

PERFORMANCE & ACHIEVEMENT REPORT **2019**



CONTENT

1. EXECUTIVE DIRECTOR'S GREETING
2. MISSION, VISION, VALUE
3. CORPORATE GOVERNANCE
 - ORGANIZATIONAL STRUCTURE
 - GOVERNANCE POLICY
 - GOVERNING BOARD
4. BUSINESS SUPPORT ACTIVITIES
 - SUMMARY OF ACTIVITIES IMPLEMENTED IN 2019
 - BUSINESS TRAINING AND CONSULTANCY SERVICES
5. FINANCIAL AUDIT REPORT
6. OPERATIONAL STANDARD
7. MEMBERSHIP
8. NEXT STEPS

1. EXECUTIVE DIRECTOR'S GREETING

Development Solutions NGO was established on August 14, 2008. Our mission is to improve the quality of household life with Innovative, Effective and Best solutions, build business capacity for growth, and support environmentally friendly social and economic growth.

Over the past 12 years, we have successfully implemented projects and programs that is consistent to the Mongolian economic conditions in accordance with international standards, with the support of our international and domestic stakeholders. We are working to be an exemplary non-governmental organization implementing activities to support expansion of small and medium enterprises operating in Mongolia, increase income, create more jobs, and spread entrepreneurial mindset and culture with an Innovative, Effective, and Best solutions.

We would like to express our deepest gratitude to our partners, governmental and non-governmental organizations, and international organizations for their cooperation, as well as to the staff of Development Solutions NGO.

We hope that our cooperation will continue to expand.

Sincerely,

KHISHIGSUREN Byambaa

2. MISSION, VISION, VALUE

The Governing Board of the Development Solutions NGO have approved the mission, vision, and value committed to supporting Mongolia's small and medium-sized businesses by increasing household income, and contributing to sustainable local development in 2009.

As one of the few organizations reaching out to businesses in Ulaanbaatar, Darkhan-Uul, Orkhon, Dornod, Selenge, Bulgan, Tuv and Bayan-Ulgii at this time, we mainly focused on starting a new business, development, expansion, and resumption of operations based on domestic and foreign investment conditions. Since then, we have been working with relevant ministries, local governments, international funding organizations and entities to become an Innovative, Effective, and Best entity within the framework of the organization's mission.



OUR VISION

Development Solutions is an Innovative, Effective and the Best organization that provides professional & comprehensive services to promote business development.



OUR MISSION

- To improve the quality of family life,
- To create growth-oriented business capabilities, and
- To support environmentally-friendly social and economic growth.

