Introduction and Recap



Agenda

- Overview of support
- Review of GSS+ Bonds
- GSS+ Bond Issuance Trends
- Why are governments issuing GSS+ Bonds?
- Issuance Overview
- Current Status



Advancing Sustainable Finance with the Ministry of Finance

2020

Building on past support and collaboration with the Ministry of Finance, in 2020, ESCAP supported **Bhutan's first sovereign bond** issuance of Nu. 3,000 million (or US$ 41 million)

2022

Workshop aimed at utilizing data analytics for tax administration.

Workshop on Financing Bhutan's Green Transition **a starting point to discuss thematic bond issuance.**

2023

Collaboration with the Ministry of Finance to **draft the Sustainable Finance Framework.**

Sensitization training on the draft framework and thematic bond issuance.

2024

In 2024, ESCAP will further assist Bhutan in moving from the **pre-issuance phase to the issuance phase** of a sovereign sustainability bond.

Overview of GSS Bonds (Use of Proceeds)

Green Bonds: Used to fund projects that have positive environmental effects, such as renewable energy projects, pollution prevention, sustainable water management, and climate change adaptation.

Social Bonds: Social bonds raise funds for projects with positive social outcomes. These include improving healthcare facilities, education initiatives, affordable housing projects, and employment generation.

Sustainability Bonds: Combining elements of green and social bonds, sustainability bonds finance projects that achieve both environmental benefits and positive social impacts.



Overview of GSS+ Bonds (Use of Proceeds and Performance Based)

Green Bonds ***Use of proceeds bond***

Projects that have positive environmental effects.

Social Bonds ***Use of proceeds bond***

Projects with positive social outcomes.

Sustainability Bonds ***Use of proceeds bond***

Combining elements of green and social bonds, sustainability bonds finance projects that achieve both environmental benefits and positive social impacts.

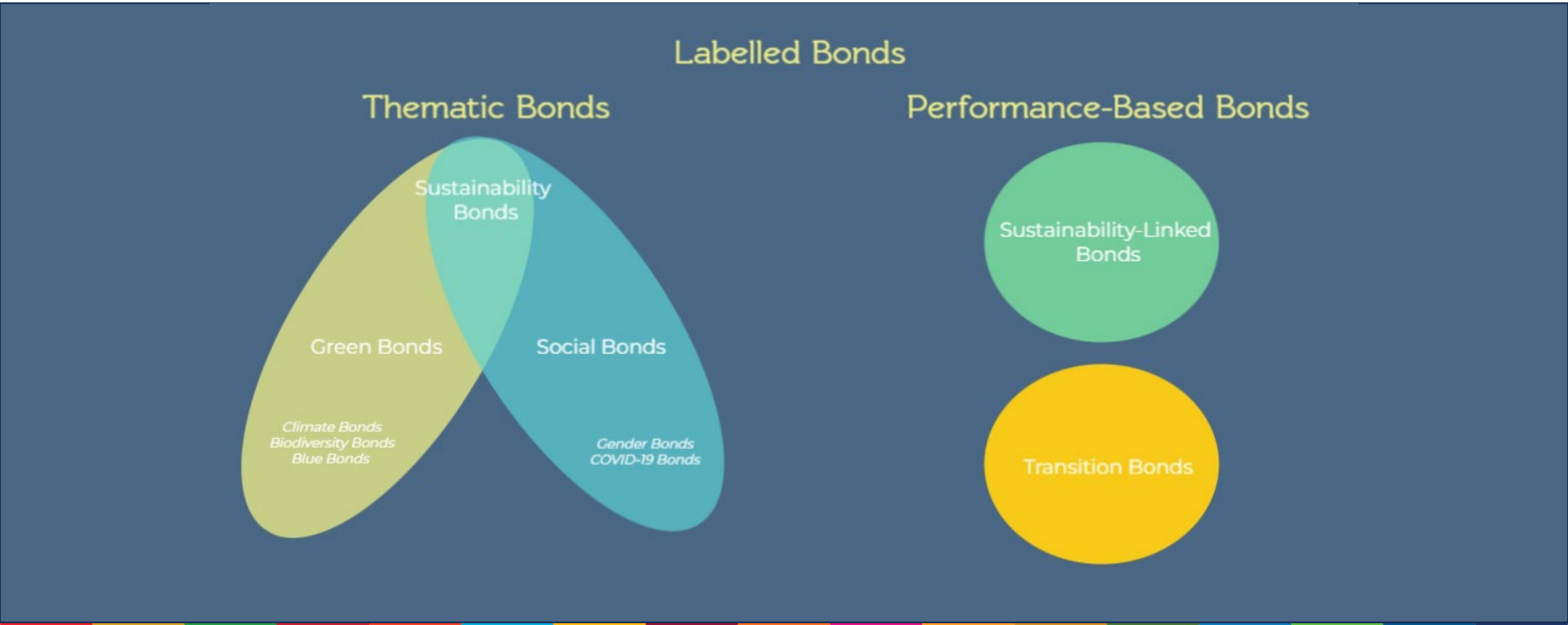
Sustainability-linked Bonds ***Performance Based***

