



# Gobi Regional Economic Growth Initiative

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**Year Four – Fourth Quarter Report**  
**October 8, 2007 - January 7, 2008**  
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## **GOBI INITIATIVE PHASE II – YEAR FOUR - FOURTH QUARTER REPORT**

### **INTRODUCTION:**

The Gobi Regional Economic Growth Initiative-Phase II (Gobi II) project began on January 8, 2004, funded under Cooperative Agreement #438-A-00-04-00002-00. The project is being implemented by Mercy Corps in partnership with Pact, Inc.

### **FOURTH YEAR SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

Overall, Mercy Corps Mongolia believes that Gobi Initiative (Phase II) had a successful fourth year. A key component of the Phase II strategy is herder business diversification and expansion. Results from the fourth year of business plan implementation by the herder groups and non-herder businesses revealed that the majority of the *clients successfully implemented their plans and generated significant sales.*

Gobi Initiative uses sales generated from new business activities outlined in the formal business plans developed under the project as an indicator of success. Total sales for herder and non-herder businesses for IV quarter reached MNT 604.5 million (\$516,632) and MNT 495.0 million (\$423,130) respectively. This puts total sales for herder businesses in 2007 (by the end of December 2007) at MNT 1.81 billion (\$1,549,979) and for non-herder businesses at MNT 1.84 billion (\$1,571,407). This gives a **CY2007 total sales up to end of December 2007 of MNT 3.65 billion (\$3.1 million)**, the sales target for CY2007 for all GI clients was MNT 3.82 billion (\$3.24 million). GI clients have made 95.6% of the planned sales in 2007. The slightly lower sales compared to target is mainly due to drought conditions in Dundgovi and Govi Altai Aimags. Total sales generated by business clients under the Gobi Initiative Phase II from Jan 2004 to date is MNT 10.1 billion (\$8.6 million) versus total cumulative Cooperative Agreement spending for the Gobi Initiative (less the sub grant to Pact) of the cooperative agreement to date of \$5.5 million.

**Mercy Corps Mongolia believes that this is a significant accomplishment, particularly since these businesses should continue to earn revenue from these business activities in 2008 and well beyond, with or without GI assistance.**

As a result, **Mercy Corps Mongolia remains committed to its diversification/expansion strategy**, and will work with approximately 320 (193 herder and 117 non-herder) business clients in Year Five of the program. The majority of these clients have already developed their business plans and the program staff has begun reviewing and approving the plans.

With the help of project's technical assistance and mentoring, most were able to realize their planned production in the year of 2007 and sell their produce at local and regional markets. We have linked clients' products to Aimag capitals and other regional markets through various events including the now well-known Autumn Market Fairs organized in each of the Gobi Aimags, and the Tsagaan Sar 2007 Fair that took place in Ulaanbaatar. It should be noted that the Aimag Fairs have now taken off and were organized largely by local stakeholders including aimag government, businesses and non-profits rather than Mercy Corps/Gobi Initiative's heavy involvement as had been the case in the early days of the project. These events have truly been owned by the locals, and both businesses and consumers expect to enthusiastically participate and benefit from the Market Fairs. The twenty-one markets fairs and events this year were a great success attracting large crowds (62,100 visitors) from UB and aimag residents, and were attended by high level visitors including members of Parliament L. Odonchimed, S. Narantsatsralt and P. Raash, USA Ambassador Mark Minton, former Prime Minister M. Enbold, and Ts. Tumor-Ochir, Vice Minister of Education, Culture and Science. The events generated total sales of MNT 551 million (\$471,000) and Mercy Corps Mongolia clients had a sales income of MNT 200 million (\$170,812). A total of 1,372 exhibitors or businesses participated selling and marketing their products.

The success of the program in 2007 can be attributed largely to the Loan Guarantee Mechanism initiated in 2004. The program clients who obtained commercial loans through the mechanism have repaid their loans in a timely manner with no major defaults. As the clients mature and their businesses advance, the *percentage of Mercy Corps collateral has been significantly reduced.* In Govi-Sumber, for instance,

clients were able to provide 70% of their loan collateral themselves leaving Mercy Corps to back up only 30% of the required guarantee.

