mandate climate reporting and federal DEI actions have created substantial uncertainty, leading issuers to adopt a more cautious stance. Within the US, corporates and financials have really pulled back from sustainable issuance. While municipals have also seen a drop, supranationals have seen growth, boasting a notable 21% increase YoY. We expect US issuance to remain muted in 2026, though growing demand from the AI industry for efficient energy and expanded infrastructure can support sustainable issuance.

**Asia-Pacific (APAC)** has continued to see decent growth over the past number of years. 2025 ended in line with 2024's figure. Green bonds and green loans saw strong growth YoY, while sustainability-linked loans and transition bonds experienced a small dip. Financials and corporates were the drivers of APAC issuance, whereas governments and SSAs marked a small decrease relative to 2024. In 2026, we expect to see more growth from APAC, and perhaps even a rebound of the transition bond debt.

While the ingredients to this sustainable finance issuance cocktail are changing in the form of regional differences and product choices (see Call 2), we still see ample reasons for future growth:

- Many corporates remain committed to decarbonisation and managing climate risk.
- 2030 targets are still on the cards.
- Governments are leveraging sustainable finance as a tool to fund decarbonisation efforts (despite the slight slowdown this year).
- Transition debt activities can rise as policy develops.

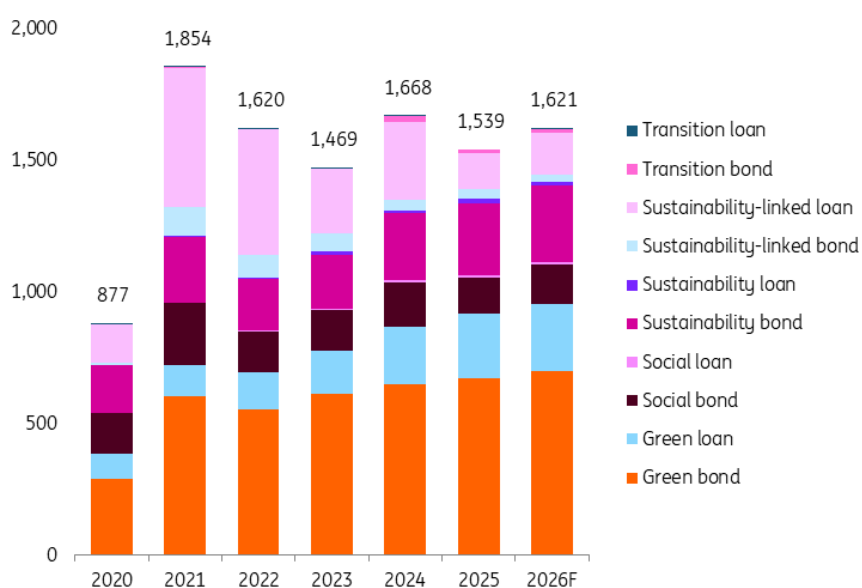
- The global journey towards sustainability is not linear but continues to advance.
- Regulation and standardisation provide clarity and ease.

### Call 2: Green bonds and green loans to power growth in 2026

In terms of issuance by product type, growth in 2026 would be led by green bonds and green loans.

### Global sustainable finance issuance by product

US\$bn



Source: Bloomberg New Energy Finance, ING Research. Note: data excludes ABS.

**Green bonds and loans** are expected to grow to US\$700bn and US\$255bn of issuance in 2026, respectively. They are trusted tools for funding environmental projects, following clear standards and enabling issuers to demonstrate sustainability progress. Research also finds that companies that issue green bonds tend to cut their emissions, especially among higher-emitting firms.

### Green bonds and green loans are trusted tools for funding environmental projects

Moreover, as discussed in Call 3, green bonds and loans will benefit from rising power demand driven by AI, data centres, and broader electrification. These trends will increase the need for financing to expand infrastructure and improve energy efficiency.

Corporates and financial institutions are the main issuers of green bonds and loans. Despite lower YoY total issuance from corporates in 2025, the share of green bonds and loans combined has increased from 34% in 2022 to 68% in 2025. We continue to expect such a preference in 2026.

