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## GREETINGS FROM THE EXECUTIVE DIRECTOR

Greetings Dear customers, partners and board members.

In the past two years, the “Covid-19” pandemic has brought many social, economic and lifestyle changes in people’s life, as well as major challenges to projects and programs we are implementing. Development Solutions has been very successful this year as a result of prioritizing to help Mongolian SMEs cope with the difficult times of the pandemic by focusing on reforming governance policies, turning challenges into opportunities and advantages, and developing optimal business models and solutions.

In 2021, we reached 6,038 customers through our branches in Ulaanbaatar and 12 aimags, facilitated loans in amount of MNT 43,476,645,698, and provided businesses consultancy on creation of 654 new jobs. At the end of the year, we expanded the United States Agency for International Development’s (USAID) funded Business Excellence for Sustainability and Transparency (BEST) program and opened new branches in four aimags. Within the framework of this program, the microfinance program was successfully implemented in 8 aimags and 410.3 million MNT of microfinance was provided to 43 organizations.

Local development support project, co-implemented with UNDP, has been successfully completed, and the “Local Agriculture Business Support” Program has been implemented for last three years in partnership with Oyu Tolgoi LLC. The goal of the program is to support the diversification of the economy of Khanbogd soum of Umnugovi aimag by developing independent and competitive businesses and enterprises in agricultural production. We are pleased to announce that the project to build a meat processing plant in Khanbogd soum under the program has been approved by a tripartite council consisting of representatives from the soum government, herders and Oyu Tolgoi LLC., and construction will begin in 2022.

Development Solutions NGO has successfully introduced ISO 9001:2015 International Quality Management System Standard, ISO 14001: 2015 Environmental Management System Standard and ISO 45001: 2018 Occupational Health and Safety Management System Standard to its operations which not only improved the quality of our service and activities we organize, but also strengthened the trust of our donor organizations.

In addition, during difficult times of pandemic outbreak our organization switched to home/office hybrid work mode in order to ensure health and safety of our employees. Despite the need to work remotely due to the situation at that time, we have successfully continued our customer-focused capacity building by combining online and classroom modes.

Your support and participation are extremely important to our effective and sustainable operation, and I am confident that our cooperation will continue to strengthen as our contribution to Mongolia’s development will continue to grow.

With regards,  
Executive Director GANGIS B.

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## MISSION, VISION AND VALUES

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### VISION

- Development Solutions is an innovative, result-oriented and top-notch organization providing a set of professional business development services
- 

### MISSION

- Development Solutions works to:
  - Improve the livelihoods of the households.
  - Develop business capacity
  - Support environmentally-sound social and economic growth with innovative and result-oriented solutions.
- 

### VALUES

- Development Solutions is a visionary, non-profit, independent Mongolian non-governmental organization.
  - Development Solutions offers a wide range of value-added, long-term, comprehensive business development solutions tailored to the needs of each customer.
  - Every employee of our organization values effective cooperation and has the skills to develop the capacity of micro, small and medium business in Mongolia using globally-well-known business development methods and experience.
-

## THE BOARD OF DIRECTORS

The Board consists of five independent members representing the legal, education, banking and mining sectors. The Board is the highest governing body that convenes four annual meetings and makes strategic and timely decisions.

### BOARD MEMBERS



Chairperson of the board

1. OYUN Luvsandorj / Professor of Finance Program, Business School, National University of Mongolia /

Members of the board

2. GANTUMUR Jigjidsuren / Senior Project Loan Manager, Khan Bank Business Credit Risk Department /

3. BAATARBOLD Jukov / Director of XAC Bank's Branch Management Division /

4. TUYA Zorig / Director of New Urbanism LLC /

5. ERDENECHIMEG Jambaldorj

## THE MAIN ACTIVITIES OF THE DEVELOPMENT SOLUTIONS NGO

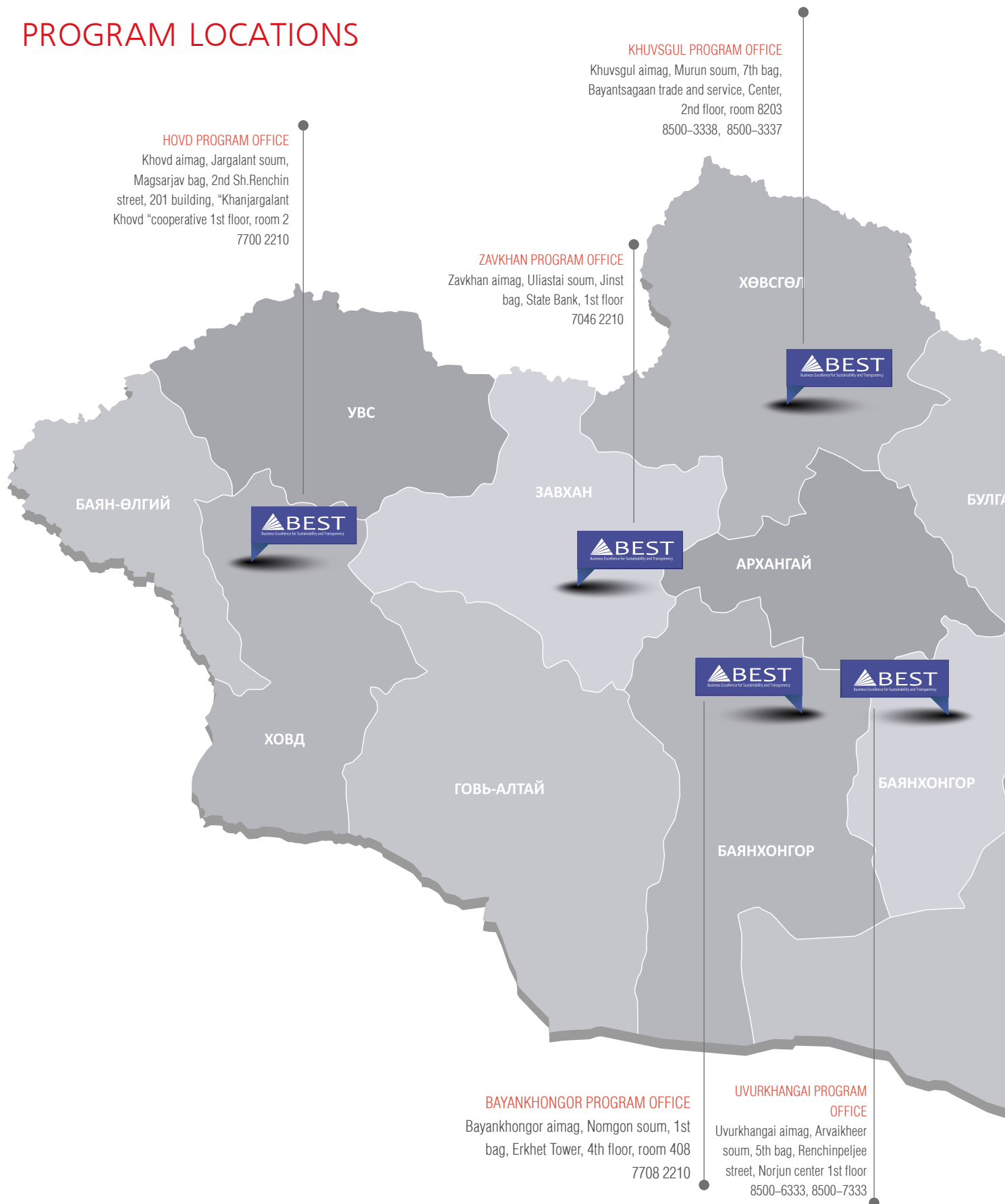
- Business development training services
- Business consulting services
- Institutional training services
- Business communication services
- Public information services
- Financial services
- Business group and cooperative development services
- NGO capacity building services
- Research
- Start-up business support program
- Mentoring

## THE STAFF OF THE DEVELOPMENT SOLUTIONS NGO

The Development Solutions NGO has a total of 70 employees, 34 of whom work in Ulaanbaatar and the remaining 36 in 13 local branches.



