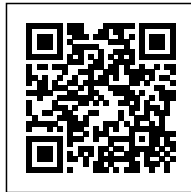


FIRST STAGE OF DEVELOPMENT BANK HEARING CONCLUDED

Posted on January 20, 2023 by admin



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The evidence analysis hearing organized by the Ad hoc Committee to review the implementation, results, loan issuance and repayment process of the projects and programs financed by the Development Bank of Mongolia was held on 16-20 January. It was the first time in the Mongolian parliamentary history to hold a hearing in this format.

The hearing will be held in 3 stages and the report of the hearings will be submitted to the Parliament next April. During the first hearing, the spending of 77 loans directly granted by Development Bank were questioned from relevant witnesses. In the second stage to be held from February 13 to 17, the utilization, expenditure and results of loans granted to 355 projects and measures with the condition of repayment from the state budget will be reviewed. During the third phase of the hearing, which will take place between March 13 and 17, the spending and results of 2,550 project and program loans provided through commercial banks with the resources of Development Bank will be evaluated.

Representatives of non-governmental organizations participated in the hearing as auditors, experts and external observers appointed by the ad hoc review committee.

According to Head of the committee and Member of Parliament Enkhbayar Battumur, the committee investigated whether the spending was according to the intended purpose or not, regardless of whether the loan taken from Development Bank was paid or not. He also highlighted that experts have checked 3 million

bank transactions and the investigations will last until April.

The Development Bank of Mongolia was established in 2011 to finance development projects with long-term financing, particularly infrastructure and export promotion programs, as seen in many other countries. DBM issued bonds in foreign currencies on a global scale (US dollars and yen) and granted loans domestically under the supervision of the Ministry of Finance. But some of the loans were allegedly issued to businesses associated with well-known politicians and lawmakers without proper scrutiny.