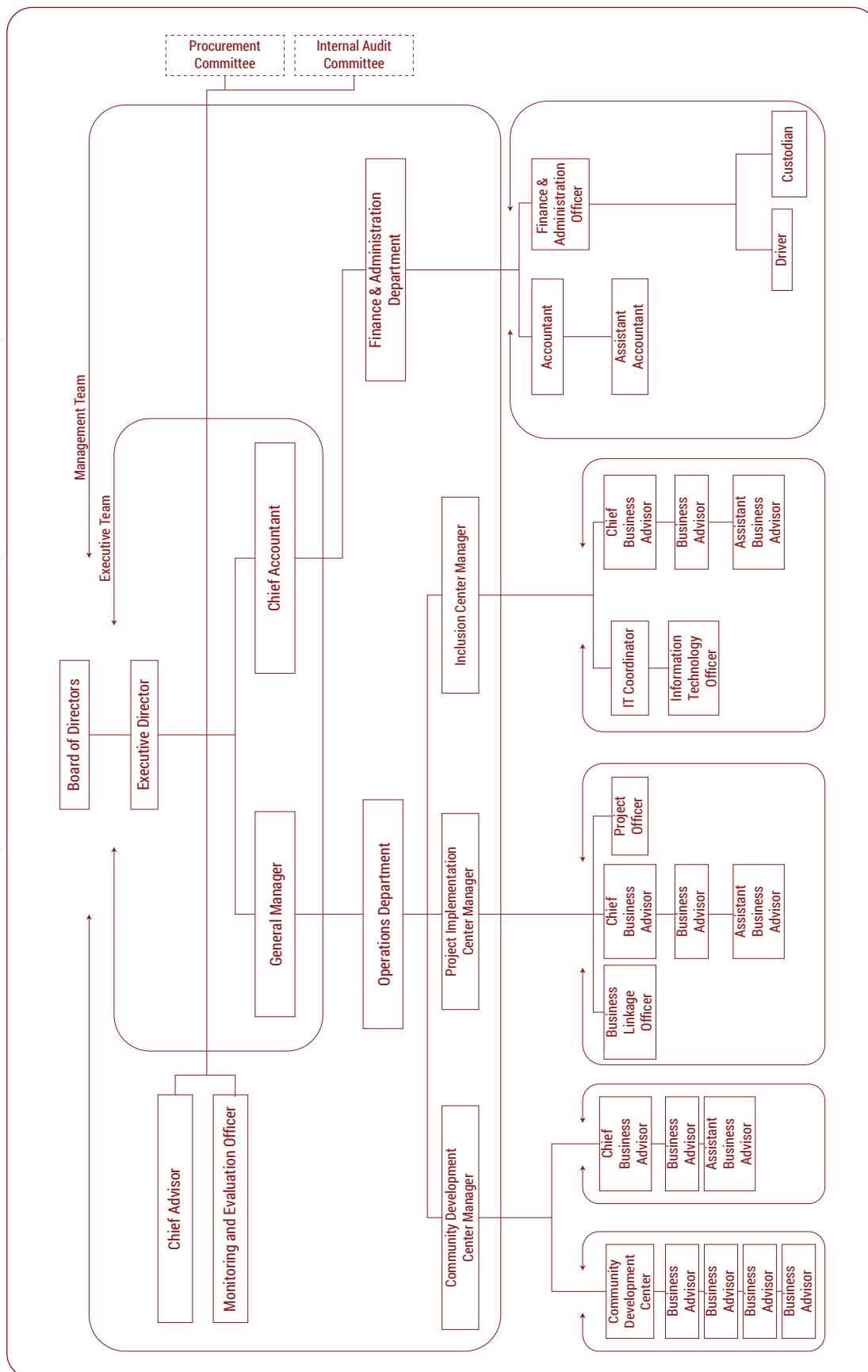


VALUES

- Development Solutions is a far-sighted, non-profit, independent Mongolian non-governmental organization.
- Development Solutions provides valuable and comprehensive, result-oriented long-term business solutions that meet the needs of each client.
- Each of our Organization's employees puts effective cooperation first and is skilled at developing the capabilities of Mongolian micro, small, and medium enterprises with world-recognized business development methods and experience.

3. GOVERNANCE

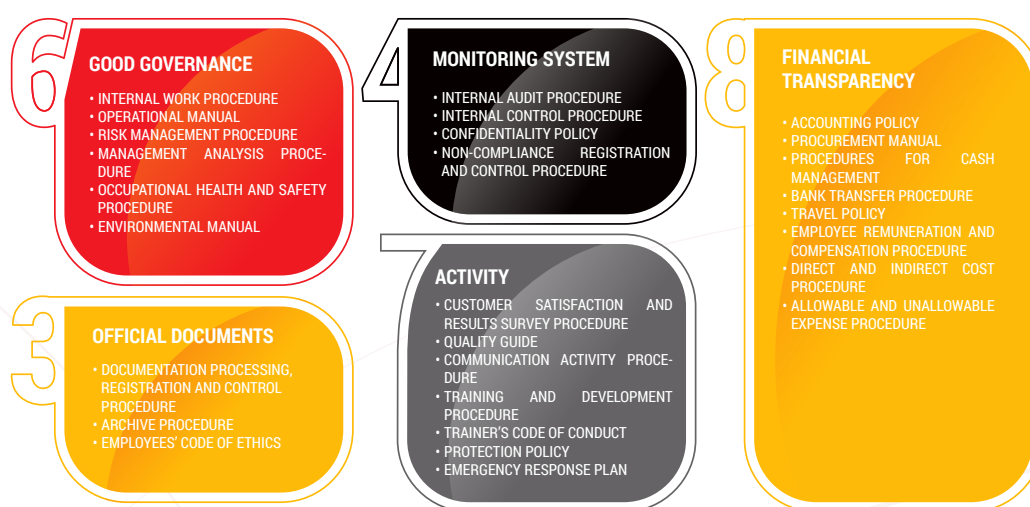
3.1 ORGANIZATIONAL STRUCTURE



3.2 GOVERNANCE POLICY

The Development Solutions NGO have developed its own basic language to express the organization's internal culture and strategic principles since its commencement, and has been continually revising them to meet the needs of funding organizations and business clients.

