

EBRD's Strategy for Mongolia

Masaru Honma
Director, Central Asia

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History of Co-operation

- Mongolia became an EBRD shareholder in October 2000
- Mongolian Co-operation Fund (MCF) 2001-2006
 - Technical Assistance Fund
 - Funded by the Netherlands, Japan, Luxembourg and Taiwan
- Mongolia became an EBRD Country of Operation in 2006
- EBRD opened its Resident Office in UB in Autumn 2006



Bank's Activities : 2000 – Summer 2006

- TC activity financed by MCF
- Opened a small office in UB
- Hired 2 Mongolian bankers and provided training in London HQ
- Financed 56 TC projects for c. EUR 9 million
 - Turnaround Management (TAM)/Business Advisory Services (BAS)
 - Civil Aviation
 - Bankers' Training
 - Telecom Regulatory Development
 - Mining Authority Capacity Building
- Since 2006, the Fund was transformed to a Technical Assistance Fund for private sector project development



Bank's Activities since Autumn 2006

- About 30 projects signed (loans, equity and guarantees)
- Total business volume of about US\$ 200 million
- Private sector only (so far)
- Sector distribution by volume:
 - Natural Resources (66%)
 - Agribusiness/General Industry (18%)
 - Banking/Microfinance (16%)
- Debt 56% : Equity 44%
- Smooth development with some early lessons



Bank's Activities since Autumn 2006

		End-Sept 2009 in US\$			
	No.	Project Value	EBRD finance	Debt/ Guarantee	Equity
Private	28	506	189	107	83
Bank equity	1	8	8	0	8
Bank lending	4	0	5	5	0
Small Business Finance	4	24	18	15	3
Natural Resources	11	426	125	60	63
Agribusiness/GI	8	48	35	26	9
Total	28	506	189	105	83

Source: Country Strategy Nov 2009



Bank's Business Trends

	2006	2007	2008	2009 (end Nov)
No	2	7	12	6
Annual Business Volume (US\$)	5	50	75	39

Source: Country Strategy Nov 2009



Some Examples

- Energy Resources



- Coal Mining (next to Tavan Tolgoi deposit)
- EUR 14.3 million equity (to date) as initial financing
- To establish commercial production



Some Examples (continued)

