



TSL - SUCCESS STORIES BEHIND A THOUSAND PROJECTS

ULAANBAATAR
2024

Hard work pays off

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THE TSL PROJECT

TSL Project, the Japanese Government's Official Development Assistance (ODA) loan scheme, implemented by the Japanese International Cooperation Agency (JICA) is one of Mongolia's longest-running successful foreign assistance projects. Through its two phases and revolving fund operation between 2006 – 2024, the TSL Project financed a thousand sub-loan projects that resulted in advancement of several sectors, creation of job opportunities as well as import substitution and export promotion.

PROJECT BACKGROUND

Mongolia is blessed with rich mineral resources, and its economic structure is heavily dependent on the mining sector. Therefore, it is vulnerable to commodity market fluctuations and the economic climates of other countries.

Since the 1990s, many private companies have been founded in the process of transitioning to a market economy, most of which were small and medium enterprises (SMEs). When the domestic economy began to slump due to the impact of the global financial crisis starting in 2008, credit to the private sector became sluggish due to rising credit risk. There was an urgent need to provide support that contributes to the development of SMEs from the perspective of expanding the employment base through the diversification of domestic industries and maintaining balanced and sustainable growth.

Since commercial banks in Mongolia accounted for 96% of the total assets of the financial sector as of 2009, while trading on the securities markets was limited, companies relied mostly on bank loans for financing. When the international price of copper, a major export product, plunged due to the financial crisis mentioned above, banks' assets deteriorated, and stabilization and strengthening of the financial sector became necessary.

In the environmental sector, laws such as the Environmental Protection Act and the Environmental Impact Assessment Act were developed after the transition to a market-based system. Nonetheless, air pollution became serious due to winter heating using coal as an energy source and the increase in economic activities. The air pollution problem quickly became a critical issue to be tackled immediately, but the financing system to support environmental measures was not established.

To strengthen SMEs and the financial sector and reduce emissions of environmental pollutants by providing long-term financing to SMEs, JICA implemented the ODA loan-funded “Two-Step-Loan Project for Small and Medium-Scaled Enterprise Development and Environmental Protection” (TSL Loan Project) with the following objectives:

- Reduce poverty and promote sustainable growth;
- Development of the private sector through long-term financing to small and medium enterprises;
- Environmental protection and reduction of air pollution;
- Capacity building of participating financial institutions and borrowers.

Source: Expost Evaluation Report FY2019

TSL loans are available for SME businesses operating in cities and provinces with the following priority policy directives:

- Import substitution and export promotion;
- Introduction of advanced technology;
- Value-added production and services;
- Increase in employment opportunities;
- Rural development initiatives and other processing industries with positive socio-economic impact.

TSL loans are issued to Environmental Protection Projects with the following priority policy directives:

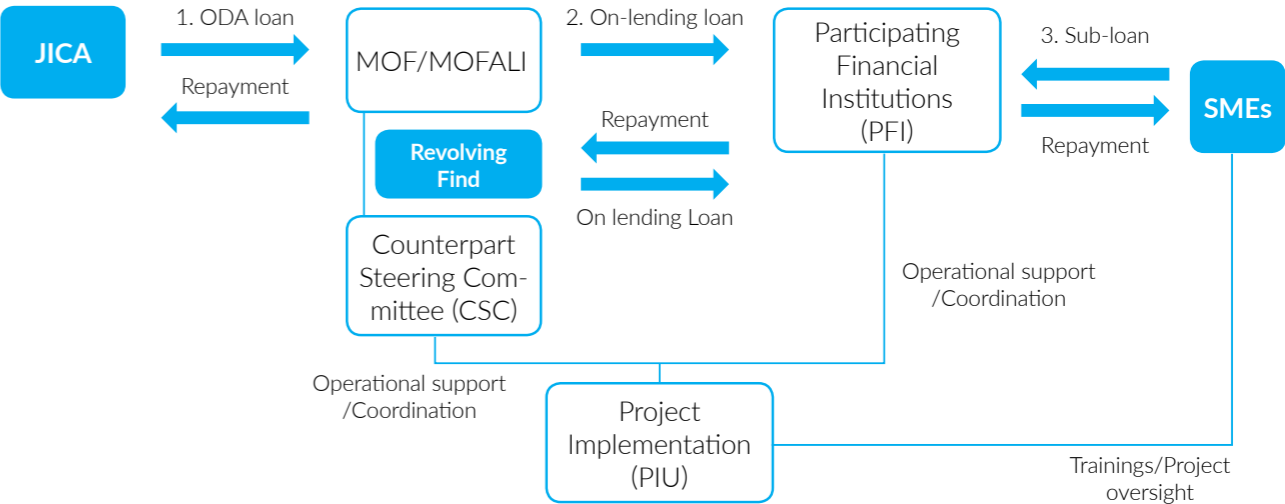
- Reduction in air and soil pollution;
- Recycle, reduce, reuse;
- Other environmental protection and clean technology initiatives.

TSL Loan Project had the following phases and financing.

Funding Source	Duration	Financing Amount
Phase I and II	March 2007 - June 2014	93.3 million USD
Phase I and II + Revolving Fund	March 2007 - June 2023 (present)	197.7 million USD

Source: PIU Quarterly Project Progress Report, 2023Q3, SAPI 2, June 2014

PROJECT’S OPERATIONAL STRUCTURE



Source: Expost Evaluation Report FY2019

1. TSL ODA Loan for Phase 1 was a 40-year, 2.9 billion JPY loan with 0.75% annual interest taken in 2006; and for Phase 2 was a 40-year, 5 billion JPY loan with 0.65% annual interest taken in 2011, respectively.
2. On-lending contracts are established by the Ministry of Finance (MOF)/Ministry of Food, Agriculture and Light Industry (MOFALI) with Participating Financial Institutions (PFIs) to distribute sub-loans for SME development and environmental protection projects.
3. PFIs issue sub-loans to SMEs and environmental protection projects with 6-8% annual interest.

PROJECT IMPLEMENTATION

Project implementation operational support, and support for capacity building were provided by the Project Implementation Unit (PIU) in the following manner:

- Support for the Counterpart Steering Committee (CSC): PIU scrutinized the sub-loan applications that had been appraised by each PFI, submitted applications for approval to the CSC, and assisted with the loan issue process for the approved project.
- Support for PFIs: PIU introduced the TSL’s objective and procedure to the selected PFIs, explained the method of long-term loan appraisal, and supported the initial sub-loan appraisals and processes.
- Guidance for SMEs: PIU conducted workshops and training sessions for potential borrower SMEs and PFIs on introduction to the TSL project, project loan submission, business plan development, etc. PIU also conducted project oversight in collaboration with PFIs.

Under the guidance of the inter-ministerial Project Steering Committee, the PIU operations were funded by JICA and managed by an external consultancy firm for 12 years until May 2018. The

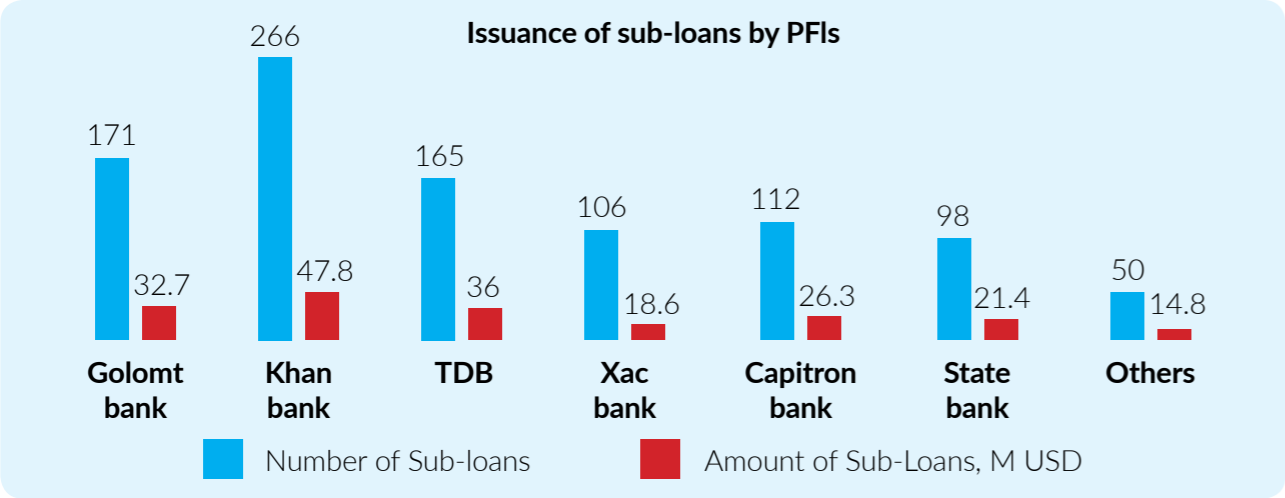
functions of the PIU were transferred to the TSL Project Office, under the MOF. Subsequently, in Feb 2019, the office was transferred to the MOFALI. The TSL Project Office is continuing to support the facilitation of sub-loan projects from the TSL revolving fund.

Table: Issuance of sub-loans by phase, funding source, and purpose

Phases	Funding	SME development projects financed	Environmental protection projects financed	Total
Phase 1	SA funded	85	23	108
	RF/A funded	134	14	148
Phase 2	SA funded	187	24	211
	RF/A funded	14		14
Revolving fund operations	RF/A funded	438	49	487
Total		858	110	968

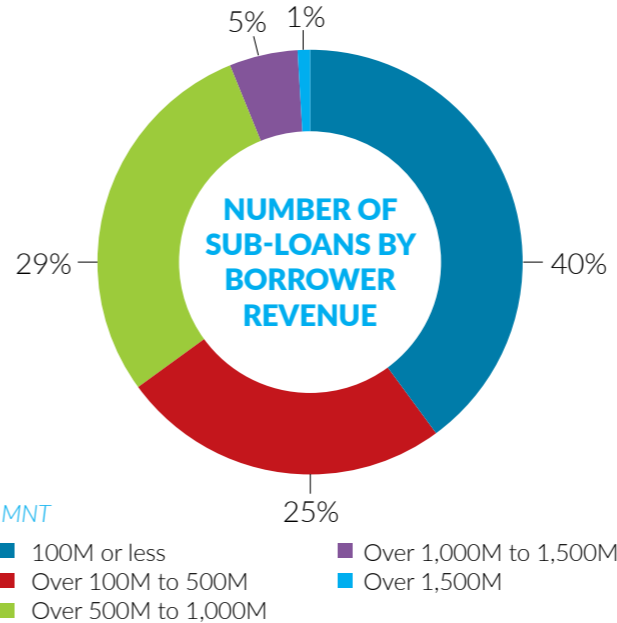
Source: PIU Quarterly Project Progress Report, 2023Q3, SAPI 2, June 2014

- By June 2023, a total of 968 sub-loans amounting to 197.7 million USD were issued with an average loan amount of 204 thousand USD (~450 million MNT). Sub-loan key terms were:
- Loan term – 3-10 years with 1-3 years grace period;
 - Annual interest – 6-8% for MNT loans, 5.0-10.2% for USD loans;
 - The borrower must provide capital up to 20% of the total project value;
 - The project must have technical and economic feasibility and meet the health and safety requirements.

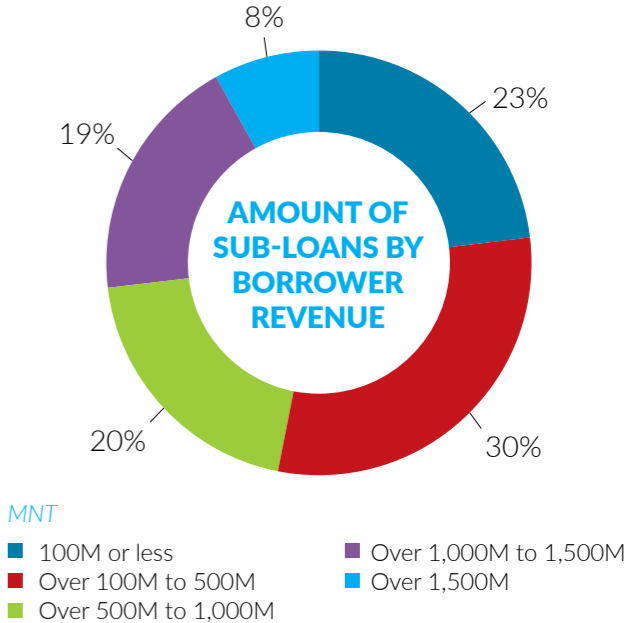


Source: PIU Quarterly Project Progress Report, 2023Q3

As of the end of Phase 2, SMEs with revenue less than 50 thousand USD (as per then exchange rate) received the most number of sub-loans, whereas SMEs with 50-300 thousand USD revenue received the most loan amount.

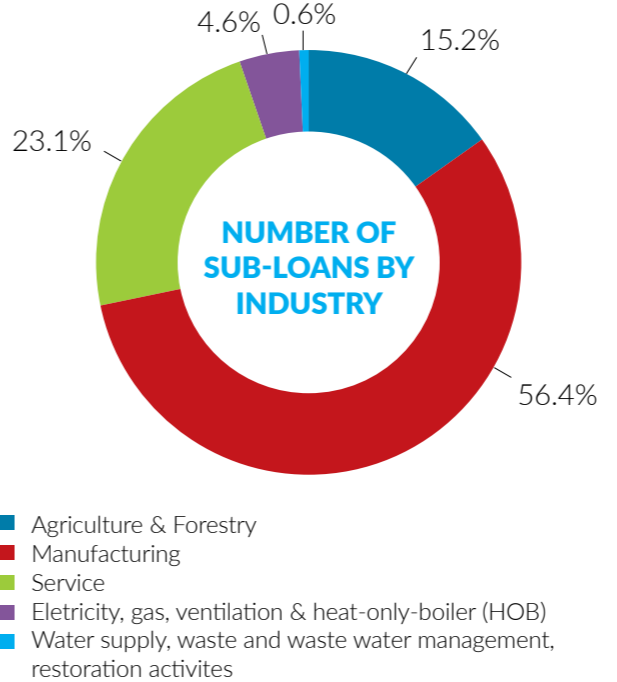


Source: SAPI 2, June 2014

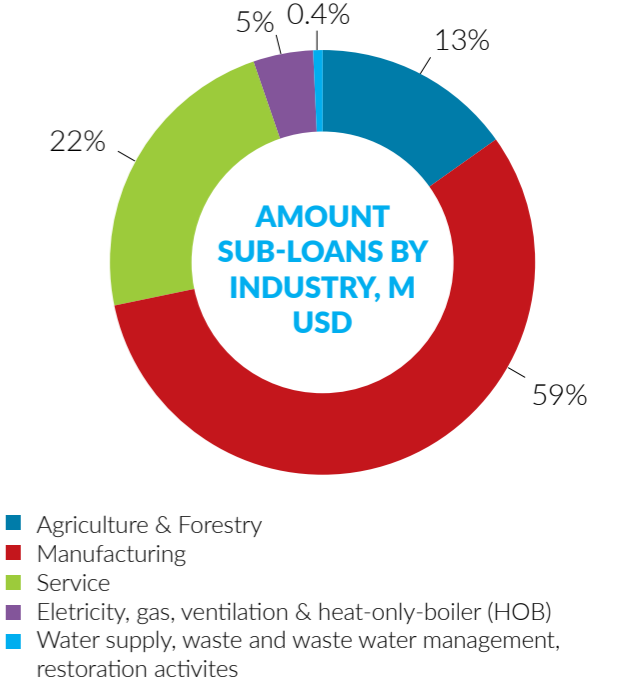


Source: SAPI 2, June 2014

In terms of industry, the manufacturing sector received the most loans by number and amount, followed by the service sector.



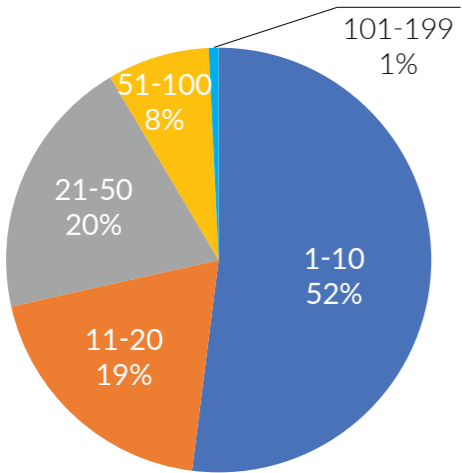
Source: SAPI 2, June 2014



Source: SAPI 2, June 2014

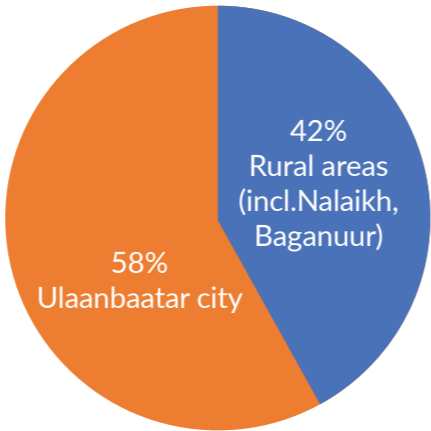
As of FY2019, half of the sub-loans went to SMEs with fewer than 10 employees and only 9% went to SMEs with more than 50 employees. In terms of location, the sub-loans were issued evenly between the capital city and rural areas. 62% of the borrowers used the sub-loans to purchase machinery and equipment while 30% used the proceeds for the construction of factories and warehouses.

BREAK-DOWN OF SUB-LOAN COMPANIES BY NUMBER OF EMPLOYEES



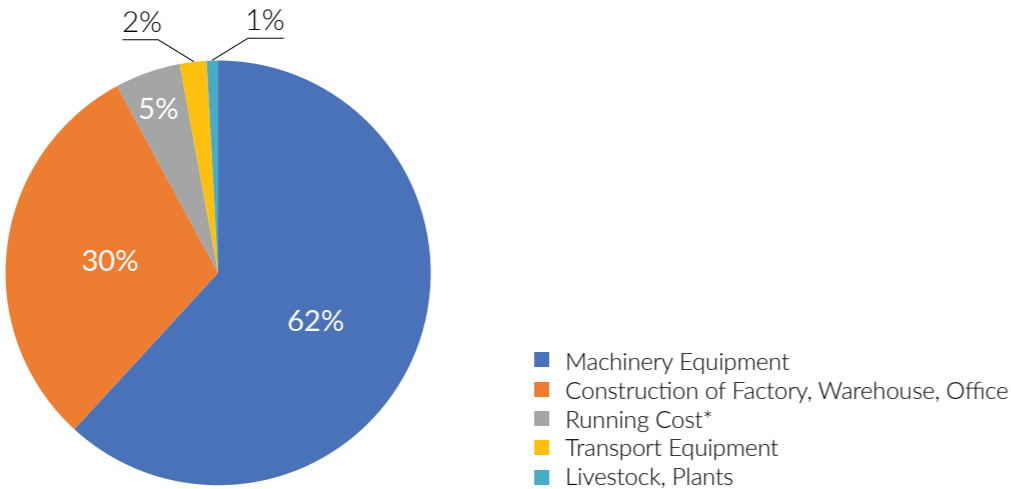
Source: Expost Evaluation Report FY2019

BREAK-DOWN OF SUB-LOAN COMPANIES BY REGION



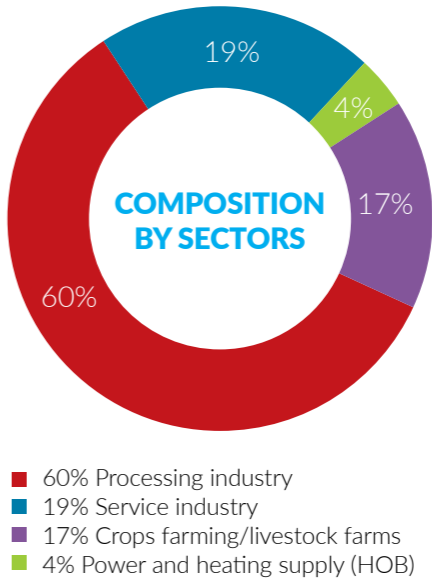
Source: Expost Evaluation Report FY2019

BREAK-DOWN OF SUB-LOANS BY USE



Source: Expost Evaluation Report FY2019

FINANCING BY SECTORS



billion MNT

Sectors/Areas	Number of projects	Amount
Food production	120	55
Construction materials	105	43
Farming/intensified animal husbandry	70	18
Sewing/garment production	65	22
Vegetable/greenhouse farming	54	18
Healthcare	53	17
Tourism/tourist camps	42	17
Metalware/ironware	41	18
Furniture	32	9
Cashmere, wool production	27	8
Sanatoriums	21	16
Environment protection projects	83	32
Air pollution reduction projects	30	12
Others (service sector)	75	25

Source: TSL PIU, Jan 2024

FINANCING OF PROVINCIAL PROJECTS



2023.12.31

Nº	Location	Number of projects	Financing amount, MNT	Financing amount, USD
1	Arkhangai	11	6,576,089,010.00	\$3,968,479.01
2	Bayankhongor	16	3,759,700,000.00	\$1,963,568.44
3	Bayan-Ulgii	11	3,412,500,000.00	\$1,462,489.89
4	Bulgan	11	2,582,074,000.00	\$1,274,063.26
5	Darkhan-Uul	29	7,718,132,600.00	\$4,212,958.89
6	Dornod	19	6,332,200,000.00	\$3,344,965.22
7	Dornogovi	9	3,244,000,000.00	\$1,895,991.88
8	Dundgovi	17	2,865,800,000.00	\$1,351,651.37
9	Govi-Altai	3	163,240,000.00	\$94,086.05
10	Govi-Sumber	4	563,041,000.00	\$236,590.10
11	Khentii	12	5,866,606,000.00	\$3,036,777.98
12	Khovd	13	2,489,600,000.00	\$1,397,318.50
13	Khuvsigul	15	4,688,331,440.00	\$2,369,253.11
14	Orkhon	29	10,188,178,000.00	\$5,169,868.61
15	Selenge	42	14,191,100,000.00	\$7,938,780.13
16	Sukhbaatar	7	2,020,000,000.00	\$735,914.45
17	Tuv	54	19,488,494,200.00	\$9,762,035.87
18	Umnugovi	8	2,663,000,000.00	\$1,090,740.61
19	Uvs	48	11,517,320,000.00	\$5,444,954.44
20	Uvurkhangai	30	8,683,000,000.00	\$4,497,590.79
21	Zavkhan	16	3,381,496,000.00	\$1,772,771.37
	Total	404	122,393,902,250.00	\$63,020,849.97

Source: TSL PIU, Jan 2024

PROJECT IMPACT

Economic impact:

As of Q3 2023, the TSL Loan Project is reported to have directly created 14,850 new job opportunities out of total of 26,210 jobs created by borrowers. The sub-loan rate of 6 – 8% was three times lower than the average bank loan interest of more than 18%. The leniency of the grace period, long-term and low interest have helped ensure borrowers' success in using the funds, which led to the total sub-loan NPL ratio of 3.1%, which is three times less than the banking sector NPL (8.4%) from the same period. The revenue of the borrowers increased on average by 30% while profit grew by 25%. The borrowers also benefited from training sessions on fundamental management skills and financial management.



