





# Unlocking Sustainable Finance for State-owned Enterprises

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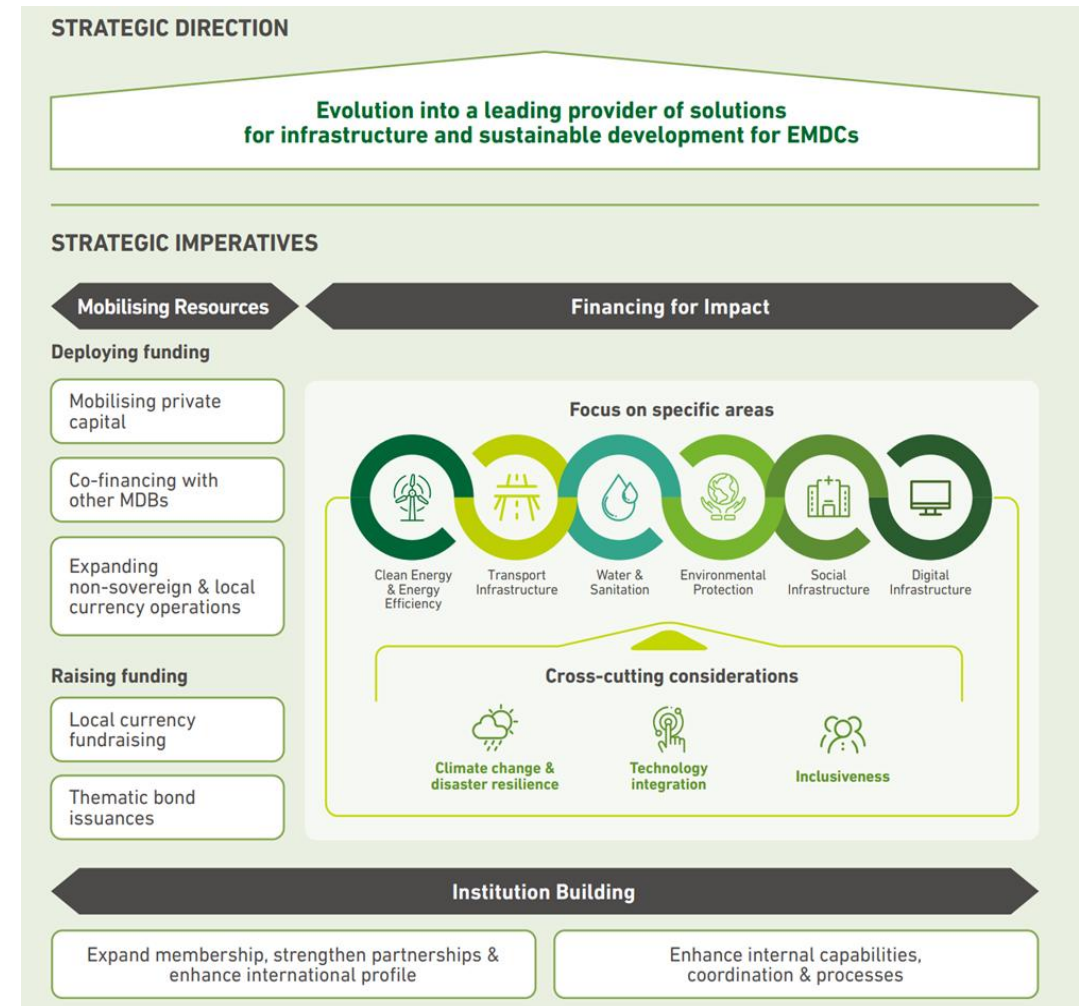
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29 April 2026 | Seoul

State-owned Enterprises (SOE) Global Conference

# About New Development Bank (NDB)

- Founded in 2015 by **Brazil, Russia, India, China, and South Africa**. Additional members: Bangladesh, Egypt, UAE and Algeria.
- Headquartered in **Shanghai**, with regional offices in Brazil, Russia, India, and South Africa.
- Goal: financing **sustainable infrastructure** projects in NDB member countries
- Funding Strategy: Diversified across international capital markets, including benchmark USD bonds, **local currency** issuance and bank loans
- **Six** strategic focus sectors and three cross-cutting considerations
- Committed to **40%** of climate finance its total approved financings



