



# RESEARCH ON CONSTRAINTS PLASTIC RECYCLING MSMEs FACE REGARDING ACCESS TO FINANCE

The report was developed under the framework of the project “Sustainable Plastic Recycling in Mongolia” implemented by Caritas Czech Republic (CCR) and its partners. The content of the report does not necessarily reflect the position of the European Union.

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# ABBREVIATIONS

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<b>CCR</b>	Caritas Czech Republic
<b>HDPE</b>	High Density Polyethylene
<b>LDPE</b>	Low Density Polyethylene
<b>LLC</b>	Limited Liability Company
<b>MNT</b>	Mongolian Tugrug
<b>MS</b>	Microsoft Software
<b>MSME</b>	Micro, Small and Medium-sized Enterprise
<b>NBFI</b>	Nonbank Financial Institution
<b>NSO</b>	National Statistics office
<b>PET</b>	Polyethylene
<b>PP</b>	Polypropylene terephthalate
<b>SPSS</b>	Statistical Package for the Social Sciences
<b>VAT</b>	Value Added tax

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# FOREWORD

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Commissioned by Caritas Czech Republic, MIRIM researcher N.Yanjinpagma independently conducted a study on “Research on Constraints Plastic Recycling Micro, Small and Medium-sized Enterprises Face Regarding Access to Finance” between October 1, 2021 and November 15, 2021.

Under the project “Sustainable Plastic Recycling in Mongolia” implemented by Caritas Czech Republic (CCR) and its partners, study aimed to identify the financial constraints and access available to MSMEs in the plastic recycling sector.

The author hopes that the findings and results will be a valuable evidence base for the project to identify ways to increase access to finance for plastic recycling MSMEs.

# SUMMARY

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The purpose of this study was to identify the financial barriers and access constraints to finance for Micro, Small, Medium-sized Enterprises operating in the plastics recycling sector. The survey used quantitative method covering 19 MSMEs.

Macro-environmental constraints are commonly included in financial constraints posed on the plastic recycling MSMEs. For example, secondary raw material suppliers are often “individuals” and do not file VAT receipts, which means that businesses are not taxed for the purchase of raw materials and supplies, which account for 20-30% of operating costs. This puts them in tax liabilities and risks.

Also, the technology used by factories has high electricity consumption, which leads to high daily operating or running costs. This accounts for 10-12% of the plant's operating costs. The technology used in this sector requires high power consumption and manual labor, which reduces the profitability of factories.

The enterprises are interested in obtaining soft loans from banks and financial institutions. However, access to credit is limited in Mongolia due to high demand for credit products, low availability, and high interest rates. Therefore, the enterprises are interested in connecting with international investors and attracting investment. Due to the COVID-19 pandemic, the working capital and financing of producers have decreased.

In addition, five factories that are planning to start or expand in this sector were surveyed. The most necessary support for these factories is defined as the exemption of customs duties on industrial equipment. In China, a major primary supplier of raw materials, rising commodity prices and the yuan's exchange rate have hampered the withdrawal of raw materials due to declining production due to the COVID-19 pandemic. The production of products from expensive raw materials is a key condition for reducing the profitability of the enterprises. Plastic waste recycling plants are not able to operate at the installed capacity of the plant due to the availability of raw materials.

The lack of a system for the supply of renewable resources and waste increases the cost of transporting, sorting and storing raw materials. Workplace instability increases the cost of human resource management in factories.

# 1. BACKGROUND, METHODOLOGY AND METHODS OF THE STUDY

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## STUDY GOALS AND OBJECTIVES:

This study aims to identify financial barriers and constraints regarding access to finance faced by plastic recycling MSMEs. These include:

- Collected data required to develop the “Study on Financial Access Restrictions Faced by Plastic Recycling MSMEs”. The survey covered MSMEs in Ulaanbaatar (about 18 factories) and Bulgan aimag center (1 workshop).
- Developed a report on “Study on Financial Access Restrictions Faced by MSMEs in Plastic Recycling”

## STUDY DESIGN:

In order to achieve the identified objectives, from the mixed methodologies, quantitative study methods were predominantly used. Quantitative analysis was performed after data was collected and the characteristics of the survey participants were identified.

## SAMPLING:

The survey covered MSMEs in Ulaanbaatar (about 18 factories) and Bulgan aimag center (1 facility). The study also used in-depth interview methods to collect qualitative data from the stakeholders

## DATA ANALYSIS AND REPORT DEVELOPMENT:

Once the field data was fully entered, the report development proceeded. The primary data of the survey was entered into MS EXCEL software, and the aim was to ensure that the errors did not exceed 2%. Content quality check was conducted reviewing the entered data against the data collected on questionnaire. After checking for typo and logical errors and meeting the quality requirements, it was entered into the statistical analysis program SPSS 25.0 and processed.

In addition to the single calculation of the indicators of interest in the processing of research data, the method of comparative analysis was widely used. For example, the t-test of students comparing averages and the key-square test of whether there is a significant relationship between the two quality variables were tested to see if the statistical characteristics of the sample groups differed significantly. To make statistical conclusions, the tests should have the confidence level of 95 percent.