Number of sub-loans issued - 968



Total sub-loan amount - 197.7M USD



Sub-loan NPL (based on amount) - 3.1%



Number of training sessions to SMEs - 550



Increase in revenue for borrowers - 30%

Increase in profit for borrowers - 25%



Increase in employment by borrowers - 26,210

(14,850 job opportunities were created directly re-sulting from the sub-loans)

Source: PIU Quarterly Project Progress Report, 2023Q3

Based on the inference and estimation of the borrowers' revenue, the TSL loan project resulted in a 33.7 million USD increase in the borrowers' revenues. This translates to 17% of the total loan amount issued by the TSL project and 0.5% of the country's GDP in 2023.

Table: Estimation of borrowers' revenue based on share of sub-loans by revenue size

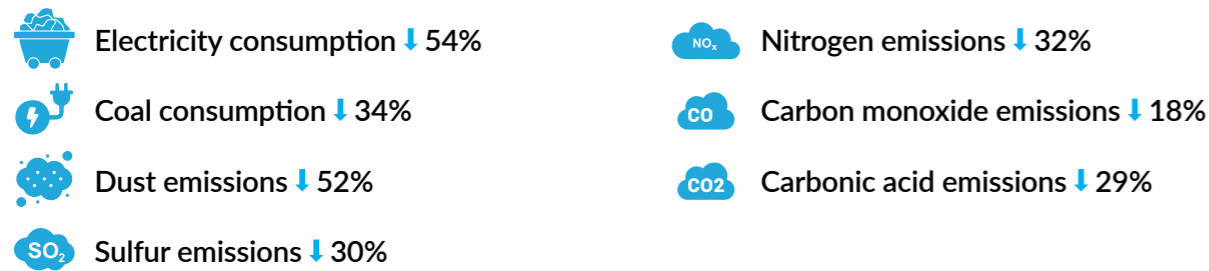
Estimated Average Revenue of Borrowers, M MNT	Share of Sub-loans	Estimated Number of Sub-loans	Estimated Total Revenue of Borrowers, M MNT
50	40%	387	19,360
300	25%	242	72,600
750	29%	281	210,540
1,250	5%	48	60,500
2,000	1%	10	19,360
395 (w. avg.)	100%	968	382,360

Total loan issued, million USD	197.7
Economic return of extended sub-loans	17%
Mongolia's GDP in 2023, trillion MNT	21.7
Share of increase in borrowers' annual revenue in GDP	0.5%

Source: SAPI 2, June 2014, Success Bridge Analysis

Environmental protection projects' impact:

- Environmental Protection Loan (EPL) projects were implemented in the following areas:
- HOB projects: replacement of old and low-efficiency boilers, manufacturing of high-efficiency HOBs and heat stoves, and development of air pollution control facilities such as cyclone, scrubber, bag filters, and other facilities.
 - Coal fuel energy projects: clean coal briquette, semi-cokes production, etc.
 - Energy efficiency, renewable energy, and others projects: production of heat-insulating construction materials to reduce energy consumption; development of fuel conversion facilities and alternative sources of energy such as solar panels, PV, and wind turbines; and other environmental projects such as carbon capture, recycling, etc.



Source: PIU Quarterly Project Progress Report, 2023Q3

FOREWORD

Spurred by the democratic movement, Mongolia underwent a significant economic shift in 1990, moving from a planned economy to a market-based system after a long period of adherence to planned policies. The country's large socialist-era factories, which struggled with outdated technology and workforce issues, gradually closed down due to capital, raw material, and spare parts shortages. As a result, apart from agriculture and animal husbandry, Mongolia became heavily reliant on imports.

Although there was a desire among some to engage in manufacturing, private property ownership was prohibited for nearly a century, leaving individuals without the means to invest. As a result, people mainly sustained themselves through small-scale trading, importing necessary goods from other countries.

As traders accumulated modest savings from their import businesses, they became interested in manufacturing, leading to the establishment of household enterprises and small workshops. This created favorable conditions for the revival of small and medium-sized enterprises. The Mongolian government also allowed the land belonging to obsolete large factories for use and initiated a national manufacturing policy to support local businessmen interested in producing essential goods domestically.

Since the 1990s, Japan's official development assistance organization, JICA, provided support to Mongolia through technical cooperation, concessional yen loans, and grant programs. In total Japan has provided the country with 328.4 billion yen in loans, grant aid, and technical assistance. As part of this support, TSL's loan scheme was specifically aimed at helping small

and medium-sized manufacturers upgrade their equipment, expand operations, and enter foreign markets. Around 8 billion yen, was allocated as TSL business loans to 1000 enterprises.

Businessmen, who had accumulated wealth from trade, started mini factories with 2-3 employees in apartment basements. With the support of JICA's TSL loans, they expanded their operations, automated equipment, and became key suppliers of essential goods in Mongolia.

This support led to the emergence of numerous light industries, providing employment opportunities and meeting the population's daily needs. These factories also supplied raw materials and components to the construction industry, addressing previous shortages.

A few representative businesses who have benefited from the TSL project include glove manufacturer "Bat-Seju," sock producer "Tod Oims," footwear brand "Khuugiin Gutal," and food companies such as "Mon Juice," "Shar Doctor," "Ochir Aldar," "Green Yard," "AMDE," and "Mon Bakery." Construction companies like "Gereltjin," "Tumen Metal," "Tulga Equipment," and "Plastic Design" have also flourished.

These enterprises have committed to supporting exports, adopting advanced technologies, innovating, and creating jobs. They continue to expand partnerships and introduce new technologies in foreign markets, enhancing competitiveness and meeting market demands. Some enterprises have long graduated from the class of "small and medium-sized enterprises" due to their sales revenue.

The diversity of companies in the light, food,

metallurgical, and construction sectors in the Mongolian market boosted by various financial support including the TSL project, allows consumers to choose from various products, fostering a consumer culture of brand preference.

The success of enterprises supported by JICA's TSL Loan Program indicates that Mongolia's SMEs in light industry are thriving, maintaining stable operations and quality, and laying the groundwork for exporting products

internationally. Some enterprises are considering and implementing vertical integration of raw materials intake and semi-production to meet quality standards and ensure supply continuity.

The following is an attempt to highlight and showcase only a few of the successful cases achieved with the support of the people of Japan through the TSL Loan Project, facilitating Mongolia's transition and advancement into a new era of development.

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**SUPPORT YOUR PARTNERS, TAKE ON
THE WORLD TOGETHER**

Mr. Gan-Ulzii Ch., the owner of Snow Fields, pursued his studies in Japan starting in 1993. Upon completing his education, he ventured into the distribution of cashmere products on the Japanese market until 2004. It was during this time that he recognized the paramount importance of product quality, which later became the guiding principle for establishing and expanding his factory.

In 2004, Gan-Ulzii founded the Snow Fields, specializing in the production and export of cashmere products, with a primary focus on the Japanese market. During the initial nine years of operation, he imported used equipment from Japan and dedicated himself to product development, production optimization, and customer acquisition.

In 2014, while participating in a management course for company executives at the Japanese cultural center, Gan-Ulzii learned about the TSL Loan Project through Mr. Sunagawa, the project implementation office leader. Inspired by this opportunity, he crafted the development project for Snow Fields and subsequently embarked upon the implementation of the project.

CHAIN OF QUALITY ASSURANCE

During the inception of our business, the scarcity of high-quality yarn required for cashmere products compelled us to dispatch combed cashmere to Japan for spinning, followed by bringing it back to Mongolia for the production of finished goods to be exported to the Japanese market, says Gan-Ulzii. However, this protracted and costly process prompted our decision to construct an integrated factory capable of both spinning yarns and manufacturing finished products. With the support of a TSL loan, we successfully financed this pivotal project. By 2015, our raw material supply chain had been fully established, the spinning mill equipment was fully operational, and we had secured customers and buyers across Russia, Germany, China, and the US for both yarn and finished products. Previously, the absence of a direct system for procuring cashmere raw materials from herders necessitated intermediaries. Small and medium-sized enterprises resorted to purchasing cashmere yarn from abroad at inflated prices, devoid of guaranteed quality and continuity. Recognizing the adverse impact of inconsistent raw material quality on end-product standards, we resolved to collaborate closely with herders, spinning our yarn in-house to ensure product quality and consistency. Our objective was

to pioneer an integrated production model characterized by dependable supply quality and continuity, emphasized Gan-Ulzii. Since 2008, our collaboration with local herders' cooperatives in three sums of the Dornod province has been instrumental. Additionally, two years ago, we commenced cooperation with a UN project, marking our commitment to sustainable practices and international standards. Notably, we are proud to be the first company in Mongolia to introduce QR codes for international verification of the origins of cashmere, wool, and yak products. Furthermore, our OEKO-TEX 100 certificate, awarded by the Switzerland-based standards organization renowned for establishing global benchmarks for spun yarns, has been renewed for the sixth consecutive year. The presence of an OEKO-TEX 100 certification significantly enhances a product's appeal to retailers worldwide, increasing the likelihood of purchase by more than 50%.



“REPLENISHABLE GOLD”

Cashmere products are esteemed as premium purchases among consumer goods, and our national Mongolian Noble Cashmere certification has garnered worldwide recognition. Moreover, cashmere is an annually renewable resource sourced from goats. When embarking on my entrepreneurial journey, I confronted a pivotal choice between mining and cashmere. For various compelling reasons, I opted for the latter. I am profoundly grateful to my long-standing Japanese cashmere trading partners, whose mentorship and encouragement have been invaluable. They would tell me, “If you can get accepted and sell your products in Japan, you can do it anywhere in the world.”



LESSONS FROM MISTAKES

Between 2004 and 2008, we sourced our raw materials through intermediaries, and in 2007, we discovered that the cashmere hair content from our regular supplier exceeded the standard by 2-3 times. As a result, we were constrained to utilize this cashmere for crafting accessories like hats and socks, as the coarse yarn was unsuitable for clothing. It took us 6-7 years to clear the inventory of these products, resulting in an approximate 20% annual loss in sales. This experience served as a profound lesson, illuminating the importance of meticulous sourcing and quality control in our operations. It underscored the necessity of adhering to stringent standards and avoiding shortcuts in our procurement processes. This setback, while challenging, provided invaluable insights that guide our commitment to excellence and integrity in every aspect of our business.

NOT A SINGLE CUSTOMER HAS TURNED US DOWN

From the inception of our collaboration with the JICA's TSL project team, they have been supportive partners. Reflecting on our journey, I later realized that the amount of credit we required to establish our integrated factory surpassed the average sum granted at that time. However, the TSL project team comprehended our circumstances and provided additional financing, for which I am personally grateful. Throughout the implementation of the TSL loan project, we fostered numerous fruitful partnerships in Japan, maintaining close business relations and facilitating staff training opportunities. Moreover, the project propelled our factory to become one of the select few in Mongolia renowned for spinning high-quality yarn and emerging as a leading exporter of spun yarn and cashmere products.

Hence, I consider the TSL loan initiative a long-term, low-interest, and highly lucrative endeavor. Without the TSL loan project, Snow Fields would have expended considerably more time to garner recognition from foreign partners, buyers, affiliates, intermediaries, and other stakeholders in the sales network. What fills me with personal pride is that since the expansion of our factory in 2008, not a single customer has turned us down. Ultimately, the pivotal determinant of business success lies in discerning whether your partner or buyer remains steadfast alongside you, whether it be the same for the first, second, or third year. This enduring commitment forms the cornerstone of our accomplishments.

THE MAIN CAPITAL IS OUR EMPLOYEES

Of the 18 young people who initially set up the factory, 11 remained in the company, and currently are working at the management level in charge of all processes and operations. In the 18 years since the establishment of the factory, all our young talent have become experts in how to process raw materials, what products to make, how to produce quality products, and how to sell them. We have been paying attention to the family and social security of our young employees, and currently, all of them have secured their own housings (a total of 21 families). We have a goal to help with housing problems for 1-2 families a year. Also, we give bonuses to long-term employees twice a year, one being the end-of-year bonus, the other one following the Japanese custom of the “obon” holiday bonus which we give out during the Naadam holiday. Our employees take vacations with their families at the Uvur Janchivlan sanatorium 1-2 times company’s expense.



FAMILY IS THE BACKBONE OF BUSINESS

Since 1995, when one of the world’s two largest knitting machine manufacturers, Shima Seiki machines were first imported to Mongolia, my spouse has been providing the programming for all Shima Seiki machines in Mongolia. If my wife

had not become a programmer, our machines would not have been properly programmed and our factory and business would not have achieved this success, so I am always grateful to her and proud of her. It has been 10 years since our eldest son has overseen all the spinning processes in the factory. Currently, he is undertaking his master’s course abroad in the field of “Future development of Mongolian cashmere industry”. The younger one is planning to come back to Mongolia after working in an international organization. They are the next generation, who are training to further develop this industry. I did not force my children to work in the factory, I only directed them how this job leads to opportunities, and they made their choices themselves. There is a Japanese proverb that says, “Children grow up watching their parents’ backs” – like that, our children watched their parents busy working from dusk till dawn, dealing with problems left to right, but at the same time establishing stable long-term business relationships along the way, which probably made them realize that there are future opportunities in the field.



CASHMERE PRODUCTION ECOSYSTEM

As a result of the TSL project, our factory can spin up to 80 tons of yarn per year. We use half of it ourselves, and the rest we sell to other domestic factories. 80 tons of yarn is the raw material to produce approximately 400,000 products, half of which, or 200,000, is accounted for by our factory, and the remaining 200,000 products are produced by 22 domestic factories that procure our yarn. Therefore, not only Snow Fields, but also the companies that buy their yarn from us, are increasing their profits by selling their products and solving the problems of the livelihood of their employees, and this can be seen as a positive impact of the project implemented by the TSL project. There are even companies that have been buying their yarns from us for more than 10 years. Among these 22 companies, there are small factories with 10 employees to medium ones with 100 employees, which means that there are approximately 700 jobs behind them. We understand that we are not only doing business by producing our products, but also supporting our client companies, influencing the livelihood of the workers behind them, and contributing to society.

Snow Fields has supplied a total of 560 knitting machines to the Mongolian market since it became the official representative of the Shima Seiki factory in Mongolia in 2008. Based on the average output of these machines, an installed capacity of 3.5 million wool and cashmere products has now been created. It also means that we are also supplying the machines to the businesses that use yarn from our spinning factory. We have been working together for many years with the third largest yarn spinning factory in Japan, which is a subsidiary of Shima Seiki Factory called Toyoboshi. For the past 8-9 years, we have been constantly receiving

technical advice from them, exchanging the best experience and training our employees. Since yarn spinning technology is from Shima Seiki, and when a company buys yarn spun from us to use on the Shima Seiki machine that we supply, there is very little chance of loss related to damage and waste.



AN OPPORTUNITY TO GO OUT INTO THE WORLD TOGETHER AND NOT COMPETE

We are starting a project to increase our factory capacity to 170 tons of yarn per year in 2024. This will be the raw material to produce 600,000 additional products for companies that buy our yarns. Beginning this year, the export of raw and washed cashmere has been banned, allowing for only combed cashmere. By restricting the export of cashmere in this way, Chinese manufacturers and suppliers will be less likely to purchase raw materials, and European factories and consumers will be more interested in buying combed cashmere and finished products from Mongolia. The global demand and supply of cashmere is 10,000 tons per year, of which 5,000 tons are supplied by Mongolia alone. So, with this unprecedented opportunity, the factories in the Mongolian cashmere industry should aim to

produce high-quality, stylish, and good products and sell them on the global market, instead of seeing each other as competitors and running after a few tourists who come in the summer to sell their products. Anticipating this opportunity, we are aiming to supply yarn to an additional 30-50 companies with the new project. To summarize, because of the TSL project, we grew the sales of Shima Seiki factory machines in Mongolia, supplied yarn to the factories that purchased Shima Seiki machines, introduced innovative technology to produce high-quality yarn, and exported the yarn to the world market.


JICA PROJECT OPPORTUNITY


One of the suggestions made by Gan-Ulzii was to develop a part of the TSL project as a project that addresses local communities and herders. In recent years, due to the deterioration of livestock grass and pastures, it is necessary to train and improve herders' skills in animal husbandry and care. Part of the project funding could be earmarked for training and capacity-building activities in herders' cooperatives. Long-term loans with favorable terms along with JICA's training and capacity building would meet herders' needs and result in a socially responsible loan project.



 **SNOW FIELDS LLC**

 120

 The company has a Mongolian Noble Cashmere trademark certificate that confirms the quality of the product. Ready-made cashmere products are supplied to Russia, Japan, South Korea, Germany, France, the US, England, and Switzerland. Cashmere yarn is exported to Russia and Japan. In 2022, the company was selected under the “Business and Human Rights” project of the United Nations Development Program and became the first factory to be chosen in the cashmere sector. The company uses equipment from the Japanese company Shima Seiki. Exports account for 90 percent of total sales and domestic sales account for 10 percent.

 Engaged in combing, dyeing, spinning, and production of finished products. Uses own factories for all products. More than 300 types of cashmere products of the “Naran Cashmere” brand are produced and supplied to domestic and foreign markets.



**SOURCING NATURAL INGREDIENTS
FROM FRUIT-PRODUCING REGIONS**



The “Mon Juice” beverage factory boasts a three-story building comprising a spacious factory and warehouse complex. Ms. Altanzul, the CEO of “Mon Juice,” entered the beverage industry two decades ago, starting with the production of bottled drinks in the basement of her parents’ apartment using a single press. Today, she oversees a thriving factory with over 100 employees.

The company’s evolution saw it transition from the confines of a basement to a rented building, and eventually to the construction of its factory premises becoming the third-largest producer of soft drinks in the country. This expansion was facilitated by a loan from JICA’s TSL, enabling the acquisition of necessary equipment.

As production scaled up, so did international relations, with “Mon Juice” sourcing beverage raw materials from renowned factories in Germany. The company maintains enduring partnerships with equipment suppliers to meet its evolving needs.

Additionally, “Mon Juice” has progressed from purchasing beverage bottles domestically to establishing its plastic bottle manufacturing facilities. When it comes to ingredients, the company imports natural fruits devoid of

chemical additives like fertilizers or pesticides from prime fruit-growing regions in Central Asia and China.

With our production capacity set to increase fivefold, slated for operation by early February 2024, Altanzul underscores the importance of meeting the increasing demand. Given the popularity of their products and established customer base, expanding operations is imperative to accommodate rising orders.

The introduction of a new product, raisin juice, marks a significant milestone for the company. Sourcing grapes directly from the countries of origin, without having any artificial additives, has rendered this product highly sought after. Its debut aligns with the growing consumer interest in local and eco-friendly offerings.

Moreover, amidst mounting concerns regarding the health implications of carbonated beverages containing mixed ingredients, there has been a noticeable shift in consumer preferences. In response, they have launched “Ara” sparkling water enriched with vitamins D and C, which is produced without chemical processes. This addition to their portfolio has witnessed a surge in demand, reflecting evolving consumer preferences for healthier alternatives.

“

Having gained traction in the domestic market, our company is poised to embark on expansion to foreign markets such as Russia and China in the upcoming year. Our current output stands at 162 tons, and we are now gearing up to broaden our offerings and reach.

”

Altanzul continues, “After the COVID pandemic, despite our recruitment efforts, workers remain scarce. We’re ready to support and train young individuals who are willing to work diligently, ensuring fair wages and social welfare.”

From the humble beginning of two family members bottling drinks in a basement, the future looks promising for the third-ranking factory in Mongolia. The time is approaching when neighboring countries will embrace their eco-friendly products free of chemical additives.





Golden Gobi®
since 2004



“MON JUICE” LLC



Over 100



Established in 2003 as one of the pioneering beverage and juice producers in Mongolia.



Offers a line of 6 juice products branded as 'My Little Pony' tailored for children. Signature teas include honey-infused, pear, forest fruit, and plum variations. Has secured a permit to export raisin juice and plum tea into the Chinese market. Honored with the “Best Team of Consumer Trust” award by the Consumer Protection Association.



Engaged in beverage production and trade, specializing in over 40 varieties of beverages, juices, and teas crafted from 20 types of fruits like carrots, oranges, apples, and plums. Adheres to quality management standards following ISO 9001:2015 /MNS ISO9001:2016, ensuring product excellence for both domestic and international markets. Distributes beverages, juices, and packaged teas through a network of over 5,000 clients across Mongolia.

**HAVING JAPANESE PARTNERS
IS AN ASSURANCE OF SUCCESS**



Mr. Ganbayar, the CEO of Esun Od Foods LLC, proudly acknowledges the significant assistance received from the Japanese people. As a businessman, he carries forward the legacy of his father, who founded the company, which produces the locally renowned chocolate brand, Altan Gobi. The chocolates are cherished not only by locals but also by tourists, who appreciate their unique packaging reflecting Mongolian culture. The highest sales of their chocolates to tourists occur at their flagship store in Ulaanbaatar's new international airport, a venture that also received contributions from Japanese investors.

Initially, the journey into the realm of chocolates began with the import and sale of "Snickers" and "Mars" chocolates from Holland. However,

their aspirations to officially distribute these chocolates in Mongolia faced a setback when Mr. Ganbayar's father encountered an accident, leading to the rights being acquired by another company. Subsequently, the Dutch partner company extended their support, encouraging them to produce chocolate themselves thus laying the foundation for the creation of their beloved brand today.

This tale tells the adage that when one door closes, another opens. The Belgian specialist, who spearheaded the factory's opening in 2003, remains dedicated to upholding stringent technological procedures and mentoring Mongolian youth, embodying a commitment to quality and tradition.

Director B. Ganbayar shared that after securing two loans from JICA's TSL Project, they were able to modernize their equipment, effectively doubling their factory capacity, and enhancing the quality of their products. Moreover, they actively participated in an international food expo hosted in Japan for three consecutive years, resulting in the export of approximately 30 tons of their branded products in Japan since 2018. Presently, their production capacity stands at

1.2 tons per day and approximately 30 tons per month.

The warm reception from the Japanese community towards this ambitious young director, who aims to triple production and capture 50% of Mongolia's chocolate market in the future, reflects the amicable relations fostered through their collaborative efforts.





ESUN OD FOODS LLC



2004



Esun Od Foods LLC engages in the production of over 40 varieties of chocolate products to the market. These include offerings in various sizes ranging from 5g to 100g, including the “National” chocolate, Welcome, Fruity, and Gingoo chocolate assortments, other chocolate collections, pellet chocolates, white chocolate, and dark chocolate with varying cocoa percentages of 54%, 56%, 74%, and 76%, as well as sugar-free chocolate.



