

ASSESSMENT AND PROFILE OF OTHER DONOR ACTIVITY IN MONGOLIA
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1 INTRODUCTION

The following assessment provides an overview of current donor activity in Mongolia, with a special regard for programming that is related to USAID's strategic objectives and projects.

A large number of multi-lateral, bi-lateral donors, international organizations and non-governmental organizations are active in Mongolia. Much of the Official Donor Assistance (ODA) is channeled through the Mongolian government, and especially through the Ministry of Finance, although other ministries coordinate some donor projects.

On a per capita basis, Mongolia receives one of the highest levels of donor assistance in the world. From 1991 to 2001, ODA commitments averaged \$216 million per year, and disbursements averaged \$214 million per year.¹ Mongolia's external debt as of the end of 2001 stood at 82 % of GDP, or 931 billion tugriks (around US \$850 million at average 2001 exchange rate).² Most of this debt (97.4 percent) is concessional in the form of soft loans provided by donors. These debt figures do not include the unresolved issue of Russian debt incurred during the Soviet period, which Russia estimates at 10 billion convertible rubles. However, grace periods are coming to an end and Mongolia must soon begin repaying the loans.

2 SUMMARY OF DONORS ACTIVE IN MONGOLIA

The Mongolian Ministry of Finance provided the following information on donor aid at the July 2002 Consultative Group Meeting:

From 1990 through the end of 2001, donor commitments to Mongolia for all types of Official Development Assistance (ODA) amounted to US \$2.9 billion, while disbursements were equal to US \$2.4 billion. Of total disbursements, 52.7 percent has been as loans, 26 percent as capital grants, and 21.3 percent as technical assistance grants. In terms of debt financing from 1990 through 2001, the main lenders have been Japan (US \$388.8 million), the Asian Development Bank (\$352.6 million), the World Bank (\$166.3 million); and Russia (\$84.9 million). In terms of debt financing disbursed, the main sectors assisted have been Economic Services (88.2 percent); Social Services (4.4 percent); and IMF Balance of Payments support (7.4 percent). Within the predominant Economic Services category the main sub sectors of importance have been: Transport (25.4 percent); Industry and Construction (13.2 percent); and Electricity and Heating (11.7 percent). In terms of grant financing disbursed, 1990 to 2001 the main sectors assisted have been: Economic Services (90.7 percent); and Social Infrastructure (9.3 percent). Within the predominant Economic Services category the main sub sectors of importance have been: Physical Infrastructure (26.8 percent); Economic Management (11.9 percent); and Agriculture (4.7 percent).³

In terms of committed ODA grant assistance 1990 through 1998, the largest bilateral donors were Japan, the U.S., Germany, Denmark, the Netherlands, Taiwan, Australia,

Norway, the UK, and France. The largest multilateral donors in terms of grant assistance were the Asian Development Bank (ADB) (which committed just more than Denmark), the European Union, the United Nations Development Programme (UNDP), the United Nations UNFPA, the Global Environmental Facility (GEF), and UNICEF. Among all sources of ODA grant assistance, the U.S. ranked second in terms of commitments and disbursements, less than a third of Japan's contribution but 30% higher than Germany.⁴ International NGOs were also significant contributors. Non-governmental organizations like the Soros Foundation and World Vision contributed significant levels of grant funding, with annual budgets of around \$3 million.

For more detailed information on the programs of individual donors, please see references.

3 DONOR ACTIVITY BY SECTORS

3.1 Governance

Donor initiatives under the heading of "governance" encompass a wide variety of programs and projects. These include initiatives to assist government in the formulation of a framework of overall national policy priorities, strengthening state institutions responsible for developing, adopting, and enforcing legislation and policies, increasing the overall efficiency, effectiveness, and accountability of the public sector and administration, and improving private sector and civil society participation in various aspects of governance. The initiatives employ a variety of means to achieve these goals, including technical assistance and other support for drafting specific laws and policies, providing training and strengthening public servant training systems, improving information management systems and infrastructure, developing new systems to improve public participation, and other support.

3.1.1 Overall framework of government policy. Two major donor initiatives are targeted at supporting the government's overall policy framework. Both the UNDP-supported "Good Governance for Human Security Program," and the soon-to-be-finalized World Bank-supported "Poverty Reduction Strategy Paper" attempt to lay out overall frameworks of government objectives and actions, and integrate the objectives and activities under various sectoral strategies and action plans. UNDP supported the development of the GGHS program, which was adopted by the government in 2001.

