

# QUARTERLY PERFORMANCE REPORT (April-June 2015)

## USAID Supports Launch of Customs e-Payment and VAT e-Invoice: Winning e-Solutions for Businesses and Government



With support from the U.S. Agency for International Development's Business Plus Initiative project, Mongolia's Ministry of Finance, General Department of Taxation and Customs General Authority celebrated the formal launch of the VAT e-Invoice and Customs e-Payment systems on July 1, 2015. The e-solutions provide streamlined processes for businesses to meet their tax and customs obligations. In the photo above, Customs Director General, Tsengel Bold demonstrates Customs e-Pay to United States Ambassador Piper Anne Wind Campbell.

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## ABBREVIATIONS AND ACRONYMS

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AmCham	The American Chamber in Mongolia
BAR	Mongolian BAR Association
BPI	Business Plus Initiative
CGA	Customs General Administration
EJC	Economic Journalists Club
ELC	Economic and Legal Consultancy
FOG	Fixed Obligation Grant
GASI	General Authority for Special Inspection
GASR	General Authority of State Registration
GDT	General Department of Taxation
GIZ	German Agency for International Cooperation
GOM	Government of Mongolia
HACCP	Hazard Analysis and Critical Control Point
IFC	International Finance Corporation
IMRI	Integrated Mineral Resource Initiative
IT	Information Technology
ITPTA	Information Technology, Post and Telecommunication Authority
KRA	Key Result Area
MCUD	Ministry of Construction and Urban Development
MINAC	Mongolian International and National Arbitration Center
MMCI	Mongolian Management Consultant's Institute
MNCCI	Mongolian National Chamber of Commerce and Industry
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOU	Memorandum of Understanding
NCPSS	National Council For Private Sector Support
OCRS	Online Company Registration System
OSS	One-Stop Shop
PCA	Post Clearance Audit
PIR	Project Intermediate Result
PMP	Project Monitoring Plan
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
QSDC	Quality Supplier Development Center
SGS	Société Générale de Surveillance
SDP	Supplier Development Plan
SME	Small and Medium Enterprises
TAB	Trading Across Borders
TDB	Trade Development Bank
TOT	Training-of-Trainers
TAF	Technical Assistance Fund
TPI	The Press Institute of Mongolia
UBM	Ulaanbaatar Municipality
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank

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## EXECUTIVE SUMMARY

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The USAID-funded Mongolia Business Plus Initiative (BPI) project supports the Government of Mongolia's (GOM) reform efforts to establish an enabling business environment conducive to diversified economic growth and create improved economic opportunities for the people of Mongolia. The BPI project is ensuring the participation of Mongolia's private sector in a structured and productive dialogue with government so that business enabling environment reforms are adequately informed by the private sector appropriately addressing bottlenecks to country competitiveness. This report is the Business Plus Initiative (BPI) project's Sixteenth Quarterly Report and describes project activity from April through June 2015.

During the reporting period, BPI largely completed the technical assistance activities laid out in the MOUs between USAID and the Customs General Authority (CGA) and the General Department of Taxation (GDT) and signed in 2014. BPI activities with CGA focused on enhancing the customs valuation module, completing the customs e-payment system, and strengthening post-clearance audit capacity. BPI activities with GDT focused on finalizing the development of the VAT e-invoicing system. On July 1, Ambassador Piper Anne Wind Campbell and Mongolian Deputy Minister of Finance Purev Surenjav opened the formal launch of the VAT e-Invoice and Customs e-Payment Systems. BPI also assisted the GDT and CGA to develop communications materials to launch strategic public awareness and education campaigns to promote broad usage of the agencies' new e-systems.

Further, during this quarter, BPI made great strides in our support for a draft Arbitration Law that is in-line with the UNCITRAL Model Law on Commercial Arbitration. Working in close collaboration with the MOJ Working Group and international experts, the law now reflects the spirit of the model law while incorporating MOJ comments and accounting for the Mongolian context. The law is to be submitted to the Cabinet in August 2015. BPI also continued to support capacity building in arbitration through a partnership with Asia's leading international arbitration center, the Singapore International Arbitration Center (SIAC), to train over 150 lawyer, judges, academics, and arbiters in the fundamentals of international arbitration

As of the end of the reporting period, QSDC is providing assistance to 29 SME clients under its supplier development program. Furthermore, client firms have accomplished actual increased sales of 7.8 billion MNT, more than six times higher than the initial LOP target. Through QSDC, BPI trained 165 participants from 101 companies in quality management issues during the quarter. With support from BPI and QSDC's active Board, QSDC has made significant progress in organizational development efforts in preparation for continuing the Supplier Development and Quality Management Programs after the BPI project closes.

During the reporting period, BPI worked closely with AmCham Mongolia to organize two successful public-private dialogue (PPD) events on Intellectual Property Rights and the revised Labor Law. The local advocacy institution has taken ownership of the PPD concept and pledged to sustain the public-private dialogue approach spearheaded by BPI.

### **A. Significant Accomplishments**

This section of the quarterly progress report describes key activities and significant accomplishments organized by project intermediate result (PIR).

#### **PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved:**

Throughout this reporting period, the GOM continued to make significant progress with technical support from USAID's Business Plus Initiative (BPI) project to improve the country's business enabling environment in three areas, outlined below:

- *Trading across borders and paying taxes:* On July 1, BPI supported a public launch event to introduce the Value Added Tax (VAT) E-Invoice and Customs E-Payment Systems attended by 240 private and public sector representatives. With BPI support, the General Department of Taxation (GDT) and Customs General Authority (CGA) are streamlining the process for businesses to meet their tax and customs obligations.

These systems will simplify online reporting, offer access to real-time payment information, and provide state-of-the-art security for the transmission of financial information. Electronic VAT invoices and customs payments are expected to reduce the administrative burden on businesses and government. Companies will save time and money as inefficiencies are removed. Since electronic payments encourage transaction transparency, the government has the potential to increase revenue through a reduction in fraud and tax evasion. During the soft launch from June 8-30, 2015, CGA has processed over 40,000 transactions collected more than 60 billion MNT in customs payments through eight participating commercial banks.

### **PIR 2: Private sector capacity and competitiveness strengthened:**

During this quarter, QSDC completed grant milestones toward their organizational development and technical assistance support to SMEs. Most significantly, QSDC's board approved a three-year sustainability plan to guide QSDC operations after the BPI project ends in September 2015.

### **PIR 3: National dialogue on business enabling environment and country competitiveness strengthened:**

Over the span of the BPI project, the GoM has increasingly embraced public-private dialogue (PPD) for implementing business enabling environment reforms. As part of the grant agreement to institutionalize the BPI-championed PPD mechanism at a local institution, AmCham Mongolia organized two PPD events during the quarter. AmCham consolidated feedback garnered from public and private sector stakeholders and presented: 1) recommendations to improve the enforcement of Intellectual Property Rights (IPR) to the GoM's Intellectual Property Office of Mongolia; and, 2) private sector feedback on the revised Labor Law to GoM Labor agencies.



*Private and public sector representatives discuss the latest proposed revisions to the Labor Law during the BPI supported AmCham PPD on 12 June 2015.*

## **B. Salient Programmatic Trends and Ongoing Performance Constraints**

Per Section F.8 of the BPI project contract, this section discusses salient programmatic trends observed from major activities in process or recently completed. It also highlights unresolved or ongoing administrative constraints to the contractor's optimal performance.

### **Salient Programmatic Trends:**

- *Continuing collaboration with GOM.* The government shake up at the beginning of 2015 resulted in the appointment of new leadership to BPI's longstanding key counterparts, the Customs Authority Director General, Minister of Finance, and Tax Commissioner. Accordingly, to ensure the continuous implementation of legal and regulatory activities, BPI worked closely with these three counterparts to ensure buy-in from the new leadership and ensure uninterrupted progress for the arbitration law reform, Customs e-Payment System, and the VAT e-Invoice System in particular.
- *Alliances with private sector, counterparts, and local/international partners.* BPI continues to create alliances and synergies between counterpart institutions, private sector, and local organizations to share resources, networks, and knowledge that benefit all parties. During the reporting quarter, BPI continued to work closely with international law firms who agreed to support arbitration reform efforts on a pro-bono basis after the project closing to ensure sustainability. BPI also continued to work closely with local and international partners including the Singapore International Arbitration Center (SIAC), American Chamber of Commerce (AmCham Mongolia), the Mongolian International and National Arbitration Center (MINAC), and the Mongolian Bar Association (MBA). The QSDC multiplied their impact in transforming the Mongolian private sector through alliances with large private sector firms such as Wagner Asia and SGS International by leveraging facilities, technical expertise, and visibility for their quality management programs.

### **Ongoing Performance Constraints:**

- During the last reporting period, the Cabinet collapsed and a new Prime Minister of Mongolia was appointed. The new political reality slowed down the fast-advancing areas including the arbitration draft law at the MOJ. This quarter BPI worked diligently to reinvigorate the progress made to the arbitration law during the Minister of Justice leadership transition, successfully earning the new Minister's support for the law and addressing his comments to the law during the quarter. Further, BPI was aggressive in keeping the new tax commissioner and customs director abreast of BPI's ongoing work to petition support for uninterrupted transition in the reform areas, particularly for the VAT e-Invoice System and Customs e-Payment which were initiated during the former administration. Toward the end of the reporting period the Democratic Party (DP) and Mongolia People's Party (MPP) announced a rift in their coalition, with the DP calling for the replacement of MPP ministers from the Cabinet. Despite heavy involvement by the President the situation is likely to trigger further changes in the leadership of project counterparts. If new factions emerge early next quarter, BPI will be proactive in cementing the ongoing reforms, particularly the arbitration law which is planned to be submitted to the Cabinet in August 2015.

