



| **GCF.10** |

| 10 YEARS OF CLIMATE IMPACT |

GCF REGIONAL DIALOGUE

with EAST AND SOUTH ASIA

Colombo, Sri Lanka
14–17 September 2026

XacBank's Experience in Climate Financing Activities

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XacBank - Introduction

- XacBank is a commercial bank founded in 2001 and headquartered in Ulaanbaatar, Mongolia. The bank provides deposit, loan, digital, card, payments services, trade finance and insurance brokerage across two major business lines of retail and business banking through its branch and digital network under its triple-bottom-line mission of “**People, Planet and Prosperity**”.

CUSTOMERS

1.0
million

ASSET

7.5
trillion MNT

*~ USD 2.0 billion.
5th among
Mongolian
commercial banks*

EMPLOYEES

1.1
thousand

BRANCHES

72

ATMs

360

XacBank's Eco Banking Division: responsible for implementing the Bank's "Planet" objectives

- Mongolia is one of the countries most vulnerable to climate change due to its **harsh climate, dependence on natural resources**, and **large nomadic livestock sector**. Climate change impacts have **increased urban migration** and the country's dependence on **fossil fuels for heating and power are also a source for environmental and health concerns** especially in urban areas, with Mongolia having almost **twice the global average** per-capita emissions at **7.5 tCO2 per capita**.
- Given the need for financing aimed at **promoting sustainable energy solutions**, XacBank's Eco Banking Division was established in 2009 and is the first dedicated eco-banking unit in the Mongolian financial sector and operates in the following areas:
 - ❖ **Sustainable energy finance** – Renewable energy and energy efficiency financing to contribute to greenhouse gas emission reductions;
 - ❖ **Carbon finance** – Using carbon finance to provide leverage and contribute to sustainable energy finance.
 - ❖ **Implementing projects and programs** – Development and implementation of climate-related projects with international partners.

Strategy: Reinforcing the sustainable energy market through lending to both supply and demand side

Reinforce sustainable energy market supply

To support the companies producing, selling or adopting solutions that reduce GHG emissions, save energy, or utilize renewable energy solutions by providing concessional loans.

Reinforce sustainable energy market demand

To encourage the consumption of products that reduce GHG emissions, save energy, or utilize renewable energy solutions.
By encouraging green consumption, we are helping to build up the market demand for green SMEs.

The GCF has been a major sustainable energy financing partner of XacBank since 2016

- XacBank's Eco Banking Division (EBD) is the only banking unit in the whole banking system of Mongolia specializing in measuring energy efficiency and identifying emission baselines for different project cases in Mongolia.
- The EBD has experience in implementing various EE/RE projects and programs, and co-operates with many international and bilateral organizations, including GCF, FMO, GCPF, IFC, EBRD, ADB and more.
- XacBank became the first private entity from a developing nation in the world with National Implementing Entity (NIE) accreditation by the Green Climate Fund (GCF) in October, 2016.



Financial Tools Available to XacBank:

Concessionary Loans (senior), Guarantees, and Equity finance instruments

The fund can also provide grant funding directly to XacBank if necessary for project viability. All financing terms are decided on a "Case-By-Case" through communication between the Bank and the GCF, and are dependent on both national financial context (ie. cost of credit and risk profile) and environmental impact.

GCF-Funded Projects

A total of 9 GCF-funded Funding Proposals and TA Grants were approved since accreditation in 2016.

Approved Funding Proposals (FPs)

- **2016:** FP028 – Business Loan Programme for GHG Emissions Reduction (*Completed*)
- **2017:** FP046 – Renewable Energy Program #1 – Solar (*Completed*)
- **2019:** SAP004 – Energy Efficient Consumption Loan Programme (*Under implementation: 7 years*)
- **2020:** FP153 – Mongolia Green Finance Corporation (MGFC) (*FAA effectiveness reached*)

Readiness Support Proposals

- **2017:** Capacity-building of the National Designated Authority (NDA) and Country Programme Development;
- **2020:** Second NDA capacity-building grant for which XacBank worked as the Delivery Partner;
- **2020:** Establishing an energy savings insurance mechanism in Mongolia.

