

# **Strengthening the Role of the Chamber of Commerce and Industry in SME development**

## **Regional workshop**



## **ROLE AND ACTIVITIES OF THE MNCCI IN SME DEVELOPMENT**

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# **I. Brief introduction of the MNCCI**

## **BRIEF INTRODUCTION**

- The MNCCI was founded as the “Chamber of Commerce” on 2 July 1960.
- The MNCCI has 19 branches in provinces.
- There are 10 honorary representatives in 8 countries.
- There are 32 representatives in 19 countries.
- There are representatives offices in Erlian, RPC and Yokohama, Japan.

## VISION

- To be the leading and pro-active stakeholder in the private sector development of Mongolia
- To be the main promoter and facilitator for the sound business and investment climate in Mongolia

# ACTIVITIES AND SERVICES

- Policy advocacy
- Rendering overall business service to its member and non-members
- Promoting export and SMEs
- Conducting training, seminars and conferences
- Sending and hosting business missions
- Certifying foreign trade documents, issuing certificate of origin, ATA carnets
- Organizing domestic and international exhibitions and trade fairs etc.
- Neutral inspection of quality, quantity & its completeness of export & import items
- Allocation of bar codes
- Registering patent and trademark
- Arbitration on foreign trade disputes
- Issuing newspaper and journal
  - Business times
  - Business and development
  - Inspiring Mongolia (in english)

## **II. Overview of SME in Mongolia**

## SME STATISTICS

	Registered enterprises	By percent
Total	73822	100%
1-9 employees	66089	89.5%
10-19	3816	5.2%
20-49	2568	3.5%
More than 50	1349	1.8%



# INSTITUTIONAL STRUCTURE FOR SME PROMOTION

- Ministry of Food, Agriculture and Light Industry
  - SME agency
  - SME development fund
- Governor's Administration Office of Capital City
  - Industry division
- Governor's Administration Office of Aimags (provinces)
  - Industry division
- Mongolian National Chamber of Commerce and Industry
  - Local chambers

# LEGAL AND POLICY ENVIRONMENT

## Laws:

- Company law
- Economic entity income tax law
- Cooperative law
- Personnel income tax law
- SME law, 2007
- Guarantee fund law, 2012
- ...

## Policy:

- SME support program, 2005
- SME support funding loan programs
- Cooperative support program, 2009
- Industrialization program, 2009
- ...

# **III. SME promotion activities of the MNCCI**

# STRUCTURE OF SME SUPPORT

- There are two main units to be in charge of SME
  - Business and Investment Support Department
  - Rural micro and small business support division
- Councils (there are 40 councils under the chamber)
  - Micro and small business promotion council
- Business councils at districts of Ulaanbaatar
  - Representatives at the “khoroo” (*lowest level of administrative units*)
- Local chambers in 21 provinces
- Joint programs and projects
  - Organic Mongolia program
- Support initiatives of other organizations

# ACTIVITIES AND SERVICES FOR SME

- ❑ One stop service
- ❑ Investment project promotion
- ❑ Business matchmaking
- ❑ Machinery and equipment database
- ❑ Senior experts database
- ❑ Business and vocational training
- ❑ Exhibitions and trade fairs
- ❑ Program and project implementation

# **MACHINERY AND EQUIPMENT DATABASE**

- Prepared database, including more than 500 machinery and equipment of 13 sectors.
- Issued 3 handouts of machinery and equipments
- Distribute information of machinery and equipment through one stop service, website and newsletter
- Support companies to buy equipment

## **SENIOR EXPERTS DATABASE**

- With the purpose to support strengthening capacity of SMEs, the MNCCI created database of senior experts, who have ability to give an advice, to perform training and is experienced and skilled.
- Registered 300 senior experts from 30 sectors
- The council of the senior experts has been established under the MNCCI.

# TRAINING

## **Foreign trade academy**

- Foreign Trade Manager annual course (Monday, Thursday, Saturday class)
- Assistant to CEO four month course.
- Short-term training on specific topics (more than 40 topics)

## **Vocational training**

- bakery vocational training at the chamber
- other trainings under umbrella of vocational training



# BAKERY VOCATIONAL TRAINING



- Bakery vocational training was established with support of the Netherlands senior experts organization (PUM)
- PUM Senior Experts trained MNCCI staff and developed courses in the different areas of baking.
- 4 module training
  - Basics of bread making
  - Basics of puff pastry making
  - Basics of cake and sponge making
  - Basics of cookies and biscuits making

# UMBRELLA MECHANISM OF THE VOCATIONAL TRAINING

The MNCCI developed so called “UMBRELLA” mechanism of vocational training unifying more than 40 Vocational Training and Production Centers, vocational training institutions, in-plant training organizations. The chamber organized trainings in co-operation with the following organizations:

- Shoe making training at the BONI shoe making training center
- Wool products making training jointly with Woolen Handicrafts Promotion Center
- Mobile repairing training at the Mobi service training center
- Fruits and vegetable processing technology with local vocational training centers in the provinces
- Milk processing training with Mr. Purevee, Director of Bayan Khur LLC, Presidium member of the Senior Experts Council of the MNCCI

# EXHIBITIONS AND TRADE FAIRS



## **SME exhibition**

in June

Every year



## **Ulaanbaatar partnership**

in September

Every year

# PROGRAMS AND PROJECTS

- Partnership project between MNCCI and DIHK
- Green credit fund
- Project “Comprehensive community services to improve human security for the rural disadvantaged populations in Mongolia”
- Organic Mongolia program

