

Scaling Sustainable Debt in Emerging Markets

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Section 1. Foreword

Trillions of dollars are needed globally to address the challenges posed by climate change. Sustainable debt markets are one way to meet this gap and fund solutions, though these markets must grow significantly to avoid the greatest impacts of the climate crisis. Increasing sustainable capital flows will be essential across markets, but for emerging economies, such instruments can play a valuable role in offering transparency and issuer accountability, attracting global investors. Understanding the current state of sustainable debt in these markets, as well as the challenges and opportunities they face, is key to accelerating climate progress.

Commissioned by the Dubai Financial Services Authority (DFSA) and the Hong Kong Monetary Authority (HKMA) as part of its strategic partnership on sustainable finance, and produced by BloombergNEF, this report examines the state of the sustainable debt market in the Middle East, North Africa and emerging Asia Pacific and investigates barriers and possibilities for growth. The report also presents three case studies: a blue bond from DP World, a sustainability-linked loan bond from Emirates NDB and a green bond and loan from MTR Corporation, with the support of the three issuers. Together, these cases highlight novel or influential features of sustainable debt structures that provide insight into opportunities for scaling the broader labeled debt market.

Through these findings and case studies, we hope to shed light on how to strengthen the growth of sustainable debt in emerging markets and channel the capital needed to address climate and sustainability issues.

About DFSA

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in and from the Dubai International Financial Centre (DIFC), a purpose-built financial free zone in Dubai, UAE. The DFSA regulates and supervises financial services firms and markets in the DIFC. These include asset managers, banks, custody and trust services, commodities futures traders, fund managers, insurers and reinsurers, traders of securities and fintech firms. The DFSA supervises exchanges and trading platforms for both conduct and prudential purposes, overseeing an international securities exchange (Nasdaq Dubai) and an international commodities derivatives exchange (Gulf Mercantile Exchange). The DFSA is also responsible for supervising and enforcing anti-money laundering and countering the financing of terrorism requirements applicable in the DIFC. Please refer to the [DFSA's website](#) for more information.

About HKMA

The Hong Kong Monetary Authority (HKMA) is Hong Kong's central banking institution. The HKMA's main functions are: (i) maintaining currency stability within the framework of the Linked Exchange Rate System; (ii) promoting the stability and integrity of the financial system, including the banking system; (iii) helping to maintain Hong Kong's status as an international financial center, including the maintenance and development of Hong Kong's financial infrastructure; and (iv) managing the Exchange Fund.

About BloombergNEF

BloombergNEF (BNEF) is a strategic research provider covering global commodity markets and the disruptive technologies driving the transition to a low-carbon economy. Our expert coverage assesses pathways for the power, transport, industry, buildings and agriculture sectors to adapt to the energy transition. We help commodity trading, corporate strategy, finance and policy professionals navigate change and generate opportunities.

Section 2. Executive Summary

3.7x

Growth in total labeled sustainable debt issuance in MENA and emerging APAC markets between 2020 and 2024

36%

Share of total labeled bonds earmarked for renewable energy projects in MENA and emerging APAC between 2020 and 2025

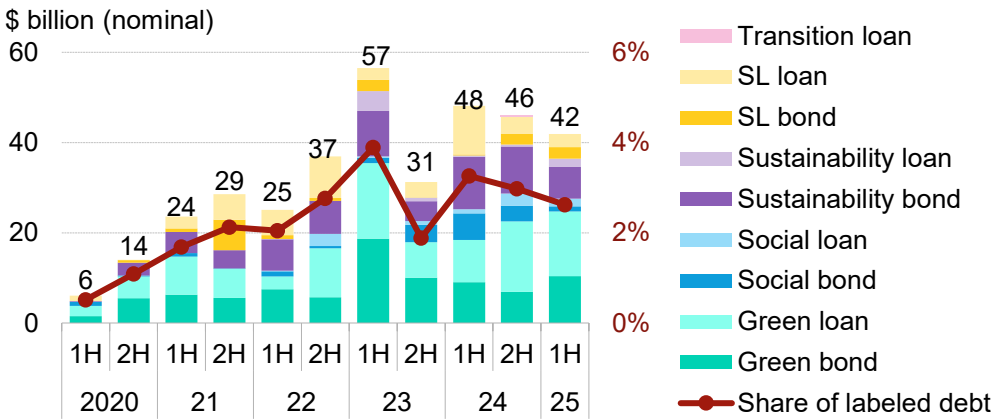
8.7 years

Average tenor of a labeled bond issued in MENA and emerging APAC markets, excluding government issues

Sustainable debt issuance in the Middle East and North Africa, and emerging Asia Pacific markets set records in 2024. Recently, however, volumes have stagnated due in part to shrinking pricing benefits and the cost of issuance, especially with banks and global corporations under pressure to pull away from sustainability commitments. Reducing barriers to using sustainable labels, expanding to a broader range of issuers, and enabling an uptake of diverse sustainable label types are some of the many avenues to scale up sustainable debt and bring about benefits in facilitating climate action in emerging markets.

- Labeled sustainable debt issuance has more than tripled between 2020 and 2024** (Figure 1) in the Middle East and North Africa (MENA) and emerging Asia Pacific (APAC) – a faster growth rate compared to some advanced APAC economies. However, all these markets have experienced consecutive declines since the second half of 2024.
- Labeled instruments have some specific characteristics in these markets.** They are more commonly issued in US dollars, as issuers tap into global investors’ demand. Labeled debt also has longer tenors than unlabeled debt, although tenors over 20 years are rare and may be desirable for investors with long time horizons.
- Sustainable labeled markets have significant room to grow.** Nearly half of financing raised by low carbon energy companies in these markets had a sustainable label. Labeling costs, dwindling pricing benefits and inexperience may be holding issuers back from using labels. Government programs to address these pain points may help encourage greater use of the sustainable label.

Figure 1: Sustainable debt issuance by label in MENA and emerging APAC markets



Source: BloombergNEF, Bloomberg Terminal. Note: SL stands for sustainability linked. Includes corporate and government bonds, loans and securitized products.

- Encouraging greater corporate issuance and expanding issuance into other themes, like the social and transition label and adaptation and biodiversity sublabels, presents an opportunity for these emerging markets. Issuers may look to regional leaders which represent some of the largest social and transition bond markets in the world.
- **Novel thematic labels offer other avenues for growth.** DP World's blue bond, the first maritime industry bond in the Middle East dedicated to financing sustainable ocean and shipping projects, highlights the important role that niche themes play in driving capital to underfinanced but important areas.
- **Unique financing structures can add credibility to the market.** Emirates NBD's sustainability-linked loan bond (SLLB) allows for investment in a curated pool of sustainability-linked loans (SLLs), which may add some transparency to an otherwise opaque market.
- **Unmet investor demand also presents opportunities for the labeled market to expand.** MTR Corporation's green bond and loan were issued at longer tenors than typical for the labeled green market and as a result were oversubscribed.

Table 1: Sustainable labels to know

Label	Definition
Green	Applied to debt instruments that finance activities that are considered green, such as renewable energy or clean transportation. Only instruments which receive a green label on the Bloomberg Terminal are included in this report.
Social	Applied to debt instruments that finance activities that are considered social, such as affordable housing or access to essential services. Only instruments which receive a social label on the Bloomberg Terminal are included in this report.
Sustainability	Applied to debt instruments that finance activities that are considered green and social. Only instruments which receive a sustainability label on the Bloomberg Terminal are included in this report.
Sustainability-linked	Applied to debt instruments with terms that are tied to sustainable targets, the proceeds from these instruments can be used for general purpose financing. Only instruments which receive a sustainability-linked label on the Bloomberg Terminal are included in this report.
Transition	Applied to debt instruments that finance activities that may not be considered green but enable issuers to transition towards decarbonization and sustainability. Only instruments which receive a transition label on the Bloomberg Terminal are included in this report.
Blue	Applied to debt instruments that finance projects that cover water, marine and freshwater activities.