Notably, Esun Od Foods LLC stands as the pioneer chocolate factory in Mongolia, established in 2004 with state-of-the-art equipment and technology imported from Belgium. It commenced production adhering to the MNS (CAC) 87:1996 standard, ensuring quality and conformity in its chocolate products.



ХҮҮГИЙН ГУТАЛ



SOME DAY “MADE IN MONGOLIA” WILL REPRESENT TRUST AND QUALITY

Our business started in 1994, when my father, who had served in the military all his life, retired and decided to learn shoemaking from a local craftsman,” said Mr Altankhuyag, CEO of Khuugiin Gutal LLC.

“From a young age, I assisted my father in selling our products. By 2001, after returning from military service, our business expanded to include a workshop with 10 workers. However, our home workshop initially had only one sewing machine. Despite this, the few shoes we made sold quickly, encouraging us to continue,” he recounted.

“By 2005, we focused on upgrading our equipment and expanding the factory. I traveled to various factories and fairs abroad, exploring shoe machines and equipment. Eventually, we acquired a sole sewing machine”.

“During the economic crisis of 2008, the influx of Russian goods into our market posed significant challenges, leading to a temporary shutdown for two months,” Altankhuyag recalled.

“Today, we have solidified our position in the market, experiencing increasing orders annually. With over 40 employees, we now manufacture warm winter work boots for the Ministry of Defense. In 2013, we began sourcing machines directly from Guangzhou, China, expanding our capabilities with over 60 machines, including one from the Czech Republic. As modern equipment arrived, I conducted training sessions for our staff in collaboration with the Mongolian University of Science and Technology



“

I’ve secured a loan from JICA’s TSL project twice. It’s a favorable option with long-term repayment and low-interest rates. With this financing, we expanded our factory by 550 square meters, enabling us to produce approximately 150 shoes daily. We now offer over 20 different shoe brands. This loan facilitated our planned project, leading to our factory’s expansion and solidifying our market position, attracting a growing base of loyal customers.

”



Altankhuyag mentions, “We ventured into crafting women’s fashion shoes and sneakers that rival foreign brands in attractiveness while surpassing them in quality. Yet, it appears that the label “Made in Mongolia” doesn’t instill confidence in people’s minds. We eagerly await the day when our community recognizes and supports domestic production, acknowledging its high quality and durability.”

Stepping into the factory workshop, there’s a bustling activity with craftsmen weaving leather and sheepskin, and others diligently sewing winter boots, work boots, and various children’s shoes adorned with linings, studs, and accessories. “Our aim for the future is to equip ourselves


with modern machinery that reduces reliance on manual labor and skills. We envision a time when Mongolians no longer idolize imported goods with foreign labels but proudly wear luxury shoes labeled “Made in Mongolia.” The government’s commitment to “supporting the domestic industry” is promising, and I believe it will influence citizens and consumers positively. Above all, I aspire to establish my brand, “DUMUN,” known for its exceptional quality and comfort. With “DUMUN” gaining recognition as a reputable brand, we anticipate broader market acceptance, reflects Altanhuyag, pointing to the DUMUN logo on his shirt and showing the sneakers that they manufactured.






 **KHUUGIIN GUTAL LLC**

 2011

 40

 Produces approximately 35 types of shoes, distributing them through 2 boutiques, a factory outlet, 2 counters, and 1 container outlet at Narantul market. The company implemented the ISO9001:2015 quality management system in 2019. The shoe factory is equipped with conveyors, with ongoing upgrades to fully automate some of them. Its production capacity allows for the manufacturing of 220 pairs of summer shoes and 200 pairs of winter shoes per day, making it one of the highest-capacity footwear facilities in terms of both staff and equipment. Since 2019, the company has begun exporting select models to China in limited quantities.

 Manufacturing and trading of footwear

**WE INVESTED IN 500 FREEZERS
TO PLACE AT DISTRIBUTORS**



Ms. Bolor-Erdene, the CEO of “ETB” LLC, began with making ice cream at home with just one simple machine and selling it in foam containers. Today, she oversees the “Degdeehei” factory, known for its delicious ice cream enjoyed by children and adults alike.

In 2003, she began operating a two-handle ice cream machine and supplied her products in the local neighborhood. Later, the company was established to acquire a slightly larger machine with three handles, expanding its sales to the Nalaikh area. As demand increased, she expanded beyond Nalaikh, reaching customers in the city, and prompting her to expand operations into a four-room processing shop.

“During the economic crisis of 2008, times were tough for everyone. Three companies similar to ours were forced out of the market during this time. We managed to survive by selling out our dumpling-making equipment and ensuring our workers were paid. Personally, I was also facing challenges as I had just had a newborn, and there were moments when I contemplated giving up on the business altogether. Despite these hardships, our family persevered. Through hard work and determination, we opened a branch in the city and rented a building in 2011.”

Expanding their market to the central city and purchasing a 400 sqm factory led to market expansion. In 2017, they further expanded the operations by securing a loan from JICA's TSL Project which allowed them to increase the factory footprint to 1,728 square meters, diversify the product range, and cater to the growing demand.

The increasing popularity of their products and the rising consumer demand served as significant contributors to the advancement of their business. Furthermore, their products have gained recognition in other regions, leading to a surge in orders from eager customers.



“CEO Ms Bolor-Erdene happily announces, “We have evolved into a full-fledged factory, employing 60 dedicated individuals in our production process. Currently, during the peak season, which is summer, we release 17-18 tons of products per day - that is 23 varieties of ice cream under 11 different brand names.”

This factory exclusively sources its ice cream ingredients, custard, and fruit from the domestic market, and procures its packaging locally, demonstrating strong support for domestic production.

“Ice cream is renowned for its ability to evoke happiness hormones. I am deeply passionate about this delightful business and the path that chose which I compare to the Milky Way. Our success hinges on consistently delivering high-quality products to the market.”

Looking ahead, we have ambitious plans. We have initiated the process to obtain ISO 9001 and ISO 22000 certifications for the food industry. Our ultimate goal is to introduce our products to the international market.

Every year, our company actively participates in major ice cream fairs in China. We've provided significant support to our product distributors, installing 500 freezers in their stores by 2023 alone. While this initiative primarily focuses on storing and selling our products, it also bolsters the operations of our business partners and nurtures our product supply chain and ecosystem.

Ms. Bolor-Erdene expressed gratitude, saying, “The growth of our factory and our current position is attributed to TSL's low-interest, long-term soft loan, as well as the support of our loyal customers and the joyous reception from children.”




“И-Ти-Би” ХХК



 **ETB LTD**

 2004

 Main - 35, Contractual - 25

 The facility is equipped with dedicated equipment for the removal of liquid and solid waste, connected to electric lines. It features a mechanical ventilation system, an elevator for loading and unloading raw materials, and storage. Additionally, it boasts 7 refrigeration warehouses with a total capacity of 200 tons for deep freezing.

 Created ice cream brand known as “Degdeehei”. Produces 26 variations of 11 types.



**SKILLED EMPLOYEES ARE A PRIORITY:
WE FOCUS ON TRAINING AND
RETAINING OUR PEOPLE**



Mr. Batlai and Mr. Otgontsagaan, siblings from the remote Hovd province in the far west, ventured to Ulaanbaatar to work at the Nalaikh coal mine, both eventually earning the prestigious title of “Labor Hero.” Mr. Galkhuu, Batlai’s son, has imbibed the essence of diligence and dedication from his father, channeling his efforts towards success across various industries where he runs his businesses. After engaging in various trades and conducting extensive research, he chose to manufacture mattresses. He founded his first company and named the company after his father “Batlain”.

“

Mr. Galkhuu emphasizes, “I endeavor to uphold the reputation of the company I named after my father. Mattresses are a unique and premium product. It’s fascinating how this company served as the foundation for my entrepreneurial journey. Today, we have diversified into agriculture, herding, and healthcare sectors.”

”

His path to success was riddled with challenges, initially grappling with debts, sluggish sales, and losses. Commencing operations with a loan from Khaan Bank, which incurred a hefty 3% monthly interest rate, every mattress sold meant a rush to the bank to settle the debt. The JICA’s TSL project loan emerged as a beacon of hope, almost resembling “free capital.” Leveraging the TSL loan, he built a factory and upgraded equipment, marking a pivotal turning point in his entrepreneurial journey. Now boasting a capacity to manufacture 120 mattresses daily, Batlain produces 10 mattress varieties, including those featuring springs fabricated in-house. Furthermore, the company uses Mongolian sheep’s wool to craft their mattresses. With the burgeoning tourism sector, travel companies have shown keen interest in ordering mattresses tailored for traditional Mongolian homes – with rounded side facing the wall. Recognizing the correlation between mattress and bed purchases, Galkhuu astutely seized the opportunity by establishing a furniture store, showcasing his keen business sense. From the outset, rather than simply promoting “Buy our mattress,” he directed individuals to the business location and warmly welcomed all visitors. This strategic approach proved fruitful as customers who invested their time in visiting the store often made mattress purchases and benefited from delivery services. Galkhuu’s foresight and effective business tactics were instrumental in driving the company’s success.



The acclaim for Galkhuu’s mattresses soared when prominent figures began purchasing them, commencing with the crafting of cushions for the 9th Bogd’s residence and the President’s mansion. As products under the Master Mattress brand gained prestige, Galkhuu emphasized, “A mattress embodies luxury and fascination.” He further expresses pride in supplying mattresses to thousands of employees at the Oyu Tolgoi mine thus, as he explains, making his contribution to the advancement of the Mongolian mining industry.

With Batlain’s expansive 6000 sq.m factory premises and state-of-the-art equipment, the demand for adept engineers to manage and upkeep advanced machinery has become paramount. Director B. Galkhuu acknowledges, “While initially, our focus was solely on enhancing our equipment, we now recognize the critical significance of skilled personnel. Consequently,

we prioritize employee training domestically and internationally, augment rewards, and extend support in their personal lives.” This underscores Batlain’s commitment to nurturing a skilled workforce that drives sustained success.

About the origin of the name “MASTER MATRAS, he says, “I assembled a group of diligent young individuals skilled in crafting mattresses in Mongolia to kickstart the factory. I chose the name because it symbolized the gathering of young “masters” dedicated to mattress craftsmanship. Today, the “Master Mattress” brand is virtually ubiquitous in Mongolia.”. Galkhuu’s mattress venture now has evolved into companies spanning agriculture, animal husbandry, and medicine. The “Asralt Med” hospital, founded by Galkhuu, has emerged as a premier facility specializing in ENT (ear, nose, and throat) treatment in Mongolia.





**MACTEP
MATPAC**



BATLAIN LLC



Mattress Production and Trade



Established in 2004, Batlain LLC was founded in Mongolia by gathering a team of skilled young individuals proficient in crafting individual mattresses. The company swiftly transitioned into a factory, where all components necessary for mattress production are manufactured in-house. Batline specializes in producing and supplying 10 distinct types of mattresses to the domestic market. The primary raw material, steel wire, is sourced from China and Korea, with various types of springs—ranging from hard to soft, high to low—fabricated using automatic machinery.



Capacity to produce 120 mattresses per day
Production of 10 types of mattresses, Fabrication of 4 types of springs



The “Master Mattress” brand operates within a spacious 6,000 sq.m. factory facility. In addition to mattresses, a furniture store was established to retail Mongolian felt mattresses and standard mattresses. The hallmark of these mattresses is their ability to minimize motion transfer, ensuring a stable and comfortable experience whether sitting or lying down. Each spring is meticulously enclosed within a 33-category bag, and the mattress is fortified with a thick material incorporating a 5 cm load-bearing foam mat for enhanced durability and support.

**CHAPTER INTRODUCING
ADVANCED TECHNOLOGIES:**

**NEW TECHNOLOGY
EACH YEAR**

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ПЛАСТИК
ДИЗАЙН

NEW TECHNOLOGY EACH YEAR



“

At the beginning of the market transition, the businesses used to have simple tin boards with their names printed on canvas. Only a few such as the State Department Store and Ulaanbaatar Hotel had proper signs. Nowadays, the business community, official organizations, and consumers place significant importance on the design, quality, and size of advertising signs. If there are two restaurants next to each other, people will likely prefer the one with the nicer address, says Khangarid.

”

Mr. Khangarid started his business 20 years ago with one designer, printing business cards out of the basement of an apartment. Today his company “Plastic Design” produces signage, advertisements, and decorations for businesses that need to display their brand.

As Mongolia shifted to a market economy, the demand for business cards grew rapidly. As a result, Khangarid’s production expanded considerably, and he used the proceeds to gradually expand a small one-story house in a ger district into a 2,200-square-foot factory and improved equipment for making signs and boards. Eventually, to be nearer to customers, he built a factory near the city center by the Gandan monastery.



“

Because customers rely on us, we try to make designs and colors that customers according to their wants and needs to the extent possible, continued Khangarid. We try to offer new and better products to our customers by introducing new modern techniques and technologies. As such, our goal is to introduce one new technology per year. For example, we are currently introducing high-standard technology and equipment from Korea and adapting the produce to the Mongolian climate.

”

“Plastic Design” is well known in the business community for making large-scale business advertising signs with illuminated letters in assorted colors, as well as business signs on various metal plates. Khaan Bank has ordered the addresses of all its branches in the cities and rural areas. Power Station No. 4 ordered a seven-and-a-half-meter high “TPP-4 LLC” sign. The company made all the signs of E-mart chain stores and counts convenience stores such as GS25, Minii Delguur, and Mini Market as regular customers.



One of the biggest challenges they faced was when a curfew was imposed during the COVID pandemic, the borders were closed, and the company could not import raw materials. The customers were not concerned with making advertisements and signage when they were having trouble paying their employees' salaries

which hugely affected Plastic Design's business and revenues.

He went on to say that the Japanese government's TSL loan project has a low interest rate, a long-term repayment, which makes it a reliable financing option.

“

We have been working with the TSL project for more than 10 years. At first, I was getting a loan of 100 million MNT. The criteria were high: What exactly are you trying to do, how much will your business expand, how will you benefit society, how will you increase the number of jobs, etc? Most importantly, TSL loans are reliable, have low interest rates, and are long-term. It is difficult to build a factory with commercial bank loans in our market because of low prices and high costs. We have grown up to this point thanks to JICA's assistance. We pay the loan on time and the results of the work done with the loan are evident. JICA's loans have fair principles and criteria - we take loans according to the requirements and criteria and use them for their purpose, which is why our company has survived the market competition and turbulent cycles over the years.

”



Now, besides the domestic market, Plastic Design has already supplied several Russian organizations with signs, advertisements, and light decorations. It is probably because our product is low cost compared to their market. A restaurant from as far as Moscow ordered a signboard, while businesses in Buryat are becoming frequent customers.

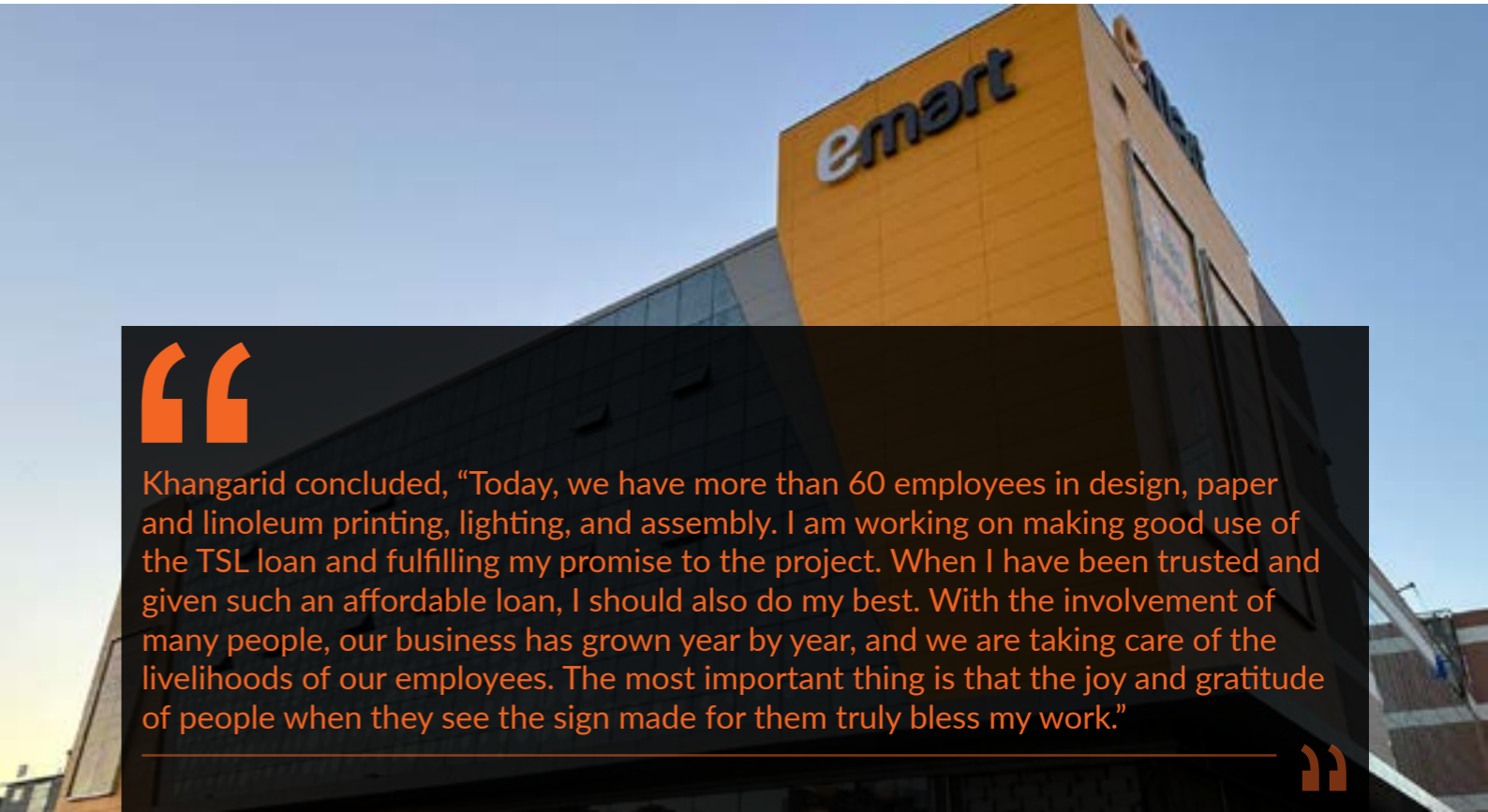
Khangarid named his largest and most challenging work as the installation of all the exterior and interior signage for the New Ulaanbaatar International Airport facility for three years executed upon the order from Japan's Mitsubishi in cooperation with Samsung C&T Corporation. International projects such as airport construction, and foreign brands operating in Mongolia, such as E-mart, and GS25

demand adherence to international standards, set a high bar, check production and factory repeatedly, and make strict contracts. We believe that working with these organizations has been a great impetus for us to learn a lot and improve our organization, technology, and production up to international standards. Many future ideas and projects are revolving in his head, such as expanding the factory, further introducing recent technologies to the market, and delivering better quality and advanced products to consumers. He mentioned that the maximum amount of 800 million MNT loan previously provided by the TSL Project is currently small considering the exchange rate depreciation, the cost of goods and materials, and the cost of technology.

“

Khangarid concluded, “Today, we have more than 60 employees in design, paper and linoleum printing, lighting, and assembly. I am working on making good use of the TSL loan and fulfilling my promise to the project. When I have been trusted and given such an affordable loan, I should also do my best. With the involvement of many people, our business has grown year by year, and we are taking care of the livelihoods of our employees. The most important thing is that the joy and gratitude of people when they see the sign made for them truly bless my work.”

”





DULKHANGAI LLC



70



Provides fast, high-quality, comprehensive services using wide-format printing machines and automatic address decoration devices such as American SPECTRA, HP, Japanese MUTOH, EPSON, and MIMAKI. The canvas printing machine can print 1500-2000 m2 of product per day. Awards: "Best Importer" award from Ulaanbaatar Partnership - 370 international exhibitions, second place of "Best National Printing Factory" from Grand Expo 2009 National Business Festival, "Best New Technology" from Mongolian Design, Advertising and Decoration Association.



Founded in 2002 under the name "Plastic Design", it started its activities in the field of printing preprint, production of plastic cards, corporate addresses, souvenirs, photos, and linoleum printing.

CONSTRUCTION MATERIALS CUSTOMIZED FOR LOCAL CLIMATE



In 1996, amidst Mongolia's transition to a market-based economy, private enterprises began to emerge, enabling individuals to own their homes. It was during this time that a group of young entrepreneurs seized the opportunity to establish "Pyramid Industry" LLC, focusing on the production of building insulation foam. Initially, the company operated with a small team, manufacturing insulation foam panels. Over time, it expanded its operations to include branch factories such as "Pyramid Impex" LLC, which produces exterior facade finishing materials, and "Pyramid Building," which specializes in exterior facade and finishing works. As a result, "Pyramid Industry" has grown to become a prominent player in Mongolia's construction industry. A significant milestone was achieved when the company collaborated with Construction and Architecture Corporation to secure approval for the MNS 4629-98 standard for foam board production in Mongolia, a first in the country. Initially reliant on imported raw materials, the company diversified its offerings to include black putty, foam glue for exterior and interior applications, as well as mesh for plastering outer walls, affixing foam boards, and enhancing interior walls. As a product in high demand for repairs and construction projects, "Pyramid Industry" continues to supply the market with essential building materials, contributing to Mongolia's growing construction sector.

“

The array of products showcased in the office of the factory of "Pyramid Industry" reflects a diverse range catering to various construction needs. Traditional foam boards, alongside advanced non-flammable foam developed using the latest technology, offer options for insulation and safety. Additionally, the assortment includes putty and glue in different packaging sizes, colorful stone panels designed for exterior facade finishing, and foam-based door/window frames and columns reinforced for enhanced durability.

”



Of particular significance is the introduction of stone cladding material, a pioneering product in Mongolia manufactured with modern innovative technology. This material not only enhances the quality of construction but also prolongs the lifespan of buildings, especially in Mongolia's harsh climate conditions. The new insulation foam, characterized by high density and non-flammability, addresses critical needs in the construction industry, particularly in light of concerns surrounding the flammability of traditional foam boards used in external insulation.

The innovative offerings from "Pyramid Industry" underscore its commitment to providing cutting-edge solutions tailored to the unique challenges and requirements of the construction sector, thereby contributing to the advancement and sustainability of Mongolia's future. "Pyramid Impex" has significantly expanded its offerings and capabilities in the construction industry by leveraging new technologies



“

"Pyramid Industry" is committed to modernizing building practices, aiming to construct vibrant and energy-efficient buildings that ensure safety and minimize heat loss. The company's introduction of advanced technology and high-quality products has generated significant demand, reflecting the industry's recognition of its innovative solutions and contributions to the evolving construction landscape.

