



# Mongolia: Micro, Small, and Medium-Sized Enterprises Financing Project

Project Name	Micro, Small, and Medium-Sized Enterprises Financing Project				
Project Number	53090-001				
Borrower / Company	XACBANK LLC				
Country / Economy	Mongolia				
Location	Nation-wide				
Type or Modality of Assistance	3838	Loan	Ordinary capital resources	USD 30.00 million	Committed
	CF87	B-Loan	Other	USD 30.00 million	Approved
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Private sector development				
Sector / Subsector	Finance / Small and medium enterprise finance and leasing				
Gender	Gender equity theme				
Responsible ADB Department	Private Sector Operations Department				
Responsible ADB Division	Private Sector Financial Institutions Division				
Responsible ADB Officer	Arshad, Basit				
Project Sponsor(s)					
Description	A proposed loan of up to \$60,000,000 (or its equivalent in togrog), comprising (i) a senior unsecured A loan of up to \$30,000,000 (or its equivalent in togrog), and (ii) a senior unsecured B loan of up to \$30,000,000 for the Micro, Small, and Medium-Sized Enterprises Financing Project in Mongolia				
Objectives and Scope	The project entails the Asian Development Bank (ADB) providing long-term financing to XacBank to support its lending operations to micro, small, and medium-sized enterprises (MSMEs) in Mongolia. By improving access to finance, the project will support the expansion of MSMEs and diversification of the economy, which will in turn contribute to employment and poverty reduction.				
Status of Development Objectives	Evaluation of development objectives is ongoing.				
Status of Operation/Construction	XacBank continues to operate as a bank in Mongolia, providing financial services to MSMEs.				
Linkage to Country/Regional Strategy	The transaction supports two priorities of Strategy 2030: (i) addressing remaining poverty and reducing inequalities, and (ii) accelerating progress in gender equality. Strategy 2030 highlights ADB's supports for SMEs and inclusive businesses to help generate quality jobs and support inclusive growth. It emphasizes ADB's support to the finance sector by helping to develop financial infrastructure, institutions, and products and services. The project is consistent with ADB's country partnership strategy, 2017-2020 for Mongolia. Under the pillar of promoting economic and social stability, ADB will promote labor-intensive growth outside the mining sector through SME development by improving their access to finance and by establishing credit lines for key financial institutions. The proposed project will improve MSMEs' access to finance by providing much-needed long-term finance to a local bank. It will also help to tackle the persistent gender gap in the country and is thus aligned with ADB's Gender Equality and Women's Empowerment Operational Plan, 20132020. It is consistent with ADB sovereign operations supporting MSME development in Mongolia, including credit guarantees.				
<b>Safeguard Categories</b>					
Environment					FI-C
Involuntary Resettlement					FI-C
Indigenous Peoples					FI-C
<b>Summary of Environmental and Social Aspects</b>					
Environmental Aspects	XacBank's current and likely future MSME portfolio are likely to have minimal or no adverse environmental impacts. MSME clients involved in the mining sector are raw material or service suppliers rather than small mining companies. Climate change impact from the project is expected to be low due to the nature and scale of MSME sub-loans that may be financed by ADB loan proceeds. XacBank implemented a social and environmental management system (SEMS) which guides XacBank's environmentally sound and sustainable development principles and ensures that its MSME finance operations comply with national laws and regulations of Mongolia. Its SEMS is in line with ADB's Safeguard Policy Statement.				
Involuntary Resettlement	No land acquisition, physical, or economic displacement is foreseen in relation to any activities of the sub-borrowers.				
Indigenous Peoples	No impact on indigenous peoples' communities is foreseen in relation to any activities of the sub-borrowers.				
Stakeholder Communication, Participation, and Consultation	XacBank provides sub-loans to MSMEs, which are mostly in the service and trade sectors such as small tourist camp operators, bakery shops, and individual traders. Sub-loans to MSMEs in the manufacturing sector are usually for working capital or purchase of equipment. XacBank ensures its and its sub-borrowers compliance with national labor laws and, pursuant to ADB's Social Protection Strategy, takes measures to comply with internationally recognized core labor standards. As part of the loan application process, XacBank evaluates performance of its sub-borrowers on occupational safety, proper working conditions, provision of mandatory compensation and benefits, and protection of worker's rights.				
<b>Timetable for assistance design, processing and implementation</b>					
Concept Clearance	26 Mar 2019				
Credit Committee Meeting	19 Aug 2019				
Approval	09 Oct 2019				

---

Project Page	<a href="https://www.adb.org/projects/53090-001/main">https://www.adb.org/projects/53090-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=53090-001">http://www.adb.org/forms/request-information-form?subject=53090-001</a>
Date Generated	03 October 2023

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.