## SECTION I: WORK PLAN IMPLEMENTATION

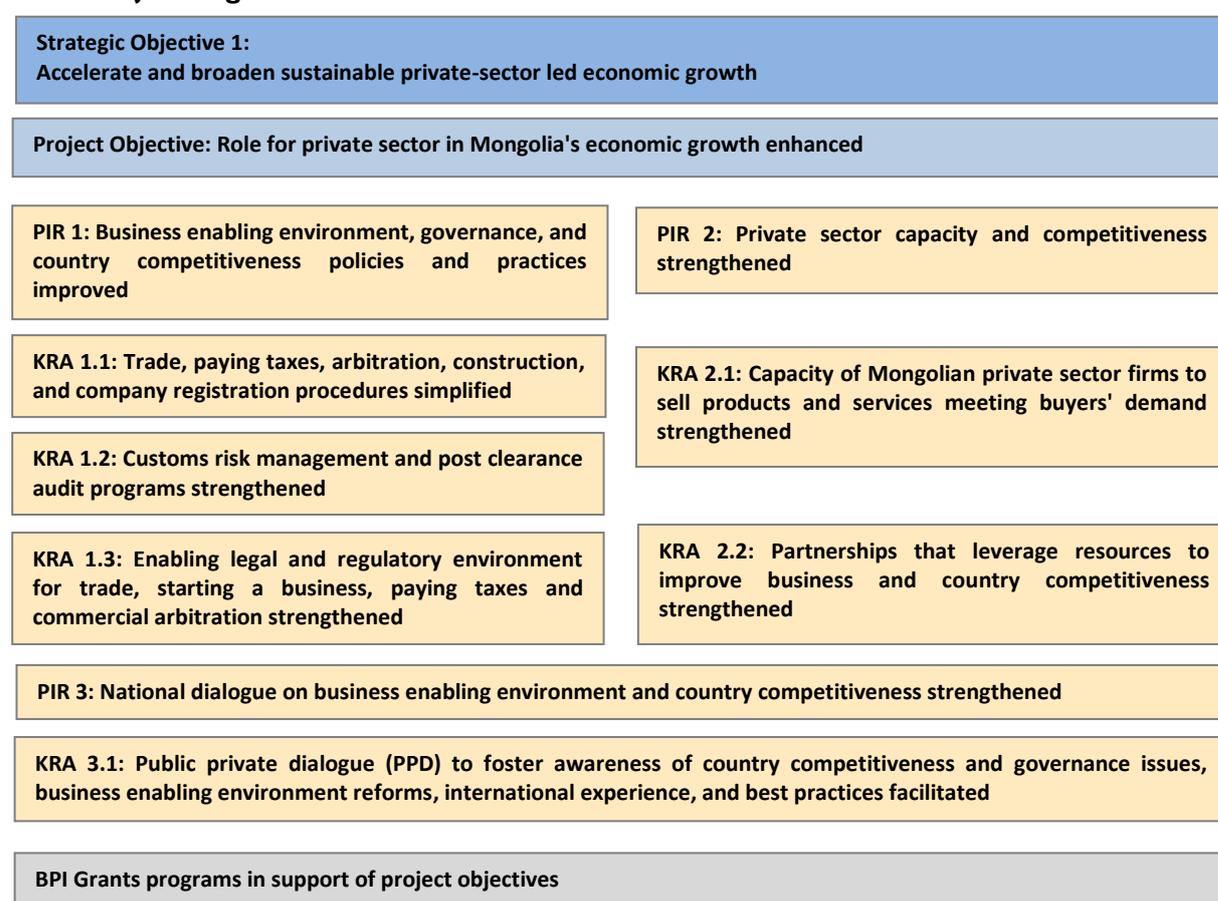
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This quarterly progress report is organized as follows: Section I details work plan implementation for the quarter, organized by PIR; Section II describes project management and administration activities, current personnel, deployment of short-term expatriate technical assistance, as well as project and contract management actions for the next quarter; Annex A describes current long-term project staff and details of short-term expatriate technical assignments; Annex B includes reporting of results for the quarter against the BPI project's draft performance monitoring plan; finally Annex C includes the QSDC grantee Quarterly Progress Report.

### A. Work Plan Framework

This quarterly progress report is organized around the three PIRs with corresponding Key Result Areas (KRAs) proposed in the Year 4 Annual Work Plan:

#### BPI Project Logical Framework



PIR: Project Intermediate Result  
KRA: Key Result Area

Rev: 24-Sept-14

## B. Work plan implementation.

### PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved

#### KRA 1.1: Trade, paying taxes, arbitration, construction, and company registration procedures simplified

##### Trading Across Borders:

During the reporting period, BPI continued implementing the activities that contribute to KRA1.1 and KRA1.2, as outlined in the memorandum of understanding (MOU) signed in August 2014 between the Customs General Administration (CGA) and USAID.

*Streamlining of Customs Clearance Process.* BPI and Ministry of Finance (MOF) Division Head E. Batbayar coordinated a meeting with senior customs officials to develop an action plan in order to reduce customs export/import documents which are critical for Mongolia to achieve improvement in the upcoming World Bank Doing Business 2015 Report (DB). The 2014 DB Report says that you need 11 documents for export and 12 documents for import in Mongolia.

BPI Consultant Jorge Montoya conducted an analysis to verify the actual number of documents requested by customs officers for import and export. Looking at the customs declaration filed in January 2015 he observed that there were 10,763 import declarations with 59,057 attachments and 20,954 export declarations with 217,933 attachments. This gives an average of 5.5 attachments for import (6 documents) and 10.4 attachments for exports (11 documents). Attached documents fall into three categories: (i) required by law; (ii) required but that can be eliminated with automation (i.e. permits); and (iii) included “just in case” customs request them even without any legal basis for the request. Mr. Montoya visited a customs port where he confirmed this analytical finding. BPI shared the results with both CGA and MoF to address the need to reduce the number of required trade related documents. The consultant also worked to integrate the automation of licenses and permits issued by other government agencies.

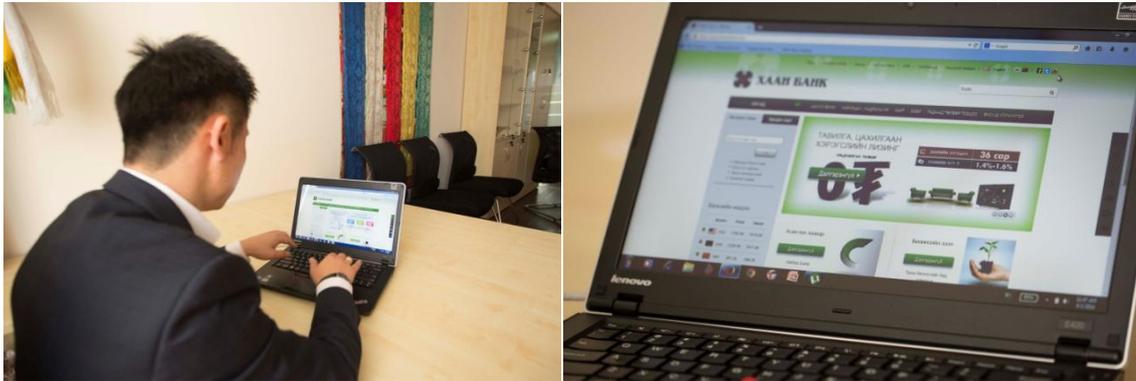


BPI customs expert, Jorge Montoya works closely with CGA to develop an action plan to reduce customs documents.

*Customs e-Payment Module:* In the reporting quarter, BPI supported the CGA in launching the Customs e-payment System on July 1, 2015. The system will allow traders to review customs duties and taxes and complete payments electronically, eliminating errors at tellers of banks and enabling e-payments. CGA and customs offices throughout the country will receive payment confirmation in real-time, resulting in significant time and cost savings during the clearance process. The module will also eliminate one document, the payment receipt, from the list of documents required for customs clearance and control as indicated in the Doing Business 2015 Report. During the soft launch of the new customs system from 8-30 June 2015, Mongolian Customs processed 44,920 transactions and collected over 68 billion MNT in payments, with an average of 2,245 transactions valued at 3.5 billion MNT per day.

By the end of the reporting period, eight commercial banks upgraded their tellers' systems to integrate customs e-payment: Golomt, State, Xac, National Investment, Trade & Development,

Capitron, National Investment, and Capital. Given that the CGA will only allow customs payments through the e-payment system moving forward, BPI expects that the remaining commercial banks will join in order to provide their clients customs services.



*Taxpayer makes electronic customs payment using Khaan Bank's online website.*

#### *Customs Electronic Data Interchange with Neighboring Countries:*

As a landlocked country, Mongolia is limited in its ability to achieve significant improvement in the area of trading across borders. According to the 2015 World Bank Doing Business report, it takes 44 days to export and 45 days to import in Mongolia. Thirty percent of the time refers to inland transportation and handling, mostly due to the slow movement of Mongolian goods as they travel through neighboring countries.