## 2. FINANCIAL SITUATION OF THE SURVEYED PLASTIC RECYCLING MSMEs

18 of the 19 MSMEs were 100% domestically invested and 1 was 100% foreign-invested. Most of the MSMEs operate in Ulaanbaatar and collect raw materials from waste collection points located both in Ulaanbaatar and the provinces. All of the MSMEs maintain business income and expenses, prepare financial statements, pay social insurance contributions from their employees, and have business accounts. 16 of the surveyed 19 enterprises were registered as VAT payers, 3 were covered by projects and programs by government, international and other organizations, and 6 were insured.

### OPERATING INCOME:

8 (42%) of the surveyed MSMEs are profitable, 1 (5%) is unprofitable, and 10 (53%) are operating without profit or loss. The enterprises use their surplus to invest in their businesses, import raw materials, and increase production. The profitability of producers ranges from 10-20 percent or an average of 15 percent. When the plant is unprofitable, the difference is mainly financed by loans.

### OPERATING EXPENDITURES:

The average operating costs of plastic waste recycling enterprises are 34.4% in salary bonuses, 24.2% in raw materials and inventories, 11.1% in operating costs (electricity, water, internet, rent), 8.8% in taxes, 6% is spent on loan repayment, 4.5% on transportation costs, 4.1% on rent, 3.7% on equipment and spare parts, and 2.8% on savings.

VALUE	OPERATING COST (ELECTRICITY, WATER, INTERNET AND RENT)	SALARY AND INCENTIVES	LOAN REPAYMENT	SAVINGS	OFFICE/WORKPLACE RENT	EQUIPMENT AND TECHNOLOGY	TRANSPORTATION (FUEL AND TRANSPORTATION )	RAW MATERIALS AND INVENTORY	TAX
MEAN	11.1	34.4	6	2.8	4.1	3.7	4.5	24.2	
MEDIAN	11	35	6	2	4	4	5	25	8.8
THE MOST REPEATED	10	35	5	-	4	4	5	26	10
THE LOWEST	10	32	4	-	-	3	2	15	10
THE HIGHEST	15	37	10	8	7	6	10	28	5

Table 1. Operation cost, values, %

10



### 3. FINANCIAL ACCESS OF THE PLASTIC RECYCLING MSMEs

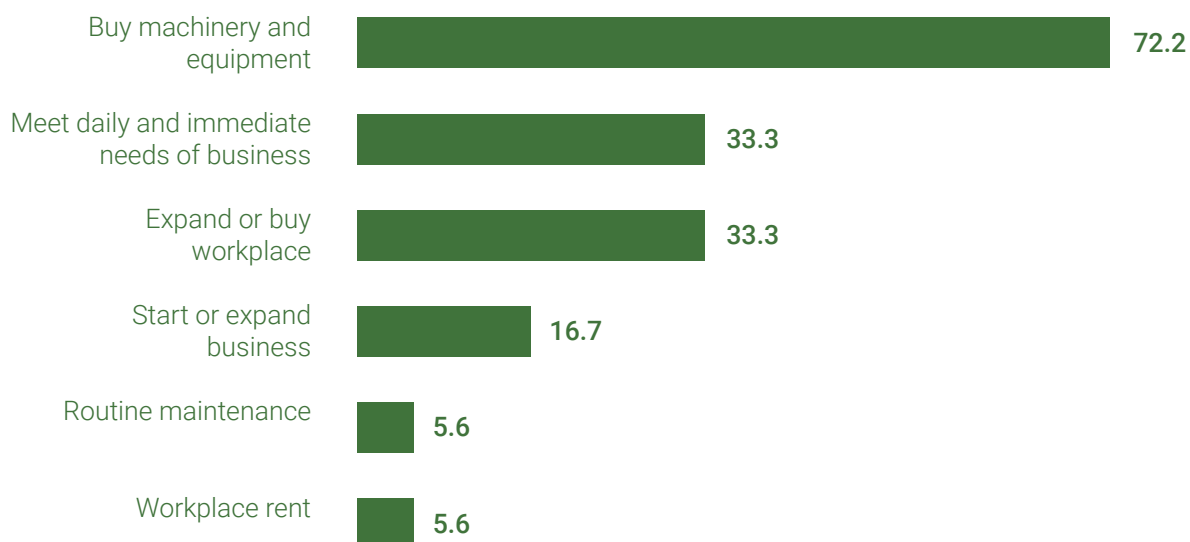
In the study, 18 of the 19 plastic waste recycling plants applied for loans, of which 13 were able to obtain loans, while the remaining 5 enterprises were unable to obtain loans. The reasons for not being able to get a loan were that the loan application was terminated due to the expiration of the low interest rate loan, the bank refused to accept the loan due to interruption of income, the loan requirements were not met, and the annual income was insufficient. One organization that did not apply for a loan was Jin Hunrui LLC, a company with 100% Chinese investment. In the case of plastic waste recycling plants, they are interested in government soft loans. However, it is said to be bureaucratic and scarce.

WHETHER THE ENTERPRISE APPLIED FOR A LOAN	N	RESULT OF THE LOAN APPLICATION	N
YES	18	YES	13
NO	1	NO	5

**Table 2.** Loan request and its application success

According to the duplicated number of loan applicants, 77.8% are commercial banks, 22.2% are NBFIs, 5.6% are technology-based financial institutions, and 27.8% are the SME development government fund. For the enterprises, 72.2% received loans for the purpose of upgrading and purchasing equipment, 33.3% for meeting the daily and short-term needs of the business, and 33.3% for expanding and creating jobs.