3.1.2 Public sector and civil service reform. Much of the donor support under the heading of "governance" is related to improving the performance, efficiency, and accountability of the public sector, including its financing, administration, human resources, and infrastructure. Many donors, including ADB, the World Bank, and UNDP provide loans and technical assistance to improve the public sector. ADB's \$25 million governance reform program seeks to enhance fiscal discipline, improve public sector budget formulation and execution, and strengthen overall public sector operational efficiency.

ADB supported development of a new law on public sector reform (passed in 2002 after more than five years of discussion) based on the New Zealand model, a law to improve the transparency and accountability of public procurement, support for rationalizing the civil service, and developing a strategy to accelerate economic growth. ADB also recently completed a detailed draft “Governance Assessment of Mongolia” examining public, private sector, and civil society governance and roles in governance. In support of the PRSP, the World Bank completed a comprehensive Public Expenditure Review, which provides a detailed analysis of government expenditures and the system of public administration. This review identifies key problems and recommended actions to improve inefficiencies in public sector management and provision of social services.

ADB’s governance assessment includes a comprehensive matrix of donor activities related to governance (attached as an appendix to this report). The matrix summarizes donor loans, grants and technical assistance to strengthen public institutions through development and passage of new legislation, strengthening public administration and public finance, increasing overall transparency and reducing corruption, increasing the role of the private sector and civil society in governance (as well as promoting improved governance in those sectors themselves).

In addition to ADB and the World Bank, UNDP has funded numerous programs to build capacity, improve policy research and discussion, and strengthen management and information access of public servants, with an emphasis on line ministries and the Parliament. It also supports on-going programs to improve protection of human rights and to reduce corruption, working with government as well as engaging civil society and private sector. UNFPA and the World Bank have targeted strengthening of the National Statistical Office. The European Union/TACIS has also supported projects related to governance.

3.1.3 Parliament. USAID’s Democracy Strengthening project, the Konrad Adenauer Foundation, GTZ, the Asia Foundation, the Soros Foundation, and UNDP have all supported projects to build the efficiency, transparency and accountability of the Parliament. Support has targeted Parliament’s information systems, including the Parliament library, research capability, and an improved Internet system for Parliamentarians and secretariat, provision of information about legislation and parliament activities through websites and printed transcripts of Parliament sessions, and introduction of public hearings (USAID).

3.1.4 Local government. The Konrad Adenauer Foundation, Asia Foundation, Sweden, and the Soros Foundation/Open Society Institute (OSI) have supported projects to strengthen local government, particularly in rural areas. They have funded initiatives to review Mongolia’s election law, improve training of local government officials, share information on successful local government initiatives in Mongolia and abroad, address problems of local government financing and

financial management, improve openness of the local citizens councils “*khurals*,” and promote NGO participation in local government. With support from the Asia Foundation, the Women for Social Progress (a local NGO) conducted a detailed review of problems with local government finance and financial management. WSP also facilitated model town meetings to involve the public in identifying priority problems and finding feasible locally based solutions. Sweden has supported the Mongolian Association of Local Administrators (MALA) in improving information and experience sharing and cooperation between local government officials.

3.2 Justice and rule of law

Closely related to governance, a number of donor initiatives specifically target improving the rule of law, access to justice, and independence of the judiciary. These initiatives seek to improve the legislative framework for the legal system, including provision of experts and other support for development and implementation of new civil and criminal codes, law on courts, and other laws related to administration of the legal system. They also attempt to strengthen the infrastructure and capacity of institutions and systems that provide training, certification, and monitoring of legal professionals, including the judiciary, prosecutors, police, and prison administration. USAID’s Judicial Reform program initially helped in the creation and adoption of a national framework of goals and priorities for improving the rule of law.

Numerous donor-supported initiatives have targeted in-service training of legal professionals. The ADB formerly supported a program training legal professionals for the market economy. The World Bank is providing a loan to support the Ministry of Justice in creating a centralized training center for all legal professionals and to develop a training system on the new administrative law. USAID’s Judicial Reform Program, GTZ, Hans Seidel, and Soros have supported programs to improve the judiciary through improvements in court administration and case management, court automation, training, and other measures. USAID’s program supports improvement in court management and administration, case management, training and continuing legal education, and establishment of a qualification system for legal professionals. USAID and GTZ judicial training programs are jointly developed and work under a coordinated curriculum to provide training for judges and other legal professionals on new civil and criminal codes, commercial and financial laws, judicial ethics and other subjects.