Developing a robust system for exchanging customs data with neighboring countries is a key activity toward progress in trading across borders indicators under business enabling environment activities. At the request of the Customs General Authority, BPI supported their goal in developing a web-based application solution for Electronic Data Interchange (EDI) to enable cross-border access to information with neighboring countries. BPI assistance included:

- Acquisition of IBM WebSphere MQ licenses
- Installation and customization of IBM WebSphere MQ software at CGA
- Training of CGA technical staff in software administration and software development
- Extensive testing of the installed software

The IBM WebSphere MQ software was integrated with the Mongolian Customs Automated Information System (CAIS), which includes modules for Finance, Clearance, Cargo, Risk Management, and Administration. CAIS interfaces with the Customs External Portal System (CEPS), which allows the collection of the importer's information. CAIS is deployed in more than 18 customs branches, which are connected through Very Small Aperture Terminal (VSAT) satellite internet to the CAIS central database at the CGA headquarters in Ulaanbaatar. The IBM WebSphere MQ software acts as messaging middleware that facilitates the integration of data across multiple platforms, in this case the Mongolian CAIS and the customs systems of its neighboring countries. EDI will enable different trade stakeholders such as transporters, importers, exporters, customs, and logistics providers to exchange information and communicate seamlessly to facilitate the movement of goods both within and outside of Mongolia, directly resulting in reduced costs and errors, faster processing time, and increased transparency.

In the reporting quarter CGA started to send electronic messages to Russia as tests. The Russian counterpart revealed the several technical issues to be corrected and has been collaborating with CGA. Tests in late June from both sides were successful. High level customs managers of two countries met in mid June 2015 and agreed to continue the test until the end of 2015 and launch EDI from January 2016.

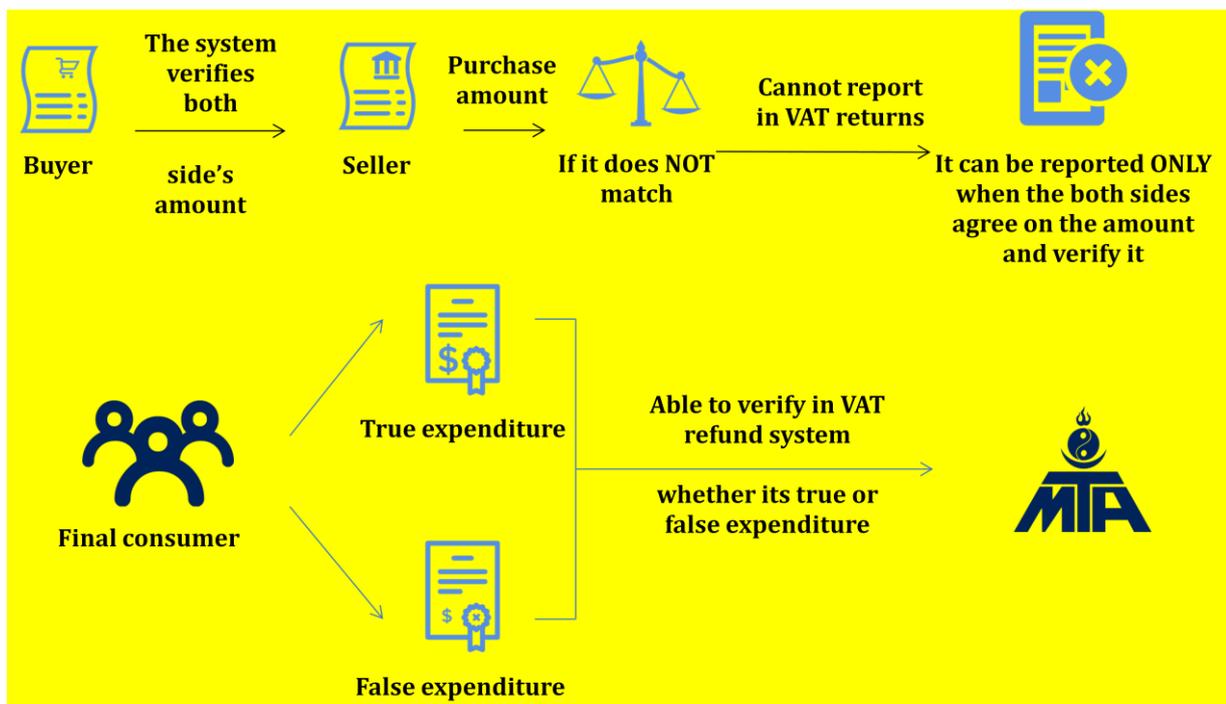
*Customs Valuation Module:* Increased access to trade data by the trading community will facilitate discussions between CGA officers and the private sector in the area of customs valuation and at the same time will provide an opportunity for the private sector to assist CGA in the detection of illicit trade practices. During the reporting period, BPI International Customs Expert Jose Padron worked with CGA to upgrade the customs valuation module known as the Dynamic Trade Data Access Module adding offense and customs risk management stamp data.

**Paying Taxes:**

BPI finalized the implementation of activities included in the memorandum of understanding (MOU) signed in September 2014 between the General Department of Taxation (GDT) and USAID.

*VAT e-Invoice System:* The General Department of Taxation (GDT) handles the submission of VAT invoices that amounted to over 50 trillion MNT in 2014 via manual methods using paper-based VAT invoices. Using the paper-based system means that it is difficult to check for discrepancies between VAT sales and purchases, thereby creating a vacuum for potential tax evasion. In 2012, the GDT detected fake invoices amounting to 72.1 billion MNT in losses to the state budget and 75.9 billion MNT in 2013.

Unlike paper-based invoices, e-invoices provide full data in digital format. The system offers new opportunities to sellers and buyers to report VAT for goods and services transactions on a daily basis. Additionally, parties are now able to exchange data electronically allowing them to verify information online and include the data based on verified VAT invoices in their VAT returns. As a result, reporting errors caused by manual entry are expected to be eliminated, reducing potential risks for taxpayers and the tax administration. The system’s fully integrated electronic processing of VAT will allow for greater efficiency that will result in reducing payment delays, eliminating physical visits to tax office, and cutting time and money spent to administer paper-based invoices. One distinctive feature of e-invoice is improved transparency and potential to track false VAT returns that will significantly reduce opportunities for underreporting. Furthermore, electronic invoices are expected to establish electronic communication and rapid exchange of information between businesses and the government.



The graphic illustrates the benefits and functions of the VAT e-invoice system.

As reported in the QPR for January through March, Jerry Henzel, IT specialist, laid a solid foundation for the VAT e-invoicing system covering the areas of the system architecture, database modeling, web service architectures, mobile applications, data integration with GDT's existing systems and third party systems (i.e. CGA), software and hardware requirements, and project management. During his field visit in April, Mr. Henzel reviewed the hardware and software needs of GDT to launch the VAT e-invoicing system and ensure the system operates on fully licensed hardware. His findings included the need for Oracle Database Enterprise edition 12c license for servers and Secure Sockets Layer (SSL) certificate for the GDT website. Accordingly and with USAID approval, BPI procured Oracle 12c license and one-year support for two servers to license the hardware and provide secure connection. On April 10, BPI delivered the beta version of the system to GDT. The development of the system was completed in June. From June 17- July 7, BPI and GDT kicked-off nationwide training. Over 100 tax inspectors were trained in the following regions:

- Western region (Khovd and four surrounding provinces) on June 18 and 19
- Three remote districts of UB, Tuv province and four provinces in Gobi region on June 24-25
- Eastern region (Dornod and four surrounding provinces) on June 26-27
- Six Ulaanbaatar districts on June 22 (to be continued in July)
- Northern region (Ovorkhangai, Arkhangai and Bayankhongor provinces) on July 4 and 5

On July 1, 2015, GDT started the month-long public soft launch (web and mobile applications), enabling taxpayers to submit invoices electronically. In addition, BPI assisted GDT in production of flyers, posters, website landing page, and 30-second promotional video to raise awareness and educate the public how to use the new system to simplify their VAT submissions.



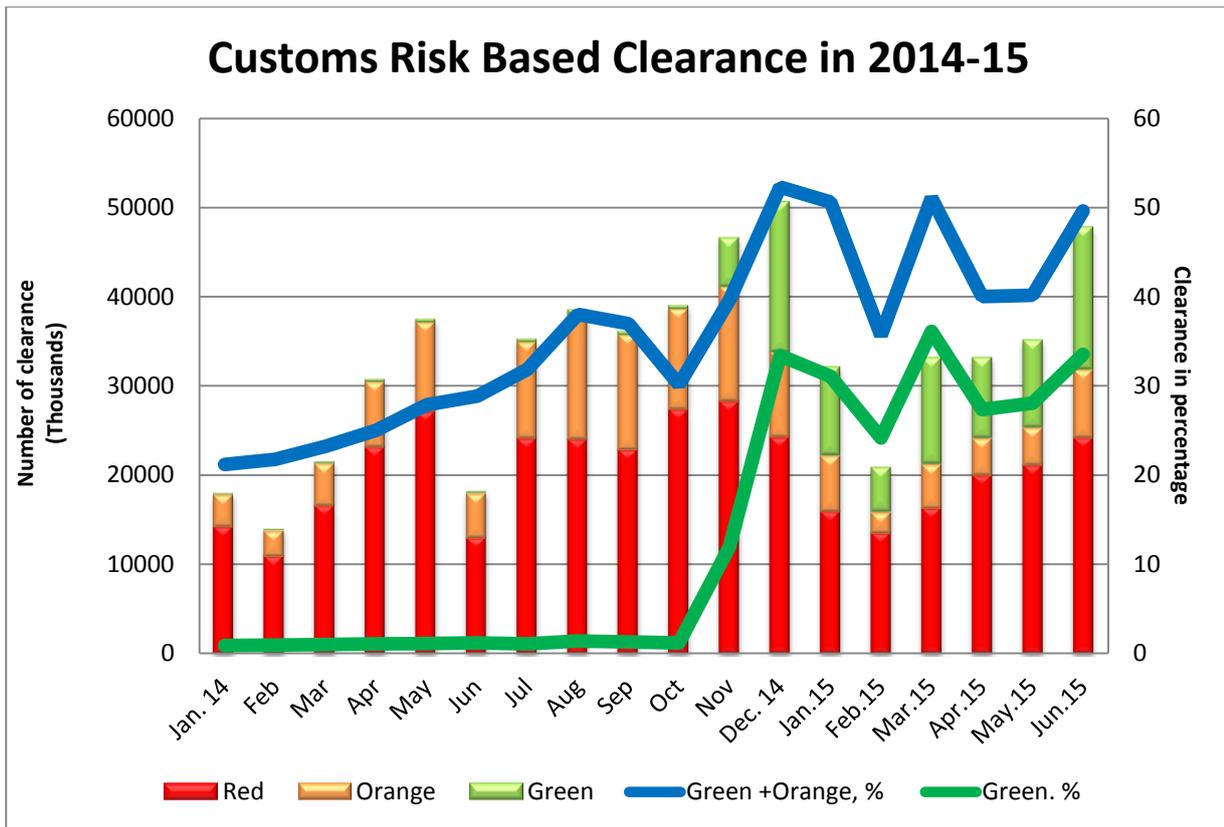
*The VAT e-invoice system eliminates paper invoices and reduces opportunities for corruption.*

