

XACBANK: Private Sector in Climate Financing

April 27, 2017



XacBank: Introduction

- ❖ Established in 2001
- ❖ In only 15 years, has become the fourth largest commercial bank in Mongolia
- ❖ **The Eco Banking Department is the only banking unit of its kind in the Mongolian financial sector**

PLANET
PEOPLE
ROFIT


4th bank in assets among 14 commercial banks of Mongolia


More than 707,000 retail and corporate customers nationwide

 | 1,429 full-time employees

 | 86 branches

ATM | 140 ATMs

Eco Banking Department: Sustainable Finance Strategy

Reinforcing the sustainable energy market through lending to both Supply and Demand side

Reinforcing the Sustainable Energy Market DEMAND



To encourage the consumption of:

- ❖ products that reduce GHG emissions, save energy, or utilize renewable energy solutions.

Building up the market demand for green SMEs by encouraging green consumption,

Reinforcing the Sustainable Energy Market SUPPLY



To support the companies:

- ❖ producing, selling or adopting solutions that reduce emissions, save energy, or utilize renewable energy by providing concessional loans.

Eco Banking Department

Three Main Business Lines

1. Sustainable Energy Finance

Netherlands Development Finance Company (FMO)

- **MNT 6.5 billion** of syndicated loans received by Eco Banking department
- 1,788 consumption loans for energy efficient products totaling MNT 543.3 million were disbursed

2009

2011

Global Climate Partnership Fund (GCPF)

- **USD 20 million** facility signed with the GCPF
- As of September 30, 2016, USD 13.6 million disbursed from the GCPF facility to SMEs for EE/RE measures

Kiva

- **USD 2 million** of Kiva credit line made available to XacBank
- To date, USD 1.3 million disbursed to consumers for insulation, solar panels, and efficient stoves

2013

MonSEFF

- **USD 10 million** EE/RE facility signed with the EBRD.
- To date, USD 5 million disbursed to corporate clients for improvement measures.

2016

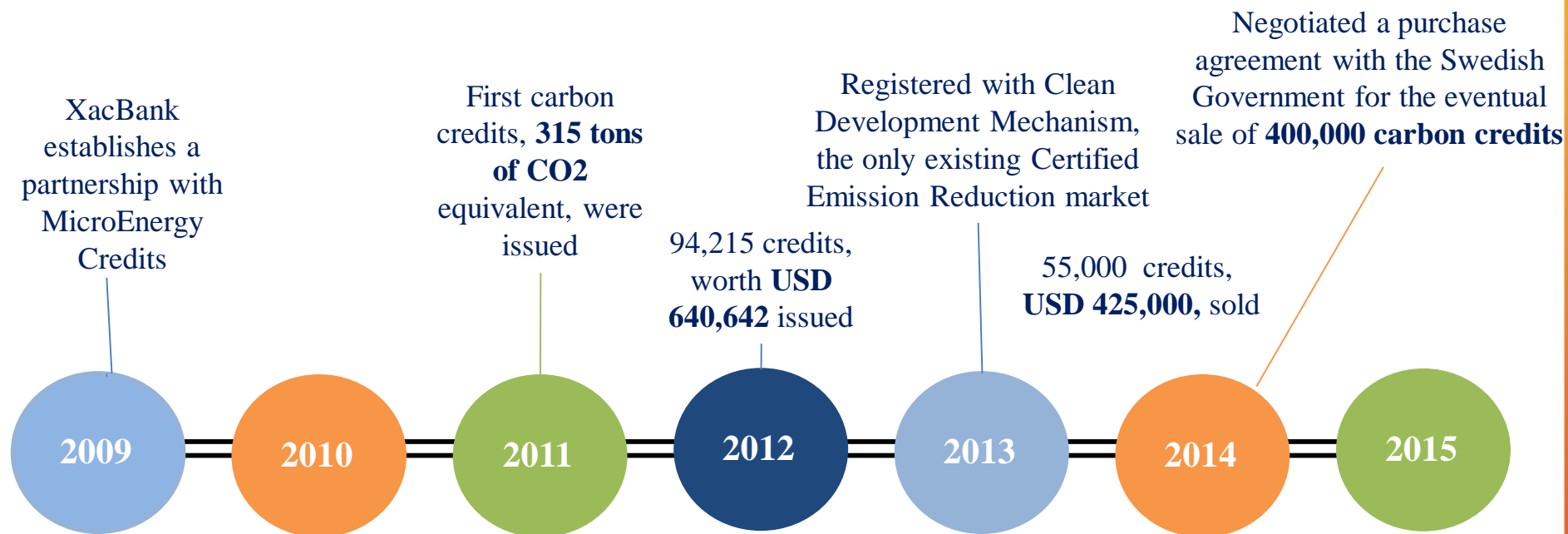
Green Climate Fund

- XacBank became the first private entity from a developing country to receive accreditation in October, 2016
- Concessionary loan facility of **USD 20 million** for GHG reduction by SMEs unanimously approved at the GCF's December board meeting in Apia, Samoa
- 5 projects in development



Eco Banking Department

2. Carbon Finance



3. Implementing Projects

Program initiated to supply energy efficient products to ger area households. Subsidies provided by: **Millennium Challenge Corporation, the Clean Air Fund, the UB Clean Air Program**

Energy Efficient Product Distribution Program
A total of 173,852 energy-efficient products distributed. 150,489 households in Ulaanbaatar's ger districts have purchased products through this program, which is **over 80% of ger district residents.**

Audit finds annual emission reductions over the first 7 years to be **282,318 tons** per annum.

MNT 75.0 billion has been collected as subsidies from financiers to maintain supplier companies' current accounts at XacBank



XacBank

National Implementing Entity of the GCF



GREEN
CLIMATE
FUND

Financial Tools Available to XacBank:

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

Funding Proposals Submitted

- XacBank - MSME Business Loan Program for GHG Emission Reduction (approved, 20 M. USD, 2017-2025)
- XacBank – Renewable Energy Program for 2 Solar Power Plants (submitted)

Readiness proposals Submitted

- NDA Strengthening and Country Programmes by XacBank (submitted)

Funding Proposals to be submitted

- XacBank – Renewable Energy Program for Solar Power Plants (new solar projects to be added into the program)
- Energy Efficient Consumption Loan Program
- Renewable Energy, Solar Power for mini-grid and off-grid Ger Area

PPF applications

- Energy Efficient Consumption Loan Program
- Renewable Energy, Solar Power for mini-grid and off-grid Ger Area

Thank you



XACBANK