Donors also support initiatives to strengthen other in-service legal training programs. Soros has supported reform of pre-service and in-service training programs for legal professionals, including establishment of a judicial training center in the Supreme Court, curriculum reform at the Police Academy (part of a larger community police program encouraging police accountability and community participation and support for the police as public servants), revision of training for prosecutors and prison staff.

GTZ, Hans Seidel Foundation, and Soros Foundation have supported law schools to improve curricula, train faculty, and improve access to information and textbooks,

introduce law clinics. Soros also funded development of a law library to serving all law schools. Of particular note, Soros' legal education program, "Law in our Lives," is developing an interactive curriculum, textbooks, and teaching manuals, based on Mongolia's Constitution and laws, that has been incorporated into the core formal education system.

GTZ, USAID, Hans Seidel and ADB have supported creation of legal databases and websites of Mongolia's laws. Several donors support Mongolian NGO programs to increase legal education, provide legal services to vulnerable populations, incorporate human rights into training of legal professionals, and build capacity of NGOs to monitor the accountability and transparency of legal institutions.

3.3 Economic reform

3.3.1 Macroeconomic policy. The IMF, World Bank, and USAID are particularly active donors in the area of macroeconomic policy. IMF and World Bank programs include balance of payment loans linked to the adoption and implementation of economic policy reforms. These also provide some technical assistance to strengthen the financial legal framework and key financial institutions, particularly the Ministry of Finance and Central Bank, responsible for macroeconomic policy.

The IMF strongly influences fiscal and monetary policy through its \$37 million Poverty Reduction and Growth Facility (PRGF), approved in 2001. This facility, which replaced the Enhanced Structural Adjustment Facility (ESAF) in 1999, affects economic policy in three main ways. First, the PRGF lays out a medium term framework for budgetary, exchange, and monetary policies with measurable targets for government budget deficits, inflation and money supply, and trade. The IMF regularly assesses government performance toward meeting the targets, and withholds planned tranche releases of funds if targets are not met and the IMF believes that government policies endanger macroeconomic stability. Such has been the case in Mongolia for much of 2002, as civil servant wage increases and budget contingencies have increased the budget deficit beyond targets set out in the framework. Second, the IMF provides long and short-term technical assistance in key areas (see financial sector below), and periodic IMF missions work with directly with government counterparts. The IMF's PRGF is particularly powerful because other donors, including the World Bank and ADB, look to it and to timely tranche releases, for a stamp of approval as to whether the government's budgetary, exchange, and monetary policies are on track.

The World Bank's Financial Sector Adjustment Credit, which is also a balance of payments instrument, is linked to the PRGF. This World Bank loan, as well as many other World Bank and ADB loans, includes conditions related to macroeconomic policy and performance. Though the World Bank generally provides less long-term technical assistance than ADB, regular World Bank missions work directly with government counterparts in developing policy and

reviewing economic policy implementation. Other donors provide assistance in specific areas of economic law and policy.

USAID's Economic Policy Support Project supports development and implementation of economic policy related to privatization, price liberalization, trade policy, and economic policies related to key sectors. The EPSP has provided a long-term economic policy advisor in the office of the Prime Minister and targeted technical advice on key policy issues requested by the government, including tax, energy, mortgages, insurance, and other areas. It is also developing a policy-oriented macro economic model for the country.

- 3.3.2 *Financial sector.* Many donors have been active in improving the financial system. USAID, the IMF, the World Bank, and ADB have supported development of laws and policies that provide a favorable environment for the financial sector. Much multi-lateral support is in the form of loans, similar to the IMF's PRGF, described above, with disbursements linked to the government's meeting specific conditions related to monetary policy, privatization and performance of the financial sector. The World Bank's \$32 million financial sector credit (FSAC), and the ADB's second financial sector program both provide loans that are tied to government performance in implementing its medium-term financial sector reform strategy. Both are balance of payments loans that are dispersed upon government meeting specific conditions set out in the strategy.