This common language, which plays an important role in strengthening communication and collaboration among employees and partners, consists of governance policies and relevant documents. Therefore, we believe our organization's operations are in line with our Innovative, Effective and Selective concept in accordance with practice-based standards.



3.3 GOVERNING BOARD

The Development Solutions NGO's Governing Board consists of five independent members representing the legal, education, banking, and mining sectors. The Board meeting is organized four times a year to make timely and strategic and decisions.

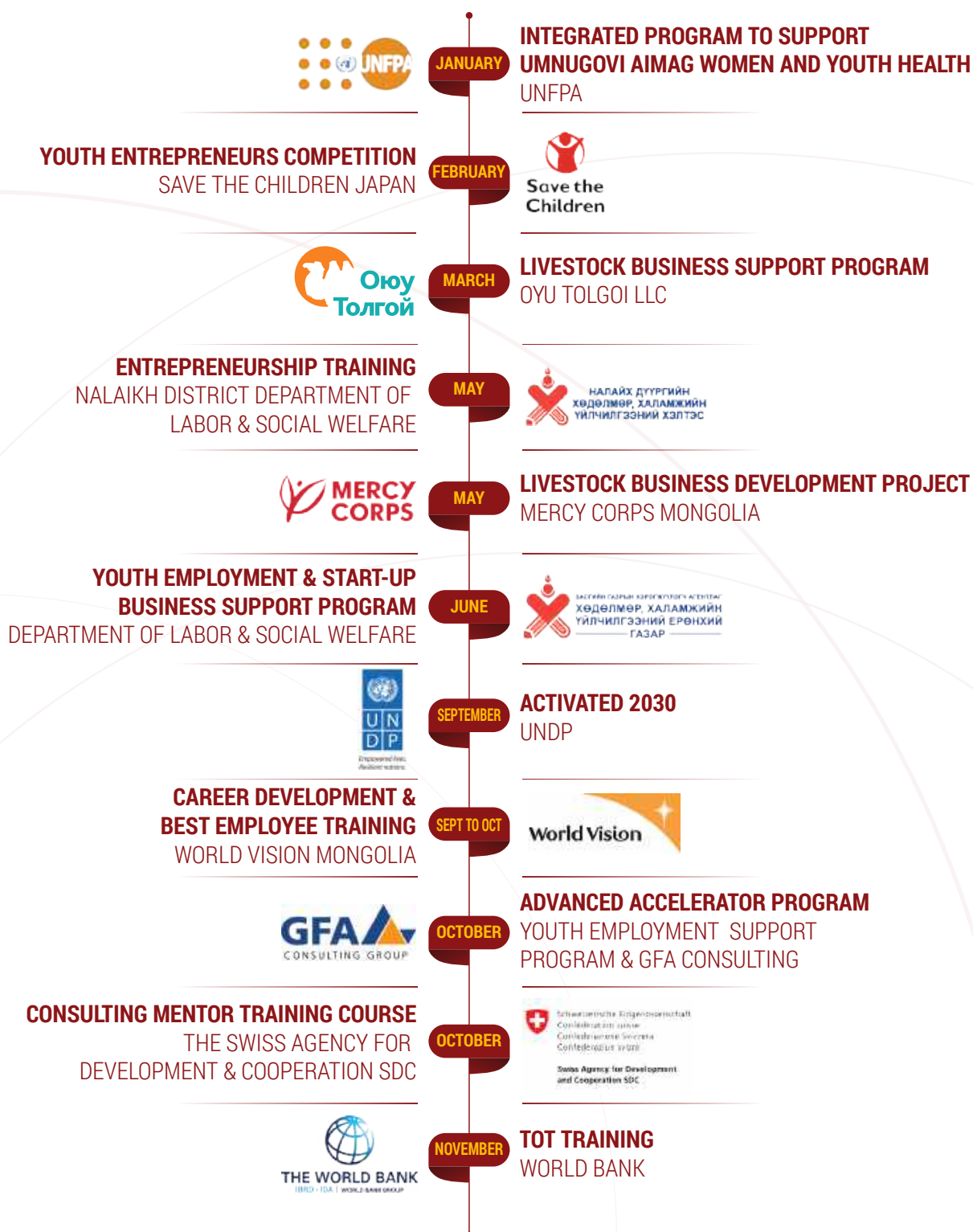


4. BUSINESS SUPPORT ACTIVITIES

4.1 SUMMARY OF ACTIVITIES IMPLEMENTED IN 2019

ACTIVITIES IMPLEMENTED IN 2019

DEVELOPMENT SOLUTIONS NGO



4.2 BUSINESS TRAINING AND CONSULTANCY SERVICES

I. YOUTH BUSINESS INITIATIVE PROGRAM

Since 2013

Technical Assistance from Youth Business International

With the support of training materials prepared by the UK-based International Youth Business International, under the Mongolian Entrepreneurship Support Program we have organized monthly breakfast meetings, trainings on business modeling, product development and social business to entrepreneurs of the age of 15-35. In 2019, we have reached a total of 405 young entrepreneurs and out of which 73% were women, 37 started a new business, and 183 expanded and improved their businesses. As a result, 1,330 temporary and permanent jobs were created.

A. **GLOBAL YOUTH ENTREPRENEURSHIP SUMMIT** was held on June 10-14, 2019 in Cartagena, Colombia and B.Munkhsuren, a young entrepreneur from Umnugovi aimag received the “YOUTH ENTREPRENEUR OF THE YEAR” award.

B. The **ADVANCED ACCELERATOR PROGRAM SERVICE** was organized by the Youth Employment Project and GFA Consulting Group from October 28 to November 28, 2019. The purpose of this training is to provide consulting services on operational management, financial management, and linkage to mentors to the young entrepreneurs who have successfully participated in the 5-week Accelerator Program organized by the Ministry of Labor and Social Welfare and the Youth Employment and Start-up Support Program in cooperation with the district’s Social Welfare and Labor Program.

