ТоС
МОНГОЛЫН ТОГТВОРТОЙ САНХҮҮЖИЛТИЙН ХОЛБОО

# Innovations in Green Finance and Market Development

Anand Enkhbat, CEO, Mongolian Sustainable Finance Association (MSFA)

# About MSFA

**2013**
start of SF Initiative

**2018**
MSFA NGO established

**65**
members (as of 2025.05)

**6**
Professional councils

**Vision:**
To serve as a financial, policy, and business bridge towards a sustainable future.

**Mission:**
To pioneer the development of a sustainable finance ecosystem in Mongolia and globally, fostering collaboration among members and stakeholders

*12 founding members, 38 principle members,*
*14 supporting members, 1 associate members*

# 1. SUSTAINABLE FINANCE IN MONGOLIA

# Implementation of Sustainable Finance

## 2013

### PHASE 1: COMMITMENT

- Voluntary commitment by banking sector
- Mongolian Sustainable Finance (MSF) Principles and Guidelines
- Awareness raising

## 2018

### PHASE 2: IMPLEMENTATION

- **Approved Green taxonomy**
- Establishment of MSFA and Mongolia Green Finance Corporation
- Voluntary commitments by non-bank FIs
- Sustainable finance integration into capital markets

## 2022

### PHASE 3: EXPANSION

- **FRC included green bonds in the "Regulation of registration of debt instruments"(2021)**
- **National Sustainable Finance Roadmap**
- Policy frameworks to promote sustainable finance
- Integration into public finance frameworks
- Introduced ESG, Sustainability reporting guideline for listed companies

## 2023

### PHASE 4: SCALE UP

- **Approved SDG Finance Taxonomy**
- Climate disclosure guideline by BoM, MSFA, ESCAP, GCF (2025)

## 2030

### PHASE 5: LEAD

- Increase green loans up to **10% and 5%** in banks and MFIs, respectively
- Sustainable finance to become mainstream in all parts of the financial system and Mongolia to be recognized as a global leader on sustainable finance

# Impact & result /as of Q1 2025/

## Green Loans in the Banking Sector

| | |
|---|---|
| Total outstanding: | 1,592.6 billion MNT |
| Share of in total loans: | 4.1% |
| Target: **10%** | |

## Green and Sustainable Loans by NBFIs

| | |
|---|---|
| Total outstanding: | 115.3 billion MNT |
| Share of in total loans: | 2.0% |
| Target: **5%** | |

## Green Funds

| | |
|---|---|
| Total raised: | 1.5 billion USD |
| Green/ Social bond: | 338 million USD |