Project Preparation Facility

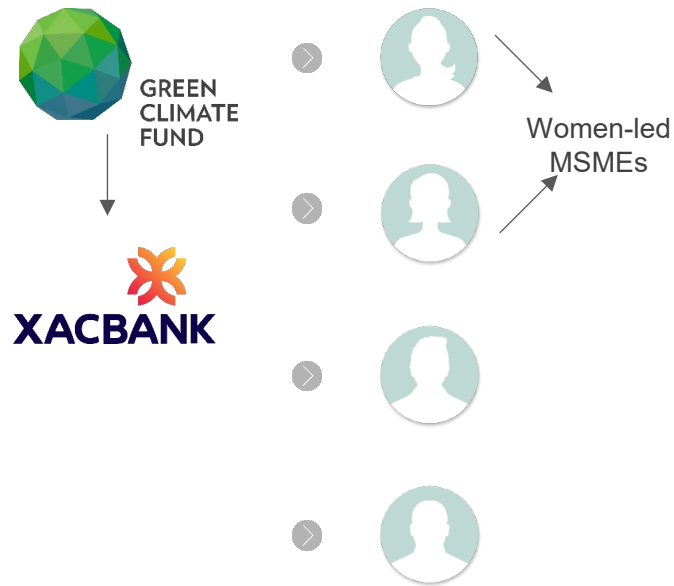
- **2019:** Support for the establishment of the Mongolia Green Finance Corporation;
- **2019:** Determining the feasibility of a mini-grid/off-grid solution for ger-areas.

Total GCF funding approved for FPs and TA Grants: **USD 67.4 million**

Experience: FP028 - MSME Business Loan Programme for GHG Emissions Reduction

Project Overview

- XacBank initiated the program in 2013 and in December 2016, XacBank submitted and received unanimous approval from the GCF board for its first funding proposal to expand the loan program and increase support for **women-led businesses**;
- The facility is aimed at the Mongolian MSME market;
- The program began implementation in August, 2017 and was completed in June 2025.



- The program was approved with a total funding of **USD 60 mln**;
- Total lifetime GHG emissions reduction targets for the program is set at **1.2 million tCO₂eq** through financing energy-efficiency, heat conservation and clean energy solutions.

Experience: FP028 - MSME Business Loan Programme for GHG Emissions Reduction

● GCF.10

GCF Involvement

- The USD 60 million financing for the project includes **USD 20 million** from the GCF as follows:

GCF Concessional Loan – USD 19.5 million:

- EE/RE investments typically have high upfront costs, and loans create significant cash flow burden, particularly for MSMEs;
- Blended with co-financing sources to provide below-market rate loans to business owners, with further concessionality offered to women-led businesses;
- Low-interest loans helped de-risk EE/RE investments and unlocked demand by ensuring affordability.

GCF Grant Component – USD 0.5 million:

- Awareness-raising activities were crucial to promoting the benefits of EE/RE technologies among MSMEs, including women-led businesses;
- Capacity-building helped train bank staff for identifying EE loan opportunities and develop internal systems for tracking mitigation impact;
- Energy auditors supported businesses in measuring and validating the energy efficiency of proposed solutions to be purchased by the program loan.

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Co-financiers



1. Global Climate Partnership Fund (GCPF)

USD 20 million facility signed with GCPF in 2012 to finance energy efficiency and renewable energy solutions.

2. European Bank for Reconstruction and Development (EBRD)

USD 15 million facility signed in 2015 to provide renewable energy and energy efficient products to end-users at concessional rates.

3. DWM Securitization

Received USD 5 million concessionary loan in 2016 for sustainable financing purposes.

Experience: FP028 - MSME Business Loan Programme for GHG Emissions Reduction

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CLIMATE IMPACT

1.86M tCO₂e

lifetime emissions reduced by financed solutions

+56%

above the programme target

88% from energy-efficiency measures

\$76.2M

green lending disbursed
27% above plan

73%

GCF-facility
disbursements to
women-led businesses

138.5

GWh saved annually
34% above target



MONGOLIA'S FIRST LEED PLATINUM OFFICE BUILDING

200 kW solar • 720,000 kWh
saved/year

Lessons Learned: FP028 - MSME Business Loan Programme for GHG Emissions Reduction GCF.10

Implementation Takeaways

- Blended finance using concessional funding was crucial for promoting demand for EE solutions for businesses;
- EE investments, especially in sectors where local baselines are clear such as the building sector, were the most prevalent for the program;
- Consistent demand for loans throughout the program period demonstrated key market needs and alignment with national climate objectives (NDCs, etc.);
- Even after GCF exit, the business loan for GHG emissions reduction remains a core product of the bank, and the program's long-term impact is reflected in the sustained demand for the loan.

The GCF Advantage

- Ability to provide long-term concessional financing for projects and programs;
- Technical assistance grant component tailored to the needs of each project with use of proceeds agreed upon through the Funding Proposal;
- GCF provided support for project management-related costs through AE fees.



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Thank you

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