C. **CONSULTING MENTOR TRAINING COURSE** funded by the Swiss Agency for Development and Cooperation (SDC) was organized on October 30-31, 2019, aimed to provide startups and young entrepreneurs with necessary understanding, information and communication skills to support volunteer mentors with their business and professional experience. The training covered roles and responsibilities of mentors and mentees, defining necessary mentoring skills and attitudes, and on how to successfully establish and implement mentoring relationships.

D. **GUIDING VOLUNTEER MENTOR CONSULTING TRAINING** was organized on October 31 to November 1, 2019 and on November 4-5, 2019 to provide the necessary understanding, information and communication skills to volunteer mentors who are willing to support start-ups, SME and young entrepreneurs with business and professional knowledge and experience. A total of 48 volunteer mentors and consultants from 21 aimags participated in the training with participation from entrepreneurs, NGOs, Business Development Organization, Head of Social Welfare and Labor, and experts.



E. Moreover, under the Youth Business Initiative Program, we have participated in the 7th annual ENTREPRENEURSHIP MENTORING DAYS event in Moscow, Russia. Representing the YBI, Mr. Bat-Orshikh E., General Advisor of the Development Solutions NGO have participated in the event as a mentor. Mentors and mentees had an open discussion on how mentoring had a positive impact on their business management.

II. WOMEN'S BUSINESS CENTER PROJECT

Since July 2016

KOICA, The Asia Foundation

The Women's Business Center Project aims to support UB City Government in implementing the following development strategies by empowering women entrepreneurs to initiate, develop and successfully manage their businesses.

The three main outcomes of this project includes:

- Creating a conducive environment for women entrepreneurs to receive business services and capacity development;
- Building capacity through the Incubator Center for Women Entrepreneurs to create more business opportunities for more women;
- As a result of the Women's Entrepreneurship Center, more women will be able to run their businesses professionally.

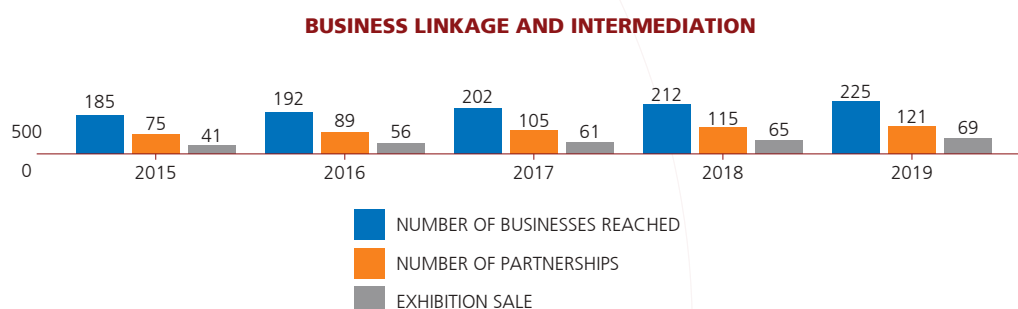
Within the framework of the Women's Business Center Project, trainings on 15 various subjects were organized in 2019 with a frequency of 3-5. Under this activity, a total of 99 trainings on basic accounting concepts, business modeling, business planning, creative content, marketing tools, job descriptions, design thinking, mentoring, business growth, social media and trade fairs were conducted reaching a total of 2010 participants.

