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**DRAFT**

**UNITED STATES AGENCY  
FOR INTERNATIONAL DEVELOPMENT**  
Philippines

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**FOLLOW-UP REVIEW OF THE  
MONGOLIA CASH TRANSFER PROGRAM (438-K-601)  
(CONTRACT NO. AID-492-0000-C-00-2034-00)**

December 1991

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CONSULTING**  
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THE SGV GROUP

INTERNATIONAL MAILING ADDRESS:  
P. O. BOX 7658 DAPO  
1300 METRO MANILA, PHILIPPINES

LOCAL MAILING ADDRESS:  
P. O. BOX 256 MAKATI CPO  
1299 MAKATI, METRO MANILA

# SGV CONSULTING

SYCIP, CORRES, VELAYO & CO.

SGV DEVELOPMENT CENTER  
105 DE LA ROSA ST., LEGASPI VILLAGE  
1200 MAKATI, METRO MANILA, PHILIPPINES

TELEPHONE: (632) 817-03 01  
(632) 819-30-11

FACSIMILE NO.: (632) 817-41-93  
(632) 819-08-72

TELEX: 45696-PM  
45632 PM  
63743 SGV PN

CABLE: CERTIFIED MANILA

February 11, 1992

Mr. James C. Stanford  
Controller  
United States Agency for  
International Development  
Ramon Magsaysay Building  
1680 Roxas Boulevard  
M a n i l a

Sir:

We are pleased to transmit for your review and comments the draft of the report on the follow-up review of the Mongolian Cash Transfer Program (438-K-601). This engagement is covered by Contract No. AID-492-0000-C-00-2034-00.

Contrary to the provision of Section C.4 of the contract, we were unable to provide Mr. Jay Nussbaum at the end of the field work in Ulaanbaatar a draft report translated into Mongolian. Neither can we at this point provide a Mongolian translation of this draft report.

The time allotted us for undertaking this project was too limited in relation to its scope. Most of the analysis work and the report writing had to be done in the Philippines. Besides, the problems of translating voluminous commercial documents dealing with international transactions tremendously slowed down our work. Since about 87% of the eligible importations were sourced from the USSR, commercial documents coming from suppliers were in the Russian language. Finally, the government implementing agencies were not aware that a review was to be undertaken. Consequently, one of the immediate tasks our senior consultant had to attend to was to work out a schedule of meetings with the Ministry of Trade and Industry and the participating agencies.

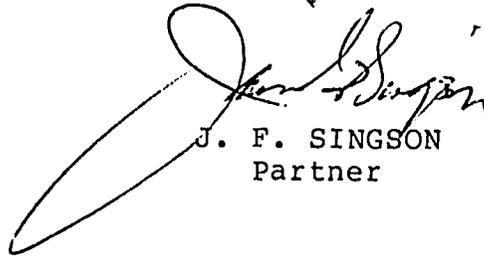
Mr. James C. Stanford

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February 11, 1992

We will greatly appreciate receiving your comments on this draft report so we can incorporate in the final report. We are enclosing a copy of this draft report for Mr. Jay Nussbaum. We will not finalize the report until we hear from you and Mr. Nussbaum.

Sincerely yours,



J. F. SINGSON  
Partner

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This report covers the results of the technical assistance provided by the Contractor on the follow-up review of the Mongolian Cash Transfer Program (438-K-601) under Contract No. AID 492-0000-C-00-2034-00. In accordance with the requirements of the undertaking, the Contractor fielded a senior consultant in Ulaanbaatar, Mongolia from January 14 to 24, 1992. The consultant worked closely with Mr. Robert Friedline, the USAID Resident Representative in Mongolia.

### Project Objectives

The objectives of this undertaking are to ascertain the extent of the implementation of the US \$10,000,000 Mongolian Cash Transfer Program (MCTP), and to determine whether the terms and conditions of the grant agreement have been complied with.

### Scope of Work

The contract defines the scope of work to include the following specific areas:

1. Review of recommendations made in the original financial review conducted by SyCip, Gorres, Velayo and Company;
2. Compile the list detailing the use of the U.S. dollars expended under the Program;
3. Establish the U.S. Dollar Special Account balance;
4. Review the GMPR (Government of the Mongolian People's Republic) implementation progress report, describing issues, problems, etc.;
5. Ascertain the extent of local currency generation;
6. Estimate the terminal date of disbursement; and
7. Submit recommendations.

In addition, the Contractor was to meet with representatives of four potential joint venture partners in the field of management consulting.

### Findings and Recommendations

#### U.S. Dollar Special Account

##### 1. Finding:

The adjusted balance of the MCTP Dollar Special Account as of November 30, 1991 is U.S. \$8,416,307.26. However, the effective balance of the fund is still U.S. \$8,616,307.26, since an ineligible disbursement of U.S. \$200,000 will have to be

redeposited to the account in accordance with the provision of Section 6.5, Article VI of the grant agreement. The disbursement was made to the General Export, a Yugoslav company, for engineering services on the Genghis Khan Hotel.

Adjustments to the account are for erroneous charges amounting to U.S. \$797.80 and the unsupported credits for U.S. \$25.01 made by the Riggs National Bank.

Recommendation:

The USAID should notify the GMPR of the ineligible disbursement and require the latter to redeposit U.S. \$200,000 into the MCTP Dollar Special Account, as required under Section 6.5, Article VI of the grant agreement.

The State Bank of Mongolia (International) should immediately advise Riggs National Bank of the erroneous charges amounting to U.S. \$797.80 and the unsupported credits of U.S. \$25.01 so that appropriate adjustments can be made to the account.

2. Finding:

The State Bank of Mongolia (International) and the Riggs National Bank failed to formally agree on the terms and conditions regarding the maintenance of the MCTP Dollar Special Account. The account is non-interest bearing and the State Bank of Mongolia (International) questions the charges for overdraft, confirmation commission, issuance commission, and payment commission. For the three-month period ended November 30, 1991, these bank charges total U.S. \$ 21,831.92. According to officials of the State Bank of Mongolia (International), these bank charges were not known by the bank until the second week of December, 1991 when it received from Riggs National Bank the bank statements and the related debit advices.

Recommendation:

The State Bank of Mongolia (International) should immediately come to terms with Riggs National Bank on the conditions under which the MCTP Dollar Special Account is to be maintained.

Local Currency Special Account

1. Finding:

The MCTP local currency special account was established in accordance with the provision of paragraph (b), Section 5.1, Article V of the grant agreement. This account, which was opened with the Ulaanbaatar Branch of the Bank of Mongolia, the

country's central bank, is administered by the Budget Department of the Ministry of Finance. In its first progress report to the USAID on December 11, 1991, the GMPR informed the former that the local currency account had a balance of 400 million tugriks.

However, contrary to the provisions of Section 5.2, Article V of the grant agreement, the local currency special account is not interest-bearing and, without the knowledge and consent of the USAID, the entire amount of 400 million tugriks had been fully disbursed as of December 31, 1991.

Recommendation:

In accordance with the provision of Section 6.5, Article VI of the grant agreement, the USAID should advise the GMPR of this breach of contract and require it to redeposit the amount of 400 million tugriks in an interest-bearing account. The grantor should further advise the grantee that henceforth all uses of the local currency special account should only be made in accordance with the provision of Section 5.2, Article V of the grant agreement.

2. Finding:

The MCTP local currency special account is administered by the Budget Department of the Ministry of Finance. The authorized signatories of this special account are the head and the accountant of the Budget Department. Without the knowledge and agreement of the Ministry of Trade and Industry, the two signatories authorized the disbursement of the entire balance of this special account. Officials at the Ministry of Trade and Finance were unaware of the disbursements that had been made out of the local currency special account until informed by the Contractor.

Recommendation:

We recommend that the Ministry of Trade and Finance explain clearly to the concerned officials of the Budget Department of the Ministry of Finance and the Bank of Mongolia, Ulaanbaatar branch, the relevant provisions of the grant agreement, the prescribed procedures, and the limits on the authority of these officials.

Approved Importations Under the Grant Agreement

1. Finding:

Our review of the importations approved by the Ministry of Trade and Industry for funding out of the MCTP Dollar Special Account during the four-month period ended December 31, 1991 disclosed two authorizations for a total amount of U.S. \$417,800

which are not eligible for funding under the grant agreement. One approved importation for U.S. \$335,000 is for engineering services for the Genghis Khan Hotel to be provided by General Export of Yugoslavia. The second approved importation for U.S. \$82,800 involves the purchase of 360 tons of millet from the China National Commercial Foreign Trade Corporation of the People's Republic of China.

On the basis of our review, and provided that the recommended adjustments detailed in Exhibit 2 are made, the adjusted total amount of approved importations eligible for funding under the grant agreement is U.S. \$9,944,313.76 as of December 31, 1991. This amount does not include the various bank charges of Riggs National Bank which as of November 30, 1991 have amounted to U.S. \$21,831.92. Taking into account the bank charges that will still be made by Riggs National Bank upon payment of the drafts on the outstanding approved importations, the entire amount of the grant is just about completely committed.