1. EMDCs: emerging market economies and developing countries.

Source: [General Strategy for 2022-2026](#)






# NDB's Integrated Corporate Governance Approach for SOEs

**Our Goal**

*Building Strong Corporate Governance for Long-Term Performance and Sustainability*

## Governance Parameters

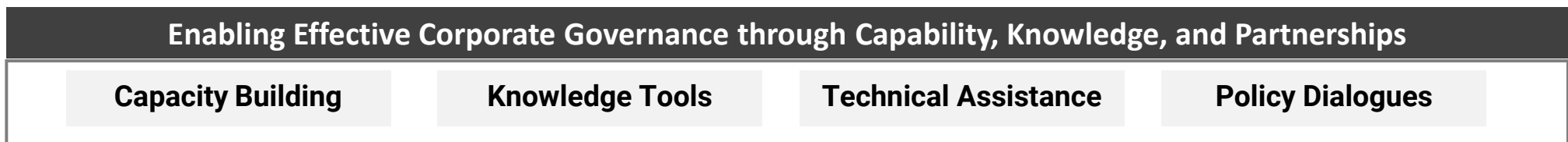
**SOE Governance Dimensions**

 <p><b>ESG Commitment, Leadership &amp; Culture</b></p> <ul style="list-style-type: none"> <li>• Clear commercial vs policy objectives</li> <li>• Codes of ethics integrating ESG</li> <li>• Dedicated corporate governance and compliance functions</li> </ul>	 <p><b>Board Structure and Functioning</b></p> <ul style="list-style-type: none"> <li>• Board independence</li> <li>• Separation of Chair and CEO</li> <li>• Executive performance evaluation</li> <li>• ESG / sustainability committees</li> </ul>	 <p><b>Control Environment</b></p> <ul style="list-style-type: none"> <li>• Three lines of defense</li> <li>• Independent internal audit</li> <li>• Board-approved risk appetite</li> <li>• ESG risks integrated into ERM</li> </ul>	 <p><b>Disclosure and Transparency</b></p> <ul style="list-style-type: none"> <li>• IFRS-based financial reporting</li> <li>• Disclosure of state support and policy mandates</li> <li>• ESG and non-financial reporting</li> </ul>	 <p><b>Shareholder Rights</b></p> <ul style="list-style-type: none"> <li>• Clear ownership entity</li> <li>• Public ownership policy</li> <li>• Equal treatment of shareholders</li> <li>• Dividend policy</li> </ul>
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**Progression levels**



**Enablers**



## Sovereign Financing Project Examples:

### Improving Connectivity



Qingdao Metro Line Six

**China**

- Construction of Metro Line 6 to **improve connectivity and mobility** in the West Coast New Area of Qingdao
- With continued economic and population growth, the project serves the rapidly growing demand in passenger traffic

### Clean Transportation



Delhi–Ghaziabad–Meerut Regional Rapid Transit System

**India**

- Construction of an **82.15 km** rapid rail corridor in the world's most populous urban agglomeration
- Congestion and **emission/pollution reduction**
- Reduce the travel time from Delhi to Meerut to about an hour

### Water and Sanitation



Pará Sanitation Development Project

**Brazil**

- Construction of 120 km sewage collection and treatment network in neighborhoods of Belém Metropolitan Region
- Provide **universal access** to sanitation services and revitalizing water bodies

### Social Infrastructure



Limpopo Central Hospital

**South Africa**

- Proposed project to construct a new central hospital with **488** tertiary beds and teaching facilities
- Provide accessible and quality health services, and **reducing health inequalities** in the region

### Water Supply



Dhaka Water Supply Project

**Bangladesh**

- Upgrade and construction of water infrastructure in new Dhaka unions, expansion to unserved Padma Northwest areas.
- Create around **70,000** new water supply connections and reduce the NRW rates to below 15% in the Project area

# Supporting SOE Investment through Non-Sovereign Financing

In addition to sovereign lending, NDB supports SOE investment through non-sovereign financing, including operations with state-owned banks and development finance institutions.