# **Impact & result** /as of Q1 2025/

**9 FIs FORMALLY JOINED**
Partnership for Carbon Accounting Financials (PCAF)

**2 COMMERCIAL BANKS ACCREDITED BY GCF**

**80+ FIs formally made commitments to implements MSF principles**

**91** Green loan products (From 18 FIs)

**15** Gender-focused products (From 10 FIs)

**1.5 billion USD** FIs raised funding specifically for green loans

# **Our Priority Areas Ahead** (systems transformation)

1. Policy, strategy

2. Implementation tools, guidelines, and training

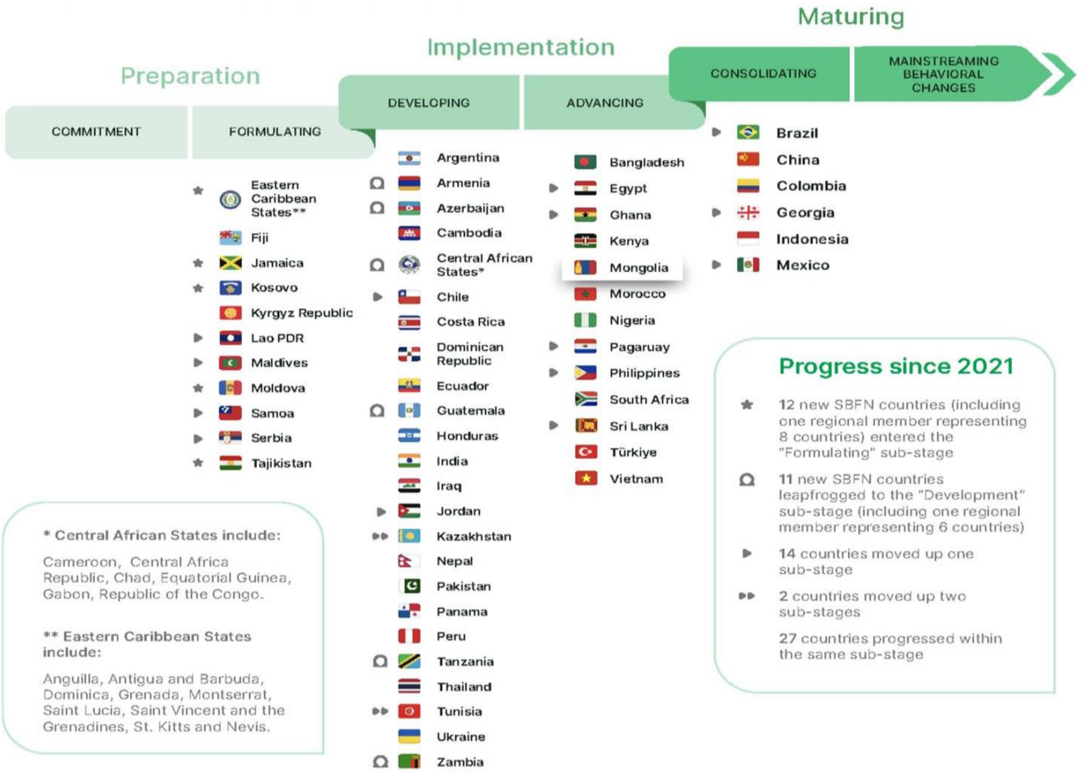
3. Policy incentives


4. Pilots, projects

5. Monitoring, reporting & verification

6. Financial instruments

# Opportunities to Lead and Innovate in Sustainable Finance Globally

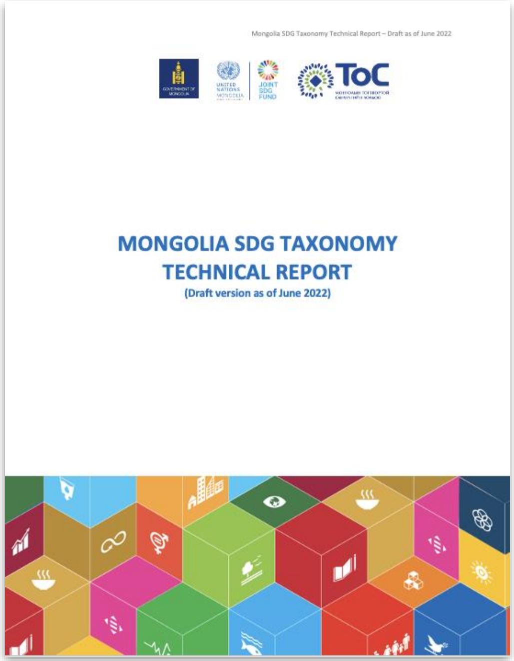



Mongolia is gaining recognition globally in the field of sustainable finance, and with enhanced support from government policies, it has the potential to become a **'Regional Hub for Sustainable Finance'** in the future.