Recommendation:

We recommend that the Ministry of Trade and Industry withdraw its approval on the two ineligible importations described above. Furthermore, we recommend that the State Bank of Mongolia (International) instruct the Riggs National Bank to cancel its cabled authorization for the payment of these importations. Finally, we recommend that the other adjustments detailed in Schedule 2 be complied with both by the Ministry of Trade and Industry and the State Bank of Mongolia (International).

2. Finding:

We observed that the importation approval forms used by the Ministry of Trade and Industry are not numbered and that no register is kept to record approvals already made. We further observed that the schedule of approved importations prepared by the Ministry of Trade and Industry, and the schedule of approved telegraphic transfers and opened letters of credit prepared by the State Bank of Mongolia (International) did not include the approved importation of engineering services from the General Export of Yugoslavia. It was only in the course of our work of verifying the various charges and credits to the MCTP Dollar Special Account that we came across this approved importation, because a payment of U.S. \$200,000 had already been made. For these reasons, we were unable to perform certain procedures to assure ourselves of the completeness of the importation approval forms presented to us for examination.

Recommendation:

We strongly recommend that the Ministry of Trade and Industry consecutively number all importation approval forms issued by it. We further recommend that the Ministry maintain a register where a record of each approved importation for funding out of the grant be entered.

3. Finding:

Our review disclosed that the operating system in place for the implementation of the MCTP grant agreement features an added level of control which was not included in the system recommended by the Contractor in the original review of the MCTP. This added control involves the review by the head of the Accounting and Interbanking Settlement Department of the Bank of Mongolia (the Central Bank) of the importation approval form issued by the Ministry of Trade and Industry, before the form is finally submitted to the State Bank of Mongolia (International) for the filing of the application for the opening of a letter of credit.

Although an added precaution would generally be welcome and the added procedure has not created any undue delays in the processing of documents, we observed a number of instances where this procedure was completely bypassed. Likewise, we noted that the review involves merely a comparison of the list of eligible items for importation provided by the Ministry of Trade and Industry with the importation approval form issued by that Ministry. Finally, we observed that the system in place has not made provision for a situation where the Bank of Mongolia might disagree with the approval issued by the Ministry of Trade and Industry. What, for instance, is the State Bank of Mongolia (International) to do should a conflict arise between the two approving offices?

Recommendation:

We recommend that the Ministry of Trade and Industry define clearly the role of the Bank of Mongolia, the extent of its authority, and how conflicts between the two organizations are to be resolved.

Recommendations of Original Review

1. Finding:

Our discussions with responsible officials of the State Bank of Mongolia (International) and the trading companies, as well as with two of the four official representatives of the GMPR under the grant agreement disclosed that the recommendations submitted by the Contractor of the original

financial review and enumerated in Section C.1 of the present contract were never officially communicated to these officials and organizations.

Recommendation:

We recommend that the responsibility for formally transmitting recommendations which have been accepted by the USAID to the concerned officials and agencies of the GMPR be clearly established.

2. Finding:

During the original review, we observed from our systems documentation at the State Bank of Mongolia (International) that one of the documents required in the letter of credit opening instructions is the certificate of origin. This certificate provides information on the country from which the importation is actually sourced. For instance, the foreign supplier may be a Japanese firm, but the goods could actually come from its manufacturing facility in Thailand. We observed during this follow-up review that the certificate of origin is no longer one of the documents specified in the letter of credit opening instructions.

Recommendation:

We recommend that the State Bank of Mongolia (international) require importers availing of the funding provided by the grant agreement to include the certificate of origin in their application for the opening of letters of credit.

GMPR Implementation Progress Reports

1. Finding:

In accordance with the provision of paragraph [b], Section 4.3, Article IV of the grant agreement, the grantee submitted to the USAID resident representative on December 11, 1991 its initial progress report on the implementation of the MCTP program. The report submitted does not conform to the format recommended by the Contractor in the original assessment of the the GMPR's capability to undertake the program.

Upon further inquiry, the Contractor learned that the report formats and related instructions for report preparation which it recommended in the original review had not been formally communicated to the GMPR. Prior to the commencement of this review, the Contractor had recommended and was made to understand that the report formats and instructions would be translated to the Mongolian language and disseminated to all

agencies participating in the program prior to the commencement of the follow-up review.

Recommendation:

Since we were made to understand that the recommended reporting system for the program had been accepted by the USAID and would be implemented, we recommend that the same be translated to the Mongolian language and formally transmitted to the GMPR's representatives who, in turn, should sit down with representatives of all program participating agencies to discuss the reporting system, including the deadlines for report submission.

In addition, we recommend that a final review of the program be undertaken in April 1992. This review may include a determination of the distribution of the imported items to ascertain the extent to which local currency may have been generated.

Potential Joint Venture Partners

1. Finding:

Only one of four identified potential joint venture partners in management consultancy was available for a meeting with the Contractor. This was the Economic College of Mongolia. It was agreed by the Rector and Curriculum Adviser of the College and the Contractor that the holding of a training program on management consulting would constitute a workable and practical starting point for the development of the profession in the country.

Recommendation:

We recommend that the development of a project proposal for this training program be added to the scope of work of the final review of the MCTP implementation recommended above. This work would involve the identification of the initial group of participants in the program and defining their training needs.

U.S. Dollar Special Account

The deposit of the U.S. \$10,000,000 with the Riggs National Bank of Washington D.C. was made on September 12, 1991, twelve days following the signing of the grant agreement. Incidentally, the account number for the Dollar Special Account indicated in the August 30, 1991 letter of the GMPR to Mr. Robert Friedline to signal its compliance with the conditions precedent is the number for the regular account of the State Bank of Mongolia (International) with the Riggs National Bank. The Dollar Special Account number is 01-09-731-045.

### Period Covered by Review

The analysis of this bank account covered only the three months from September 1, 1991 to November 30, 1991. At the time of our review, the latest bank statement that had been received from Riggs National Bank was as of November 30, 1991. Since the documents evidencing actual disbursements from the account emanate from the depository bank, no analysis of the account could be made beyond that date.

### Review Procedures

The review consisted of the comparison of relevant data found in documents evidencing the approval of the importation by the Ministry of Trade and Industry, the application for the opening of a letter of credit submitted by the trading company, the contract between the trading company and the foreign supplier, the cabled instructions to the correspondent banks, the cabled payment authorizations by the State Bank of Mongolia (International) to the Riggs National Bank, the confirmation cables from the correspondent banks and the Riggs National Bank, and the debit advices and bank statements received from the Riggs National Bank.

### Review Problems

The major problem encountered by the Contractor in this phase of the review was having to read contracts in the Russian language. Of the 49 letters of credit and 5 telegraphic transfer authorizations reviewed for which payments had already been made as of November 30, 1991, there were 48 contracts in Russian, 1 in German, and 5 in English. Translation of the relevant provisions of the purchase contracts reviewed required the assistance of the Director and accounting clerk of the Department of Trade Finance of the State Bank of Mongolia (International). Despite the familiarity of this official and staff with international transactions and documents, the translation were nevertheless an arduous and time-consuming undertaking.

In addition, program participating agencies were not advised ahead of time that a review was to take place during the second half of January 1992. Consequently, some time was used up getting organized for the review and contacting the organizations involved and even in locating the offices of a major trading company.

### Results of Analysis

The detailed analysis of the U.S. Dollar Special Account is presented in Exhibit 1. Four adjustments are recommended to the balance shown on the November 30, 1991 bank

statement received from the Riggs National Bank. The adjusted balance as of November 30, 1991 is U.S. \$8,416,307.26. However, the effective balance of the account as of this date should be U.S. \$8,616,307.26. The difference of U.S. \$200,000 represents the payment made on October 29, 1991 to the General Export of Yugoslavia for the engineering services on the Genghis Khan Hotel. The importation of these services was approved by the Ministry of Trade and Industry, although a note was made in the approval form that the amount was to be reimbursed from the funds that would be provided by the International Monetary Fund. This approval was supported by the Bank of Mongolia (the Central Bank).

We explained to officials of both the State Bank of Mongolia (International) and the Ministry of Trade and Industry that this use of the funds was clearly against the agreement and that immediate reimbursement of the amount should be made. Since the total approved amount for this contract was for U.S. \$335,000, we further advised both agencies that no additional disbursements out of the special account should be authorized and made. The officials concerned agreed and promised to immediately redeposit the amount of U.S. \$200,000 to the special account.

Two of the adjustments relate to bank charges which ought to have been made to the regular account of the State Bank of Mongolia (International) with the Riggs National Bank, but which the latter erroneously charged to the special account.

The last two adjustments relate to credits made by the depository bank for which no credit advices were received and which credits were not initiated by the depositing bank.

