



EUROCHAMBER MONGOLIA
ЕВРОП МОНГОЛЫН ХАМТАРСАН ХУДАЛДАА АЖ ҮЙЛДВЭРИЙН ТАНХИМ

PUBLIC-PRIVATE DIALOGUE

GOVT. SERVICE DIGITALIZATION AND TRADE FINANCE

14 MARCH 2022
14:00 – 17:00

VENUE: MNCCI

AGENDA



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- 14:00 - 14:10 - Opening remarks by Tomas Bravenec, ED, Eurochamber
by Baigalmaa S., EBRD**
- 14:10 - 14:30 - Key speaker: G. Ulziisaikhan, Director, DFTEC, MoFA**
- 14:30 - 14:50 - Ts. Jadamba, Senior officer, Customs General Administration**
- 14:50 - 15:10 - Mr. Gantogoo, Head, Digital Development Policy
Implementation Coordination Dept., MDDC**
- 15:10 - 15:20 - Ms. Undral, Senior specialist, SMEA**
- 15:20 – 15:30 – MNCCI**
- 15:30 - 15:45 - Q&A**
- 15:45 - 16:00 - Coffee break**

PART TWO: EXPORT FINANCING - POLICY AND PRACTICE

- 16:00 – 16:15 B. Bayardavaa, Head, Monetary Policy Dept., Mongolbank**
- 16:00 - 16:15 M. Mandukhai, Head, Product Development Dept., DBM**
- 16:15 - 16:45 Khan Bank/Golomt Bank/TDB/XAC Bank**
- 16:45 - 17:00 Discussions and Q&A**



PARTICIPANTS



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- **Mongolbank**
- **DBM**
- **MDDC**
- **MED**
- **Customs General Administration**
- **SMEA**
- **MNCCI**
- **Commercial Banks (Khan Bank, Golomt Bank, XAC Bank)**
- **Exporting companies**
- **EuroChamber, EBRD**



1. PPD PURPOSE

1. Public-Private Dialogue:

- open platform for information sharing and opinion building among different stakeholders;
- formulating road-map forward

2. Discussion and presentation format:

- What is the status quo?
- Which state/situation do we want to achieve? (maximum digitalization/automation ==> efficiency on national and company level)
- What has been already achieved
- Where/what are main “hickups” / problems, limitations
- What needs to be done next?
 1. By whom
 2. Timelines
 3. Needed resources
 4. Partners / stakeholders who can help (EU, European countries, EBRD / other IFIs, EuroChamber, ... others?)



1. EXECUTIVE SUMMARY



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Policy and Advocacy focused International Chamber

Founded in Sept 2019; over 150 members and growing as of Feb2022

**Cooperation agreement active with DMUV, FMCCI and BBG (5/2020)
representing**

unified voice of European businesses in Mongolia.

Main strategic areas of work:

- Focus on Business and Investment climate – policy and advocacy
- **Trade facilitation and barriers / Support to Mongolian companies to access European markets**
- Contribution to Sustainable and environmentally friendly development of Mongolia
- **Access to Finance, especially for SME companies**
- Competitiveness through Human Capital development, including vocational training, know-how and best practice transfer. (2022)

Member of EBO network since 1Q2021 (36 countries)

<https://eboworldwide.eu/>



2.1. EXPORT CAPACITY BUILDING

PROJECT INTRODUCTION



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Awarded by EBRD



under EU-funded AIF facility - SME support program

European Bank
for Reconstruction and Development



1. Contract signed with EBRD May, 2021
 2. Timeline: May 2021 – April 2022
 3. The overall objective of the project is to support selected Mongolian SMEs:
(TRAM cluster Co's) to assess and improve their:
 - export readiness and capacity and
 - enable access to export financing.
- EuroChamber promotes export capacity of SMEs through consultation and coaching, and support selected companies in developing bankable proposals.
 - Further part of the project entails policy dialogue with:
 - government agencies and
 - banks
- towards decreasing barriers for export and enhancing access to export financing.

* e.g. creation of Export Credit Guarantee Agency



2. DIGITALIZATION



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Why important?