## PROGRAM LOCATIONS



**DARKHAN-UUL PROGRAM  
OFFICE**

Darkhan-Uul aimag, Darkhan  
suum, 12th bag, Darkhan  
TEDI center, 2 floor, room 202  
7577 6060

**SELENGE PROGRAM OFFICE**

Sukhbaatar suum, 2nd bag,  
Altanbulag center, 2nd floor  
7600 2210

**ORKHON PROGRAM OFFICE**

Orkhon aimag, Bayan-Undur  
suum, Khurenbulag bag,  
Amgalan Orshikhui  
Palace, 1st floor, room 103  
7766 2210

**THE BEST PROGRAM'S ULAANBAATAR  
PROGRAM OFFICE**

Ulaanbaatar city, Sukhbaatar district,  
1st khoroo, Jamiyan Gunii street,  
18/1, The DownTown office, 5F, room 501  
7722 2210

**KHENTII PROGRAM OFFICE**

Khentii aimag, Kherlen suum,  
4th bag, Sarig, Temuujin room 0  
8500-8333, 8500-9333

**DEVELOPMENT SOLUTIONS NGO'S  
ULAANBAATAR PROGRAM OFFICE**

Ulaanbaatar city, Bayanzurkh district,  
3rd khoroo, Peace Avenue,  
Building 32, room 19

**DORNOD PROGRAM OFFICE**

Dornod aimag, Kherlen suum, 9th  
bag, 62nd building, 2nd floor, room 5  
7058 2210

**DORNOGOVI PROGRAM OFFICE**

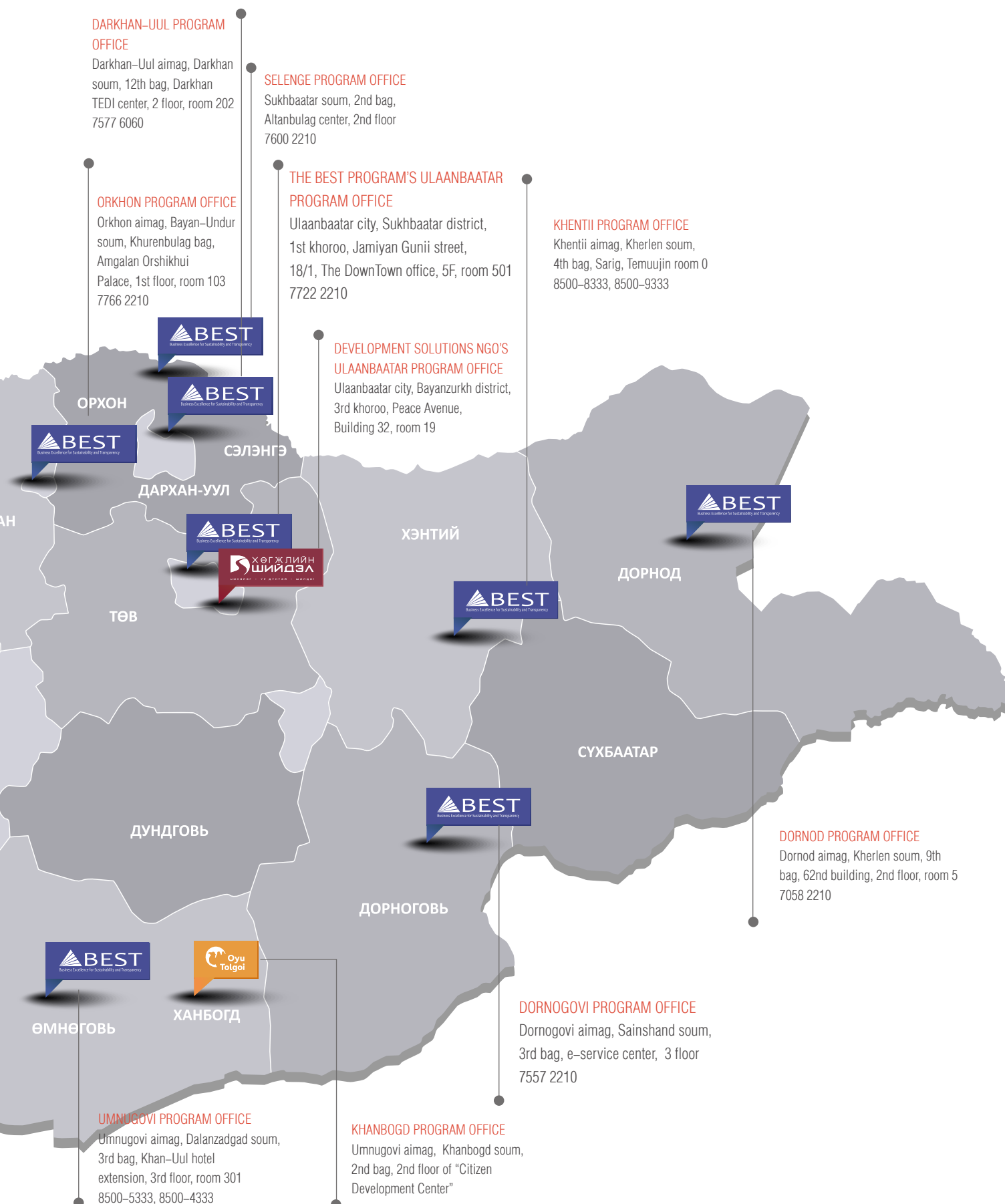
Dornogovi aimag, Sainshand suum,  
3rd bag, e-service center, 3 floor  
7557 2210

**KHANBOGD PROGRAM OFFICE**

Umnugovi aimag, Khanbogd suum,  
2nd bag, 2nd floor of "Citizen  
Development Center"

**UMNUGOVI PROGRAM OFFICE**

Umnugovi aimag, Dalanzadgad suum,  
3rd bag, Khan-Uul hotel  
extension, 3rd floor, room 301  
8500-5333, 8500-4333





## THE PROJECTS



# 01

### TO SUPPORT SMES



"BUSINESS EXCELLENCY FOR SUSTAINABILITY AND TRANSPARENCY" (BEST) PROGRAM

Help grow and diversify Mongolia's economy by increasing lending SMEs and improving economic governance and accountability.

# 02

### TO SUPPORT AGRICULTURE



"LOCAL AGRIBUSINESS SUPPORT STRATEGY" (LASS) PROJECT

Support the diversification of Khanbogd soum's economy through the development of independent and competitive businesses and enterprises engaged in agricultural production.



# 03 04 05

## TO SUPPORT STARTUP BUSINESSES



"INCREASING THE YOUNG HERDERS' CAPACITIES TO START SOCIALLY-FRIENDLY BUSINESSES" PROJECT

The project aims to increase the capacity of young herders and youth to run community-friendly businesses in Umnugovi aimag and Khanbogd Soum by creating an ecosystem for youth entrepreneurship development in the community.



"EXTENDING SOCIAL PROTECTION TO HERDERS WITH ENHANCED SHOCK RESPONSIVENESS" PROJECT

Empowering young herders in 5 soums of Zavkhan aimag for their community participation and entrepreneurship, accelerating the business of entrepreneurs who got fundings, networking events, and grant award among young herders, partnering with Soum Governor's office and YDC.



YOUTH BUSINESS MONGOLIA

Implement a comprehensive entrepreneurship program for the target group of 18-35 year olds.

## ACTIVITY RESULTS OF DEVELOPMENT SOLUTIONS NGO

### ACTIVITY RESULTS OF 2021

**47**

New business

**1169**

Expanded and improved business

**654**

New jobs

**9666**

Number of participants

**437**

Mentor

**4,846,860,750 MNT**

Sales revenue growth

**43,476,645,698 MNT**

Successful loan brokerage

**875**

Number of bank loans successfully facilitated

**130**

Business groups, cooperatives and NGOs

**1479**

SMEs aged 16-35

**2690**

Training participants aged 16-35

### ACTIVITY RESULTS SINCE 2008

**4472**

New business

**9386**

Expanded and improved business

**20888**

New jobs

**32323**

Number of participants

**765**

Mentor

**13,822,046,550 MNT**

Sales revenue growth

**180,577,705,448 MNT**

Successful loan brokerage

**10191**

Number of bank loans successfully facilitated

**723**

Business groups, cooperatives and NGOs

**15425**

SMEs aged 16-35

**17921**

Training participants aged 16-35





**USAID**  
АМЕРИКИЙН АРД ТҮМНЭЭС



**"BUSINESS EXCELLENCY FOR SUSTAINABILITY  
AND TRANSPARENCY" (BEST) PROGRAM**



## » BUSINESS EXCELLENCE FOR SUSTAINABILITY AND TRANSPARENCY

The United States Agency for International Development (USAID) fund, “Business Excellence for Sustainability and Transparency (BEST)” program is implemented at Ulaanbaatar, Zavkhan, Orkhon, Khovd, Darkhan-Uul, Dornogovi, Uvurkhangai, Dornod, Selenge, Bayankhongor, Umnugovi, Khentii and Khuvsgul aimags. It will be implemented for five years from December 2, 2019 to December 1, 2024.