More green debt could also stem from the public sector, especially from emerging markets where governments are leading green projects to enhance industrial competitiveness, support growth, and meet climate goals. Issuance from SSAs in developed markets will likely be weaker. In Europe, they made up just under 20% of green bond issuance in 2025. While overall funding in the sector remains high, growth in green bonds may be weaker as more government spending shifts toward defence.

While green bonds and loans are the main drivers of market growth, **sustainability bond** issuance could also grow this year, from US\$271bn to US\$290bn in 2026. Supranationals and governments dominated the segment with a 77% share of the issuance in 2025. While still predominantly a dollar market with a 47% share driven by supranationals, 2025 did see a notable increase in EUR issuance, which even topped the prior 2021 record volume for the first time. The greater flexibility of the sustainable label makes it attractive for smaller issuers, which can still be a driver of growth in the segment. These smaller agencies and regional issuers accounted for more than a quarter of the issuance increase in 2025 over 2024.

Finally, we expect moderate issuance growth in **transition bonds and loans** this year, at a combined US\$17bn, compared to lower-than-expected issuance of US\$12bn in 2025. After the newer release of transition finance frameworks like China and India last year, we should expect increased issuance from them. We expect transition debt to be highly concentrated in APAC because of the number of frameworks in place in the region.

In contrast, **sustainability-linked bonds (SLBs)** will continue to see weaker momentum in 2026 than project-based sustainable finance – including green, social, sustainability, and transition bonds and loans. This is because sustainable KPIs linked to SLBs can fail to capture an issuer's core sustainability impacts, and the financial penalties for missing targets are frequently too small to be meaningful. As a result, we expect SLB issuance to remain subdued in 2026, at around US\$25bn.

But we expect **sustainability-linked loans (SLLs)** to do better in 2026 and reach US\$160bn of issuance, up from US\$139bn in 2025. Despite a similar challenge in demonstrating credibility, there can still be sizeable SLL deals in the private market, which are not captured in public databases. KPI-linked debt in general also remains a viable choice for issuers with fewer direct green capex opportunities to tap into sustainable finance.

### Call 3: Corporates could rebound in 2026

Non-financial corporates printed less sustainable debt in 2025. All currencies and all

geographies included, a total of US\$582.4bn sustainable loans and bonds were issued, representing a 15.3% decline compared to 2024.

The decline in corporate sustainable bond and loan issuance seen in 2025 is likely to give way to some rebound, driven by a combination of structural, regulatory, and market-specific factors. The weakness in 2025 was not due to a collapse in demand for sustainable financing, but rather an adjustment influenced by political uncertainty, less supportive policy environments, and cautious corporate funding behaviour.

# US\$640bn

**of sustainable debt  
expected in 2026 from non-  
financial corporates**

We expect total non-financial corporates to issue US\$640bn in sustainable debt (loans and bonds) in 2026, a 10% increase compared with 2025 but still below 2024's total, which reached US\$687bn. A driver of the anticipated rebound in 2026 is the **refinancing cycle of maturing plain vanilla and sustainable bonds**, which is set to mechanically lift issuance. Green bond issuance will be on the rise, primarily because a wave of earlier-generation green bonds is reaching maturity and will need refinancing.

### ***American corporates' sustainable debt is set to remain subdued in 2026***

Another important catalyst is the strength of investments needed to develop infrastructure. In Europe, the utilities sector's capital expenditure is expected to grow by 6%, largely driven by investments in gas and electricity grids. Between 2017 and 2025, European utilities doubled their investment, and more efforts are needed to reach the 2040 sustainable energy targets across the European Union. In North America and the Asia-Pacific region, investments made by utilities should grow by 10 to 15% in 2026, depending on sub-geographies. The expansion of renewable energy and a rapid acceleration in energy-intensive AI data centre construction are putting pressure on infrastructure networks that need to be addressed by large capital expenditure plans. These structural pressures are forecast to translate into higher issuance, with green bonds and green loans remaining the favourite instruments.

In 2025, sustainable debt issued by corporates domiciled in the US amounted to US\$94.7bn, 36% less than in 2024. We think that the conditions surrounding the political environment will continue to negatively weigh on sustainable debt issuance. On the other hand, debt refinancing and the regulatory initiatives of some US states could incentivise corporates to

further investigate green instruments to finance projects. Overall, we expect US corporate sustainability issuance to be in the range of US\$90-100bn in 2026. Latin and South America's non-financial corporates could use US\$30bn of sustainable debt to finance capital expenditure.