Source: BloombergNEF, Bloomberg Terminal.

Section 3. Sustainable debt market landscape

Trillions of dollars will be needed globally to address the challenges presented by the climate crisis. Some \$213 trillion must be invested in the energy economy alone to achieve a Paris-aligned net zero by 2050 pathway, according to BloombergNEF. Emerging markets, excluding the Chinese Mainland, whose energy transition investment was more than double any other economy in 2024, represented some \$60 trillion of that total investment need. Therefore, scaling finance and investment in emerging markets is critical.

Labeled sustainable debt represents one solution to bridge the finance and investment gap, signaling green and sustainable investment opportunities to domestic and international investors. Applying a sustainable label to debt issuance provides credibility and standardization to investors, especially when an issuer follows industry standards like the International Capital Markets Association's Green Bond Principles that require a bond framework and use of proceeds reporting. This can be particularly beneficial for emerging markets, that may face challenges in attracting international capital.

Sustainable debt issuance in emerging markets has grown quickly since 2020, outpacing the growth in many developed markets. Early signs of a slowdown have emerged in 2025, however, with geopolitical tensions and energy security concerns potentially diverting priorities away from sustainability.

3.1. State of sustainable finance markets

Labeled sustainable debt issuance in MENA and emerging APAC¹ is a small but growing market. It represents just 3.7% of the \$9.6 trillion in global labeled sustainable debt issued between 2020 and the first half of 2025. Yet, within these markets, issuance has more than tripled between 2020 and 2024, a faster growth rate than some advanced APAC economies, including the likes of South Korea and New Zealand. Total sustainable debt issuance in these emerging markets set records in 2024 with \$94 billion from a combination of green, social, sustainable, sustainability-linked and transition debt. In 2024, 3.2% of all debt financing in these markets came from the labeled sustainable debt market. This is a significant increase from just 0.8% in 2020 (Figure 1).

However, some segments of the market are starting to face headwinds. Since mid-2024, issuance of labeled sustainable debt market has been declining. Activity in the first half of 2025 reached \$42 billion, compared to \$48 billion issued in the first half of 2024. The contraction mirrors global trends observed through the first half of this year, where issuance is slower than 2024 levels over the same time, when securitized products are excluded.

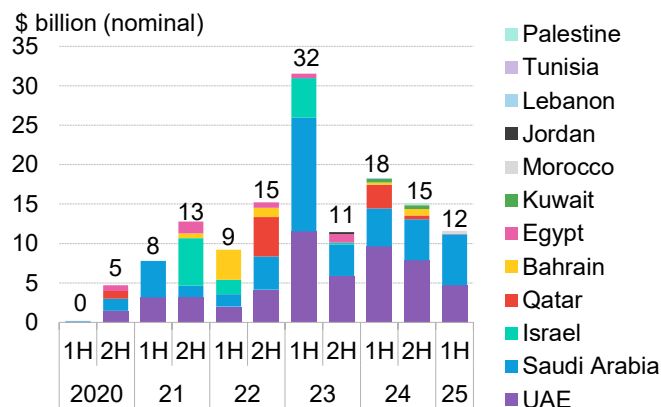
Larger decline in MENA relative to emerging APAC

Sustainable debt in MENA peaked in 2023 at \$43 billion, an almost eight-fold increase from issuance in 2020 (Figure 2). Since then, debt issuance has begun to slow. In the first half of 2025,

¹ MENA markets include: United Arab Emirates (UAE), Kingdom of Bahrain, Kingdom of Saudi Arabia, Qatar, Sultanate of Oman, Egypt, Kuwait, Morocco, Jordan, Lebanon, Tunisia, Palestine, Iraq and Israel. APAC emerging markets include: India, Thailand, Malaysia, Indonesia, Philippines, Vietnam, Sri Lanka, Bangladesh, Pakistan, Laos, Mongolia, Bhutan and Cambodia. The Chinese Mainland's sustainable debt market is more than three times larger than the rest of the emerging APAC economies combined, with \$646 billion issued since 2020. As such, the Chinese Mainland has been excluded from this analysis.

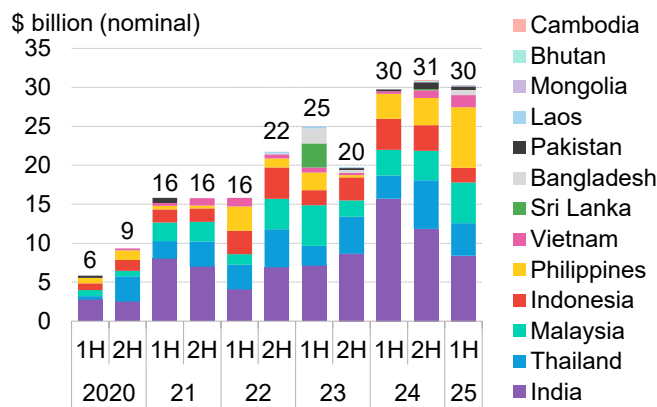
issuance has just reached \$11.6 billion. The UAE and the Kingdom of Saudi Arabia are leaders in the market, representing some 74% of total issuance since 2020. Therefore, consistent declines in issuance in both markets from their peak in 2023 have driven the overall drop in labeled issuance in MENA. The 28th United Nations Climate Change Conference, held in the UAE in 2023, may have contributed to the 2023 increase in issuance activity in the market.

Figure 2: Labeled issuance in MENA markets



Source: BloombergNEF, Bloomberg Terminal

Figure 3: Labeled issuance in emerging APAC markets



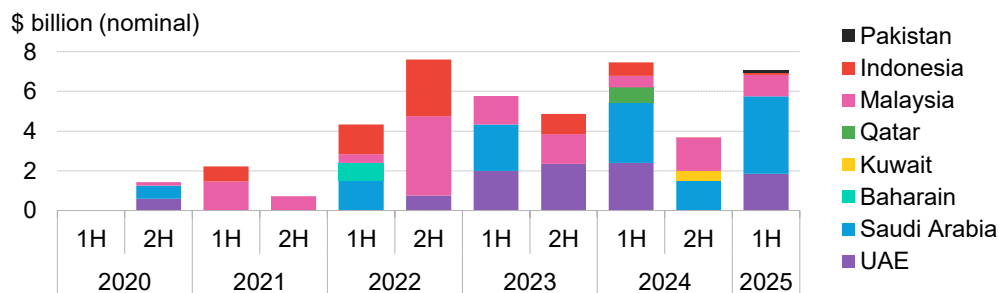
Source: BloombergNEF, Bloomberg Terminal

Emerging markets in APAC saw sustainable debt issuance set a record in 2024, though volume growth has stagnated over the past three halves (Figure 3). Over this period, issuance in India – the region’s largest issuer – declined consistently from its peak in 1H 2024. India’s decline was offset by growth in the Philippines and Malaysia in 1H 2025.

Despite the decline, the sukuk market remains steady

Within MENA and emerging APAC, sustainable instruments extend beyond the traditional bonds and loans with sustainable labeled sukuks. These sukuks are Sharia-compliant financial instruments where investors receive a share of the issuer’s profits rather than interest payments.