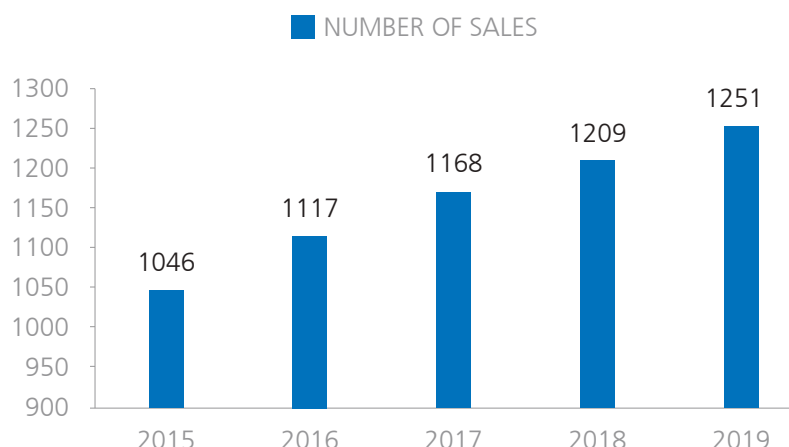
III. BUSINESS LINKAGE AND INTERMEDIATION

The purpose of the Business Linkage and Intermediation Services is to assist clients in discover new market opportunities to improve their current products and services to expand and maintain the quality of their business.

This service allows customers to improve and expand their businesses to meet international standards, and to learn how to interact with large organizations that that are operating in the same field of work.

The following table shows the Business Linkage and Intermediation performance in 2015-2019.





IV. INTEGRATED PROGRAM TO SUPPORT UMNUGOVI AIMAG WOMEN AND YOUTH HEALTH

2019.01.01 – 2019.12.31
UNFPA

The United Nations Population Fund (UNFPA) Youth Startup Support Project, as part of the Integrated Program to Support Umnugovi Aimag Women and Youth Health, have organized a “Youth Social Entrepreneurship Forum” in Dalanzadgad soum to contribute to improving the aimag’s youth start-up entrepreneurship environment/ecosystem of building socially beneficial start-up business in Umnugovi aimag.

The event was attended by a total of 140 people, including entrepreneurs, government and non-government organizations, and young people, including 18 young people from Khanbogd soum and 12 young people from Tsogttsetsii soum. During the event, 20 businesses made 980 thousand MNT worth of sales at the Pop Shop exhibition.

Currently, seven of those young people have successfully started their business activities in various ways. The remaining two teams are ready to start their business and purchased some of the necessary equipment. This project has brought substantial results business development. The participants have started and developed their business successfully by realizing the potential and opportunities associated with self-development and business activities.



From these teams, 56% stated that their business is operating according to plan, 33% stated that their business is not performing as well and not operating in accordance to their plan, and the remaining 11% (one team) stated that business is going better than expected.

UNFPA and local authorities organized the annual young herders’ consultation meeting event in December. Over 100 young herders discussed their main challenges and issues along with possible solutions. Herders’ proposals were introduced and discussed at the meeting, and then handed over to soum government. The soum governor, together with the herders’ council, should finalize the plan for herders before submitting it to the soum citizens’ representatives meeting.