*Source: IFC-SBFN Global Progress Brief, 2024*

# 2. GREEN AND SOCIAL BOND

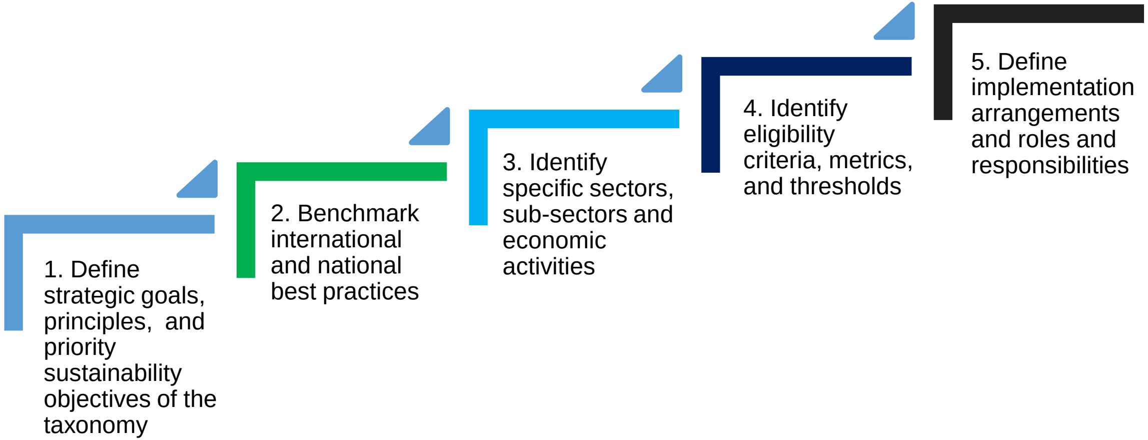
# SDG Finance Taxonomy


Mongolia SDG Taxonomy Technical Report – Draft as of June 2022

MONGOLIA SDG TAXONOMY
TECHNICAL REPORT
(Draft version as of June 2022)

**2023**

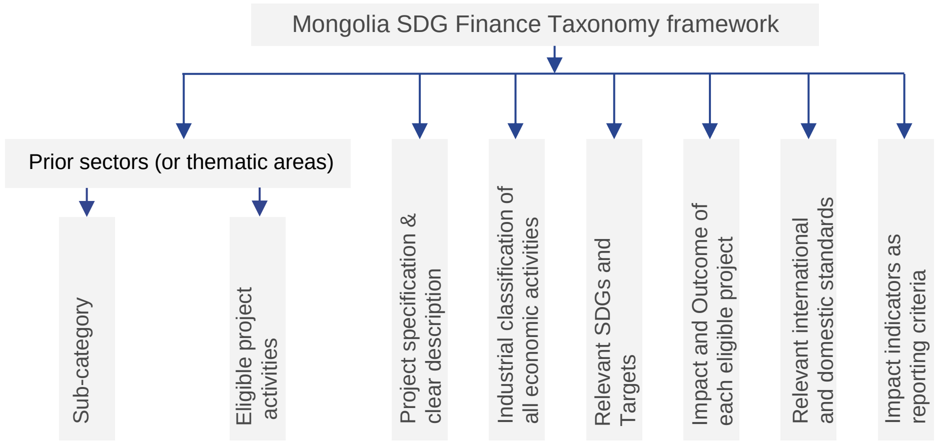
**SDG Taxonomy objective:** "To provide a common, nationally agreed classification framework of activities that are eligible for sustainable financing and make substantial contribution to Mongolia's **sustainable development goals and targets.** The vision of the SDG Taxonomy is to help Mongolia transition to a sustainable, low carbon, climate-resilient and just economy.



# Green Taxonomy and SDG Finance Taxonomy

## CATEGORIES:

1. Energy production and supporting infrastructure
2. Energy efficiency
3. Sustainable cities and Housing
4. Pollution prevention and control
5. Sustainable water and water use
6. Sustainable agriculture & Food security
7. Sustainable land use, forestry, biodiversity conservation & eco tourism
8. Clean transport
9. Information and communication, technologies (ICT)
10. Health
11. Education & Culture
12. Affordable basic infrastructure