The plastic waste recycling enterprises have a **high demand for low-interest, long-term and low collateral loan products.**



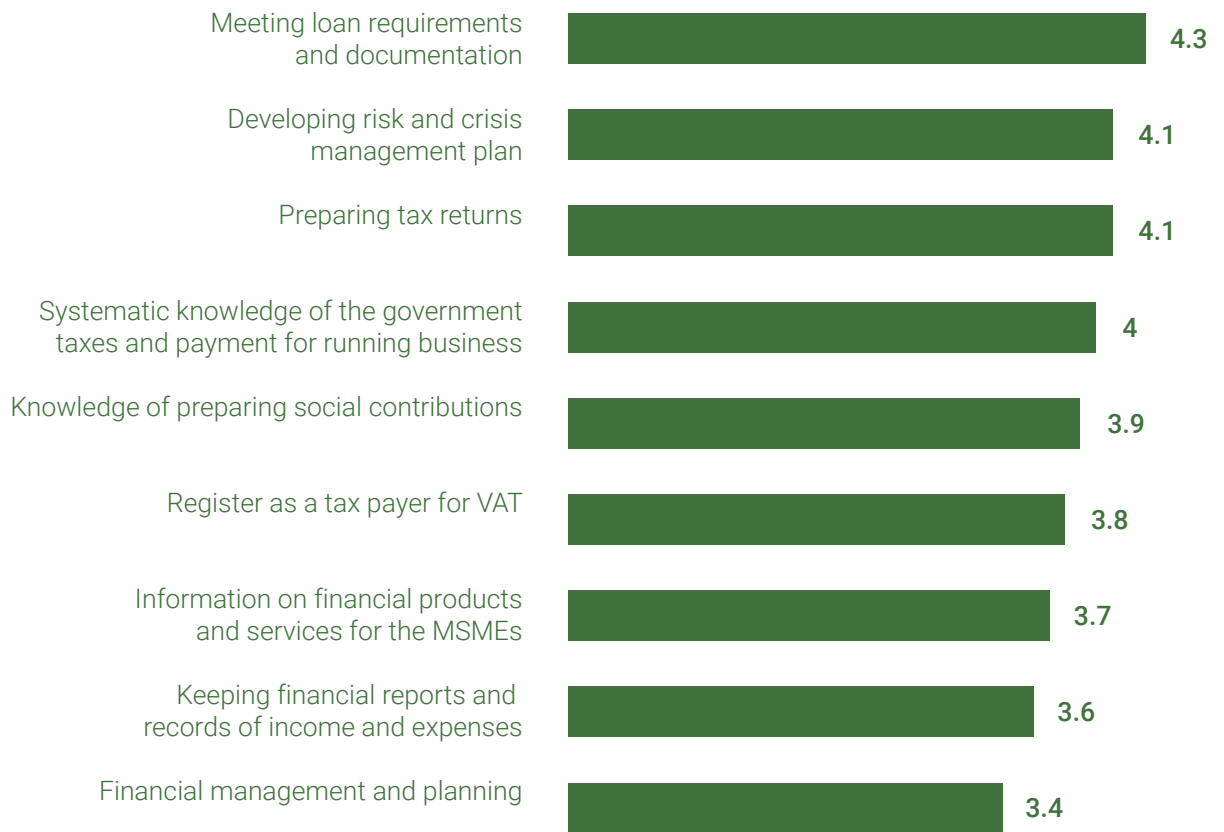
**Figure 1.** Business loan needs, %

The enterprises are more interested in obtaining loan products and services from commercial banks, but they said that “collateral requirements” are high.

The financial management skills and knowledge in need for the enterprises include:

- I. Documenting loan requirement materials

- II. Developing risk and crisis management plan
- III. Tax reporting and
- IV. Systematic knowledge of business tax and payments.



**Figure 2.** Financial management skill needs, average (5 the most need, 1 the least needed)

It is common for the enterprises to attend training once a year to improve their business and financial management skills and knowledge.

## 4. NEEDS AND CONSTRAINTS REGARDING FINANCIAL SUPPORT OF THE PLASTIC RECYCLING MSMEs

70% of the plastic waste recycling enterprises' need for financial support is "very high", 5% high, 15% moderate, and 10% low.

