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Mongolian Bankers Association signs assistance agreement on credit information bureau

On 29 October, two years after EPRC began assistance on the establishment of a private sector-led credit information bureau (CIB), the Mongolian Bankers Association (MBA) signed a technical assistance agreement with the International Finance Corporation (IFC). Under terms of the agreement, the MBA and IFC will share the cost of a feasibility study, business plan, and business model on an equal basis.



Project efforts to establish a private sector-led CIB began two years ago at a meeting organized with Bank of Mongolia (BoM) with participation of private sector banks and financial institutions where BoM declared its willingness to transfer the CIB to the private sector.

EPRC involvement in the creation of a private sector-led CIB began in 2005 when, on 2 November, the BoM and the project organized an open discussion on the *Future of the Credit Information Bureau* (CIB). Eighty participants, including the MBA, thirteen commercial banks, thirty-two non-bank financial institutions and four public utilities companies attended the event. At the meeting the BoM publicly declared its willingness to transfer the CIB into the private sector.

On 29 June 2006, EPRC and BoM convened another open meeting of interested parties where Mr. Roger Nye, an international expert fielded by the project, gave a detailed presentation of his findings. His recommendations were that BoM take some critical steps toward preparing the CIB for privatization. These steps included:

- Preparing the groundwork by installing improved communication links and software to address user complaints
- Introducing nominal inquiry fees for users
- Exploring legal options for a private CIB
- Convening a working group of stakeholders to discuss and decide on the critical issues facing such a new venture, such as:
 - a) identifying shareholders and the composition of membership
 - b) drawing up a business plan
 - c) determining when to privatize the CIB
 - d) assuring the security, timeliness, privacy and accessibility of data
 - e) engaging foreign technical assistance to assist with initial operations.

On 28 February 2007, the MBA, with project assistance, convened a meeting of senior bank executives to examine options to improve the services of the existing CIB. Nine commercial banks, two non-bank financial institutions, MBA executives and EPRC were represented at the meeting. Upon a project summary of current status, possible courses of action, and discussion, the participants agreed to form a Working Group to develop a Memorandum of Understanding (MOU) on the organization of a private sector-controlled company to provide credit information services. Members in attendance agreed that the Working Group should consist of five members representing BoM, Xas Bank, Trade and Development Bank, Capitron Bank and the MBA.

On 10 April 2007, under MBA and EPRC auspices, thirteen commercial banks and three non-bank financial institutions signed an MOU to establish a private sector-controlled company to provide credit information services. The MOU provides that a new Working Group will be formed to:

- Prepare a business plan
- Recommend a strategic solution to the issue of privatization of the existing CIB that the BoM currently operates versus starting up a new private credit bureau
- Oversee the implementation of a revised legal framework to facilitate the operation of a private credit information bureau
- Recommend who will be allowed to use and/or become shareholders of the CIB
- Recommend a corporate structure
- Liaise and negotiate with potential strategic partners on technical assistance and financial participation.

The project sought the involvement of the IFC to provide specialized technical assistance on the structuring of the CIB and a team from the International Finance Corporation Global Credit Bureau came to Mongolia in April 2007. Following several high-level meetings with the Working Group, major banks, the BoM and a presentation to the stakeholders, the IFC team, the Working Group, and EPRC reached an agreement in principle to collaborate on the development of a private credit bureau.

Subject to the negotiation of an advisory agreement, IFC would provide technical assistance to the Working Group, on a cost

sharing basis, on operational matters related to the credit bureau including assistance to select a vendor of appropriate technology and an operating partner. EPRC, on the other hand, would continue work on enabling legislation and regulations to facilitate establishment of the private sector-led CIB.

On 14 May 2007, a team of MBA lawyers and Mr. Roger Nye, an international expert on credit information bureaus supplied through EPRC, presented their recommendations on the legal framework for the proposed new private credit information bureau (CIB). Their presentation included a draft new CIB law supporting the principles of a modern credit information bureau and draft amendments to several related existing laws.

In October 2007 and in preparation for signing the MBA-IFC technical assistance agreement, an IFC credit bureau expert worked with the MBA Working Group on CIB establishment to scope the tasks to be conducted in the feasibility analysis and business plan preparation.

Over the next few months, IFC, EPRC, and MBA will coordinate their work closely. While the project will provide technical assistance on developing an enabling legal and regulatory framework for a private CIB, the IFC will work on the business plan and business structuring.

Freight forwarders meet with Ulaanbaatar Railway and the municipality on location of logistics facilities in Ulaanbaatar

Pursuant to agreements reached during the technical meeting of the Transit Mongolia National Committee held on 25 September, freight forwarders, the Ulaanbaatar Railways (UBTZ) and EPRC met on 5 October to discuss plans for the location of logistics facilities in relationship to proposed plans for railway bypasses of Ulaanbaatar. Present at the meeting under the chairmanship of Mr. L. Khaltar, Vice Chairman, Human Resources and Social Issues, UBTZ, were:



- Mr. Ya. Erkhembayar, Director of Erin International Co., Ltd
- Mr. V. Purvechuluun, Vice Director of Tuushin Co., Ltd
- Mr. D. Enkhee, Executive Director of TransGate Co., Ltd
- Ms. Ts. Elena, General Manager, MTT Co.,Ltd
- Mr. B. Batkhoo, Business Development Manager, Mongolian Express Co., Ltd