## **KRA 1.2: Customs risk management and post clearance audit programs strengthened**

### **Customs Risk Management**

In October 2014, CGA with BPI assistance implemented a new procedure for the customs clearance process to (i) increase transparency in the clearance process, (ii) eliminate opportunities for corruption and discretion on the part of customs officers, and (iii) reduce time and cost to the private sector involved in trading activities.

During the reporting period, CGA continued to use the risk management system as a tool to facilitate trade in the country. High-volume traders with high compliance rates continue to clear their cargo by and large through the green or orange channels, which do not require physical inspection—increasing GoM efficiencies, reducing risk, and saving the private sector time and money.



*At the end of the reporting period, the cargo cleared through the green channel – cargo that doesn't require inspections –reached 33.5%. Another 16.1% of the cargo used the orange channel - cargo that only requires documentary inspections. Accordingly, the proportion of cargo that does not require physical inspection accounted for 49.6% at the end of the quarter.*

### Post Clearance Audit Capacity Building

In response to a request for technical assistance, BPI has been working closely with the CGA to support the Post Clearance Audit (PCA) department since 2013 to improve the capacity of customs officers in post clearance audit and compliance. From June 8-20, BPI International Customs Expert Laurence Gidley repeated essential parts of the previous training courses for 15 new customs officers from the PCA department, for a total of 149 person/days of training. The training topics included GATT Valuation Method 1, post clearance audit, compliance, audit visit skills, interview techniques, transfer pricing, tax planning, avoidance, and fraud. The training participants reported that they are already using the knowledge obtained from the hands-on training in dealing with their case work.

The improved efficiency and professionalism in customs controls brought about by PCA is a win-win for customs and traders. Through simplified procedures, shifting from close examination of every declaration to risk-based examination of customs declarations and proper use of PCA techniques, CGA can now focus on increasing duty collection by upgrading staff from laborious low risk, low results work to focus on higher risk, higher result areas in less time while also lowering transaction costs for traders.



Fifteen customs officers from the Post-Clearance Audit department are recognized for successful completion of PCA training series led by BPI International Customs Expert, Laurence Gidley on June 20, 2015.

### **KRA 1.3: Enabling legal and regulatory environment for trade, starting a business, paying taxes and commercial arbitration strengthened**

*Customs e-payment regulation:* On June 8, 2015, the CGA Director General issued Decree A/125 and approved a new regulation regarding customs e-payment, aimed at easing the time and cost burden for traders. The regulation facilitates invoice generation, monitoring payments, and stipulates customs internal processes in line with the current CAIS system.

*Commercial Arbitration facilitated.* Steady progress in advancing the draft Arbitration Law was made during the reporting period. Bringing together the MOJ Working Group secretary, BPI legislative drafting local subcontractor MDS & KhanLex, BPI pro-bono international arbitration expert Sidley Austin, and BPI's legal coordinator, the project facilitated the consolidation of MOJ feedback into an improved draft arbitration law (in Mongolian and English). In late June, a semi-final English version was sent for initial UNCITRAL review on June 25. UNCITRAL reviewed and confirmed the good progress Mongolia had made in drafting a law consistent with the spirit of the UNCITRAL model law; recommending only minor changes. Recognition of Mongolia as an UNCITRAL model country would expand the usage of arbitration as a mechanism for international firms to resolve local contract disputes. Less costly and less time consuming, broad adoption of arbitration generally improves the business enabling environment in Mongolia for local and international firms. UNCITRAL suggested changes were adopted by the team.

On June 26, BPI's short-term legal coordinator together with the MOJ Working Group Secretary presented the revised draft to the Minister of Justice. BPI and the legal team worked closely with the MOJ Working Group to significantly improve the draft law and address the Minister's comments on several articles including the: i) liability of arbitrators ii) arbitrator capacity building and iii) witness testimonies under arbitration cases.

The draft Arbitration Law was accepted by the MOJ and will be circulated to line ministries and MNCCI, allowing them 10 days to submit comments. The next step is submission of the draft law to the Cabinet in August 2015 which will pave the way for parliamentary approval in the Fall Session. Once adopted, Mongolia can pursue formal UNCITRAL recognition. To facilitate knowledge sharing on the draft law's provisions and potential impact once adopted, BPI continued to organize capacity building workshops, training over 300 person-days on the topic of international arbitration during this quarter alone, and 841 person-days since March 2014.

For more details on the arbitration capacity building activities this quarter, please see KRA 2.2 Partnerships that leverage resources to improve business and country competitiveness strengthened.



Lawyers, judges, academics, and practitioners view the SIAC Training Video demonstrating a mock arbitration process.

## **PIR 2. Private sector capacity and competitiveness strengthened**

### **KRA 2.1: Capacity of Mongolian private sector firms to sell products and services meeting buyers' demand strengthened**

The Quality Supplier Development Center (QSDC) is the primary mechanism through which the BPI project seeks to increase private sector capacity and competitiveness. QSDC supports Mongolian firms under its supplier development and quality assurance training programs.

At the beginning of this reporting period, in close consultation with USAID and the BPI project, BPI phased out its support to QSDC's activities focused on providing financial assistance through its revolving Technical Assistance Fund (TAF), shifting to assisting SMEs through direct specialized technical assistance. In addition, QSDC held two Board of Director's meetings during the quarter and agreed to move forward as an independent organization to assist SME's Supplier Development and Quality Management beyond the tenure of the BPI project. In addition, with BPI assistance, the QSDC finalized and received Board approval for critical organizational development documents including 1) Delegation of Authority 2) Finance and Procurement Manual and 3) Monitoring & Evaluation Plan.

#### **KRA2.1.1 QSDC Supplier Development Program (SDP)**

The QSDC Supplier Development Program utilizes a USAID-funded/BPI managed revolving Technical Assistance Fund (TAF) with the goal of: (i) helping local products and services meet domestic and international market requirements; (ii) improving production and commercial process efficiency, and (iii) linking suppliers to new markets. The current reporting period represents the last quarter for the use of the revolving TAF. QSDC's fundamental objective is to promote economic development based on generating increased sales for local suppliers. As of the end of the reporting quarter, QSDC has provided assistance to a total of 29 SME client firms. Through its TAF program, QSDC has allocated a total investment amount of 985 million MNT. As a result of QSDC TAF assistance, client firms' actual increased sales have reached 7.8 billion MNT, more than seven times higher than the life of project target for this indicator.

Food industry, leather goods, construction, and livestock are the most active sectors participating in the QSDC TAF program, representing 74 percent of all QSDC clients. Other sectors represented in the QSDC client portfolio include furniture manufacturing, textile fabrics, repairing services, bio-fuel, and design services.

BPI works to ensure its approach supports and expands the economic power of Mongolian women in its work to improve the country's business climate and enhance private sector competitiveness. The most tangible results of this approach may be seen through BPI's support of the QSDC. Equal opportunity project activities are designed to increase Mongolian small business peoples' ability to capitalize on the opportunities afforded in high-growth sectors such as construction and mining. Technical and financial assistance is provided that cultivates a mind-set of inclusion and leadership through female participation in QSDC

Quality Management Training programs and support to female-owned small enterprises. Through these interventions, QSDC has trained over 380 women in quality management and assisted 14 women-owned enterprises to increase sales by 1.7 billion MNT –spurring job creation and higher incomes. Women owned firms represent almost 50 percent of QSDC’s client portfolio.

*Identifying and assessing new clients.* During this reporting period, QSDC worked to identify new business opportunities to provide technical assistance, such as demand for ISO certification preparation, and aggressively promoted their programs to the private sector via individual and collective meetings, networking at public and private sector events, and public presentations. During the quarter, QSDC staff worked closely with three potential SME client firms, jointly conducting cash flow sales and market analysis of the proposed activities. As a result, QSDC signed three SDP’s and service agreements.



With QSDC assistance, Mogol Noos LLC will produce a wider variety of fine yarns and strengthen the quality of production.