## PROGRAM COMPONENTS:

Help grow and diversify Mongolia's economy by increasing lending SMEs and improving economic governance and accountability.

### PROGRAM COMPONENTS

1

INCREASING SME ACCESS TO FINANCE

2

IMPROVING CORPORATE GOVERNANCE  
AMONG SMEs

3

IMPROVING THE CAPACITY WITHIN  
MONGOLIAN INSTITUTIONS

4

MAINTAIN ANALYTICAL AGENDA FOR  
STRATEGIC LEARNING

5

PROVIDING SMALL GRANTS TO REACH  
DISADVANTAGED BUT OTHERWISE WELL  
QUALIFIED, SMALL ENTERPRISES

## THE BEST PROGRAM ACTIVITIES:

- Provide loan facilitation services;
- Provide training, long-term and short-term consulting services to SMEs in finance, planning, management and corporate governance;
- Organize capacity building trainings for government officials to support SMEs development in a corrupt-free manner;
- Organize trainings and forums to build the capacities of the NGOs and the business associations working to protect the interests of the SMEs;
- To conduct researches;
- Provide micro-grants to SMEs and NGOs.

“

2021 has been a difficult year for SMEs due to the outbreak of the Covid-19 pandemic. SMEs experienced problems such as all-encompassing lockdowns, restrictions, and border restrictions. Despite the challenges of the lockdown the BEST program continuously provided trainings and consulting services to the SMEs in virtual form. The BEST program worked to support its beneficiaries to overcome and cope with these challenges. In addition, the BEST program has developed 8 types of handbooks to increase the capacity of SMEs and improve governance, as well as organized forums on the topics such as “Resilient Women”, “The Post-Pandemic New Normal: Fostering Local Development Through Cluster Cooperation” and “Tomorrow’s SMEs”.

”



# THE RESULTS OF THE BEST PROGRAM ACTIVITIES

## 2021 RESULTS OF THE BEST PROGRAM

## RESULTS SINCE THE LAUNCH OF THE BEST PROGRAM

**290**

businesses expanded and improved their business

**2,029,457,363¥**

businesses increased sales revenue

**280**

jobs increased

**30,881,449,487¥**

amount of facilitated loans

**43**

Grants were provided

**587**

businesses expanded and improved their business

**4,807,080,750¥**

businesses increased sales revenue

**596**

jobs increased

**43,440,925,698**

amount of facilitated loans

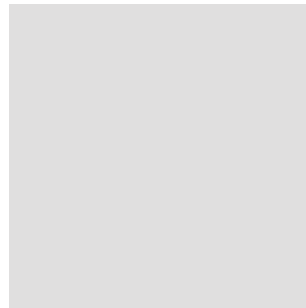
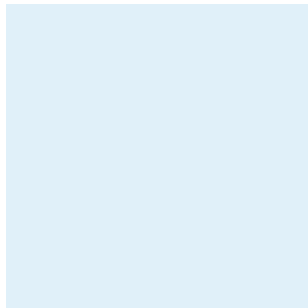
**55**

Grants were provided

## » COMPONENT 1: INCREASING SME ACCESS TO FINANCE

Within the framework of this component, we provided business development trainings and consulting services to build capacities to the Small and Medium-sized Enterprises (SMEs) who want to get a loan but find it difficult to get a loan, and also delivered information, advice, and loans facilitation services. In 2021 we provided trainings and consulting services that aimed at updating their business models and identifying approaches to overcome the challenges, which had a positive impact on business sustainability and SMEs access to acquire loans and other financial services.

### 2021 ACTIVITY RESULT OF COMPONENT-1



# 160

Trainings organized

# 3205

Training participants

# 30,881,449,487₮

Amount of successfully facilitated loans



# 108

Workshops organized



# 2230

Workshop participants

## » COMPONENT 2: IMPROVING CORPORATE GOVERNANCE AMONG SMES

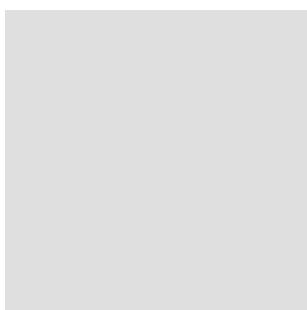
Within the framework of the component, we developed new handbooks on trainings, consultation services, and meetings with topics that are adapted to the target beneficiaries, such as SME shareholders, board members, CEOs as well as SMEs. At the same time, officially translated the Small and Medium Enterprise Governance Manual issued by IFC and distributed it to our beneficiaries. The main driver of the SME owners to take an interest in governance topics was measures taken by the Government of Mongolia to fight against the outbreak of the Covid-19 pandemic.

### 2021 ACTIVITY RESULT OF COMPONENT-2



# 31

SMEs received long-term consulting service



# 288

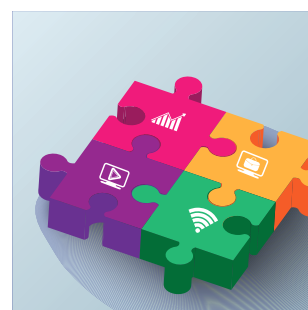
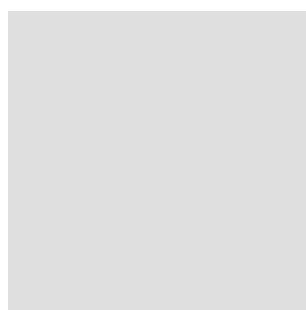
SMEs participated in Governance Improvement workshops

# 115

SMEs received short-term consulting service

# 1936

Workshop participants



# 251

SMEs received short-term consulting service



# 128

SMEs governance training organized

# 1776

Training participants



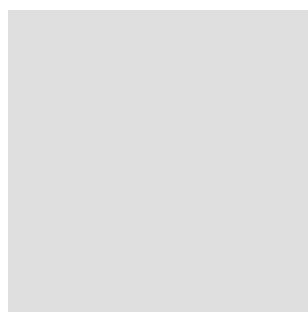
## » COMPONENT 3: IMPROVING THE CAPACITY WITHIN MONGOLIAN INSTITUTIONS

2021 ACTIVITY RESULT OF COMPONENT-3



**5**

Government policy recommendation papers submitted



**26**

Anti-corruption trainings organized



**331**

NGOs participated in the trainings

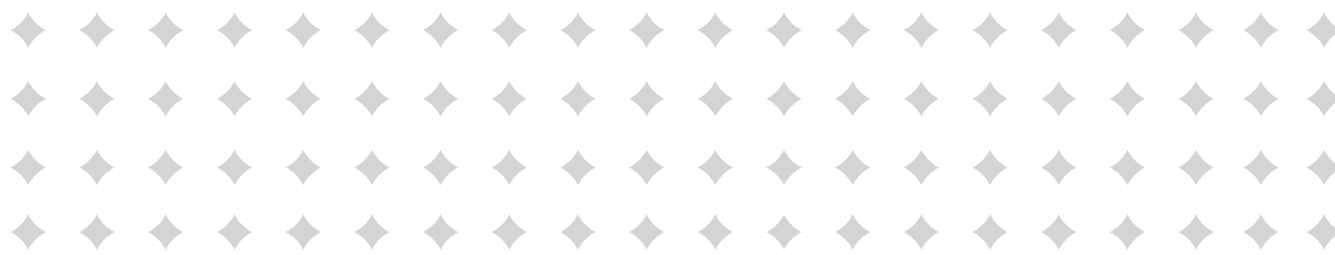
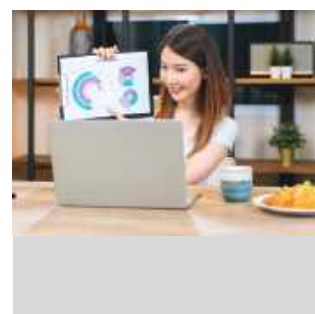
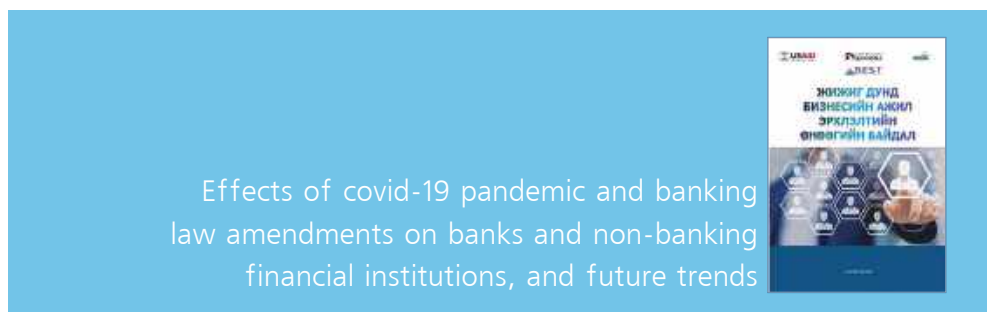
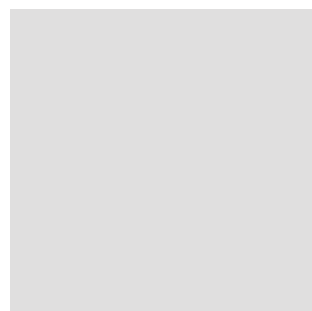
**563**