Figure 4: Sustainable sukuk issuance by market



Source: BloombergNEF, Bloomberg Terminal

Issuance of these instruments is driven by four main markets, the UAE, Malaysia, Indonesia, and the Kingdom of Saudi Arabia. While total issuance peaked at \$12 billion in 2022, the market has only experienced a slight decline with \$11.2 billion in 2024 (Figure 4). Issuance in Malaysia and Indonesia slowed since the 2022 peak, while the UAE and the Kingdom of Saudi Arabia have grown over the past two years. These two MENA economies are now leaders in the market and

are responsible for 81% of issuance in the first half of 2025. Sukuks have also been issued under the full range of sustainable labels. Though green sukuks are the most common, social, sustainability, sustainability-linked and transition sukuks are all issued across these markets.

Labeled debt has longer tenor and greater share of USD denomination

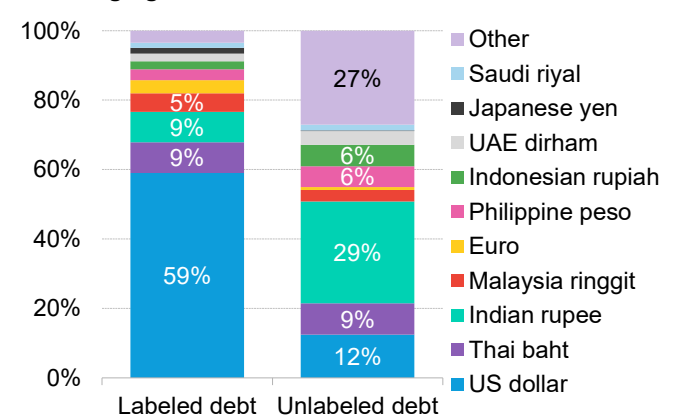
Labeled sustainable debt in MENA and emerging APAC has some unique characteristics. The debt is more commonly issued in US dollars compared to unlabeled issuance. Some 59% of total labeled sustainable debt issuance since 2020 was issued in US dollars compared to only 12% of unlabeled debt in these regions (Figure 5).

The difference in issuing currencies between labeled and unlabeled instruments is also clearly present in both regions. Only 25% of unlabeled debt issued since 2020 in MENA was issued in USD, compared to 83% in labeled sustainable debt markets. In emerging APAC markets, USD denominated debt rose from just 7% of unlabeled debt to 44% of labeled debt.

Investor demand may be greater for sustainable debt denominated in USD rather than the local currency because of the currency risks associated with emerging markets and the access to a wider pool of potential investors in US dollar markets. Financial hubs in regions like Hong Kong, Singapore and Dubai may have a role to play in supporting greater issuance in regional and local currencies, bridging the gap for local investors and developing the market in local currency.

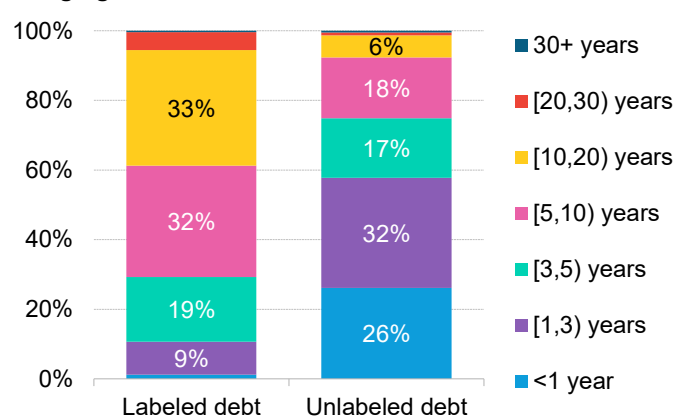
Labeled sustainable debt often has a longer tenor than unlabeled instruments. Among all debt issued in MENA and emerging APAC markets between 2020 and 2025, unlabeled instruments had on average 3.7 years between pricing date and maturity, while labeled instruments averaged 8.7 years.²

Figure 5: Labeled and unlabeled debt by currency in MENA and emerging APAC



Source: BloombergNEF, Bloomberg Terminal. Note: Only top ten currencies by labeled debt issuance are shown.

Figure 6: Labeled and unlabeled debt by tenor in MENA and emerging APAC



Source: BloombergNEF, Bloomberg Terminal. Note: Government issues were excluded.

Issuance of ultra-long tenor debt, 30 years or greater, is low. Just 0.5% of total issuance in both the labeled and unlabeled markets was ultra-long debt (Figure 6). As such, investors with long time horizons may be underserved in the labeled market at this tenor. Some instances of ultra

² These numbers exclude government issuances. Short term government securities may shift the data, as these instruments are often unlabeled. As such, including government issuances only widens the gap in tenors observed between the labeled and unlabeled market.

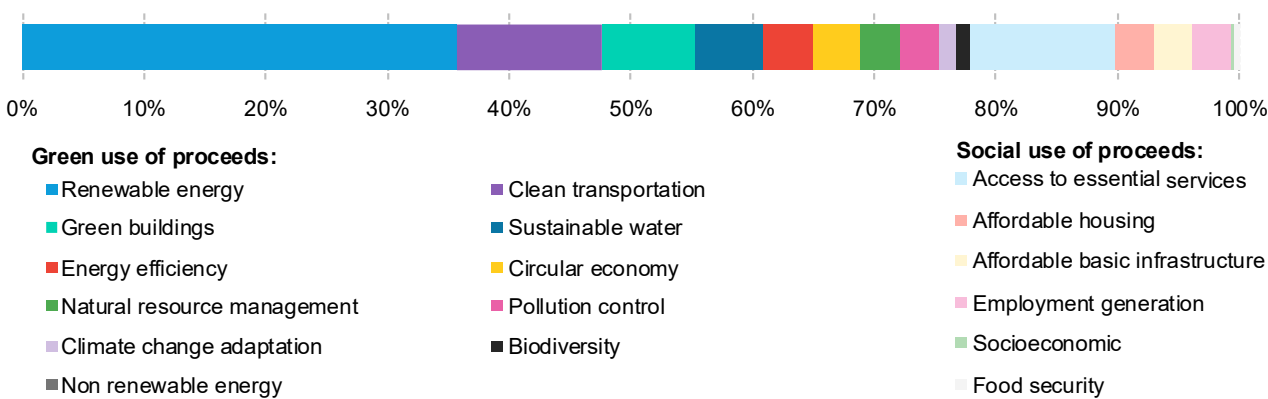
long tenor labeled issuance have been met with high levels of investor demand and are further discussed in the case study section of this report.

Renewable energy and clean transportation lead bond financing

Some project types receive a significantly greater share of financing. In MENA and emerging APAC markets, the largest share of labeled sustainable bonds is earmarked for renewable energy activities.³ From 2020 to 2025, some 36% of labeled bonds have financed these projects, a greater share than financing earmarked for all social projects over the same time (Figure 7). Large energy infrastructure projects typically require significant initial capital investment and subsequently provide a consistent revenue stream, making them very well suited for bond financing and as such easily lend themselves to green bond issuance. For similar reasons, large low carbon transportation infrastructure projects are also well positioned for green bond financing and, as a result, 12% of total sustainable debt financing is earmarked for clean transport activities.

On the other hand, the share of financing flowing to other categories can be much smaller. Just 1% of bond financing was earmarked for climate adaptation, with another 1% for biodiversity-related financing. Sustainable water, which can range from wastewater treatment to watershed protection and restoration, saw some 6% of total bond funds. More financing is needed for these types of projects, especially with physical risks intensifying in terms of both frequency and severity. The United Nations Environmental Program estimates the global climate adaptation financing gap to be as much as \$359 billion per year. Highlighting this need with specific sublabels may be a tool to help direct funds to these areas. The newer blue label for sustainable debt is an example of a sublabel that focuses on activities in the sustainable water category. See our case study section for an explanation of the benefits of using this label and other specific sublabels.

