

The Project will support the capacity building activities among stakeholders and the Export Insurance Department of the Mongolian National Reinsurance JSC (Mongolian Re), the implementing agency in charge of developing and introducing a new line of export credit insurance product to the market.

- ▶ As an implementing entity of the project, Mongolian Re will develop a working capital cover (pre-shipment product) and supplier credit insurance (post-shipment product) products. During the project implementation period, the export credit insurance product will be introduced and offered to the exporters.
- ▶ The component will also allow capacity building activities for insurance companies, commercial banks, insurance brokers and exporting entities.

A NEW LINE OF EXPORT CREDIT INSURANCE PRODUCTS

The benefits of export credit insurance:

- ▶ To improve business profitability
 - Protect against unreliable payment risk;
 - Prevent from insolvency risk;
- ▶ To use as a financing tool
 - Use as collateral for a working capital loan from the bank and other financial institutions;
- ▶ To help to enter new markets
 - Allow selling confidently abroad;
 - Expand the business by adding sales channels;
- ▶ Export credit insurance allows businesses to focus on their success, rather on risk

1. WORKING CAPITAL COVER

Working capital cover insures a bank against the risk of not being paid by the exporter by providing security for the loan. Exporters can use the working capital cover as collateral for the bank loan.

POSSIBLE RISKS COVERED

- ▶ Protect the exporter from unreliable payment risk
- ▶ Protect the exporter from insolvency

2. SHORT-TERM SUPPLIER CREDIT COVER

Short-term supplier credit cover insures an exporter against the risks before or after shipment, covering the export agreement period until the dispatch of the

goods covers associated with delivery. This product also allows financing institutions to protect accounts receivable from the exporter's risk of not being paid.

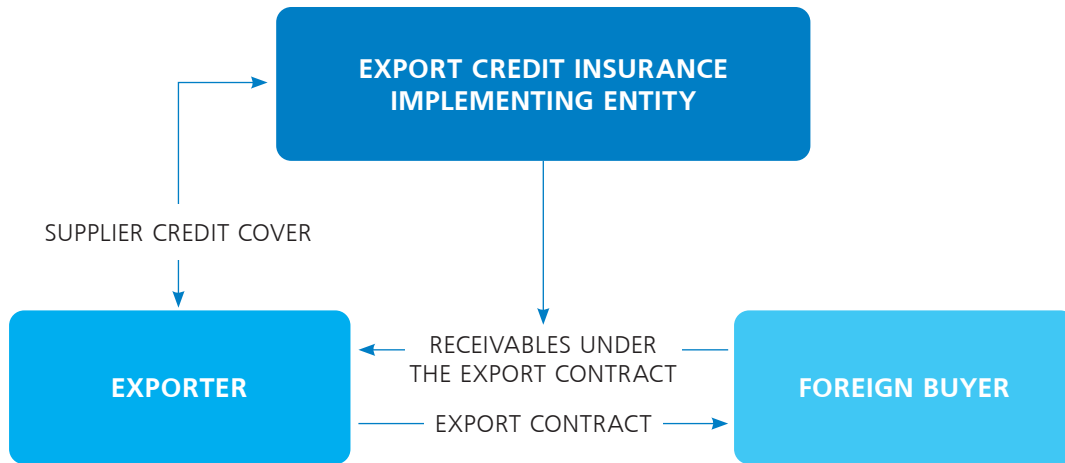
POSSIBLE RISKS COVERED

COMMERCIAL:

- ▶ Protracted default;
- ▶ Foreign buyer becomes insolvent;
- ▶ Delays in payments.

POLITICAL:

- ▶ Adverse measures are taken by foreign governments;
- ▶ Local currency amounts are not converted or transferred;
- ▶ Nationalization of the acquiring company and confiscation of assets;
- ▶ Revocation, non-renewal, or cancellation of export and import licenses,
- ▶ Delays in payments due to war, civil war, riots.



A state-owned Mongolian National Reinsurance Joint Stock Company was established in 2014 with the aim of ensuring sustainable economic development, creating a fully functional entity that provides competitive reinsurance services and risk management solutions in compliance with the international standards to clients as well as reducing foreign currency outflow.

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The four sub-components under component 2 will support non-mining sector entities' export competitiveness, enhancing Mongolia's exporting policy environment, capacity development, and broadening the opportunity and access to foreign markets. The sub-components are as follows:

SUB-COMPONENT 2.1: TRADE AND EXPORT POLICY AND CAPACITY ENHANCEMENT

▶ As identified during the Export Barrier Analysis, lack of policy support and unclear policy environment is the second most cited challenge faced by exporters, after access to finance. Under this sub-component the Project will be supporting GOM in developing and implementing trade policies that are conducive to exports and strengthening policy environment for export development. This includes some

researches on export products for FTAs and creating the necessary legal environment for e-commerce, building domestic capacity for government officials for negotiating FTAs, providing support for private and public entities.