QSDC assists New Juulchin Tours to achieve ISO 9001:2008 accreditation.



Bodi Mur International is adding OTR tire repair services to its portfolio of services to better serve mining operators.

**Mogol Noos LLC**, a local wool and cashmere yarn spinning company established in 2013 with more than 120 permanent employees. Currently the Mogol Noos spinning factory is not operating at the full capacity. With QSDC assistance Mogol Noos LLC will expand the variety of yarns the firm produces and improve product quality to capitalize on the full potential of the factory’s capacity. Increased sales of 1 billion MNT are expected over the first year of assistance.

**New Juulchin Tours LLC**, a local tour operator company with 13 years of experience. QSDC is assisting the client in implementing the international quality management standard ISO 9001:2008. The certification will result in improved quality services and is expected to sales by 30% or 3.4 billion MNT over the next two years.

**Bodi Mur International LLC (BMI)** is a local tire trader and repair service provider established in 2000. In 2013, Wagner Asia Equipment LLC, a Caterpillar equipment dealer approached QSDC to identify a potential local supplier for off-the-road (OTR) tire repair services. BMI has over 10 years of experience in tire trade and repair services for Passenger and Light truck tires, and seeks to add OTR tire repair to its portfolio of services to better serve mining operators. QSDC facilitated the initial match-making and proposal development between the mining operators, OTR tire distributors, and BMI. With QSDC assistance BMI will receive technical assistance for OTR tire repair business development and management services that will expand the client’s opportunities significantly, with estimated sales of over MNT 400 million in the first year of operation.

For a more detailed overview of the QSDC Client Portfolio during this reporting period, please see Annex C: QSDC Grantee Quarterly Progress Report.

### **KRA2.1.2 QSDC Quality Management Program (QMP)**

For Mongolians to compete and succeed in today's global market, traders, producers and suppliers must not only find a buyer, but must also ensure that their products and services meet international quality and safety requirements, as well as the customers' expectations.

During this quarter, QSDC organized ten quality management trainings delivered by local trainers, including Six-sigma-green belt training, Quality Management Standard Implementation, HACCP and Occupational Health Safety as well as five ISO 9001 Awareness trainings. As a result, 165 private sector participants from 101 companies increased their capacity in areas critical to increasing competitiveness through a total of 273 person-days of training.



QSDC, in partnership with SGS S.A. introduces the benefits and certification process of ISO 9001 quality management for participants from various sectors.

**ISO 9001:2008 Awareness Seminar.** During reporting quarter, QSDC in partnership with SGS S.A., an international inspection, verification, testing and certification services company conducted five ISO 9001:2008 promotional trainings for 82 participants from 51 Mongolian companies from various sectors, including catering freight, mining, and beverage & food production. Participants gained knowledge of the ISO 9001 certification process and the benefits of quality management accreditation.



19 participants received Green Belt certification in Six-Sigma on May 13, 2015.

**Six Sigma Green Belt.** During May 11-13, QSDC in partnership with Wagner Asia Equipment LLC successfully conducted a 3-day Six-Sigma Green Belt training for 19 participants from seven companies. The participants represented companies from education, mining, banking and telecommunication. New Green Belts learned how to effectively implement Six Sigma Green Belt project principles and problem solving techniques.



17 participants certified in Food Safety HACCP.

**Hazard Analysis Critical Control Point Training (HACCP):** From June 16-18, 17 participants from 15 Mongolian companies in the food and beverage sectors, among others learned the importance of food safety techniques and practical skills to implement a risk based HACCP food safety plan in their workplace.



23 participants received OHS certification on July 1, 2015.

**Occupational Health and Safety Training (OHS):** From June 29-July 1, 23 participants from 16 Mongolian companies in the construction and manufacturing sectors, among others were trained in safety legislation, risk assessment, health and hygiene, workplace and equipment dangers, manual handling and ergonomics, noise and vibration precautions, and elevation and chemical hazards. All of the trainees passed the rigorous testing and received internationally-recognized OHS certificates from the UK-based Chartered Institute of Environmental Health

## Quality Supplier Development Center Trainings

#	Training Name	Date	Participants	Number of person-days of training	Number of companies
1	ISO 9001 Awareness training	10 April 2015	10	5.0	6
2	ISO 9001 Awareness training	24 April 2015	13	6.5	10
3	ISO 9001 QMSI	30 April – 1 May 2015	24	72.0	13
4	ISO 9001 Awareness training	8 May 2015	11	5.5	5
5	Six Sigma Green belt	11-13 May 2015	19	57.0	7
6	ISO 9001 Awareness training	22 May 2015	17	8.5	11
7	ISO 9001 Awareness training	5 June 2015	14	7.0	5
8	HACCP	16-18 June 2015	17	44.6	14
9	ISO 9001 Awareness training	18 June 2015	17	6.4	14
10	OHS	29 June – 1 July 2015	23	60.4	16
	<b>Total</b>		<b>165</b>	<b>273</b>	<b>101</b>

For more detailed overview of the QSDC Training Program activities during this quarter, please see Annex C: QSDC Grantee Quarterly Progress Report.

### **KRA 2.2 Partnerships that leverage resources to improve business and country competitiveness strengthened**

*Leveraging Private Sector Resources for Development.* This quarter BPI continued to work with private sector partners to enhance the project's commercial arbitration reform activities. Specifically, BPI worked closely with the Singapore International Arbitration Center (SIAC), and the Mongolian Bar Association (MBA) to organize the "SIAC Arbitration Training Video Workshop: Practical Guide to International Arbitration" workshop on May 20-21. The training session used a combination of the SIAC Training Video and expert panel discussions to provide a practical guide to all the key aspects of international arbitration. Arbitrations are confidential so the SIAC Arbitration Training Video has been designed to demonstrate the arbitral process and give insight into the role of an arbitral institution. Seven international arbitration experts from Hong Kong, South Korea, United Kingdom, United States, and Singapore shared their views and expertise on the various stages of arbitration, and offered both regional and global perspectives on current issues and hot topics in international arbitration. As a result, more than 150 in-house counsel, legal practitioners, and arbitrators gained a deeper understanding of international arbitration.



*International arbitration experts shared their views and expertise on the various stages of arbitration at the SIAC workshop opened by U.S. Ambassador Campbell and Minister of Justice of Mongolia, Dorligjav Damba.*

During this quarter BPI continued ongoing pro-bono engagements with international law firms, Gibson Dunn and Sidley Austin, BPI has leveraged some 272 hours of technical assistance with an estimated commercial value of more than 270,937 USD to increase capacity for Mongolian arbitration practitioners and ensure arbitration reform in Mongolia is in line with international best practices in arbitration. Sidley Austin Arbitration expert, David Roney, worked closely with the MOJ Working Group and BPI’s local legislative drafting subcontractor throughout the reporting period to significantly improve the draft law and prepare it for Cabinet submission. For example, the team revised three provisions under Article 19 “Competence of arbitral tribunal to rule on its jurisdiction,” improved the Mongolian definitions for significant legal terms, and incorporated international best practices for the “Liabilities of Arbitrators”.

In addition, this quarter BPI, in collaboration with Gibson, Dunn and Mongolian Bar Association piloted a “Training-of-Trainers” (TOT) course on May 11-12. As a result, 14 trainers were certified to continue capacity building on the important topic of international arbitration. Following the TOT, from May 13-15, the newly certified trainers under the expert guidance of Gibson Dunn arbitration experts Mr. Cyrus Benson and Ms. Victoria Orłowski jointly conducted the project’s third “International Arbitration: An Introduction to Law and Practice” workshop benefitting 36 participants. During the certificate ceremony, Mr. D. Batsukh, President of the Mongolian Bar Association said, “Ensuring that arbitration reform is based on best international practices is critical to supporting economic growth and investment in Mongolia.”



Thirty-six judges, lawyers and arbitration practitioners are recognized for successful completion of “International Arbitration: An Introduction to Law & Practice” workshop series and fourteen participants certified as future Trainers on May 15, 2015.

Further, in late June Gibson Dunn arbitration expert Mr. Cyrus Benson made a follow-up visit to Mongolia to sign a MOU between Gibson Dunn, MBA and the Executive Excellence Business Center to ensure sustainability of the “International Arbitration: An Introduction to Law and Practice” workshop series beyond the BPI implementation period. On June 24, BPI facilitated a roundtable with the three MOU parties and the trainers who completed the Arbitration TOT in May to develop an action plan and assign roles and responsibilities to continue the capacity building that BPI spearheaded in April 2014. Gibson Dunn has committed to conducting a repeat TOT course for the 14 participants to ensure they are ready to conduct workshops for others. It was also agreed that Gibson Dunn would accompany the local trainers via video conference at the state-of-the art facilities of the Executive Business Center to ensure the quality of future instruction.



Training-of-trainers participants put into practice their new teaching and arbitration skills under the guidance of arbitration experts during BPI’s “International Arbitration: An Introduction to Law & Practice” workshop. From left to right above, Cyrus Benson, Arbitration Partner, Gibson Dunn, Enkhtuya Erdene, Secretary, MOJ Working Group, and Victoria Orlowski, Associate, Gibson Dunn.