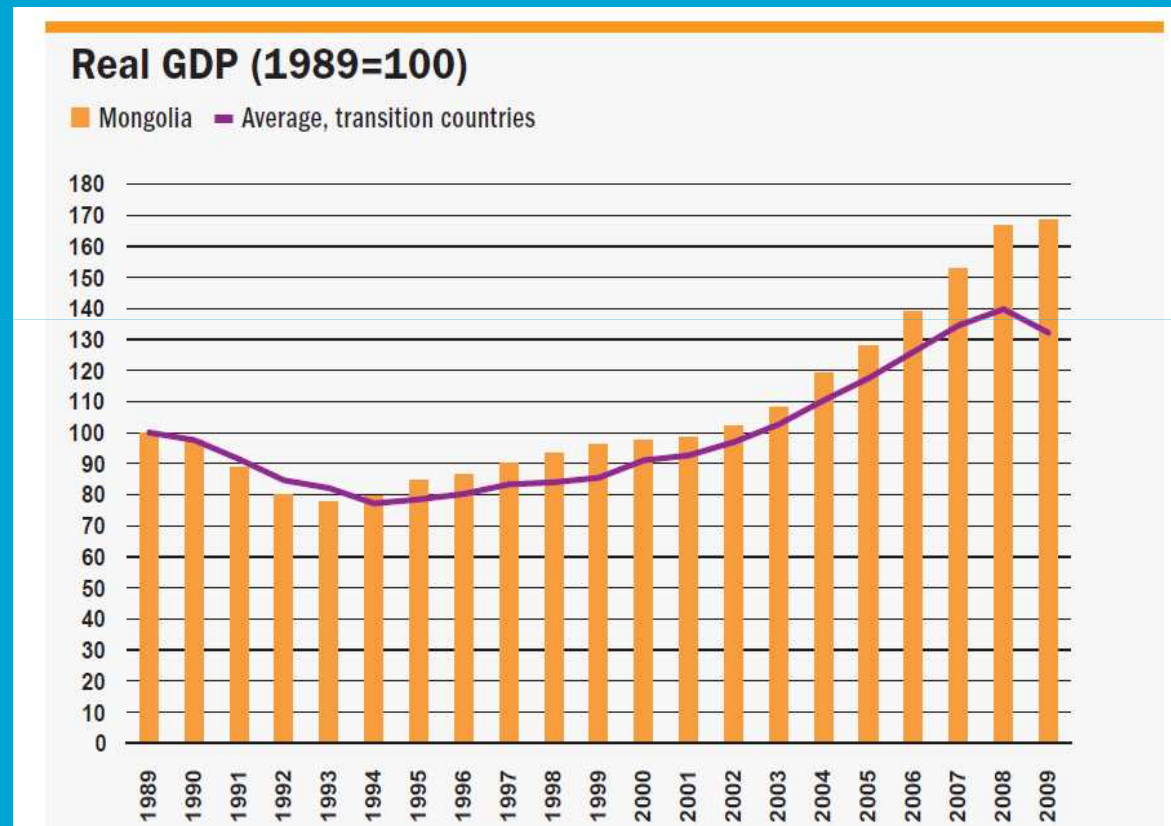
- Gobi Cashmere



- Biggest cashmere producer in Mongolia
- Initial loan financing of EUR 2.3 million
- To modernise production equipment, including an integrated cashmere processor and garment manufacturer