”



PYRAMID INDUSTRY LLC



1996



In 1998, in collaboration with Construction and Architecture Corporation secured approval for the MNS 4629-98 standard for foam board. Expanded operations to output 600 cubic meters of heat insulating foam panels daily, and 180,000 cubic meters annually.



In 2012, in cooperation with the South Korean "DEABO HOUSING" company, established Mongolia's first "Stone Finishing Material" factory.

"Pyramid Impex" has garnered recognition and accolades for its contributions to the construction industry and commitment to excellence:

- Named one of the Top 10 enterprises in the construction industry in 2019.
- Awarded "The Best Team Trusted by Customers" at the 2009 Building Expo - 2009 Exhibition and recognized as "The Leading Standard Setting Organization" in Mongolia in 2009.
- Recognized as the "Best National Factory" in 2010.
- Received the award for "Best Building Material Manufacturer" in 2011.
- Recognized as the "Best Manufacturer" at the 2012 Construction Expo.
- Acknowledged for social responsibility efforts and trusted team in 2013.
- Awarded "Best New Technology Implementation" in 2014.
- Included in the 2015 Mongolian "TOP-50" building material manufacturers.
- Recognized as the "Producer of New Advanced Technologies" at the 2016 Building Expo.
- Awarded "Best Manufacturer" in 2017.
- Recognized as a "New Advanced Technology Implementation" with NF Board products at the 2019 Building Expo - 2019 International Exhibition.

**SELL THREE OF THE FIVE PRODUCTS AT
COST AND PROFIT ON TWO**

Fourteen years ago, two enterprising young men embarked on a remarkable journey by revitalizing an abandoned garage and installing two Japanese work glove machines to establish a glove-weaving factory. People around them wondered, 'How will these two succeed? Will there be sufficient demand for work gloves?' One of these two guys is today the CEO of "Bat-Seju" LLC, Mr Batjargal. Despite facing skepticism and mistrust from others, Batjargal persisted, forging a fruitful alliance with the executive of Korea's "Sonjin Glove" factory. This collaboration led to the acquisition of two additional production units and raw materials, propelling Bat-Seju's gradual ascent into a formidable enterprise boasting 200 Chinese and Japanese machines and a workforce exceeding 80 individuals. Today, Bat-Seju stands as a testament to their unwavering commitment, offering a diverse range of products including double-dyed and single-

dyed gloves, as well as garments crafted from sheep's and camel's wool such as socks, pants, shirts, and hats. In the intricate process of woolen product manufacturing, wool sourced from the herder cooperatives undergoes three stages: washing, combing and spinning. Bat-Seju has spearheaded the establishment and operation of a state-of-the-art combing factory while entrusting the washing and spinning processes to specialized entities within the market.



Bat-Seju currently exports nearly 90 percent of its wool products to Russia, driven by the demand from the cold regions of Siberia and Yakutia. As orders continue to rise, the amount of wool sourced from herdsmen increases annually, reaching nearly 300 tons. Our Korean partner director once advised, "Sell three of the five products at cost, and make a profit on two." Therefore, prioritizing the integrity of our factory over mere profitability, we focus on crafting high-quality products. Bat-Seju's products are distinguished by their superior quality, boasting 10 layers of yarn compared to the mere 2 layers found in cheap Chinese imports. This substantial difference in production ensures that Bat-Seju's products offer exceptional durability and resilience against wear and tear, setting them apart as a superior choice in the market.

We received a loan from JICA's TSL Project. When we opened a paint factory with that loan, we invited the head of the representative office. After that, we got another loan for our next project. We are grateful for the opportunity to contribute to society with our endeavors and the support of the loan. Our modest success and the positive impact we make on people's lives are directly attributed to the TSL loan.

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CEO Mr Batjargal explains: "We are driven by the aspiration to expand both the quantity and diversity of our products tailored for the Russian market, to elevate our sales to a minimum of 20 million and establish a yarn spinning factory. As pioneers in Mongolia, we take pride in being the first glove and dyeing factory, and our brand has gained significant recognition within the market. This is our success".

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We also hire over 100 individuals from the surrounding area for additional manual tasks such as gluing and sizing double gloves. This initiative is appreciated by the district management. The individuals who are at home or retirees particularly appreciate these opportunities, and there is consistently high demand for such jobs opportunities.

”

Power outages pose a significant challenge for their operations, especially when the entire factory line is in continuous operation. They have encountered instances where two of the shirt knitting machines caught fire due to sudden power outages without prior notice. The factory management has implemented stringent requirements for their workers while demonstrating generous care and support. In addition to providing monthly incentive bonuses of 300,000 tugrugs, they have assisted 30 individuals in securing houses through interest-free loans. As these initiatives become a standard, 80 percent of the employees have remained with the factory since its inception, reflecting their deep appreciation for the support provided by the company.



BAT-SEJU LLC



“Zaan/Elephant” double-dyed gloves



Established in 2008, Bat-Seju began with two glove knitting machines and has since expanded to employ 80 individuals operating over 200 machines.



Production and trade of sewing and knitting products. The company manufactures 10 types of gloves with a daily production capacity ranging from 11,000 to 15,000 pairs. Their product range includes double and single-dyed work gloves, as well as gloves made from sheep and camel wool. Additionally, they offer a variety of products such as socks, pants, shirts, scarves, and hats.



Bat-Seju leveraged the expertise and technology of a South Korean company renowned for producing high-quality work gloves. In 2012, with support from JICA's TSL loan, they expanded their production line to include gloves with dot rubber stickers and logos, camel wool and yak cotton gloves, as well as double-dyed or rubber protective work gloves.



“BRAND-LEVEL” BATHS FOR ALL

Mongol Vann Construction LLC stands as a prominent figure in the domestic bathtub production and supply. Established in 2012, Mongol Vann has evolved into a factory with over 40 permanent and contracted employees. The company produces 600-900 bathtubs monthly, catering to construction firms and individual customers. Impressively, it commands approximately 60% of the housing bathtub market in the capital city.

LOCAL MANUFACTURING IS THE RIGHT THING TO DO

The CEO of the company, Mr Altangerel, recounted his journey into entrepreneurship, recalling his temporary stint in Korea back in 2007. Assigned to work at a bathtub factory during his time there, he gained valuable insights into production processes and product quality. This experience sparked the idea of establishing a similar venture in Mongolia. Recognizing the potential for growth in the local construction industry, Altangerel decided to seize the opportunity. Beginning in his second year at the factory, Altangerel started envisioning the establishment of a bathtub manufacturing facility in Mongolia. He engaged in discussions with the factory manager, conducted research on raw material costs, and diligently saved money from his salary. With his savings and the proceeds from selling his apartment, Altangerel rented a yard in Bayankhoshuu and launched a factory in the garage, together with his partner.

MANUFACTURING IS ONLY POSSIBLE WITH A SOFT LOAN

He took the initiative to deliver the bathtubs himself, assembling them onsite, which helped him gain recognition from construction executives who supported his venture. As orders increased, discussions arose regarding capacity and scalability. Within 2-3 years of commencing production, the company became eligible for lending assistance. As such, in 2014, the company benefited in the Ministry of Construction and Urban Development's price stabilization program for construction materials, securing financial support of MNT 150 million. Subsequently, in 2016, they obtained a loan from JICA's TSL Project in two stages. The CEO emphasized the benefits of the TSL Project loan, highlighting its low-interest rate, extended repayment period, and the grace period on the loan principal. He expressed gratitude for such opportunities, acknowledging that business expansion often relies on concessional loans.



“Despite the challenges posed by COVID-19, the factory managed well with timely securing its supplies. It received orders for baths from 2,800 families during the pandemic, ensuring uninterrupted factory operations and maintaining 100% of its jobs without any COVID-19 cases among its staff.”

“BRANS-LEVEL” BATHTUBS

“It is now deemed necessary to modernize production and technology, undergo a revitalization, and progress to the next phase.” The CEO outlined plans to gradually enhance the quality, reliability, and aesthetics of their products by enameling the bottom of the bathtub and using special connectors to meet the standards of global “brand” products. While a majority (70-80%) of newly constructed apartments in the country opt for “basic” designs and solutions, Altangerel's sincere aspiration is to ensure that regardless of the apartment's cost, every unit should have high-quality bathtubs at a consistent standard. To finance the project and expand production through technological innovation, a total of 1.5 billion MNT is required. Among these expenses, there's a proposal to allocate 700 million MNT towards acquiring new equipment to produce a new, “brand” level bathtubs. This investment aims to meet market demands comprehensively and ensure uniform quality standards across residential properties. “As production progresses smoothly and the market expands, we understand the importance of continuous improvement. Therefore, we aim to introduce at least one new model of the bathtub into our production each year. Through technological innovations and the launch of new products, we strive to solidify our position as a leader in the market while maintaining high quality and accessibility without increasing prices. To guarantee our commitment, all our products come with a 3-year warranty. With this policy and direction, we aim to provide consumers with “brand” quality products at “ordinary” prices”, continues Altangerel. In his pursuit of technology adoption and product enhancement, Altangerel frequently visits Korea, where he initially acquired his “bath crafting skills,” and meet his long-standing partners and friends in bathtub industry. Additionally, employees are sent for internships at a factories there, gaining valuable training and experience. Raw materials are sourced from the same suppliers used by Korean factories, ensuring consistency and quality throughout production process. Mongol Vann is dedicated to integrating technology from developed markets while localizing and adapting it to meet our customers’ needs.

LESS WORK WITH MORE PRODUCTIVITY

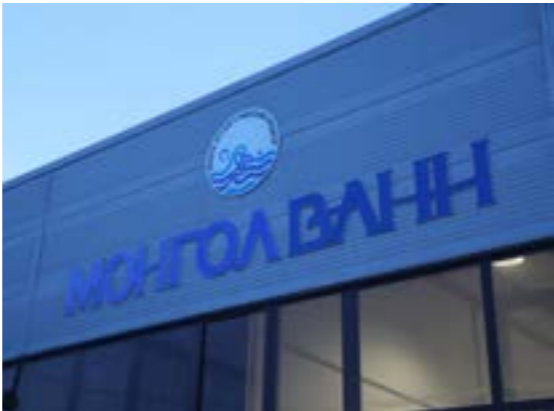
“I adhere to the principle of ensuring that my employees work fewer hours at the factory while maximizing productivity during their time here. I always emphasize to my employees the importance of spending time with their families whenever possible”

In this regard, they propose, encourage, and advocate that employees who perform well will receive competitive salaries. Moreover, they suggest offering them a stake in the company, so if the company has high profits, employees would receive dividends from their shares. Small and medium-sized enterprises don't have to remain “small” in every aspect. Aitangerel embraces the notion that people should have a broad and farreaching outlook. The adoption of new technology and equipment also aims to enhance employee productivity and reduce working hours.

“I find motivation in instances like, when an SME owner purchased a bathtub from us, recognizing that it will go to paying salaries.”

The foundation of a nation’s progress lies in production, and when it comes to managing the factory, it’s essential to empower trained workers rather than shouldering everything alone. While workers’ wages should be sufficient for a decent living, many are concerned that their income isn’t enough to afford housing, which is a significant challenge for young families. Recognizing this, the company has prioritized addressing the issue of car ownership, which is crucial for modern family needs, by covering the interest on car loans. Now, with the housing problem being tackled, the company recently celebrated the handover of keys to new apartments for 5 employees just before the last New Year. The aim is to continue this initiative in the coming year, maintaining this standard of support for employees.

“ I aim to share the joy I experienced when I first moved into my new apartment using the earnings from my factory. It’s important to me that my employees experience that same sense of fulfillment. I’ve made my own life, and now I’m committed to enhancing the lives of the 20-30 families behind our employees. That’s my priority. ”



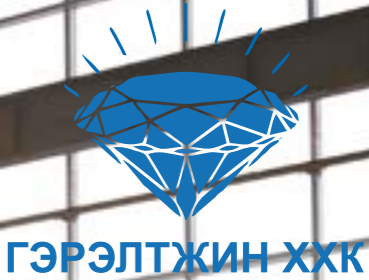
**MONGOL VANN CONSTRUCTION LLC**

Over 40

Established in 2012, Mongolia’s first manufacturer of bathtubs and sinks.

Mongol Vann specializes in crafting more than 20 varieties of standard and custom bathtubs, including jacuzzis, along with 10 models of sinks featuring pedestals and shelves. These products are meticulously manufactured to meet desired specifications in size and color, utilizing domestic pressed stone adhering to South Korean standards and technology.

Mongol Vann prides itself on producing high-quality pressed stone bathtubs and sinks, offering an extensive array of colors as alternatives to imported products. With a production capacity of 600-750 units per month, it stands as a leading player in the domestic market.



ENERGY-SAVING PRODUCTION IS CRUCIAL FOR REDUCING ELECTRICITY CONSUMPTION AND TRANSITIONING TO RENEWABLE ENERGY SOURCES

At the “Gereltjin” factory, ten large machines are installed where skilled young workers handle them to craft various products, akin to playing with glass. For instance, one of the machines carries sizable glass sheets, measuring seven to eight meters, on a broad platform equipped with gas suction. As the sheets move along the conveyor, they are precisely cut to the dimensions inputted into the computer system. Subsequently, the edges are pressed on the next machine. Then flat glass inserted into another machine is rounded to match the curved corners of a building’s exterior facade. Mr Purevdorj, the company’s director, initially pursued agriculture and ventured into the business world after completing finance school in 1996. He commenced his business career by importing glass from China and selling it in the building materials market. Then on production of vacuum windows took off in 2002 with a small team of six.

That’s how we introduced our first glass cutting, edge pressing, and engraving machines. We can cut glass ranging from 4 to 12 mm thick to any size as per customer specifications. Additionally, we punch door and furniture glass to match hinge locks. In 2016, we turned to JICA’s TSL project as we needed to invest in an expensive drying oven to enhance the quality of our glass. According to Purevdorj, “The most critical aspect of glass cutting is the drying process. Our factory meticulously cuts and adjusts the glass, presses the edges to ensure uniformity, and then subjects it to drying in the oven to strengthen its quality. Our glass, when hit from the side, can withstand several kilograms of impact without breaking.” He also noted that most imported glass tends to be of inferior quality.

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CEO Purevdorj mentions, “Cutting large glass sheets was challenging, so we would lay a person on top of the sheet and pull him by the leg to make the cut. Obviously, it was not a sustainable so we went into manufacturing vacuum windows. That meant sourcing everything from China, starting with glass raw materials, frames, and gaskets. As we could not make glass we chose to manufacture glass blanks and started researching equipment from exhibitions.”

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Our focus is on energy-efficient glass production technology, which is essential for conserving heat and reducing electricity consumption, especially in our current situation of relying on imported energy sources. Transition to renewable energy sources such as solar and wind power is imminent. Therefore, with renewable energy, energy-efficient glass remains up to date.

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Unfortunately, our local consumers fail to recognize, appreciate, or understand the distinction in quality. As a result, they opt to import glass from China and Russia under the assumption of the same quality at a cheaper price. This preference for lower-priced imported glass has led to a market inundated with low-quality products. Additionally, the presence of multiple glass factories has intensified competition within our relatively small market. So, thanks to our construction materials workshop and vacuum window production, we manage to sustain business income.

A workshop that was initiated in 2002 with just five people, currently employs 45 workers, with 20 dedicated to the glass factory. Nonetheless, the Purevdorj expressed difficulties in finding skilled labor. Given his involvement in construction projects, he provided housing to four employees and covered the housing down payments for seven others. This measure and others alike have fostered a strong loyalty among the core workers who have obtained the fine skills necessary to operate the complicated equipment.



Presently, the company is undergoing an expansion of its factory premises, integrating technology for wastewater recycling, establishing a workshop dedicated to recycling waste glass, and manufacturing glass blocks for application in sports halls and outdoor spaces. Furthermore, a training facility has been constructed to facilitate the training of their personnel, with plans underway to invite external instructors to conduct teaching sessions within the facility.







CHAPTER ON VALUE-ADDED, VOLUME PRODUCTION:




 GERETJIN LLC

 63

 Established in 2002

 Geretjin LLC is involved in construction and specializes in the production of plastic and metal windows and doors, glass packages, dried glass, and glass facades.

 The company offers toughened glass (Low E) or dry-strengthened glass, which allows partial transmission of infrared and ultraviolet rays while permitting visible sunlight to pass through freely. Geretjin LLC utilizes geometric glass punching equipment from Italy and straight-edge double-pressing machines from China.

VERTICAL INTEGRATION- QUALITY GUARANTEE

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THE CHALLENGES OF BEING A PIONEER

Mr. Erdenebat, the CEO of Khan Khuns LLC, and Mr Enkhbol, the CEO of Khan Khuns Trade LLC have shared the story of the renowned Khan Buuz brand.

The first “Khaan Buuz” café opened its doors in 1998. Back then, customers would often buy our buuz (Mongolian dumpling) to take home. Our founders saw the potential for customers to enjoy our buuz at home and decided to make them available for cooking at home. They took some product from the café and gave them to the store next door for sale. To their surprise, their buuz quickly sold out. This unexpected success sparked the beginning of our journey, with the establishment of a dumpling workshop, they said.

We started with a team of over 10 individuals in a small rented office space. Without dedicated freezers or specialized equipment, we had to make everything by hand. The founders recall freezing the dumplings on a shelf in their home freezer.

Being pioneers, we faced numerous challenges and took considerable risks to introduce a new culture of buying buuz dumplings from a store. It wasn't easy. Many at the time couldn't grasp the concept of buying frozen dumplings from a store. Sellers questioned whether they could sell and worried about the buyer's negative perception. Freezer counters were scarce, and often, dumplings would thaw and stick together by the next days as they were placed in stores' drink fridges. Despite this cultural challenge, we persevered. In 2002, we decided to expand production, ensuring a stable supply for our customers. Transitioning from a “workshop” size cooperative, we formed a new company called Khan Khus LLC.



FROM A SMALL SHOP TO A FACTORY

Our company primarily engaged with Golomt Bank. At that time, Golomt Bank presented us with a 4-year loan backed by the Japanese government with substantial discounts. The interest rate and terms were highly favorable. While many Mongolian business owners had

heard of JICA, their understanding of its loans and purposes was limited. JICA's primary objective was to support small and medium-sized national industries, emphasizing job creation, technology innovation, and environmental preservation. We secured a 4-year loan from JICA under specific conditions, featuring a 5% interest rate, and waived principal payment in

the first year. Given Mongolia's high commercial bank interest rates where loan repayment begins immediately, JICA's loan stood out as the most advantageous.

This loan catapulted us from a workshop operation to our current scale of production. Initially comprising twenty employees, by project completion, our workforce expanded to over 100 employees operating in two shifts, and production increased tenfold. Concurrently, our transportation, trade, and sales systems underwent significant enhancements. We established sales, marketing, and business departments, bolstered the financial department, and secured major customers. Our products now reach not only stores but also cafes, wholesale centers, communities, and mining sites. Presently, we collaborate with approximately 2400 customer organizations.

The project fortified not only our factory but also our overall operations. Looking back, JICA's loan provided invaluable support precisely when needed. Golomt Bank, our primary financier, provided excellent financial guidance and emphasized the international financing framework, highlighting its bilateral nature and Mongolia's representation. We adhered to responsible financial management and culture, repaying the loan punctually. We regard our company as a pioneer and leader in the industry, directly attributed to JICA's financing.



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SETTING STANDARDS AMIDST CHALLENGES

Crafting such esteemed and cherished cuisine, embedded in every household's menu and cherished during festive occasions, posed significant challenges. Requiring finesse and widespread consumer acceptance, our endeavor introduced the culture of purchasing and consuming frozen dumplings from stores. We even spearheaded the establishment of relevant standards working together with government and stakeholders where none previously existed for the production, storage, and transportation of such products.

EXPORT-ORIENTED DEVELOPMENT

Until now, for 20 years, we have made the quality of our products our mission, maintained the properties and flavor of the product, and we have been increasing the number of customers. We had many offers to make sausages and other products using our brand. But we didn't want to be distracted by many things, we made our only goal to make buuz and bansh dumplings to perfection. Our products are real local produce that uses local ingredients and raw materials from the first to the last point, such as Mongolian

meat and Mongolian flour, and we are working to export our products in the future. We understand that this goal can only be achieved if all stages of production and supply chain including raw material supply, procurement, and processing are carried out following international standards.

As such Khan Khuns is now implementing the principle of vertical integration in its production, like many of our leading businesses and enterprises, to ensure a higher level of product quality assurance by setting up meat preparation and slaughtering operations in-house.



JICA'S NEXT LEVEL OF COLLABORATION

Khan Khuns JICA's TSL Project financing twice in ten years and successfully paid it on time and would love the opportunity to get a 3rd stage loan in the near future. Besides continuing the long-standing financing scheme for SMEs, there is an emerging need for financial support and assistance programs for businesses that have moved to the next stage of development, Khan Khuns executives suggested.



KHAN KHUNS LLC



300



"Khan Huns" was founded in 2002.



Created the market for frozen dumplings, 11 types of buuz and bansh style dumplings are supplied to customers, and 70 percent of the production is conducted with semi-and fully automatic equipment.



Food production, trade, service



Represents 50% of the frozen dumpling market.



Named the "Top Food Producer", the "Khan Buuz" is awarded "Pride of Mongolia" prize. Mongolian national fast food chain "Khaan Buuz" cafe is the first cafe to successfully introduce a franchise system in the catering market and operates its cafe branches in Ulaanbaatar city and local areas under franchise agreements. "Khaan Huns" LLC is currently operating a branch of its factory in Dornod and Umnogov provinces to prepare and process meat at a high standard.

COMPREHENSIVE MANUFACTURING RANGING FROM CHAIRS TO MINING SUPPLY

Just like many others engaged in exporting scrap metal to China, Tumen Tumurt LLC initially focused on exporting iron and imported ironware. However, the need to cut and saw the imported metalware per customers' requirements prompted the company to import its first machine for this purpose, marking the beginning of its production journey. Over time, their focus expanded beyond basic iron production to include the manufacturing of tables and chairs. As they sought to diversify their product range, the company invested in equipment upgrades and researched machines with low human intervention and high productivity. This evolution in production capabilities enabled them to fulfill orders for various items beyond chairs and tables, including large-scale production equipment requested by major factories. Today, Tumen Tumurt has grown into a large factory with more than 50 workers across multiple branches, including its laboratory.

“
Mr Davaasuren, a metalwork engineer at Tumen Tumurt highlights the diverse projects the company undertakes, ranging from the dry machine for gold mines to the drying equipment for briquette factories. They also handle projects like the sliding lift cabins, copper concentrate pipeline for the Erdenet Uul concentrator, and iron beams for the Yaarmag bridge, collaborating with companies such as MCS Group, MAK, and Oyutolgoi. Some structures are too large to be transported through the factory doors and must be assembled on-site from parts manufactured by Tumen Tumurt, showcasing the company's capacity to handle complex and substantial projects.