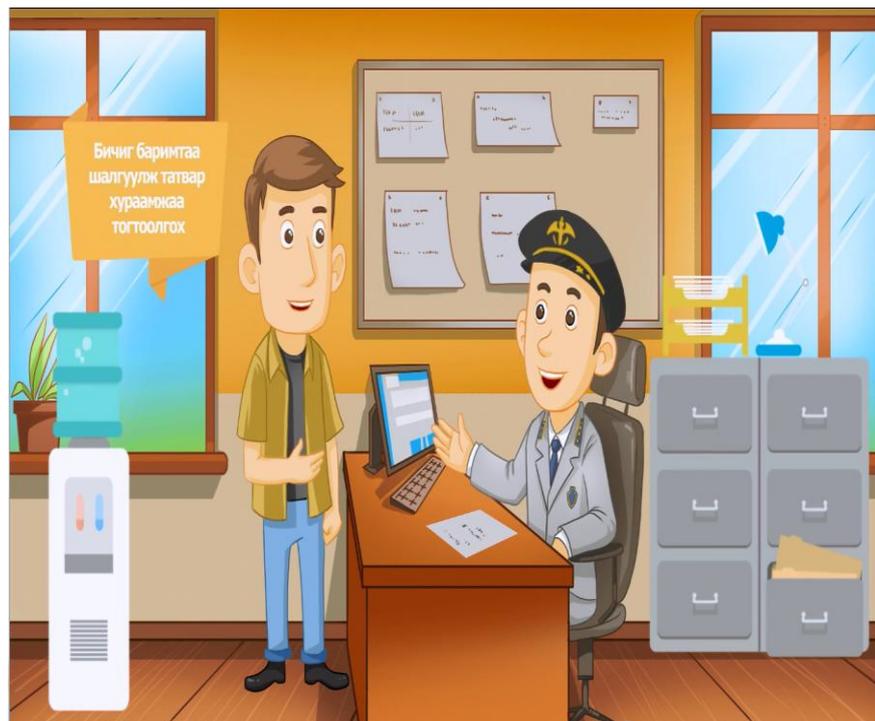
### **PIR 3: National dialogue on business enabling environment and country competitiveness strengthened**

Per the BPI logical framework, this cross-cutting PIR aims at facilitating public awareness of country competitiveness and governance issues, business enabling environment reforms, international experiences, and best practices. As such, several key BPI activities within this component are discussed in the above sections. PIR III provides integral support of PIR I and PIR II, and activities including events, trainings, and PPDs that support public awareness and promotion of international best practices that are discussed in detail under the first two components.

**Public Awareness and Education Campaigns to Accompany BPI supported BEE Reforms**

BPI worked closely with the CGA and GDT IT Departments, the project’s local e-Payment System developer, and banking institutions to design communications products to implement a public awareness campaign on the key features of the Customs e-Payment and VAT e-Invoice, including benefits to users, simplified processes, and security protection. BPI supported the design of such communications products as:

- Promotional video clips to raise awareness and provide how-to guidance for users to be aired at GGA and GDT offices nationwide.
- Banners to promote public awareness and utilization of the e-systems by traders/taxpayers that will be displayed at all local customs offices and ports across the country.
- Flyers with user-friendly graphics to demonstrate the ease of paying customs duties and submitting VAT documentation electronically. Flyers will be distributed to trader/taxpayers at all agency offices and advertised in local newspapers.
- One page marketing "landing website" where traders/taxpayers can scroll through each function of the new systems.
- User-guides for customs officers, tax officers and bank tellers.
- Custom logo for the Customs E-Payment System that includes the CGA official logo to be used for all communications products related to Customs E-Payment.



BPI developed communication materials to raise awareness of the Customs e-Payment System including the banner pictured left and a clip from the promotion video pictured right.

**KRA 3.1: Public private dialogue (PPD) to foster awareness of country competitiveness and governance issues, business enabling environment reforms, international experience, and best practices facilitated**

In order for legal and regulatory business reforms to succeed, it is important that they be embraced by the private sector. This requires active engagement of all stakeholders, both public and private, from the outset and throughout the entire reform process. BPI has utilized the PPD

approach throughout implementation across its activities as a prerequisite for effective private sector policy involvement in the country's reform processes.

The development and strengthening of a local advocacy institution to sustain the PPD approach is essential to ensuring that the private sector is properly represented in policy and legislative reform dialogues, and that it can advocate for change to government in an effective manner. Over the span of the BPI project, GoM agencies are increasingly accepting PPD as a necessary condition for the effective design and implementation of business enabling environment reform strategies.

To that end, BPI provided a grant to the American Chamber of Commerce in Mongolia (AmCham Mongolia) to support its commitment to institutionalize the PPD mechanism to further policy reform in Mongolia. This quarter, AmCham Mongolia held two PPDs:

***AmCham PPD: Protection of Intellectual Property Rights (IPR).*** IPR infringement threatens long-term economic competitiveness and discourages both foreign and domestic companies from propagating their best technology and proprietary know-how, and also discourages companies from engaging in research and development activities in Mongolia. Therefore, IPR enforcement and facilitating an effective partnership between public and private sectors is an important step in improving the business-enabling environment in Mongolia.



*Public sector officials and private sector representatives discuss the proper enforcement of IPR.*

Based on this understanding, the AmCham Mongolia, in cooperation with BPI, facilitated the PPD “Improving the Enforcement of Intellectual Property Rights,” with presentations from the Intellectual Property Office of Mongolia (IPOM), the Mongolian National Chamber of Commerce and Industry, and the Deputy Prime Minister of Mongolia, Mr. U. Khurelsukh, held on World Intellectual Property Day on April 23, 2015.

PPD participants included the Customs General Authority, the Fair Competition and Consumer Protection Agency, the General Authority for State Inspection and over 80 private sector representatives with a vested interest in IPR protection. Bringing together relevant public sector officials and private sector representatives served to build a collaborative understanding between the two sectors regarding issues related to the proper enforcement of IPR. The PPD allowed for a substantive discussion on how IPR enforcement can positively influence Mongolia's long-term economic competitiveness and the overall business environment. Participants heard presentations from the head of the Enforcement division of IPOM in small groups developed recommendations to the IPOM on ways to make improvements to the current IPR complaint and enforcement mechanisms. The breakout sessions were followed by a panel discussion featuring the Chairman of the IPOM, officials from the Customs General Authority, the Fair Competition and Consumer Protection Agency, the General Authority for State Inspection, Microsoft, and Unitel Group. As a result of the event, recommendations were developed based on the private sector's feedback to resolve IPR enforcement and streamline the current IPR infringement complaint mechanism.

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## Recommendations from AmCham PPD: IPR

A process must be developed in order to improve IPR enforcement, reduce the occurrence of infringements, and to establish an advanced monitoring system

Separate the infringement detection and inspection process

Develop an efficient mechanism for the verification of intellectual property

The ongoing joint procedures conducted by Government organizations and public agencies need to be transparent to the public

Publicize the enforcement of IPR to the public

Develop an IPR marketing campaign

In regards to developing new laws on intellectual property rights, there needs to be representatives from the private sector and discussions on the law should be open to the public

Representatives from the Fair Competition and Consumer Protection Agency needs to be a part of the government inspection agencies

The IPOM needs to report inspection results and conduct a monthly press conference to announce the results of the findings to the public

It was concluded that IPR infringement cases involving copyrights and other violations are not resolved due to lack of information about IPR in both public and private sectors, rather than because of lack of effective laws and regulations. The PPD was followed by a press conference organized by BPI local partner The Press Institute to commend the IPOM and other relevant agencies for actively engaging with the private sector and taking proactive steps to improve IPR protection in Mongolia. Press conference speakers included N. Chinbat, Chairman of the IPOM and Jackson Cox, Chairman of AmCham Mongolia.

**AmCham PPD: Revised draft of the Labor Law.** The Labor Law of Mongolia, which was enacted in 1999, is the fundamental legal document that applies to businesses and entrepreneurs wishing to hire workers, organize working schedules, and/or engage in other labor relations in Mongolia. The Government of Mongolia is currently in the process of revising the Labor Law to reflect the dynamic changes that have encompassed the Mongolian economy since 1999. With BPI support, AmCham Mongolia implemented a PPD aiming to i) to review and build a collaborative understanding between the public and private sectors with regard to the proposed changes in the Labor law, and ii) to produce recommendations based on the broadly accepted best practices and standards and business sector's feedback.

While 43 participants from the private sector were in attendance to contribute their input, this PPD also featured main public sector stakeholders including the working committee members of the Ministry of Labor and the Parliament Standing Committee on Social Policy, Education, Culture and Science. In addition relevant non-governmental organizations attended the PPD, including the Federation of Female Employers, the Mongolian Federation of Trade Unions, the Mongolian Employers' Federation present. Despite the fact that the Ministry of Labor officially started efforts to revise the Labor law in 2013 with the signing of a memorandum of understanding with the Confederation of Mongolian Trade Unions and the Mongolian Employers' Federation, the draft labor law revision process has taken place almost exclusively within the government sphere, with little opportunity to engage the private sector in policy discussions. The AmCham Draft Labor Law PPD provided many private sector participants their first opportunity to learn about significant changes proposed in the draft, gather feedback, and provide recommendations on ways to improve the draft law.



AmCham PPD convened participants to discuss the business implications of the proposed revisions to the Labor Law.

Participants largely noted that as the draft currently stands, many of the provisions contradict good business practice and free market principles. For instance, there are a number of provisions in the law, which are intrusive to businesses, limiting their ability to make independent decisions on internal rules and policies. Participants did however acknowledge that the reality of Mongolia's current labor market is that 53% of total labor force remains in the informal sector, where formal labor contract or agreement does not exist. To protect these often vulnerable laborers, the government needs to specify the minimum conditions of labor relations through this Labor Law. Stakeholders welcomed some revisions in the law, such as provisions concerning child labor, sexual harassment at the work place, and discrimination. However, the general consensus at the meeting was that the draft law as it stands needs to be revised based on broad and inclusive consultations involving wide range of businesses in the country.