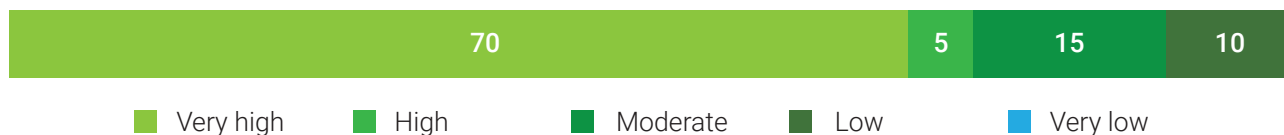


Figure 3. Financial support needs, %

63.2% of the enterprises need hardware/equipment support, utility bill discount (57.9%), low interest rate loan product (47.4%), workplace support (36.8%), grant aid (31.6%), and investment support (31.6%)

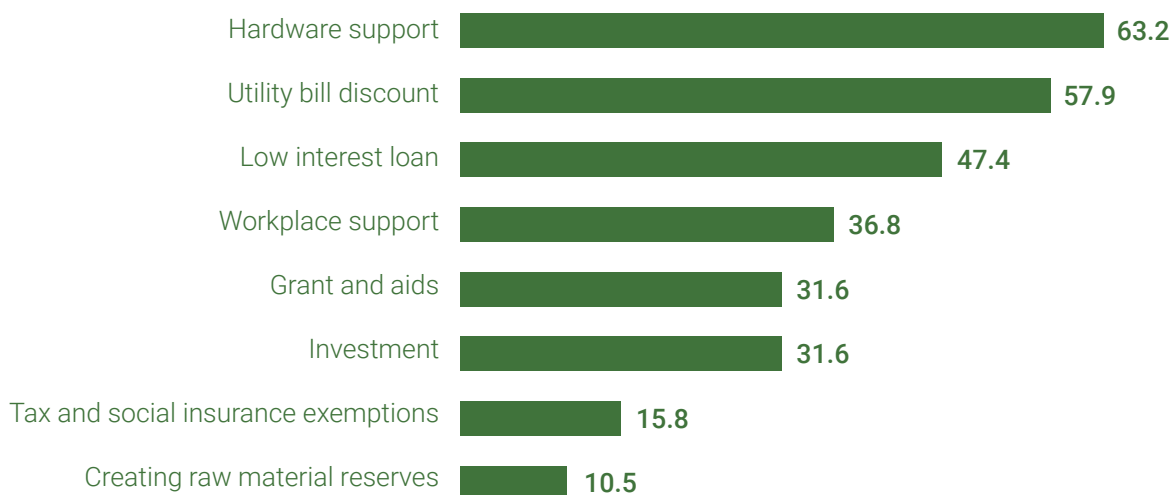


Figure 4. Financial and non-financial support needs, %

There is a need for low-interest loan products for the enterprises to upgrade their equipment. Once the plants have the equipment, they will be able to use the full capacity of the plant with labor shortages. The equipment used by the enterprises is expensive due to the high cost of electricity and repair.

The COVID-19 pandemic-related government exemption of utility bills was a significant boost to the organization's operations. Difficulty of accessing low-interest, concessional loans from the international community and the government, as well as corruption and bureaucracy were commonly mentioned by the enterprises.

The following **financial and non-financial constraints** are commonly faced by the surveyed plastic waste recycling plants:

### TAX INCENTIVES AND EXEMPTIONS:

There is a need to support tax policy by taking into account the social and economic importance of recycling plastic waste into economic circulation, saving natural resources and reducing environmental pollution. Also, in plastic waste recycling plants, secondary raw material suppliers are usually "individuals" and do not file VAT receipts, which means that they do not have to document the purchase of raw materials and supplies, which account for 20-30% of operating costs. However, the fact that these producers are required to file VAT receipts and pay taxes makes the businesses file false and misleading tax returns. Looking at the international practice, there is a widespread practice of tax exemptions and reductions for companies that process plastic waste, put it into economic circulation, save natural resources and reduce environmental pollution.

## **RISING UTILITY BILL**

The technology used by plastic waste recycling plants is high in daily consumption or running costs due to high electricity consumption. This accounts for 10-12% of the plant's operating costs. Over the past year, the COVID-19 pandemic-related utility bill exemption was effective for the enterprises to cope with the pandemic shocks. However, the enterprises expect the operation cost will be affected the most by the end of the COVID-19 pandemic-related government measures. Looking at the international practice, MSMEs that recycle plastic waste are encouraged to enjoy tariff reductions on electricity or utility costs and to stabilize prices over time, which is also mentioned by the surveyed enterprises.

## **LACK OF SOFT LOANS, FINANCING AND INVESTMENT**

There is a need to support and develop sustainable financing, soft loans and public investment for plastic waste recycling plants. The enterprises are interested in obtaining soft loans from banks and financial institutions.

## **CUSTOMS AND VAT EXEMPTION FOR MACHINERY AND EQUIPMENT**

One of the most pressing issues for the surveyed enterprises is the breakdown of machinery and equipment and poor availability of spare parts. In addition, five plants of the surveyed enterprises are planning to start or expand in the sector. The most necessary support for these plants is defined as the exemption of customs duties on industrial equipment. For example, there is a need to include plastic waste recycling machinery, equipment and spare parts in the list of goods exempt from customs duties and to exempt them from customs and VAT.

## **EXCHANGE RATE FLUCTUATIONS**

Before the COVID-19 pandemic, one foreign currency borrower was surveyed and found it difficult to repay the loan. It was also pointed out that it is financially difficult to withdraw primary raw materials due to changes in the yuan's exchange rate. In China, a major primary supplier of raw materials, the rise in commodity prices and the appreciation of the yuan have hampered the withdrawal of raw materials due to declining production due to the COVID-19 pandemic.

## **INVESTMENT**

The enterprises intend to expand production and upgrade equipment. However, investment opportunities in Mongolia are limited due to high demand for credit products, low availability and high interest rates. Therefore, the enterprises are interested in connecting with international investors and attracting investment. There is also a high interest in attracting investment and brokerage services.