In Year Four, the program has assisted 200 businesses in obtaining commercial financing of MNT 591,294,800 (\$505,380), of which MNT 262,577,151 (\$ 224,424) (44.3%) has been guaranteed through the USDA-funded "Rural Agribusiness Support Program". Since the beginning of Gobi II, Mercy Corps has assisted 551 businesses in obtaining commercial financing of MNT 1,669,597,674 (\$ 1,427,006), of which MNT 936,541,663 (\$800,462) (47.8%) has been guaranteed through the USDA-funded "Rural Agribusiness Support Program". Of these 551 businesses, 374 have fully repaid their loans; the total value of the repaid loans was MNT 1,104,811,874 (\$944,283). Over the past three years the loan guarantee mechanism has encouraged banks to lend to rural businesses, decrease their reliance on collateral, decrease their interest rates as risk is reduced and lengthen tenure. Clients paid an average monthly interest rate of 1.5% to the partnering commercial banks.

Another major factor for successful business development in rural areas is the provision of needed Training and Technical Assistance (TA) interventions. During Year Four, **610 trainings and consultancies have been provided to the herder and non-herder clients**, with a total of 5,568 participants, 57% of whom were female. Of the total trainings and consultancies provided, 416 were for herder clients and 194 for non-herder clients. As a result of the timely delivery of the needed training and TAs, the project clients acquired the skills and knowledge required to successfully implement their individual businesses. Over the three years of the program there has been a steady increase in the numbers of training and consultancies provided. In 2004 a total of 258, in 2005 a total of 392, and in 2006 a total of 525 trainings and consultancies were provided, mainly due to the increase in the number of Business Plans supported by the program.

Capacity building of local aimag-based training and technical assistance providers has been an area to which GI program staff has committed both significant time and resources. As in previous years of the program, the majority of trainings and consultancies were provided by local consultants in Year Four as well. As part of the process of ensuring the quality of training and technical assistance provided by aimag-based consultants, the program continued with the "aimag-based consultant certification" process. Training workshops for the clients covered the following main topics: dairy safety training, dairy production, veterinary training, financial management and accounting, dairy processing, vegetable cultivation, veterinary and animal health, cooperative development, marketing and promotion, training of trainers, business start up and business planning. All these trainings provided critical information and skills to the GI clients leading to realization of their business plans.

In the past year, one area that our staff continually focused and brought about tangible results has been the **capacity building of locally available consultants and trainers**. We believe that leaving behind an army of skillful and professional consultants will ensure a continuous supply of needed business and technical services to rural entrepreneurs and herders. Numerous Training of Trainers (ToT) sessions and one-on-one advice to potential individuals with follow up practices resulted in a pool of skilled trainers in the aimags. In Dundgovi alone, 100 Technical Assistance and Training activities (72%) out of a total of 138 have been carried out by local providers and consultants instead of more expensive UB consultants. In the beginning of the project, nearly all of the consultants and trainers used to be hired and sent from UB to aimags to deliver the training and TA interventions in Gobi.

Among the businesses assisted by the Gobi Initiative are a considerable number of food producers and growers. The project has significantly contributed to the production of Mongolia grown, **high quality vegetables in the Gobi Region**. We assisted 62 vegetable/fodder producers who grew vegetables worth MNT 334 million, and facilitated them to obtain high quality seeds to be able to produce better quality and safer food products. As a result of our interventions, a total of 346 tons of potato, 426 tons of onion, 54 tons of carrots and 74 tons of cabbage were produced in Gobi aimags that would have been imported to Mongolia otherwise. In Umnugovi, four agricultural entities were able to improve their seed quality by acquiring internationally recognized Impala and Santa sorts of potato. However, it must be noted that these growers were able to produce only a small percentage of the total country needs and that their vegetables were sold at markets at relatively higher prices compared to imported ones.

Without effective government services and business supportive environment, it is impossible for the private sector to thrive and sustain. Rural businesses indicated that numerous occasions of bureaucracy at local government agencies, and weak knowledge and skill-set of their employees were major barriers to their business growth. The project therefore intensified its efforts in **enhancing the skills and capacity of local government officials** in order for them to become better servants of people rather than being just an imposer of penalties and rules. Mercy Corps/Gobi Initiative organized a couple of national workshops on supporting local economic development and eliminating government induced obstacles in cooperation with national and local administration. These have raised the importance of reducing unnecessary bureaucracies, red tape and regulation, informing the public of services and roles of various government agencies and making the public services more transparent and accountable.