### Recommendations from AmCham PPD: Revised Labor Law

<i>Labor dispute resolution</i>	<ul style="list-style-type: none"> <li>- Rethink the role, composition and appointment of Tripartite Committees on Labor Dispute Settlement to ensure that any new structure created to resolve labor disputes is professional, independent and is set up in away to enjoy full confidence and trust of users.</li> <li>- Revisit the requirement for business entities to establish a committee to promote cooperation at workplace empowered to resolve employment dispute. An alternative solution can be detailed provisions on how disputes can be settled within the workplace in internal policies and procedures of businesses.</li> <li>- Remove provision that allows state inspectors access workplaces, premises and facilities of businesses at any time without prior notice</li> </ul>
<i>Employment contract, roster, overtime and other employment-related matters</i>	<ul style="list-style-type: none"> <li>- Provisions related to employment contract can specify the maximum and minimum duration of contracts, however other employment-related matters should be</li> </ul>

	left to the employer and employee to negotiate and decide based on their internal business procedures, collective bargaining, taking into consideration other related matters such as competition, costs and productivity.
<b>Tripartite partnership</b>	- While Labor Unions represent an important stakeholder in the labor relations, their involvement in day-to-day decision making of businesses, i.e. their internal policies, is intrusive and not in line with the broadly accepted international standards.

BPI continued to collaborate actively with subcontract partner, the Press Institute of Mongolia (TPI) and their Economic Journalists Club (EJC). During this reporting period, BPI supported training to build journalists' capacity and raised public awareness on the new BPI-supported Arbitration law reform process. Success achieved this quarter in broadening EJC collaboration with government agencies and private sector, particularly with AmCham Mongolia, through BPI facilitated PPD events is an key milestone as EJC develops as a vibrant and important voice on economic and business issues in Mongolia.

#### Economic Journalists Club: Economic Events April- June 2015

Topic of Discussion per Event	Date
1. "Intellectual Property rights and violation" press conference	April 23, 2015
2. "Make profits from stocks " Mongolian Stock Exchange training	May 6, 2015
3. SIAC Arbitration Training Video Workshop: Practical Guide to International Arbitration	May 20, 2015

### E. Next Steps for the Coming Quarter

Major activities or key actions projected for the next quarter, the final quarter of program implementation, by project component, are detailed below.

#### **PIR 1: Business enabling environment, governance, and country competitiveness policies and practices improved**

**Trading Across Borders:** Over the next quarter BPI will continue to monitor the performance of the customs e-payment system launched on July 1, 2015. Further, BPI will support CGA in implementing the public awareness campaign and training customs officers and bank tellers.

**Paying Taxes:** BPI will accompany GDT in July to ensure the VAT e-invoice system functions smoothly during the month-long soft launch and will ensure that no further assistance is required related to the system beyond July 31, 2015. In mid-July nationwide training for taxpayers and tax inspectors will be completed.

**Arbitration:** BPI will work with new authorities at MOJ to submit the draft to the Cabinet in July in an effort to submit it to parliament during the Fall Session. BPI will also continue to mentor local partners to ensure that the arbitration workshops are sustainable beyond BPI tenure.

#### **PIR 2: Private sector capacity and competitiveness strengthened**

During the next quarter, QSDC will continue to build on its successes supported by BPI grant funding to advance its two programs, Supplier Development and Quality Management, in closer collaboration with its Board of Directors.

**PIR 3: National dialogue on business enabling environment and country competitiveness strengthened**

In the coming quarter, the activities of PIR 3 will continue to communicate the work being done in PIR 1 and PIR 2. In addition, the project strategic communications team will continue working closely with GDT and CGA on increasing their capacity to communicate reforms and simplified procedures to the public.

## **SECTION II: PROJECT MANAGEMENT AND ADMINISTRATION**

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This section summarizes significant project management and administration activities, problems encountered and actions taken to solve them, and main activities scheduled for completion during the next quarter. Annex A contains a list of long-term local project staff and short-term expatriate and third-country national technical assistance assignments.

### **A. Significant project management and administration activities**

During this quarterly reporting period, BPI project management and administration activities continued to support the delivery of programmatic and technical assistance across the three PIRs areas.

### **B. Personnel**

#### **B1. Long-term expatriate personnel**

During this reporting period, the project had the following changes to the long-term expatriate personnel:

- Repatriation of Mauricio Moscoso, Private Sector Advisor on June 7, 2015
- Repatriation of Efrain Laureano, Chief of Party on June 13, 2015

#### **B2. Long-term local personnel**

Exhibit A-1 in Annex A provides a summary status of local staff as of the end of the reporting period. All local long-term personnel remain the same as in the previous quarter.

#### **B3. Deployment of short-term technical assistance**

Deployment of short-term expatriate assistance proceeded according to the Year 4 Annual Work Plan schedule. Eight technical assignments were completed or initiated during the quarter by a total of 14 short-term expatriates and third country consultants on both billable and pro-bono basis. Exhibit A-2 in Annex A provides details about the purpose of these assignments as well as dates of start and end of each assignment.

### **C. Status of subcontracts and grants**

During this reporting period, the BPI project continued to work with consortium partners as well as other Mongolian service providers to support the project's initiatives. Specific updates include:

- In June 2015, BPI issued a sub-task order to under the Indefinite Quantity Subcontract with ELC LLP to provide a legal guidance and review of required documentation related to project compliance with local law and close-out of the project.

### **D. Project and contract management actions expected for the next quarter**

Project and contract management actions expected to be completed during the next quarter include the following:

- Fielding close-out specialist to assist the project close-out;
- Repatriation of remaining long-term expatriate personnel;
- Close-out all active subcontracts and grants;
- Disposition of all expendable and non-expendable items.

**ANNEX A: Long-term local personnel and expatriate short-term assignments**

<b>Exhibit A-1: Local long-term project staff as of the end of April - June 2015 quarter</b>			
<b>Employee name</b>	<b>Position</b>	<b>Start date</b>	<b>Current Contract End date</b>
Uurtsaikh Sangi	Deputy chief of party	Jun 20, 2011	Sep 30, 2015
Altanzaya Baldan	Accountant	Jun 20, 2011	Sep 30, 2015
Zul Sabikhan	Operations Manager	Jun 20, 2011	Sep 30, 2015
Tsolmon Naidandorj	Video and graphics coordinator	Jul 28, 2011	Jun 30, 2015
Batmunkh Perlii	Driver/messenger	Aug 22, 2011	Jun 30, 2015
Myagmar Gombo	Driver/messenger	Sept 12, 2011	Jul 31, 2015
Gerelmaa Tumurbaatar	Accounting assistant	Oct 7, 2011	Jun 30, 2015
Amgalan Nordov	Regulatory reform manager	Jan 3, 2012	Jul 31, 2015
Davaakhuu Baatar	Translator/Interpreter	Jul 16, 2012	Jun 30, 2015
Munkhjargal Demberel	Office manager	Sep 26, 2012	Jun 30, 2015
Ariuntuya Ayurzana	Public private dialogue specialist (IPI)	Oct 5, 2012	Jun 30, 2015
Buyankhuu Suran	Translator/interpreter and editor	Aug 19, 2013	Jul 31, 2015
Uranzaya Erdenebold	M&E and administrative office	Jul 16, 2014	Jul 31, 2015

**Exhibit A-2: Short-term technical assignments during the April - June 2015 quarter**

<b>Name</b>	<b>Purpose of assignment</b>	<b>Date of arrival</b>	<b>Date of departure</b>
Tsolmon Finch	Short-term Grants Sustainability Specialist will support the BPI's grant initiatives to QSDC, a local NGO, as it prepares for its next stage of operations, provide training on project design and proposal preparation	March 21, 2015	April 14, 2015
Milosz Banbor	STTA for BPI & QSDC finance and compliance review	April 27, 2015	May 15, 2015
Ji Yeon Yu (Julia Yu)	Arbitration expert to conduct SIAC Arbitration training	May 19, 2015	May 22, 2015
Franz Schwarz	Arbitration expert to conduct SIAC Arbitration training	May 20, 2015	May 23, 2015
Jonathan Leach	Arbitration expert to conduct SIAC Arbitration training	May 20, 2015	May 23, 2015
Eun Young Park	Arbitration expert to conduct SIAC Arbitration training	May 19, 2015	May 22, 2015
Paul Sandosham	Arbitration expert to conduct SIAC Arbitration training	May 19, 2015	May 22, 2015
David Robertson	Arbitration expert to conduct SIAC Arbitration training	May 18, 2015	May 22, 2015
Cyrus Benson	Arbitration expert to conduct Arbitration workshop	May 9, 2015	May 17, 2015
Victoria R. Orlowski	Arbitration expert to conduct Arbitration workshop	May 9, 2015	May 18, 2015
Jorge Montoya	To facilitate module upgrading, develop three sets of user guidelines, conduct training of trainer workshops for customs officials, and review progress on customs port processes	May 25, 2015	June 6, 2015
Laurie Gidley	To conduct Customs Valuation and Audit training for Post Clearance Audit Department, CGA	June 7, 2015	June 21, 2015
Rebecca Logan	PMU director, Acting COP	June 9, 2015	July 4, 2015
Rose Ramos	To serve as final report writer for the BPI contract remotely	June 1, 2015	September 3, 2015