Fund projects based on the achievement of pre-determined, externally verified sustainability objectives through Key Performance Indicators and Sustainability Performance Targets

Transition Bonds ***Performance Based***

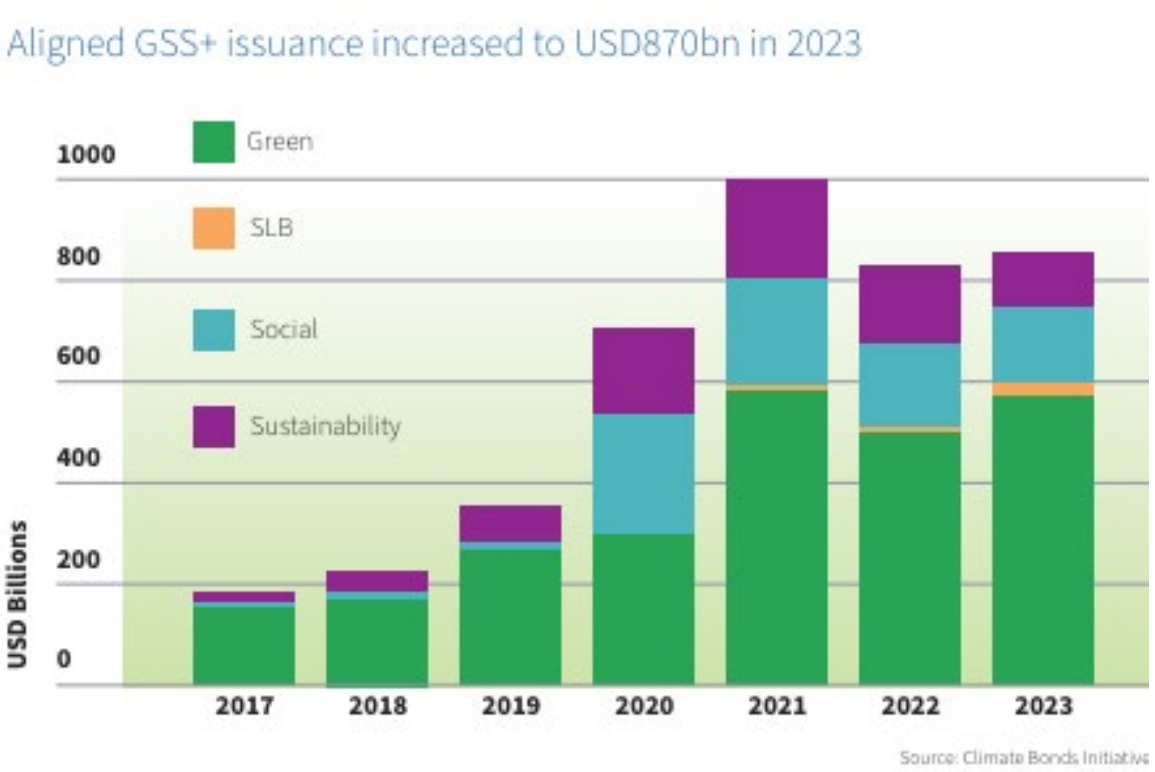
Transition bonds are commonly used to finance projects that do not meet green bond requirements and the funds can only be used for eligible transition projects. For example, a gas company could issue a transition bond to fund carbon capture and storage (CCS).

