

EXECUTIVE SUMMARY Q1 2014

Project MON/004 – Financial Sector Capacity Building and Training Project

Q1 of 2014 was mainly focused on planning of project activities. Project in collaboration with FRC Chairman submitted draft programming for 2014 to HQ. Training center related issue still remains unclear due to budget deficit caused by economic crisis in Mongolia. As most of project activities are related to internal and external trainings, trainings and consultancy services needs were submitted as attachment with the draft programming. HQ conducted necessary review on list of external trainings and related comments are forwarded to FRC for their action.

R1: Enhanced institutional and operational framework at FRC

Project facilitated the collaboration with FRC on activities targeted for Institutional Development such as KPIs and Risk Framework. FRC succeeded to develop few KPIs and KPI tool, which is successfully integrated in FinA software, platform software used by FRC. Risk Framework working group headed by the Director General of FRC had several meetings since beginning of the year and about to start implementation steps.

Bolorsoft LLC, winner of the Licensed Entities DMS Tender, submitted the software requirements specification document. Unfortunately, cost estimation of licensed entities registration software is much exceeding financial capacities both of FRC and the project. So FRC decided to address further funding request to ADB, proposal is being prepared by IT Division of FRC.

Tender for archiving shelves was launched at the end of March and invitations were sent to 3 companies, which expressed their interest in this tender.

R2: Strengthened regulatory and supervisory capacity at FRC

Project continued funding of both external and internal technical trainings mainly focused on Securities and Microfinance Markets. In total 9 staff participated in external technical trainings organized in Hong Kong, Thailand and Cambodia. Project involved 4 staff of Securities Market Department in 5 days IPO training, provided by the Bank Finance Academy of Mongolia and 2 staff of Financial Reporting Division in Level 8-Audit Assurance Training of Certified Public Accountants program.

FRC's chairman issued special decree following project's initiative to conduct knowledge sharing session at the end of each month, where staff who attended internal and external trainings could present their findings to their colleagues. First session was successfully organized late March, where 6 presentations were presented.

Totally 48 staff of FRC have been attending English courses and all of them are fully provided with student books and necessary training materials. Attendance of English courses slightly dropped because of workload of Microfinance and Administration Departments as onsite supervision began in Q1 of 2014.

FRC activities report 2013 was published with project support and distributed to Economic Standing Committee of the Parliament as well as to key market participants.

Collaboration with Mongolian Capital Market Research and Development Society is going notably successful. The society succeeded to launch its new website (<http://cmrd.mn/>) and actively sending everyday updates on capital market development to audience of at least 1000 people.

In total 48'356.96 EUR is disbursed as of March 31, 2014. Disbursement was low due to the fact that most of ATTF missions and majority of external and internal trainings are planned for Q2.

Perspectives Q2

R1: Enhanced institutional and operational framework at FRC

Annual Strategy Implementation Conference of FRC is about to be organized second time on April 25th, 2014. Olivier Noblot, consultant, who is coming mid April to conduct final mission on KPIs, will give speech at the Strategy Conference together with management of FRC.

Risk Management working group will start kick-off trainings on Risk Management starting from early April. At least two separate sessions one for all FRC staff and another one for the management team will be organized. Trainers from similar public institutions with successful risk management practice

such as State Inspection Agency and Bank of Mongolia will provide special sessions. Tender for archiving shelves is going to be concluded in Q2 2014.

R2: Strengthened regulatory and supervisory capacity at FRC

Finalization of external trainings demands is foreseen for the beginning April later the final version will be sent to HQ for review.

Insurance Department of FRC is expecting consultant from ATTF for Actuary and Underwriting Trainings in May-June. As soon as Securities Market Department submits Migration plan to ATTF, the consultants for Custodian Service Piloting trainings will start repeated missions to Mongolia.

Starting from April 2014, project is going to continue efforts for Curriculum Development and about to support Microfinance Sector Glossary, the third market glossary financed by MON/004 project.