



XacBank LLC (www.xacbank.mn) is a Mongolian bank founded in 2001. With over 620 thousand individual clients, 13 thousand business clients and a portfolio of USD 632 million (ca. €492m), it is the fourth largest bank in Mongolia. It provides a range of financial services and loan products and it is present in all 21 Mongolian provinces.

MISSION

XacBank will become a dominant institution with leading services in the financial market that is equally concerned on planet, people, and profit.

VISION

We will become a bank preferred by clients from all customer segments for our comprehensive and value adding financial services and with the competitive business processes while maintaining our leadership in micro-finance.

The initiative presented by XacBank for the Award is their 'Eco Product Program'. This program distributes energy-efficient products to households in the ger (traditional Mongolian portable tent) districts of Ulanbataar. These peri-urban districts are extremely poor; lack basic plumbing and heating, and residents suffer from ill health due to heavy air pollution from the use of inefficient stoves and ger design. For example, the World Health Organization (WHO) has labeled Ulaanbaatar the second most polluted city in the world, primarily due to particulate matter from inefficient stoves. The objective of XacBank's initiative is to improve the local environment by reducing air pollution by promoting improved stoves and ger insulation. The initiative thus helps to reduce urban coal consumption, reduce greenhouse gas (carbon) emissions and reduce localized particulate matter pollution.

The initiative was initiated in 2009. Since its inception, XacBank has distributed more than 136 thousand improved stoves and close to 20 thousand improved gas insulation blankets, reaching almost 80% of the families in Ulaanbaatar's ger districts. Products are distributed through microloans for product purchase, subsidized through the sale of carbon offsets destined for the voluntary carbon markets. According to XacBank, the initiative has reduced an estimated 380,000 tons of carbon dioxide equivalent since its inception. XacBank estimates that the initiative will result in savings of over 2 million tons of carbon emissions by 2019. Each stove in the program produces at least 75% less particulate matter – the initiative has therefore also had significant positive impacts on the urban environment and health. In addition, the business advisory program of the initiative has helped to reduce carbon emissions by about 180,000 tons. The initiative also helps families to reduce their heating costs as they use about half as much coal as traditional stoves (the average Mongolian family spends as much as 45% of winter income on coal).

In addition to the proposed initiative, XacBank has had an ISO-approved environmental and social policy in place since 2002, and a social and environmental management system was implemented in 2008. XacBank carries out social and environmental assessments on both individual and business loans, and the organisation tracks – and seeks to reduce - its own environmental footprint. XacBank also has a dedicated eco-banking department providing business advisory services, e.g. on energy efficiency and renewable energy, and distributes and markets environmental products.

Use of the Award

If XacBank were to win the Award, they would like to pursue a pilot to address either desertification (land degradation) or clean water access in and around Ulaanbaatar.