Overview of GSS+ Bonds (Use of Proceeds and Performance Based)



GSS+ Bond Issuance Trends

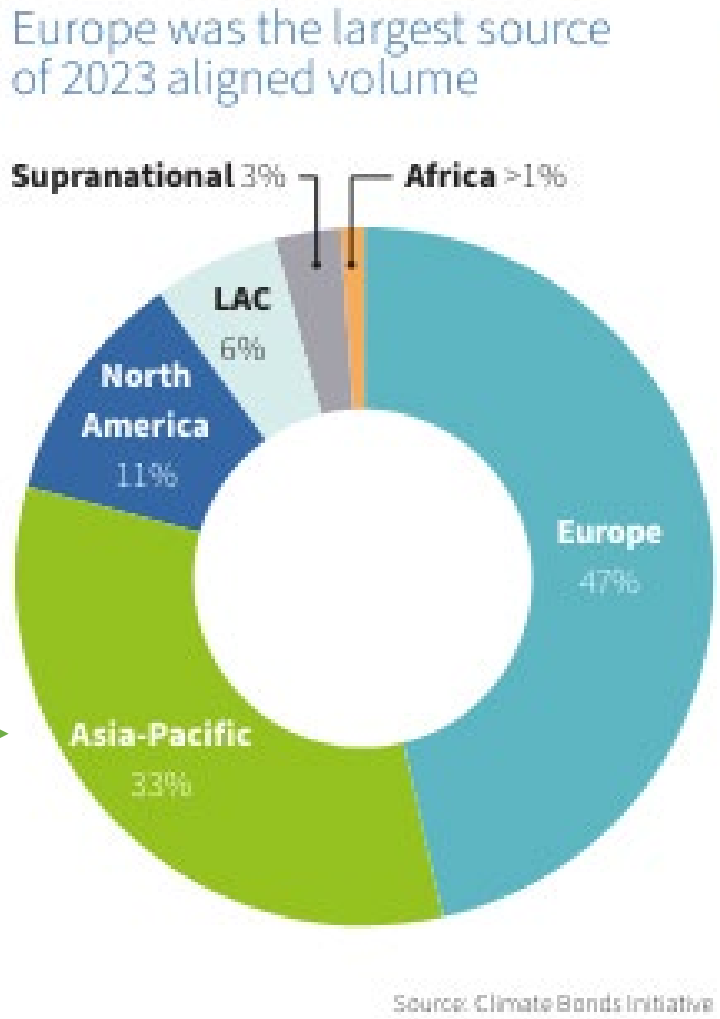
GSS+ Bonds reached **US$5.5tn cumulative** volume in 2023, with **US$ 4.4tn (80%)** found to be aligned with CBI methodology.

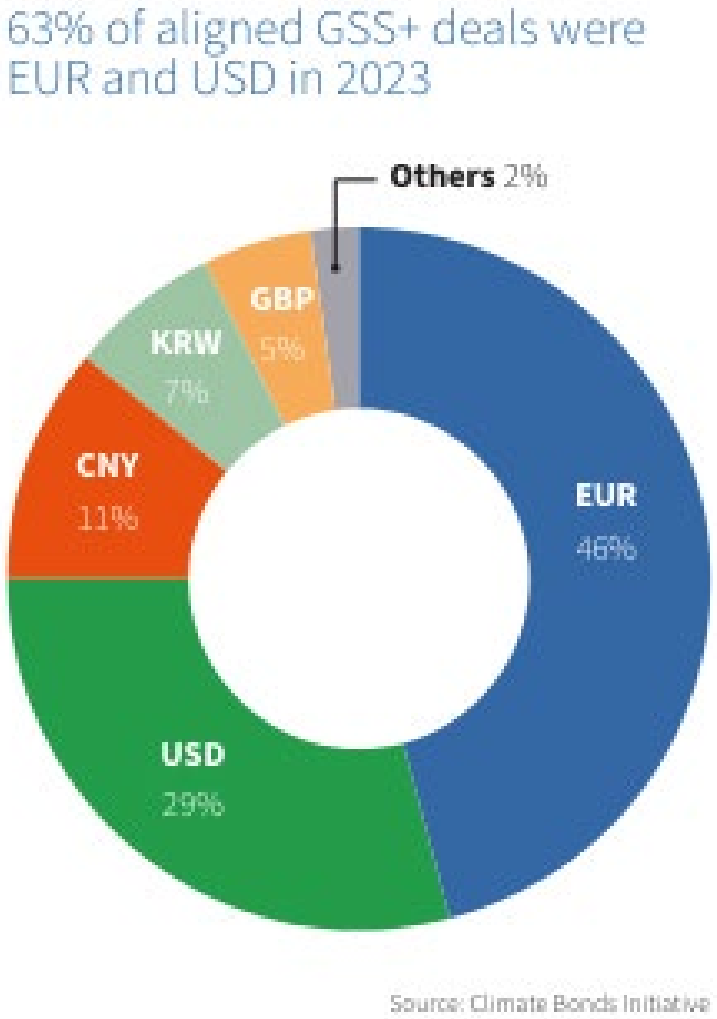


Aligned GSS+ scorecard

	Green	Social	Sustainability	SLB	Aligned GSS+
Total size of market (cumulative)	USD2.8tn	USD821bn	USD768bn	USD48.6	USD4.4tn
Number of countries	96	49	69	23	106
Number of currencies	53	46	43	12	64