**IV. Project “Comprehensive  
community services to improve  
human security for the rural  
disadvantaged populations in  
Mongolia”**



## BASIC DATA

- **Project components:**
  1. **Communication**
  2. **Health**
  3. **Education**
  4. **Livelihood/Entrepreneurship Development**
- **Project duration: 30 months**
- **Executing agency: UNDP Mongolia**
- **Executing partners: MNCCI**

# PROJECT FRAMEWORK



**Khovd aimag** (Duut, Durgun, Khovd and Altai sums)

**Uvs aimag** (Khyargas, Davst, Zuungobi and Tes sums)

# GOAL AND OBJECTIVES

**Goal:** Improve income-generating opportunities and develop livelihood of rural populations in the target aimags

## **Objectives**

1. Enhance the capacity of the selected micro and small entrepreneurs/producers in the target *aimag*(s) to be engaged in income-generating activities and/or start their own businesses
2. Improve the quality of locally available business support services for business management, marketing, information dissemination, and referral services
3. Improve the local coordination among existing business development/support service providers in the target aimag(s)



# COORDINATION, PARTNERSHIP



## At the national level

### Leading organization:

- UNDP

### Cooperating organization:

- Mongolian National Chamber of Commerce and Industry
- Ministry of Food, Agriculture and Light Industry

## At aimag level:

- Local Chambers of Commerce and Industry
- Aimag level Governors Administration Department

## At soum level:

- Soum level governor's administrative department and business community

# MAIN ACTIONS TAKEN

- Determine demand driven micro and small businesses to be developed in soums, select necessary projects
- Organize vocational trainings for community members, individuals from selected projects, supply necessary equipment
- Supply packaging equipment to promote product's marketing, organize participation in exhibitions held in Ulaanbaatar, organize product promotion activities
- Organize trainings on entrepreneurship, supply with necessary handouts and materials
- Train local Chamber's staff, improve their knowledge, improve local chamber's database, increase number of services offered to local businesses, develop local business incubation center
- Organize Ethnic festival

# BUSINESS AND VOCATIONAL TRAININGS

31 business and vocational trainings were conducted in Ulaanbaatar, Uvs and Khovd aimags with total 500 participants.



Bakery training, Ulaanbaatar



Milk processing training, Khovd

## SMALL PROJECTS IMPLEMENTED: UVS AIMAG

	Project name	Davst	Khyargas	Zuungobi	Tes
1	Bakery unit	√	√	√	
2	Vegetable pickling unit	√			
3	White felt making equipment	√	√		
4	Milk products processing equipment	√	√	√	√
5	Wool, woolen products making equipment	√ (2)	√	√	√
6	Barbershop	√	√	√	
7	Mobile repairing toolkit	√	√	√	√
8	Block production			√	√
9	Sliced dough	√	√	√	
10	Wood processing	√			
11	Sewing unit			√	
12	Vacuum packing				√
	Total- 30	10	7	8	5

## SMALL PROJECTS IMPLEMENTED: KHOVD AIMAG

	Project name	Duut	Durgun	Altai	Khovd
1	Bakery unit	√		√	
2	Vegetable pickling unit			√	
3	White felt making equipment			√	
4	Milk products processing equipment	√	√	√	√
5	Wool, woolen products making equipment	√	√	√	√
6	Barbershop		√	√	
7	Mobile repairing toolkit	√	√	√	√
8	Auto repairing center				√
9	Sewing unit	√			
10	Wheat flour making (mill+vacuum packing)		√		
11	Dough slicer	√	√	√	√
12	Iron products making unit	√			
	Total – 26	7	6	8	5

# MECHANISM BASED ON PARTICIPATION

The mechanism implemented by the following steps:

- I step:** To conduct baseline survey on local economic situation, identify actual need of business development
- II step:** To receive project proposals to be developed from local community, evaluate the project proposals
- III step:** To conduct business and vocational trainings for local community to be involved in project implementation
- IV step:** To provide selected projects with necessary equipment
- V step:** Implement the projects, monitor, conduct necessary promotional activities

# ETHNIC FESTIVAL



- The Ethnic Festival was organized by MNCCI in November 2010 for the first time to demonstrate tradition, culture, food, dress and consumables of the ethnic minorities.
- Second Ethnic festival was organized on November 24<sup>th</sup> 2011 which more concentrated on display of project outcome, highlight activities of other components.



## MAIN OUTCOME OF THE PROJECT

- 31 business and vocational trainings were conducted with total 500 participants. 11 handouts and brochures, 8 SME sample projects were prepared.
- 20 new co-operatives ( Khovd-12, Uvs -8) established.
- In total 56 micro and small projects implemented. Income of project beneficiaries reached 40.000 – 1.000.000 tugrug. In total 145 people were covered, out of which 105 or 72% are women.
- Capacity of local chamber's staff to implement small projects was strengthened. Incubation center in Khovd aimag was established.



# **SUCCESS FACTORS OF THE PROJECT**

- MNCCI's mechanism to promote local micro and small business
- “Umbrella” mechanism of vocational training
- Involvement of local and foreign senior experts
- Cooperation of project components
- Promotion of local government to continue sustainable development of small projects

**THANK YOU FOR ATTENTION**