

World Chambers Competition 2005

Application Form

Category:

Best unconventional project

General Information:

Name of the person in charge of the applying chamber of commerce:

Mr. S. Demberel

Chairman & CEO

Mongolian National Chamber of Commerce and Industry

Date: March 21, 2005

Date chamber was founded: July 2, 1960

Number of employees: 100

Number of members: 720 national (full members), 1500 regional

Membership system: voluntary basis

Chamber type: national

Description of Project:

Name of project: **New Model of Chambers in Transitional Economies: *Developing a Public-Private Partnership for Business Advocacy in a Transitional Economy***

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EXECUTIVE SUMMARY

As the main business representative organization of the country, the Mongolian National Chamber of Commerce and Industry's utmost goal is to support the country's infant business sector development. In order to achieve its goal MNCCI engages in broad range of activities in an innovative way, in Mongolia, a country transitioning itself from a formal centrally planned to a market-oriented economy. Clearly, it is a great challenge for the new Chamber to fulfill its efforts in this transitional period of a country with infant private sector where transitioning itself from formal centrally planned to market oriented economy. In the past, the Chamber in Mongolia was a part of the Ministry of Foreign Trade, a quasi-government organization with limited functions.

Empirical study and survey provided by us among more than 20 countries' Chambers of Commerce and the other business associations in Asia Pacific developing countries showed that there is not well established and well functioning dialogue & partnership mechanism between governments and private sector – permanent stakeholders' partnership mechanism, on the issues directly related to the business sector such as economic growth, social welfare and business environment. Businesses were not well aware and uncertain in the actions and behaviors of the governments and the governments themselves tend to have almost no intentions, no initiatives and incentives to involve private sector in creating joint mechanism to tackle poverty, to deal with growth concerns and business environment. And hence, it is our Chambers responsibility to play a leading role in this initiative.

Therefore, MNCCI chose to alter the old way of thinking and to change the traditional way of business support by introducing an efficient developing the public private partnership for policy advocacy to increase business sector's active participation in the country's developmental efforts, creating favorable business environment, the Chamber took decisive steps to form efficient PPP mechanism in the country. In the beginning this was not the easy task to bring this initiative to be realized and have concrete results in Mongolia, a country in economic transition where there was no tradition of public hearing and business advocacy. Continued efforts and incentives of the Chamber eventually made it successful and provided solid base for effective cooperation among stakeholders and work closely on broad range of aspects covering economical, social, and environmental concerns.

In its unprecedented model, our Chamber served not only for its members' benefits but also for the rest of the society.

Fighting with Poverty

Accounting for one third of the population, poverty issues became at the heart of our concern. Having studied of previous and ongoing efforts in the field of poverty alleviation by the government and international organizations, there is still No linkage with private sector, No empowering activities. They just gave people food, clothing, home etc.

There should be an axiom: "The growth rate of micro entrepreneurs' entrance to market \geq (should be higher of at least equal to) the growth rate of individuals' entrance to poverty, (because poverty entrance \leq poverty exit \longrightarrow small and micro business entrance \geq small and micro business exit (out) \longrightarrow small and micro business entrance \geq poverty entrance)"

Why informal sector is getting as phenomenon in developing world? Why people, who have succeeded to get out from poverty, tend to go to the informal sector? Mostly because of lack of comprehensive policy package, enabling them to go to the formal business. It is not about compulsory, fiscal or tax consideration based approach, which is used currently in developing and emerging countries. It is not about the excessive regulations, red tapes, arbitrarily behaving inspectors, who threat the man or woman by regulations, who, empowering themselves and making tremendous efforts, at last succeeded to get out of poverty, but, who will definitely face this problem, and who, tired and disappointed in this mess of "regulations", will be forced to make decision from 2 options: Go back to poverty or go to informal sector.

General answer is "stakeholders' consensus based business environment" as seen in the attached scheme. Recent actions of WB, its publications are in brief, about the following scheme; private sector led and pro poor growth strategy \longleftrightarrow better investment climate \longleftrightarrow poverty reduction, motivated, among other things, by empowerment and entrepreneurship. It seems clear and simple, given "the other things being equal". However it is long and difficult process, especially, for those of developing and emerging countries that have traditional, inherited and standard policymaking approach.

In this regard, the Chamber initiated variety of activities to attract and promote the approach to public sector to develop micro and small business in effort to lift people to leave out of poverty by organizing a consultative meeting with government and international, donor organizations "2-E Approach to Poverty Reduction", "Micro and Small Business Forum", and "Meeting of non-bank financial institutions" and conducting research and analytical paper. Also, we are working with UNDP Mongolia on the Millennium Development Goal to raise awareness and to select the best socially responsible business in Mongolia according to MDG.