Figure 7: Use of proceeds for labeled sustainable bonds in MENA and emerging APAC from 2020 to 2025



Source: BloombergNEF, Bloomberg Terminal. Note Use of proceeds attribution is an estimate determined by dividing the total value of each security by the number of reported use of proceed categories. Chart only includes bonds.

³ This is based on use of proceeds reporting. Use of proceeds data is reported at issuance and estimated by dividing the total value of the security by the number of use of proceeds categories. Therefore this number may differ from how the funds were allocated and spent.

Section 4. Challenges and opportunities for growth

Despite recent headwinds, there are opportunities for growth in the labeled sustainable finance market. Significant portions of green and climate related financing remain unlabeled. Removing barriers like elevated reporting costs may encourage greater issuance. Issuance is also concentrated among a subset of issuers and sustainable labels. Enabling and promoting a broader diversity of issuers and themes by following the example of more established markets may also drive growth.

4.1. Driving the adoption of labels

Issuers make a choice when deciding to add a sustainable label to their securities. On one hand, labeling gives the instrument transparency and credibility, communicating to investors the impact and benefit of the security in a standardized way. These labels also have the potential to provide issuers with a borrowing cost discount, depending on investor demand for their instrument.

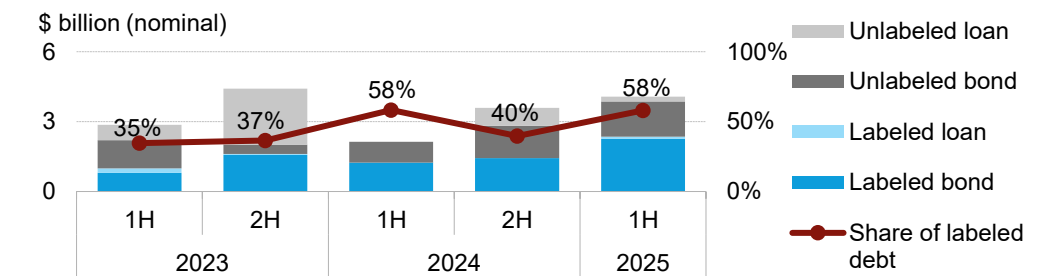
On the other hand, sustainable labels can be costly and challenging to implement. Based on best practices, issuers are typically required to produce a sustainable finance framework, multiple allocation reports and receive a second party opinion. Labeling debt can also be challenging for first-time issuers, requiring outside expertise, especially in smaller markets. These barriers can discourage would-be issuers from labeling their sustainable debt.

Instances where issuers are currently financing sustainable activities with unlabeled debt present an opportunity for the labeled debt market. Encouraging issuers to add a label to existing sustainable financing should result in growth in the market and help communicate how the financing is making an impact on sustainable activities.

Low-carbon energy finance is a model for scaling the labeled market

Low-carbon energy companies⁴ in MENA and emerging APAC are an example of this opportunity. These issuers are almost exclusively financing low-carbon activities; therefore, all the funds they raise could theoretically use a green or sustainable label, from the standpoint of use of proceeds.

Figure 8: Financing for low-carbon energy companies in MENA and emerging APAC



Source: BloombergNEF, Bloomberg Terminal. Note: Only companies that derive 50% or more of their revenue from energy transition related activities are included. This excludes project finance.

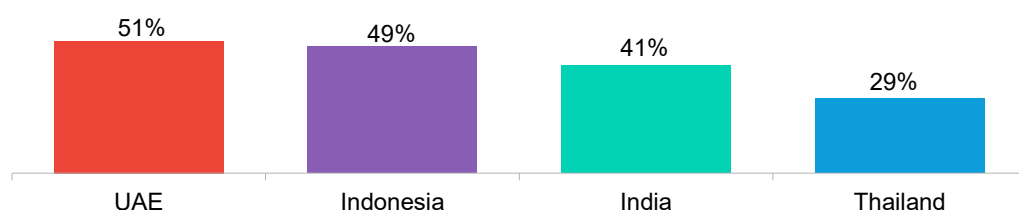
⁴ Defined as issuers which generate 50% or more of their revenue from energy transition related activities, based on BNEF's *Transition Exposure Ratings* methodology and results.

At the moment, this is not the case, though the share is increasing. In the first half of 2023, some 35% of low-carbon energy companies total debt financing was labeled. By the first half of 2025, that share had grown to 58% of total financing (Figure 8). However, there is still significant room for growth by addressing some of the barriers to issuance.

The rise in the share of labeled debt issuance among total energy transition financing is a positive sign for the market and may suggest that issuers are seeing the benefits of adopting a sustainable label. However, some markets with a high volume of financing from low-carbon energy companies still have low rates of adoption of sustainable labels. India, for example, has seen almost \$18 billion in energy transition financing from low-carbon energy companies since 2023 but just 41% of this financing is attributable to the labeled debt market. Other markets have even more room to grow. For Thailand, the share of labeled energy transition financing among low-carbon energy issuers was just 29% (Figure 9).

In both India and Thailand, issuers typically either finance exclusively using labeled debt or using unlabeled debt. Most companies have not used a label, with only a few prolific labelers, like Masdar in the UAE or Continuum Energy in India, driving up the overall percentages for each market. Encouraging first time issuance may help to expand the use of sustainable labels, while understanding the reasons not to label could help the market identify roadblocks.

Figure 9: Share of labeled debt from low-carbon energy companies by market from 2023 through 1H 2025



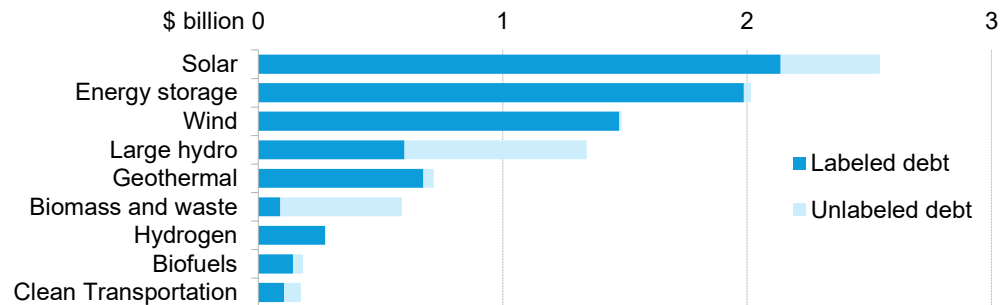
Source: BloombergNEF. Note: Excludes project finance. Only financing from low-carbon companies, those that generate more than 50% of their revenue from the energy transition, was included.

Label adoption varies with issuer type

The share of labeled finance used to fund issuers in energy transition sector also varies widely. Some 84% of financing for solar issuers between 2023 and 2025 in both MENA and emerging APAC originated from the labeled debt market compared to 99% for wind issuers. On the other hand, some companies like biomass and waste issuers or large-scale hydro issuers have a significantly lower share of labeled finance at 15% and 44% respectively (Figure 10).

The type of financing used may also play a role in some of these differences. Bonds are much more likely to receive a sustainable label than loans among these low-carbon energy companies. Since 2023, some 62% of bonds received a sustainable label, compared to just 10% of loans. The benefits of the sustainable label are often much greater for bond issuers, as they may receive a discount or greater investor interest based on the transparency and credibility offered by the sustainable label. Loans are less visible to investors outside of the borrower and lender, as such the benefits granted by signaling sustainability commitment may not be as great.