As of November 30, 1991 only U.S. \$1,383,692.74 had been disbursed for eligible importations out of the special account. This includes bank charges amounting to U.S. \$21,831.92 which the bank is questioning. The breakdown of these charges is presented in Exhibit 1. Officials of the State Bank of Mongolia (International) believe that since no interest is being earned on the account, the Riggs National Bank should provide its services for free.

#### Local Currency Account

##### Local Currency Bank Account

The deposit to the MCTP local currency special account of Tugrik 400,000,000 was made by the State Bank of Mongolia (International) on September 20, 1991. At the then current legal rate of exchange, this amount is the local currency equivalent of U.S. \$10,000,000. The account which is maintained at the Ulaanbaatar branch of the Bank of Mongolia, the country's

central bank, is in the name of the Ministry of Finance. Management of the special account is handled by the Budget Department of that ministry. The two authorized signatories to the account are the head and the accountant of the department.

Uses of Local Currency Account

Our meeting with the head and accountant of the Budget Department disclosed that as of December 31, 1991 the full amount of Tugrik 400,000,000 had been transferred out of the account to the expenditure account of the Ministry of Finance. These officials presented to us a copy of the ticket issued by the Ulaanbaatar branch of the Bank of Mongolia effecting this transfer on December 31, 1991.

According to these officials, the two beneficiaries of the local currency funds were the labor and energy sectors. The details of these expenditures, based on the translation of the statement of expenditure presented by these officials, are as follows:

Labor Sector

Development of small-scale enterprises

In the capital	Tugrik	107,900,000
In the provinces and rural areas		50,500,000
Contribution to pension fund of government employees		<u>45,400,000</u>
Total for labor sector		<u>203,800,000</u>

Energy Sector

Development of new coal mine at Shivee-Ovoo		25,700,000
Improvements to coal mine at Sharyn-Gol		57,400,000
Spare parts for thermal power stations and diesel stations, and dynamite		<u>113,100,000</u>
Total for energy sector		<u>196,200,000</u>
Grand total	Tugrik	400,000,000 =====

When informed that the grant agreement provides that any disbursement out of the local currency special account requires concurrence by the grantor, these officials referred to the provision of Section 4.1, Article IV of the agreement as their basis for the disbursements from the local currency

special account. This provision, however, does not relate to the use of the local currency funds, but rather to the uses of the dollar proceeds of the grant. The applicable provision on the use of the local currency account is Section 5.2 of Article V which states, in part, that "such local currency, including the interest earned thereon, may be expended only for such purposes as may be agreed by A.I.D. and the Grantee..."

This matter was subsequently communicated to the First Deputy Minister and the Deputy Chief of the Department of Foreign Trade Policy of the Ministry of Trade and Industry, two of the official representatives of the GMPR under the grant agreement. At the meeting with these two officials and the Secretary of the Government Commission for Foreign Assistance, we explained the requirements of the grant agreement relating to the use of the local currency and recommended that the full amount be redeposited to the special account. The officials agreed that the redeposit should be made and that the procedures required on the utilization of the local currency special account would be followed.

At the same meeting the officials present were advised of the need to work closely with the responsible officials of the Ministry of Finance in order to avoid similar problems from recurring.

The USAID resident representative was informed of the results of the meeting with these officials.

#### Basis for Determining the Local Currency Amount

Our review of program files at the office of the USAID representative as well as our discussions with him and officials of the Ministry of Trade and Industry failed to disclose any evidence on how the amount of Tugriks 400,000,000 that was deposited in the local currency special account was arrived at. Although our understanding is that the local currency account was set up on the basis of the provision of paragraph [b], Section 5.1, Article V of the grant agreement, we failed to find the program implementation letter relating to this matter required under this provision.

On the basis of this understanding as well as the lack of time, we did not attempt to quantify any more the flow of local currency to the Grantee as a result of the uses of the grant proceeds, as specified under paragraph [a], Section 5.1, Article V of the agreement.

#### Approved Importations

##### Approval of Eligible Importations

The Ministry of Trade and Industry has overall

responsibility in the GMPR for the smooth and effective implementation of the cash transfer program. All importations of goods and services whose foreign currency requirements are to be funded from the grant proceeds are required to be submitted to this ministry for review and approval. Within the ministry, it is the Department of Foreign Trade Policy which performs this function. After approval by the ministry, the documents are then coursed through the Accounting and Interbanking Settlement Department of the Bank of Mongolia for further review. The State Bank of Mongolia (International) is not supposed to process any application for a letter of credit or telegraphic transfer for such an importation, unless the application is accompanied by the approval form issued by the ministry.

#### Review Procedures

Our review included the verification of all letters of credit opened and all telegraphic transfers authorized for funding out of the MCTP Dollar Special Account during the period September 1, 1991 to December 31, 1991. The objectives of this verification were to ascertain whether all letters of credit opened and telegraphic transfers authorized had prior approval from the Ministry of Trade and Industry and whether the terms of such approval had been complied with.

The approval form issued by the Ministry of Trade and Industry contains information on the names of the importer and foreign supplier, the goods to be purchased, the date and number of the purchase contract, and the amount of the foreign currency approved for funding from the grant proceeds. The data on this approval form were compared with the information presented in the application for the opening of a letter of credit, and with the cabled instructions to the correspondent banks.

#### Results of Review

Our review disclosed that all three sets of information matched. This meant that the State Bank of Mongolia (International) did not during the period covered by the review deviate from the authorization granted by the Ministry of Trade and Industry.

However, we observed that two importations approved by the Ministry of Trade and Industry are from foreign sources not eligible under the program. The first approval, amounting to U.S. \$335,000, was for engineering services for the Genghis Khan Hotel provided by the General Export, a firm in Yugoslavia. A partial payment of U.S. \$200,000 has already been made on this contract.

The second ineligible importation, amounting to U.S. \$82,800, was an order for 360 tons of millet from the China

National Commercial Foreign Trade Corporation of the People's Republic of China. As of November 30, 1991 no payment had been made on this order.

Both cases were discussed with responsible officials of the Ministry of Trade and Industry who accepted our recommendation that the authorizations be cancelled.

The detailed results of the review of the approved importations for which letters of credit have already been opened or telegraphic transfers authorized are presented in Exhibit 2. The recommended adjustments are also shown in the schedule. As of December 31, 1991, the entire amount of the grant is practically already committed as shown below.

Total amount of the grant	U.S. \$ <u>10,000,000.00</u>
Deduct:	
Eligible importations already approved by the Ministry of Trade and Industry	9,944,313.76
Bank charges as of November 30, 1991	<u>21,831.92</u>
Total deductions	<u>9,966,145.68</u>
Uncommitted balance	U.S. \$ 33,854.32 =====

The uncommitted balance will just about cover the bank charges of Riggs National Bank on letters of credit which have not yet been confirmed or paid. Thus, for all intents and purposes the entire amount of the grant is fully committed as of December 31, 1991.

#### Completeness of Approved Importations

We observed in our review of importations approved by the Ministry of Trade and Industry for funding from the grant proceeds that the approval forms issued by the ministry are not numbered. Furthermore, we observed that the ministry does not maintain a register where a record of this approval could be entered. For these reasons, we were unable to satisfy ourselves that all importations approved during the period covered by our review were presented to us for examination.

For instance, the approval by the ministry of the use of grant proceeds to cover the cost of engineering services for the Genghis Khan Hotel was not included in the schedule of approved importations prepared by the ministry and submitted to us. Neither did this approval appear in the schedule of letters

of credit opened and telegraphic transfers approved which was prepared by the State Bank of Mongolia (International) and presented to us. We would not have become aware of this approval had there been no partial payment on this contract during the period covered by our review of the dollar special account.

### Explosive Materials

Two approved importations were for explosive materials at a total cost of U.S. \$1,000,000. Program Implementation Letter No. 3, dated October 1, 1991, expressly prohibited the use of the dollar grant proceeds for the importation of firearms, explosives and ammunition. However, the December 10, 1991 cable from Secretary of State Baker to the U.S. Embassy in Ulaanbaatar stated that effective December 9, 1991 the program assistance document had been amended to the effect that explosives used in mining are eligible for financing from the cash assistance funds.

We visited one of the two importers of the explosive materials, the Raznoimpex. The company's order of these materials was at a cost of U.S. \$550,000. Our examination of the railway bills covering this importation disclosed that the explosive materials were to be delivered directly to the coal mines of the Mongolian Coal Concern at Baga-Nuur, Sharyn-Gol, and Nalaikh.

### Types of Commodities Imported

Exhibit 3 presents a classification of the commodities which have been approved for importation and funding out of the grant proceeds. This schedule was partly based on a comparison of the listings found in Schedule 2 with the listing prepared by the Ministry of Trade and Industry. Examination of railway bills, where these have been received by the importers, was made but on a very limited extent even for the five importers with which we had meetings.