V. YOUTH ENTREPRENEURS COMPETITION

2019.02 - 2019.06

Save the Children Japan



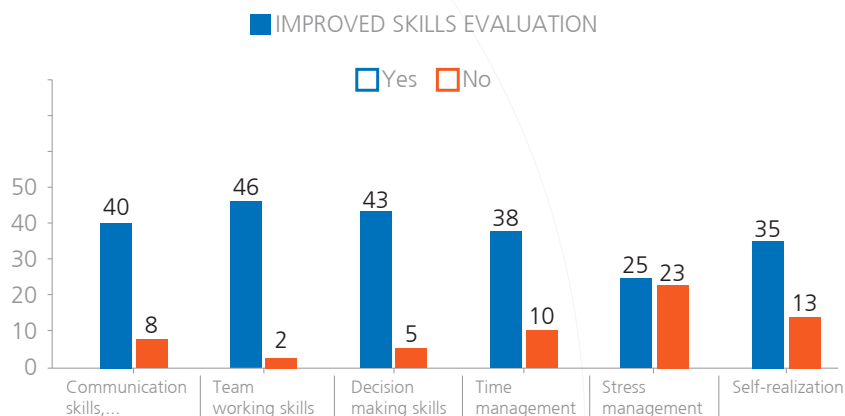
The Youth Entrepreneurship Competition for high school and college students aged 15-19 is organized annually in cooperation with Save the Children Japan from February to June 2019. The event, which aims to develop technical and personal skills such as creative thinking, teamwork and presentation skills, is organized for four months at two levels: national and international.

This year, 64 students from 8 schools were selected to participate in product development, planning and demonstration trainings, and 3 nationally advanced teams won the first 5 places in international competitions for their unique solutions to reduce marine waste.

SUCCESS STORY:

- The Shine Mongol School team won 4th place out of 20 teams in the international competition in 2019. In 2017 and 2018, Mongolian teams were mostly ranked last. Constant improvement each year has resulted a great achievement of ranking in the top 5 this year.
- The Shine Mongol School team, which participated in the training and participated in the competition in 2017, won 1st place in the competition organized by Start-up Mongolia and has successfully received 10,000,000 MNT funding to start their business.

Evaluation of participants' satisfaction.



VI. LIVESTOCK BUSINESS SUPPORT PROGRAM

Since 2019.03.18

Oyu Tolgoi LLC

In Khanbogd soum of Umnugovi aimag, the “Livestock Business Support Program” started implementation by the Khanbogd branch of the Development Solutions with funding from Oyu Tolgoi LLC on March 18, 2019.

Within the framework of this program, we aim to support business development initiatives in the livestock sector, by providing consulting services to the development of local livestock processing industries, support projects and programs to increase the value of agricultural products, and for market development and to support the establishment of sales networks.

Under the program, 34 trainings, consulting services, meetings and information sharing activities were organized to 693 participants. In addition, business projects, strategic plans, and development plans were prepared and submitted tailored to each client's business settings during this period.



VII. ENTREPRENEURSHIP TRAINING

2019.05.20 - 2019.05.24

Labor and Welfare Service Department of Nalaikh District

At the request of the Labor and Welfare Service Department of Nalaikh District, a 5-day training was held in Nalaikh District of Ulaanbaatar on May 20-24, 2019 to expand opportunities for micro and small businesses to receive start-up financing and start their own businesses.

The training covered topics such as business management skills, product development, business modeling, sales and marketing plan.



VIII. LIVESTOCK BUSINESS DEVELOPMENT PROJECT

2019.05.20 - 2019.09.20

Mercy Corps Mongolia

The Livestock Business Development Project was implemented in Undurkhaan soum, Khentii aimag with a goal of promoting livestock businesses with funding from Mercy Corps. The project activities addressed the challenges hindering livestock businesses from developing into sustainable and profitable businesses. Additionally, Khan Bank assisted in the extension of engagement for the selected beneficiaries during the project activities

As a direct impact of the project interventions, eight beneficiaries introduced financial management tools into their businesses while seven developed cohesive business plans. In addition, one beneficiary successfully obtained access to external finance.



As a result of this consultancy service, all eight beneficiaries introduced new practices or technologies into their business, 88% of the beneficiaries believe that the project interventions really made an impact on their business and one beneficiary successfully received a MNT 3 million business loan