Figure 10: Energy transition financing by issuer sector in MENA and emerging APAC

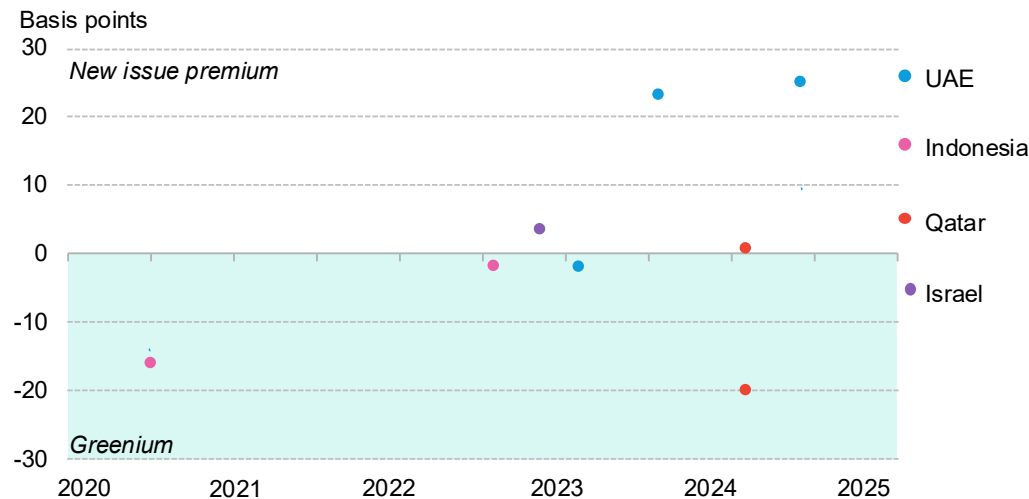


Source: BloombergNEF, Bloomberg Terminal. Note: Excludes project finance data.

Governments can offset issuing costs

One major hurdle that pushes issuers away from using labels may be the perception of a shrinking pricing benefit for the use of these labeled instruments. The ‘greenium’, or the green premium that investors are willing to pay for green bonds, has faded for issuers in MENA and emerging APAC between 2020 and 2025 (Figure 11).⁵ This lower observed greenium mirrors global trends, where the average new issue concession hovered around zero basis points in 2024. Issuers in MENA and emerging APAC economies may be hesitant to use the label if they are not observing the pricing benefits that may be present in other markets.

Figure 11: Primary greenium for select green bonds in MENA and emerging APAC markets



Source: BloombergNEF, Bloomberg Terminal. Note: Each point represents one green bond. Greenium calculated based on pricing date of green issue.

Without clear pricing benefits, government support can be useful to offset potential labeling costs or provide guidance to first time issuers. There have been successful government programs

⁵ BloombergNEF’s sample size for green bonds within MENA and emerging APAC markets is particularly small at just eight green bonds from both corporate and government issuers. BloombergNEF calculates the greenium at issuance and requires issuers to have a sufficiently large pool of non-green instruments to construct a yield curve. Issuers with less than four non-green instruments over a benchmark size based on the currency of issuance were excluded.

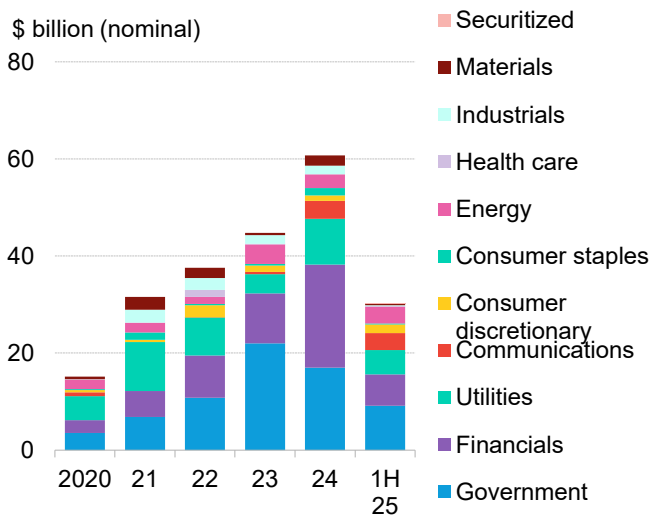
established to address this pain point, covering labeling costs for initial issuance to help encourage greater use of the sustainable label and help introduce a greater variety of issuers to the labeled market. For example, the Hong Kong Government launched the Green and Sustainable Finance Grant Scheme, which provides a subsidy for general bond issuance costs for first-time issuers of labeled bonds (Track I) and external review costs for both first-time and repeat issuers of labeled bonds and loans (Track II). As of mid-October 2025, subsidies were granted to over 620 green and sustainable debt instruments issued in Hong Kong, with a total underlying issuance volume of \$170 billion, benefitting issuers from around the world and across different sectors. Among these, over 110 were first-time green and sustainable bond issuers⁶ who benefited from the Track I subsidy.

4.2. A diversity of issuers will boost growth

Aside from reducing barriers to using sustainable labels, the sustainable debt market stands to benefit from expanding to a broader range of issuing sectors.

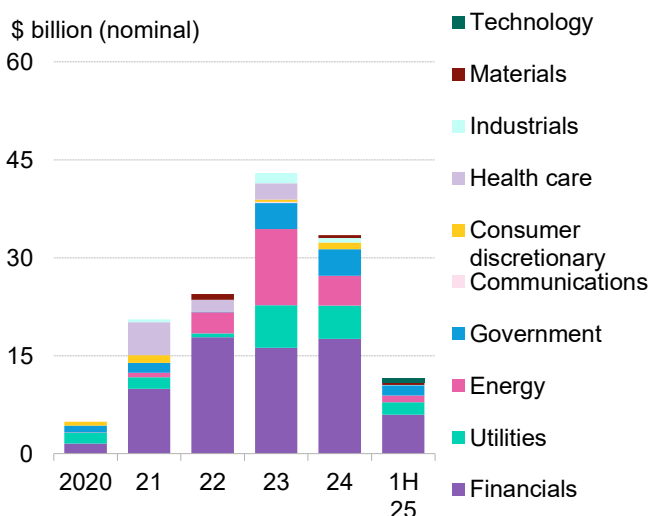
Sustainable debt issuance among MENA and emerging APAC markets is concentrated among financials and governments. Financials represent 35% of total issuance since 2020, with government at 23%. The large role that these sectors play in the labeled market generally mirrors the broader sustainable debt market, where government, then financials are the two largest issuing sectors.

Figure 12: Labeled debt by sector in emerging APAC



Source: BloombergNEF, Bloomberg Terminal. Note: Sectors are based on the issuer's Bloomberg Industry Classification System Level 1.

Figure 13: Labeled debt by sector in MENA



Source: BloombergNEF, Bloomberg Terminal. Note: Sectors are based on the issuer's Bloomberg Industry Classification System Level 1.

Financial issuers have been the largest contributors to total issuance in MENA, representing 50% of total issuance since 2020. They are followed by energy, utility and government issuers (Figure

⁶ For the purpose of the Green and Sustainable Finance Grant Scheme, first-time bond issuers are issuers that have not issued any green, social, sustainability, sustainability-linked or transition bonds in Hong Kong within five years preceding the eligible issuance.

13). In emerging APAC markets, government issuers lead, accounting for 31% of total issuance (Figure 12).

Encouraging greater corporate issuance will help labeled markets in the region become more robust as issuance expands beyond government and financial issuers. Utility and energy issuers hold clear potential for growth as these sectors drive financing toward renewable energy activities.