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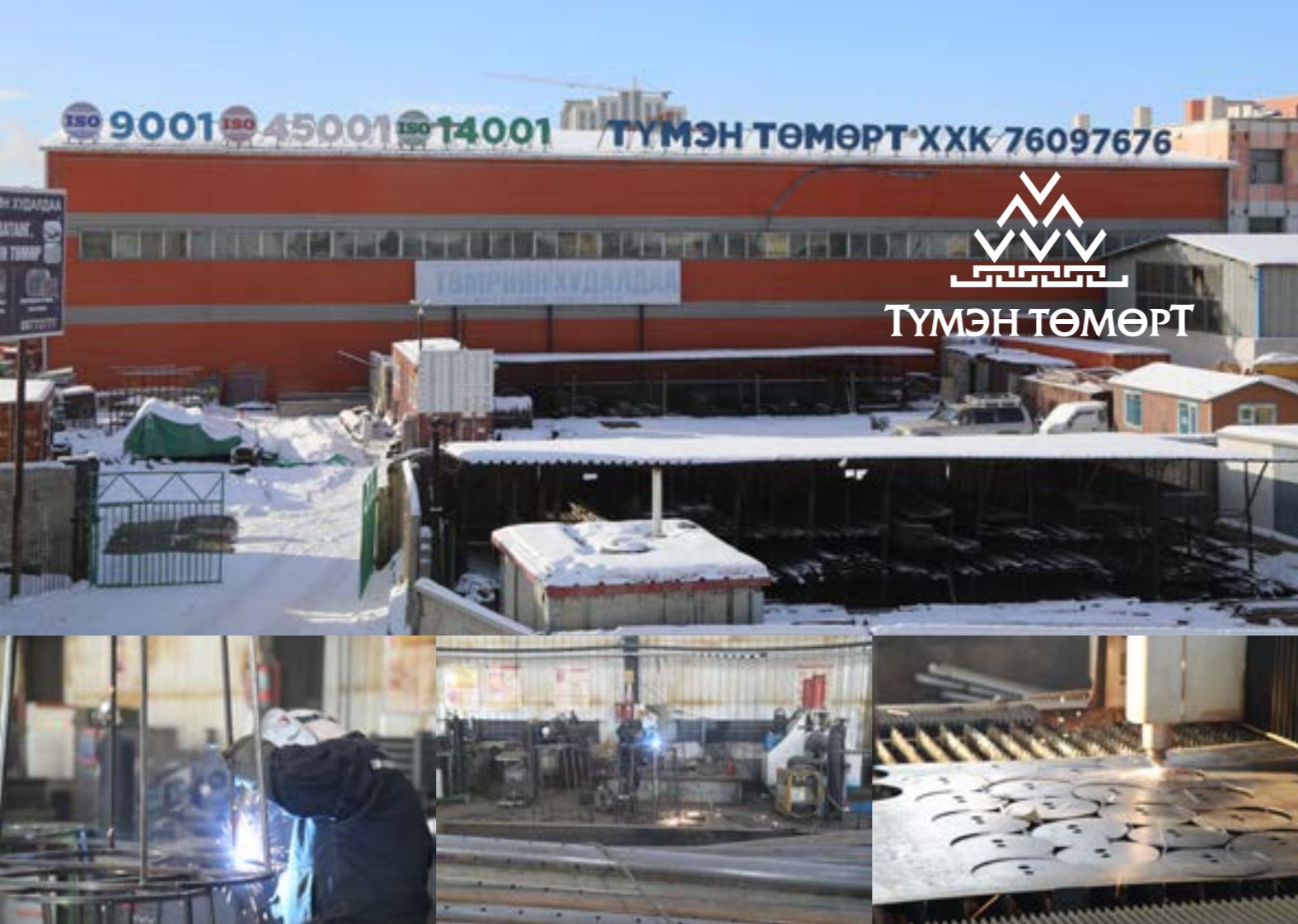
In addition to these ventures, the company continued crafting smaller items such as elegant window nets for households and offices, along with their traditional tables and chairs.

“
With their state-of-the-art machinery and equipment and a team of skilled and dedicated personnel, Engineer Davaasuren expresses optimism about their potential. “Presently, our primary focus is manufacturing products on a bespoke basis. Looking ahead, we aspire to expand into producing a comprehensive range of domestically made goods, including establishing our own branded products and potentially launching a production line for machinery and equipment parts. The introduction of production standards ISO 9001, ISO 45001, and ISO 14001 further bolsters our prospects.”

”

In their factory workshop, where the roar of 14 machines fills the air, iron plates ranging from just a few millimeters to 30 mm in thickness are cut, folded, and rolled with precision. Each machine is manned by a single individual, attentively monitoring operations via computer screens, a demonstration of technological advancement. Gone are the days of manually loading metal onto trucks, or relying on labor-intensive processes. The company's aim now is to minimize human labor, enhance product quality and design, and explore the full potential of the steel and products emerging from the factory. Here at the factory of Tumen Tumurt, it's remarkable to witness the transformation of Mongolia, once home to modest iron factories producing small-scale items, now supplying essential metal structures and equipment to industries as significant as mining and road construction.





“TUMEN TUMURT” LLC



“Tumen Tumurt” LLC commenced its operations in the iron trade in 1999 under the name “Duruut”. Expanding its scope to metalwork production in 2007, the company was rebranded as “Tumen Tumurt” LLC.



In 2019, Tumen Tumurt LLC implemented and achieved certification for the MNS ISO 9001:2015 Quality Standard, MNS ISO 45001:2018 Occupational Safety Standard, and MNS ISO 14001:2016 Environmental Standards, demonstrating commitment to quality, safety, and environmental responsibility.



“Tumen Tumurt” specializes in the production and trade of metal structures. Their services encompass the manufacture, assembly, and repair of various metal structures tailored for construction, mining, and heavy, and light industries. The company supplies products and metal structures to the mining and construction sectors, equipped with capabilities for forming, bending, peeling, milling, drilling, cutting, painting, and CNC plasma cutting of iron.



BRINGING IT UNDER ONE ROOF

When complimented on their factory premises, Mr. Uuganbayar, General Manager at Tod Oims LLC, fondly recalls the remarkable transformation of their facilities. He reminisces, “If you had visited us 12 years ago, you would have seen nothing more than a small house where our founder, Bayarjargal, and his family operated a few sewing machines.”

“

Uuganbayar continues, “Recognizing the potential in sock production while operating just three machines, Bayarjargal sought support from JICA’s TSL Project to construct our factory using loan funds. This investment has proven invaluable for us; it has benefited our business, and we have in turn fulfilled our commitments efficiently.”

”



Now, the “Tod Oims” factory operates 150 knitting machines around the clock within a spacious 3,200-square-meter facility, employing 120 dedicated individuals. During the initial phase, significant effort was invested in introducing their products to the public and consumers, yielding successful results. Regarding raw materials, they source cotton yarn from Korea, while sheep’s wool, cashmere, and yak wool are procured directly from farmers through cooperatives. Annually, Tod Oims acquires 600 tons of sheep’s wool, transforming what was once discarded by herders into valuable resources and products. Previously, wool washing and yarn spinning were outsourced to separate facilities, often resulting in queues and delays due to limited capacity. Moreover, maintaining consistent quality across multiple suppliers posed challenges. To address these issues and ensure a stable supply of high-quality raw materials, the company established its own combing and spinning factory this year. This strategic move allows them to exert greater control over the supply chain and product quality. In addition to the core sock production, Tod Oims is diversifying product offerings by opening a clothing factory and expanding the product range, further enhancing its position in the market.

“

Currently, 60 percent of our extensive product line, totaling 350 items, finds its way to 15 foreign countries. The allure of “Mongolian wool and cashmere” is steadily growing among international consumers, with their purchases expanding annually. Domestically, 60 percent of the market favors our products, with demand and orders showing consistent growth. The word of mouth saying “Tod’s socks are good” underscores our commitment to upholding the quality of our offerings and preserving our reputation.

”

In terms of sales, Tod Oims boasts 13 brand stores in the capital city and one in Erdenet, while orders are fulfilled for other provinces and localities. Notably, last year, over 100 herders from Gobi-Altai province were given a firsthand look at their manufacturing process. Witnessing their animal wool transformed into finished products proved enlightening for them. Consequently, orders from Gobi-Altai have surged this year.

“

To enhance transparency and traceability, we’ve implemented a “Tracking System” that allows customers to scan barcodes and trace the origin of the wool back to the herder’s locations, further reinforcing our commitment to quality and accountability.

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The emergence of counterfeit “Tod Oims” produced by Chinese manufacturers in the domestic and Russian markets last year yet serves as evidence of the quality and popularity of their products. At the “Tod Oims” factory, the company upholds stringent standards, holding certifications such as the ISO 9001 standard, the “Organic Product” certificate from the Chamber of Commerce and Industry, and the “Human Rights Factory” certification from the United Nations. These accolades validate their commitment to excellence and ethical manufacturing practices.

“

With an increasing influx of orders and offers from both domestic and international markets, it’s evident that consumers trust our brand and products. This trust is the main ground for our success. However, our current production capacity falls short of meeting the growing demand. Therefore, we are actively exploring opportunities, including securing loans with favorable conditions akin to those provided by JICA’s TSL Project, to expand our factory and ramp up production to better fulfill incoming orders.

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The stability of our workforce is a testament to the positive work environment, managerial support, and attention to employee welfare at the factory. Approximately 60% of the employees have remained for over eight years, contributing to the consistent quality of their work and products. The company prioritizes internal training, leveraging the expertise of experienced team members to nurture and develop new employees.





“As part of our expansion plans, we have acquired additional land surrounding our factory. This expansion initiative includes ambitions to enlarge the factory premises and realize the dream of constructing a dedicated staff housing facility. We are meticulously preparing for these developments, ensuring that every aspect is thoughtfully considered.”

Amidst the challenges faced by the light industry, where many factories have closed their doors during the economic transition period during the early 1990s, “Tod Oims” LLC stands as a beacon of progress and resilience. Their emergence and growth signify the rise of new industries, carving out their niches and contributing positively to the economic landscape. Their future is bright and promising.

 “TOD OIMS” LLC

 120

 “Tod Oims” LLC commenced operations in 2011 with 7 sock knitting machines and a team of 6 employees.

 Specializing in the production and trade of socks, “Tod Oims” LLC offers a diverse range of products including cotton socks, thin and thick socks, camel wool, sheep wool, yak cotton, and cashmere socks. Additionally, the company caters to custom orders, crafting socks tailored to the unique designs and preferences of customers.



**ETHICAL AND SUSTAINABLE PRACTICES
TOWARDS THE ENVIRONMENT, HERDERS,
AND ANIMALS**



20 years ago, Goyol Cashmere LLC, founded by Ms. Ariunaa and Mr. Delgerbat, started as a household operation weaving cashmere shirts. Today, it has evolved into a prominent factory in the Mongolian cashmere products market, manufacturing 25 types of 15,000 product units monthly and exporting 40 percent of the produce. Their products are renowned in European countries, Korea, America, and Russia, having a loyal customer base.

With the motto “The treasure of the steppe for your beauty,” Goyol Cashmere stands out for its cashmere clothing with hand-sewn and embroidered exotic accessories. The company has transformed into a factory producing over 200,000 knitted products spanning over 8,000 models. Their commitment to customer trust through high-quality products and reliable

services, coupled with the integration of modern technology and innovation in production, has been pivotal to their success.

To achieve these milestones, the company secured “DFC” investment from the International Financial Corporation and inaugurated a new factory building meeting international industry standards in wool and cashmere production. They are actively working to increase jobs. Additionally, they’ve introduced new sales channels, enhanced product appearance and quality, and joined the Sustainable Wool Cashmere Alliance in 2021. Moreover, Goyol Cashmere has become the first manufacturer to provide customers with 100% “SFA Certified” cashmere products, underscoring their commitment to sustainability and quality assurance.



“

Goyol Cashmere’s creative designers are pioneering minimalistic and exotic designs for shirts and vests that embrace the essence of contemporary “heritage culture” in clothing. Their vision extends towards delivering exquisitely crafted cashmere garments to consumers in an ethical, sustainable manner that respects nature, animals, and herders. By prioritizing ethical practices and sustainability, Goyol Cashmere aims to align its fashion offerings with the evolving demands of conscientious consumers while honoring traditional heritage culture in modern attire.

”

Goyol Cashmere supplies products meeting global quality standards to the domestic market through 11 branch stores and 8 contracted distributors, capturing approximately 10% of the domestic market share.

The company places a strong emphasis on design and quality, aligning its offerings with customer preferences and global fashion trends. However, a pressing challenge remains the procurement of good quality yarn due to the absence of an in-house spinning mill. To address this issue, Goyol Cashmere has initiated a project to establish its spinning mill and is actively seeking financing.

Despite this challenge, the company’s future looks promising. It maintains a positive relationship with herders by sourcing cashmere responsibly, ensures stable employment for its workers through consistent operations, and contributes to the country’s exports with its luxurious cashmere clothing exports.





GOYOL CASHMERE LLC



200



Goyol Cashmere LLC specializes in the manufacturing and distribution of wool and cashmere clothing. With a monthly production capacity of 15,000 items across 25 categories, the company has expanded its capabilities by acquiring Japanese Shima Seiki and Italian Comptel equipment, enabling a total production capacity of 60,000 units. Beyond serving the domestic market, Goyol Cashmere supplies its branded products to customers in Russia, China, Japan, Korea, Switzerland, and the USA.



Goyol Cashmere products are distinguished by their certified quality, verified by the Switzerland-based Tes Tex laboratory.



SCIENCE-BASED MANUFACTURING

Back in the early 1990s, there was a controversy surrounding the concept of “living water,” with some viewing it as beneficial for health while others dismissed it as a profit-driven hoax. Despite the skepticism, that “living water” does indeed exist, it is now produced industrially, undergoing thorough research, analysis, and processing before being released to the market.

Mr Bat-Ochir, the founder of “Ochir Aldar” LLC, recognized the public interest in distinguishing between fact and fiction regarding “living water.” Understanding the necessity if it indeed proved to be real, he conducted comprehensive research with the involvement of medical professionals and scientists. Upon arriving at conclusive findings, he delved into the technology for extracting the living water. In 2008, he established a company dedicated to producing authentic living alkaline water.

In addition to our collaboration with the National Center for Cancer Research, led by Member of Parliament Professor J. Chinburen, they are currently conducting research on the effects of drinking alkaline water on the treatment outcomes of patients with liver cancer. Furthermore, they have implemented an innovative approach to



utilize the 50 percent acidic water, a byproduct of our alkaline water extraction process, as fertilizer for crops such as wheat, onions, and cucumbers in partnership with the University of Agriculture. This initiative has resulted in a remarkable 30 percent increase in crop yield.

Ochir Aldar LLC prides itself not only as a business entity but also as a research organization dedicated to activities that benefit society by producing health-enhancing products. In 2014, during their participation in the expo held in Hohhot of Inner Mongolia, the living water garnered significant interest from researchers, scientists, and businesses. Inner Mongolian entities expressed interest in purchasing and distributing the water. After two years of concerted efforts to obtain export permission to China, they successfully exported our product to the Chinese market.

“

During our production endeavors, we remained committed to research initiatives. In collaboration with the National Institute of Health and Welfare, we embarked on a study exploring the impact of drinking alkaline water on the treatment of individuals with acute and chronic liver disease. The study involved selecting approximately 1,000 participants, with 30% receiving alkaline water alone, 30% undergoing treatment without alkaline water, and the remaining 30% receiving a combination of both alkaline water and treatment.

According to Mr Odbayar, the CEO of the company, positive outcomes were observed within 7 days for those consuming only alkaline water, 10 days for those undergoing treatment alone, and 8 days for those receiving both alkaline water and treatment.

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Odbayar highlighted the challenges associated with exporting products to China, citing stringent requirements from government organizations and the meticulous preparation of documents. Moreover, distributing and selling products in chains and large stores face restrictions. Despite these hurdles, they have been successfully supplying the “living water” to China since 2017. He emphasized the importance of collaboration among Mongolian companies and enterprises to facilitate exports. Odbayar expressed his desire for streamlined processes where multiple businesses can sell their products collectively through unified transportation and store channels. While the Chinese have proposed business opportunities for manufacturing in China, Odbayar stressed his company’s preference for domestic production in Mongolia.

”

Expanding their operations to meet the growing demand, the company utilized a loan from JICA’s TSL Project to construct a new factory building spanning 800 square meters. Alongside the construction, they installed necessary infrastructure such as power lines and a well, facilitating smooth operations within the expanded production facility. This expansion reflects their commitment to meeting market demands and ensuring efficient manufacturing processes.

“

Factory construction came with its problems. To build a new road, the city removed the old road. Two years later, when we started work, the cost of construction materials and transportation increased several times more than what we originally had in the project. As for the transportation cost, we assumed that the material would be transported for 3.5 million MNT per vehicle, but the standard has changed, so we had to bring in the cargo on two vehicles for 16 million MNT.

”

With the new plant set to increase production capacity, the company aims to triple its output to 150 tons of living water annually. Their flagship product, “Diamond Living Water,” is currently available in various bottle sizes ranging from 0.33 to 18.9 liters. Since 2016, they have offered customization options for organizations, allowing them to personalize the water bottles with their names and logos. This innovative approach serves as a promotional tool for enhancing the reputation, image, and brand of these organizations. Notably, their products have been selected for supply at prestigious international events such as the ASEM conference, the JCI ASPAC conference, and the World Youth Organization’s meeting of 10,000 youth, further solidifying their presence in the market.





“Ochir Erdenii Amd Us/ Diamond Living Water,” prioritizes sourcing packaging and labels from a local manufacturer, contributing to the support and growth of local businesses. While they produce the 18.9-liter containers themselves, they also supply similar enterprises with packaging solutions. CEO Odbayar emphasizes the importance of informed consumer choices, encouraging people to read labels carefully. He highlights the distinction between their product, which undergoes physical electrolysis to achieve a high pH of 7.5, and others that may simply claim to be “enriched with saline.”

With a forward-looking vision encompassing East and North Asia, Central Asia, and Eastern Siberia, the company aims to expand its presence in the production of health products based on robust scientific research. Their goal includes capturing 30 percent of the domestic freshwater market by 2028 while simultaneously expanding into foreign markets. This is their commitment to delivering high-quality health products to a broader audience.

“

The company has introduced an innovative feature where customers can scan the address labels of their small water bottles using a smartphone to access the alphabet and multiplication chart. This initiative aligns with their commitment to social responsibility by promoting education and health simultaneously. The vision is that children can conveniently access their educational materials while staying hydrated, whether they are at home, at school, or on the bus. Additionally, the company can leverage this technology to display various advertisements, offering added value to their product and enhancing customer engagement. One can see that the company is dedicated to providing innovative solutions that benefit both consumers and society as a whole.

”



“OCHIR ALDAR” LLC



Founded in 2007, producing Mongolia's first purified water plant with therapeutic qualities. Samr living ionized water obtained an intellectual property patent.



B.Enkhmaa, Consultant at the company, presented on “Miracles of living water” at the Congress of Women Scientists of the Asia-Pacific region held in July 2014 in Seoul, South Korea, and the Congress of Women Scientists under the United Nations in Los Angeles, USA in November 2014. In 2011, Ulaanbaatar's health department awarded the company with the “Top Producer” title for contributions to the health promotion of the population.



“Ochir-Erdenii Amid Us” is produced in 0.33L, 0.5L, 1L, 5L, and 18.9L packaging. 18.9L containers of fresh water are produced and supplied to other water plants.



STEADY MARKET POSITION IS MORE IMPORTANT THAN HIGH PROFITS



The early 2000s were the period when the local people were starting to enter the market economy and would go to Russia and China seeking trade opportunities. This has started the accumulation of some capital which laid the foundation for the next phase - manufacturing.

17 years ago Ms. Delgermaa noticed that people spent a lot of their time making special pastries for Tsagaan Sar and other celebrations. She was a quality controller at a sewing factory at the time and left her job to start AMDE LLC with 3 employees, operating out of an apartment basement. Eventually, their customer base extended from neighboring households into stores and markets, so requiring more capacity. Therefore, they decided to obtain land to expand the factory and applied for JICA's TSL loan and thanks to it the company now

operates out of a 360 sqm factory. Mongolian traditional pastry is widely used by the market during Tsagaan sar, Naadam, fall celebrations, and children's ceremonies, so the company now provides the pastries consistently throughout the year using its new factory run by its 20 employees.

“

AMDE CEO Ms. Ariunbolor says: “Before taking the loan and building the factory, we produced just about 10 – 20 thousand pastries a year. Now we make 800 thousand pastries a year and still not catching up with demand.”

”

butter sourced from contracted herders become a favorite among consumers and the demand has been growing steadily over the years.

More than 60 – 70% of the orders are placed during the Tsagaan Sar when every family prepares a plate of traditional pastry. In addition to the main range of the products, the company takes custom orders with special ingredients and tastes.

Many of current customers are Mongolians who are living abroad. Customers from the US are putting orders for 6 years in a row. This year the company received orders from Switzerland which they were readying for shipment as this interview took place.



“

The CEO Ariunbolor states, “In terms of price we target to be in the middle. The most important thing is to keep stable operations on the market and gain the trust of customers, instead of going after high profits. We have now established ourselves on the market, and our demand is growing every year - this is the true sign of our success

”

AMDE CEO Ariunbolor further mentioned, “We are currently adhering to MNS (Mongolian National Standard), we want to gain ISO-1901 quality certificate and food safety standard ISO-22000. If we continue expanding our factory and production we can export our products to neighboring markets. We obtained the land for the new factory and performed a feasibility study”. AMDE like many other support their loyal and high-performing employees – the company purchased an apartment for one and ger district housing for three employees. As of now, AMDE's employees have stayed with the company for at least 5 years.”






CHAPTER ON INCREASING
EMPLOYMENT:


TRAINED, SKILLED
AND PROVIDED

 AMDE. LLC

 12

 2007

 Built own factory in 2012. The factory can produce 1400 traditional pastries per day. During the Lunar New Year, a national holiday, the number of orders increases, and the factory operates in 2 shifts supported by other employees and part-timers.

 Bread and pastry production, bakery products.

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80% MOBILITY RESTORED
WITH EFFECTIVE REHABILITATION
TREATMENT



The “Nature Med” clinic stands as a beacon of modern medical care, offering a serene natural environment and cutting-edge treatments that adhere to international standards. With pristine air quality and spacious facilities, the clinic serves up to 140 patients per shift, delivering rehabilitation services tailored to individual needs. It is a pioneering establishment in Mongolia, revolutionizing healthcare with its holistic approach to environmental rehabilitation.

Dr. Tsendjav, who is a specialist in aiding recovery from injuries and illnesses,

celebrates the opening of a new hospital after 20 years of service in healthcare with many years in the Ministry of Health. She finds joy in the hospital’s establishment because it allows her to help many people using her knowledge and experience. Throughout her career, she has encountered numerous individuals who have suffered accidents, strokes, and heart attacks and would be worried for them. Now she joined other professionals in the field to help these people.