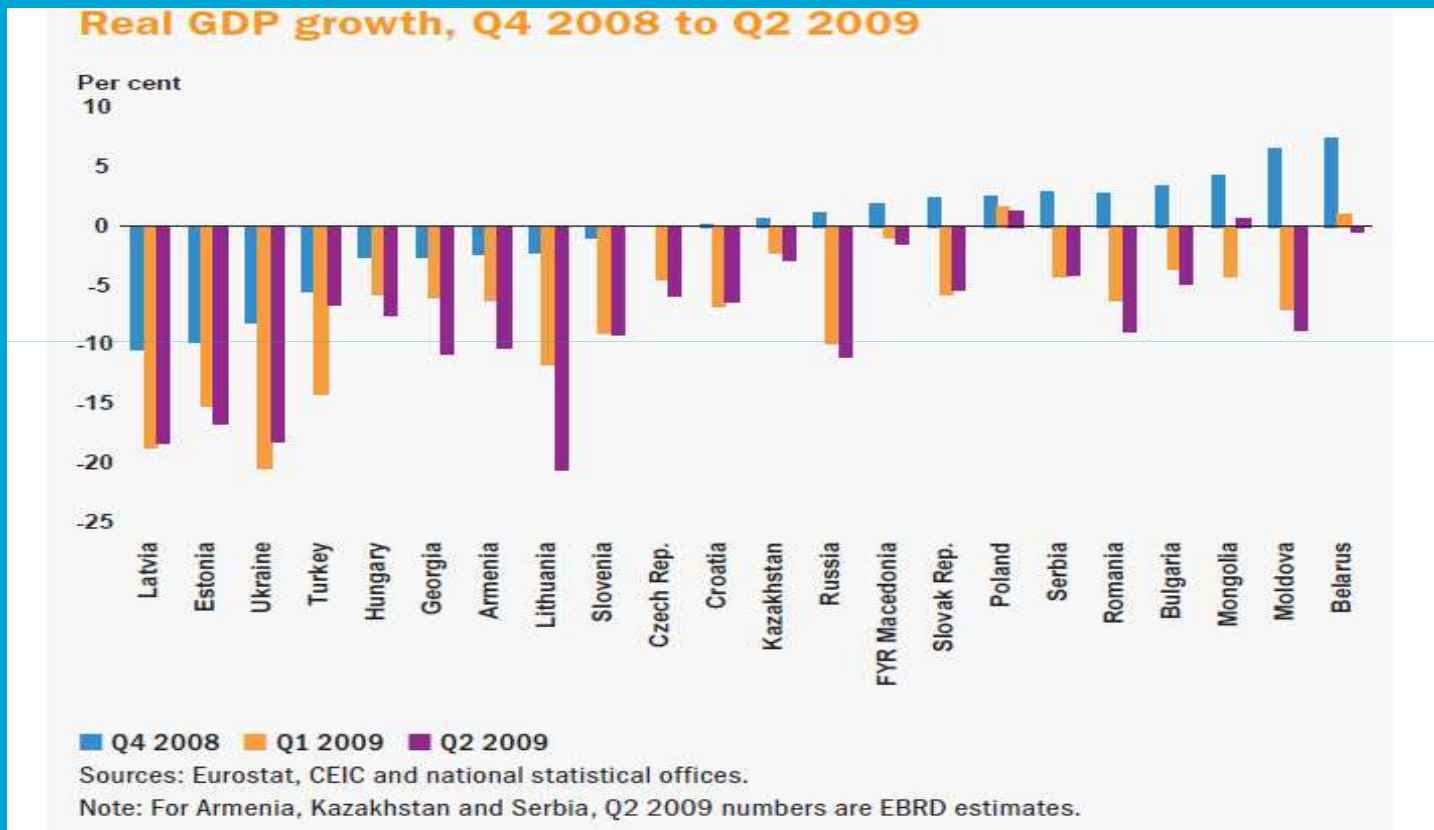
Relatively Smooth Economic Transition



Source: EBRD Transition Report 2009



Resilience to Global Crisis



Source: EBRD Transition Report 2009

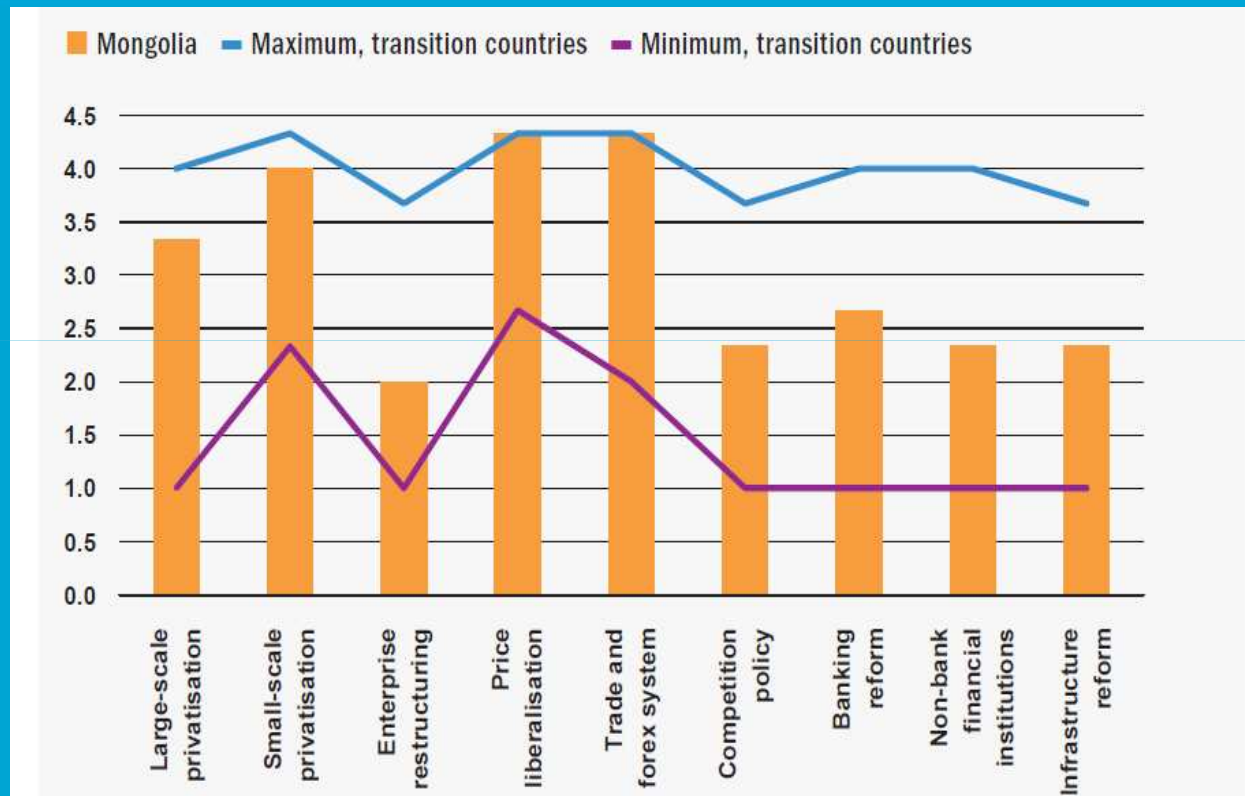


Mongolia's Investment Climate

- Good Progress towards functioning market economy
- Advancement in:
 - Price liberalisation;
 - Trade and forex system;
 - Privatisation.
- Need to address further:
 - Banking reform
 - Infrastructure reforms
 - Enterprise restructuring
 - Non-banking financial institutions



Transition Indicators (comparison)



Source: EBRD Transition Report 2009



Infrastructure Transition Scores

	Electric Power	Railways	Roads	Telecoms	Water/Waste Water	Overall infra reforms
Mongolia	3-	2+	2-	3	2	2+
Kazakhstan	3+	3	2+	3	2	3-
Russia	3+	3	2+	3+	3-	3-
Kyrgyz Republic	2+	1	2-	3	2-	2-
Hungary	4	4-	4-	4	4	4-

Source: EBRD Transition Report 2009



Business Impediments

Percentage of the firms feeling problem in various business aspects, 2008

	Micro and Small Companies	Medium and Large Companies
Access to finance	64	59
Tax rates	56	53
Business licensing and permits	51	50
Corruption	46	48
Transport infrastructure	40	46
Business inspections	38	38
Customs and trade regulation	35	40
Crime, theft and disorder	32	35
Tax administration	30	29