- ▶ Furthermore, the Project will show support in researching target market and product for export, identify strategy, conduct basic and detailed research, as well as organizing meetings and seminars in an effort to strengthen policy framework and legal environment of exporting related activities in Mongolia.
- ▶ General and customized trainings will be provided on a regular basis for enterprises and other stakeholders to enhance their knowledge on export competitiveness and supporting market access.

CLASSROOM TRAINING



1. GENERIC TRAINING

- ▶ For SMEs that are planning to become an exporter to provide general fundamental training on foreign trade, general exporting aspects;
- ▶ To guide SMEs in choosing their target market, product development, enhancement, and common risks related to export.



2. CUSTOMIZED TRAINING

- ▶ Training tailored to their specific needs of SMEs that have already started to export their products and services, and export-ready SMEs. A group of businesses in the same sector or an association of companies will be able to apply for a customized training tailored to their specific needs. As part of this sub-component, research and/or surveys on specific markets and industry analysis will be also conducted.

SEMINARS AND DISCUSSIONS FOR SHARING EXPERIENCE AND KNOW-HOW



- ▶ To organize workshops/seminars/discussions for knowledge and experience sharing sessions on foreign trade related topics
- ▶ To invite experienced domestic exporters and experts in international foreign trade to participate
- ▶ Discuss and make recommendations on common export issues

ONLINE TRAINING



- ▶ To convert classroom trainings into online training content for the website, and to activate the section on foreign trade training module on the website.
- ▶ To upload other training materials with an easy access to the public (presentations, videos, pictures, pdf, etc.,) on website, social media, and YouTube channel.

OTHER TRAINING



- ▶ To organize trainings for entrepreneurs pursuing export, to announce and organize competitions that promote product innovation ideas among college students, and to organize trainings for students as well as teachers.
- ▶ To organize export mentorship, staff exchange program.

SUB-COMPONENT 2.2: INTERNATIONAL MARKET COMPETITIVENESS ENHANCEMENT

- ▶ Large scale research will be conducted to identify leading export products and target market;
- ▶ Based on the detailed research, an integrated marketing strategy and plan for the target foreign market will be developed and implemented comprehensively. Moreover, the project will participate in the development, promotion and export of domestic brands to help with international recognition.
- ▶ The project will cooperate and co-organize international and domestic trade fairs and expo, while supporting the participation of SMEs. All the SMEs will be required to attend a brief preparation course by the Project to maximize the benefits from their participation in such events.

INTERNATIONAL TRADE FAIRS AND EXPO

Domestic	International	E-Expo
<ul style="list-style-type: none"> • Project will cooperate with MNCCI and sector associations. • The list of international guests to be invited will be developed in cooperation with the foreign embassies and the trade representatives in Mongolia. • The Project will share the administration fee, including international guests' expenses to stay in Mongolia. 	<ul style="list-style-type: none"> • Project will cooperate with MNCCI and sector associations. • A list of popular international expos will be made and introduced to SMEs. • To create a Mongolian brand that will be recognized internationally. • The Project will share the booth fee expense of SMEs. 	<ul style="list-style-type: none"> • Project will cooperate with MNCCI and sector associations. • Development of E-expo platforms, placement of products of SMEs on local or international E-expo platforms will be developed or supported.

To participate in such events, SMEs that export or planning to become an exporter should send their application of interest to the Project.

SUB-COMPONENT 2.3: PRODUCTIVE PARTNERSHIP SCHEME (PPS)

The PPS will provide technical/marketing assistance to Enterprises and Clusters to improve their competitiveness and expand their export activities. The Program will also assist by financing their business plans with non-repayable contributions. The PPS features:

- ▶ To increase project accessibility by supporting Clusters;
- ▶ The Beneficiaries will be obligated to share their knowledge and experience through trainings, seminars, meetings and events organized by the Project, case studies, and in some cases, deliver training to contribute to the development of the sector or market that they belong, or other forms contribution that are deemed acceptable.

PRODUCTIVE PARTNERSHIP SCHEME

- ▶ The PPS purpose is to select Enterprises and Clusters complying with the minimal eligibility criteria on a first-come, first-served basis to provide financial assistance to spend on expansion of export activities. For Enterprises up to US\$50,000 and Clusters up to US\$100,000 will be contributed from the Project for the 50% of the total cost.
- ▶ Enterprises and Clusters who wish to participate in the program should submit complete application forms and required documents to the PIU, and will be considered eligible for if the minimal eligibility criteria are met.