Energy issuers played a significant role in MENA markets in 2023, driven by large scale solar financing. Other sectors like communications in emerging APAC markets have seen some growth, representing 11% of total issuance in 2025. Policy actions to support further corporate issuance are needed through industry guidelines, clear regulatory frameworks and alignment with international sustainable labeling standards.

4.3. Growth beyond the green label

Across MENA and emerging APAC markets, the largest share of labeled financing has come from the green debt market, representing 52% of all sustainable debt issuance since 2020. While the green label's position as the oldest and most recognized sustainable debt label likely contributes to its prominence, its outsized role is also driven by the financing of major energy infrastructure projects. Broadening the sustainable labels represented in these markets is another area for growth.

Emerging markets can look to advanced APAC economies to grow the social bond market

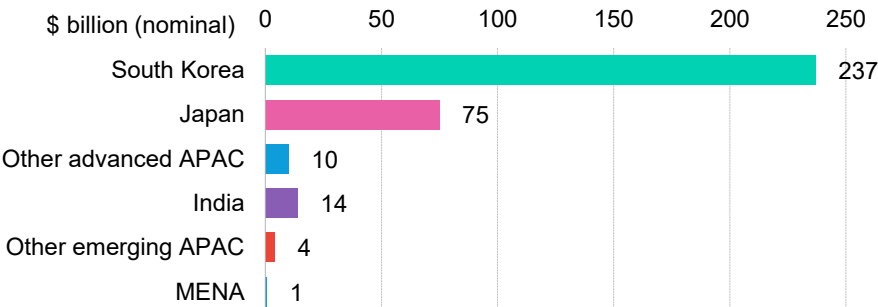
Social debt among MENA and emerging APAC markets has experienced significant growth, with issuance rising from \$1.1 billion in 2020 to \$13 billion in 2024. The instruments now represent around 8% of total sustainable debt issuance since 2020. While the increase is significant, it is largely attributable to India, where total issuance grew from just \$500 million in 2020 to \$10.3 billion in 2024. Issuance has been relatively stagnant among other markets, presenting an opportunity for growth.

For example, 14 social instruments have been issued since 2020 in MENA, where only 1% of all labeled debt is social. This may be slowly changing. Most of the social instruments have been issued in the past two years and the largest security was issued in 2025 from a crowdfunding platform that provides Shariah-compliant finance for small to medium enterprises in Saudi Arabia. The social loan and other recent issues could signal the start of more activity moving forward.

Excluding India, APAC emerging markets have had a similar experience. Social instruments represent just \$2.6 billion in total issuance for all of 2024, which is less than a tenth of total sustainable debt issuance in the year.

These emerging markets could look to other markets in their region to grow their social bond market. Japan is the world's third largest issuer of social bonds and South Korea is the fifth largest (Figure 14). Both countries developed large markets by using government policy to prioritize the development of their social bond markets. The Japanese government published social bond guidelines in 2021, to guide issuance in the market, while South Korea has directed state-owned entities like the Korea Housing Finance Corporation to use the social label.

Figure 14: Social bond issuance in APAC and MENA markets between 2020 and 2025



Source: BloombergNEF, Bloomberg terminal. Note: Excludes the Chinese Mainland.

Sustainability bonds offer another avenue for growth

Among these emerging markets the sustainability label is more frequently used than social bonds, representing 23% of total issuance in 2024, up from 15% in 2020. As instruments that merge green and sustainable activities, sustainability bonds can also be useful tools to drive climate finance in markets that are focused on developing a just transition. For many of the emerging APAC markets, financing the synergies between green and social activities is particularly relevant. Since the second version, the Association of Southeast Asian Nations (ASEAN) sustainable finance taxonomy has included the addition of social aspects as a criterion for evaluating sustainable activities. Issuers in these markets looking to align with the taxonomy can take advantage of the sustainability label when issuing debt.

On the other hand, MENA markets have seen strong sustainability bond growth over the past several years. Sustainability bonds represented just 9% of total debt issuance in 2022, a share that has grown to 27% of issuance in 2024. The growth was a direct result of four-fold increase in the sustainability bond market in Saudi Arabia between 2023 and 2024. The country is continuing to drive growth of sustainability bonds, as the only issuing MENA market in 2025. Boosting issuance in other regional markets may present an opportunity for growing sustainable finance.

The rise of transition debt could benefit emerging markets

Transition debt is a new sustainable debt type, with issuance typically focused on financing activities that support the energy transition, despite not necessarily being green themselves. The transition label was first used in 2017, but the market exploded in 2024 with some \$22.5 billion in issuance from Japanese markets, with the largest issues from the Japanese government. However, outside of the Japanese market, the transition label has seen limited uptake. Among all Asia Pacific markets, excluding Japan and the Chinese Mainland, only \$2.6 billion of transition finance has been issued in Hong Kong, Thailand, South Korea, Vietnam and Australia.

Transition finance represents an opportunity for growth in the APAC emerging markets and can be a critical tool for the region to decarbonize from typically a carbon-intensive energy economy. The policy foundation for the development of transition finance is present in many of these markets. The ASEAN’s sustainable finance taxonomy defines transition activities, or those that are not yet green but are on a credible pathway to decarbonization with projects like coal phase-out or carbon capture and storage. In addition, the energy generation mix of many of these Southeast Asian markets is particularly coal heavy compared to the rest of the world, providing a unique opportunity for transition finance to help these markets shift away from the fuel. Low-carbon shipping and transportation is another transition activity that could be financed in the

region based on the high levels of maritime trade activity in many of these Southeast Asian countries. Accelerating the transition in hard-to-decarbonize markets like cement or shipping may be another avenue for transition finance to play a role.

Transition finance opportunities exist in the MENA region as well. The UAE, in recent years, through policies such as the UAE Energy Strategy 2050 and the Dubai Clean Energy Strategy 2050, has sought to diversify the nation's energy mix, reduce carbon emissions, and position the nation as a regional hub for green and transition finance. These initiatives have provided significant opportunities for the financial and non-financial industry to invest in sustainable infrastructure and low-carbon projects.

The nation established the UAE Sustainable Finance Working Group (SFWG) in 2019 to bring together key federal ministries as well as financial free zones to develop a coherent sustainable finance ecosystem in the UAE. The group has produced frameworks, disclosure standards and governance principles, to enable the financial sector to mobilize capital toward climate aligned and transition investments. As such, the SFWG provides the architecture by which entities can credibly plan, finance and report the shift of high-emitting sectors (e.g., energy, industry) toward low-carbon pathways. Its work underpins the UAE's ambition to channel private capital into transitional-linked activities with the necessary transparency.

Section 5. Innovative case studies in labeled sustainable finance

Innovation and developments in the labeled sustainable finance market provide learning opportunities to drive growth. Within APAC and MENA markets, we’ve assembled three examples of unique financing instruments that present how the labeled sustainable debt market could expand further. This section provides case studies that focus on newer label types as well as novel features within the existing green label.

5.1. Blue bonds show potential as a novel instrument: DP World



Table 2: DP World blue bond

Issuer	DP World
Amount issued	USD \$100 million
Pricing date	12/18/2024
Coupon	5.25%
Maturity	12/24/2029
Theme	Blue bond

Source: BloombergNEF, Bloomberg Terminal.

DP World, a global provider of smart end-to-end logistics solutions, issued a \$100 million 5-year blue bond in December 2024. The blue bond was priced at 99.6 basis points above U.S. Treasuries with a 5.25% coupon rate. The bond was designed to fund sustainable projects across marine transportation, port infrastructure, marine pollution and nature and water-positive initiatives (Table 2).