- MNG dependance on foreign trade
- response to globalization
- efficiency and productivity increase
- decrease of (petty) corruption

EXPORT IMPORT PROCEDURE



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IMPORTS:

Take 2 to 4 weeks to deliver goods to Erlian →

- (pre-Covid) took 3 days to deliver to Ulaanbaatar
- (post-Covid) takes 30 days from Erlian to Ulaanbaatar

Once goods arrive in UB, importers compile documents **PHYSICALLY**, submit to the customs to release goods (can be done within 1 day if documents are in order) - **digitalization possible?**

EXPORTS:

Certificate of Origin obtained from MNCCI (application submitted **online**)

→ Originals need to be submitted to MNCCI afterwards

→ Make payment --> C/O is obtained (physically) (done within 3-4 hours)

All Exp. Documents need to be submitted to customs administration (**physically**) - **digitalization possible?**



ROUNDTABLE DISCUSSION



1. Status in 2022

- What are key issues, key achievements,
- What should be done by different stakeholders -
- Government agencies, institutions, priv. companies, IT-solution companies, transport & logistics co's

2. recommendations for action 2022

- **customs declaration needs to be fully digitalized**
- Digital signature – full implementation needed
- Priv. sector / exporters? --> increase usage of GSP+ system



PART TWO



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EXPORT FINANCING SUPPORT – POLICY AND PRACTICE

- **Government export support policy update**
- **BOM – regulatory update**
- **DBM – mandate extension --> “EXIM bank role”**
- **Commercial banks’ position**
- **Exporters’ needs & views**



2.2 ECB PROJECT PRELIMINARY FINDINGS/CONCLUSION:



1. Government of Mongolia is eager to boost export diversification and thus made strategic decision to transform / extend mandate of DBM to include EXIM bank function in Aug 2021 (a.o. based on EUCH policy advice and interaction in 2020 and 1H2021 – ECB project)
2. DBM/MinFin lack capacity and expertise, thus know-how transfer / best practice from CEE ECAs very welcome and needed
 - Czech EGAP has preliminarily agreed and ready to assist
3. Exporters: strongly supportive / demanding ECA solution
(Common theme of exporters: collateral, interest rates, general availability of credit for smaller companies (w/o hard collateral))



2.3 ECA - RECOMMENDATIONS



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1. Institutional framework

1. Type of institution / ECA – guarantee agency with explicit Government support/backing
2. **Berne union** – important to join / fulfil criteria
3. Follow OECD consensus - applicable for export credit over 2 years

2. Product / financing / guarantee need

- Risk sharing / ECA guarantees needed – preferred by Mongolian commercial banks (high liquidity of comm banks, thus direct financing by new ECA/Exim bank not necessary)
- Most needed product: pre-export financing / insurance
- Post shipment financing = low volume, short tenors (up to 60 days avg)
- Focus on suppliers' credit insurance/guarantees, not buyers' credit (long term)

3. Know-how transfer/support:

- Experience from CEE-countries most relevant (post-soc. transformation in 1990's)
- Several institutions/ ECAs ready to support
- Funding sources needed for next step / advisory (e.g. EU, dev. Banks, nat. gvts.)
- Product development and implementation support needed



ROUNDTABLE DISCUSSION



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- **Government export development policy update**
- **BOM – regulatory update**
- **DBM – mandate extension --> “EXIM bank role”**
- **Commercial banks**
- **Exporters’ needs**



CONCLUSIONS

1. Digitalization of Gvt services: good progress, (esp. Customs office)

1. But, coordination of all Ministries/ gvt agencies – not visible, (why important?
→ exporters need/want to see (80-100% of admin/docs) digitalized, in order to increase efficiency;
2. Responsible on Gvt. Side? Min of Digitalization
3. Exp. companies to use www.Gaali.mn

2. Export Financing

1. DBM/ ECA guarantee scheme: yes, extension of ECIM-bank mandate valid, but implementation postponed to 2H2022 due to current issues – to be discussed further.
2. Khan Bank: value chain fin available /
if ECA guarantee available: export fin. growth 50% target/opportunity
3. BOM policy: fcy financing for import? Restrictive high 150% risk weighting / or law?
EUCH to propose changes/improvements (Banking and Finance Working Group)

3. Exporters: topics/issues/recommendations

- availability/accessibility of export finance (collateral)
- High FCY payment fees (desire to use alternatives / transference --> risks?)
- High interest in ECA guarantees/support





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THANK YOU FOR YOUR ACTIVE PARTICIPATION!

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