GSS+ Bond Issuance Trends





Why Issue a Sustainability Bond?

Supports the government to finance the SDGs and projects that address climate change.

Ability to enhance social welfare through investments in projects such as affordable housing, healthcare, and education.

Stimulates economic growth by funding infrastructure projects that lead to job creation.

Enhances the reputation of the government positioning it as a leader in sustainability, enhancing its image on the global stage.

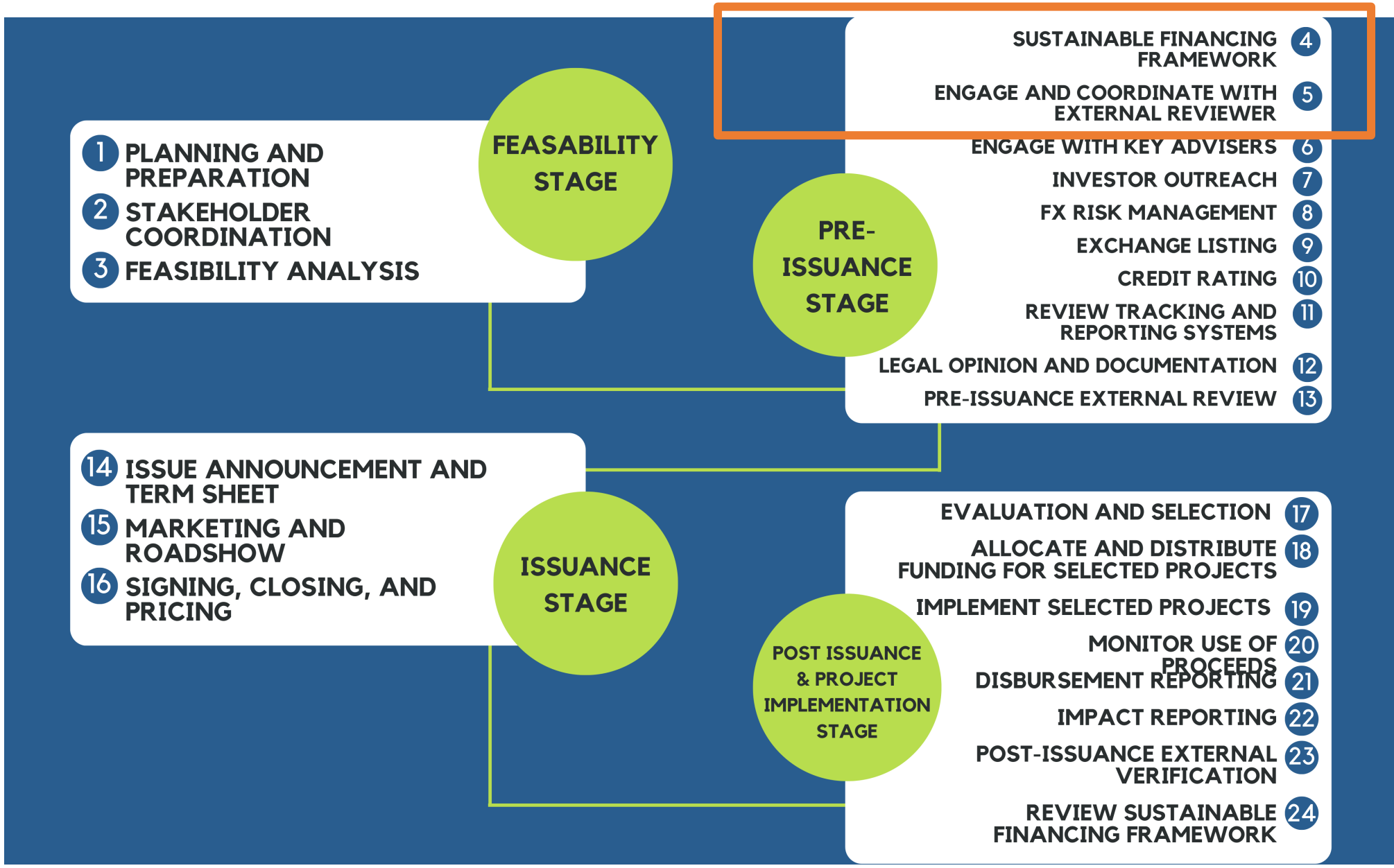
Why sustainability and not just green?