Blue bonds are a more recent type of labeled sustainable debt that earmark proceeds for activities that promote a sustainable blue economy. The instrument is often considered to be a subsection of the green bond market, with more specific use of proceeds. The International Capital Markets Association has produced guidelines on the issuance of these instruments, treating them as a subtype of green debt. Regardless of the classification, these instruments can be useful tools to direct funding to specific forms of conservation and blue activities. Some issuers use blue bonds to address issues like water scarcity while others focus on marine transportation or aquatic ecosystem conservation.

Sustainable impact

The issuer, DP World, aligned the bond with their sustainable finance framework, which incorporates Science Based Targets initiative (SBTi)-validated decarbonization targets and use of proceeds criteria contributing to a sustainable blue economy. The bond specifically focuses on four main use-of-proceeds categories:

- Sustainable marine transportation:** Supporting research, development and procurement of alternative fuels and technologies to reduce carbon emissions and other sources of marine pollution in the maritime sector.
- Sustainable ports development:** Funding infrastructure upgrades to minimize environmental impacts, noise and air pollution.
- Marine ecosystem conservation and restoration:** Expanding nature based solutions projects to conserve and restore marine ecosystems and innovations to enhance biodiversity.
- Marine pollution:** Initiatives to tackle waste and pollution in coastal and marine environments, as well as improvements to water quality and ensuring equitable access to water.

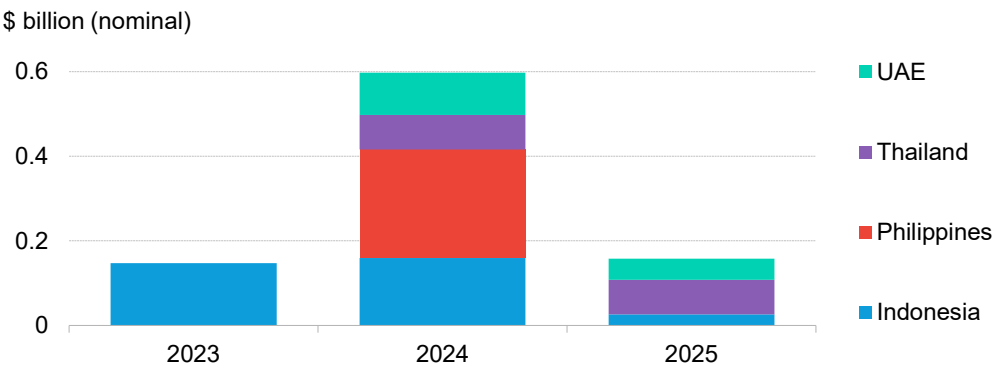
Effect on the broader market

The blue bond market is a niche but growing segment of the labeled sustainable debt market with just 125 instruments issued globally, according to BloombergNEF.

Among the regions of focus, just four markets have issued labeled blue bonds (Figure 15). DP World’s blue bond was the first issuance from any company in the MENA region. By choosing to use the blue label, DP World is helping to drive momentum around this specific segment of the labeled market, driving capital toward blue activities.

Blue bonds are not necessarily always green. Instead, some activities may align better with a transition label. Marine shipping, for example, is a significant contributor to global greenhouse gas emissions and an industry with a challenging pathway to decarbonize. Financing is needed to help address this challenge and may come in the form of transition debt as issuers fund activities that are aligned with their transition plans but may not be green.

Figure 15: Blue bond issuance in MENA and emerging APAC, by market



Source: BloombergNEF, Bloomberg Terminal. Note: Data through Sep 30, 2025.

The DP World bond was issued against a sustainable finance framework that both supports financing for zero tailpipe emission vessels as well as vessels with a reduced emission intensity. Specifically, the framework includes financing for passenger and freight vessels that are dual fuel or hybrid and reduce the emissions intensity of the vessel by 20%. The framework also includes the retrofit of vessels to reduce emissions intensity by at least 15%. The retrofit criterion aligns with the Technical Screening Criteria of the EU taxonomy as an activity that substantially contributes to climate change mitigation. These targets also set the issuer on a decarbonization pathway, enabling DP World to contribute to industry climate goals, such as the International Maritime Organization’s 2023 greenhouse gas strategy which aims to reduce CO2 emissions per transport work by at least 40% on average across international shipping by 2030.

5.2. Novel structure brings transparency to sustainability-linked debt markets: Emirates NBD SLLB

Emirates NBD Bank launched its debut sustainability-linked loan bond (SLLB) in November 2024. The \$500 million bond was issued in a five-year senior unsecured format and priced at 90 basis points over US Treasuries, equivalent to a yield of 5.141% (Table 3). It achieved the tightest spread of the year for a regional financial institution in the senior unsecured category. The



transaction was jointly coordinated by Emirates NBD Capital and HSBC, both acting as sustainability coordinators.

An SLLB is a debt instrument where the proceeds are used to finance a portfolio of sustainability-linked loans (SLLs). The issuer generally selects the pool of SLLs based, in part, on sustainability criteria for the targets associated with the loans.

Table 3: Emirates NBD Bank SLLB financials

Issuer	Emirates NDB Bank
Amount issued	USD \$500 million
Pricing date	11/19/2024
Coupon	5.14%
Maturity	11/26/2029
Theme	Sustainability-linked loan bond

Source: BloombergNEF, Bloomberg Terminal.

Sustainable impact

The SLLB was based on Emirates' SLLB financing framework which ensures the bond works to drive a sustainable impact. The financing framework lists that the SLLs considered for the SLLB should have targets tied to at least one of its stated impact objectives. Climate change mitigation is described as the core objective, while diversity and inclusion is a secondary objective. In addition, to enhance transparency around the SLLs included, Emirates NBD has also committed to publishing an annual SLL funding report throughout the life of the bond. The report will provide investors with a breakdown of the eligible portfolio by volume, allocation across green and social impact objectives, and the performance of borrowers against their embedded sustainability targets.

The SLLB has also received an independent second-party opinion from Institutional Shareholder Services (ISS). The review confirmed that Emirates NBD had clearly articulated its impact objectives and rationale for issuing an SLLB. ISS assessed the majority of the key performance indicators (KPIs) and sustainability targets of the eligible SLLs as being consistent with the bank's stated impact goals, while also validating full compliance with the Loan Market Authorities' Sustainability Linked Loan Principles at the time of signing.

Effect on the broader market

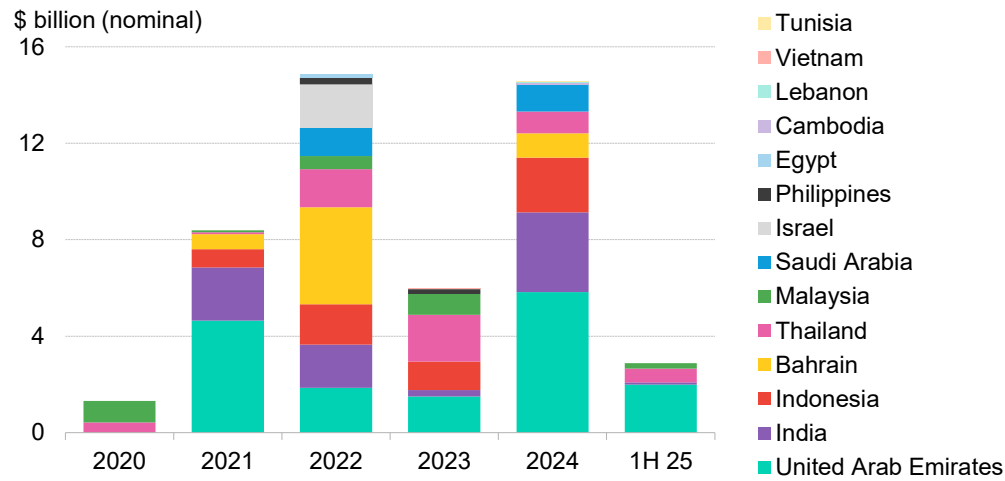
The transaction represented two market firsts: the first-ever SLLB from a Middle Eastern bank and the first SLLB globally to be fully aligned ICMA and the LMA guidelines.