For domiciled EMEA corporates, sustainable debt instruments declined by 12.2% in 2025 to US\$303.7bn. Except for green loans, which expanded to US\$92.4bn from US\$72.1bn, all other instruments registered a decrease. Sustainability-linked loans registered a sharp decline from US\$122.2bn to US\$77.2bn. Zooming in on bonds, EMEA issuance fell across most sectors. Utilities, automotives, communications, and industrials all recorded drops, while technology saw a slight increase. We expect EMEA corporates to issue US\$320bn of sustainable loans and bonds in 2026.

### ***We expect the sustainable bond market to rebound slightly in 2026***

Non-financial corporates located in the Asia-Pacific (APAC) region held ground in terms of issuance in 2025 with US\$163bn – equivalent to the year before. We expect the region to continue its expansion in sustainable loans and bonds with US\$190bn in 2026. The APAC region's sustainable infrastructure needs are soaring, with investments in renewable energies, grid modernisation, green building and water and wastewater projects.

## **US\$50bn** of sustainable bonds in US dollar in 2026

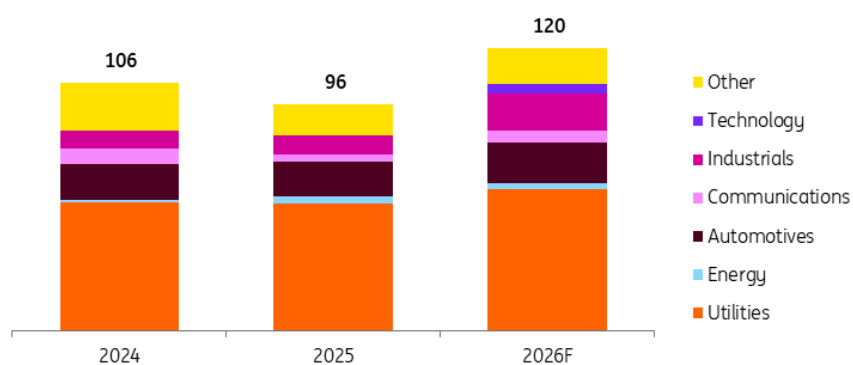
Despite its large bond market, corporates' issuance of US dollar-denominated green, sustainability and sustainability-linked bonds has been relatively low over time. In 2025, non-financial corporates issued a total of US\$49.2bn, down 11.5% compared with a year earlier. We think that US dollar sustainable debt will remain at around US\$50bn. High yield rates and a de-dollarisation theme will limit sustainable issuance. On the other hand, we expect a rise in US dollar corporate supply to US\$850bn, supported by investments and M&A activities.

## **USD\$120bn** equivalent in EUR corporate sustainable bonds expected in 2026

Broken down by currencies, corporates issued the equivalent of US\$96bn in 2025 in sustainable bond instruments in the EUR currency, down 9% compared with 2024. We expect corporates to issue the equivalent of US\$120bn (c. €105bn) in 2026. The growth is supported by growing capital expenditure in several industries, as well as higher M&A activity. Also supported by higher bond redemptions and a total EUR corporate issuance (sustainable and plain vanilla bonds) that should reach €485bn, the equivalent of US\$565bn. We foresee the utilities sector remaining the leader with about 50% of total EUR corporate sustainable bonds with US\$60bn (+10% vs. 2025). We expect Industrials and technology firms to increase issuance in 2026 as well.

### Issuance EUR corporate sustainable bonds

US\$bn



Source: Bloomberg New Energy Finance, ING Research. Note: data excludes ABS.

While US\$120bn in the EUR currency in 2026 corresponds to a 25% hike in 2026 vs 2025, the share of sustainable bonds within the EUR total corporate issuance would be a mere 21% – a relatively low ratio when we know that this ratio reached 32% in 2022.

For the global sustainable finance market, we see 2026 as a year when issuance volume will be larger, but the ingredients that make up this cocktail – both by region and product type – continue to evolve to new flavours. Despite policy and geopolitical challenges, the market should remain robust.

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