SUB-COMPONENT 2.4: COVID-19 RESPONSE GRANT TO SUPPORT SMES

- ▶ On April 9, 2020 the Government of Mongolia approved the Government Resolution No.21 "Measures on protecting health and income of the citizens, protecting jobs and stimulating economy during COVID-19 pandemic".
- ▶ The Project will provide \$1.5 million in financial support from the Unemployment Fund to enterprises, as set out in Section 2.2 of the Resolution. With this support, businesses will be able to better cope with pandemic crises and maintain their jobs.

STAGE 1. DOCUMENTATION AND PROPOSAL STAGE

Eligible applicants shall fill out Environmental and Social Questionnaire (ESQ) and attach some necessary documents. Applicants with eligible ESQ shall send in their proposal, Export Development Plan and other required documents.

Enterprise criteria:	Cluster Criteria:
<ul style="list-style-type: none"> • Legally registered in Mongolia and has been operational in Mongolia for over 24 months in non-mining sector; • Annual revenue up to EUR 50 million, with 10-250 employees; • Have no existing tax and social insurance debt, which is more than 12 months due from the date of the application; • Have no history of "Bad Loan" in the Bank of Mongolia's Credit Information Database; • Majority (more than 40%) of the product or service's value-added is made in Mongolia; • None of the shareholders of the Entity is an influential political and government officials or their family member; • Beneficiaries shall contribute volunteer activities to the PPS, at least once within a year after receiving PPG. Volunteer contribution includes: training, knowledge sharing for exporters, contributing to export training content, coaching, and mentoring enterprises; • Must have an Export Development Business Plan (EDBP); • The project should commence within 3 months after signing the Productive Partnership Agreement. 	<ul style="list-style-type: none"> • Cluster must consist of at least three entities and has cooperation agreement on mutual benefits, cost and knowledge sharing, and cooperation; • Cluster must contain a lead firm, an industry relevant public academic and research institution, partnering Enterprises, agricultural and similar cooperative from the value chain; • An eligible PPBP (product and quality development plan, value-chain problem-solving plan, EDBP, which demonstrates their experience and capacity to manage activities corresponding in their scale and complexity with the contribution requested), including a set of activities that increase the Cluster's capacity with respect to developing; • Clusters' member entities need to have Cluster Agreement and each members' obligations and benefits must be clearly determined on the agreement; • Lead Entity (Enterprises) of the Cluster must qualify for the Enterprise Criteria; • Shareholders and executive team members should not be a shareholder of the partnering Cluster Entities. • Clusters in a position to commence the project within six months after signing the Productive Partnership Agreement.

STAGE 2. EVALUATION AND CONTRACTING STAGE

- Business Development Specialists will introduce the eligible applications to the Evaluation Committee;
- During the Evaluation Committee meeting, a representative of the applicant company shall be present to introduce the project, reason for requesting grant and their purpose;
- Evaluation Committee will decide to either accept or reject the proposal based on the BDS evaluation, recommendation and the presentation;
- Applicant will be contracted based on the Evaluation Committee's decision.

STAGE 3. IMPLEMENTATION, REPORTING AND MONITORING STAGE

- According to the terms of the Contract, Enterprises and Clusters shall implement their Export Development business plan.
- After the Beneficiary has fulfilled their contractual obligations, they must send in their final report, product receipt form, other relevant documents and financial records proving payment to the EDP.
- The grant is wired on approval of product receipt form, financial records and other relevant documents.
- According to the contract, the Beneficiary must send in their interim report and annual monitoring report.
- PIU will monitor contract implementation and results.