However, the year has not been without challenges. Certain businesses including dairy, felt and vegetable producers suffered from drought conditions in Dundgovi and Gobi-Altai aimags. Hundreds of herder households had begun moving from early spring in search of pasture. Some families have traveled for hundreds of kilometers from their traditional summer and autumn camps to neighboring aimag and soums. Many of the Dundgovi herders have stayed in Umnugovi, Tuv, Uvurhangai and Gobi-Sumber provinces throughout the summer, autumn and winter months as their traditional places had very little vegetation available due to lack of rain. Once the herd is weak and the migration begins, herders normally find it very difficult to work on the new business ventures they planned to do. Instead they focus on the survival and saving the stock through hard months. The main factors that contributed to the Uvurhangai clients not achieving their planned sales include the late start of summer in the aimag, resulting in a delayed start of operations for dairy businesses, and too optimistic sales planning by newly established herder groups.

**With the successful implementation of the first four years of the program, in addition to current work which will extend into 2008, plans for Year Five, can be summarized as follows:**

- Given the final year of the project, GI will increasingly focus on leaving a legacy behind and ensuring the sustainability of the program activities in the target regions beyond 2008. Largely, we will spend our staff time and resources on **building the capacity of local Business Development Services (BDS) Providers** in order for them to be able to provide needed Technical Assistance and Training to rural businesses and herders. Through our work in the previous years, we have created a pool of skilled, individual consultants and trainers that have been delivering significant numbers of TA and training interventions to GI clients in Gobi, some of which have now decided to organize themselves and become a BDS provider proper.
- We will concentrate our efforts on creating and developing profitable herder and non-herder enterprises in the Gobi that can require our assistance in the new start up phase and business expansion stages in the final year of the project, but can sustain their operations in the long run. The program worked hard on selecting those, promising individuals and businesses that are innovative, entrepreneurial, willing to take measured risks and willing to contribute to the community by creating jobs and offering quality products and services. We will ensure that our clients plan their businesses carefully, considering all potential factors that might affect the realization of the plans including weather conditions such as summer drought, outstanding debts at commercial banks, availability of needed equipment and technology and an increase in prices. Even though most of the project clients were able to plan well in the past years, there had been a few whose plans were over optimistic in terms of planning their sales and considering all other potential risks.
- Once the business plans are finalized, the key is to implement them in a timely manner by providing the required Training and Technical Assistance and facilitating the production inputs. The project staff will work hard on monitoring and evaluation of the quality of these services either provided by BDS providers or Gobi Initiative hired consultants.
- In addition to supporting the seasonal Autumn Fairs and Tsagaan Sar Fairs, we plan to take some new initiatives in conjunction with local government and private sector **to create permanent channels to market and sell locally produced goods throughout the year** in the aimag capitals. We plan to organize Saturday markets and Souvenirs Days in selected aimags so that businesses can come and attend these to sell their products during their production season.

- Our work with local governments in creating a favorable business environment has been critical in rural business development. In the past few months, we trained hundreds of local government officials on how to effectively work with businesses and citizens, how to provide more transparent and customer oriented services to public and what to do in creating enabling business environment. Building on the successes, we plan to organize more round table meetings and TV and Radio Forum with participation from the Land Office, the Professional Inspection Agency and the Tax Department, all of whom deal with the most critical aspects of business people on a daily basis.
- The project helped fourteen soums in Gobi aimags to devise soum development strategic plans in the past year by facilitating stakeholder meetings, making sure that all community groups are represented, assessing economic potentials of the selected region, organizing planning meetings and sourcing consultants and experts with the request of local government. These soums are now working to start implementation and seeking funding opportunities both from government and private sources. We plan to assist up to four soums in their effort to increase the awareness of the strategic plans among the potential funders and stakeholders in Ulaanbaatar, organize fund raising campaigns and eventually secure funds for the economically viable projects.
- One of the organizational priorities in early 2008 is to complete the tendering process for the *institutionalization of Gobi Forage Project and select the qualified host*. In the last quarter of the past year, an open tender had been announced at national press inviting eligible institutions to express their interests to host the project. In the first quarter of the year, we hope to have finalized the selection of the institution and begin the transfer of the project assets.