For instance, in the case of medicines shipments were by air to Ulaanbaatar. Since all purchases are received by Mongolemimpex and redistributed by it, we were unable, due to serious time constraints, to examine the eventual redistribution of these items. Management, however, made an oral representation that all medicines were distributed to government hospitals.

Similarly, in the case of sugar we were informed by the importer that the entire importation was distributed to candy factories.

In the case of tires and batteries shown under the last

grouping in Schedule 3 (Others), the importer informed us that the company is the sole importer of these items for all types of motor vehicles, including passenger cars.

Sources of Importations

Our review disclosed that almost 87% of the approved importations were sourced from the USSR and only about 13% were purchased from outside that country. These other countries are Hongkong, Japan, England, West Germany, Holland, and India. In terms of value, the importations from the USSR were valued at U.S. \$8,645,157 and those from the other countries were worth U.S. \$1,299,157.

Importing/Trading Companies

A total of 11 Mongolian companies availed of the grant proceeds to fund the importation of eligible items. The breakdown of the total amount of U.S. \$9,944,313.76 of approved importations by importing/trading company is presented below.

<u>Importing/Trading Company</u>	<u>Approved Importations</u>	
	<u>Amount</u>	<u>Percent</u>
Erchim Impex	\$ 2,645,814.68	26.61%
Raznoimpex	1,947,910.00	19.59
Mongolian Coal Concern (NUURS)	1,756,245.90	17.66
Petroleum Import & Supply Co.	1,004,168.38	10.10
Avtoimport	759,976.00	7.64
Mongolemimpex	647,835.00	6.51
Erdenet	570,000.00	5.73
Tuushin	298,053.80	3.00
Technikimport	160,000.00	1.61
Mongolian Celkhoztechnicimport	119,310.00	1.20
Glavnaja Companija Torgovli	35,000.00	0.35
Totals	\$ 9,944,313.76	100.00%
	=====	=====

We met with officials of 5 of the importing/trading companies, namely, Erchim Impex, Raznoimpex, Mongolian Coal Concern, Avtoimport, and Mongolemimpex. These 5 companies had approved importations which constitute 78% of the total. Of these 5 companies, Erchim Impex, Raznoimpex, and Avtoimport are primarily trading companies. The other 2 companies are direct importers.

To a rather limited extent, we examined commercial invoices, airway/railway bills, and packing lists at these 5 concerns and compared the data with those obtained from the applications for the opening of letters of credit. We did not find any exceptions.

Queried on why these companies continued to source most of their importations from the USSR, the officials we met stated that the plants and major equipment now in place were also sourced from the USSR. Erchim Impex, for instance, served the requirements of the country's power plants which are of USSR origin. The decision of the Mongolian Coal Concern to purchase additional bulldozers, dump trucks, and spare parts from the USSR was based on two major considerations. Their present equipment are of the same make with which their equipment operators and maintenance people are familiar. Besides, spare parts still in stock are for this make of equipment.

The other 3 companies visited sourced some of their importations from countries outside of the USSR. For instance, of the 3 importations approved under the grant which Avtoimport made, 1 was with Sumitomo Corporation of Japan and 2 were with USSR companies. It was also this trading company which presented to us the detailed evaluation of alternative suppliers relating to the purchase of batteries from Japan. On this particular order, Avtoimport received and considered offers from such Japanese companies as Marubeni, Yamaha, Sumitomo, and Missho Iwa. In addition, it considered the offers of a West German company and 2 from the USSR. Of the 9 importations it made under this grant, the Mongolemimpex sourced 2 orders from the Wellcome Foundation Limited of England and 1 order from E. Denk of West Germany.

#### Estimated Terminal Date of Disbursement

On the basis of debit advances received by the State Bank of Mongolia (International) from the Riggs National Bank during the first three weeks of January 1992 and on the information provided by the 5 trading companies, disbursements from the Dollar Special Account up to the close of the year 1991 are estimated to have amounted to U.S. \$3,106,493. A report submitted to us by the Ministry of Trade and Industry shows that as of January 15, 1992, the value of approved importations which had already been delivered is approximately U.S. \$5,076,000.

Three of the 5 trading companies we had meetings with informed us that goods ordered were being received on schedule. One of the trading companies reported delays in deliveries due to difficulties with the correspondent bank as well as problems faced by their suppliers on account of political developments in the USSR. Mongolemimpex had likewise not received most its orders. Officials of this company informed us that due to freezing temperatures no deliveries could be made during this time of the year.

On the basis of this rather limited set of information, we expect that most shipments will have been made by suppliers by the middle of the year.

Potential Joint Venture Partners

We met with only one of the 4 identified potential joint venture partners in the field of management consulting. This was the Economic College of Mongolia which was represented by the Rector of the College and Professor Michael Reynolds from England who is currently working with the College.

The meeting proved most productive in reaching agreement on how best to get started on the development of the management consulting profession in the country. It was the consensus at the meeting that the business faculty of the college and other colleges in the country constitute the base for the development of consultancy. External intervention would be needed in the form of a training program on the consulting process and the major types of consulting engagements which the business sector would likely be seeking in the near future. The program would be combination of in-class and on-the-job components.

In addition to the training component, the outside contractor is expected to provide assistance in formally setting up the management consultancy profession in the country. This would include the identification of the academic and certification or licensing requirements, the formation of a professional organization, the development of a code of ethics for the profession, and the establishment of the group within the professional organization which would administer the licensing of professional management consultants and oversee their practice.

Other areas of concern to the college for which external assistance would be required are the enhancement of the accounting curriculum and the organization of the accounting profession in the country.

USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF CHARGES AND CREDITS TO THE MCTP DOLLAR SPECIAL ACCOUNT  
 WITH RIGGS NATIONAL BANK - ACCOUNT NO. 01-09-731-045  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO NOVEMBER 30, 1991

Exhibit 1

DATE	PARTICULARS IMPORTER/SUPPLIER	LETTER OF CREDIT NO./ TELEGRAPHIC TRANSFER (TT)	RIGGS BANK REFERENCE NUMBER	CHARGES					CREDITS		ACCOUNT BALANCE
				OVERDRAFT FEE	CONFIRMATION COMMISSION	CABLE COST	ISSUANCE COMMISSION	PAYMENT COMMISSION	DRAFT PAYMENT	DEPOSITS	
September											
4	Deposit (Note 1)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.01	0.01
12	Deposit			-	-	-	-	-	-	10,000,000.00	10,000,000.01
30	Tuushin/ Sovmongol Avto	TT		-	-	-	-	-	298,053.80	-	9,701,946.21
October											
8	Raznoindex/Cisco Inter- national	8016	9110026	-	700.00	80.00	-	-	-	-	9,701,166.21
15	Raznoindex/CSW-Mongoltrans	TT		-	-	-	-	-	206,000.00	-	9,495,166.21
22	Raznoindex/Vostokintorg	8014	9110067	-	225.00	-	-	-	-	-	9,494,941.21
23	Raznoindex/Vostokintorg	8014	9110067	-	-	-	-	175.05	70,020.00	-	9,424,746.16
26	Erchindex/Tshehovskv	8002	9110089	-	283.25	-	-	-	-	-	9,424,462.91
28	Raznoindex/Sugar Factory of Usenst	TT		-	-	-	-	-	100,000.00	-	9,324,462.91
29	Mongolian Coal Concern/ Bobruiskshinaexport	8027	9110110	-	525.00	-	-	-	-	-	9,323,937.91
29	Mongolindex/General Export (Note 2)	TT		-	-	-	-	-	200,000.00	-	9,123,937.91
31	Erchindex/Nasosenerodwash	8000	9110098	-	100.00	-	-	-	-	-	9,123,837.91
31	Erchindex/Energosofin	8001	9110099	-	100.00	-	-	-	-	-	9,123,737.91
31	Erchindex/Sverdlovskii	8003	9110100	-	100.00	-	-	-	-	-	9,123,637.91
31	Erchindex/Kaluzskii	8010	9110107	-	160.00	-	-	-	-	-	9,123,537.91
31	Mongolindex/Biomed	8011	9110108	-	100.00	-	-	-	-	-	9,123,437.91
31	Mongolian Coal Concern/ Belavtomaz	8015	9110111	-	100.00	-	-	-	-	-	9,123,337.91
31	Mongolindex/Vostokintorg	8022	9110116	-	100.00	-	-	-	-	-	9,123,237.91
31	Erchindex/Sudoisport	8028	9110120	-	100.00	-	-	-	-	-	9,123,137.91

USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP) .  
 SCHEDULE OF CHARGES AND CREDITS TO THE MCTP DOLLAR SPECIAL ACCOUNT  
 WITH RIGGS NATIONAL BANK - ACCOUNT NO. 01-05-731-045  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO NOVEMBER 30, 1991

