

Mongolia's Taxonomy Journey

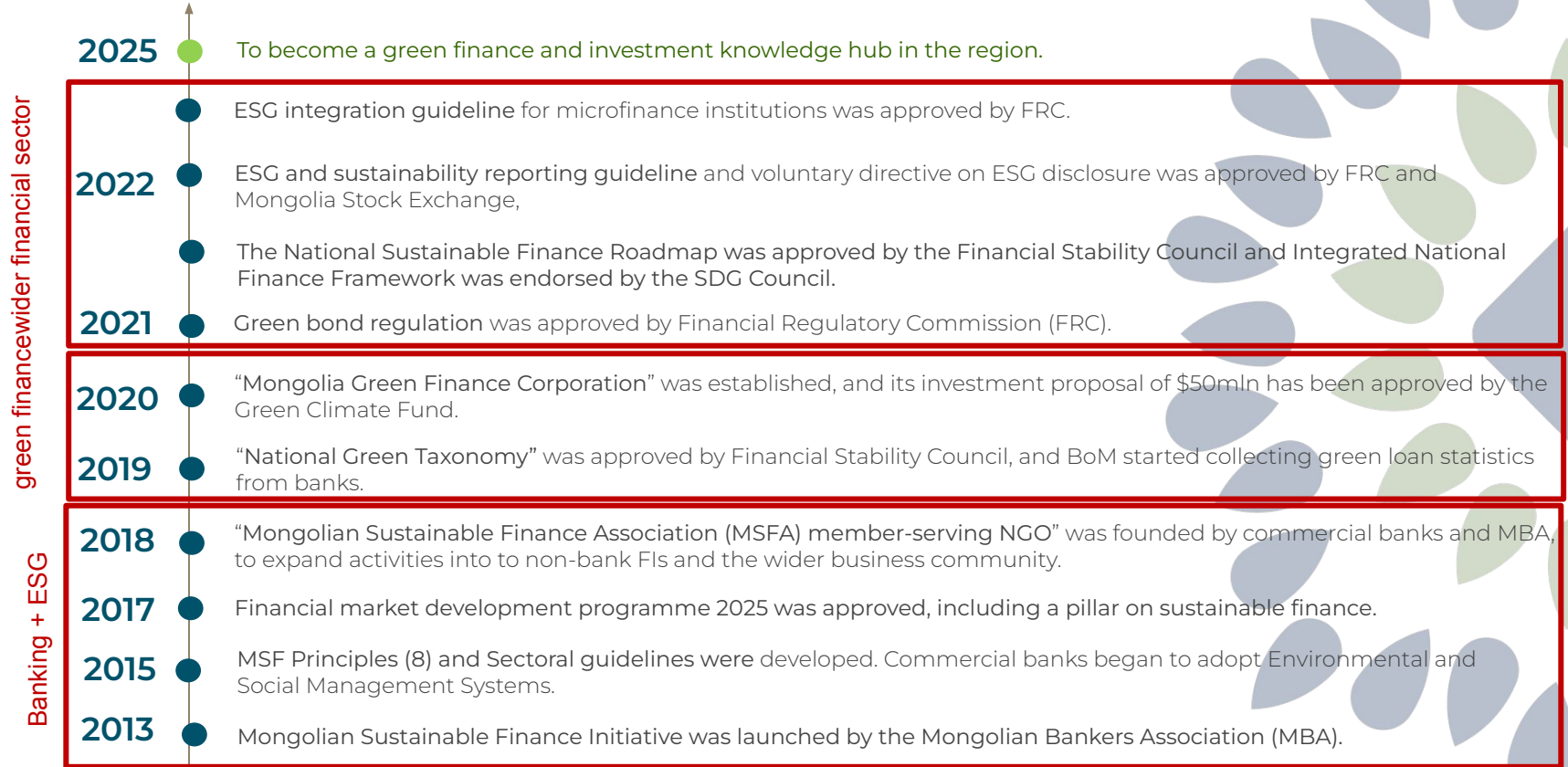
Presented by:

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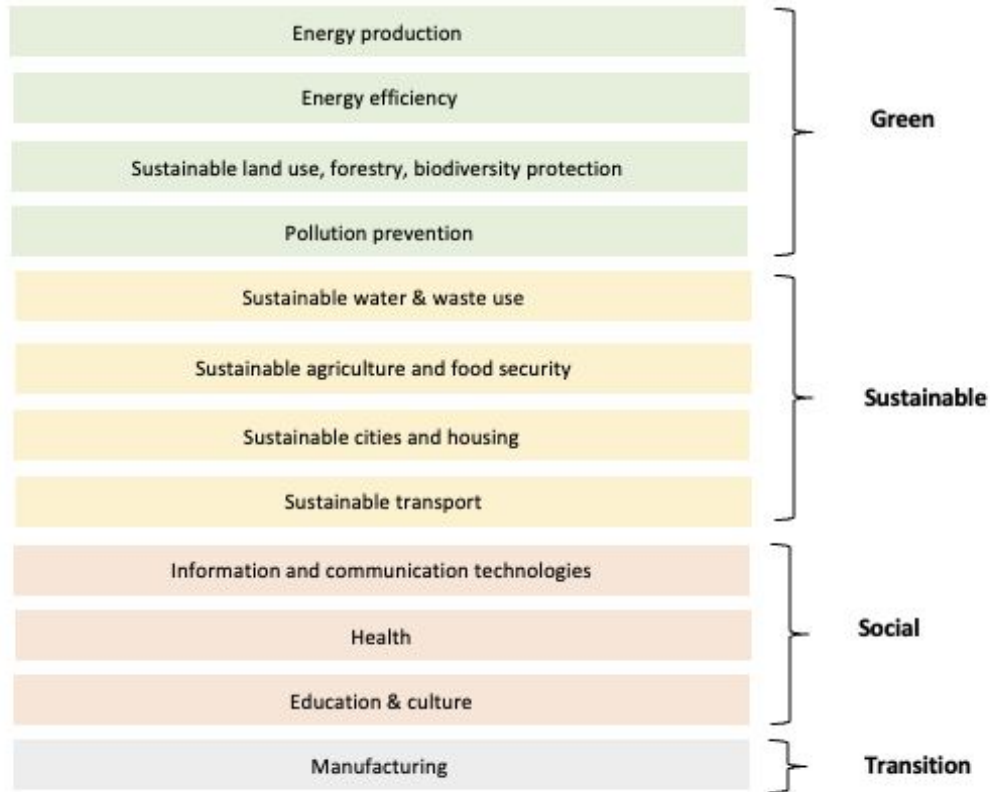
2022



Sustainable finance implementation



Categories of the draft Mongolia SDG Taxonomy



Categories of the draft Mongolia SDG Taxonomy

The taxonomy consists of **seven core components**.

1. Eligible activity			2. Suggested Label	3. Relevant SDGs	4. Industry Code	4. Core KPIs (mandatory)	5. Additional KPIs (optional)	6. Thresholds/Exclusion	7. Verification
Category	Sub-category Activities	Activities							
Example: 1. Energy production	1.1 Wind	1.1.1 Energy generation facilities	Green	SDG13 SDG7.2 SDG8.4 SDG9.2	D35.1.1	1. Annual amount of GHG emissions reduced (tCO ₂ e) 2. Total renewable energy capacity installed (MW) 3. Annual energy supplied generated (KWh) 4. Annual energy supplied to the grid, if applicable (KWh) 5. Number of permanent, temporary, and contracted green jobs created by gender (# of people)	1. Number of beneficiaries or reach, disaggregated by gender (# of people) 2. Annual household cost savings resulting from shifts in spending on fuel (MNT) 3. Annual household cost savings due to health benefits (MNT) 4. Annual domestic purchase amount (MNT)	n/a	IEC 61400 ISO/TC 180: ISO 16079 ISO/TC 301: Energy management and energy savings IEC61400-2 (for small wind turbines)
		1.1.2 Distributed generation facilities	Green	SDG13 SDG7.2 SDG8.4 SDG9.2	D35.1.3			n/a	

Applications

Figure 7: Overview of sustainable financial instrument types (Source: adapted by MSFA from SIA)