Technical assistance in the form of long-term advisors, short-term consultants, and training support the loans. The current ADB loan is its second financial sector loan, the first for \$35 million, the second for \$15 million. In addition, ADB has funded ten TA grants for \$4.3 million, a TA loan of \$3 million for upgrading banking skills, and three loans for capital markets for \$300,000. These initiatives have been designed to strengthen the legal and regulatory framework for banking and non-banking financial institutions (NBFIs), strengthen financial intermediaries, build capacity of the Mongolian stock exchange, and strengthen the social insurance system. The World Bank also provided several loans designed to support reforms in the financial sector, including an Economic Rehabilitation Credit in 1992, an Economic Transition Support Project, the Banking, Enterprise Sector Adjustment Credit (BESAC), and the Banking, Enterprise and Legal Technical Assistance Credit (BELTAC).

USAID's economic policy support program provided targeted technical assistance for development of laws and policies related to the financial sector, and now is focused on support for a USAID-funded management team to strengthen the Agriculture Bank, the bank with the largest rural coverage. Most recently, it has funded short-term assistance related to mortgages and insurance.

A large number of projects aim to increase access to credit and financial services, particularly for rural and vulnerable populations. These projects support

restructuring of existing banks, developing and strengthening of non-banking financial institutions (NFBIs), and providing credit to banks and NFBIs. USAID supports the Agriculture Bank (above) through provision of a senior management team. Through the Gobi Initiative, USAID also supported creation of Gobyin Ekhlel bank. This bank merged with the joint UNDP/IFC/Finland supported Microstart to create XAS, a non-banking financial institution. This in turn led to a merger of the two programs and the creation of XAS Bank. The World Bank Sustainable Livelihoods program, DFID Enterprise Development and Innovation Fund, EU-TACIS Credit Mongol program, Canadian Cooperative Association all seek to improve access to credit and financial services, especially in rural areas. Others active in micro-credit and community-based financial services include ADB, EBRD, and Germany.

3.4 Social sector.

3.4.1 Education. Although education is a top priority of the government, and there are several donors and organizations involved in the sector, education reform makes up a small percentage of total ODA. Loan commitments to education as of the end of 2001 totaled \$13 million, representing 1 percent of ODA loans since 1990. This amount is increasing with 2002 approval of a second ADB education loan (\$10 million), plus \$45 million in grant aid from Japan for the construction and rehabilitation of schools in urban areas. Most education aid targets formal primary and secondary education, including investment and support for school infrastructure, changes in education laws and policies, rationalization of education staffing and management, and improvement in quality through introduction of student-centered teaching methods, textbooks, and teaching materials.

ADB first education loan assisted in the development of an education master plan and capacity building of the Ministry of Education, development of an Internet service provider for universities and education centers, provision of computers to secondary schools. Under a second ADB education loan, with additional grant support from Japan and the Nordic Fund, more than 100 urban and rural schools will be rehabilitated or constructed, teacher training and educational materials will be improved, ICT will be integrated into more schools, science education will be modernized, and vocational education improved.

The Soros Foundation operates several programs, mostly in primary/secondary education, to improve teacher training system, school management, develop new curricula and textbooks in English language, civics, health education, history, and human rights, improve the access of schools, teachers, and students to information, and build greater community involvement in schools.

Soros, UK, and World Vision fund initiatives to extend access to and improve quality of pre-schools/kindergartens, with an emphasis on children in rural areas and of poor families.

The Peace Corps provides education-related volunteers in English language, health, and computer use. UNESCO, Soros, Peace Corps, Korea and IDRC have supported projects in distance learning. UNICEF undertakes projects in school rehabilitation, non-formal education, and development of community based approaches to primary education.

The European Union and Soros fund projects to strengthen the higher education system. Support includes curriculum reform, faculty training, development of books and information resources in specific departments of the national university and several private universities.

Finally, numerous donors and organizations provide scholarships for Mongolians to study abroad, mostly at the post-graduate level in areas related to economic and democratic reform, including ADB, Japan, UK, GTZ, USAID, Soros Foundation, India, Australia, Korea, Russia, and China.

- 3.4.2 *Health.* Health's share of ODA is comparable to education. ADB is also the largest donor in the health sector, with over \$16 million in loan and grant funds designed to strengthen of rural health services through promoting and developing primary health care, improving private sector delivery of health services, rationalize health service personnel and improve qualifications, improve health care financing, and protect vulnerable groups.