When the regulation for rehabilitation clinics came out, setting the standards for rehabilitation practices, opened the path for the development of this new treatment in Mongolia for people suffering from stroke and injury.

This facility, founded by a group of friends and medical professionals, initially employed 20 staff members and could only accommodate 4-5 paying patients per day. They secured a loan from JICA’s TSL Project to purchase and ready 130-bed hospital premises spanning 2,000 square meters in pristine nature, establishing a professional rehabilitation center with 10 skilled doctors within three months. The TSL loans proved to be fruitful, benefiting not only them but also thousands of people enduring various ailments, with steadily increasing demand.



“Clinic’s Deputy Director Dr. Tsendjav emphasizes, “Effective medical rehabilitation restores up to 80% of mobility, offering renewed hope for those seeking treatment. Previously, such comprehensive rehabilitation was unavailable, but now, the landscape has changed”





In 2023 alone, the center served over 5,600 individuals. However, Mongolia's rehabilitation treatments lag behind international standards due to insufficient knowledge, information, and poor treatment practices where NaturMed stands out as one of the pioneers in introducing and localizing this practice. Despite offering a healthy and comfortable environment, the center's management acknowledges areas for improvement. They aspire for international standard rehabilitation equipment, currently led by Japan and Italy, despite their high costs, and hope for longer, healthier lives for Mongolians without relying heavily on caretakers.



Reflecting on his tenure at the Ministry of Health two decades ago, Dr. Tsendjav recalls a Japanese volunteer's impactful work at a prosthetics factory, fostering a lasting connection. He anticipates similar collaborations with volunteers and experts from JICA and other organizations, citing their commitment and reliability. Two Japanese rehabilitation experts visited the center, expressing high praise. Both parties agreed to enhance cooperation through employee training and qualifications exchange.

At Natur Med, patients dine without visible bandages or wheelchairs, leaving observers impressed. The jovial atmosphere extends to the staff, including doctors, nurses, and physiotherapists, fostering an optimistic environment fueled by their dedication to patient well-being.

The organization's management proudly notes, "Patients who were once bedridden now sit, stand, and walk, while stroke survivors regain mobility to hold and drink from a cup. Our gratitude book brims with their gratitude often expressing willingness to come to us again to enjoy treatment and environment."



SHINE KHUJIRT LLC



100+



2019 он



Mongolia's pioneering specialized rehabilitation center. Since October 2022, offered discounted rehabilitation services under a contract with the General Department of Health Insurance. Covers 11 groups of rehabilitation diagnoses, serving 130-135 individuals weekly and an average of 450 monthly.



Rehabilitation sanatorium with MNS 6392:2013 standards for healthcare facility

FIRST CAKES WITH FINE EMBELLISHMENTS



In the late 1990s, my mother, upon retiring, sampled some cakes from a local store and remarked, “These are delightful. Instead of idling at home, why don’t I try making some myself?” She purchased an oven and delved into baking techniques. What started as an idea soon blossomed into a business venture. With financial support from my parents, I secured a 50-square-meter apartment and a storefront, launching a workshop with six employees.

CEO of Ms. Naranbat recalls, “Although I had initially dreamed of becoming an executive in a prominent bank after graduating with a degree in banking and economics, my father encouraged me to embrace our family business. Thus, in 2003, I assumed my current role of CEO at Monbakery LLC.

“As demand for our products grew, we began supplying to various stores. With an expanding customer base, the limitations of our premises became evident. To accommodate our increasing production of bread and cakes, we underwent renovations, expanding our building by revamping the basement to meet the standards of the time.”

Cakes available in today’s market boast a variety of fruit decorations, custom texts, and

personalized greetings, a trend that originated from their factory. As demand expanded and production needed to scale up, they initially secured a commercial loan from the bank and implemented numerous upgrades. Subsequently, they obtained a loan from JICA’s TSL Project to expand the factory premises and upgrade their equipment.

Presently, they operate a factory line capable of producing 3,000-4,000 units of products daily. Initially staffed with 100 employees upon receiving the loan, the workforce has now doubled to 200 employees, and the sales revenue has also doubled. Their products are distributed across approximately 1,000 outlets in the capital city, in addition to their five boutiques.

“**Naranbat highlighted that recognizing the poor standards of cakes sold locally, they brought in a professional from Korea to learn. They were pioneers in introducing sophisticated techniques such as Korean milk cream cake adorned with fruits and sandwich bread.**



Currently, our factory boasts two locations and an adjacent cafe, offering fast food items like sandwiches. One of our most significant contributions to society is our commitment to training and developing individuals.” Naranbat proudly states that the company contributes over two billion MNT (~600K USD) in taxes and VAT to the state.

Reflecting on the challenges faced by the business, Naranbat notes, “During the pandemic, imports, including packaging materials, came to a halt, creating significant shortages for us. It highlighted the need to support domestic production in this field. Additionally, many young people are seeking opportunities abroad, leading to a shortage of skilled labor, especially middle-level managers. However, we believe that these individuals will return eventually, bringing back valuable business and consumer culture, and thereby driving positive change in our society and businesses. Overall, the food and light industries are rebounding in our country, signaling a promising future.




Initially, our focus was on producing cakes and cupcakes, which are considered higher-end items. Even today, nearly 80 percent of our product range comprises these luxury items. Specifically, we offer over 160 types of products, with about 25% catering to the daily needs of consumers, such as bread and pastries. Our bread and pastries are produced using automated lines, whereas cakes are meticulously covered and decorated by hand.






MONBAKERY
since 1998
FRESH & HEALTHY

 **MONBAKERY LLC**

 Over 200.

 1998

 Produces more than 200 types of products and operates with 10 outlet branches and about 300 contracted distributors. The main products are a variety of healthy breads, more than 100 types of pastries, the first muse cake in Mongolia, and delicious cakes with a wide selection of shapes, designs, and flavors.

 Bread, pastries, cakes, and cupcakes are produced using Korean technology. Aiming to create a convenient way to deliver bread, pastries, and bakery products to consumers, an in-store bakery was opened and operated in the State Department Store, and it is still working successfully. Since 2007, company took on and franchises of Caffè Bene, Caffè Ti-Amo, and Adesso.


ТУЛГА
ТӨХӨӨРӨМЖ



REPLACING IMPORTS



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Ganbold imported five machines from Korea designed for the production of pots. He enlisted the expertise of two specialists from Korea to oversee the assembly process and to train local workers. Reflecting on the early stages of development, Ganbold recalled resorting to importing and selling equipment from Russia to navigate the rising costs and logistical challenges inherent in the process.

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Tulga Tukhuurumj LLC's CEO Mr Guabold started his career by joining a catering equipment repair factory after completing his technical education. Witnessing the privatization and near-disappearance of the factory, he embraced the opportunity to continue the tradition and initiated his own company in 2005. Initially, he operated out of a workshop located on the ground floor of an apartment building, focusing on equipment repairs while also engaging in trading and importing activities. Driven by the ethos of self-reliance and the desire to create something enduring, Ganbold laid the groundwork for his dream in 2010. He purchased a plot of land to construct a factory building and initiated the process of securing a loan from JICA's TSL Project to realize his vision. The journey began from scratch, as the factory site lacked essential amenities such as water, power supply, and road connection. Overcoming these challenges, electricity was sourced from nearby Power Station #4, and a well was dug to address water needs. A factory building was erected.



Presently, out of a workforce totaling 40 individuals, 12 are employed at the metals plant. This semi-automated facility, equipped with machinery imported from South Korea through TSL Project loan support, specializes in the production of approximately 20 varieties of nickel-plated pots and plates for public catering. Additionally, it manufactures various furniture items, decks, food trolleys, and an assortment of other equipment for restaurants, cafeterias, and kitchens. Notably, the plant also houses a large-scale operation dedicated to making 40 and 80-liter electric pots for secondary meals, as well as electric ovens with four burners.

“

We aim to domestically manufacture all equipment and containers that are currently imported by catering companies. Bolstered by our growing capabilities and favorable circumstances, we are determined to undertake this endeavor, as it has gained traction within the catering industry. However, escalating orders have outgrown the confines of our existing factory space, necessitating the construction of a new five-story building spanning over 3000 square meters to accommodate our expanding operations. The outlook for our future is indeed promising.

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While the company's production capacity continues to expand incrementally, it faces a significant challenge due to the limited size of the Mongolian market. Conversely, consumers often gravitate towards cheaper, albeit lower-quality, products imported from China. For instance, Chinese pots have thickness of merely 0.2 mm, rendering them prone to sagging and premature breakage. In contrast, Tulga Tukhuurumj's products feature a sturdy 0.7 mm thickness, ensuring superior durability and longevity.

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JICA's loans have proven highly effective for us, providing tangible value with extended terms and low-interest rates, which have been instrumental in our journey thus far.

”

Ganbold, a father of four daughters, intends for each of his daughters to inherit and continue the legacy of the factory he initiated and nurtured. “I laid the foundation and nurtured its growth, but now it's time for me to transition into a consulting role,” he remarked with a smile. However, Ganbold finds himself immersed in a whirlwind of responsibilities, both locally and internationally. His agenda includes overseeing the completion of the new factory building, acquiring modern machinery and equipment for enhanced production capabilities, and initiating projects that have yet to materialize. Amidst these pressing obligations, the notion of transitioning into a consulting position seems yet to come.





TULGA TUKHUURUMJ LLC



43



2005



- The steel utensils produced by Tulga Tukhuurumj serve as a substitute for directly imported products in the steel industry.
- Made of food-grade 304 steel, ensuring it does not pose health risks.
- Manufactured using Korean technology, resulting in thicker and more durable products compared to most imports. Additionally, the special indentation prevents sticking when layering between pots.



- Tulga Tukhuurumj LLC is a professional organization specializing in comprehensive kitchen solutions. Their activities include:
- Sales and maintenance of professional kitchen equipment and spare parts for catering, bars, and restaurants.
- Development, planning, and assembly of kitchen technology.
- Provision of professional kitchen advice and training.
- Production of steel structures.



**EDUCATING, SUPPORTING, AND PROVIDING
EMPLOYMENT FOR LOCAL RESIDENTS**



The “Urikhan” roadside service center, situated in Bornuur Sum, Central Province, to the west of the capital city, is a business serving the growing desire among Mongolians to explore their homeland and its rich history. Founded by Mr. Ganbat, the center embodies the virtue of “Mend yourself and mend the house, mend the house and mend the nation” aiming to support local citizens, provide employment opportunities, and contribute positively to the community.

As more Mongolians traverse the country for various purposes, the need for service centers offering comprehensive services has become apparent. “Urikhan” serves as a pioneer in this regard, offering a range of facilities and services to meet the diverse needs of travelers and locals alike. The center’s operations encompass restaurants, a hotel, grocery stores, building materials trading outlets, and greenhouses, showing its commitment to holistic community development.

In 2018, “Urkhan” expanded its footprint by

opening a second branch in Lun Sum, Central Province, with support from JICA’s TSL Project loan through Khan Bank. This expansion reflects the center’s dedication to providing enhanced services and amenities to its patrons. The Lun sum branch features a restaurant, supermarket, coffee shop, hotel, and public toilets catering to travelers and vacationers. Additionally, integrated parking facilities for light and heavy vehicles, along with a heated outdoor terrace for summer dining, enhance the overall visitor experience. One notable aspect of the “Urkhan” service center is its commitment to environmental sustainability. The establishment boasts a complex clean and wastewater system, underscoring its efforts to minimize its ecological footprint and operate in harmony with the surrounding environment. As a result, “Urkhan” is poised to become the first reference center of its kind in the country, earning acclaim and appreciation from users for its comprehensive offerings and commitment to excellence.

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Ms Badamjav, the CEO of “Urikhan” company, highlights the alignment of the company’s vision with the Government of Maongolia’s agenda, emphasizing the goal of establishing temporary accommodation points and service complexes along the main tourist routes. Proudly, she underscores that the Urikhan complex has been set as a benchmark for these standards, shaping the development of service centers along international and regional highways.

”

Known for her serious and thorough approach to all endeavors, she places a premium on traveler comfort while simultaneously uplifting the lives of local residents. Through initiatives such as training programs, job opportunities, support for single mothers, assistance for those living below the standard of living, and contributions to children’s education at the local school, she has made significant strides in community development. Furthermore, her contributions extend to philanthropic gestures such as donating buses and ambulances to hospitals, embodying a holistic approach to corporate social responsibility.

At present, “Urikhan” and its subsidiary companies collectively employ approximately 200 employees, with 80 percent of the workforce comprising local residents. The company’s commitment to sustainable agriculture is evident

through its greenhouse cultivation spanning 7,200 square meters and the cultivation of potatoes and vegetables across 10 hectares of land. By supplying ecologically pure products to Urikhan-1 and Urikhan-2 branches, as well as catering to local and metropolitan consumers, the company manifests its dedication to promoting locally sourced, high-quality produce.

Innovative practices such as deep-freezing pickled vegetables harvested in summer enable the company to offer fresh produce to customers year-round. With a focus on enhancing food production quality through increased utilization of organic inputs beneficial to human health, plans are underway to establish a green fodder factory and develop a tourist base, demonstrating the company’s commitment to continuous improvement and sustainable growth.





“URIKHAN” LLC

Over 200 employees

1998

As a pioneer in the field of roadside service complexes in Mongolia, “Urikhan” LLC has established itself as a leading provider of amenities for travelers. The Urikhan-2 complex, strategically located along the primary tourist route to the western provinces, offers favorable conditions for both foreign and domestic tourists to rest, refresh, and access essential products and services. Special menus tailored for tour operator companies, along with a tourist information corner, cater to the diverse needs and requirements of travelers, enhancing the overall experience of roadside travel in Mongolia.

“Urikhan” LLC operates as a service complex situated along both international and regional highways. The complex offers a comprehensive range of services including restaurants, coffee shops, supermarkets, hotels, public toilets, tire repair services, outdoor parking facilities for both passenger and heavy vehicles, and checkpoints managed by the National Road Transport Center.

WORD-OF-MOUTH MARKETING



“

Determined, I sewed the dresses and pants and placed them for sale. At first, they didn't sell as quickly as I had hoped but come New Year celebrations nothing was left. Having a big chunk of money in my hands for the first time, I was excited to count it. Through diligent efforts, I managed to circulate this money and earned a significant income by the time the New Year arrived, which filled me with immense joy. Seeing the smile on Khongorzul's face, it was evident that she reminiscing about taking the initial steps toward realizing her dream and her first taste of success.

”

- What a lovely deel (Mongolian traditional coat) you've got! It looks warm and sturdy, almost like a coat, but with its unique style...
- Indeed, it's quite comfortable and practical too. I particularly like the pockets for keeping small items like your phone or wallet, and the sleeves seem resistant to the wind.
- Where can one find such a deel? It seems perfect; I'd like to get one myself.
- They're not readily available in stores; they're typically made to order.
- In that case, shall place an order. The Lunar New Year is coming up soon.
- It might be a challenge to have it made before the Lunar New Year. I placed my order last fall and only just received it. You have to order well in advance, it could take two or three months to be ready.

This is a conversation between two people who met on the street. They are talking about “Khadlan Deel”, a product of “Tree Flames” LLC.

It all started back in 2006 when a 20-year-old woman took a bold step. Ms. Khongorzul borrowed one million tugrugs, bought a couple of sewing machines, and purchased a lot of black fabric. With sheer determination, she stitched wide black pants and dresses, fueled by the dream of making much money. It's worth noting that she could barely thread a needle before that. As the business expanded, I decided to hire a worker to sew at home. Each morning, my colleague would knock on the door, ready to begin the day's work. Eventually, I took out a loan and invested in a factory building to further scale up operations. Initially, I focused on sewing women's clothing, but soon realized the potential in crafting classy and practical travel attire. This niche represented a realm of luxury and convenience, offering ample growth opportunities. Consequently, we diversified our product line to include travel blankets, mesh bags, gun and fishing rod cases, and waterproof bags. Our goal is to continually enhance the quality of these items, ensuring they retain heat effectively and remain resilient against water damage. Khongorzul shared insights into the unique approach of their company's production. With five distinct production lines, including camping equipment and warm blankets, each item is meticulously crafted to order. The deels, in particular, are not mass-produced but tailored individually by skilled artisans based on precise body measurements from customers. Khongorzul

“

Today, our products grace the wardrobes and travels of generations of presidents, parliament members, and prime ministers alike. I encourage my tailors to approach their work with a personal touch, reminding them that they should craft garments for others as if they were making them for themselves. It's a source of inspiration for us all, and I believe it fosters a deep sense of dedication and loyalty among our team members. After all, man is fueled by inspiration, and our artisans channel that spirit into every stitch they make.

”



herself leads the design and modeling process for the deels with a personalized touch that resonates with their clientele.

In terms of marketing, the company relies heavily on word-of-mouth and organic promotion generated by customers using their products. Rather than traditional advertising avenues like newspapers or television, the sight of individuals donning their unique garments serves as a powerful marketing. Notably, orders often surge after notable figures, such as former Member of Parliament M. Zorigt and the sumo grand champion Dagvadorj, purchase their items. The initial success of these orders sparks interest highlighting the effectiveness of their unique marketing approach. The increasing wait times for deels, clothing, and warm blanket orders, stretching to two to three months, reflect the high quality and value attributed to the products. This demand surge necessitates the expansion of production and industry to meet customer expectations. Expanding its reach, the company has established a branch workshop in Arkhangai Province and launched a boutique in Inner Mongolia, China. Moreover, plans are underway to establish factories in five more provinces and even venture into establishing a branch factory in the United States. Imminently, a sewing factory in Uvurkhangaï province will be set up to accommodate the growing demand. Additionally, the company offers cleaning services for branded products, further enhancing its value proposition to customers.

“

The company takes pride in numbering each of its deels, with approximately 15,000 pieces crafted to date. Notably, the 77th deel was commissioned by former president N. Enkhbayar. Their signature “Khadlan Deel”, warm blankets, and tool bags have transcended mere utility to become symbols of status in society. The company's primary achievement lies in the widespread recognition and high demand for their products, attributable to their unique designs and meticulous attention to customer needs and preferences. By studying the individual requirements and interests of each customer, they maintain a competitive edge and foster lasting relationships with their clientele.

”

During the COVID-19 pandemic lockdown, we took proactive measures by relocating all our machinery to the homes of our tailors. This decision ensured uninterrupted production and order fulfillment while providing our employees with their salaries. In times of crisis, such as these, maintaining operations and supporting our workforce is paramount to our survival.


Expansion and the establishment of new branches hinge greatly on strategic investments and targeted financial assistance. These elements are pivotal in fueling growth and fostering the development of our business. It's a testament to the quality and appeal of our products that they have garnered attention and even imitations in markets like China, Buriat, and Yakutia. Quality products inevitably attract emulation, and this is the foundation of our success and reputation in the industry. The JICA TSL project played a pivotal role in our journey to this success. Thanks to this initiative, we now built our 520-square-meter factory and boutique, ensuring our position as a renowned entity in the market. While our achievements speak volumes, it's essential to acknowledge the invaluable contributions of our tailors. Their dedication and hard work have been instrumental in driving our success forward.

“ Entrepreneurship begins with delving into market dynamics and understanding people’s preferences by actively listening to their needs. Over the past two decades, I’ve devoted myself to studying the intricacies of human anatomy, allowing me to discern the most suitable clothing for individuals. Moreover, I place great emphasis on soliciting feedback from others. It’s crucial to acknowledge that different ethnic groups exhibit unique characteristics and interests. For instance, Inner Mongolians possess distinct traits from our own, reflecting diverse tastes and preferences, often leaning towards ornamental elements. Similarly, Buriads showcase their distinctive characteristics and inclinations. Understanding these nuances is essential for tailoring products and services to meet the specific needs of different demographics.



 **THREE FLAMES LLC**

 Three Flames LLC was established in 2006, initially focusing on the production of pants and dresses.

 The company specializes in the production and trade of various garments, including class and travel clothes, bags, blankets, horse riding equipment, and special bags for cars. Notably, they also produce “Hadlan” brand coats with nano-technology. Over time, Three Flames LLC expanded its market reach by exporting “Hadlan” coats to Inner Mongolia and Tuva.

 On November 16, 2016, with the order No. A/778 of 2017 by the Head of the Intellectual Property and State Registration Department Three Flames obtained patent No. 2686 for its “Hadlan” coat product. On January 1, 2024, Three Flames LLC officially opened the “Hadlan Deel” boutique in Khokh, marking a significant milestone in its expansion and branding efforts.

CHAPTER WITH SOCIAL AND ECONOMIC IMPACT:

ENVIRONMENTALLY
FRIENDLY, SOCIALLY
RESPONSIBLE AND
SUSTAINABLE

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COLLABORATION,
NOT COMPETITION



Mr. Nyamsuren, having studied at the School of Young Inventors in Zavkhan province, was running the GPS-vehicle control solutions company that he had founded when an idea to start a greenhouse business occurred to him. He wanted to address the growing interest of Mongolians in consuming locally grown produce and healthy food. However, due to Mongolia's climate, the supply of locally grown vegetables was seasonal only through June-September. The situation led Nyamsuren to start thinking about the idea of building a greenhouse and supplying locally grown vegetables to the market throughout the year.

He initiated the development of the project, addressing questions of where to buy a greenhouse, how to find a source of capital, what to do with the fields, wells, water, lighting, and power supply, etc. The work started by studying the experience of places with extreme climates like Mongolia, where the winters are as cold as minus 30 or 40 degrees and the summers are hot. The first research was done by visiting the international exhibition of the fruit and vegetable industry called Fruit Logistica annually held in Germany.

With the help of Japanese experts, a greenhouse with an area of 1,000 square meters was built in a valley behind the old airport. Now, 4 types of Salanova salad leaves are cultivated in the greenhouse using Dutch technology and are supplied to customers in the capital every day through more than 20 stores such as Nomin and E-mart.

This is one of our key advantages, he continues. During the holidays, food importing companies also take a break and their products become scarce, while our products are produced and delivered every single day during the period, giving us this advantage. When foreign trade was closed and imported products were cut off during the COVID-19 pandemic, we continued the uninterrupted supply of our products. Buyers and grocery stores sign contracts based on guaranteed quality and supply continuity."

He also added that their unique advantage and success factor is that they were able to show that plants can be planted year-round in the areas of the Tuul and Bukhugi Rivers where it drops to -40 in winter and rises to +40 in summer. And on top of that, the products are continuously supplied to the customers. Green Yard has sent their employees to Japan to train and practice, learn how to grow plants, and learn from Japanese people who are punctual and responsible. Now that they have acquired skills to plant throughout the four seasons and obtained regular customer bases, Nyamsuren is looking into what plants to take on next and how to expand the business.