**51**
Sub-category

**137**
Activities

**80+**
Organizations provided their comment

**150+**
Organizations participated in the consultations

# National Sustainable Finance Roadmap (2022)

## NATIONAL SUSTAINABLE ROADMAP

| Pillar 1 | Pillar 2 | Pillar 3 | Pillar 4 | Pillar 5 | Pillar 6 |
|---|---|---|---|---|---|
| Enable basic infrastructure and policy environment to develop Sustainable finance | Direct budgetary and fiscal measures on green and sustainable development | Increase sustainable and green development fund/capital flows | Develop national green financial institutions | Improve ESG and Climate risk management system | Promote transparency and disclosure |
| • Green recovery and sustainable transition<br>• Governance mechanism<br>• Taxonomy<br>• Training, Research, Intl cooperation<br>• Monitoring and Evaluation | • Carbon tax<br>• Environmental tax<br>• Green and sustainable budget expenditure and procurement<br>• Debt swap | • Funding needs and opportunities<br>• Green and sustainable bonds<br>• Green fintech and insurance<br>• Gender | • MGFC<br>• State owned financial institutions<br>• Green finance policy guidelines for domestic financial institutions | • ESG risk management<br>• Climate risk management system(Stress testing, GHG calculation, Target setting) | • ESG reporting for MSE listed companies<br>• Sustainability reporting for financial institutions |

# Green bonds cases in Mongolia

**KHAN BANK (Green bond)**

**Issue date:** 2023.12.11; 2024.10.15
**Amount:** 60 million and 30 million USD
**UoP:** Green loan financing
**Underwriter:** BDSec JSC

**TML PLASTIC (Green bond)**

**Issue date:** 2024.10.25
**Amount:** 11 million USD
**UoP:** Develop infrastructure for collecting plastic waste in rural areas.
**Underwriter:** TDB Securities SC LLC

**STATE BANK (Green bond)**

**Issue date:** 2024.12.10
**Amount:** 10 billion MNT
**UoP:** Green loan financing
**Underwriter:** BDSec JSC

**KHAN BANK (Social bond)**

**Issue date:** 2024.07.09
**Amount:** 130 million USD
**UoP:** Provide essential social services such as education, healthcare, and nutritious food.

**TRADE AND DEVELOPMENT BANK (Green and social bond)**

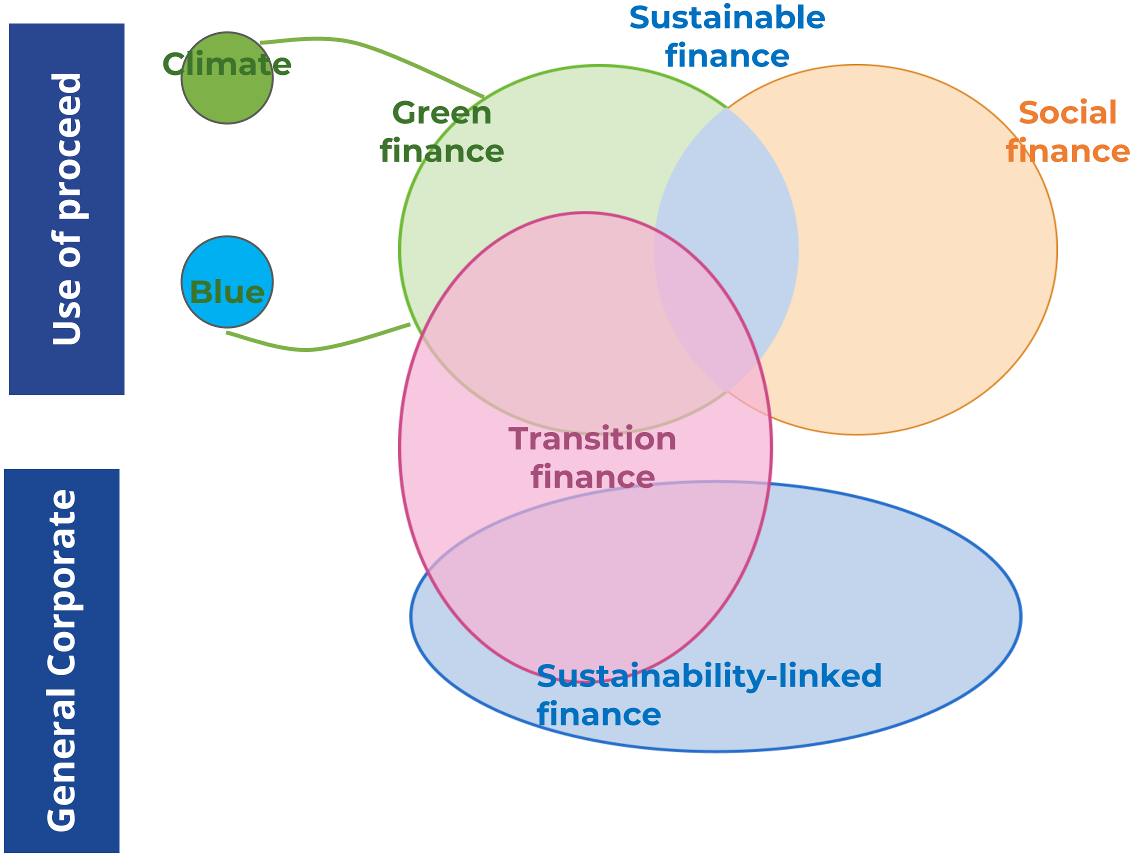
**Issue date:** 2024.11.20
**Amount:** 50 million USD
**UoP:** Green and social loan financing