Only 15 SLLBs have been issued globally, with more than half of those instruments issued since 2024 as the relatively new instrument gains traction. As a result, the Emirates NBD SLLB helped to establish a regional and global benchmark in the SLLB market, potentially setting the stage for wider adoption of sustainability-linked instruments across the sector.

Historically, the SLL market has been criticized for a lack of transparency given its private nature. Investor concern around the impact and additionality of these instruments has contributed to a collapse in global issuance, with \$293 billion in 2024, down from a \$528 billion market in 2021. Within these emerging markets, the sustainability-linked loan market has fared better, though issuance peaked in 2022 and limited activity has been observed in 2025 (Figure 16).

The structure of SLLBs may help to address these concerns. Emirates NBD has a set of selection criteria for the SLLs financed by the SLLB, ensuring that it only includes instruments that have been assessed for impact and additionality. The sustainability-linked loan bond framework outlines that Emirates NBD will report on the underlying loans financing by the SLLB on an annual basis. These bond features should help boost investor confidence in the impact of the SLLs being financed. However, the frequency and granularity of this reporting is key to the benefit of this financing instrument. Without clear reporting on the underlying SLLs and the specific targets tied to the linked loans, investors are left in the dark as to the actual impact of these bonds.

Figure 16: Sustainability-linked loan issuance in MENA and emerging APAC, by market



Source: BloombergNEF, Bloomberg Terminal. Note: Green instruments with sustainability-linked label are included as sustainability-linked.

5.3. Strong investor demand exists for long tenor labeled debt: MTR Corporation



Table 4: MTR Corporation 10-year green bond

Issuer	MTR Corporation
Amount issued	3 billion offshore Chinese yuan
Pricing date	09/10/2024
Coupon	2.75%
Maturity	09/20/2034
Theme	Green bond

Source: BloombergNEF, Bloomberg Terminal.

MTR Corporation, Hong Kong’s public mass transit rail operator, issued dual-tranche offshore yuan green bonds in September 2024. The 3 billion offshore Chinese yuan 10-year tranche (Table 4) represents the largest public corporate green bond issuance in offshore yuan, and the 1.5 billion offshore Chinese yuan 30-year tranche (Table 5) is the longest tenor ever offered by a corporate issuer in the offshore yuan bond market.

In September 2025, MTR Corporation concluded another green debt deal – a HK\$30 billion seven-year syndicated green loan with a total of 57 banks involved (Table 6). This marks the largest unsecured international syndicated green term loan (excluding project finance) in Asia and MENA by a Hong Kong corporation with a tenor equal or longer than 7 years.

Sustainable impact

The proceeds are utilized to finance or refinance eligible investments as defined in MTR Corporation’s Sustainable Finance Framework, including railway asset replacement and energy efficiency upgrades, contributing towards achieving the company’s Science Based Targets initiative-approved GHG reduction goals.

Effect on the broader market

Investor demand for these instruments was high. Both bonds were priced at a 100% face amount, with final prices tightened by 35 basis points from the initial price guidance. Order books for the 10-year and 30-year tranches were 3.7x and 5.8x covered respectively, and the spread differential was tight, at 30 bps, indicating strong uptake of the 30-year tranche. Both bonds attracted a diverse pool of local and overseas investors ranging from banks to securities firms, with the 30-year tranche especially well-received by asset managers, fund managers and insurers (Figure 17).

Table 5: MTR Corporation 30-year green bond

Issuer	MTR Corporation
Amount issued	1.5 billion offshore Chinese yuan
Pricing date	09/10/2024
Coupon	3.05%
Maturity	09/20/2054
Theme	Green bond

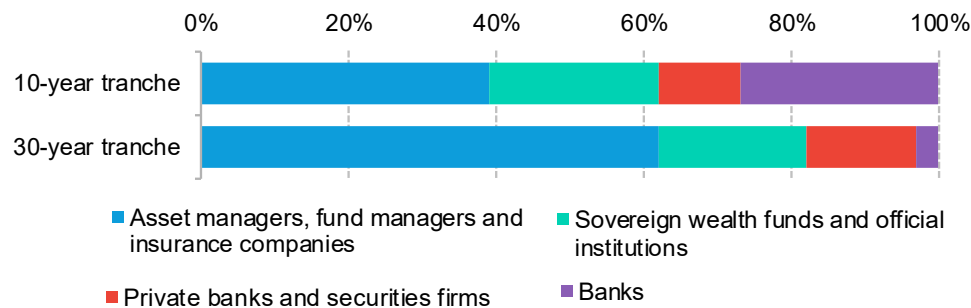
Source: BloombergNEF, Bloomberg Terminal.

Table 6: MTR Corporation green loan

Issuer	MTR Corporation
Amount Issued	HK\$30 billion
Loan signing date	9/23/2025
Maturity	9/23/2032
Theme	Green loan

Source: BloombergNEF, Bloomberg Terminal.

Figure 17: Investor type breakdown for MTR Corporation green bonds



Source: MTR Corporation

Demand for the seven-year syndicated green loan was strong, with subscriptions exceeding five times the original target. Banks from Asia, the Middle East, the Americas and Europe participated, allowing MTR Corporation to upsize the amount from HK\$23 billion to HK\$30 billion.

The overwhelmingly positive investor reaction to the debt securities is likely due to a combination of factors.

- The labeled instruments align with business development needs.** In 2024, MTR Corporation started the next phase of investment to expand low-carbon rail transport infrastructure in Hong Kong. Shorter-term private placements alone can no longer meet the new capital expenditure requirements. The size and duration of the instruments are better aligned with the long-term useful life of the rail assets.
- The instruments meet underserved investor demand.** The demand for long-term annuity income is increasing, with the life expectancy lengthening worldwide. Ultra-long tenor debt is a valuable element to annuity providers' portfolios. Therefore, MTR Corporation's long-tenor instruments may satisfy the strategic needs of global investors for duration and impact. In addition, by tapping into the offshore yuan and Hong Kong dollar markets, MTR Corporation gained access to a growing pool of Mainland credit investors that are increasingly more environmental-conscious and local investors eyeing investment opportunities underpinned by the strength and liquidity of Hong Kong dollar market.
- Consistent reporting enhances transparency and accountability.** Since 2017, MTR Corporation has issued annual allocation reports of sustainable instruments⁷, providing a detailed account of the use of proceeds and the environmental benefits of the projects funded. The company has also made a conscious effort to define, quantify, monitor and update ESG metrics, which enables it to report measurable ESG targets and year-on-year updates in its annual Sustainability Report. These efforts help address greenwashing concerns and foster greater trust among investors.

Through these instruments, MTR Corporation expanded expectations of what can be achieved via the Hong Kong labeled debt and loan capital markets in terms of tenor and size. The instruments may also encourage greater issuance as potential issuers and borrowers see the benefit of tapping into the unmet demand for long term debt.

⁷ MTR Corporation published its first Green Bond Report in 2017 following its inaugural USD 600 million Green Bond issued in 2016; Since 2018, it has published an annual Sustainable Finance Report.

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