NON EXHAUSTIVE ELIGIBLE ACTIVITIES FOR PPG SUPPORT

Allowable Categories	Eligible Activities
Production management	<p>Analysis and assessments:</p> <ul style="list-style-type: none"> Analyzing production efficiency, gap and problems; Discussion and interview; <p>Production planning;</p> <ul style="list-style-type: none"> Improvements of flows for production, inputs and outputs; Meeting safety requirements; <p>Input and output planning;</p> <ul style="list-style-type: none"> Formulating and/or improving quality control system Documentation; Implementation; <p>Improvement of process design and efficiency;</p> <p>Creation and/or improvement of supply chain:</p> <ul style="list-style-type: none"> Defining supply chain strategy and requirements; Seeking for new and/or potential suppliers.
Quality testing and certification	<p>Consultancy service:</p> <ul style="list-style-type: none"> GAP assessment; Documentation; Training; Implementation; Internal auditing; <p>Auditing;</p> <p>Laboratory testing:</p> <ul style="list-style-type: none"> Product and prototype testing; Transportation; <p>Development and improvement of products.</p>
Product development and adaptation	<p>Export market research, consultancy and training;</p> <p>Domestic market research, consultancy and training;</p> <p>Legal environment research, consultancy and training;</p> <p>Development of market strategy and/or policy;</p> <p>Product research, development and testing:</p> <ul style="list-style-type: none"> Design development; Development and/or improvement of products; Testing; <p>Marketing campaign:</p> <ul style="list-style-type: none"> Positioning; Branding; Packaging/Labeling design; Advertising and promotion activities; Distribution; Development of websites and other sales literature and etc., Public relations and press campaigns; Direct mail campaigns; Artwork, photography; <p>Identify/appoint sales representatives;</p> <p>Development of new agencies;</p> <p>Development of samples of contracts.</p>
Export fairs, international marketing tours	<ul style="list-style-type: none"> Registration; Stand design and construction; Development and publication of catalogues, brochures and other information; Catalogue entry; Production of prototypes; Packaging and labeling; Transportation; International training on export marketing.
E-commerce	<ul style="list-style-type: none"> E-commerce platform; E-commerce website; Marketing campaign; Local and international training.

One of the major obstacles to expand the export market is related to the national conformity assessment system capacity and quality management system. Therefore, the Export Development Project component 3 is dedicated to promote the capacity of certification services bodies and laboratories and implement international quality management systems for the domestic manufacturers.

Within the framework of the Project, eligible companies planning to become manufacturers and exporters of the prioritized export products adopted international standards and quality standard of importing countries will be supported, as well as the activities for expanding the export market by improving the capacity and scope of domestic conformity assessment and certification bodies are going to be introduced. The followings will be carried out:

- ▶ Support SMEs that already export or are planning to export their products in improving their quality management system;
- ▶ Support in meeting international quality standards through trainings, guidance and other support activities;
- ▶ Enhance the capacity of conformity assessment bodies, and certification bodies;
- ▶ Collaborate with the national accreditation body towards improving their capacity and scope;
- ▶ Carry out the introduction and implementation of essential international standards as well as, revamping national standards to international standard levels;

The introduction and implementation of the standards for the quality management system in business entities and SMEs allow continuous improvement of the quality of products and services, products that meet the requirements persistently, constantly increasing the efficiency and value of the establishments. The project will collaborate with SMEs for the implementation of the following international standards:



International
Organization for
Standardization

The International Organization for Standardization (ISO) is the world's largest standards developer and provider with more than 160 member countries. ISO develops standards that are essential to global development, based on the needs of stakeholders (UN and its subsidiaries, WHO, WTO, IEC, etc.) The organization was founded in 1947 in Switzerland.



The Leather Working Group (LWG) is a non-profit membership organization for stakeholders across the leather supply chain. Since 2005, the Group has developed audit protocols, designed to certify leather manufacturers according to their environmental compliance and performance capabilities.



HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement, and handling, to manufacturing, distribution, and consumption of the finished product. Food safety systems based on the HACCP principles have been successfully applied in food processing plants, retail food stores, and food services operations. The seven principles of HACCP have been universally accepted by government agencies, trade associations, and the food industry around the world.



The Foundation Food Safety System Certification 22000 (FSSC 22000) is a certification body that uses ISO 22000, ISO 9001, ISO/TS 22003, and technical specifications for sector-specific Pre-Requisite Programs, such as ISO/TS 22002-1 offer a complete certification Scheme for the auditing and certification of Food Safety Management Systems and Quality Management Systems.