Government officials participated in the trainings

During the pandemic in 2021, the BEST program has closely cooperated with governmental and non-governmental organizations within the activities economic policy determining. For instance, we identified the main challenges faced by SMEs and most needed government support and informed them to Academic Council under the State Emergency Commission, and submitted related proposals from professional associations and non-governmental organizations. We also submitted a proposal to Ulaanbaatar SME Support Center aimed to develop a “Sub-program during the pandemic to support small and medium manufacturers and service providers in the capital city”.

## » COMPONENT 4: MAINTAIN ANALYTICAL AGENDA FOR STRATEGIC LEARNING

RESEARCHES CONDUCTED IN 2021 IN THE SCOPE OF COMPONENT-4



## » **COMPONENT 5: PROVIDING SMALL GRANTS TO REACH DISADVANTAGED BUT OTHERWISE WELL QUALIFIED, SMALL ENTERPRISES**

2021 ACTIVITY RESULT OF COMPONENT-5



In 2021, the BEST program has provided capacity-building trainings and consulting services on SME governance, environmental management as well as loan facilitation services to its beneficiaries. In 2021, the program has provided MNT 410 million worth of grants.

**FORUM MODERATOR:**

- D.Tungalag, founder and director of URBAN brand

**SPEAKERS:**

- R.Sansarmaa, Director of Trust Trade LLC
- B. Munkhzul, Director of Jur Ur LLC,
- Z.Regzedmaa, Founder and Director of Iveel Brand,
- D.Khulan, Founder and Director of Lhamour brand



## **"RESILIENT WOMEN"**

### VIRTUAL FORUM

The forum started with Development Solutions NGO's Board Chairman Oyun congratulating the BEST program for the successful organization of the forum and offered a speech to the participants. In order to introduce the role of female entrepreneurs in the Mongolian economy and society, exchange business experiences, and encourage female entrepreneurs to successfully manage their businesses during the Covid-19 pandemic the "Resilient WOMEN" virtual forum was organized on March 5, 2021, for the International Women's Day. The event was invited by female leaders from 5 domestic manufacturers who are experienced and successful in the business sector. Also, we organized an open discussion among BEST program beneficiaries of 100 businesswomen from Ulaanbaatar city and regional provinces, who shared their open experiences on how they overcame the pandemic, what they plan to do and where they are going, and exchanged their business opinions and practices. In the forum also participated representatives of NGOs working to protect the rights and interests of female decision-makers and small and medium manufacturers and service providers.



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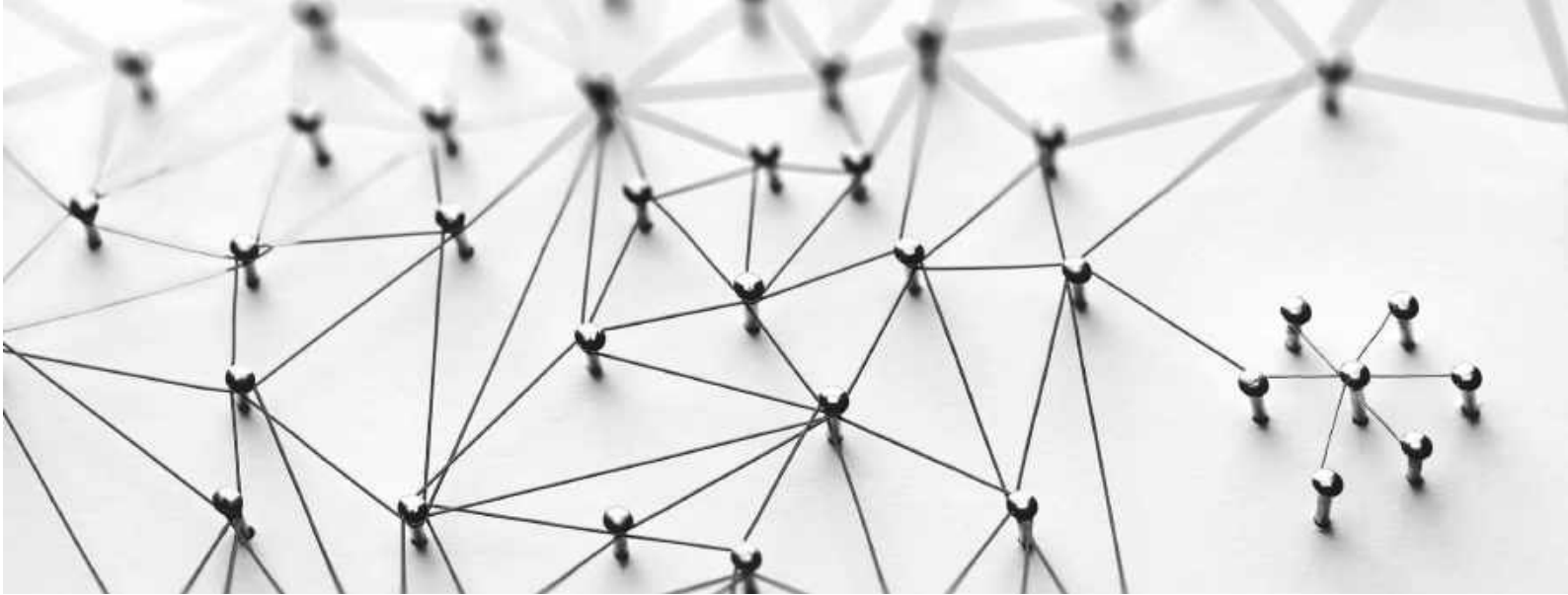
During this forum, held for International Women's Day, hosted the online shopping platform HYPER-LINK "<http://www.Zochil.mn>" [www.Zochil.mn](http://www.Zochil.mn), which provided opportunities for female entrepreneurs to raise their online sales.

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## TOMORROW'S SMES VIRTUAL FORUM

In order to encourage SMEs for making a successful business transition by adapting to the "NEW NORMAL" of the environment due to the Covid -19 pandemic, the BEST program organized the "Tomorrow's SMEs" virtual forum on September 29, 2021. During the forum, successful business consultants and entrepreneurs shared their interesting research, information on the new post-pandemic environment or changes in the future business environment, the introduction of new trends on human resources, e-transition, and the factors needed to focus on sustainable operations in the future and new approaches to successfully adapt changes. The participants of SMEs emphasized that it was a useful, effective, and timely event. The forum opening remarks were made by the U.S. Ambassador to Mongolia, Michael S. Klecheski, and was attended by over 500 participants, including SMEs from the 8 provinces where the program is implemented, 10 commercial banks, and the Governors of 8 aimags, and relevant government officials. In order to make the scope of the e-forum broader and more effective, and to increase the reach of activities, it was broadcasted live on social media such as YouTube and Facebook. Also, as a result of the BEST program being posted on the Facebook website and YouTube channel, there are more than 15 000 business representatives have been able to view the forum.





## FOSTERING LOCAL DEVELOPMENT THROUGH CLUSTER COOPERATION

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# VIRTUAL FORUM 2021

In order to share international and domestic prospects and best practices for the development of local small businesses and cluster support in a new post-pandemic business-style environment was successfully organized the virtual forum titled “THE POST-PANDEMIC NEW NORMAL: FOSTERING LOCAL DEVELOPMENT THROUGH CLUSTER COOPERATION” on April 28, 2021. This event was attended by U.S. Ambassador Michael Klecheski, and a total of 225 participants, including representatives of the United States Agency for International Development, the SME Agency of Mongolia, the Governors of 6 provinces and their staff, representatives of government organizations supporting the SMEs of 8 provinces, and NGOs. The forum was focused on two main topics: “international and domestic studies on approaches to unify local SMEs and cooperate, to create clusters for development and government support and policies” and “Opportunities and good practices for small and medium businesses to unify” and experts from government agencies, business directors with extensive experience, and representatives of Khan Bank delivered presentations.