Source: EBRD/ World Bank, BEEPS (2008).

www.ebrd.com

EBRD's New Strategy : November 2009

- Finance Enterprise Growth and Development
 - Local enterprises
 - Agribusiness
 - Construction materials
 - Pharmaceuticals
 - Technical Assistance (ETCI)
 - Turnaround Management/Business Advisory Services
- Consolidation and Strengthening of the Financial Sector
 - Banking Sector
 - Non-Banking Micro Finance Institutions
 - Capital Market



New Strategy (continued)

- Sustainable Development of Natural Resources Sector
 - Local small and medium-sized mines
 - Large mines
 - Mining Service Companies
- Critical Infrastructure
 - Mining related infrastructures (railroads, electricity, water, etc.)
 - Municipal Infrastructures
 - Regional transport infrastructures



New Strategy (continued)

- Policy Dialogue
 - Investment council/Investment climate
 - Financial Sector
 - Mining Sector
 - Infrastructure



Strong Project Pipeline in Coming Years

Conservative Estimate – end Sept 2009

	No	Amount (US\$ M)
Enterprise	2	9
Financial Institutions	4	35
Natural Resources	8	159
Infrastructure	2	29
Total	16	232

Source: Country Strategy Nov 2009



Contact

Masaru Honma (London)
Director, Central Asia & Mongolia
Tel: +44 207 338 7883

Philip ter Woort (Ulaanbaatar)
Head of Resident Office
Tel: +976 11 317974