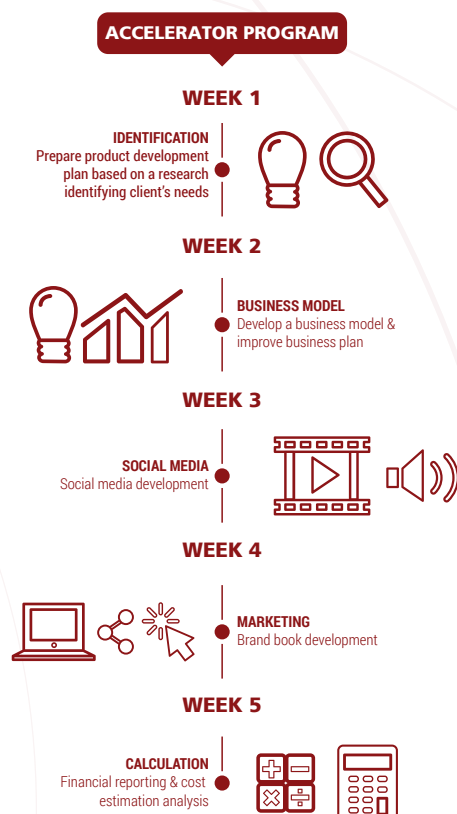
IX. YOUTH EMPLOYMENT AND START-UP BUSINESS SUPPORT PROGRAM

2019.06.28 - 2019.11.10

Department of Labor and Social Welfare

Within the framework of the Youth Startup Business Support Program funded by the Development Solutions NGO and Department of Labor and Welfare Services, 107 teams with a total of 246 participants (132 male and 114 female participants) were trained once in Tuv aimag, Gobi Sumber aimag, Khuvsgul aimag, Khan-Uul district and twice in Chingeltei district. Successful participation in the first round of business idea selection resulted in 65 teams selected in the second round, and 57 teams successfully participated in the accelerator program and received a total of MNT 438,000,000 in funding.

The Accelerator program lasted for 5 weeks and was organized in the following table.



X. CAREER DEVELOPMENT AND BEST EMPLOYEE TRAINING

2019.09.20 - 2019.10.24

World Vision Mongolia

Development Solutions NGO have been in cooperation with World Vision projects and programs since 2010. We provide training and consulting services to governmental, non-governmental and international organizations. Two trainings were successfully organized to 35 employees.

The training focused mainly on personal development, such as making financial calculations for households and businesses, creating savings, gaining knowledge on career planning, setting goals, realizing, and becoming a leader.

COMMENTS FROM PARTICIPANTS:

"It's a great training that has inspired me to look at myself from a different perspective."

"I've heard a lot of useful information on how self development, self recognition, and on how to stay active in society and be innovative."



XI. TRAINING OF TRAINERS (TOT) TRAINING

2019.11.13 - 2019.11.14

World Bank

With the support of the Ministry of Labor and Social Welfare, the General Department of Labor and Welfare Services, and the Employment Promotion Project, a World Bank-funded ToT Training course was organized on November 13-14, 2019. In preparation for this training, trainers and consultants developed a Business Accelerator training manual based on the International Methodology for the Development of Local Small and Small Businesses, and organized the training within the framework of the approved manual. As a result of this training, 21 Business Accelerator trainers were trained in 21 aimags of Mongolia, and they learned new methods on how to develop their business in a short period of time.

XII. UNDP ACTIVATED 2030

2019.09.28 - 2019.12.13

UNDP

The ACTIVATED 2030 was implemented in partnership with the United Nations Development Program (UNDP) under the Social Entrepreneurship Program which aims to support and empower young people aged 15-34 who are engaged in community-based entrepreneurship.

The event was organized in three phases in accordance to the United Nations Sustainable Development Goals, with two days of training and two months of mentoring services. A total of 300 people applied to participate, and 30 young people were selected to participate.

As a result of the training, participants gained an understanding of Social Entrepreneurship, the importance of running and creating a socially friendly business, sharing ideas and experiences among participants, the importance of mentoring, and on how to explain business ideas, and attracting investors.



5. FINANCIAL AUDIT REPORT



Amarsaran street-5, Bayangol district
 Ulaanbaatar-16066, Mongolia
 Phones: 70005401, 70005404, 70005405
 Fax: +976-70005403
 E-mail: info@dalaivanaudit.mn
 Web site: www.dalaivanaudit.mn

INDEPENDENT AUDITOR'S REPORT

TO: THE BOARD OF DIRECTORS OF DEVELOPMENT SOLUTIONS NGO

Our opinion

We have audited the accompanying financial statements of Development Solutions NGO, which comprise the statement of financial position as at December 31, 2019, the statement of activities and changes in net assets for the year then ended, the statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Development Solutions NGO as at December 31, 2019, and its statement of activities and changes in net assets and its cash flows for the year then ended in accordance with *Accounting and Reporting Guideline for NGO* approved by Order No.386 issued by the Ministry of Finance in 2017 in compliance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We have worked independently from Development Solutions NGO in compliance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have fulfilled our other ethical duties and responsibilities in accordance with this Code.