Nyamsuren further explains, "One big challenge I faced when I first started growing my lettuce was where to find the fertilizers. The fertilizers that we needed were not found and not registered in our country. So, we started testing our fertilizers, signed a cooperation agreement



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Pursuing the idea that was born in 2013, the greenhouse was built in 2018. They first studied Dutch, French, Polish, and Chinese greenhouses, and then chose the greenhouse that was most suitable for our conditions, which was from Hokkaido, Japan, where it's cold in the winter with a lot of snow.

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Nyamsuren says, “We plant seeds 365 days a year and harvest 365 days a year. Our production technology requires planting and harvesting every day of the year, and because of it, we can supply new products to the market daily.

”

with the Research Institute of Plant Protection, and after 2 years of persistent effort, we successfully tested 18 types of macro and micro fertilizers for hydroponics and ensured their addition into the state register. We utilize Dutch seeds and fertilizers in our production, and employees are trained by Dutch experts.”

Four-season greenhouse is a business that requires a lot of investment and pays off its investment in a relatively long period. Therefore, in greenhouse farming, it is hard to see high profits over the short term. In that sense, with the TSL project’s long-term, low-interest, very favorable loan financing with a grace period of two years in our case, Green Yard’s greenhouse could sustain itself and gain a stable market share. If and when the next funding becomes available, the first step is to expand the greenhouse and extend the area by 1 hectare. We have an area to increase the size of our greenhouse to 6 hectares, and the infrastructure including water, heat, and power supply in place. For the projects that we have planned and are starting to test, we need to get the funding with favorable loans like the TSL loan.

In terms of competition, he says that it would be better off if the industry collaborated rather than competed. Collaboration means that instead of producing the same type of products and lowering its price and leading

to a shortage in other types of produce, the greenhouse producers could agree on diverse types and varieties of crops and complement each other.

When asked if they do the packaging themselves, he said, “No, no, we order domestically to support local manufacturing. And I think that a person should only do his core business well. Planting leaves and producing containers and packages are completely different. Doing what

you can and buying what others are good at will save you time, and is helpful for others.”

Nyamsuren, the owner of Green Yard, is an exemplary businessman who is contributing to the development of the country by introducing high-productivity and environment-friendly greenhouse technology and providing healthy food to local customers.





"GREEN YARD" LLC



The company's Japanese technology greenhouse, established in 2018, cultivates "Salanova" lettuce consistently across four seasons. We utilize seeds and fertilizers imported from Holland for greenhouse cultivation.



Vegetable Cultivation

Main Products and Services: The company specializes in the year-round production of Holland's "Salanova" brand salad leaves, which are distributed daily to the capital's population through chain stores.



Through a collaboration with the Research Institute of Plant Protection spanning over 2 years, the company successfully trialed and registered 18 varieties of macro and micro fertilizers suitable for hydroponic cultivation, expanding options for cultivation in Mongolia.

**ENVIRONMENTALLY FRIENDLY, RESPONSIBLE
AND SUSTAINABLE TOURISM**

Mongolians have developed a strong affinity for travel, particularly towards the natural wonders of their country. Places like Khuvsgul Province and its famous Khusgul Lake are highly sought-after destinations for relaxation and exploration. As winter draws to a close, the July bookings for resorts in Khuvsgul Province, including “Toilogt” and “Double Lakes”, are already fully booked. The resorts, founded by a family, are one of the first tourist camps in the region

In 1991, during Mongolia’s transition to a market economy, Mr. Purevdorj acquired land near Toilogt Lake and pioneered the establishment of the first private tourist camp, featuring several houses by the Khuvsgul Lake. Now the camp turned into two resorts with the capacity to receive 160 guests per shift. Over

time, it has become a popular destination, with visitors eagerly planning return trips and making reservations well in advance. Tourists from various countries, including Russia, China, Korea, America, Germany, Australia, England, and Canada, frequent these camps for leisure and relaxation.

Starting with just a few houses, Purevdorj expanded the “Toilogt” camp by adding log houses, restaurants, and custom-made furniture. The idea of camp expansion emerged from the family’s desire to offer more guests an opportunity to unwind amidst the natural beauty of the area. This is the cozy “Double Lake” camp, funded by JICA TSL loan, capable of accommodating around 50 guests at once, that welcomed its first visitors in 2018.

ENVIRONMENTALLY FRIENDLY

The main advantage of both our camps is the environmentally friendly culture of our company. Ever since we started working and living here, our team has been cleaning up the garbage from the shores of the area to keep the lake clean. Moreover, Mr. Purevdorj, who is the president of “Eco Development” NGO, which operates in the field of environmental protection, has implemented a 3-year project in cooperation with the Germany ministry of development cooperation and the WWF, providing training on the sorting of waste in tourist camps on the west coast of Khuvsgul Lake. We are grateful that Mongolian are willing to get to know our country better and travel more locally, but we are worried about the waste that they leave behind.

“ Since 1999, Purevdorj and Swiss national, Nicolas Musi, have been jointly organizing the “Between the Two Suns” international donation marathon. The proceeds from this event are used to finance waste management initiatives and related small-scale activities in the area.



RESPONSIBLE AND SUSTAINABLE

As highlighted by the general accountant of “Khuvsgul Travel” LLC Ms Ariuntuya, “Currently, research is underway on the reuse of household gray water. In 2023, 1.4 tons of compost were produced as part of our efforts. Single-use items are being recycled and replaced with biodegradable alternatives. Moreover, we contribute to the livelihoods of local people by providing employment opportunities, renting locals’ horses for horseback riding experiences for tourists, purchasing milk and dairy products, and supplying chairs and tables for students at the provincial vocational school”.

Solar-powered streetlights have been installed in both resorts. The two resorts, managed by two brothers, have a practice of not only cleaning the camp area but also the nearby forest and beach every week. This cleanliness initiative encourages vacationers and visitors to dispose of their garbage responsibly.

Around Khuvsgul Lake, the area is well-organized due to the presence of government-established specially protected lands and waste disposal points. Inspectors regularly patrol the area to maintain cleanliness and issue warnings when necessary.

In terms of service quality and reliability, the camp boasts chefs with over 20 years of experience, ensuring high standards in food preparation. Additionally, they provide hospitality training in collaboration with the Horeca Institute. The staff undergoes training sessions either on-site or off-site to enhance restaurant and hotel services.



During the COVID epidemic, curfew restrictions were imposed everywhere, causing difficulties for a while. However, now that things have returned to normal, it’s crucial to remember that while every business organization aims for profit, the value of our actions extends beyond mere financial gain. It’s important to uphold our social responsibility and operate in an environmentally friendly manner.



As the number of travelers and vacationers visiting our region continues to increase each year, we recognize the evolving needs and desires of our guests. Mongolians seek opportunities to immerse themselves in the beauty of nature, explore, and engage in enriching experiences. In response to this trend, we are planning to establish an “Entertainment Center” between our two camps. This center will offer a range of activities, including scout trips for children, cognitive training sessions, a library for leisure reading, a game room with activities like billiards, guided tours of the surrounding mountains, forests, and lake shores, and opportunities to experience and appreciate Mongolian folk art and culture.

“

In today’s landscape, we observe numerous holiday camps emerging everywhere, indicating a competitive market. However, we perceive this as a positive development. Increased competition fosters higher standards of service quality, ultimately contributing to the advancement of the industry. By delivering globally competitive services, we play a role in driving the overall growth and excellence of the sector.

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KHUVSGUL TRAVEL LLC



44



Founded in 2006 for foreign trade, tourism, passenger, and cargo transportation by water transport.



Committed to meeting international eco-tourism service standards, the tourist camp operates a garbage truck and employs 2 to 4 conservationists to manage waste. Additionally, 500-700 tons of dry waste are transported from the Khuvsgul special protection area to the Khatgal landfill, addressing sewage disposal concerns without causing soil pollution.



The company offers a total of 11 travel programs, including 2 special programs for autumn and winter and 2 non-seasonal travel programs for tourists. “Toilagt” Tourist Camp operates at Toilagt Point, situated in the Alag-Erdene Sum area of Khuvsgul Province. The camp can accommodate up to 100 people simultaneously, featuring 20 houses with 2-4 beds, 8 two-story houses with ensuite bathrooms, 8 wooden houses, and 10 comfortable cabins. It includes Asian and European restaurants with seating for 70-80 guests, sauna, shower, and toilet facilities meeting modern standards. In addition to collaborating with 6 tour operator companies in the USA, Germany, Switzerland, France, and Italy, tourism activities are conducted through their website www.hovsgoltravel.com.

**STARTING WITH THE FEED
EVERYTHING IS ORGANIC**

Anyone local person who prioritizes healthy food is likely to be familiar with “Ulemj Organic.” CEO Mr. Tsogtbuyan is the visionary behind this enterprise, fostering its growth with a holistic cluster approach. Raised by a hardworking and principled father who instilled a love for agriculture, and guided by his mother’s scientific knowledge as a biology teacher, Director Tsogtbuyan’s journey began early, assisting in farm tasks from the age of ten. After studying veterinary science at university and gaining experience in the field, Director Tsogtbuyan faced unemployment as the organization he worked for faltered in the late 1980s. Despite the challenges, his deep-rooted connection to agriculture and animal husbandry drove him forward. In 1992, he embarked on farming endeavors in Bayanchandman Sum, Central Province, expanding into intensive animal husbandry by 1994, leveraging his professional expertise.



“For Tsogtbuyan, the essence of organic lies in holistic approach - from the soil’s vitality to the well-being of the grass it nurtures, the animals it feeds, and the milk they produce. Organic, to him, signifies robust roots, a healthy environment, and adherence to stringent hygiene standards at every production stage.”



“Legumes and peas give protein, and oats provide energy. By harvesting these plants at the right time and feeding them to cows in the right amount, healthy milk will be produced from animals, and methane gas in the cow’s rumen will be reduced. This technology helps restrain methane gas emissions globally,” emphasized Tsogtbuyan. His insight underscores a global perspective on his business and production practices, reflecting his unwavering commitment. For Tsogtbuyan, this commitment embodies the essence of his life’s work. Developing a superior breed of cow demands extensive research, time, and dedication. Tsogtbuyan imported deep-frozen embryos from France, striving tirelessly to enhance milk yield and breed cows that could maintain good health despite high milk production. His meticulous approach even extends to selecting the gender of calves and regulating their birth. Tsogtbuyan recognizes the impact of stress on animals’ well-being and milk quality. He understands that animals subjected to stress, whether from a child or motorcycles chasing them grazing, may produce milk of inferior quality due to elevated stress levels. As such, he prioritizes creating a tranquil environment for his livestock to ensure the production of high-quality, “stress-free” milk. In 2010, Tsogtbuyan restructured his farm, laying the foundation for what would become the “Ulemj Organic” company. The initial focus

was on ensuring the soil and feed met organic standards and that the animals were healthy. With such strong foundation in place, the company swiftly achieved its goal of producing organic final products. Subsequently, as Mongolia passed legislation on organic products, the farm received certification as “organic” in 2021 for its operations and in 2022 for its food products. Currently, resulting from an expansion project implemented with financing from JICA’s TSL Project, “Ulemj Organic” processes 3 tons of organic milk daily and produces over 1 million products across 10 different types, packaged in more than 30 varieties. Tsogtbuyan, envisions a holistic approach to industry development, emphasizing the significance of added-value volume production and embedding of the whole production cycle. The name “Ulemj Organic” reflects this ethos, signifying the first organic product factory in Mongolia and highlighting products that prioritize human health and environmental sustainability. The company’s organic production technology reflects its core operational principles, centered on cultivating proper habits, fostering tireless dedication, and promoting optimism and productivity among its workforce. For Tsogtbuyan, “Ulemj Organic” represents not only a business venture but a commitment to fostering healthier lifestyles and a sustainable relationship with the earth.



“ULEMJ ORGANIC” LLC



Founded in 1992, “Ulemj Organic” began with agriculture and expanded into intensive animal husbandry in 1994. It received organic certification for its farming operations in 2021 and for its food products in 2022.



“Ulemj Organic” specializes in the production and trade of dairy products. Located in Bayanchandman Sum, Central Province, the company operates with a focus on organic dairy farming.



“Ulemj Organic” offers fresh organic milk sourced from its farm cows. The milk is produced using organic technology, with cows grazing on natural pastures and fed organic fodder cultivated on the farm without the use of chemical fertilizers. To preserve the milk’s beneficial bacteria, it is cooled to minus 4 degrees Celsius. The farm ensures the health and immunity of its dairy cows through regular veterinary examinations and tests. Additionally, milk is prepared in a clean environment meeting hygienic standards. The company’s Brown Swiss cows, known for their high protein and fat content, are among the oldest dairy breeds.

**I LOVE SPENDING MOST OF MY TIME WORKING
AT OUR GREENHOUSE WITH THE EMPLOYEES**

“

Amtat Nogoo CEO Batmunkh says, “At some point, people only thought of Devshil as a producer of locally grown vegetables. Today greenhouse companies are growing and competing in the market with the incumbent players. Our largest competitor is imported Chinese produce. In the summer they plant in the regions near Mongolia and in winter they plant in the south of China, but their produce is considered low quality, albeit lower price. Compared to that our produce is grown on healthy soil using seeds from the Netherlands. Unfortunately, because of the low wages in the country, people tend to prefer cheaper options.

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The CEO of Amtat Nogoo LLC Mr Batmunkh, got the idea to start greenhouse production when he was visiting a greenhouse operation in Inner Mongolian Bayannuur Aimag in 2012 and subsequently started plating cucumber, tomato, and lettuce. Gradually increasing the greenhouse size and capacity, he got JICA's TSL loan and built a 2,000 sqm four-season greenhouse. Today, the company has 18 employees and recruits temporary employees during high seasons.



Even though the government has introduced an import tariff of 15% on greenhouse produce and 5% on other vegetables, the importers are going around the system by declaring other vegetables as greenhouse produce. This places a major challenge on local producers to keep up with low prices.

After taking the loan from JICA's TSL project, the company is now growing from March 10 – Jan 20, while it was limited to May 1 – Sep 15 previously. The company that had just a few greenhouses in 2013 now supplies 400 tons of cucumbers and tomatoes to the market.



“

“I spend about 70% of my time in the greenhouses and actively participate in the company operations. When a couple of representatives from the TSL project visited us, I was working in the greenhouse in uniform. They were quite impressed with that which gave me a lot of motivation,” Batmunkh says.

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Amtat Nogoo company has been on the market since 2013 and now established a loyal customer base through their distribution in supermarkets and chain stores. Sales are steady and only slow in late summer and fall when there is a lot of imported and other domestic supply.


Regarding future projects and plans, the CEO Batmunkh says, “We want to make a packaged product with our produce by preserving and pickling. The equipment for packing and pickling is well-advanced and very expensive. But we are determined to bring to consumer our brand of pickled cucumbers and tomatoes”.


He continues, “Our main success is getting known on the market with our brand and gaining loyal customers by supplying our products that satisfy their demand for quality and taste. The TSL loan contributed a lot to this success because without the long-term, low-interest loan on such good terms, we would have struggled to keep up with the financing needs.”



 **AMTAT NOGOO LLC**

 18 permanent, 10 short-term

 Greenhouse operations

 800 million MNT loan was obtained for 10 years for construction of winter greenhouse. Built a 2000 m2 winter greenhouse and are now harvesting for the 4th year. 10 jobs have been created and the annual harvest has increased by 15%. Cucumbers were harvested once a year, now they are harvested twice. In addition, it is possible to supply produce to Ulaanbaatar in early spring, increasing the company's competitiveness, strengthening its finances, and making its products more familiar to consumers.

**MEETING LOCAL DEMAND ONLY WITH
14 EMPLOYEES**

The transformation of sea buckthorn into a popular health product sparked the inception of a small shop dedicated to producing and packaging juices in 2006. Initially comprising only five staff, they have since evolved into a large factory equipped with fully automated production lines, glass and vacuum packaging capabilities, and the capacity to yield various products such as vitamin drinks and oils, generating 10-15 tons per day.

Observing the operations from the factory's window reveals rows of sterilized bottles entering one end of the production line, subsequently filled with beverage juice and conveyed along a belt. Automated machinery efficiently fills and caps bottles, labels, and wraps in packaging, while at the final platform, only two people, load the product ready for transportation. This streamlined process underscores the factory's minimal human intervention and high production capacity.



“Sea buckthorn stands out as the sole fatty fruit containing omega 3, 6, and 7, which prompted company founders to explore its potential utility and demand among consumers. Recognizing its nutritional value, the decision was made to process and package this “King Fruit”.

With an increasing number of enterprises and individuals cultivating sea buckthorn, the availability of raw materials is assured. Collaborating with 100-150 farms across the capital and 21 provinces, the company procures 300-500 tons of fruit annually, primarily from Uvs province, renowned as the birthplace of wild sea buckthorn. Strict adherence to storage and hygiene protocols, along with the exclusion of fertilizers, pesticides, and plastic containers, is mandated. The company's General Manager Khishigdelger mentions, “Originating from humble beginnings in petty trade, our startup lacked initial capital and savings. However, the production of sea buckthorn juice, initiated in a modest workshop, garnered popularity and expanded to meet escalating demand. By adhering to hygiene standards, introducing new product ideas conducive to human health, and enhancing market supply, we have realized our entrepreneurial vision.” JICA's TSL project loan facilitated the construction of the factory building and the acquisition of modern, high-efficiency machinery and equipment from Germany and China, which laid the foundation for the present-day factory. Consequently, after achieving ISO 22000 certification for food products in 2018, this health product began to be exported beyond the Mongolian market to countries such as Japan, Taiwan, Germany, and China.

“Khishidelger further highlighted the success and values of Shar Doctor, emphasizing the company's commitment to producing quality products and packaging that meet international standards. With their products contributing to the health of many people, they have gained popularity nationwide and receive orders from all provinces. Their focus remains on continuous improvement and expansion without being distracted by other factors.

Shar Doctor employs more than 40 individuals, with only 14 working directly within the factory. Among them are dedicated personnel who have been with the company since its inception, with 80 percent working at Shar Doctor for more than five years.



“Emphasizing the intrinsic value of human capital, one staff member remarked, “Being inherently social creatures, we prioritize our team's well-being.” Colleagues foster an environment of trust and sincerity, addressing even the minutest issues while empathetically considering each other's needs and circumstances.

Shar Doctor LLC has successfully launched the “You Grow, We Buy” initiative, aimed at enhancing the sea buckthorn cluster system. This comprehensive approach seeks to elevate both variety and quality standards, while simultaneously supporting local farmers and facilitating increased income opportunities.



SHAR DOCTOR LLC



Shar Doctor LLC commenced its operations in 2006 with small-scale production and seeding.



The company specializes in processing sea buckthorn fruit and manufacturing a range of products including sea buckthorn drinks, pure juices, and oils. These products are tailored to support immune health, disease prevention, detoxification, energy restoration, and overall well-being, bearing the hallmark of natural purity.



Shar Doctor's sea buckthorn juice and oil have undergone testing by reputable laboratories in Japan, Taiwan, and Germany, enabling official exports to Japan, Germany, Korea, and Taiwan. In 2012, Shar Doctor forged a product export partnership with Takarajima, a Japanese company, introducing the "Shar Doctor Japan" brand to the Japanese market, a collaboration that continues to thrive after 8 years.



In 2011, Shar Doctor inaugurated a new factory with a daily sea buckthorn processing capacity of 5 tons, complemented by 500 tons of fruit freezers and a cellar. By 2019, the company initiated plans to further increase production capacity, renew equipment, and expand the factory to meet stringent international standards. As of 2019, Shar Doctor accounted for 30-40% of the total sea buckthorn harvest in Mongolia, dominating 80% of the sea buckthorn beverage market with its final products.

IN CONCLUSION

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20 YEARS WITH THE TSL PROJECT



Former TSL Project Leader
MAKOTO SUNAGAWA

Background of Project Birth

The first time I visited Mongolia as a member of the Japanese Ministry of Foreign Affairs’ ODA Strategy Council was in the summer of 2003. What I found in Mongolia was that there were almost no private companies in the manufacturing industry other than major companies that had been privatized from state-owned companies. Most of the clothing, food, and housing materials that support people’s

lives were imported. I was very concerned that this would not only prevent the economy from growing but also prevent it from becoming self-reliant. So, I asked myself why and realized that although there were rich capitalists, there was no financial system to support the start-up of companies. That is true. Socialist countries like the former Soviet Union did not have financial systems to support private enterprises. After the collapse of the Soviet Union, Mongolia adopted a market economy system, and instead of having wholesale banking to nurture businesses, there were so many small-scale retail banks that targeted people as customers.

Purpose and achievements

Therefore, in its report, the mission proposed the TSL project as a financial system to foster small and medium-sized manufacturing industries that support people’s clothing, food, and housing. Its financial scheme is as follows: The Mongolian government will distribute the borrowed funds (ODA) from JICA through private banks for each project, such as the construction of manufacturing plants, and lend long-term funds to SMEs. When an SME goes bankrupt, the bank takes responsibility; when a bank goes bankrupt, the government takes responsibility. In other words, it is a PPP financial system in which the public and private sectors cooperate. In 2006, JICA provided a 2.5 billion yen loan to the Mongolian government for this TSL project. As a result, the TSL project received a flood of loan applications and ended its disbursement by approving 108 projects in two years, even before the scheduled three-year lending period.



It surpassed the lending speed of a similar private sector TSL project (PSDC) that was being implemented by the World Bank at the same time.

Why did this difference occur? The main reason for this is the difference in interest rates for sub-loans (loans from banks). The PSDC sub-loan interest rate was set at a level of over 10%, based on the market interest rate level of 15% at the time (there was no long-term interest rate, only short-term interest (less than one year)), but regarding JICA's TSL loan-interest, the Mongolian government decided to limit the bank's profit margin at minimal level and insisted on 8%. At that time, Japan was supportive of policy lending to promote priority industries, which was quite a different position from that of the World Bank, IMF, etc., so Japan accepted the Mongolian

government's stance here (This interest rate difference was the biggest reason why TSL projects were preferred so much).

The governments of both Mongolia and Japan were very satisfied with this unexpected good result, and quickly formed the second TSL project and provided 5 billion yen (2011). This was also implemented smoothly, and the entire amount was disbursed by 2014, again a year before the expected timing. Currently, the funds from bank repayments are collected in a revolving fund (RVF), from which new loans are continued in response to loan requests from banks. Unfortunately, during the implementation of the first TSL project, three participating banks went bankrupt, but the common reason for all three banks' failure was that the banks had provided loans concentratedly to specific companies, they

defaulted on delinquent receivables and went bankrupt. I would like to clarify that these banks' bankruptcy did not, by any means, affect the successful implementation of the TSL project, and that the project was never related to these banks' bankruptcy.

Overall evaluation

Let's once again summarize the first and second phases of the TSL project. The first thing to point out from a macroeconomic viewpoint is that the number of small and medium-sized enterprises that receive loans extends to all 21 Aimags in Mongolia and the total number of companies that received TSL loans is about 1,000. This is quite worth being appreciated. Furthermore, the industries they belong to are so diversified. And the number of new employees has far exceeded 10,000, which I think is a truly gratifying achievement.