DATE	PARTICULARS IMPORTER/SUPPLIER	LETTER OF CREDIT NO./ TELEGRAPHIC TRANSFER( TT)	RIGGS BANK REFERENCE NUMBER	CHARGES					CREDITS		ACCOUNT BALANCE
				OVERDRAFT FEE	CONFIRMATION COMMISSION	CABLE COST	ISSUANCE COMMISSION	PAYMENT COMMISSION	DRAFT PAYMENT	DEPOSITS	
31	Mongolex/Wellcome Foundation Limited, England	8023	9110132	-	100.00	-	-	-	-	-	9,123,037.91
31	Mongolex/Sojuz- drazexport	8020	9110114	-	135.00	-	-	-	-	-	9,122,902.91
31	Celkhztechnicport/ Sovelektro	8008	9110105	-	298.28	-	-	-	-	-	9,122,604.63
31	Erdenet/Vostokintorg	8019	9110113	-	300.00	-	-	-	-	-	9,122,304.63
31	Erchniexport/Sverdlovskiy	8007	9110104	-	308.50	-	-	-	-	-	9,121,996.13
31	Celkhztechnicport/ Sovelektro	8008	9110103	-	310.00	-	-	-	-	-	9,121,686.13
31	Mongolex/Wellcome Foundation Limited, England	8016	9110131	-	322.76	-	-	-	-	-	9,121,363.37
31	Mongolian Coal Concern/ Uralsashexport (Note 3)	8017	9110112	-	342.75	-	-	-	-	-	9,121,020.62
31	Mongolian Coal Concern/ Avtodisel	8030	9110122	-	444.15	-	-	-	-	-	9,120,576.47
31	Raznoiexport/Vostokintorg	8026	9110118	-	475.60	-	-	-	-	-	9,120,100.87
31	Erchniexport/Electrosila	8029	9110121	-	542.75	-	-	-	-	-	9,119,558.12
31	Erchniexport/Zadrantech- koshunstroj	8004	9110101	-	831.00	-	-	-	-	-	9,118,727.12
31	Raznoiexport/Donga Inter- national Limited	8024	9110119	-	837.50	-	-	-	-	-	9,117,889.62
31	Erdenet/Techmasexport	8009	9110106	-	1,125.00	-	-	-	-	-	9,116,764.62
31	Mongolian Coal Concern/ Belavtonaz	8021	9110115	-	1,200.00	-	-	-	-	-	9,115,564.62
31	Raznoiexport/Techmasexport	8025	9110117	-	1,375.00	-	-	-	-	-	9,114,189.62
31	Erchniexport/Promsvrloport	8005	9110102	-	1,399.25	-	-	-	-	-	9,112,790.37
31	Petroleum Import and Supply	8013	9110109	-	2,335.30	-	-	-	-	-	9,110,455.07

USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF CHARGES AND CREDITS TO THE MLTF DOLLAR SPECIAL ACCOUNT  
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 FOR THE PERIOD SEPTEMBER 1, 1991 TO NOVEMBER 30, 1991

Exhibit 1

DATE	PARTICULARS IMPORTER/SUPPLIER	LETTER OF CREDIT NO./ TELEGRAPHIC TRANSFER (TT)	RIGGS BANK REFERENCE NUMBER	CHARGES						CREDITS	ACCOUNT BALANCE
				OVERDRAFT FEE	CONFIRMATION COMMISSION	CABLE COST	ISSUANCE COMMISSION	PAYMENT COMMISSION	DRAFT PAYMENT	DEPOSITS	
Company/Sojuznefteexport											
November											
1	Mongolian Coal Concern/ Eobruiskshinaexport	8027	9110110	-	-	-	-	125.00	39,000.00	-	9,071,330.07
1	Erchimaexport/Tshehovskv	8002	9110089	-	-	-	-	283.15	113,260.00	-	8,957,786.92
4	Erchimaexport/Zarubezhener- gostroi	8032	9111010	-	-	-	100.00	-	-	-	8,957,686.92
4	Mongolemaexport/Vostckintoro	8037	9111013	-	-	-	100.00	-	-	-	8,957,586.92
4	Technikaexport/NPO Sibkabel	8034	9111011	-	-	-	400.00	-	-	-	8,957,186.92
4	Mongolemaexport/Sojuz- dravexport	8036	9111012	-	-	-	425.00	-	-	-	8,956,761.92
4	Avtoimport/Sumitomo Corp.	8038	9111014	-	-	-	574.94	-	-	-	8,956,186.98
4	Erchimaexport/Mashinokspport	8031	9111009	-	-	-	710.00	-	-	-	8,955,476.98
4	Cekobanka Ceskoslovenska (Note 4)	4097	9111015	-	-	-	782.80	-	-	-	8,954,694.18
6	Erchimaexport/Zarubezhener- gostroi	8032	9111010	-	-	-	125.00	-	9,307.02	-	8,945,262.16
7	Overdraft on Nov. 6, 1991 (Note 5)			25.00	-	-	-	-	-	-	8,945,237.16
8	Deposit (Note 1)			-	-	-	-	-	-	25.00	8,945,262.16
12	Mongolian Coal Concern/ Sovelektro	8033	9111050	-	100.00	-	-	-	-	-	8,945,162.16
12	Raznoimexport/Euro-Aziatskoe	8039	9111052	-	100.00	-	-	-	-	-	8,945,062.16
12	Raznoimexport/Altainimorom	8040	9111053	-	125.00	-	-	-	-	-	8,944,937.16
12	Raznoimexport/Technointoro	8041	9111054	-	186.88	-	-	-	-	-	8,944,750.28
12	Mongolemaexport/Bicaed	8035	9111051	-	287.31	-	-	-	-	-	8,944,462.97
13	Erchimaexport/Nasosenergomash	8000	9110098	-	-	15.00	-	-	-	-	8,944,447.97

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Exhibit 1

USFID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF CHARGES AND CREDITS TO THE MCTP DOLLAR SPECIAL ACCOUNT  
 WITH RIGGS NATIONAL BANK - ACCOUNT NO. 01-09-731-045  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO NOVEMBER 30, 1991

DATE	PARTICULARS IMPORTER/SUPPLIER	LETTER OF CREDIT NO./ TELEGRAPHIC TRANSFER (TT)	RIGGS BANK REFERENCE NUMBER	CHARGES						CREDITS	ACCOUNT BALANCE
				OVERDRAFT FEE	CONFIRMATION COMMISSION	CABLE COST	ISSUANCE COMMISSION	PAYMENT COMMISSION	DRAFT PAYMENT	DEPOSITS	
13	Mongolian Coal Concern/ Belavtoaz	8015	9110111	-	-	15.00	-	-	-	-	8,944,432.97
13	Mongolex/Wellcome Foundation Limited, England	8016	9110131	-	-	15.00	-	-	-	-	8,944,417.97
13	Avtoimport/Suaitco Corp.	8038	9111014	-	-	15.00	-	-	-	-	8,944,402.97
13	Cexobanka Ceskoslovenska (Note 4)	4097	9111015	-	-	15.00	-	-	-	-	8,944,387.97
13	Mongolian Coal Concern/ Sovelektro	8033	9111050	-	-	15.00	-	-	-	-	8,944,372.97
13	Mongolex/E. Dank OH6	8012	9110025	-	-	30.00	-	-	-	-	8,944,342.97
13	Raznoimport/Donga Inter- national, Limited	8024	9110119	-	-	30.00	-	-	-	-	8,944,312.97
13	Raznoimport/Tekhsnabexport	TT		-	-	-	-	-	50,040.00	-	8,894,272.97
14	Erchiimport/Sudimport	8042	9111063	-	100.00	15.00	-	-	-	-	8,894,157.97
14	Erchiimport/Kaluzskiy	8043	9111064	-	100.00	-	-	-	-	-	8,894,057.97
14	Raznoimport/Vostokintorg	8044	9111076	-	100.00	-	-	-	-	-	8,893,957.97
18	Raznoimport/Vostokintorg	8014	9111067	-	-	-	-	125.00	19,980.00	-	8,873,852.97
18	Erchiimport/Energoaznexport	8005	9110103	-	-	-	-	316.00	124,000.00	-	8,749,542.97
20	Mongolia Coal Concern/ Bobruiskshinaexport	8027 8027	9110110 9110110	-	-	-	-	125.00 330.00	39,000.00 132,000.00	-	8,710,417.97 8,578,087.97
20	Raznoimport/Altaiimport	8040	9111053	-	-	-	-	125.00	50,000.00	-	8,527,962.97
25	Raznoimport/Donga Inter- national, Limited	8024	9110119	-	-	15.00	-	-	-	-	8,527,947.97
25	Ercenet/Vostokintorg	8019	9111076	-	-	65.00	-	-	-	-	8,527,882.97
25	Mongolian Coal Concern/ Bobruiskshinaexport	8027	9110110	-	-	-	-	125.00	-	-	8,527,757.97
25	Mongolex/Sojuzz-	8020	9110114	-	-	-	-	135.00	54,000.00	-	8,473,622.97

USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF CHARGES AND CREDITS TO THE MCTP DOLLAR SPECIAL ACCOUNT  
 WITH RIGGS NATIONAL BANK - ACCOUNT NO. 01-09-731-045  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO NOVEMBER 30, 1991

DATE	PARTICULARS IMPORTER/SUPPLIER	LETTER OF CREDIT NO. / TELEGRAPHIC TRANSFER (TT)	RIGGS BANK REFERENCE NUMBER	CHARGES						CREDITS	ACCOUNT BALANCE
				OVERDRAFT FEE	CONFIRMATION COMMISSION	CABLE COST	ISSUANCE COMMISSION	PAYMENT COMMISSION	DRAFT PAYMENT	DEPOSITS	
	dravexport										
25	Erchiimipex/Sverdlovskii	8003	9110100	-	-	-	-	-	3,400.00	-	8,470,222.97
27	Mongolimpex/Sojuz- dravexport	8036	9111012	-	-	-	-	134.50	53,800.00	-	8,416,286.47
29	Erchiimipex/Nasoseneraash	8046	9111134	-	100.00	15.00	-	-	-	-	8,416,173.47
27	Overdraft on Nov. 27, 1991 (Note 5)			25.00	-	-	-	-	-	-	8,416,148.47
29	Erchiimipex/Eneraashexport	8049	9111151	-	100.00	-	-	-	-	-	8,416,048.47
29	Erchiimipex/Sizranskiy	8047	9111150	-	514.00	-	-	-	-	-	8,415,534.47
	Totals			50.00	17,029.28	340.00	3,217.74	1,992.70	1,561,860.82	10,000,025.01	8,415,534.47
	ADJUSTMENTS:										
Sept. 4	Deposit (Note 1)			-	-	-	-	-	-	(0.01)	8,415,534.46
	Cekobanka Ceskoslovenska (Note 4)	4097	9111015	-	-	-	(782.80)	-	-	-	8,416,317.26
Nov. 8	Deposit (Note 1)			-	-	-	-	-	-	(25.00)	8,416,292.26
Nov. 13	Cekobanka Ceskoslovenska (Note 4)	4097	9111015	-	-	(15.00)	-	-	-	-	8,416,307.26
Nov. 30	ADJUSTED BALANCES			\$ 50.00	\$ 17,029.28	\$ 325.00	\$ 2,434.94	\$ 1,992.70	\$ 1,561,860.82	\$ 10,000,000.00	8,416,307.26
Oct. 29	Mongolimpex/General Export (Note 2)	TT									200,000.00
Nov. 30	EFFECTIVE BANK BALANCE										\$ 8,616,307.26

NOTES:

- These deposits appear in the bank statements received from Riggs National Bank, however, no supporting documents were received from the bank and there are no records of such deposits having been made by the State Bank of Mongolia (International).

USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF CHARGES AND CREDITS TO THE MCTP DOLLAR SPECIAL ACCOUNT  
 WITH RIGGS NATIONAL BANK - ACCOUNT NO. 01-09-731-045  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO NOVEMBER 30, 1991

DATE	PARTICULARS IMPORTER/SUPPLIER	LETTER OF CREDIT NO./ TELEGRAPHIC TRANSFER (TT)	RIGGS BANK REFERENCE NUMBER	CHARGES						CREDITS	ACCOUNT BALANCE
				OVERDRAFT FEE	CONFIRMATION COMMISSION	CABLE CCST	ISSUANCE COMMISSION	PAYMENT COMMISSION	DRAFT PAYMENT	DEPOSITS	

2. The amount is not eligible for financing under the grant agreement, because the supplier is from Yugoslavia. The Government of the Mongolian People's Republic must reimburse this amount.
3. LC No. 8017 was subsequently cancelled upon the request of the supplier that the amount due it under the LC be paid instead directly to its creditor, Sana International Ltd., through the Bank of Ireland.
4. These charges were erroneously charged by Riggs National Bank to the MCTP Dollar Special Account rather than the regular account of the State Bank of Mongolia (International).
5. The State Bank of Mongolia (International) is questioning the basis for these overdraft charges.

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USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF IMPORTATIONS APPROVED BY THE MINISTRY OF TRADE AND INDUSTRY (MTI) FOR FUNDING OUT OF THE MCTP DOLLAR SPECIAL ACCOUNT  
 AND THE RELATED LETTERS OF CREDIT OPENED AND TELEGRAPHIC TRANSFERS AUTHORIZED  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO DECEMBER 31, 1991

IMPORTER/TRADING COMPANY	SUPPLIER		COMMODITY PURCHASED	MTI APPROVAL		LETTER OF CREDIT/TELEGRAPHIC TRANSFER			CORRESPONDENT BANK/RIGGS NAT'L BANK	
	NAME	COUNTRY		DATE	AMOUNT	NUMBER	DATE CABLED	AMOUNT	NAME	AMT. CONFIRMED
LETTERS OF CREDIT										
1. Erchim Index	Nasosenergomash	USSR	Spare parts for pumps	9.18.91	\$ 35,000.00	8000	9.20.91	\$ 35,000.00	Vnesbank	\$ 35,000.00
2. Erchim Index	Energosofin	USSR	Details for piping lines	9.18.91	5,222.00	8001	9.20.91	5,222.00	Vnesbank	5,222.00
3. Erchim Index	Tchenovskiy Zavod	USSR	360 armatures	9.18.91	113,300.00	8002	9.20.91	113,300.00	Vnesbank	113,300.00
4. Erchim Index	Sverdlovskiy Zavod	USSR	107 transformers	9.18.91	13,707.00	8003	9.20.91	3,400.00	Vnesbank	3,400.00
5. Erchim Index	Zagrantechnkaexport	USSR	575 tons steel pipes	9.18.91	332,400.00	8004	9.20.91	282,185.00	Vnesbank	282,185.00
6. Erchim Index	Prosvrnicimport	USSR	527 tons of steel pipes	9.18.91	559,700.00	8005	9.20.91	559,700.00	Vnesbank	559,700.00
7. Erchim Index	Energomasexport	USSR	Spare parts for diesel generator	9.18.91	124,000.00	8006	9.20.91	124,000.00	Vnesbank	124,000.00
8. Erchim Index	Sverdlovskiy	USSR	Conveyor belt	10.4.91	123,400.00	8007	10.9.91	123,400.00	Vnesbank	123,400.00
9. Daln. i tekhnichesk. import	Sovtelektro	USSR	3600 batteries	9.17.91	119,310.00	8008	9.23.91	119,310.00	Vnesbank	119,310.00
10. Erdenet	Techmasexport	USSR	Explosive materials	(1) 7.16.91	450,000.00	8009	9.21.91	450,000.00	Vnesbank	450,000.00
11. Erchim Index	Kaiyuskiy turbinnyy zavod	USSR	Spare parts for turbine	9.18.91	12,500.00	8010	9.20.91	12,500.00	Vnesbank	12,500.00
12. Mongolian Index	Biocead	USSR	Medicines	9.13.91	26,730.80	8011	9.23.91	26,730.80	Vnesbank	26,730.80
13. Mongolian Index	E. Denk DHS	West Germany	Medicines	9.1.91	85,731.00 (2)	8012	9.26.91	85,731.00 (2)	Deutsche Bank in Frankfurt/Main	85,731.00 (2)
14. Petroleum Import and Supply Company	Sojuznefteexport	USSR	MASLO oil	9.17.91	934,118.38	8013	9.23.91	934,118.38	Vnesbank	934,118.38
15. Raznoi Index	Vostokintorg	USSR	45 tons of dry yeast	8.24.91	90,000.00	8014	9.23.91	90,000.00	Vnesbank	90,000.00
16. Mongolian Coal Concern	Relaytecmaz	USSR	Spare parts for dump trucks	10.9.91	38,240.37	8015	10.10.91	38,240.37	Vnesbank	38,240.37
17. Mongolian Index	Medicines Foundation Limited, England	England	Medicines	9.18.91	129,105.00 (3)	8016	9.21.91	129,105.00 (3)	Midland Bank, London	129,105.00 (3)
18. Raznoi Index	Cinaco International	India	Cotton canvas	9.18.91	280,000.00	8018	9.23.91	280,000.00	Central Bank of India	280,000.00
19. Erdenet	Vostokintorg	USSR	Tires for trucks	9.23.91	120,000.00	8019	9.23.91	120,000.00	Vnesbank	120,000.00

USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF IMPORTATIONS APPROVED BY THE MINISTRY OF TRADE AND INDUSTRY (MTI) FOR FUNDING OUT OF THE MCTP DOLLAR SPECIAL ACCOUNT  
 AND THE RELATED LETTERS OF CREDIT OPENED AND TELEGRAPHIC TRANSFERS AUTHORIZED  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO DECEMBER 31, 1991

