

# *INTRODUCTION*

# *CREDIT GUARANTEE*

# *FUND OF MONGOLIA*

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# Major milestones

Since 2006

– Started initiatives to inaugurate credit guarantee law:

Barriers:

- Predictably too heavy load to state budget in case of defaults
- Political reasons: become very popular before general elections and got reluctant after them.
- No common understanding at each hierarchal levels the importance of CGFs as one of major countermeasures to develop SMEs.
- Unstable governance

Feb. 2012

– Law on Credit Guarantee Fund was promulgated by the Parliament.

Law is applicable to the fund where the GM acts as a founder, an initiator and a counter-guarantor

Nov. 2012

– CGFM was established.

Mar. 2013

– First guarantee has been extended.



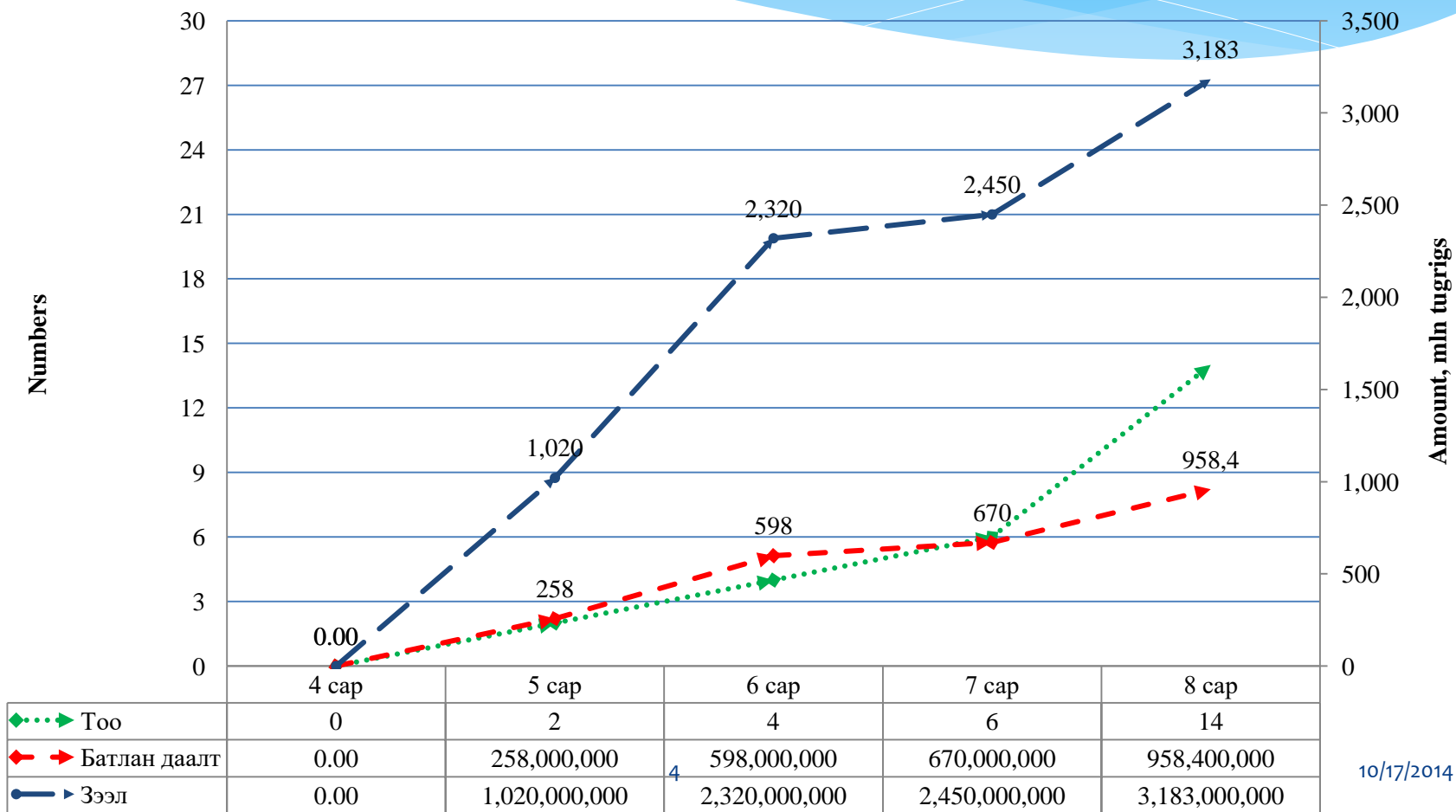
# General conditions and circumstances

- The Governing board is highest hierarchy of the Fund.
- Indirect guarantee scheme.
- Assessment is carried out by the Fund on banks' conclusion.
- Coverage ratio is up to 60%, leverage ratio 20 times.
- Guarantee fee is fixed depending on credit term.
- After 90 days the fund is to pay obligation making sure that the lender has taken all countermeasures it has to do.



# Current guarantee figures /to be revised/

## Extended guarantees





# Challenges

- To expand its outreaches throughout the country by developing credit guarantee system including suitable schemes, sustainable financing, effective cooperation mechanism of central, local governments and banking institutions,
- To enhance comprehensive guarantee products and related services to SMEs development and growth.
- To strengthen cooperation with international institutions focusing on capacity building of personals, exchanging best practices and transferring know-how.



*Thank you for your attention.*