**GOLOMT BANK (Green and social bond)**

**Issue date:** 2025.01.02
**Amount:** 50 million USD
**UoP:** Green and social loan financing

# 3. TRANSITION FINANCE

# Sustainable financing instruments




**Standards, frameworks**

**Verification, assurance**

*Source: Financial Services Agency; Ministry of Economy, Trade and Industry; and Ministry of the Environment, Japan (2021).*

# ESG impact maturity level assessment

**Project:** European commission's SWITCH ASIA programme funded "Switching On the Green Economy" (2022-2025)

## "Sustainable production standard"

ESG

+

Food safety
(Sector specific)

## Further development potential

ESG-linked, Sustainability-linked loan and bond

ESG database

Implementation of National Sustainable Finance Roadmap

**Benefits:**

- Aligned with international and national standards
- ISO management's PDCA cycle
- Verification function
- Digital platform
- Endorsed by MSFA board (approved in 2024.12)

# ESG-linked loan

KHAN BANK | GOLOMT BANK *Investing for a brighter future* | TDB ХУДАЛДАА ХӨГЖЛИЙН БАНК | State Bank | ARIG BANK

**Project:** European commission's SWITCH ASIA programme funded "Switching On the Green Economy" (2022-2025)

**Target:** Agri-food 25 MSMEs

## AGRI-FOOD SECTOR SUSTAINABILITY ASSESSMENT

### ENVIRONMENT

- **Use of Natural Resources**
  - Energy
  - Water
  - Soil
  - Environmental ecosystem
  - Buildings and facilities
- **Climate Change and Adaptation**
  - Greenhouse gas emissions
  - Product footprint
  - Climate change
- **Environmental Pollution**
  - Air quality
  - Noise pollution
  - Waste management

### SOCIETY

- **Human Rights and Equity**
  - Respect and protect human rights
  - Respect and protect labor rigths
  - Human rights and labor rights risks and impacts
  - Grievance mechanisms
  - Prohibition of child labor
  - Prohibition of forced labor
  - Gender equality
  - Policy against workplace harassment, violence, and sexual harassment
  - Right to freedom of association and collective bargaining
  - Employment and accessibility for persons with disabilities
- **Human Resource Management**
  - Workforce sustainability
  - Decent work
  - Job creation
  - Training and development
- **Occupational Health and Safety**
  - Occupational health and safety policy
  - Accident and incident
  - Employee health
- **FOOD SAFETY MANAGEMENT**
  - Food safety management
  - Product health and nutrition
  - Raw material procurement and storage
  - Food manufacturing
  - Product labeling
  - Post-supply control
- **Community Engagement**
  - Provide information to customer
  - Grievance mechanisms for customer
  - Social responsibility
  - Sustainable supply chain
  - Land use and clearance