Other information

Management is responsible for the other information. The other information comprises annual report of Development Solutions but does not include the financial statements and our auditor's report.

Responsibilities of Management and the Board of Directors to the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with *Accounting and Reporting Guideline for NGO* and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Development Solutions NGO's ability to continue as a going concern pursuant to the going concern principle unless otherwise management either intends to liquidate or cease the operations of Development Solutions NGO, or has no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT (continued)

Those charged with the corporate governance will have responsibility for overseeing Development Solutions NGO's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional skepticism throughout the audit. We've also performed the following tasks to:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Development Solutions NGO's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Development Solutions NGO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may affect Development Solutions NGO's ability to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



MARCH 25, 2020

6. OPERATIONAL STANDARD

Development Solutions NGO is the first NGO to implement the ISO 9001: 2015 International Quality Management System standard on the threshold of its 10th year of sustainable operation. The introduction of this standard by the Development Solutions NGO for the first time among non-governmental organizations operating in Mongolia is a great example of the development in the NGO sector. Thus, the implementation of the ISO 9001: 2015 International Quality Management System by the Development Solutions NGO is a step towards fulfilling its mission by ensuring the quality of training and consulting for the target groups such as local people, herders and entrepreneurs.

In April 2019, UNFPA performed a Micro Assessment Aide Memoire assessment and in September 2019, USAID have executed a Pre-Award Survey assessment to evaluate our capabilities and current activities.

7. MEMBERSHIP

Development Solutions NGO have been an active member of both international and local membership organizations that support entrepreneurship. Becoming a member of these organizations is key to implementing international standard projects and programs in Mongolia and also sharing practices, opinions, and information with other members of the organization.



MONGOLIAN MANAGEMENT CONSULTANTS' INSTITUTE

The Mongolian Management Consultants' Institute is a member of the International Institute of Certified Management Consultants, which brings together and builds the capacity of Mongolian professional consultants. The Development Solutions NGO became a member in 2011 and has been continuously building capacity of its consultants with the support of the institute, while bringing the quality level of our training and consulting services in line with international consulting standards.



MONGOLIAN NATIONAL CHAMBER OF COMMERCE AND INDUSTRY

The MNCCI operates to make Mongolia's private sector open, transparent, and efficient, through improving the business environment, improve accessibility and profitability of all enterprises, and to address the legal and environmental impediments in entrepreneurship. Development Solutions NGO has been a member of the Chamber since March 29, 2009 and has been cooperating in the implementation of the Women Entrepreneurs Center Project.



MONGOLIAN NATIONAL ASSOCIATION OF BUSINESS INCUBATORS

The Mongolian National Association of Business Incubators provides business incubation support to citizens and small and medium-sized businesses, in cooperation with similar organizations operating business sector in Mongolia and internationally, to provide open and favorable opportunities for citizens, small and medium-sized businesses and is an organization dedicated to serving society.



The Youth Business International is an international non-profit youth organization with members from more than 50 countries. Originally initiated by Prince Charles of Wales, the UK aims to support youth employment, mentoring, financing and developing entrepreneurship training to prepare young people not only as job seekers but also as employers, and aims to create 1 million young people worldwide by 2025. Development Solutions NGO has been an accredited member of the organization since 2013.



The Global Social Entrepreneurship Network is an international network of organizations working to achieve the global sustainable development goals in line with entrepreneurship. The Development Solutions NGO joined the organization in 2017 as its 55th member as part of its mission. Through this network, we are developing the ability to run a business in a sustainable business model by addressing social issues, not just for profit.

8. NEXT STEP

We will continue to strive to improve and expand our operations following the framework of the following Strategic goals and objectives through Innovative, Effective and Selective Solutions.

OBJECTIVE 1. To support small and medium business to improve profitability and creation of jobs

Objective 1.1. Intermediate clients to financing and investment opportunities

Objective 1.2. Link to market opportunities

Objective 1.3. Develop business research and sustainable development models

OBJECTIVE 2. Contribute to the creation of a business-friendly ecosystem

Objective 2.1. Provide technical assistance to small and medium businesses and entrepreneurs

Objective 2.2. Develop a business ecosystem

Objective 2.3. Strengthen multilateral cooperation

OBJECTIVE 3. To continuously develop business support capacity

Objective 3.1. Obtain an effective management system

Objective 3.2. Build a team with high demand-based skills and performance

Objective 3.3. Expand technology-based business knowledge and database