Second, it is pointed out that the financial institutions that participated in the TSL project became well-versed in project screening and financing operations. Furthermore, from the perspective of the financial system, the introduction of long-term, low-interest foreign currency-denominated funds into Mongolia's financial market is considered to have deepened the financial system. Thirdly, regarding the extent to which we have achieved our goal of environmental conservation, I feel that we have accomplished as much as we could with this limited amount of funding. Furthermore, I think it was significant that we were able to experiment with how to make a financial approach to this major global issue. The Mongolian Green Finance Corporation was subsequently established and collaboration with the TSL project is being considered.

Expectations for the future

For the past several years since the completion of the loan disbursement of the second TSL project, the two governments have been discussing the provision of the third yen loan, but it appears that no conclusion has been reached yet. In these circumstances, I would like to make two comments here.

The first is to further improve and perfect the current TSL system in line with the original objectives. This means combining own funds from PFI and TSL funds at an appropriate ratio (for example, 20:80) and lending together. In other words, it would be a co-financing scheme between public and private funds. By doing so, banks' project management processes will strengthened, government intervention will be further reduced, and sound financing will become possible in the true sense of the word through public-private collaboration. This system of co-financing between government financial institutions and private banks was started in Japan, and both the Japan Development Bank and the Export-Import Bank of Japan, which were established immediately after the war, had co-financing as a principle from the time they were established. As private banks had surplus funds, they gradually increased their proportion. Similar government financial institutions in China and South Korea also follow this approach. Although this is the first attempt in Mongolia, I think it is a good idea to adopt this method now. Because I think Mongolia's economy has reached such a level.

Secondly, I think that the current successful financial system called TSL should be transformed into a single financial institution.



This is a system that goes one step further than the above-mentioned stages. In other words, creating a semi-governmental, semi-private financial institution. Specifically, a financial organization is established as a joint stock company, and its shares are held jointly by the government and the private sector. In Mongolia, this semi-governmental, semi-private plan seems to have been considered when establishing a development bank, but the Mongolian government finally adopted and launched the Korean plan, at that time, which would have 100% private capital ownership. However, this did not go according to initial plan and now the company is wholly owned by the government.

It is a common understanding around the world that total government ownership is likely to cause scandals, such as the recent trouble with the SME Fund.

Therefore, we are considering having an international organization as the third shareholder in such an institution. There have been many successful cases using this method in the past (South Korea, the Philippines, etc.), and considering Mongolia's economic level, this method seems to be the best. Please consider adopting a cross-shareholding among the three parties.

Words of thanks

I have been to Mongolia over 130 times over the past 20 years and stayed there for a total of over 700 days [almost equal to 2 years]. During that time, I visited 14 Aimags in the north, south, east, and west. The great nature of Mongolia warmly welcomed me, including the Gobi Desert and the glaciers lying beneath it, the Nomunkhan battlefield site in the Khalkha River basin, the mysterious Uvs Lake, etc. The greatest gift from God is the many Mongolian friends. When I started the TSL project, I was introduced to three men. Mr. Chimeddagva, Mr. Otgonbaatar, and Mr. Tuvshintugs. Although each of them had strong individuality, they were aware of their respective roles and therefore worked together friendly. In addition, five talented women with experience studying abroad actively participated, so I think the entire group demonstrated great strength.



I have business cards of over 500 people in my business card case, including government officials, university teachers, bankers, and SME businesspeople, but the ones that stand out to me are, Mr. Dorjkhand, a former Ministry of Finance official and current member of parliament; Mr. Lkhagvasuren, a previously a director at the central bank and currently its governor, and Professor Dangaasuren. They are the people behind the TSL project who gave me a lot of advice during the system-building stage of the TSL project.

During our project oversight missions to rural regions, we often sat around the stove in a ger on cold winter nights, enjoying hot dinner and having heartwarming conversation about the interesting projects carried out there. I still vividly remember that joy. One time, I had to go directly from Mongolia to the Philippines. It is a transition from a world of -30 degrees to a world of +30 degrees in the middle of summer. Maybe my brain has become a mess since then, and now I've been forgetting many things so easily.

Finally, I would like to thank Mr. Tuguldur for putting together this book. This job involves a lot of chores and is not easy. However, I believe that he took on this book job because he loved the TSL project and was willing to put in the hard work. Thank you again.

I would also like to thank JICA for sponsoring this book. And once again, I would like to ask JICA to continue the TSL project for the sake of Mongolia.

ENTREPRENEURS ARE THE KEY TO TSL'S SUCCESS



TSL Project Coordinator
J.TUVSHINTUGS

Looking back at the history of the TSL project history, J. Tuvshintugs, the project coordinator, has shared his insights regarding its significance, operations, and objectives.

In summarizing the main advantages and importance of the TSL Project, it primarily involved the provision of low-interest, long-term financing for projects through banking institutions. This kind of financing is particularly crucial for the growth and sustenance of small and medium-sized businesses. By extending support to our entrepreneurs in this manner, we amplify their influence on both the nation's society and economy. This endeavor serves as a

tangible illustration of the pragmatic execution of policies articulated by successive governments. These policies aim to foster job creation, nurture domestic production, and promote economic diversification.

The success of the project, as concluded by organizations, partners, participants, and external observers, can be attributed to several key factors:



Firstly, the project's structure plays a significant role where loan applications undergo review and approval by participating financial institutions i.e., banks, while the government sets the overall development policy guidelines. This structure aligns both sides toward a common goal. The simplicity of the structure, coupled with the absence of a project selection process involving government institutions, allows businesses to apply for project loans directly to their banks at any time. Essentially, project financing is treated as a loan from the bank, granting enterprises the flexibility to access financial support when needed, without additional bureaucratic burden. Moreover, the bank's involvement ensures accountability with them assuming responsibility for the loan administration.

Secondly, success hinges on the responsibilities of all parties involved in the project implementation. The collaboration of various stakeholders, including the

project management committee, the project implementation unit, the banks, and beneficiary SMEs, contributes to the successful execution of the project. Each entity plays a crucial role in directing policy, setting criteria, conducting research, monitoring progress, and implementing projects responsibly. The collective effort results in a shared achievement.

Lastly, the accountability system is integral to the project's success. Adherence to project timelines and quality standards is incentivized through favorable loan conditions and the opportunity for subsequent project loans. Conversely, delays or poor implementation lead to the withdrawal of project credit from the bank, and the borrower's corporate loan is transferred to commercial terms. This system not only ensures accountability but also optimizes resource utilization without impeding opportunities for others.



In essence, the project's success stems from its well-defined structure, collaborative implementation approach, and robust accountability system, which collectively facilitate efficient project financing and responsible entrepreneurship.

Reflecting on the effects of the project as a system, it has been established within our project that the most suitable and effective method for providing financial support and policy loans is through banks or professional financial institutions, in line with government policies. This approach has become exemplary. Additionally, a key policy for project implementation has been the provision of loans at low interest rates. Historically, loan interest rates for final borrowers have been maintained at 6-8 percent, demonstrating the feasibility of providing loans through banks at this level of interest. This standard has been adopted for similar projects and programs. Another significant achievement is the introduction of the concept of "project financing" by banks and in the domestic financial



system. This concept can serve as genuine support by establishing opportunities and mechanisms to provide financing for various industries, small and medium enterprises, and businesses in general, not only at low interest rates but also for extended periods, a practice has been affirmed.

Furthermore, my personal take on the key success of the TSL is as follows:

“ Firstly, the foundation of success lies in the multitude of urban and rural enterprises that receive project financing, responsibly implement projects, achieve their objectives, expand production and services, increase profits, and repay loans on time, thereby sustaining employment. Observing these projects and the dedicated business owners behind them, I am reminded of the words my mother used to tell me since childhood: “Hard work pays off.”

Moreover, during my visits to project implementations, I have witnessed the desire, enthusiasm, and joy of entrepreneurs as they showcase their

accomplishments and developments, and express their perspectives and plans for future projects if subsequent financing is provided. Their spirit and eagerness to share their achievements and aspirations reflect the essence of entrepreneurship.”

There are specific proposals, initiatives, and plans aimed at future project prospects and possibilities. The sustainable operations and stable implementation of the project over many years would signify its success and achievement. Moreover, the practical experience, know-how, and reputation garnered during this period would positively impact the country’s standing, potentially increasing interest and opportunities for foreign donor countries to initiate similar projects and programs in Mongolia. For instance, following the successful implementation of the 1st phase of our project, the Japanese government initiated the 2nd phase with a larger loan amount and more favorable terms. Similarly, having effectively executed the 1st and 2nd phases, we have proposed commencing the 3rd phase to the Japanese authorities. The initiation of the 3rd phase would extend project loan opportunities to more enterprises, further contributing to the nation’s development. Additionally, JICA has expressed interest in



replicating Mongolia’s successful experience with the TSL Project in some Central Asian countries, highlighting the potential for knowledge exchange at a regional level.

Both financial and non-financial support are crucial for the growth of SMEs. Regarding financial support, enhancing access to low-interest, long-term financing is paramount. As the financing scale increases, the establishment of a necessary financial structure and organization becomes imperative to facilitate activities, with the TSL Project potentially serving as a foundation for this structure.

In 2018, JICA conducted research proposing the establishment of a financial corporation involving government, private sector, and international organization participation as an independent organization to provide financing for the development of small and medium businesses.

Many enterprises engaged in our project are facing challenges due to the constant depreciation of local currency and the significant rise in production and logistics costs. Consequently, there’s a heightened demand for higher loan amounts from the TSL Project compared to before. Also, many entities transitioning to the next level from and graduating from the “SME pool” express a need for “the next level of financial support.” In fact, our approach has been focused on development support to SMEs rather than offering one-time financial support. We provide opportunities for enterprises to implement projects effectively and, if necessary, obtain additional project financing for sustainable long-term development. Consequently, a significant number of borrowers from the enterprises involved in our project have received project loans repeatedly, indicative of our commitment.

For Tuvshintugs, a longstanding member of the project unit since its inception in 2006, a lesson learned was about important aspects and detailed working “project financing” as a form of structured financial assistance provided by Japan on favorable terms which really enables lifting SMEs off the ground, and recognition of that such concessional lending schemes are crucial for the economic development of Mongolia and the enhancement of families’ livelihoods.

Moreover, the collaboration between Mongolian and Japanese people involved in the project facilitated a profound exchange of knowledge and experience. Through interactions, they have gained insights into each other’s cultures,

customs, and mentalities, fostering a deepened cultural exchange between the two countries. This knowledge-sharing process occurred across various levels of organizations and participants involved in the project, promoting their role of “people’s diplomacy.” A vivid example that Tuvshintugs fondly recalls to this day was the initiative led by the former project leader, Mr. Sunagawa, who organized a charity concert in Mongolia featuring the volunteer choir of Japanese seniors called “Papas” where he was a member. Members of the project unit and others involved wholeheartedly participated in the organization of this event and proceeds from the concert were all donated to 29th Special Secondary School for disabled children.

SUMMARY OF OTHER HIGHLIGHTED PROJECTS

 Loan amount

 Year of company's establishment


 Period of implementation


 Number of new jobs created


 Results achieved


 Main activities implemented

EECC LLC

 **USD 600,000**
USD 400,000

 **2013**

 **2012-2015**
2015-2017

 **24**





Production of graded frozen horse meat suitable for human consumption and for the manufacturing of horse meat dog food under the product name: MonteQ dog food.





We are exporting beef to Japan categorized into 26 types. Additionally, we supply beef for dog food through a green channel. Each year, Japan imports 384 tons of beef for this purpose, packaged in 80-gram portions, totaling 48,000 packages. This is done under an exclusive distribution agreement with a special focus on pet food suppliers.

GURVAN SOR LLC

 **MNT 290,000,000**
MNT 792,000,000

 **2005**

 **2010-2011**
2012-2013

 **62**





The loan was allocated for the procurement of 10 types of fully automatic knitting machines and various auxiliary automatic machines. Additionally, funds were utilized for boutique decoration and the construction of a 216 sq. m. facility.





The recent installation of fully automated computer knitting machines by the German company “Stoll” has boosted production capacity by 2.5 times. This upgrade allows for the creation of diverse knitted products in terms of colors, patterns, and sizes, catering to varied preferences and standing out with distinctive advantages for consumers.

KHURIMT SAR LLC

 **MNT 150,000,000**
MNT 790,000,000

 **2004**

 **2013-2014**
2023-2025

 **34**



As a component of the project, the borrower acquired a building designated for a foam board factory, facilitating the creation of over 30 permanent positions. Furthermore, necessary equipment and trucks for the factory were acquired.



Using cutting-edge technology, we can now produce polymer pipes using a cold water method, with a capacity ranging from 12 to 30 cubic meters, to manufacture the plumbing system for buildings. This facility can produce pipes tailored to the required specifications based on the volume and requests from clients.

KAJUG LLC

MNT 150,000,000
MNT 213,000,000

2007

2014-2015
2018-2019

20



Four types of belts featuring Mongolian patterns, ranging from 1 to 1.2 meters in length and varying in width across three different sizes, were manufactured. Quality standards were enhanced through the expansion of belts varieties and the reduction of manual labor.



We've utilized South Korean technology to manufacture leather belts and bags, and we've employed an expert to develop new shoe designs. In terms of market penetration, we're meeting 25-40 percent of the local demand. Our distribution extends beyond the domestic market; we're also supplying Chinese traders. Additionally, we're actively pursuing opportunities for exports to Russia.

JIGD KHUCH LLC

MNT 200,000,000
MNT 300,000,000

2005

2012-2013
2015

20



Under the project scope, modern and advanced equipment will be procured, enabling the establishment of a milk and yogurt factory. This initiative aims to establish sustainable and hygienic workplaces conducive to long-term productivity and growth.



We have manufactured Ulaanbaatar brand milk and yogurt with three types of packaging, and introduced the production of 3-6 varieties of milk and yogurt featuring a new logo labeled "Ulaanbaatar Milk". Our advanced technology utilizes milk protein instead of eggs in the production of mayonnaise, offering significant advantages.

SODON MEBEL LLC

MNT 300,000,000

2002

2013-2014

20



1. Purchase of equipment
2. Staff training
3. Installation of equipment
4. Production of test products
5. Product promotion
6. Main production



Doors Inside the Building: As part of the project, we will produce a total of 10 types of doors in 20 different colors, tailored to the customer's preferences.
Furniture Doors: We specialize in crafting high-quality doors for kitchens and wardrobes, offering a range of designs including classic, avant-garde, and traditional styles.

ANGEL STAR LLC

MNT 250,000,000

2003

2012-2014

18



Built a factory along the Bayangol district's 3rd khoroo main road on 700 sqm of land.



Due to the expansion of our own facility, the production capacity and capability will double by eliminating the bottlenecks in the production process. Consequently, we will be able to manufacture 7000-8000 square meters of windows annually.

UUGUUL ALTAI LLC

MNT 300,000,000

2006

2017-2018

12



- Install clean water pipelines from deep wells both inside and outside the chicken house, ensuring full utilization.
- Place orders and finalize contracts for automatic laying hen equipment.
- Transfer juvenile spawners to the designated spawner's house and commence egg laying.
- Acquire a vending machine equipped with a refrigerator, and arrange for the procurement of egg packaging and labels."



Following the project's implementation, 20,000 additional egg-laying hens were introduced, resulting in a monthly egg production boost of approximately 480,000 eggs. Furthermore, the farm's eggs stand out for maintaining their high-quality standards as they reach consumers' hands, reflecting the farm's commitment to maintaining superior health and care standards.

SHARGALJUUT RASHAAN SUVILAL LLC

MNT 750,000,000

2005

2015-2017

10




In order to expand the operation of the sanatorium and improve the quality of service, a hotel called "Soydon" with 38 rooms, 76 beds and an area of 1,500m2, meeting the standards of the sanatorium, was built.




Following the project's completion, the sanatorium's capacity increased by 17.4% during the summer season and by 34.5% during the colder months, effectively accommodating the needs of vacationers and nursing staff. The sanatorium utilizes state-of-the-art physical therapy equipment to enhance treatment outcomes significantly. Additionally, the company is integrating e-banking, e-marketing, and e-commerce services into its sales and marketing strategies to modernize its operations and improve customer service.

KHASVUU LLC




MNT 607,000,000

MNT 193,000,000




1996



2016-2019

2017-2018




20


- Purchase of equipment from China
- Construction of industrial buildings, improvement of buildings,
- Received and installed equipment, increased manpower, adjusted and tested equipment.

As a direct outcome of the project, the production of reinforced concrete supports for overhead power lines has surged by 2.5 times. In contrast to the conventional wooden poles, the reinforced concrete supports boast an extended service life of 80 years, along with a 50% boost in labor productivity and a 30% reduction in energy construction time.


RANCHO LLC




MNT 713,550,000



2006



2020-2022




12

- Expansion of the factory building
- Installation and testing of equipment
- In product production / technology, packaging /
- Planned marketing activities
- Market introduction works have been completed.


The production of innovative products derived from grains, a staple in Mongolian traditional cuisine, is poised to have a beneficial impact on health. Through expanding the factory's capacity and diversifying product offerings, the monthly production volume has surged to 37,000 units.

SHILEN KHIITS LLC




MNT 235,330,000

MNT 1,070,511,800




2002



2008-2010

2011-2014




21

The equipment used in the production process was purchased and installed from China, and the complete automatic laminator and automatic cell welding machine became the main advantage of distinguishing from competitors in the production of advanced LCD screens.

In Mongolia's renewable energy sector, our operations encompass the production and trade of solar panels, installation of photovoltaic (PV) systems, and manufacturing of PV panels with a combined capacity ranging from 0.6 to 2 megawatts.


JUR UR LLC




MNT 100,000,000

MNT 800,000,000

MNT 800,000,000




1998



2009

2012-2014

2016-2017




121


Built an extension of the factory building, purchased equipment, and produced food products to increase employment and increase the company's profit.

- The variety of manufactured products has expanded.
- Pioneered the adoption of the ISO 9001 standard NASSR, ahead of comparable companies.
- Possesses a factory facility built to global standards.


ANSEHE LLC




MNT 800,000,000



2014



2017-2018



70


Equipment for the production of corrugated plastic pipes with a diameter of R22 was purchased from South Korea.

Ansehe LLC has commenced production and supply of various sizes of high-quality, long-lasting corrugated plastic pipes to the building materials market, meeting the requirements of building materials traders and construction firms. The acquired equipment, though compact, boasts excellent capacity and can manufacture a wide range of pipe types.


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ITALIAN ZAIRMAG LLC




MNT 800,000,000




2008




2020-2021



40




- The project encompasses the construction of a single-story industrial building covering a total area of 1,901.57 sq.m.
- The first floor spans a total area of 954.58 m2 and accommodates facilities for ice cream production, product warehousing, and office space.
- The B1 floor, totaling 946.99 m2, features the completion of a parking lot for distribution vehicles, a car wash for transporting food products, and a warehouse for equipment and supplies.




With the establishment of the factory, production will operate at full capacity, and further expansion will increase production volume. This includes ramping up ice cream production to 2-2.5 tons per day and expanding product varieties to 15-20 based on consumer research. Moreover, the assortment of packaged products sold in chain supermarkets will expand from 3 to 10 types. Employment opportunities are projected to increase by 10% annually, totaling 40-50 new jobs each year.


MONGOL ALTAIN BARAGSHUUN LLC




MNT 742,000,000




2010




2021-2023



21




- Purchase of necessary equipment
- Launch of a new product “”Children’s Bargshun””.
- Work was carried out to produce “”detoxification products””.




- “”Children’s Bargshun””: We are pioneering the introduction of Bargshun preparations tailored for children into the market. Drawing upon 5 years of market experience, we initiated product development in collaboration with a consulting organization, incorporating feedback and demands from consumers.
- “”Detoxifying Product””: We are committed to developing a detoxifying product specifically designed for industrial workers.”


DUUT LLC




MNT 800,000,000




2008




2022-2025



20




- Enhance the offerings of Duut Resort Tourist Camp and other hot spring tourist camps to cater to both foreign and domestic tourists, expanding the range of services available.
- Establish a comfortable and modern service center catering to tourists and vacationers traveling in the Gobi-Khangai and western provinces. This center will offer temporary accommodation and quick service for travelers from a centralized location.
- Promote and inform visitors about Archangay tourism destinations and products, while also preparing and selling dairy products and eco-food items sourced from local farmers and communities, adhering to established standards.




A temporary accommodation service complex has been constructed along the main road to Ulaanbaatar-Arhangai and the western provinces, featuring the following amenities:

- A restaurant and coffee shop capable of serving up to 100 people
- Hotel accommodations
- Welcoming area for guests and provision of tourist information
- A retail store offering white goods, locally sourced eco-food products, and handmade souvenirs.


BUREN SUKH LLC




MNT 610,000,000




2011




2019-2020



10



With the aim of enhancing production capacity and quality, we have imported zinc casting equipment featuring low-cost and user-friendly technology. This investment has enabled us to manufacture a wide range of souvenir products, including figurines, keychains, belt buckles, buttons, trophies, medals, badges, coffee mugs, chess pieces, and more. By leveraging this equipment, we are able to supply these goods to the market in large quantities at competitive prices.



We produce a wide range of souvenir items including figurines, keychains, belt buckles, buttons, trophies, medals, badges, coffee mugs, chess pieces, and other jewelry crafted from copper, brass, gold, and silver. These items are available for sale both by order and at our own store.

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SHIMT EXPRESS LLC



MNT 300,000,000
MNT 295,000,000



2016



2019-2020
2023-2025



25



1. Constructing greenhouses, expanding the existing 20 greenhouses into a greenhouse farm complete with warehouse and packaging workshop for operational efficiency.
2. Cultivating a diverse range of high-quality vegetable varieties including tomatoes, cucumbers, pumpkins, spinach, cruciferous vegetables, lettuce, cabbage, and white carrots. Aim to supply sustainable vegetables to the population of the capital city.
3. Engaging in research initiatives to enhance crop variety and increase yield. Collaborating with organizations specializing in plant-based scientific research to explore innovative agricultural practices.



The right to own 20 hectares of land for vegetable cultivation was secured in the “Ikh Bulig Am” area. In the capital, plans were established to cultivate delicate vegetables in greenhouses, and groundwork was laid for constructing 20 summer greenhouses measuring 50m x 8m each. Additionally, two wells, capable of pumping 100 tons of water per hour, were drilled to facilitate greenhouse irrigation.

TUKO TAILOR LLC



MNT 600,000,000



2015



2022



11



- Purchase of factory premises
- Performed hardware upgrade



By leveraging modern and advanced technologies in our operations, we've enhanced work productivity and crafted high-quality products that stand out competitively in the market. Additionally, the industry is experiencing rapid growth fueled by the rising demand for traditional fashion garments imbued with national heritage and cultural significance.