### GOVERNANCE

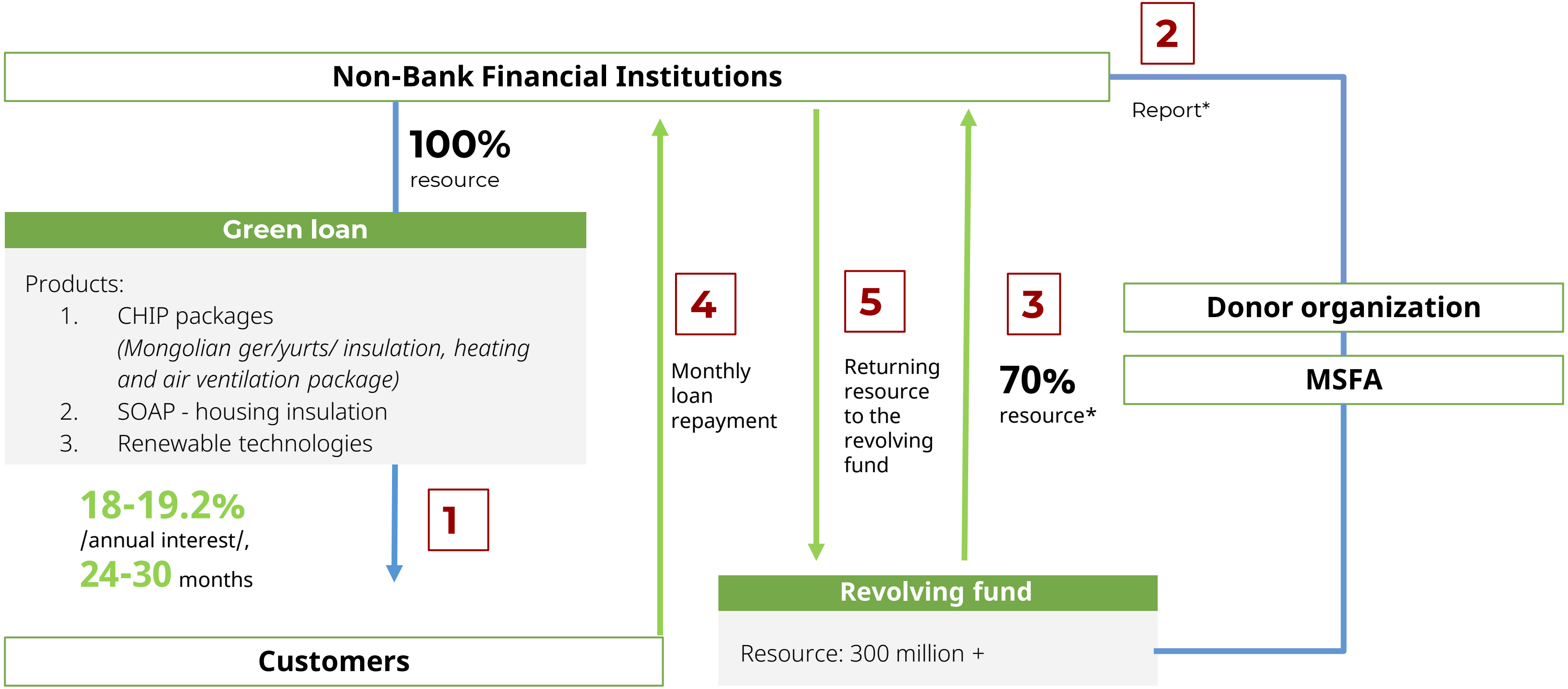
- **Sustainability Management System**
  - Management commitment
  - Sustainability policy and strategy
  - Structure and management
  - Capacity building
  - Materiality assessment
  - Internal control and evaluation
  - Sustainability reporting
  - Membership and partnership
- **Governance**
  - Shareholders and board of directors
  - Board of directors, its structure, and operations
  - Internal control system
- **Ethics**
  - Ethics and compliance
  - Reporting and transparency