## Case Study



## Bank of Huzhou Sustainable Infrastructure Project



### Project Background

- Client: Bank of Huzhou, a regional SOE bank in Zhejiang Province
- **RMB 357.55mn** Loan agreement signed in 2024

**Project Component:** The project supports on-lending to private sector borrowers for renewable energy installations such as rooftop solar panels, rehabilitation of surface water bodies, and construction of sustainable transport infrastructure.

### Features

- A non-sovereign guaranteed loan in China to an SOE bank, to mobilize private sector resources and capital in the local market.
- **Strengthens ESG risk management and institutional capacity** of the SOE bank through targeted knowledge sharing.

**Expected results:** supported low-carbon and efficient systems aligned with Huzhou City's priorities and enhances private sector participation in sustainable investment.



# Looking Forward: To Strengthen SOE Governance and Bankability

## 1. Ownership & Governance



**Robust governance arrangements** between SOEs and government owners are essential to enable market access, strengthen risk management, and meet investor expectations on transparency and accountability.

## 2. Sustainability Strategy



SOEs need to articulate a credible **sustainability and climate strategy**, embedded in corporate planning and supported by a bankable project pipeline, to align investments with national priorities and build investor confidence in long-term value creation.

## 3. Capacity & Skills



Targeted **capacity building** is required to strengthen SOE capabilities in financial management, project preparation, ESG risk assessment, and sustainable finance instruments, enabling SOEs to improve bankability.

## 4. Disclosure & Transparency



**Robust disclosure, monitoring, and reporting frameworks** are critical to provide timely and reliable information on financial performance, use of proceeds, and sustainability impacts, meeting the information requirements of capital markets.



# Enclave Loan

**International Bank for Reconstruction  
and Development (IBRD)**

**World Bank Group Treasury | Financial Products (TREFP)**



# Bhutan

## Dorjilung Hydropower Plant Project



# One World Bank Group Approach *Mobilizing Private Capital*

Bhutan's Dorjilung Hydropower Project



## USD 1.7bn **Financing Requirement**



**~USD 1.2bn ~70% Debt**

**USD 215m**  
*IBRD  
Enclave Loan*

*\*to be converted into INR*

**USD 300m**  
*IFC  
Own Account*

*\*Denominated INR*

**USD 700m**  
*IFC  
Private Capital  
Mobilization  
(Syndicated Lenders)*

*\*Denominated INR*

**~USD 500m ~30% Equity**

**USD 300m**  
*Druk Green  
Power  
Corporation  
(DGPC)  
(Supported by IDA  
Credit)*

**USD 200m**  
*Tata Power*

**~USD 1.5bn *in total WBG financing and mobilization***

# Enclave Loan

## Basic Terms & Conditions

# Enclave Loan

## How it Works

[Learn more about  
IBRD ENCLAVE LOANS](#)

CLICK 



### Project

*Generates foreign  
currency*



### FX Revenue

*From creditworthy  
off-takers*



### Ring-fenced Account

*Protected cash flows*



### World Bank Group

*Debt service secured*



*FX-generating*



*High development  
impact*



*Not financeable  
with IDA alone*



*IMF / NCBP compliant*

# Enclave Loan

## Special Security Features

Enclave Loans include **enhanced security** to protect debt service through ring-fenced and sovereign-backed mechanisms



1

### Debt Service Reserve Account (DSRA)

- Offshore reserve account in favor of IBRD
- Sized at up to **18 months of peak debt service**
- Maintained throughout the life of the loan

2

### Government Counter-Guarantee

- Required when the borrower is not the sovereign
- Ensures alignment with World Bank policy and sovereign support

3

### Minimum Debt Service Coverage Ratio (MDSCR)

- Contractual minimum coverage requirement
- Monitored to ensure sustained debt service capacity

4

### Additional Project-Specific Covenants (Indicative)

- *Throughput / performance covenants*
- *Tariff review or revenue adjustment mechanisms*
- *Other tailored financial or operational covenants, as appropriate*

