



# Mongolia: Supporting Micro, Small and Medium Enterprises in the Ger Areas of Ulaanbaatar during COVID-19 Crisis

Project Name	Supporting Micro, Small and Medium Enterprises in the Ger Areas of Ulaanbaatar during COVID-19 Crisis				
Project Number	45007-012				
Country	Mongolia				
Project Status	Proposed				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td>TA: Supporting Micro, Small and Medium Enterprises in the Ger Areas of Ulaanbaatar during COVID-19 Crisis</td> <td></td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 300,000.00</td> </tr> </table>	TA: Supporting Micro, Small and Medium Enterprises in the Ger Areas of Ulaanbaatar during COVID-19 Crisis		Technical Assistance Special Fund	US\$ 300,000.00
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Technical Assistance Special Fund	US\$ 300,000.00				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Industry and trade - Industry and trade sector development				
Gender Equity and Mainstreaming	Effective gender mainstreaming				
Description	<p>The transaction technical assistance (TA) will (i) assess capacity, needs, and opportunities for micro, small and medium enterprises (MSMEs) to access finance; (ii) organize and conduct gender-responsive capacity building workshops and trainings; (iii) provide equipment to develop and expand business opportunities for MSMEs.</p> <p>The TA will not result to a change in the design and monitoring framework of the ongoing multitranche financing facility (MFF) for the Ulaanbaatar Urban Services and Ger Areas Development Investment Program and its tranches. The TA will enhance the quality of outputs without any change to the targeted results indicators. In particular, it will facilitate the delivery of outputs 2 and 4 under the MFF program.</p>				
Project Rationale and Linkage to Country/Regional Strategy	<p>The government has undertaken various measures to improve access to finance for MSMEs. For example, a small and medium enterprise (SME) development agency has been established for the implementation of SME policies, and promoting better targeted and more transparent funding to SMEs. In addition, the government has launched other measures such as establishment of the credit guarantee and employment creation funds to improve MSMEs' access to finance, and initiated training programs and advisory services for MSMEs capacity building. However, it is reported that the benefits of these support measures have not yet effectively reached the MSMEs nor have these measures been efficient and effective to MSMEs' development. International institutions also have worked closely with the government and provided support targeting at MSMEs. For example, the Asian Development Bank (ADB) has recently provided three loans to improve the availability of financing with longer tenor to MSMEs through financial institutions.</p> <p>Pandemic impacts. The outbreak of the coronavirus disease (COVID-19) has negatively impacted Mongolian businesses, particularly MSMEs. A survey conducted by ADB's East Asia Department between April and May 2020 among MSMEs in Ulaanbaatar and nine other provinces, indicates that COVID-19 pandemic has disproportionately impacted MSMEs in Mongolia compared to the larger businesses, with the MSMEs in urban areas having been negatively affected to a higher degree. Smaller and informal businesses face key challenges due to the COVID-19 pandemic travel restrictions and lockdowns, including cash shortages, difficulties in making investment and financing decisions, and difficulties in paying employees, resulting in layoffs. Since MSMEs generate about 70% of employment in Mongolia, disruption in their businesses can lead to losses of income for households relying heavily on wages and personal businesses, intensifying the impact of COVID-19 on households, especially from poor and vulnerable populations. In response, the government has brought forward a series of economic stimulus measures to accelerate the post COVID-19 recovery, some of which are relevant to MSMEs.</p> <p>Providing timely support to MSMEs is therefore critical for not only reducing income inequality and unemployment, enhancing social stability, and strengthening private sector; but also aligning with the government's initiatives to accelerate the post COVID-19 recovery and improve social resilience. Improving financial literacy of MSMEs, providing information on concessional financing, and providing equipment for business development and expansion are identified as key, yet low-hanging fruits for MSMEs development. In addition, as the upgrading of Selbe and Bayankhoshuu subcenters under tranche 1 is almost complete, new business opportunities will be created to attract and accommodate influx of population. With the support from this transaction TA, MSMEs are expected to quickly seize those emerging opportunities and play a vital role in maintaining a robust function of subcenters by providing services to residents and creating economies in the post COVID-19 recovery period. In the long run, this TA is expected to make MSMEs adaptive and prepared for the wider transformation and urbanization of ger areas, including all subcenters under the other tranches of the MFF program, synergizing with existing and future urban development work.</p>				
Impact					
Outcome					
Outputs					
Geographical Location					
Summary of Environmental and Social Aspects					
Environmental Aspects					
Involuntary Resettlement					
Indigenous Peoples					
Stakeholder Communication, Participation, and Consultation					

During Project Design

During Project Implementation

#### Business Opportunities

Consulting Services ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated procurement staff instructions.

Procurement Procurement of goods shall be undertaken by the consultant recruited under the TA and shall be carried out in accordance with the ADB Procurement Policy (2017, as amended from time to time) and its associated procurement staff instructions.

Responsible ADB Officer Chen, Jinqiang

Responsible ADB Department East Asia Department

Responsible ADB Division Urban and Social Sectors Division, EARD

#### Timetable

Concept Clearance -

Fact Finding -

MRM -

Approval -

Last Review Mission -

Last PDS Update 07 Jan 2021

Project Page <https://www.adb.org/projects/45007-012/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=45007-012>

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