Retail banking

- Green/sustainable mortgage
- Green/sustainable consumer loans
- Green car lease
- Green/sustainable card

Investment/savings

- Green/sustainable equity
- Green/sustainable funds
- Green/sustainable bonds
- Green/sustainable savings



Corporate banking

- Green/sustainable project finance
- Green/sustainable corporate loans
- Green/sustainable SME loans
- Green/sustainable blended finance

Insurance/guarantee

- Green/sustainable guarantees
- Climate risk insurance/catastrophe insurance
- Electric car insurance
- Insurance for RE/EE projects

Taxonomy development

Principles



PRINCIPLE 1:
Contribute to
national policies and
targets

New Revival
Policy

Vision 2050

Nationally
Determined
Contributions



PRINCIPLE 2:
Easy to use

Easy to
understand and
practical to use in
order to support
sustainable
finance market
development



PRINCIPLE 3:
Empower vulnerable
groups

Children, youth,
people with
disabilities, elderly,
herders, internal
migrants



PRINCIPLE 4:
Align with
international
standards

- i) Broad conceptual definitions
- ii) Regulatory and legislative approaches
- iii) Market-led standards
- iv) Financial institutions' definitions



PRINCIPLE 5:
Comply with ESG
standards

Mongolian
Sustainable
Finance Principles
and Sector
Guidelines

Banks' own E&S
policies



PRINCIPLE 6:
Continuous review and
development &
stakeholder engagement

Review and
update the
taxonomy every 2
years in line with
market,
technology and
policy
developments and
involve large range
of partners

Interoperability



Source: Climate Bonds Initiative



Implementation of the Green Taxonomy

IMPLEMENTATION

Mongolian Green Taxonomy
Approved by the Financial Stability Commission of Mongolia

INTRODUCTION 3	RENEWABLE ENERGY 9	LOW POLLUTION ENERGY 11
ENERGY EFFICIENCY 12	GREEN BUILDINGS 13	POLLUTION PREVENTION & CONTROL 14
SUSTAINABLE WATER AND WASTE USE 15	SUSTAINABLE AGRICULTURE, LAND USE, FORESTRY & ECO TOURISM 16	CLEAN TRANSPORT 18

All commercial banks and MFIs in Mongolia started submitting their green loan reports to the Central Bank of Mongolia (BoM) and Financial Regulator Commission (FRC) on a quarterly basis since 2020 upon its approval.

Green bond issuance are now reconciled under the “Regulation on Company debt instrument registration” in June 2021.

The regulation on long-term swap agreement of the Bank of Mongolia (June 2021) states that “foreign currency-denominated funding sources with a purpose to finance activities listed in Green Taxonomy can be deducted at the rate of 0.5%”.

Financial institutions are now developing many types of green financial products in accordance with the National Green Taxonomy.

Green insurance products are defined and regulated under the “Requirements and compliance indicators for Insurers and Insurance market practitioners” by FRC.

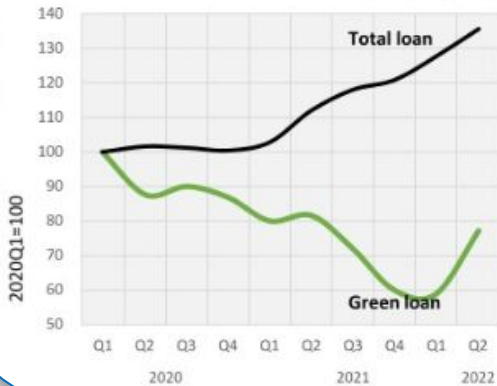
Implementation of the Green Taxonomy



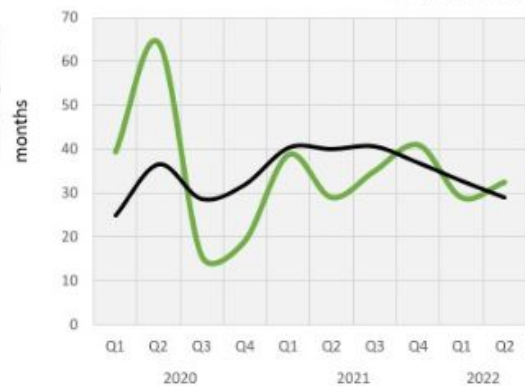
1. Renewable energy
2. Low pollution energy
3. Energy efficiency
4. Green buildings
5. Pollution prevention & control
6. Sustainable water and waste use
7. Sustainable agriculture, land use, forestry, & eco tourism
8. Clean transport