### **Program Highlights during this reporting period October - December:**

- **320 herder and non-herder clients were selected** from six Gobi Initiative aimags to work with the Gobi Initiative program in 2008. Initially some 493 applications had been received at our offices from rural businesses and residents expressing their interest to cooperate with the project. These new and old clients have nearly all finished developing their business plans for execution in the new year. All of these clients will require specific TA/trainings, loan totaling to MNT 893 million and the facilitation of production inputs and equipment in order to implement their individual business plans bringing a combined sales of MNT 4.5 billion to regional economies. Mercy Corps Mongolia staff is finalizing the revision process of the clients' business plans. Once the plans are approved by the end of January, the clients will sign a Memorandum of Understanding with Mercy Corps Mongolia/Gobi Initiative and start implementing the business plans.
- Mercy Corps in cooperation with the Swiss Agency for Development and Cooperation (SDC) and the President of Mongolia's Office organized a **National Workshop on Local Economic Development in Mongolia** on 25-26 October. The main goal of the workshop was to foster a climate of greater understanding between stakeholders involved in local socio-economic development planning in Mongolia. The workshop was held in the Government Palace in Ulaanbaatar. A number of high ranking officials attended this event including the Head of the National Committee for Regional Economic Development Mr. Tseveenjav, Mr. Batsengel, Officer for Rural Development from the President's Office and Aimag and Soum Governors from the Gobi Initiative and RASP aimags. During the workshop the national and regional government, and Mercy Corps and the Open Society Forum presented their methodologies and lessons learnt with regard to developing local socio-economic development plans. As a result of the workshop the participants identified opportunities and next steps to enable all stakeholders (national and aimag governments, and donor funded projects) to begin to develop a common methodology for the local economic development planning that is in line with the national governments strategies. The participants also identified constraints including the heavy centralization of government decision making and a lack of fiscal autonomy at aimag level.

- Over the course of the year, as a result of the Gobi Initiative interventions, **14 soums have developed their socio-economic master plans** approved by their respective citizen's representative's Hural. The next stage of the process will involve providing assistance with the implementation of the plan and helping a few selected soums to seek funding. A challenge, taking into account the constraints of a centralized government structure and decision making and the fact that the aimags and soums have limited access to finances to implement the plans.
- **A Business Planning training** was held in Ulaanbaatar for local consultants from all six Gobi Initiative aimags. This training was an excellent opportunity for local consultants to acquire additional technical skills in business planning and build local capacity to ensure that program activities can become sustainable beyond the end of Gobi Initiative phase II. A total of 28 participants attended this training including 15 Mercy Corps staff and 13 local consultants.
- **A Value Chain Program Design Training was organized in Zavhan aimag and Ulaanbaatar in October.** A total of 6 local consultants and 30 Mercy Corps staff participated in the training from 11 target aimags. The goal of these trainings was to teach participants the latest methodologies and theory for designing sub-sector and value-chain programs that incorporate strategies for sustainable impact. Participants learned how to design programs that result in commercially viable solutions to rural business constraints such as market access, input supply, technology/product development, management training, and access to finance. Each aimag has chosen a specific sub-sector and will now conduct a value chain analysis which will enable them to identify constraints to competitiveness, identify market solutions (that address those constraints), assess targeted solutions, and design future Gobi Initiative program interventions.
- **A trade-fair "One soum one product" was organized in Ulaanbaatar in October.** Fifteen (15) Gobi Initiative clients participated in this national event. Their combined sales exceeded MNT 22,860,000 (\$19,622). A number of clients won prestigious awards. Ih Halbaganat LLC from Bayanhongor won the 'Best Dairy Product Award' for its camel milk products. Felt products from Hongoriin Sor cooperative from Bayanhongor were selected as the 'Best National Product of the year'. Hongoriin Sor cooperative generated sales of MNT 2,600,000 (\$2,230) during the Trade Fair. Camel wool product of Govi Zulganai cooperative from Umnugovi aimag won the 'Special Prize'.
- Gobi Initiative client Tugats herder group from Umnugovi aimag has concluded **a contract with Ivanhoe Mines to supply vegetables.** In October they sold a total of 6,736.6 kg of vegetables including: potatoes 2,427 kg, tomatoes 2,152.3 kg, cucumbers 50 kg, watermelons 183.1 kg, carrots 690 kg, onions 194.2 kg, green cabbage 1,037 kg; with a total value of MNT 6.5 million (\$5,508) to the Canadian company.
- **A Public Awareness Campaign on the Existing Standards related to Public Health and Safety for rural businesses and residents** was implemented in all 11 Mercy Corps aimags. Launched from November 28, 2007 with the purpose of communicating existing legislation and standards to local businesses, informing them on individual responsibilities of businesses and aimag government, and ultimately promoting better compliance of laws and rules from entrepreneurs, the campaign will last for two months in the selected aimags. Mercy Corps Mongolia has been working closely with the State Professional Inspection Agency and National Standard and Measurement Center in developing printed materials (brochure, poster and stickers) as well as video and training materials for targeting both business operators and government officials.
- **Mercy Corps organized a workshop to promote the Gobi Forage project,** activities implemented and future plans. Fifty (50) representatives from collaborating and partner organizations such as the Research Institute for Animal Husbandry (RIAH), the Institute of Botany, the Swiss Development Cooperation (SDC), the Ministry of Food & Agriculture, the Agency for Land Administration, Geodesy and Cartography (ALaGaC), the Geo-information project (Dutch Government) and the Agricultural University (School of Agro biology) attended the workshop. The workshop also provided the opportunity for the project to announce plans for potential Mongolian host organizations to bid competitively to house the Gobi Forage project. The

