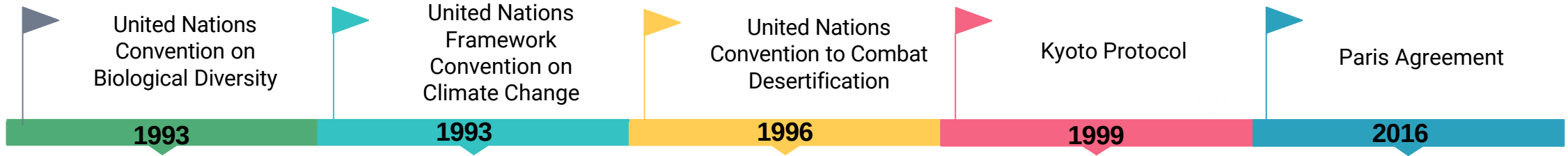




GREEN AND SDG BOND ISSUANCE OPPORTUNITIES IN MONGOLIA

NATIONAL POLICY, STRATEGY FOR GREEN, SUSTAINABLE DEVELOPMENT



30 years

VISION 2050



10 years

NEW REVIVAL
POLICY



5 years

Nationally
Determined
Contribution



4 years

Government
Action Program
for 2024-2028



1 year

Mongolia
Development
Plan 2025

POLICY PRIORITIES

Mongolian Green Taxonomy (2019)

Mongolian Green Taxonomy



- It aims to establish a definition and list of commonly recognized green financing activities, along with setting baseline.
- Align Mongolia's financial sector with environmental and climate goals
- 8 key sectors, 36 activities

SDG Finance Taxonomy (2023)



- Added social sectors such as education, health, information and communication, and accessible infrastructure to align the taxonomy with economic activities.
- 17 SDGs, 142 indicators.

National Sustainable Finance Roadmap (2022)

Mongolian Sustainable Finance Roadmap

2022

- The roadmap proposes 12 activities across three pillars: environmental and social risk management, green financing flows and an enabling environment.
- To increase the share of green loans in the banking sector to 10% of the total loan portfolio, non-bank financial institutions to 5% of the total loan portfolio by 2030,

As of December 31, 2024

TAXONOMY	BANKING SYSTEM
RENEWABLE ENERGY	7.49%
LOW POLLUTION ENERGY	0.05%
ENERGY EFFICIENCY	66.27%
GREEN BUILDINGS	2.17%
CLEAN TRANSPORT	8.38%
SUSTAINABLE AGRICULTURE LAND USE, FORESTRY AND ECO TOURISM	9.83%
SUSTAINABLE WATER AND WASTE USE	5.30%
POLLUTION PREVENTION & CONTROL	0.48%
Share of green loans in total bank portfolio	3.70%

Case study: NOMAD bond

The Government of Mongolia in 2020 issued a US\$600m 5.5-year 5.125% bond.

J.P.Morgan

JP Morgan was the development finance structuring agent of the NOMAD bond.

JP Morgan Development Finance Institution was established to spur additional private investment into emerging markets to encourage economic development and improve the quality of life, as measured by the United Nations Sustainable Development Goals and the UNDP Human Development Index.

This was JP Morgan's first DFI bond in Asia-Pacific, and the first DFI-qualified sovereign bond.

Final order book of US\$2.1bn from 119 accounts.

Sustainable Finance Toolkit

1

SDG Bond Framework



Approved in
2023

Second Party
Opinion
Aligned
**S&P Global
Ratings**

- Framework is designed to align with the Green Bond Principles (ICMA), Social Bond Principles (ICMA) and Sustainability Bond Guidelines (ICMA).
- Mongolia will finance under the SDG Bond Framework public expenditures intended to contribute to the achievement of one or more SDGs.

2

SLB Framework

KPI 1: Percentage of forest area

Pathways to achieve target

- This target has been calibrated based on modelling the impacts of key strategic initiatives, such as the '1 Billion Trees' programme, the primary vehicle through which this SPT will be achieved.
- The government of Mongolia has already committed to spending 1% of annual GDP on this critical strategic priority, in addition to securing a host of large-scale commitments from the nation's private sector.