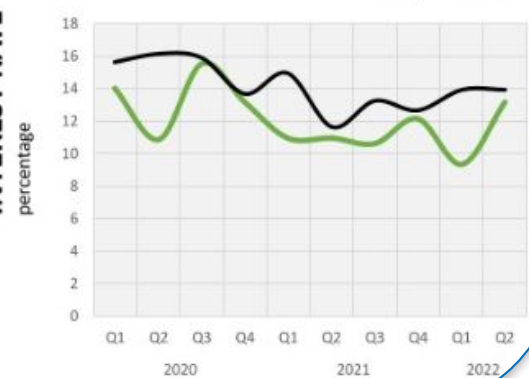
LOAN OUTSTANDING



MATURITY



INTEREST RATE

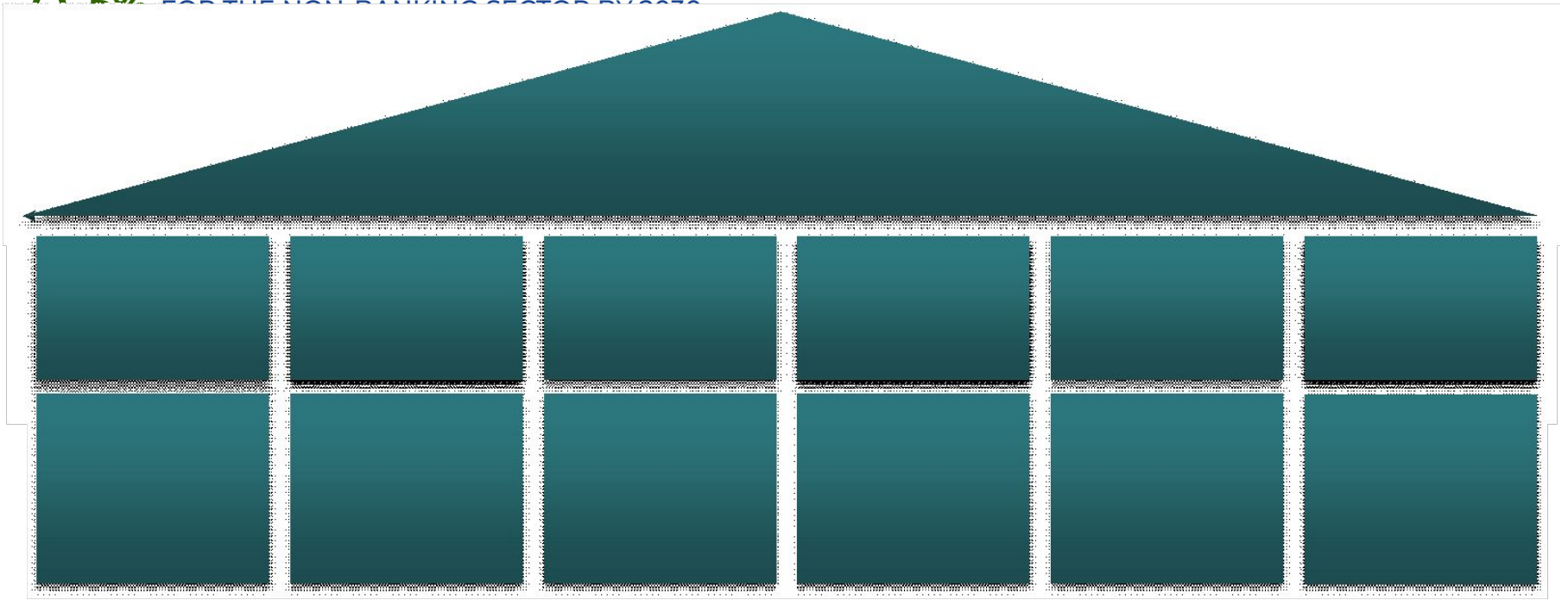


National Sustainable Finance Roadmap

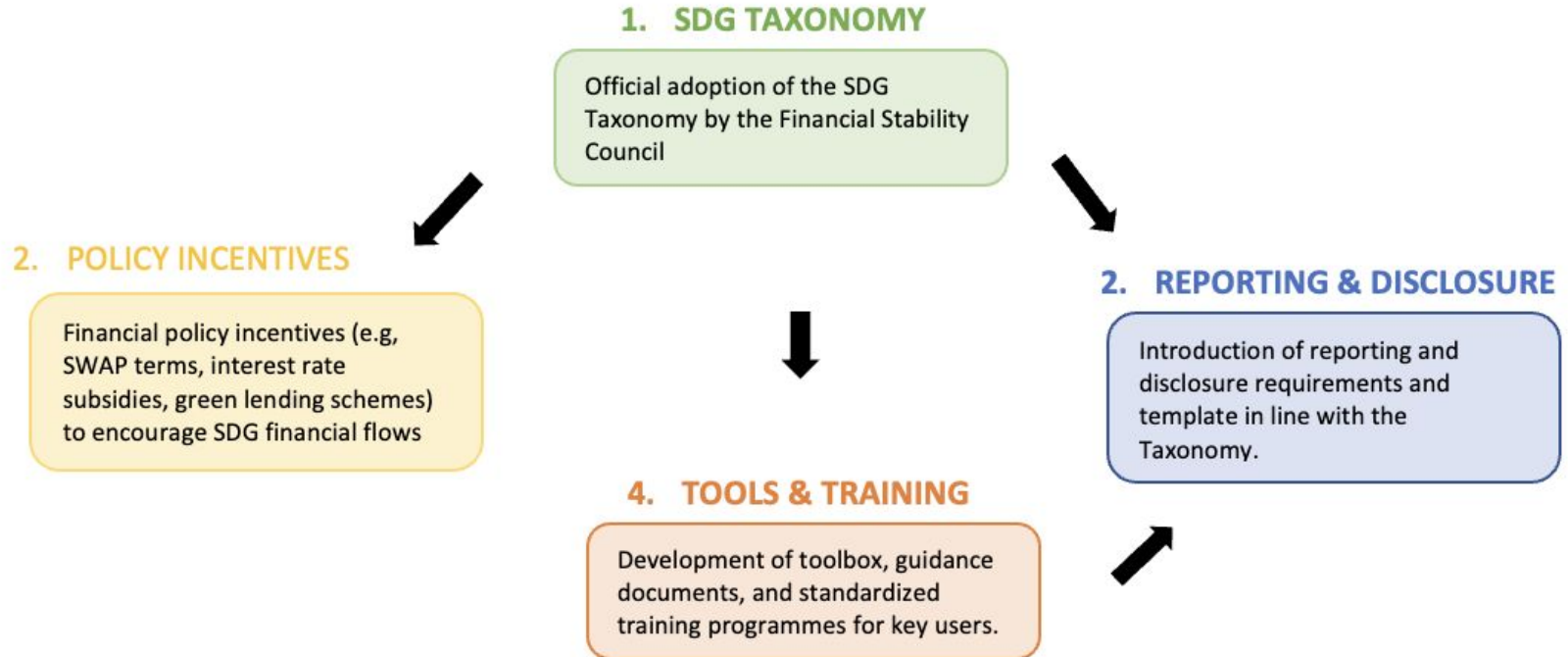
TO INCREASE THE SHARE OF GREEN/SUSTAINABLE LOANS UP TO

○ **10%** FOR THE BANKING SECTOR

○ **5%** FOR THE NON-BANKING SECTOR BY 2025



Implementation



An aerial photograph of a winding asphalt road through a dense green forest. A semi-transparent blue rectangular overlay covers the left side of the image, containing white text. The road curves from the top right towards the bottom left.

THANK YOU

Any questions?

To receive a copy of the taxonomy or ask any questions, please contact:

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