workshop participants developed a set of selection criteria that potential host organizations should meet in order to be able to bid to host the project. The Gobi Forage project team will develop a comprehensive information and application package and announce the tender in mid November inviting interested organizations to tender and present proposals as to how they would carry forward and host the Gobi Forage project.

- **Gobi Forage conducted an evaluation survey** from 23 October to 23 November 2007 to assess the impact of the project. The final evaluation document is expected early December. The project staff traveled to four soums in Tuv aimag in early December, 2007 to collect winter data. Current forage and forecasted forage maps are regularly posted on the project website. The Gobi Forage project finished the evaluation of the project on December 14, 2007. The final report was submitted to GL-CRSP - Global Livestock Research facility in the USA.
- **Gobi Forage published a public tender inviting interested organizations** to host Gobi Forage project for the long term future. The tender was announced on 15 November 2007 and will close on 03 January, 2008 with final results due by March 01, 2008. Texas A&M University scientist, Jay Angerer, visited Mongolia during the whole month of November to train project staff with the aim to increase the capacity of Mongolian team to produce forage maps more independently, with only minor input from Texas A&M University.
- Another scientist from Texas A&M University, Mr. Jimmy Wu, visited Mongolia in order to collect information and to **set up the automated version of the Market Watch system**. The new automated procedure of the Market Watch will include automated data reception by SMS from mobile phones operated by market observers employed by Pact. Data will be stored on the Market Watch server. Subscribers, including private and government organizations, will have access to data on market prices related to livestock products from 21 aimags on a daily basis. Such system will be first in Mongolia, where market information can be retrieved using mobile phones.
- The Bayanhongor Herder Alliance, a new herder organization supported by Mercy Corps Mongolia, held its Board of Directors' meeting in Ulaanbaatar from November 5-10. Launched with the purpose of serving the needs of its member herders, the **Bayanhongor Herder Alliance currently has 117 members in 9 soums of Bayanhongor aimag who have acquired 96 shares from the Herder Alliance for a total value of 27.2 million MNT (\$23,300)**. The goal of the meeting was to improve the capacity of the Board of Director to manage efficiently the Alliance activities and establish market linkages with bigger buyers and suppliers in UB. Aside from attending a management training facilitated by Mercy Corps Mongolia, the members visited nine companies in Ulaanbaatar engaged in cashmere & wool processing and food production to develop future business collaboration as one of its goals is to help its members sell their raw materials at higher prices.
- Mercy Corps Mongolia, in cooperation with Regional Development National Committee of the Government of Mongolia, the Governor's office and the Citizen's Representative Hural of Umnugovi aimag, organized a **workshop on methodology for Regional Development Program in Dalanzadgad, Umnugovi aimag** on November 12-13. Fifty people from Regional Development National Committee, aimag government and local NGOs participated in the workshop. The participants discussed the Umnugovi development plan for regions within the aimag. The Western region would include three soums, the First Central region would include six soums, the Second Central region would include four soums and the Eastern region would consist of two soums. The Regional Development plan will be developed with the technical assistance of Mercy Corps Mongolia, The Oyu Tolgoi project, aimag government and Tavan Tolgoi Trans.
- The latest edition of **Rural Business News magazine (#56) was published in November** by Pact. The lead story examines livestock census issues in Mongolia. A field trip to capture footage for the next four RBN TV episodes was undertaken in Bumbohur soum of Bayanhongor aimag and Gobi-Altai aimag center. The lead topic for the next TV programs relates to business opportunities and core values of triangle contracts made between and by veterinary services providers, Mercy Corps

and XAC Bank. RBN TV has begun to carry cross promotional content that examines RBN magazine content and promotes the post office subscription mechanism to audiences.