Making Chamber as Green

Why we had to concern about environmental sustainability? As we all are aware, irresponsible human operations and industry pollution result in continuing deterioration of surrounding environment and worsening living condition for all of us around the world. Therefore, to make business more aware of environmental needs, and their operation more environmentally friendly we are working towards developing environmentally friendly business and industrial development

in Mongolia. In this regard, we have established Green Investment Fund for Energy Efficiency companies, TUUL Green Investment Network to promote green investment into industrial process. In order to institutionalize Cleaner and Green Industrial efforts and create “green” legal framework with a view to preserve nature, we have paved the way to establish National Cleaner Production Center in Mongolia thus promoting partnership with the state and government organizations.

E-Chamber vs E-Government

Equal outreach of Government and public services requires a transparent effective mechanism for all. In the same spirit, in order to make available its services online to business, and to facilitate dialogue with communities thus realizing potential benefits from the latest ICT development achievements, since 2003 the Chamber is working towards becoming an E-Chamber. Within these E-Chamber initiatives, we will interpret traditional offline business support services and business advocacy into online version, thus improving its service efficiency and outreach.

This initiative supplements Mongolia’s e-governance effort to ensure equity, justice, and prosperity by facilitating open dialogue through web-based discussion, provision of online services to civil society.

Especially, to build strong interaction and collaboration, and exchange between government, business representatives and business sector, we welcome our members and business community to an open discussion and other means of e-based interaction to increase active stakeholders’ participation and involvement in the every level of policy making process, to supplement the lack of information.

Trade facilitation

Along with the growing trade volume between two giant traders Russia and China, developing competitive dry port facilities in Mongolia is highly essential as a neighboring country located right in the middle of two giants. In this connection, we are working towards developing comprehensive internationally competent dry port service facilities and legal framework in Chamber’s initiative.

In this regard, we established MONPRO Committee, national trade facilitation body consisting of representatives from related public authorities and sectors’ associations, with a view to develop joint mechanism to develop transparent administrative and simplify trade transaction procedures, provide efficient one-stop services and online e-services.

Besides, with a view to promoting and encouraging Mongolian companies, which contributed significantly to country’s economic growth, MNCCI in conjunction with Mongolian Government yearly conduct TOP-100 enterprises ranking and “Green Light Companies” selection.

Eradicating corruption - Enabling business environment

It is our utmost responsibility to contribute to rooting out corruption, the main hinder to the country’s development effort, wide spread threat in Mongolian context. In this effort, we undertake course of activities to fight with the corruption thus established “Coalition of NGOs of Anti-Corruption”.

With a view to justify and determine existing scope of corruption and future trends of bad practices in economical, social and political spheres in Mongolia, each year the Chamber conducts comprehensive study and research papers on the existing scope and the looming threat of bad practices such as “Corruption index” and “Consumer confidentiality index”.

Aiming at creating enabling business environment, rooting out administrative bureaucracy and corruption practices, we have provided hotline1923 to collect information on bad practices in business operations and receive complaints and comments from society to reveal those in public and to use in developing designing anti-corruption strategies.

In 2004, we have organized the first nationwide Grand business forum entitled “Business for Development” which aimed at eradicating public sector bureaucracy, fighting with existing hinders to business development such as corruption, bribery in public sector organizations.

Mr. N. Enkhbayar, Former Prime Minister of Mongolia, Ministers and the high officials of Ministry of Finance and Economy, Ministry of Industry and Trade, and Ministry of Infrastructure, and directors and chairmen of General Office of Tax, Mongolian Customs General Administration, and Special Inspection Office, as well as the other related organizations and agencies participated in the forum representing state and government. It was shown as the first biggest forum for business development in Mongolia from that totally over 2000 businessmen including 500 delegates from rural provinces attended the forum.

Government of Mongolia, paid serious attention to the Forum and accordingly, it passed the Government Resolution No.143 entitled “Creating Favorable Business Environment”.

ICC network development - Grass root outreach

Setting up a National Committee, clearly, is to promote and undertake ICC principles and activities in support to business development. As a part of ICC, National Committees are committed to promote ICC activities and policy; therefore, in order to expand channels for ICC to promote its activities, we would like to suggest that national committees in country should be the apex chambers of that country consisting of local chambers. In this way, we can now be able to promote our ICC activities and action to grassroots in every corner of the country, thus equally contributing worldwide business community. Therefore, it is important to have apex Chambers of each country as a national focal points of ICC- National Committees of ICC so that ICC could reach every single business in its member countries.

Another important thing is to have strong partnership and develop synergies of activities with regional and continental Confederations of Chambers, apex bodies in respective region, enabling ICC efforts to be fully realized in business development.