The forum emphasized that at the local level, need to define development strategies based on local characteristics, unify businesses to in clusters and companies to become suppliers to larger markets, as well as further to be developed in an export-oriented-fashion and the government’s investment and financial policies are aimed at supporting the clusters.

# SUCCESS STORY

**IKHBAYAR KH.** Founder, CEO  
Ikh Usult LLC



Nothing can compare to the pleasant mood and the sweet aroma that candles can bring to a room. Which is why Ikhbayar's soy candles are much sought after for their luxurious and natural quality. What started as a simple hobby has overhauled Ikhbayar's career and spurred a lifetime love affair between her and candles.

Her passion for candles started when she was studying in UK. After returning to Mongolia, she unfortunately struggled to find candles that were not hazardous. Mainly, Ikhbayar prefers soy candles, but 95% of the candles sold in the country were paraffin or petroleum-based candles. Paraffin is mostly manufactured from petroleum by-products that burn quicker and can lead to indoor pollution. So Ikhbayar started the first Mongolian soy-based luxury candles

manufacturing company named "Arigun" in 2017 (meaning pure in Mongolian).

She recounts, "After studying in the UK, I returned to Mongolia in 2012 and became a civil servant. But not long after that, the national elections were held, and the party that won that year fired me, even though I was on maternity leave at the time.

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I got a basic knowledge of candles from the Internet, and then I took an online course on candles based in the UK to learn how to keep ingredients free of odors, soot, and toxins.

That's basically how I started.

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So I've lost my job and I've been worrying about what to do next. Then I was thinking about when I was in England, I used to use candles all the time, and all the candles I used were soy candles. As a soy candle lover, I felt like there was a huge gap in the market for such candles with fresh scents that weren't so expensive.

Ikhbayar soon began her work and used the knowledge she learned from her research to create candles that were luxurious and safe for both people and the environment. The ultimate goal of Ikhbayar is to change the Mongolians way of thinking about candles. "Most Mongolians think that candles should shine bright and have a good scent, and that's it, but we should also recognize that candles affect our wellbeing and nature," she said.

Like other small and medium-sized businesses, Ikhbayar devoted most of her time focusing on sales and product development. However, as the business grows, she had to focus on many other issues that affect the company's long-term development, such as effective business management, internal organization, and business planning.

The search for a solution brought her to the US Agency for International Development (USAID) funded BEST program. She ended up receiving the consultation on the corporate governance offered by the BEST program. As a result, she began to put into practice the vision and goals she had been thinking for many years, and many issues that had previously neglected became more interconnected. "I began to link the business problems and started to look at my business



as a whole entity rather than just focusing on a specific problem,” said Ikhbayar.

Ikhbayar recalls a time when she struggled to find shops that would sell her products, and now Arigun candles are available in 35 stores of Ulaanbaatar City, the capital of Mongolia, and have reached consumers across the country, such as the Govisumber province and Erdenet city. Arigun also met Japanese standards and the company successfully exported over 2,000 lb. of candles to a market of over 120 million people in 2018. Unfortunately, due to the COVID-19 global pandemic, the signing of the next supply order for Japanese market has been delayed. Even with these setbacks, Ikhbayar is confident that Arigun candles will have a customer base in Japan and maybe even the world.

Her piece of advice for other female entrepreneurs is:

“First of all, you should be determined and true to your beliefs. Research needs to be always done well. It’s important to learn from other and to continuously develop yourself by participating in business training, counseling, or even discussion.”



**"LOCAL AGRIBUSINESS SUPPORT STRATEGY"  
(LASS) PROJECT**

# “LOCAL AGRIBUSINESS SUPPORT STRATEGY” (LASS) PROJECT

The Local Agricultural Business Support Program is being implemented by Development Solutions NGO (Khanbogd branch) and Khanbogd soum of Umnugovi aimag with funding from Oyu Tolgoi LLC.

## VISION:

A SUSTAINABLE AND INCLUSIVE AGRICULTURE BUSINESS AND DIVERSIFICATION OF LOCAL ECONOMY AND FOOD SAFETY AND SECURITY OF COMMUNITIES

- 1 HERDERS SUSTAINABLE FOOD PRODUCTION BUSINESS
- 2 GOVERNANCE AND R&D ASSURANCE OF FOOD CAPABILITY DEVELOPMENT (FCD) PROGRAM
- 3 ANIMAL HUSBANDRY PRODUCT PRODUCTION & PROCESSING
- 4 DEVELOPMENT OF LIVESTOCK PRODUCTION MARKETING AND VALUE CHAIN

## 2021 CONSULTATION, TRAINING AND WORKSHOPS



# 160

participants have attended 44 trainings.

# 1006

views are what our 2 introductory videos have.



# 710

participants have attended 307 workshops



# 80

herders were involved in our support of 5 SMEs and Cooperatives support activity.

# 88

business projects, researches, presentations, consulting services reports and recommendations were completed.

## 1. HERDERS SUSTAINABLE FOOD PRODUCTION BUSINESS

### GOBI KHAN URAN LLC

Gobi Khan Uran LLC has received consultations services in the areas such as processing of materials related to participating in tenders, establishing procurement documents, providing governance understanding to shareholders, preparing documents related to the replacement of the CEO, amending the company's charter, improving labor safety, develop human resource policy documents, and to process documents such as market branding book related to carrying raw materials, warehousing, taxation, reporting, gathering papers.

### ENERGY UNDRAGA COOPERATIVE

Evaluated the execution of the 2020 plan and developed 12 new documents approved by the chairman of the cooperative and distributed to members, introduced Malchin /Herder/ application in relation to process 2021 plan, registered in the supply system of Oyu Tolgoi LLC. The chairman of the cooperative attended the training on cooperatives organized throughout SouthGobi province.

### UNEE GOBI COOPERATIVE

Evaluated the 2020 work performance of the Unee Gobi Cooperative and issued recommendations for developing the 2021 plan and usage of Malchin applications. Members of the cooperative counted their Angus cattle in the census in the name of the cooperative, which demonstrated that governance had improved and that all members were beginning to trust the organization of the cooperative.

### GAVILUUD SHILMEL SUREG COOPERATIVE

We have developed an internal charter for the Gaviluud Shilmel Sureg cooperative and contracts for sheep and goats herding services. Evaluated the implementation of the 2020 plan and provided consultation on the 2021 plan. Members of the cooperative counted their sheep in the census in the name of the cooperative. Also, studied the possibility of starting a hide and leather processing business, decided to train two members in this field, and wrote a business project.