## **AVAILABILITY AND PRICE OF RAW MATERIALS**

Due to poor availability of raw materials, there are cases when the enterprises bid to increase the price of secondary raw materials. The production of products from expensive raw materials is a key factor for reducing the profitability. In addition, the availability of raw materials is declining due to the shrinking consumption caused by the COVID-19 pandemic.

## **OPTIMIZING PUBLIC WASTE MANAGEMENT**

There is a need to establish a system of economic incentives for individuals and enterprises engaged in the classification, collection, transportation, storage, reuse, recycling, disposal, burial and export of plastic waste or for the introduction of non-waste technology. This is because plastic waste recycling plants are not able to operate at the installed capacity of the plant due to the availability of raw materials. This situation limits the ability of industries to expand and diversify.

## **PROVIDING INFORMATION TO CITIZENS**

Due to the lack of a system for the supply of renewable resources in Mongolia, raw materials are scarce in the plants. Therefore, there is a need to establish a sorting and collection system. The lack of a system for the supply of renewable resources and waste increases the cost of transporting, sorting and storing raw materials.

## **WAGES AND SAFETY OF WORKERS**

There is a shortage of skilled labor and human resources in the processing industry. The workers in the recycling industry work in hazardous conditions. There is a need to ensure occupational safety and social security for employees. Workplace turnover increases the cost of human resource management in enterprises.

## **EQUIPMENT OPERATION TRAINING AND EXPERT SUPPORT**

There is a need to increase efficiency in the recycling industry through the introduction of advanced techniques, technologies and high technologies based on innovation. The technology used in this sector requires high power consumption and manual labour, which reduces the profitability of factories.

## **WORKING CAPITAL SUPPORT**

Due to the COVID-19 pandemic, the enterprises are not profitable and there is no cash balance at the end of the year, which makes it impossible to stockpile raw materials during the Lunar New Year.

## **PROMOTING COOPERATION**

Emphasis should be placed on the possibility of reducing dependence on raw material resources if companies seek opportunities for joint withdrawals and joint storage of raw materials.

## **DEVELOPMENT OF STANDARDS**

It was noted that the quality of products varies from plant to plant. Therefore, there is a need to issue certificates of conformity and certificates of origin for products manufactured by plants.

## **SUPPORTING DOMESTIC PRODUCERS**

There is a need to impose high customs duties on imported products which are also produced in Mongolia. There is a need to impose high customs duties on imported products.

## **IMPROVING THE LEGAL ENVIRONMENT**

The Law on Eco-Waste needs to be enacted to support enterprises operating in the plastic waste recycling sector.

## 5. FINANCIAL SITUATION OF THE MSMEs AND THE EFFECTS OF THE COVID-19 PANDEMIC

Of all the enterprises surveyed, 57.9% said that the COVID-19 pandemic had a significant impact on business operations, while 26.3% said it had moderate impact. Measures such as border closures and imposing curfews interrupted the normal operations of the enterprises. They include not being able to attract inventory, lack of working capital, poor availability of goods, price increase of the raw materials and delay in salaries.

However, when the NSO surveyed 2,404 enterprises in February 2021, 71.1% of the enterprises said that their financial situation was difficult. In addition, 61% reported a reduced sales and their operating income decreased by more than 50%. This is similar to our survey results<sup>[1]</sup>.

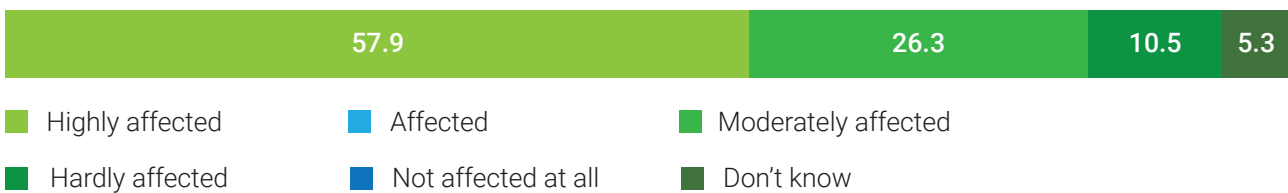


Figure 5. The COVID-19 effects on business, %

According to the survey, 78.9% of the enterprises said that the availability of inventory and raw materials was poor, 78.9% said that the price of inventory and raw materials increased, 73.7% said that working capital and funding decreased, and 57.9% said that they stopped operations due to quarantine. This shows that the biggest challenges for producers are access to raw materials, rising commodity prices, working capital and financial issues.

In order to reduce the negative impact of the COVID-19 pandemic and to cope with their business activities with low risk, the surveyed businesses took the following measures. 47.7% of them took additional loans from commercial banks, NBFIs and individuals, 36.8% used their personal savings, and 21.1% sold some business assets.