- Mr. A. Ganbat, Director, MN Logistics Co., Ltd
- Ms. P. Solongo, General Manager, Aziin Zam Co., Ltd
- Mr. D. Nasanbat, Deputy Director, TransGate Co.,Ltd
- Mr. P. Batkhuyag, General Director, IFFC
- Mr. B. Enkh-Amgalan, General Director of Tavan Bogd Co.,Ltd
- Ms. D. Buaynkhisig, Director of BLC Co., Ltd,
- Ms. M. Battseren, General Manager of BLC Co., Ltd.
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Major issues discussed were problems of at the freight forwarding sector, and needs and readiness to establish logistics terminal centers in Ulaanbaatar area and Zamiin-Uud.

Participants agreed on the importance of establishing logistics centers and discussed some options for their ownership and management. The meeting noted that ongoing revisions of city master plan will affect their investment decision and requested the project to organize a meeting with the municipality.

The meeting of freight forwarders, the Ulaanbaatar Municipality, and the JICA Transport Technical Mission for Ulaanbaatar was held at the USAID Resource Center on 11 October. Mr. B. Munkhbaatar, Head, City Development Policy Department, and senior experts of a JICA team working on a "Study on the city master plan and urban development program of Ulaanbaatar City" participated in representation of the municipality.

Attending the meeting were:

- Mr. Kenji Maruoka, Road Planning and Design Expert, JICA Study Team Leader
- Ms. D. Khashbat, Transport Planning expert, JICA Study Team
- Mr. V. Purevchuluun, Deputy Director, Tuushin Co., Ltd
- Mr. D. Enkhee, Executive Director, TransGate Co., Ltd
- Mr. B. Batkhoo, Business Development Manager, Mongolian Express Co., Ltd
- Mr. A. Ganbat, Director, MN Logistics Co., Ltd
- Ms. P. Solongo, General Manager, Aziin Zam Co., Ltd
- Mr. D. Nasanbat, Deputy Director, TransGate Co.,Ltd
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The municipality gave an overview of Ulaanbaatar city planning, with a particular focus on economic re-zoning and provided an opportunity to exchange views on potential re-zoning and impact on potential investment in logistics centers.

Agreements were reached concerning continued dialogue between UBTZ, the municipality and freight-forwarding companies to involve the private sector in decisions of the municipality about land zoning and use for logistics facilities and wholesale businesses and decisions concerning the location of proposed railway bypasses.

Freight forwarding companies declared that they cannot invest in much needed logistics facilities until the municipality makes a decision about re-zoning and economic land use and a decision is made regarding the location of railway bypasses for the city. Freight forwarders manifested that they want to be involved in an on-going dialogue during the process of making these decisions.

Grant award ceremony held for trade policy analyses proposals

At a brief ceremony held at the Ministry of Industry and Trade (MoIT) on 23 October, the award committee consisting of representatives from MoIT, GTZ and EPRC/USAID announced five winning proposals.

Mr. Nyamsuren B., State Secretary of MoIT, Mr. Fernando Bertoli, COP, EPRC, and Mr. Albert Gierend, Project Coordinator, GTZ, congratulated the winning teams and provided the initial half of the grant. The remaining half of the grant will be given upon successful completion of the papers. EPRC/USAID and GTZ are co-funding and administering the grant awards designed to support former Summer Trade Seminar participants' analyses of Mongolian trade policy



issues. The Summer Trade Seminar was the second of annual summer seminars designed to improve economic and financial analysis skills of Mongolian professionals. The first summer seminar, the *Summer Ger Camp on Finance and Economics* was held in July-August 2006.

Workshop for GoM webmasters held at USAID Resource Center

In cooperation with ICTA, the EPRC project conducted a four-day hands-on training workshop on the official release of Joomla! Mongolia Content Management System (CMS) version 1.0 and fundamentals of IT security. The release incorporates the latest upgrade patch of Joomla! 1.0.13 and enhances security by resolving several issues discovered since the release of the beta version last June.

During October 25-30, fifty-one webmasters and network administrators from eight ministries and twenty-five agencies, including tax office administrators from Bulgan, Orkhon and Darkhan-Uul aimags attended the workshop.

Participants will conduct security audits of their IT installations using the tools provided during the training before attending the next scheduled workshop where low-cost, appropriate solutions will be presented and discussed for implementation.



Lack of awareness of solutions and prevalent practices currently undermine the security and functions of GoM agencies' websites and efforts to provide public information to citizens and engage them in a public dialogue. In preparation for the next workshop, the project has scheduled regular technical sessions to assist webmasters with the redesign of their websites and the conduct of IT security audits in their organizations.

The hands-on practice sessions with demo websites and real-time examples of security issues received positive feedback from the participants.

This Newsletter is a monthly electronic publication of EPRC project activities. Comments, suggestions, and requests for inclusion or deletion from our mailing list can be forwarded to: Editor, EPRC Newsletter, by e-mail fbertoli@eprc-chemonics.biz or fax: (976-11) 32 78 25.