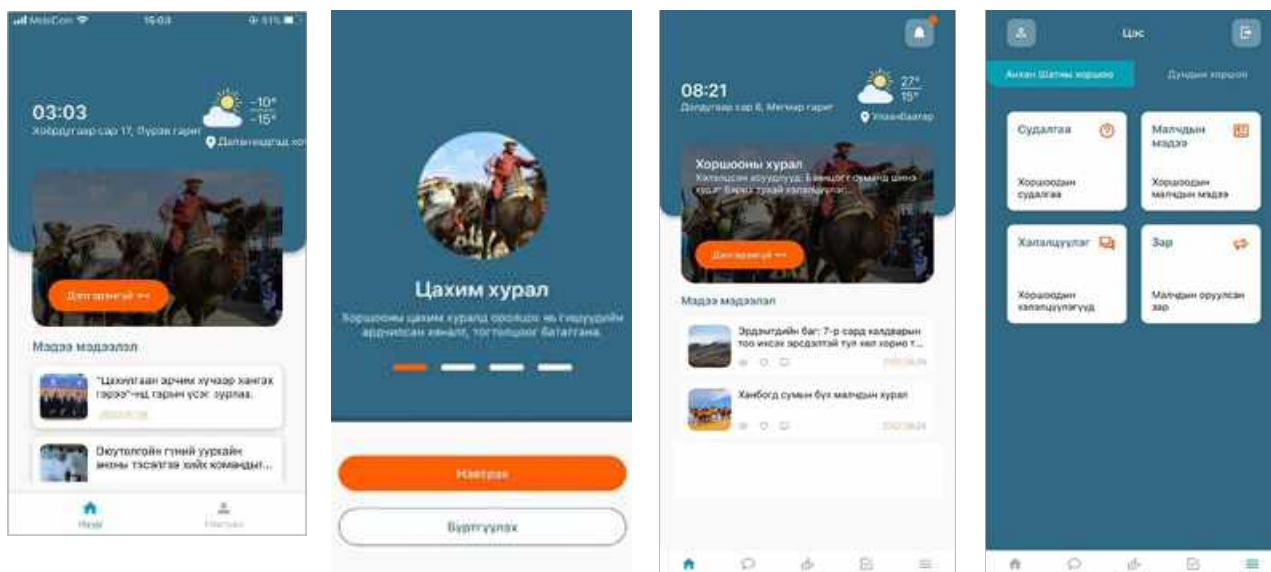
## 2. GOVERNANCE AND R&D ASSURANCE OF FOOD CAPABILITY DEVELOPMENT (FCD) PROGRAM

10:40



### MALCHIN APP

In 2021 an electronic solution was introduced to herders of Khanbogd soum and as a result, herders were able to participate in their cooperative meetings online, make decisions and obtain financial and operational information. Oyu Tolgoi LLC is implementing construction projects in Khanbogd soum, such as a slaughterhouse and a herder's market in accordance with the complaint solutions agreement made with the governor's office of Khanbogd soum and representatives of herders in Khanbogd soum. The council meetings of baghs decided by their votes that the business entity should be responsible for the ownership, management, and organization of these projects, which would be a joint cooperative established by the primary cooperatives of each bagh in Khanbogd soum. Cooperatives operating in Mongolia often face problems such as not sharing information with their members, lack of members' participation, and absence of openness. In addition, cooperatives may encounter the risk of being dominated by someone's personal interests and embezzling project benefits. In order to increase the transparency of cooperatives activities and improve the participation and control of their members, Oyu Tolgoi LLC has developed the "MALCHIN" application for cooperative governance and assigned its responsibility for its further sustainable development to the "Development Solutions" NGO. As a result of using this application, herders can openly receive all information related to the activities and finances of their primary and joint cooperatives.



## THE BENEFITS OF THE MALCHIN APP

- As a result of receiving financial and operational information about their cooperatives in timely manner, the herders will be able to control and monitor.
- Able to attend all members' meetings, supervisory board meetings, and council meetings online and vote independently.
- All members can get feedback from herders regarding internal issues of the cooperative.
- The number of members who are unable to participate due to business and remote location from the soum, will decrease.
- Electronically, herders can get acquainted with the issues to be discussed at the meeting of all members of the cooperative and vote for the decision.
- Herders are able to receive information on weather, commodity prices, veterinary services, and some government services.
- Members can add and delete any announcements and advertisements whenever they want.
- Get acquainted with the profiles of all members registered in the cooperative and make contact.

### INFO

- e-meetings
- e-survey
- polls
- research
- discussion
- announcements
- weather
- legal issues
- Charters of the cooperative
- finance and other activities

### LINKS:

- Youth Business Mongolia (facebook page)
- Youth Business Mongolia (facebook group)
- <https://ybmongolia.org/> (website)

### 3. ANIMAL HUSBANDRY PRODUCT PRODUCTION & PROCESSING

Preparations were made for the formation of primary cooperatives in 4 baghs of Khanbogd soum and the launching of a new joint cooperative among 4 baghs. The training among representatives of herders in the Tripartite Council of Khanbogd soum has been organized in regard to the establishment of primary cooperatives as well as training regarding inter-soum joint cooperative in four baghs of the soum. Developed draft charters for primary cooperatives related to the establishment of herder cooperatives and in cooperation with the working group for the establishment of the tripartite council has circulated to a total of 370 people in four baghs and reach out to all herders. Prepared a video presentation on the establishment of a herder cooperative and posted it on the Tripartite Council web page. Also, developed documents and regulations related to the establishment of a cooperative and handed them over to the representatives of herders.

### THE ROAD CONSTRUCTION PROJECT TO THE SLAUGHTER HOUSE IS READY TO BEGIN

In connection with the design of the livestock slaughterhouse and construction of the road, the location of the land was determined in accordance with the industry standard requirements and the drawing design is ready to be ordered. In order to gather information related to the technology, equipment, and construction features of the meat processing plant, we visited meat processing plants and met with representatives of construction material trade centers, construction companies, sewage solutions, and sales companies, meat technology engineers, and consulting engineers of the meat industry. In cooperation with the Governor's Office of Khanbogd soum, have obtained the conclusion of the Provincial Emergency Management Agency, the authorization of the Specialized

Inspection Agency, the certification of the Construction Development Center of the Ministry of Construction and Urban Development, and the confirmations from state pipeline network organizations and make it ready for announcing construction tender. Also, prepared a General and Detailed Environmental Assessment of the Slaughterhouse Road Project by professional organizations and approved by the working group of the Ministry of Nature, Environment and Tourism. According to the environmental assessments and at the suggestion of professional organizations, decided to dispose of the solid waste in a designated landfill by concluding a contract with the Governor's Office and liquid waste will be disposed to the treatment plant under a contract with Khan Diesel Public Owned Utility Entity.

## 4. DEVELOPMENT OF LIVESTOCK PRODUCTION MARKETING AND VALUE CHAIN

The location of the herder's market and the raw material market has been determined, the construction and infrastructure design drawing for the site has been developed and confirmed by professional organizations and construction work becomes ready to start. We have developed a proposal to coordinate the LASS program with the agricultural support program, implemented in Khanbogd soum, and to improve the connection between the projects promised by Oyu Tolgoi LLC to be implemented under this program. Also, provided research and transportation logistics support to TESO LLC in connection with tasks to supply camel milk from herders. In addition, a preliminary feasibility study of a project to put sheep and camel wool into economic circulation in Khanbogd soum.

### RESEARCH SCOPE:

- Wool market and raw material resources
- Value-added Estimation and Development Phase
- Water consumption
- Required investments
- Environmental impact





**"INCREASING THE YOUNG HERDERS'  
CAPACITIES TO START SOCIALLY-FRIENDLY  
BUSINESSES" PROJECT**

## “INCREASING THE YOUNG HERDERS’ CAPACITIES TO START **SOCIALLY-FRIENDLY BUSINESSES**” PROJECT:

Within the framework of the goal of 5.3 “Supporting youth start-up businesses and young herder cooperatives” of the 5th outcome of the “SouthGobi Province Integrated Program for Women’s and Youth Health 2018-2021” or “Increasing the participation of youth and adolescents”, which executed in SouthGobi Province with the joint funding of the United Nations Population Fund and Gobi Oyu Development Fund, the RACE project was by “Development Solutions” NGO. In order to develop socially friendly entrepreneurship knowledge and thinking, to create a positive difference in living standards and the local community through running community-oriented businesses among the youths in SouthGobi Province, particularly in Khanbogd Soum has implemented a sub-project called Rural Acceleration Community Entrepreneurship (RACE) and completed in December 2021. RACE project is intended to increase the younger-manner of young people in a local group of young people in the local area and the younger friendly business

THE RACE PROJECT IS INTENDED TO INCREASE THE BUSINESS CAPACITY OF YOUNG HERDERS AND YOUTHS IN UMNUGOVI PROVINCE AND KHANBOGD SOUM THROUGH THE CREATION OF ECO-SYSTEM OF YOUTH ENTREPRENEURSHIP DEVELOPMENT SUITED WITH THE LOCAL NECESSITY.



The project, in partnership with the United Nations Population Fund (UNFPA), has implemented a project to increase the capacity of herders and young people in Khanbogd and Dalanzadgad soums of Umnugovi province to run community-friendly businesses. Within the framework of the project, in order to increase the capacity of local herders and youth to run socially friendly businesses, we have organized start-up business training, accelerator training, and start-up business selection.

1211

training  
participants

80

business  
consultations  
offered

40

New businesses select-  
ed for finance

This sub-project was implemented within the framework of the “Integrated Program to Support Women’s and Youth Health in Umnugovi province” in partnership with Gobi Oyu Development Fund, financed by UNFPA, UNICEF, WHO, Government of Mongolia, Umnugovi Province, Embassy of Australia and Oyu Tolgoi LLC and concentrated on SouthGobi province and Khanbogd soum. Within the framework of the RACE project, in cooperation with local stakeholders has organized a series of training and meetings aimed at developing the capacity of young herders and youth in Khanbogd soum to run socially friendly businesses, and implemented activities aimed at developing start-up businesses through providing financing and business skills, identifying the model for sustainable operation in Youth Development Center of Khanbogd soum. The training was conducted in a team-based, hands-on manner to encourage more youth participation than classroom training. The training materials were prepared from the business development materials by Youth Business International and training were taught using business project development, effectuation, and modeling approaches.