Exhibit 2

IMPORTER/TRADING COMPANY	SUPPLIER		COMMODITY PURCHASED	MTI APPROVAL		LETTER OF CREDIT/TELEGRAPHIC TRANSFER			CORRESPONDENT BANK/RIGGS INT'L BANK	
	NAME	COUNTRY		DATE	AMOUNT	NUMBER	DATE CABLED	AMOUNT	NAME	AMT. CONFIRMED
20. Mongoleminpex	Sojuzdravexport	USSR	Medical cotton	9.13.91	54,000.00	8020	9.28.91	54,000.00	Vneshbank	54,000.00
21. Mongolian Coal Concern	Belavtomaz	USSR	6 dump trucks	9.25.91	480,000.00	8021	9.26.91	480,000.00	Vneshbank	480,000.00
22. Mongoleminpex	Vostokintorg	USSR	Resistant glass tube for making ampoules	9.25.91	6,400.00	8022	9.26.91	6,400.00	Vneshbank	6,400.00
23. Mongoleminpex	Wellcome Foundation Limited, England	England	Medicines	9.23.91	33,345.00 (4)	8023	9.26.91	33,345.00 (4)	Midland Bank, London	33,345.00 (4)
24. Raznoimpex	Donga International, Ltd.	Hongkong	Packing cloth	9.25.91	335,000.00	8024	9.28.91	335,000.00	Bank National de Paris	335,000.00
25. Raznoimpex	Technasexport	USSR	Dynamite	11.19.91	550,000.00	8025	9.28.91	550,000.00	Vneshbank	550,000.00
26. Raznoimport	Vostokintorg	USSR	Medicines	9.28.91	190,240.00	8026	9.28.91	190,240.00	Vneshbank	190,240.00
27. Mongolian Coal Concern	Bobruiskshinaexport	USSR	200 tires	10.2.91	266,100.00	8027	10.4.91	266,100.00	Vneshbank	266,100.00
28. Erchia Impex	Sudoimport	USSR	Spare parts for diesel generator	10.4.91	26,000.00	8028	10.8.91	26,000.00	Vneshbank	26,000.00
29. Erchia Impex	Electrosila	USSR	Electric motor 6 kW	10.4.91	217,100.00	8029	10.8.91	217,100.00	Vneshbank	217,100.00
30. Mongolian Coal Concern	Avtodisel	USSR	Engines for dump trucks	10.9.91	177,658.92	8030	10.10.91	177,658.92	Vneshbank	177,658.92
31. Erchia Impex	Mashinokspport	USSR	Steel ball	10.8.91	284,000.00	8031	10.12.91	284,000.00	Vneshbank	284,000.00
32. Erchia Impex	Zarubezhenergostroi	USSR	Welding electrodes	10.17.91	24,215.68	8032	10.19.91	24,215.68	Vneshbank	24,215.68
33. Mongolian Coal Concern	Sovelektro	USSR	Batteries for dump trucks	10.17.91	17,000.00	8033	10.21.91	17,000.00	Vneshbank	17,000.00
34. Technikiimport	NPO Sibkabel	USSR	50 tons coil winding wire	9.29.91	160,000.00	8034	10.30.91	160,000.00	Vneshbank	160,000.00
35. Mongoleminpex	Biomed	USSR	Medicines	10.29.91	114,923.20	8035	10.31.91	114,923.20	Vneshbank	114,923.20
36. Mongoleminpex	Sojuzdravexport	USSR	Medical cotton	10.29.91	170,000.00	8036	10.31.91	170,000.00	Vneshbank	170,000.00
37. Mongoleminpex	Vostokintorg	USSR	Resistant glass tube	10.29.91	25,600.00	8037	10.31.91	25,600.00	Vneshbank	25,600.00
38. Avtoimport	Sumitomo Corporation	Japan	Batteries	10.29.91	229,976.00	8038	10.31.91	229,976.00	Bank of Tokyo	229,976.00
39. Raznoimpex	Euro-Aziatskoe	USSR	20 tons of candles	11.4.91	16,000.00	8039	11.5.91	16,000.00	Vneshbank	16,000.00
40. Raznoimpex	Aitainimora	USSR	650 tons of acid salt	11.4.91	50,000.00	8040	11.5.91	50,000.00	Vneshbank	50,000.00

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USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
 SCHEDULE OF IMPORTATIONS APPROVED BY THE MINISTRY OF TRADE AND INDUSTRY (MTI) FOR FUNDING OUT OF THE MCTP DOLLAR SPECIAL ACCOUNT  
 AND THE RELATED LETTERS OF CREDIT OPENED AND TELEGRAPHIC TRANSFERS AUTHORIZED  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO DECEMBER 31, 1991

Exhibit 2

IMPORTER/TRADING COMPANY	SUPPLIER		COMMODITY PURCHASED	MTI APPROVAL		LETTER OF CREDIT/TELEGRAPHIC TRANSFER			CORRESPONDENT BANK/RIGGS NAT'L BANK	
	NAME	COUNTRY		DATE	AMOUNT	NUMBER	DATE CABLED	AMOUNT	NAME	AMT. CONF. RMB
41. Raznoimpex	Technointorg	USSR	400 pcs. generators	10.21.91	74,750.00	8041	11.5.91	74,750.00	Vnesbank	74,750.00
42. Erchia Impex	Sudoimporg	USSR	Spare parts for diesel generators	11.6.91	26,200.00	8042	11.9.91	26,200.00	Vnesbank	26,200.00
43. Erchia Impex	Kaluzhskiy Zavod Turbinnykh	USSR	Spare parts for turbine	11.6.91	12,200.00	8043	11.9.91	12,200.00	Vnesbank	None
44. Raznoimpex	Vostokintorg	USSR	Sulphuric acid	11.12.91	5,880.00	8044	11.17.91	5,880.00	Vnesbank	5,880.00
45. Avtoimporg	Vostokintorg	USSR	1000 truck tires	11.13.91	50,000.00	8045	11.18.91	50,000.00	Vnesbank	50,000.00
46. Erchia Impex	Masosenergomash	USSR	Spare parts for pumps	11.18.91	36,100.00	8046	11.21.91	36,100.00	Vnesbank	36,100.00
47. Erchia Impex	Sizranskiy Zavod Volcomash	USSR	Spare parts for CHBM	11.14.91	205,600.00	8047	11.22.91	205,600.00	Vnesbank	205,600.00
48. Erchia Impex	Tchahovskiy Zavod	USSR	300 armatures	11.1.91	101,000.00	8048	11.21.91	101,000.00	Vnesbank	101,000.00
49. Erchia Impex	Energomaashexport	USSR	Spare parts for pumps	11.18.91	4,900.00	8049	11.22.91	4,900.00	Vnesbank	4,900.00
50. Petroleum Import and Supply Company	Jelooexport	USSR	200 tons of Maslo oil	11.11.91	70,050.00	8050	12.3.91	70,050.00	Vnesbank	70,050.00
51. Erchia Impex	Himashexport	USSR	Pumps and spare parts	12.10.91	213,384.00	8051	12.11.91	213,384.00	Vnesbank	213,384.00
52. Erchia Impex	Himashexport	USSR	Spare parts for pumps	12.10.91	24,240.00	8052	12.11.91	24,240.00	Vnesbank	24,240.00
53. Erchia Impex	Himashexport	USSR	Pumps and spare parts	12.10.91	96,552.00	8053	12.11.91	96,552.00	Vnesbank	96,552.00
54. Avtoimporg	Belavtoaz	USSR	Dump trucks	12.9.91	480,000.00	8054	12.13.91	480,000.00	Vnesbank	480,000.00
55. Glavnaya Kompaniya Torgovli	Sovmestnoe Predpriyatie Magness	USSR	50 tons of cable	12.10.91	35,000.00	8055	12.13.91	35,000.00	Vnesbank	35,000.00
56. Mongolian Coal Concern MAO Tractorexport		USSR	4 bulldozers	12.9.91	516,000.00	8056	12.14.91	516,000.00	Vnesbank	516,000.00
TELEGRAPHIC TRANSFERS										
1. shin	Sovmongolavto	USSR	Shipping costs for benzine, petroleum, and fuel	9.17.91	298,053.80	NA	9.28.91	298,053.80	Vnesbank	298,053.80
2. Raznoimpex	CBM-mongoltrans	Holland	Storage and shipping costs of 6800 tons of flour originally shipped from	10.11.91	206,000.00	NA	10.14.91	206,000.00	Bank of China	206,000.00

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 FOR THE PERIOD SEPTEMBER 1, 1991 TO DECEMBER 31, 1991