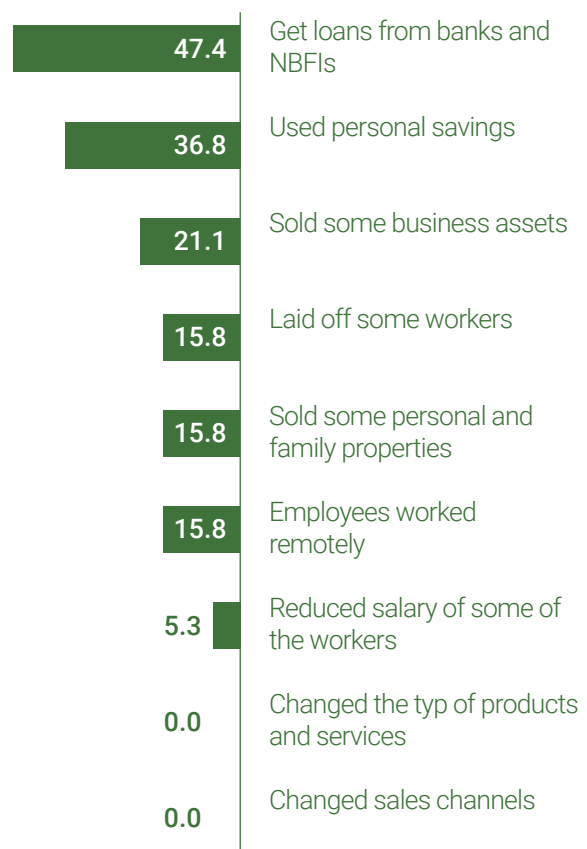
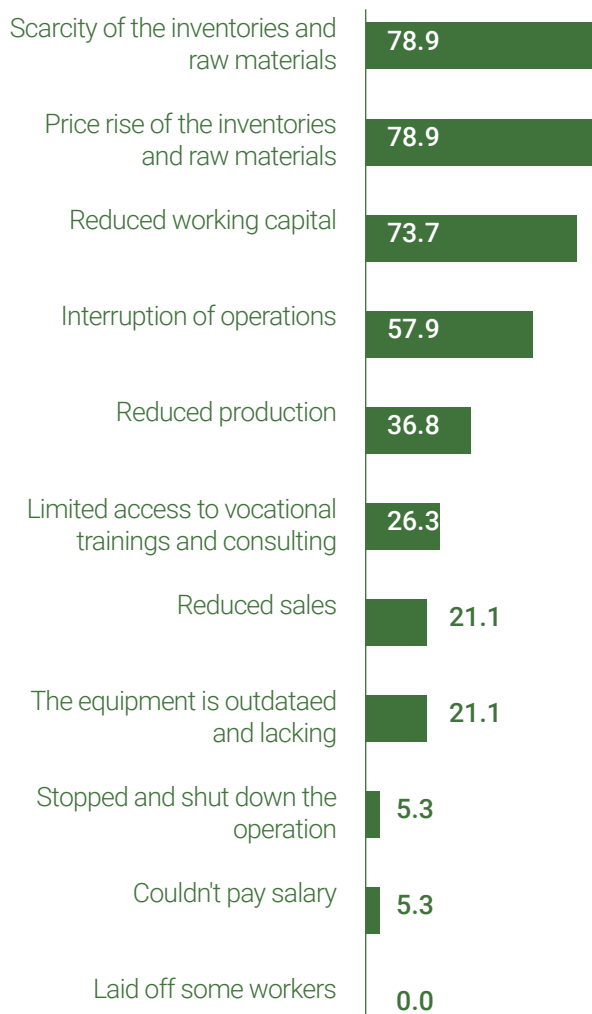


Figure 6. The effects of the COVID-19 on the enterprises, %

[1] NSO. COVID-19 Impact Assessment on the Enterprises 2023



**Figure 7.** The enterprises' coping strategies against the effects of the COVID-19 pandemic, %

## PRICE INCREASE OF RAW MATERIALS AND DECLINE IN AVAILABILITY:

According to the NSO study, the prices of consumer goods and services increased by 2.4 percent in January 2021 compared to the same period of the previous year and by 1.0 percent compared to the previous month due to the COVID-19 pandemic. 2.2 units or 91.7 percent of this was due to rising prices for food, beverages and water.

Average monthly household income decreased by MNT 75.5 thousand (6.2%) from the previous quarter to 1.1 million MNT at 2015 constant prices. In terms of cash income, the number of households with an income of up to MNT 300,000 increased by 0.9 percentage points or 8.6 thousand compared to the same period of the previous year. This indicates that the effects of the pandemic are affecting the most vulnerable groups in society<sup>[2]</sup>.

Due to the decline in public consumption, the resulting raw material resources have declined. Commodity prices have risen due to a shortage of raw materials. In addition, producers have limited access to raw materials due to shortages of working capital and cash, and limited access to raw materials. Commodity prices have risen by 25-35%.

## TRANSPORTATION:

Rising transportation and fuel prices due to the COVID-19 pandemic and border closures have made it difficult to supply inventory and raw materials. According to the survey, transportation costs have increased 10 times since the same period last year. Zamiin-Uud, the largest port on the border with China, which handles 50% of Mongolia's imports, used to have 250 vehicles a day, but due to the spread of infection and positive cases in Dornogovi province, the number has dropped to 50 cars a day making the border transportation fee 10 times higher. Overcrowding at Erlian has reduced shipments from China, and the number of vehicles in Zamyn-Uud has exceeded 5,000. As of today, a curfew has been imposed and the Ereen port has been closed.