## TRAINING PARTICIPANTS:

Due to the circumstances, some of the trainings in Khanbogd and Dalanzadgad were conducted online and some on-site.

LOCATIONS	T00
KHANBOGD SOUM	212
DALANZADGAD	232
DALANZADGAD ONLINE FORUM	340

## NUMBER OF BUSINESS PROPOSALS DEVELOPED:

Business consultants from Development Solutions NGO worked on developing business projects and brochures to engage local business ideas in the start-up business selection process.

LOCATIONS	BUSINESS PROJECT SELECTIONS	NUMBER OF STARTUPS PARTICIPATED IN THE SELECTION COMPETITION
KHANBOGD SOUM	22	72
DALANZADGAD	29	62
TOTAL	51	134



## NUMBER OF YOUNG HERDERS PARTICIPATING WITH THEIR BUSINESS PROJECTS TO OBTAIN FINANCE:

LOCATIONS	NUMBER OF SELECTED BUSINESSES	NUMBER OF PROJECT PARTICIPANTS
KHANBOGD SOUM	8	32
DALANZADGAD	22	26
TOTAL	30	58

We added people who are interested in our activities, our information, and our trainings to social networking groups.

LOCATIONS	T00
KHANBOGD SOUM	108
DALANZADGAD	434





JOINT SDG FUND



**"EXTENDING SOCIAL PROTECTION TO HERDERS  
WITH ENHANCED SHOCK RESPONSIVENESS"  
PROJECT**

## "EXTENDING SOCIAL PROTECTION TO HERDERS WITH ENHANCED SHOCK RESPONSIVENESS" PROJECT

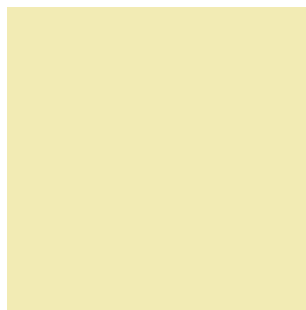
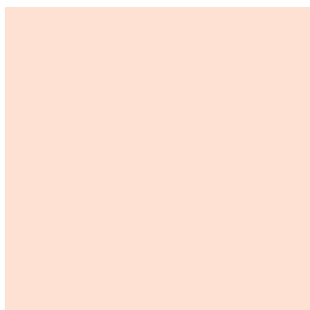
In the scope of the project and with the support of the Joint SDG Fund, the United Nations Population Fund (UNFPA) has provided financial support a worth of 138 million tugriks to start-up businesses among 14 herder groups and cooperatives in Ider, Otgon, Ikh-Uul, Durvuljin and Tes soums of Zavkhan province. The training was conducted in a team-based, hands-on manner to encourage more youth participation than classroom training. The training materials were prepared from the business development materials by Youth Business International and training was taught using business project development, effectuation, and modeling approaches.



# PROJECT RESULTS

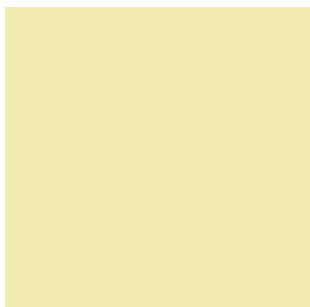
Development Solutions NGO supported herders to develop their business ideas, write business projects, and research and purchase equipment needed to implement their projects.

## THE RESULT OF 2021 PROJECT



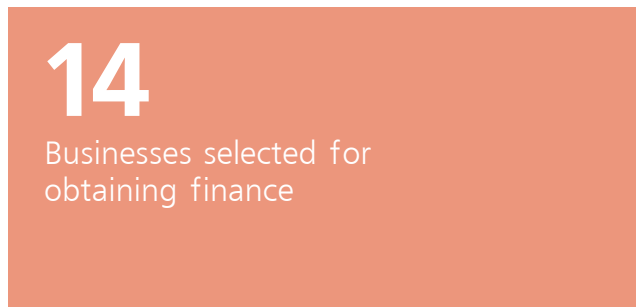
**227**

Training participants



**14**

Businesses selected for obtaining finance



**29**

Selected businesses from the developed project proposals



**105**

Number of participants who competed for obtaining finance



**134**

Number of startups participated in the competition





ybi | Youth  
Business  
International



**YOUTH BUSINESS MONGOLIA**



The UK-based Youth Business International Initiative has been operating in Mongolia since 2013. The Youth Business International Initiative aims to increase the number of employment among young people by supporting their businesses and providing them with jobs and income, which is a great opportunity for our country with a large youth population. The Youth Business International Initiative cooperates with some of the best and most successful organizations in the country aimed to promote business and therefore “Development Solutions” NGO has been selected to implement this initiative in Mongolia. Its operations in Mongolia are implemented under the name of YBM or Youth Business Mongolia.





### IMPORTANCE OF INCLUSIVITY FOR SMES SUSTAINABLE DEVELOPMENT

The significance of inclusivity, one of the most important modern trends, is relatively well understood in North America and Western Europe. Promoting inclusivity not only dramatically enhances an organization's reputation by international standards, but also has many advantages, such as keeping the employees, increasing profits, and attracting additional investments. It is important to accelerate the process of achieving the Sustainable Development Goals and increase the awareness of accessibility to overcome development challenges. Within its efforts to raise awareness of the importance of accessibility, Youth Business International provides regular quality training to its member organizations. Youth Business Mongolia regularly organizes trainings in Ulaanbaatar city and local regions, provided by YBI to introduce awareness of the negative effects of discrimination, share approaches to raise organizational productivity, employee entrepreneurship, and imagination, and distribute knowledge and information, to increase the economic participation of young people, afford skills to young entrepreneurs. The main objective of this training is to understand the negative effects of discrimination and to provide awareness about the potential impact of accidental discrimination on business. By promoting inclusivity, participants become aware of the many benefits that can come to the business.

### CONFIRMATION OF YBI MEMBERSHIP

Youth Business International reviews the operation, finances, and governance of the member organization when registering and renewing its membership. In 2021, the membership was confirmed for the third time and the membership was officially extended until 2024

# M E N T O R

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THE BEST NATIONAL MENTOR OF 2021

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## SUCCESS STORY

Mentor Oyunchuluun has been a volunteer mentor for the Youth Business Mongolia program since 2015. She helps more than 10 mentees per year develop in marketing and finance. In addition to sharing her knowledge and experience with others, the entrepreneur also advises young people on the strength of vision, imagination, self-awareness, and self-expression to keep pace with social change. "It's always nice to see the Mentees change and evolve in front of my eyes," she said. Also, she mentioned that "Mentoring is a voluntary, charitable activity that provides opportunities for mutual learning. If the Mentees are courageous and ambitious, they are proud to see the positive changes and developments in their business and in their personal lives". One of her mentees is Pagma, director of Suun Ger LLC. Their company produces three types of food products under the slogan "Make sure you have breakfast and take care of your liver". In 2018, while sitting at home taking care of her children, she attended a training program on women's business think-



ing and met Oyunchuluun's mentor for the first time. She was first trained to empower women and increase their participation in society. Pagma said, "Oyunchuluun's mentor at the time was strong, self-confident, persuasive, inspiring, very pleasing to the eye, and unknowingly wanted to be our mentor". Soft loans and long-term investments are essential for the development and expansion of start-up businesses. Many start-ups fail due to poor access to finance. Every year, thousands of companies apply for soft loans to the SME Development Fund, but only a few succeed. However, with the help of a good mentor, I was able to qualify for the four stages selection process and able to get the lowest interest rate loan from the government. The third season of the Mongolian version of the Shark Tank business reality show, which has been successfully aired in more than 30 countries around the world, began airing on October 24, 2021. As a result of our successful business implementation, we have received investment from four of Mongolia's top business tycoons. As a result of this success, their company has become a supplier of CU, one of the largest chain stores in Mongolia, and has tripled its sales. In addition, the current asset was increased by 2.5 times, fixed assets by 4 times, profits by 40%, and the number of employees was grown by 3 times. Pagma said, "The person who made all this success is our Mentor Oyunchuluun. Our advisor is a booster that gives us the energy we need. We are always grateful for the trust she has given us and the much-needed intellectual investment that has helped us build our business".