KPI 2: Households equipped with full structural engineering

Pathways to achieve target

- The environmental, social, and health impacts of improper housing have led the Mongolian government to prioritise increasing the supply of fully structured residential buildings, particularly affordable units targeted at Ulaanbaatar's ger communities.
- This target has been calibrated using modelling from the Ulaanbaatar City Development Plan 2040, in addition to the goals established in Mongolia's Vision 2050 on this topic.



Environmental challenges

- Desertification
- Deforestation



Environmental challenges

- Air pollution
- Standards of living

INTEGRATED NATIONAL FINANCING FRAMEWORK 2024- 2028

Objective: To mobilize new financing resources for SDGs and increase the impact of existing funding sources.

Approved in **2024**

1 Integrated National Financial Framework Action Plan

- Public finance- 9 goals
- Private finance- 5 goals
- Macroeconomic stability policy
- Multi-stakeholder consultation and cooperation

2 Expected Results and Performance Indicators

3 Governance and Regulation of Sustainable Development Financing

4 Sustainable Development Financing Committee

- chaired by the Minister of Finance, with operational support provided by the Financial Policy Department, MOF
- responsible for aligning the activities, support, and loans of international development organizations with the Government's policies and priorities.



KEY BARRIERS TO GREEN AND SUSTAINABILITY BOND ISSUENACE

- **REGULATORY GAPS: LACK OF HARMONIZED GREEN BOND STANDARDS ACROSS CAREC COUNTRIES**
- **LIMITED AWARENESS: INSUFFICIENT AWARENES AMONG ISSUERS, INVESTORS, AND REGULATORS**
- **VERIFICATION CHALLENGES: HIGH EXPENSES ASSOCIATED WITH OBTAINING THIRD-PARTY CERTIFICATION/REPORTING**
- **CAPITAL MARKETS DEVELOPMENT: LIMITED INVESTOR BASE AND LOW MARKET LIQUIDITY**
- **FINANCIAL RISK: CONCERNS ABOUT CURRENCY RISK AND CREDITWORTHINESS REDUCE INVESTOR TRUST**
- **DATA GAPS: LACK OF GREEN, SUSTAIBILITY PROJECT PIPELINES AND ENVIRONMENTAL IMPACT DATA**

STRATEGIES TO OVERCOME THE BARRIERS

- **ADOPT REGIONAL GREEN BOND GUIDELINES ALIGNED WITH ICMA AND ASEAN STANDARDS**
- **CAPACITY BUILDING PROGRAMS FOR REGULATORS, BANKS, AND ISSUERS**
- **ESTABLISH GREEN TAXONOMIES TAILORED TO CAREC CONTEXT**
- **PROVIDE INCENTIVES: CREDIT ENHANCEMENTS, TAX BREAKS, GUARANTEES**
- **FACILITATE KNOWLEDGE SHARING: CASE STUDIES, REGIONAL WORKING GROUPS**
- **SUPPORT PROJECT PREPARATION: REGIONAL PIPELINE OF BANKABLE GREEN PROJECTS**

POLICY PATHWAYS FOR SCALABLE GREEN FINANCE

1.

**Develop
National
Sustainable
Finance
Roadmaps
across CAREC
members**

2.

**Incorporate
Green Finance
into National
Strategies (e.g.,
INFFs, NDCs)**

3.

**Enhance
Regulatory
Frameworks:
Disclosure, ESG
integration,
classification**

4.

**Create Green
Bond Issuance
Platforms
(regional or
country-level)**

5.

**Support Public-
Private
Partnerships to
anchor early
investments**

FORGING A COLLABORATIVE PATH FORWARD



Establish a CAREC Green Finance Task Force



Host Annual CAREC Green Bond Forums



Launch Technical Assistance Programs under ADB or multilateral partners



Promote Regional Accreditation & Verification Bodies



Create a CAREC Green Finance Knowledge Hub (training, data, toolkits)



Monitor & Evaluate Progress: Track issuance volume, impact metrics, uptake



THANK YOU FOR YOUR ATTENTION



FORGING A COLLABORATIVE PATH FORWARD