The EU supported improving financial management of the health sector. The World Bank supported strengthening the health information system. The WHO supports the priorities of the Ministry of Health through a number of projects. UNFPA, with a 5-year, \$9 million program, and GTZ health programming focuses on improving reproductive health. UNFPA supports formal and non-formal reproductive health education, capacity building of health professionals and the national statistics office. UNICEF is active in health and nutrition.

- 3.4.3 *Poverty, vulnerable groups, social safety net.* Addressing pervasive and widespread poverty is a top priority for the major development banks and UNDP. The World Bank recently approved an \$18 million "Sustainable Livelihoods Project" that targets the rural poor through improving pastoral risk management, developing microfinance services, and setting up a local community initiatives fund. The project follows the National Poverty Alleviation Program, a \$19 million program that ran from 1994 to 2000. ADB's \$18 million Social Security Sector Development Program aims at reform of the social welfare system, improving vocational training and providing essential social security services for those unable to work.

UNDP and SIDA fund a Poverty Research and Employment Facilitation project. IFAD supports a \$5.4 million rural poverty alleviation project targeted at Arhangai and Huvsgul aimags. The project, the Arhangai and Huvsgul Rural Poverty Alleviation Project (AHRPAP) includes a \$5 million loan to the

Mongolian Government. Designed to assist some 5,800 exceptionally poor households in the rural areas of Arkhangai and Huvsgul provinces, AHRPAP employs three approaches to lessen poverty: livestock re-distribution, vegetable production and income-generating activities. IFAD plans to scale this project up into a \$19 million Rural Poverty Reduction Programme that targets herders, creation of alternative livelihoods, and improvement of social services in isolated rural communities.

UNICEF works to assist street and neglected children and community based rehabilitation of disabled children. Several other donors, including UNDP, GTZ, UK, and Canada, and a number of international NGOs, including Save the Children Fund and World Vision, also support projects to assist street children and other vulnerable children.

The European Union has funded two projects to strengthen employment services. The Nordic Fund is also supporting strengthening of the social security system, and IFAD programming includes provision of credit to poor households. Australia also supports small activities related to poverty alleviation.

3.4.4 Democracy, human rights, media. (see also governance and justice system sections above). Numerous donors and international organizations, including the Asia Foundation, Soros Foundation, UK, EU, Canada, Australia, UNDP, UNHCHR, UNFPA, Nordic Fund, and Sweden fund projects to strengthen Mongolian NGOs through training and capacity building, provision of international volunteers, and grants. UNDP supports the National Human Rights Commission, creation of a national human rights action plan, as well as development of a national anti-corruption strategy. International NGOs and foundations assist Mongolian NGOs in many areas of democracy assistance, including human rights, rule of law, civic education, transparency and accountability, and access to information. They also fund NGO initiatives related to environment, health, and education. As noted elsewhere, the USAID-supported Democracy Strengthening program supports strengthening of political parties and the Parliament, while the Gobi Initiative supports development of rural civil society. The Soros Foundation, EU, UNDP and Danida have also funded projects to strengthen the media.

3.5 Physical infrastructure

3.5.1 Transport. The transport sector received the largest share of donor assistance since 1990. Much of the assistance went to the construction and rehabilitation of roads through assistance from the World Bank, ADB, Nordic Fund, Japan, and Kuwait, mostly to upgrade urban roads in Ulaanbaatar and Mongolia's main north-south and east-west roads. The World Bank and Japan also funded projects to improve the railway system. ADB, EBRD, France, and Sweden supported improvements in the civil aviation sector. The World Bank provided two large projects targeted at improving the transport sector. In addition, ADB supported two road projects, mostly focusing on the north-south road. It also funded civil

aviation projects that rehabilitated the Ulaanbaatar airport and developed the national air navigation system.

3.5.2 *Energy and water supply.* The energy sector is the second largest recipient of external aid. Several donors provided aid to maintain and rehabilitate power stations in Ulaanbaatar and rural centers. Japan provided funding to rehabilitate combined heat and power station #3. In addition, ADB provided funding to rehabilitate station #4 and improve the district heating grid. USAID funded emergency repairs and spare parts for the plants in the early through mid 1990s. The World Bank and Japan funded the assessment and improvement of the coal mines that supply the power plants. Increasingly, donors, including the banks and USAID, have turned their attention to energy sector policy and persistent financial problems that hinder improvement. Donors also provide aid in renewable energy and energy efficiency, including projects to develop renewable energy sources in rural areas (GTZ, Spain, Japan) and to improve the insulation of buildings and efficiency of heating sources (World Bank, UK, UNDP). Kuwait and China are among the few donors funding hydro power projects.