## YOUTH EMPLOYMENT PROMOTION PROJECT

30 mentors were trained in Dornod and Dundgovi provinces as part of the Youth Employment Support Project funded by the Swiss Agency for Development and Cooperation. They have experience working in private community and state and government organizations and will share their knowledge and experience in mentoring local youth start-ups and employment. In collaboration with the project, we provided 5 weeks of mentoring services to 20 female entrepreneurs aged 18–35 from Zavkhan, Dornogovi, Khentii, and Darkhan–Uul provinces.

## PROJECT TO IMPROVE THE LIVELIHOOD OF THE HERDERS

With the support of Oyu Tolgoi LLC, we have prepared 12 mentors from Dalanzadgad and Khanbogd soums of SouthGobi province in order to support the target herder entrepreneurs of the Herder Livelihood Improvement Project.



## PERSONAL SKILLS BASED ON ENTREPRENEURSHIP PROJECT

During implementation of the “Entrepreneurship–Based Personal Skills” project by Save the Children, Japan, participated in mentoring training more than 100 people with business knowledge and experiences, selected from 25 soums in 5 provinces, and provided guidance for young entrepreneurs with new ideas and initiatives.

# START-UP COMPETITION

The start-up event provides start-up business training and consultation to local young people, aged 15-35 who are interested in starting a business, for two days from 9:00 am to 5:00 pm, and on the third day, was organized Pitch Day selection event.

In order to organize the program used modern androgynous approaches of training based on participatory methods suited to the specifics of adults and the mentor uses counseling techniques.

In addition to providing theoretical knowledge, used refresher games and engaging interesting discussions to increase learning activity, such as case studies, explanations, and self-help counseling.

During the implementation of the program, participants are also able to perform market research and get opportunities to design products. The program consists of the following three stages

## 2ND STAGE

## 1ST STAGE

At this stage, in order to develop their business ideas, the participants identify the problems faced by the local community and foreign tourists and develop their business ideas in accordance with the solutions to their problems.

Participants gain the following knowledge:

- Approaches to choosing the right business idea and developing it
- Approach to doing business sensitively
- Business modeling or developing business plan content in one-page

## 3RD STAGE

On the last day of the training, giving the advice to guide preparing an introductory presentation to investors to demonstrate the ideas. We also improved our product ideas and developed our own products.

At this stage, in order to develop their business ideas, the participants identify the problems faced by the local community and foreign tourists and develop their business ideas in accordance with the solutions to their problems.

Participants gain the following knowledge:

- Approaches to choosing the right business idea and developing it
- Approach to doing business sensitively
- Business modeling or developing business plan content in one-page

These days, mentors of team business gave advice on developing business ideas according to the business plan.



In 2021, start-up business events were organized in Govisumber, Selenge, Arkhangai, Dornogovi, Zavkhan, Uvurkhangai, Orkhon provinces and Sukhbaatar and Nalaikh districts of Ulaanbaatar city. Total of **218** participants including **80** males and **138** females. Out of the total number of participants, **11** businesses received **110 million** tugriks in funding.



# GLOBAL YOUTH ENTREPRENEURSHIP CHALLENGE 2021

This event in cooperation with Save the Children Japan, which is organized annually, was conducted electronically in two constituencies: national and international due to the circumstances of the pandemic.

Since 2016, the selection process was announced and performed among only students of secondary school, high school, and vocational school in Ulaanbaatar city in English, but in 2021, regional school students were allowed to speak in Mongolian using an on-line platform. As a result, students from Bayan-Ulgii, Uvurkhangai, Tuv, and Zavkhan provinces participated very actively. A total of 24 teams participated in the qualification to compete in international competitions and the following 3 teams qualified for the international competition.

- Bridge team (joint team of Sant and Orchlon school students)
- Monsamurai Technologies team (School No 1, 11, 76, 84, Orchlon, New Mongol Koosen, British School students joint team)
- Focus team (students of School No 44)

On May 27, 2021, in the Global Youth Entrepreneurship Challenge international competition these teams competed in the top 12 among student teams from 23 countries under the topics “business ideas for rehabilitating natural and man-made degraded soils”. Out of 23 teams participating at the national level in the Mongolian language competition, the following 3 teams were selected as the top ones.

- Alternative team (Tomujin school student team)
- BUD Power team (School No 44 student team)
- Cognoscenti team (Hobby school student team)

In 2022, we have to work to take in more teams from more provinces and schools in GYEC competition.



## GPS FOR ENTREPRENEURS (GROWTH PERFORMANCE SKILLS)

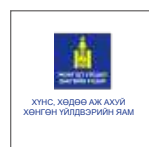
The youth business performance improvement and growth acceleration program is one of the training programs for Youth Business International. The training is obtained by attending a ToT (training of the trainers) course with seven subtopics for entrepreneurs and certified by the passing of an examination. Three trainers from “Development Solutions” NGO are officially teaching the course. The seven sub-topics cover a wide range of skills that entrepreneurs need. VUCA is a training course on how to succeed in a volatile, unpredictable, complex, and dual business environment. It is unclear what decision will bring success in the business environment, and the training teaches how many risks can be overcome with minimal loss or damage. Grit or resilience is the ability to withstand challenges. This subtopic teaches how perseverance affects entrepreneurial success. Agility is to make quick decisions. Obviously, in a competitive business environment, whoever makes the right decision fast or moves quickly will succeed. A course that provides skills to raise the number of opportunities teaches you how to use the opportunities you have up to the maximum and how to increase the opportunities you don’t have. Decision-making skills. Making important decisions is difficult. Making quick and quality decisions is an important skill for any entrepreneurs. Negotiation persuasion skills teach participants how to maximize the benefits for both parties in the partnership. The ability to focus on action rather than words teaches how to perform actions that are real and tangible. Currently, about 80 young people from Ulaanbaatar city and Dornogovi, Darkhan, Erdenet, and Bayankhongor provinces have been trained in GPS trainings.



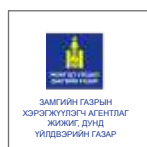
## DIGITAL STRATEGY

In supporting young entrepreneurs, digitalization has become an important role. YBI supports the digitization of all services starting from the trainings, information delivery for the target groups of member organizations, mentors, consultant, finance related people, and market linking. "Development Solutions" NGO, in partnership with YBI, has defined the digital strategy of the organization and successfully integrated the organization's internal structure into an electronic system. As a result, 80 percent of the internal activities of the "Development Solutions" NGO have been fully digitalized. Activities such as appointments, training, meetings, and employee reports to its manager, labor time records before submitting salary requests are time-consuming paperwork which is all been streamlined and increased the productivity throughout the organization. Also, the development of a chatbot version of the business support service for the target group beneficiaries has been completed and is ready for launch. On the websites and Facebook pages of "Development Solutions" NGO and YBM, this chatbot will provide young people with relevant knowledge, information, and tips for developing personal and business skills in text, audio, and sign language. It is special that visually and hearing-impaired special needs groups make it easy for businesses to access the information they need. While the information on personal skills focuses on key topics such as communication, knowledge, and thinking, the business skills section provides access to funding, marketing, business models, and a variety of other important information.

# PARTNER ORGANIZATIONS



The Ministry of Food and Agriculture



The SME Agency of Mongolia



The Governor's Office of the Ulaanbaatar City



The General Agency for Welfare and Labor



Credit Guarantee Fund



USAID



UNFPA



Oyu Tolgoi



YBI



KOICA



The Asia Foundation



MNCCI



Mongolian Business Council



Mongolian Bar Association



MMCI



Banking and Finance Academy



AMCHAM



American Management Association



DMUV



TDB



Golomt Bank



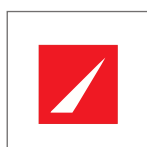
Khaan Bank



Xac Bank



State Bank



Credit Bank



Capiron Bank



Trans Bank



Ard Credit NBFI



Transcapital NBFI



GSB Capital NBFI



Invescore NBFI



The SME Development Center of Ulaanbaatar



Bogd Bank



National Compliance Council



Mongolian sustainable finance association



Ulaanbaatar Innovation Agency



Good Neighbors



GFA consulting group



The Employment Promotion Project of the WB



PMI



National Association of Mongolian Business Incubators



AustCham Mongolia



Swiss Agency for Development and Cooperation SDC