# Sustainability-linked bond framework (coming soon)

The development of a Sustainability-Linked Bond (SLB) framework is currently underway, along with related tools, capacity-building initiatives, and technical assistance, which will be launched soon.

# 4. BLENDED FINANCE

# Revolving fund scheme




*Transactions have to follow schedule, agreed upon agreement

# 5. DIGITAL PLATFORMS

# PLATFORM DEVELOPMENTS

| Green/Socal loan | Transition loan | ESG reporting |
| --- | --- | --- |
| **01** Green technology selector | **03** Transition ESG assessment, verification | **04** ESG, Sustainability reporting platform, self-assessment and benchmarking |
| **02** SDG Finance Taxonomy navigator and impact assessment tool | | |

## 02 SDG Finance Taxonomy navigator and impact assessment tool

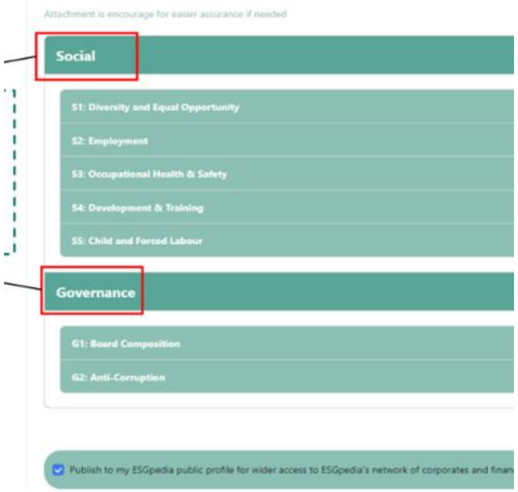
### Impact Assessment Results

Date and time of assessment: 15 July 2023
Project location: Mongolia

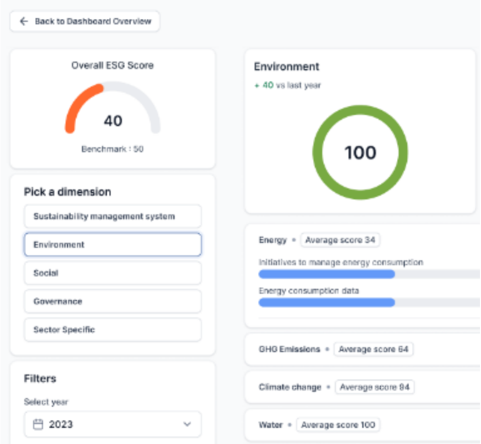
| Green Project Details | |
|---|---|
| **Green project name** | Improving Industrial Energy Efficiency 2024 |
| **Green project category** | Energy efficiency |
| **Green project sub-category** | Energy efficiency improvement for all sectors |
| **Investment cost** | 2,700 MNT/year |
| **Primary energy savings (kWh/year)** | 12 300 kWh/year |
| **Final energy savings (kWh/year)** | -300 kWh/year |
| **$CO_2$ savings (kg $CO_2$e/year)** | 900 kg $CO_2$e/year |
| **Cost savings (MNT/year)** | 8,500 MNT/year |
| **Other impact indicators** | 4 new green jobs allocated to female workers<br>3 new green jobs allocated to male workers |
| **Compliance with criteria of the Mongolia SDG Taxonomy** | Aligned |
| **Verification of assessment** | Completed |