3.5.3 *Telecommunications/information technology.* Several donors support initiatives to improve the legal and policy environment for telecommunications and information and communication technology. Japan funded development of a master plan for rural telecommunications, while the ADB supported capacity building and privatization in the telecom sector. The World Bank supported creation of a medium term ICT development plan, building on UNDP and Soros support in developing a national ICT strategy. Soros and UNDP support the secretariat for the national ICT committee.

Japan, Korea, Germany and France funded upgrading and expansion of telecommunication infrastructure in Ulaanbaatar and rural areas. The World Bank is funding the Mongolian Development Gateway, a website with comprehensive links to information about the country, and recently established a Global Distance Learning Network center. The Soros Foundation supports Internet for the Parliament, improving ICT education and access for secondary schools and universities, model Internet centers in rural centers, creation of local-language content and applications, and an ICT training center for NGOs. UNDP supports initiatives on e-jobs and e-commerce, and application of ICT for governance and private sector development. India supports development of ICT curriculum, retraining of ICT teachers, and scholarships for ICT professionals.

3.6 Environment

There are a large number of donor programs focused on various aspects of environmental protection. A comprehensive account of recent and existing donor-supported environmental initiatives is provided in the Asian Development Bank's 2001 environmental assessment. Major donors involved in environmental protection include

UNDP, GTZ, World Bank, ADB, the Dutch government, the European Union. Several have undertaken initiatives jointly with the Global Environmental Facility (GEF).

Together with the Ministry of Nature and Environment and local NGOs, donors have supported the implementation of numerous programs and projects in the fields of environmental policy formulation, environmental impact assessment, biodiversity conservation and protected areas, land use planning, forest resource, pollution control, climate change, water supply, renewable energy, tourism, and environmental awareness. Funding of these programs and projects, some of it still pending, totals more than \$40 million.⁵

Environment has been a UNDP priority in Mongolia, including initiatives in biodiversity conservation, environmental public awareness, and energy efficiency. The Asian Development Bank supported the development of Mongolia's environmental impact assessment system, the World Bank supported creation of the national environmental action plan, and a number of donors have supported projects related to national parks and protected areas (including USAID), conservation and reintroduction of endangered species.

3.7 Agriculture and rural development

With support of the World Bank and other donors, the Ministry of Agriculture has recently completed a rural development strategy that attempts to integrate components of economic, infrastructure, and social sectors as they relate to Mongolia's rural areas.

3.7.1 Livestock sector. Several large programs, mostly in the form of soft loans, provide assistance to herders. ADB's \$17 million Agriculture Sector development loan assists herders through components to strengthen veterinary services, rehabilitate wells, develop cooperatives, and strengthen communication links. The World Bank's new \$18 million Sustainable Livelihood program, a follow-on project to the Poverty Alleviation Program, specifically targets the livestock sector in the areas of pastoral risk management, micro-finance services, and a local community initiatives fund. It also seeks to increase availability of credit, and strengthen capacity at participating financial institutions, with a focus on Zafhan, Hovd, Gobi-Altai, and Uvs aimags. The IFAD rural poverty alleviation projects (described above) target livestock herders in Arhangai, Khovsgol, Bulgan, and Khentii aimags through the formation of herder groups, improved rangeland management, well rehabilitation, improve access to credit, and develop dzud emergency funds.

The USAID-funded Gobi Initiative directly targets herders through the herder and rangeland management components of its program, as well as various initiatives to improve rural access to information.

GTZ has given considerable aid to rural cooperatives, including work with the Ministry of Agriculture to create a favorable legal and policy environment,

cooperative support organizations, and model cooperatives. GTZ work on buffer zone management near national parks and protected areas in the Gobi Desert also works with herders, as does a project to privatize veterinary services. Japan has provided support for prevention of animal infectious diseases, and upgrading technology to test cashmere and wool quality.

The UN recently approved funding for a \$2.5 million Sustainable Grassland Management project that seeks to strengthen existing forms of cooperation, risk and dispute management, improve wells and pasture, develop pasture tenure models, and to develop new herder community associations. The EU's TACIS is supporting a Euro 2.9 million 3-year integrated crop and livestock production project. FAO is also supporting a project in Uvs and Tov aimags related to pastoral risk management.