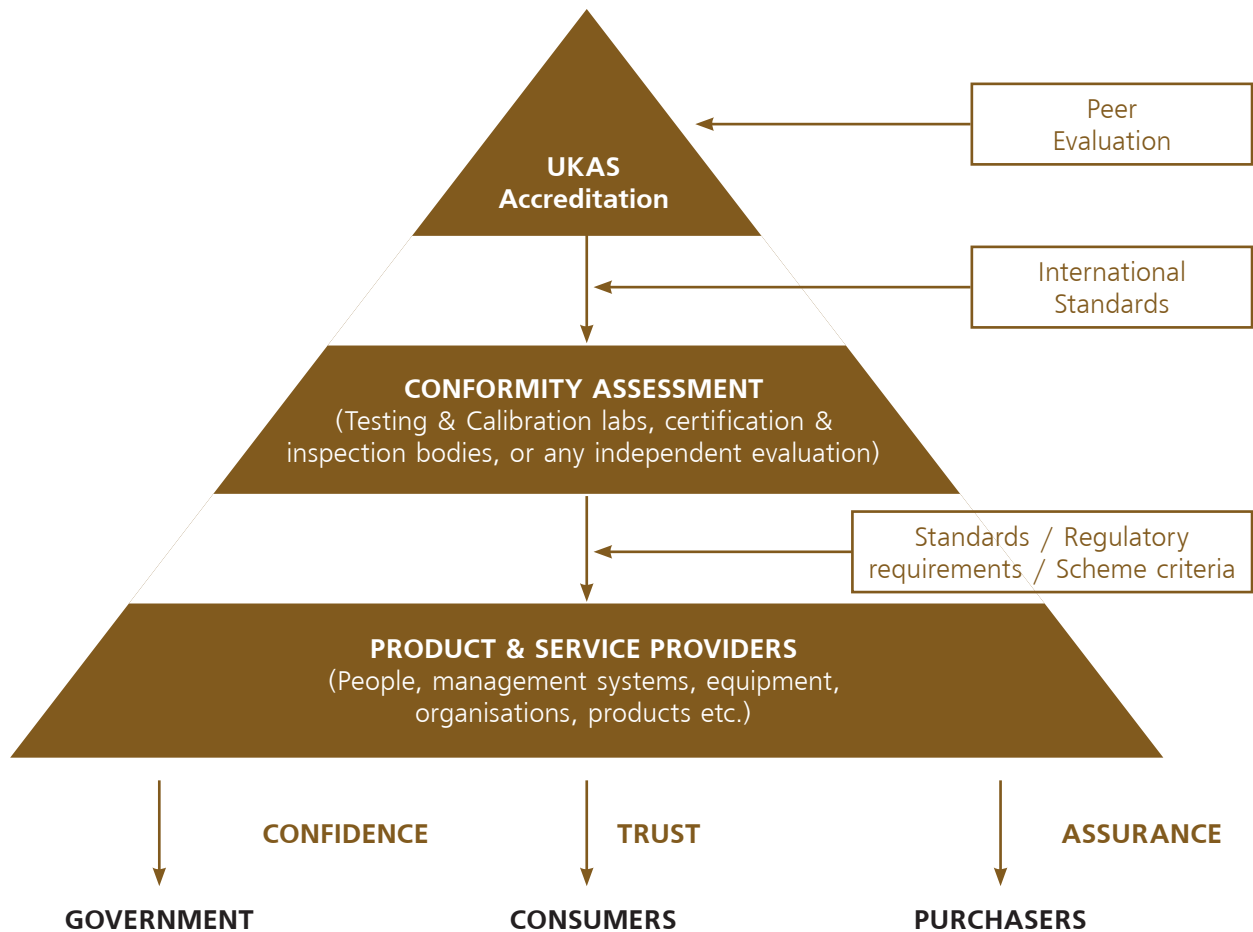
Halal Certification is a document that guarantees that certain products and services are prepared by Islamic principles. Halal certification is a means by which a respected, competent, and impartial body audits the production in question, confirms that production is carried out by halal standards, and accordingly gives an approved certification. Along with the condition of being halal in food, health compliance and purity must also be the conditions.



The Sustainable Fibre Alliance is an international non-profit membership organization registered in the United Kingdom with its stakeholders committed to the sustainable development of the cashmere trade and supply chain. The independent third-party certification body providing traceability of the quality of the cashmere supply chain from herders to the finished products.



The Law on Organic Food was adopted in 2016. The aim is to introduce Mongolian organic brand producers to domestic and foreign markets, improve their reputation, implement manufacturing good practices and develop national organic brands /organic.gov.mn/.



Within the framework of the Export Development Project component 3, the following support will be provided.

- ▶ Mongolian Agency for Standard and Metrology, Mongolian Accreditation System, Testing Laboratory, and Certification Bodies will provide technical support to improve and expand their capacity.
- ▶ Provide recommendation and technical support for joining Asia Pacific Accreditation Cooperation (APAC) and its Mutual Recognition Arrangement (MRA), also the International Accreditation Forum (IAF) and its Multilateral Recognition Arrangement (MLA), and cooperating with the implementation procedure of the corrective action suggested by the peer evaluation body.

- ▶ Improve and expand the capacity of the conformity assessment bodies providing certification to the export priorities such as meat, meat products, milk, dairy products, wool, cashmere, and leather products. In order to expand the scope of activities, the project will collaborate with secondary and tertiary laboratories and certification bodies.
- ▶ Upgrade technical capacity of accredited laboratories of textile-wool and cashmere by MNS ISO IEC 17025-2018 standard and introduce methodologies of international professional institutions, compile management documents, and program results analysis.