Sustainability bonds allow for dual impact tackling both environmental and social issues simultaneously, offering a holistic approach to sustainable development.

Attracts investors who are looking for both social and environmental impacts.

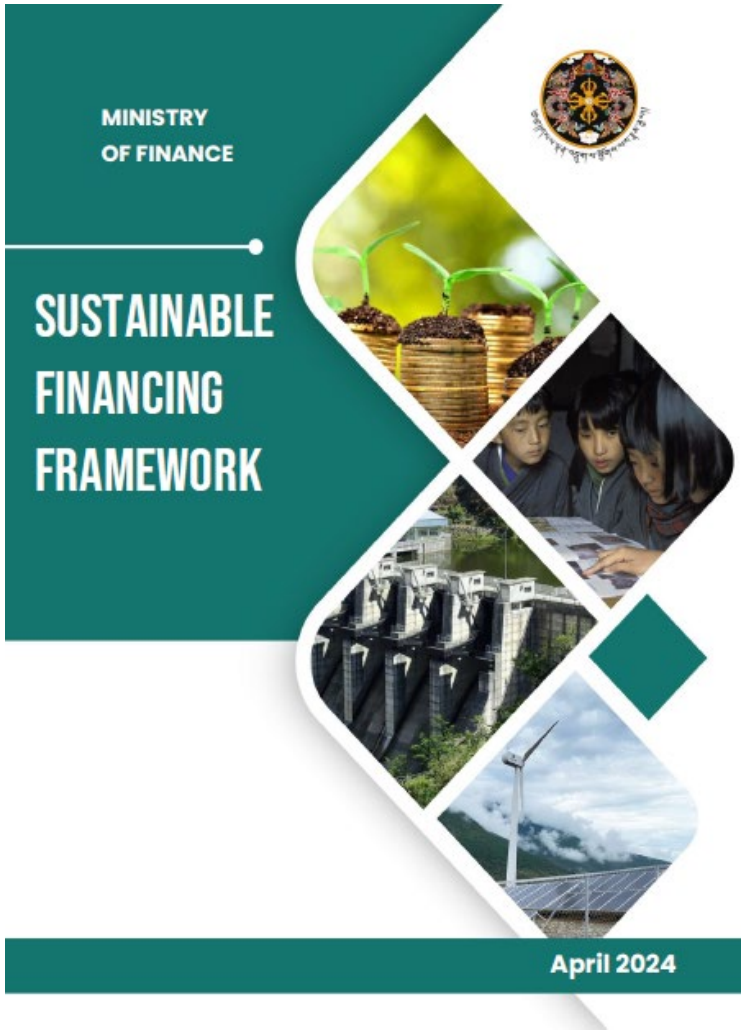
Access to a new pool of capital from international markets focused on sustainable investment.

What are the Steps to Sustainability Issuance?



Current status

Government has drafted a revised bond framework in April 2024



Government has requested a Second Party Opinion by Moody's



Next steps

Support Bhutan in moving towards a sovereign sustainability bond issuance

Creating A Strong Pipeline of Projects

Identify and support the development of a robust pipeline of projects which can be financed under the bond framework, aligned with Bhutan's NDC.

SPO Finalization

Coordination cross ministries on SPO inputs including technical and science-based considerations for green project selection.

Investor Engagement

Communications strategies and how to create a compelling impact narrative.

Pricing and Allocation

Bond pricing and key strategies for achieving optimal pricing and allocation

Listing, Post Issuance Reporting and Monitoring

Listing and post-issuance reporting

Sustainable Bond Training Priorities

- Updates on the current status of sustainability bond issuance
- Develop a common understanding of the principles and taxonomies for sustainable debt instruments.
- Best practice case studies on sustainability bond issuance
- Identify the pipeline of projects prioritized under the bond framework
- Listing process for a sustainability bond
- Post-issuance reporting and monitoring

Questions?