- 3.7.2 *Crop agriculture.* ADB, EU, IFAD, FAO, India and Canada have supported improvements in crop agriculture, including better use of fertilizers and soil conservation and introduction of no-till technology.

3.8 Private sector

USAID has been the leader in supporting privatization through assistance to the government and the State Property Committee in organizing the system for privatization of small and medium enterprises and arranging international tenders of Most Valued Companies. USAID has also actively supported development of the rural private sector through the Gobi Initiative, and of key competitive sectors (including cashmere, meat, and tourism) through its Competitiveness Initiative. USAID and EBRD have supported fora for representatives of the private sector to discuss key legal and financial constraints to business with government officials. A new USAID initiative targets private sector development in growing peri-urban areas of the largest cities.

The UN, Denmark, and EBRD fund enterprise restructuring. Germany and the EU have funded projects to build capacity and strengthen management of SMEs through the provision of information and advisory services, including an EU supported business management agency. USAID, ADB and World Bank have supported initiatives to improve the legal and regulatory framework for the private sector and for investment. The ADB has supported development of a land information system and cadastral survey to enable privatization of and long-term rights to urban and agricultural land.

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5 PERSONS CONSULTED

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Barry Hitchcock, Asian Development Bank, country director and resident representative
B. Khurenbaatar, executive director, TACIS coordinating unit
Michael Martin, IMF, resident representative
Saha Meyanathan, World Bank resident representative
Munkh-Orgil, Deputy Minister of Justice
S. Oyun, member of Parliament
Darius Teter, Asian Development Bank, deputy country representative
B. Tsolmon, World Bank

6 RELEVANT WEBSITES

Overall aid to Mongolia(OECD):

<http://www1.oecd.org/dac/images/AidRecipient/mng.gif>

ADB: <http://www.adb.org/Mongolia/default.asp>

GTZ: <http://www.gtz.de/themen/ebene3.asp?ProjectId=106&spr=2&Thema=10>

IFAD: http://www.ifad.org/operations/projects/regions/PI/MN_all.htm

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UNICEF: <http://www.un-mongolia.mn/unicef/>

UNIFEM: <http://www.un-mongolia.mn/unifem/>

UNOHCHR: <http://www.un-mongolia.mn/ohchr/>

WHO: <http://www.un-mongolia.mn/who/>

World Bank: <http://www.worldbank.org.mn/>

Breakdown of cumulative ADB lending to Mongolia, as of 31 December 2001.			
Sector	Loan (number)	Loan Amount (US\$ million)	%
Transport and Communications	5	134.5	26.6
Energy	4	93.8	18.6
Agriculture and Natural Resources	6	73.6	14.6
Industry and Nonfuel Minerals	2	60.0	11.9
Finance	3	53.0	10.5
Social Infrastructure	6	53.2	10.5
Others	1	25.0	4.9
Multisector	2	12.0	2.4
TOTAL	29	505.1	100.0

¹ Ministry of Finance, 2002.

² ADB, 2002.

³ **Table 1: ODA Commitments and Disbursements, 1990 – 2001 (US\$ m)**

YEAR	LOANS		GRANTS (EXCLUDING TA)		TECHNICAL ASSISTANCE	
	COMMI- TTED	DISBU- RSED	COMMI- TTED	DISBU- RSED	COMMI- TTED	DISBU- RSED
1990	67.5	0.0	0.0	0.0	0.0	0.0
1991	208.3	200.6	43.9	28.3	21.9	6.5
1992	70.9	92.1	98.7	45.1	41.2	20.5
1993	216.4	79.4	60.4	80.0	49.1	41.0
1994	63.9	78.8	63.5	61.6	67.4	48.7
1995	211.2	90.0	88.1	75.8	80.1	59.6
1996	53.3	95.6	57.9	64.8	43.5	49.4
1997	173.9	145.9	44.6	55.3	72.9	69.9
1998	85.9	100.4	33.6	56.6	78.1	50.7
1999	32.9	198.3	81.6	38.6	98.8	59.9

2000	122.7	83.7	62.0	50.5	63.3	44.0
2001	196.3	87.9	52.8	60.4	66.1	57.6
1990–2001	1,503.2	1,252.6	687.1	617.0	682.4	507.8

Sources: Economic Cooperation, Management and Coordination Department and Treasury Department, MOFE 2002

⁴ World Bank, 2000.

⁵ ADB, p. 70.