## ANNEX B: Performance indicators, baseline, targets, and results for Annual Work Plan-4 (April through June 2015)

PIR1: Business enabling environment, governance, and country competitiveness policies and practices improved									
KRA 1.1 Trade, paying taxes, arbitration, construction, and company registration procedures simplified									
		Baseline Value	AWP-4 Target		Oct-Dec	Jan-Mar (2015)	Apr-Jun	Jul-Sep	AWP-4 Results
1.1.1	<i>Time and cost of clearing imports and exports reduced (Baseline DB2015)</i>								
1.1.1a	<i>Number of documents required to export/import a shipment</i>	11/12	5/5	Target	11/12	7/7	5/5	5/5	
				Actual	11/12	11/12	11/12		
1.1.1b	<i>Number of days required to export/import a shipment</i>	44/45	27/28	Target	44/45	33/34	27/28	27/28	
				Actual	44/45	44/45	44/45		
1.1.2	<i>Burden of compliance with tax administration procedures reduced (Baseline DB2015)</i>								
1.1.2a	<i>Number of payments per year</i>	41	19	Target	41	41	19	19	
				Actual	41	41	41		
1.1.2b	<i>Number of hours per year required to comply with paying taxes</i>	148	133	Target	148	140	133	133	
				Actual	148	148	148		
1.1.2c	<i>Percentage of taxpayers that use e-payment for VAT, CIT and PIT taxes</i>	76%	60%	Target	30%	40%	60%	60%	
				Actual	77%	76%	75%		
1.1.3	<i>Construction permits procedures streamlined (Baseline DB 2015)</i>								
1.1.3a	<i>Number of procedures to build a warehouse legally</i>	16	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a
				Actual	n/a	n/a	n/a	n/a	
1.1.3b	<i>Number of calendar days required to complete all procedures</i>	137	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a
				Actual	n/a	n/a	n/a	n/a	
1.1.4	<i>Getting new electricity connections processes simplified (Baseline DB 2015)</i>								
1.1.4a	<i>Number of procedures to obtain an electricity connection</i>	8	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a
				Actual	n/a	n/a	n/a	n/a	
1.1.4b	<i>Number of calendar days required to complete all procedures</i>	79	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a
				Actual	n/a	n/a	n/a	n/a	

		Baseline Value	AWP-4 Target		Oct-Dec	Jan-Mar (2015)	Apr-Jun	Jul-Sep	AWP-4 Results
1.1.5	Online company registration system established (Baseline DB 2015)								
1.1.5a	Number of procedures to start a business	5	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a
				Actual	n/a	n/a	n/a	n/a	
1.1.5b	Number of calendar days required to complete all procedures	11	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a
				Actual	n/a	n/a	n/a	n/a	
<b>KRA 1.2 Customs risk management and post clearance audit programs strengthened</b>									
1.2.1	Customs risk management program strengthened (Baseline AWP-3)								
1.2.1a	Percentage of "green and yellow channel" shipments	35.6%	45%	Target	39%	42%	45%	n/a	
				Actual	41%	47%	44%	n/a	
1.2.2	Customs post clearance audit program strengthened (Baseline AWP-3)								
1.2.2a	Number of PCA audits conducted with valuation training from BPI	296	200	Target	70	70	60	n/a	
				Actual	60	14	30	n/a	
1.2.2b	Person/days of training on PCA and other trade facilitation areas delivered	896	19	Target	0	19	n/a	n/a	
				Actual	0	23	149	n/a	
<b>KRA 1.3 Enabling legal and regulatory environment for trade, starting a business, paying taxes and commercial arbitration strengthened</b>									
1.3.1	Enabling legal and regulatory environment strengthened (Baseline AWP-3)								
1.3.1a	Percentage of progress in facilitating Draft Construction law	75%	100%	Target	75%	100%	100%	100%	
				Actual	75%	75%	75%	n/a	
1.3.1b	Percentage of progress in facilitating Legal Entities law	100%	No included in AWP-4	Target	n/a	n/a	n/a	n/a	n/a
				Actual	n/a	n/a	n/a	n/a	
1.3.1c	Percentage of progress in facilitating Draft Arbitration law	55%	100%	Target	75%	75%	100%	100%	
				Actual	75%	75%	75%	n/a	
1.3.2	Technical support in drafting regulations for customs risk management, post clearance audit and customs clearance procedures facilitated (Baseline AWP-3)								
1.3.2a	Number of trade related regulatory measures facilitated	1	2	Target	0	1	1	n/a	
				Actual	0	0	1	n/a	

<b>PIR2: Private sector capacity and competitiveness strengthened</b>									
<b>KRA 2.1 Capacity of Mongolian private sector firms to sell products and services meeting buyers' demand strengthened</b>									
		<i>Baseline Value</i>	<i>AWP-4 Target</i>		<i>Oct-Dec</i>	<i>Jan-Mar (2015)</i>	<i>Apr-Jun</i>	<i>Jul-Sep</i>	<b>AWP-4 Results</b>
2.1.1	<i>Consolidation of QSDC: Buyer-supplier transactions facilitated (Baseline AWP-3)</i>								
2.1.1a	<i>Number of products/services with buyers' specifications</i>	103	52	<i>Target</i>	13	13	13	n/a	
				<i>Actual</i>	12	16	7	n/a	
2.1.1b	<i>Number of due diligence conducted on suppliers</i>	55	40	<i>Target</i>	10	10	10	n/a	
				<i>Actual</i>	8	12	3	n/a	
2.1.1c	<i>Number of TAF contracts to assist potential suppliers</i>	22	30	<i>Target</i>	7	7	8	n/a	
				<i>Actual</i>	1	6	3	n/a	
2.1.1d	<i>Number of purchase orders fulfilled</i>	59	39	<i>Target</i>	9	10	10	n/a	
				<i>Actual</i>	15	56	83	n/a	
2.1.1e	<i>Expected value for increased sales of transaction facilitated (MNT)</i>	4.2 billion	4.8 billion	<i>Target</i>	2.2	2.5	2.5	n/a	
				<i>Actual</i>	0.7	0.7	2.2	n/a	
2.1.2	<i>Consolidation of QSDC: Quality Assurance training program (Baseline AWP-3)</i>								
2.1.2a	<i>Number of trainings on quality assurance topics delivered</i>	19	16	<i>Target</i>	4	4	4	n/a	
				<i>Actual</i>	2	4	10	n/a	
2.1.2b	<i>Number of firms supported with improved management</i>	349	96	<i>Target</i>	24	24	24	n/a	
				<i>Actual</i>	19	29	101	n/a	
2.1.2c	<i>Number of person-days of training delivered on quality assurance topics</i>	1,068	720	<i>Target</i>	180	180	180	n/a	
				<i>Actual</i>	65	52	273	n/a	
<b>KRA 2.2 Partnerships that leverage resources to improve business and country competitiveness strengthened</b>									
2.2.1	<i>Number of person/days of training delivered on BPI's developed toolkits</i>	152	No included in AWP-4	<i>Target</i>	n/a	n/a	n/a	n/a	n/a
				<i>Actual</i>	n/a	n/a	n/a	n/a	
2.2.2	<i>Number of partnerships, subcontracts, grants and other cost-sharing agreements with local and</i>	33	5	<i>Target</i>	2	2	1	n/a	
				<i>Actual</i>	3	3	3	n/a	

	<i>international organizations in support of BEE reforms</i>								
2.2.3	<i>Number of partnerships in support of QSDC program</i>	3	5	<i>Target</i>	1	2	2	n/a	
				<i>Actual</i>	2	3	0	n/a	

**PIR3: National dialogue on business enabling environment and country competitiveness strengthened**

**KRA3.1 Public private dialogue (PPD) to foster awareness of country competitiveness and governance issues, business enabling environment reforms, international experience, and best practices facilitated**

		<i>Baseline Value</i>	<i>AWP-4 Target</i>		<i>Oct-Dec</i>	<i>Jan-Mar (2015)</i>	<i>Apr-Jun</i>	<i>Jul-Sep</i>	<b><i>AWP-4 Results</i></b>
3.1.1	<i>Number of public events held on BEE or competitiveness issues</i>	158	20	<i>Target</i>	7	7	6	n/a	
				<i>Actual</i>	5	6	5	n/a	
3.1.2	<i>Total number of person/days of attendance at BPI trainings and BPI public events</i>	8,723	1,500	<i>Target</i>	503	503	493	n/a	
				<i>Actual</i>	271	145	917	n/a	
3.1.2a	<i>Number of person/days of trainings for government officials</i>	4,116	610	<i>Target</i>	205	205	200	n/a	
				<i>Actual</i>	58	23	286	n/a	
3.1.2b	<i>Number of person/days of trainings for private sector representatives</i>	3,804	744	<i>Target</i>	248	248	248	n/a	
				<i>Actual</i>	147	52	575	n/a	
3.1.2c	<i>Number of person/days of attendance to EJC and other public events</i>	804	145	<i>Target</i>	50	50	45	n/a	
				<i>Actual</i>	65	71	57	n/a	
3.1.3	<i>Number of workshops held for journalists</i>	61	25	<i>Target</i>	9	9	7	n/a	
				<i>Actual</i>	7	5	3	n/a	

Changes to previous PMP table:

1. Baseline for indicator 1.1.2c has been recounted based on the updated data received from GDT.
2. Annual target for indicator 2.1.1e has been reduced by 33% due to the reduced technical assistance to the QSDC in supplier development program.