[2] NSO, Coronavirus and Economy, BookLibraryDownload.ashx (1212.mn)

## 6. CONCLUSION AND RECOMMENDATION

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Macro-environmental constraints are commonly included in financial constraints that are posed on plastic-recycling MSMEs. They include restrictions such as the tax environment, rising consumer prices, exchange rate fluctuations, customs duties and fees on equipment, and rising raw material prices are common. In order to tackle these constraints, it is necessary to improve the legal environment, as well as to systematically plan and address waste segregation systems.

Of the surveyed companies, 8 (42%) are profitable, 1 (5%) is unprofitable, and 10 (53%) are neither profitable nor loss-making. There is also a need to increase the profitability of these businesses. Low profitability is due to the fact that the equipment used in the plant is not used at the installed capacity and the cost of operating the equipment is high, and it is overly dependent on human factors and the stability of the workforce. Therefore, there is a need to train specialized human resources and intensify equipment upgrades.

The plastic waste recycling enterprises have high demand for low-interest, long-term, low collateral loan products. There is a need to connect producers with banks and financial institutions and offer specialized green loan products and services.

It is also common for plastic waste recycling enterprises to face financial constraints due to the scarcity of raw materials, rising prices and transportation conditions due to the COVID-19 pandemic.



# ANNEX

Under the project “Sustainable Plastic Recycling in Mongolia” implemented by Caritas Czech Republic (CCR) and its partners, the study aimed to identify the financial constraints and access available to MSMEs in the plastic recycling sector. We are conducting a research on constraints plastic recycling MSME’s face regarding access to finance. Thus, we kindly request your active participation and reliable information. The information you provide during the interview will be confidential under the relevant laws and will be used only for research purposes. If you agree, we will record our interview for data quality assurance. If you don't want to have it recorded, please inform us.

Nº	QUESTIONS	RESPONSES		
1	Name of organization			
2	Name of respondent			
3	Phone number			
<b>CURRENT BUSINESS FINANCIAL AND ITS INFLUENCING FACTORS</b>				
4	Tell us about the business average annual sales revenue ?	<b>YEARS</b>	<b>ANNUAL SALES REVENUE</b>	
		2019		
		2020		
		2021		
5	Is your business operating profitably?	1. Yes ..... % 2. No .....% 3. There seems to be no gain nor any loss		
6	If your business is profitable, how do you spend your profits?	1. Create savings 2. Invest in my business 3. Increase the extraction of raw materials and increase production 4. Repay loans and debt 5. Spend on salaries and bonuses of employees 6. Invest heavily in household consumption 7. Others .....		
7	If you operate with a loss, where do you fund the deficit?	1. From household income 2. Gets loan 3. Through investment and assistance (within projects and programs) 4. With the support of close relatives 5. Buys goods and materials with loans 6. Sells our property and ownings 7. Others .....		
8	Please identify your expense structure from your business income?	<b>#</b>	<b>EXPENSE TYPE</b>	<b>MONTHLY AVERAGE EXPENSE</b>
		1	Operating costs (electricity, water, internet, rent)	
		2	Salaries and bonuses	
		3	Loan repayment	
		4	Savings	
		5	Rent	

		<b>6</b>	Equipment and technology		
		<b>7</b>	Transportation (fuel, transportation fee)		
		<b>8</b>	Raw materials		
		<b>9</b>	VAT		
		<b>10</b>	Other .....		
<b>9</b>	What is the type of investment in your organization?	1. Domestic investment 2. Foreign investment 3. Mixed			
<b>10</b>	Where do you get raw materials?	1. From the capital city 2. From abroad 3. From the aimag where you operate 4. From other aimags			
<b>11</b>	Do your products and services have the followings?	<b>#</b>	<b>FINANCIAL MANAGEMENT</b>	<b>YES</b>	<b>NO</b>
		<b>1</b>	Recording of business income and expenditure	1	2
		<b>2</b>	Producing a financial report	1	2
		<b>3</b>	Paying social insurance contribution from the staff salary	1	2
		<b>4</b>	Having VAT payer registration	1	2
		<b>5</b>	Have a grant or support from the state and international organizations on a business project	1	2
		<b>6</b>	Having a business account	1	2
		<b>7</b>	Whether the factory premises and products are insured		
<b>12</b>	If you don't produce a financial report, what is the reason?	.....			
<b>13</b>	If you produce a financial report, who is responsible for producing it?	1. Myself/owner 2. Own financial officer 3. Freelance financier 4. Acquaintances with a request 5. Other (specify).....			
<b>14</b>	How much financial support does your organization need?	1. Very high 2. High 3. Moderate 4. Low 5. Very little			
<b>15</b>	What kind of financial and non-financial support is most needed?	1. Low interest loan products 2. Investment 3. Grant aid 4. Workplace support 5. Equipment and technology support 6. Consumption cost reduction 7. Other .....			