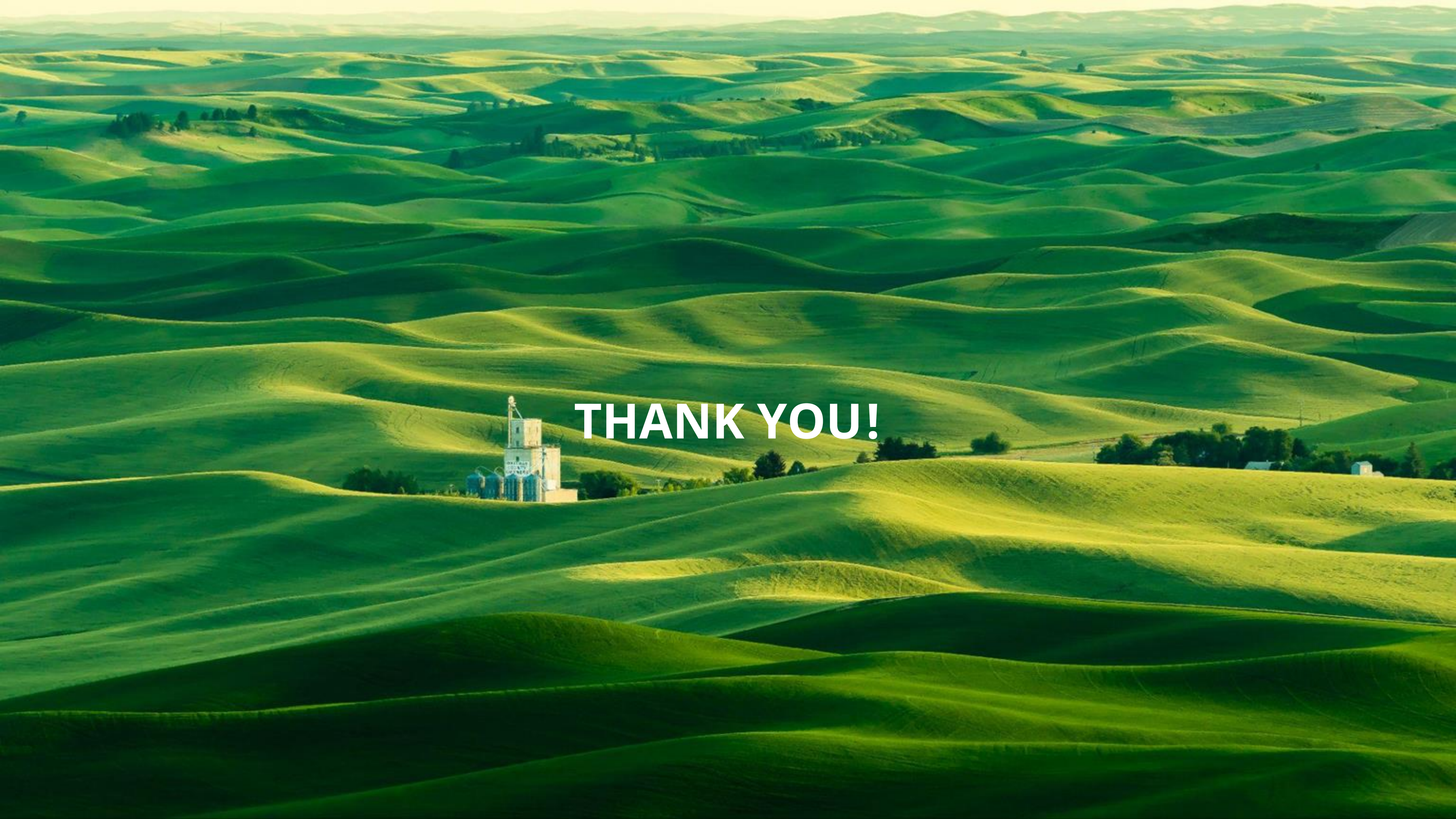
## 03 Transition ESG assessment, verification

Funded by the European Union




## 04 ESG, Sustainability reporting, benchmarking and self-assessment platform





# THANK YOU!