

Annex 2

Detailed factual, time and financial framework of foreign development cooperation project

Project title: Improvement of footwear production in Mongolia through know-how and technology transfer

Implementing and partner institution: Association of Small and Medium-sized Enterprises and Crafts of the CR (AMSP CR) | Charaha Leather Shoe Factory (LLC), with the support of local authorities in Somon Darkhan

The development objective of the project: The development goal of the project can be seen in particular in strengthening the capacities and skills of Mongolian professionals working in the footwear industry. The project was designed to provide the practical experience and expertise necessary to:

- **Improving production capacity and technological skills:** the project aims to introduce modern technologies and production processes that will increase the efficiency and quality of footwear production in Mongolia. The focus is on innovations that will enable Mongolian manufacturers to increase their competitiveness both domestically and potentially internationally.
- **Implementation of best practices in design and quality control:** project participants will potentially gain access to advanced footwear design methods that meet the specific needs of the Mongolian market and harsh climatic conditions. Emphasis will also be placed on improving inspection processes to ensure high quality production.
- **Support local supply chains and use of local raw materials:** the project encourages the use of locally available raw materials such as Mongolian leather, which will not only help reduce costs but also support the local economy. The creation of strong supply chains and linkages between manufacturers and raw material suppliers will be a key factor for the sustainability and development of the footwear industry in Mongolia.
- **Transfer of successful Czech business and management models to the Mongolian context:** the project participants will have the opportunity to learn about best practices and business models that have proven successful in the Czech footwear industry. These experiences will be transferred to the Mongolian environment in order to support the development of local companies and increase their competitiveness.

Objectives of the project: Is to strengthen the capacity of Mongolian footwear manufacturers, especially Charaha Leather Shoe Factory, and to support the development of the footwear industry in Mongolia. Specifically, the project aims to improve production capabilities, increase production quality and introduce modern technologies and processes that will enhance the competitiveness of Mongolian footwear enterprises.

| OUTCOMES OF THE PROJECT | ACTIVITIES WITHIN THE PROJECT | Expected financial requirements for individual activities | Invoicing date |
|--|---|---|----------------|
| Output 1.1 Procurement and transport of specific machinery to Mongolia Timeframe for achieving the output: 10/2024-02/2025 | Activity 1.1.1 The first activity of the project is the acquisition of specific machinery, namely the "Toe Lasting Machine", which represents a key element for the modernization and increase of the production capacity of Charaha Leather Shoe Factory. This phase involves the detailed selection and specification of the required equipment, including technical consultation with the manufacturer to ensure that the machine meets all technical requirements and standards necessary for its effective use in the conditions of the Mongolian footwear industry. Once the specification and selection of the equipment has been completed, the process of purchasing and preparing it for transport will follow. This process will include a thorough quality check of the equipment prior to shipment, careful packaging for transport, and subsequent coordination of transport to Mongolia. The estimated cost of the machinery - Spitz is 695 thousand CZK. VAT excluded, and the subsequent transport of the equipment to Mongolia will be covered by the project funds. The payment of any other related items (e.g. customs duty, VAT in Mongolia, transport from the Mongolian capital to the final destination, etc.) will be covered and secured by the Mongolian partner. | 879.670,00 CZK (incl. VAT) | 28/02/2025 |

Annex 2

| | | | |
|--|--|----------------------------|-------------------------------------|
| Output 1.2 Expert mission of Czech experts to Mongolia Timeframe for achieving the output: 03/2025-05/2025 | Activity 1.2.1 The second project activity is the implementation of an expert mission of Czech experts to Mongolia, which will take place in the immediate aftermath of the installation and commissioning of the machinery. This phase is crucial to ensure full use of the new equipment and to transfer the know-how necessary to achieve the project's objectives. The expert mission will include a 5-day visit of two Czech experts who will be responsible for conducting training and workshops for local technicians and managers of Charaha Leather Shoe Factory. The aim of this mission is not only to train staff on the advanced features and maintenance of the new equipment, but also to provide practical advice and recommendations on how to integrate the new technology into existing production processes. During the training, all aspects of machine operation will be covered, including production process optimization, quality assurance, and basic maintenance, ensuring that the equipment will be functional in the long term and deliver the expected improvements in quality and production productivity. The costs of the activity include in particular: the personal costs of the implementer, the cost of the study tour participants' stay (i.e. flights, accommodation, meals, local transport, insurance, visas, etc.). | 220.323,00 CZK (incl. VAT) | 31/05/2025 |
| Output 1.3 Study trip of Mongolian specialists to the Czech Republic Timeframe for achieving the output: 06/2025-08/2025 | Activity 1.3.1 The third activity of the project is the organization and implementation of a study trip for 2 Mongolian specialists from Charaha Leather Shoe Factory to the Czech Republic. This trip is a key part of the project, which will allow the participants to gain practical experience and be inspired by best practices that can be subsequently applied in Mongolia. During the approximately 5-day study trip (max. 4 nights), the Mongolian specialists will visit leading Czech footwear companies, technological institutions and professional associations to learn about modern production processes, quality control, design and marketing. The planned costs for the implementation of the activities include in particular: personal costs of the implementer, visas to the Czech Republic for the participants of the trip, costs for the stay of the participants of the study trip in the following scope: air transport, accommodation in the Czech Republic, insurance, meals (per diem in accordance with Czech national legislation), local transport. | 370.997,00 CZK (incl. VAT) | 31/08/2025 |
| THE TOTAL COST OF THE PROJECT: | | | 1.470.990,00 CZK (incl. VAT) |

.....
Signature and stamp
Association of Small and Medium-sized
Enterprises and Crafts of the Czech Republic
(AMSP CR)

.....
Signature and stamp
Charaha Leather Shoe Factory
(LLC)