<b>16</b>	From which organization would you like to receive this necessary financial and non-financial support?	
<b>17</b>	What are the external factors that have the greatest impact on the financial performance of your organization?	1. .... 2. .... 3. ....
<b>18</b>	What are the internal factors that have the greatest impact on the financial performance of your organization?	1. .... 2. .... 3. ....
<b>FINANCIAL NEEDS</b>		
<b>19</b>	Have you applied for a loan in the past 2 years? (monetary and non-monetary)	1. Yes 2. No (Skip to questions 20)
<b>20</b>	To whom have you applied for the loan (multiple choices)	1. Commercial bank 2. Non-financial institution 3. Pawn shops (using collateral) 4. Related savings, credit cooperative and partnership 5. Individual (no interest rate or with monthly interest rate) 6. Individual (daily interest rate) 7. Technology-based financial institution (Fintech loan application) ..... (please state used app) 8. Concessional loans from the Government such as MSMEs 9. International project and programs, grant 10. Others (specify).....
<b>21</b>	Was your application successful?	1. Yes (Skip to questions 23) 2. No
<b>22</b>	If not, what were the reasons for the application being unsuccessful?	1. Not enough collateral 2. Not sufficient income 3. Couldn't provide the financial evidence 4. Not paying the social insurance contribution 5. Bank and financial institutions didn't trust 6. Documentation error 7. Other (specify) .....
<b>23</b>	For what reasons, do you need to apply for a loan? (Select up to 3 options)	1. To expand the workplace and buy a new one 2. To pay rent 3. To start a new business or expand the existing one 4. To do routine maintenance 5. To provide salaries and benefits to the employees 6. To pay tax 7. To buy equipment and facilities 8. To source the supply materials 9. To meet the daily and immediate needs of the business 10. Other (specify) .....

24	Approximately, how much did you borrow for your business? In-kind loans converted into cash. (the largest loan in the past 2 years)	1. Didn't get a loan 2. Got a loan a. Average amount: ..... ..... b. Average term: ..... ..... c. Loan interest rate: (monthly) ..... ..... d. Amount of collateral: .....
25	On average, how much was the operation cost of getting a loan? (loan interest not included and fee and documentation related cost)	MNT .....
26	What is the most difficult challenge to access the SME loan?	1. High-interest rate 2. High collateral requirements 3. Complex documentation 4. Lack of knowledge and information 5. Lack of financial evidence 6. Other (specify).....
27	What requirements do you find the most difficult to meet to get a loan from the bank and financial organizations? Please list here.	.....
28	What challenges do you face to meet documentation requirements?	1. Don't understand the requirements well 2. Lack of documentation skills 3. Lack of skills to express and present ideas 4. Lack of skills of using multiple sources of information 5. Lack of ability to select an appropriate loan product 6. Business partner not meeting the requirement 7. Not having valid documents 8. Other (specify).....
<b>FINANCIAL SUPPORTING NEEDS</b>		
29	Have you taken any trainings to improve your business knowledge in the past 2 years?	1. No 2. Yes (specify what training was it and who conducted.....)

		#	KNOWLEDGE AND SKILLS IN NEED	SELF-ASSESSMENT
<b>30</b>	What topics do you need to learn in respect of financial knowledge and skills? A. What training needs do you have?  5=Very important 4=Important 3= Somewhat important 2= Slightly important 1=Not important at all	<b>1</b>	Keeping financial records and accounting	
		<b>2</b>	Financial planning and management	
		<b>3</b>	Preparing tax returns	
		<b>4</b>	Producing social insurance reports and briefs	
		<b>5</b>	Getting registered as a tax payer	
		<b>6</b>	Having comprehensive knowledge of government tax scheme and fees for businesses	
		<b>7</b>	Having information of SME loan and services	
		<b>8</b>	Having knowledge of loan documentation and application	
		<b>9</b>	Knowledge of risk and crisis management	
		<b>10</b>	Knowledge of establishing savings and credit cooperatives and joint ventures	
		<b>11</b>	Other (specify) .....	
<b>31</b>	Where do you want to get the above-mentioned financial knowledge and skills?	1. Bank and financial institutions 2. Government agencies such as General Department of Taxation, General Authority for Social Insurance 3. SME supporting centers 4. Financial advisory services and consulting, private sector 5. International projects and programs 6. Other (specify) .....		
<b>THE IMPLICATION OF COVID-19 ON BUSINESSES</b>				
<b>32</b>	How has the COVID pandemic affected your business?	1. Affected greatly 2. Affected 3. Somewhat affected 4. Slightly affected 5. Not affected at all 6. Don't know		
<b>33</b>	How has the COVID-19 pandemic affected your business?	1. Decreased working capital and funding 2. Sales decline 3. Operation disruption 4. Permanent closure of business 5. Lack of availability of the supply products and materials 6. Price increase of the supply products and materials 7. Decreased production 8. Delayed payment 9. Lay off 10. Equipment is outdated and deficient 11. Limited access to professional trainings and consulting 12. Other		

<b>34</b>	What measures have you taken to overcome the negative effects of the COVID-19 pandemic? (Select up to three items!)	<ol style="list-style-type: none"><li>1. Laid-off employees</li><li>2. Reduced the salary to some extent</li><li>3. Sold individual/household properties</li><li>4. Sold some of the business assets</li><li>5. Used the savings</li><li>6. Got a loan (from the bank and other financial institutions)</li><li>7. Changed products and services</li><li>8. Had the employees work remotely</li><li>9. Changed the sales channel, started online sales</li><li>10. Other (specify...)</li></ol>
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