IMPORTER/TRADING COMPANY	SUPPLIER		COMMODITY PURCHASED	MTI APPROVAL		LETTER OF CREDIT/TELEGRAPHIC TRANSFER			CORRESPONDENT BANK/RIBGS NAT'L BANK	
	NAME	COUNTRY		DATE	AMOUNT	NUMBER	DATE CABLED	AMOUNT	NAME	AMT. CONFIRMED
3. Raznoiapex	Techsbabexport	USSR	Antwerp, Holland to Jiangq, China. 69,500 pcs. of Iepestok respirators(masks for miners)	9.25.91	50,040.00	NA	11.8.91	50,040.00	Vneshbank	50,040.00
4. Raznoiapex	Sugar Factory of Uspeust	USSR	1,500 tons of sugar	10.24.91	100,000.00	NA	10.25.91	100,000.00	Vneshbank	100,000.00
5. Raznoiapex	China National Commercial Foreign Trade Corp.	China	360 tons of millet	11.4.91	82,800.00	NA	11.15.91	82,600.00	Bank of China	82,800.00
6. Mongolian Coal Concern	Kostroma Excavator Plant	USSR	Various spare parts for excavators	11.6.91	87,246.61	NA	11.12.91	81,246.61	Vneshbank	81,246.61
7. Erchim Iapex	Sovelektra	USSR	Power transformers	None	20,700.00	NA	11.4.91	20,700.00	Vneshbank	20,700.00
8. Erchim Iapex	Sovelektra	USSR	Power transformers	11.18.91	34,400.00	NA	11.22.91	34,400.00	Vneshbank	34,400.00
9. Mongolian Coal Concern	Uralmashexport	USSR	Spare parts for excavator	9.19.91	180,000.00	NA	12.5.91	180,000.00	Bank of Ireland	180,000.00
10. Monoclimpex	General Export	Yugo- slavia	Engineering services for Genghis Khan Hotel	10.4.91	335,000.00	NA	10.29.91	200,000.00	Suisse NY	200,000.00
TOTALS					10,368,119.76			10,166,597.76		10,154,397.76 (5)
ADJUSTMENTS:										
To reduce the amount of MTI approved importation by the amount of telegraphic transfer #10 for engineering services for the Genghis Khan Hotel, since the country of origin is Yugoslavia.					(335,000.00)			(200,000.00)		
To reduce the amount of MTI approved importation by the amount of telegraphic transfer #5 for the 360 tons of millet, since the country of origin is China					(82,800.00)			(82,800.00)		
To reduce the amount of MTI approved importation by the amount of the unused portion of telegraphic transfer authorization #6.					(6,000.00)					
To close the unused portion of LC #0. 8002, since the payment on this LC was for only US \$13,200.					(40.00)			(40.00)		

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USAID - MONGOLIAN CASH TRANSFER PROGRAM (MCTP)  
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 AND THE RELATED LETTERS OF CREDIT OPENED AND TELEGRAPHIC TRANSFERS AUTHORIZED  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO DECEMBER 31, 1991

IMPORTER/TRADING COMPANY	SUPPLIER		COMMODITY PURCHASED	MTI APPROVAL		LETTER OF CREDIT/TELEGRAPHIC TRANSFER			CORRESPONDENT BANK/RIGGS NAT'L BANK	
	NAME	COUNTRY		DATE	AMOUNT	NUMBER	DATE CABLED	AMOUNT	NAME	AMT. CONFIRMED
			To reduce the amount of MTI approval for LC No. 8003, since the contract price is only US \$13,704, and to provide for the amount of additional LC still to be opened.		(3.00)			10,304.00		
			To provide for the amount of the additional LC still to be opened under the MTI LC approval #5.					50,215.00		
			To increase the MTI authorization and the amount of LC opened for LC No. 8029, since the contract price is US \$217,137 and the foreign supplier has issued an invoice for US \$217,137.		37.00			37.00		
			Net Adjustment		(423,806.00)			(222,284.00)		
ADJUSTED TOTALS					US \$ 9,944,313.76			US \$ 9,944,313.76		

NOTES:

- (1) Per cable SECSTATE 401535 of 102206Z December 91 from Secretary Baker to the American Embassy in Ulaan Baatar, the program assistance approval document was amended effective 9 December 1991 to the effect that explosives used in mining are now eligible for financing from the cash assistance funds.
- (2) The amount of LC No. 8012 is stated in West German Deutschemarks of DM 51,000. Since there was no confirmation cable from the Riggs National Bank on this LC in the files of the State Bank of Mongolia (International), the dollar amount was arrived at using the Philippine Central Bank exchange rate as of September 26, 1991, the date the State Bank of Mongolia (International) cabled the terms of the LC to Deutsche Bank in Frankfurt.
- (3) The amount of LC No. 8016 is in English sterling pounds of GBP 75,500. The United States dollar equivalent shown in this schedule was based on the dollar amount shown in the confirmation letter received from the Riggs National Bank.
- (4) The amount of LC No. 8023 is in English sterling pounds of GBP 19,500. The United States dollar equivalent shown in this schedule was based on the dollar amount shown in the confirmation letter received from the Riggs National Bank.

USAID - MONGOLIAN CASH TRANSFER PROGRAM  
 CLASSIFICATION OF COMMODITIES APPROVED FOR IMPORTATION  
 FOR THE PERIOD SEPTEMBER 1, 1991 TO DECEMBER 31, 1991

Equipment, spare parts and supplies  
 for power plant:

Steel pipes	892,100.00
Pumps and spare parts	410,176.00
Steel ball	284,000.00
Spare parts for turbines	230,300.00
Electric motor (6 KW)	217,137.00
Armatures	214,260.00
Spare parts for diesel generators	176,200.00
Coil winding wire	160,000.00
Conveyor belt	123,400.00
Transformers	68,804.00
Acetic acid	50,000.00
Cables	35,000.00
Welding electrodes	24,215.00
Sulphuric acid	5,880.00
Details for piping lines	5,222.00

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 \$ 2,896,694.00

Equipment, spare parts and supplies  
 for coal mines:

Explosive materials	1,000,000.00
Dump trucks	960,000.00
Bulldozers	516,000.00
Tires for dump trucks	386,100.00
Spare parts for excavators	261,246.61
Engine and spare parts for dump trucks	215,899.29
Clothes for miners	74,750.00
Diesel engine oil	70,050.00
Masks for miner	50,040.00
Batteries for dump trucks	17,000.00

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 3,551,085.90

Medicines and medical supplies:

Medicines	582,075.00
Gauze	224,000.00
Resistant glass tubes for making ampules	32,000.00

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 838,075.00

Others:

Lubricants	934,118.38
Batteries	349,286.00
Cotton cloth	335,000.00

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USAID - MONGOLIAN CASH TRANSFER PROGRAM  
CLASSIFICATION OF COMMODITIES APPROVED FOR IMPORTATION  
FOR THE PERIOD SEPTEMBER 1, 1991 TO DECEMBER 31, 1991

Shipping costs for benzine and fuel	298,053.80	
Cotton canvas	280,000.00	
Shipping costs for flour	206,000.00	
Sugar	100,000.00	
Dry yeast	90,000.00	
Tires	50,000.00	
Candles	16,000.00	
	<u>2,658,458.18</u>	
Total		\$ 9,944,313.08 =====

USAID - MONGOLIAN CASH TRANSFER PROGRAM  
LIST OF INSTITUTIONS AND INDIVIDUALS INTERVIEWED

- A. Ministry of Trade and Industry
  - 1. Mr. G. Doyod  
First Deputy Minister for Trade and Industry
  - 2. Mr. Ts. Yondon  
Deputy Chief, Department of Foreign Trade Policy
  - 3. Mr. N. Batsaikhan  
Officer
  
- B. State Bank of Mongolia (International)
  - 1. Ms. B. Saran  
Deputy General Director
  - 2. Ms. A. Minzh  
Director of Trade Finance
  - 3. Ms. Gantungalag  
Department of Trade Finance
  
- C. Bank of Mongolia (Central Bank)
  - 1. Mr. Buren Sovd  
Managing Director, Mongolbank  
Ulaanbaatar Branch
  - 2. Mr. B. Enhhuyag  
Head, Accounting and Interbanking Settlement Department
  
- D. Budget Department, Ministry of Finance
  - 1. Mr. Tzerengiin Batnasan  
Head, Budget Department
  - 2. Mr. Hurlee  
Accountant, Budget Department
  
- E. Government Commission for Foreign Assistance
  - 1. Mr. Ganzorig  
Commission Secretary
  
- F. Mongolia Foreign Trade Corporation - Raznoimpex
  - 1. Mr. S. Burentsogt  
Manager of FTC "Raznoimpex"

2. Mr. B. Tumenbayar  
First Deputy General Director
  3. Mr. U. Sarangerel  
Manager of firm "Chemie"
  4. G. Oyunchimeg
- G. Erchim Impex
1. Mr. O. Dashjamts  
Deputy General Director
- H. Mongolian Coal Concern "NUURS"
1. Mr. Zvgaanzhambin Tserendorzh  
General Director
- I. Mongolemimpex
1. Mr. Luvsandorjin Sanjid  
Sales Manager
- J. Avtoimport
1. Mr. Erdenedorzh  
Deputy Director
- K. Economic College of Mongolia
1. Mr. Rinchinnyamyn Amarjargal  
Rector
  2. Prof. Michael Reynolds

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