GGGI in Mongolia
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Mongolia: rapid growth in the last 25 years but now wrestling with economic imbalances

**ECONOMIC**
- 3x GDP per capital in 25 years
- Persistent economic imbalances
- Heavily dependent on mining exports

**ENVIRONMENTAL**
- Air pollution – 5 times worse than Beijing in Dec 2016
- Conversion to better appliances stymied by economic conditions

**SOCIAL**
- Unemployment 6.7% average 1990-2017; 2.8% in 2007
- School enrolments steadily increasing
GGGI in Mongolia
A comprehensive program integrating policy and finance in support of Govt. Green Development Phase

MONGOLIA PROGRAM

- Sustainable Energy
- Green Cities
- Multi-Sectoral

Green Growth Planning
Urban Development
Energy
Green Financing
Greening public infrastructure in Mongolia through public-private partnerships
An initiative developed with the Green Technology Center, Korea
Goal: Design a viable process to finance climate resilient public infrastructure in Mongolia

Scoping
- Stakeholder consultation
- Policy and institutional analysis
- Analysis of investment opportunities and selection

Design and structure
- Technical Guidelines for green education buildings
- Design viable PPP model

Project preparation
- Project selection and prescreening
- Business case for 10 sites
- Design of procurement documents

Implementation
- GoM tendering & contract signing
- GoM budget allocation
- Construction starts
A performance based system that reduces financial burden on the State but delivers better infrastructure.
Expected results

Minimized fiscal impact by using private capital
From demonstration project: 26% higher investment than similar sized building

Lower maintenance costs
From demonstration: Cost savings: 50% in heating, 95% in electricity, 16% in water supply

Timely provision of education buildings
Project financed and constructed through performance based PPP contractual arrangement led by UB city

Significant reduction in GHG emissions
From demonstration project: reduction of 91-120 tons per year by preventing 68-89 tons of burning coal
The Mongolian Green Credit Fund
A initiative with the Mongolia Bankers Association and the Government of Mongolia
$50M Mongolia Green Credit Fund
First dedicated financial vehicle for climate finance in the country

Current Gap
No green finance in Mongolia; credit is too expensive 18-25%.

Impact
• Enabling new green financing in support of National Green Development Policy. Will help local projects come to life.
• Capable of blending international climate finance and local capital

Partners
• Mongolian Bankers Association
• Ministry of Environment and Tourism
• Ministry of Finance
• GCF readiness funding of US$ 350K mobilized

Project Overview
• GGGI designing the Mongolian Green Credit Fund, a national financing vehicle to bring long-term finance to projects/companies
• Immediate priority is to address the air pollution problem
• MGCF to i) provide medium and long term credit, ii) lower credit cost to borrowers, and iii) support project pipeline development.
• Underpinned by Govt. of Mongolia Fx guarantee

Current Gap
No green finance in Mongolia; credit is too expensive 18-25%.
Collaborating with the GCF to build the most suitable instrument

Assessment
- Diagnostic analysis
- Green finance need assessment

Concept
- Concept note development
- Legal and regulatory assessment

Design
- Business plan and model development
- Pipeline development

Operation
- Funding proposal development
- Initial operations support

GCF Readiness support grant

GCF targeted investment