- **A business plan for the sustainability of RBN products has been developed** by Achid Consulting Company based on the strategic document compiled by Pact that identified the one of five potential models for planning.
- In collaboration with Mercy Corps, Pact initiated a new automated system for Market Watch with a server that allows market watchers to send their data directly to the server’s database system. Pact is in the process of making the new system operational. Upon conclusion of this process, a pre-test with two local market watchers will begin before the new automated system is implemented for all aimags.

### INTERMEDIATE RESULT 1.3-1 Increase in Number of New and Strengthened Businesses

#### Activity One: Business Plan Development and Implementation

Targets:

- 246 herder businesses implement business plans in 2007 with total sales of MNT 1.9 billion, by January 05, 2008;
- 75 non-herder businesses implement their business plans in 2007 with total sales of MNT 1.8 billion.

Indicators	Last reporting period	Progress during IV quarter	Progress to date
Number of new applications solicited 2007 clients	333 (GA-59, UH-79, DG-18, UG-52, GS-21, BH-104)	0	333
Number of participants in BP development training	32	78	110
Number of BPs developed	342	0	342
Number of BPs implemented	318	0	318
Value of sales MNT	2,552,499,272	1,099,522,495	3,652,021,767
Number of new job places created	372 (DG-68, GA-101, UG-70, BH-42, UH-65, GS-26)	15 (BH-9, UH-6)	387 (DG-68, GA-101, UG-70, BH-51, UH-71, GS-26)
Number of graduates and drop-outs	19	0	19

**Table 1: Total Business Plan Implementation Status Evaluation**

Aimags	# of Clients in 2007	# of Clients in 2006
Bayanhongor	64	44
Dundgovi	54	39
Govi-Altai	60	41
Govi-Sumber	25	17
Umnugovi	50	35
Uvurhangai	65	46
<b>TOTAL</b>	<b>318</b>	<b>222</b>

The foundation for the work that Mercy Corps undertakes with its program clients is the Business Plan. This Plan is produced by the client, with assistance as necessary from Mercy Corps. Each Plan clearly articulates the objectives of the business, the specific activities that need to be implemented to realize these objectives, the expected profitability of the business and other results of expansion/diversification, and the anticipated need for external resources,

including training, technical assistance, and financing. During 2007, a total of 318 clients including 238 herder groups/cooperatives and 80 non-herder businesses in the Gobi region prepared and implemented

formal business plans. The number of clients supported by the program increased by 43% compared to that of the previous year.

During the year the diversification into dairy and vegetable/fodder production was largely successful with many groups reaching or exceeding their production and sales goals, other groups fell short of their targets. Some clients had experienced problems with the implementation of their business plan due to severe drought conditions in northern Dundgovi and the whole of Govi-Altai. However, new clients have requested collaboration with the Gobi Initiative program and have started the implementation of their business plans during the reporting period.

**Table 2: Herder Business Sales by Aimags (MNT)**

Aimags	Number of Clients	Total Planned Sales	1st Quarter Sales	2nd Quarter Sales	3rd Quarter Sales	4th Quarter Sales	Cumulative Total Sales	Actual/Planned
Bayanhongor	50	413,858,520	56,812,500	94,115,500	135,480,520	134,110,050	420,518,570	102%
Dundgovi	43	267,248,660	14,117,730	52,744,550	101,715,500	67,390,400	235,968,180	88%
Govi-Altai	43	335,113,575	17,816,250	70,845,210	104,285,935	95,665,596	288,612,991	86%
Govi-Sumber	17	215,643,200	21,181,213	48,684,600	85,866,540	62,822,050	218,554,403	101%
Umnugovi	35	173,326,100	18,268,388	28,313,252	62,383,744	69,072,930	178,038,314	103%
Uvurhangai	50	545,172,462	70,051,230	104,618,330	121,715,600	175,398,330	471,783,490	87%
<b>TOTAL</b>	<b>238</b>	<b>1,950,362,511</b>	<b>198,247,311</b>	<b>399,321,441</b>	<b>611,447,831</b>	<b>604,459,356</b>	<b>1,813,475,948</b>	<b>93.0%</b>

**Table 3: Herder Business Sales by Sector (MNT)**

Aimags	Number of Clients	Total Planned Sales	1st Quarter Sales	2nd Quarter Sales	3rd Quarter Sales	4th Quarter Sales	Cumulative Total Sales	Actual/Planned
Animal breeding	9	31,669,700	0	10,424,300	13,830,000	9,818,000	34,072,300	108%
Dairy	57	331,677,642	46,052,413	34,834,650	110,624,800	93,563,900	285,075,763	86%
Felt	32	192,886,267	9,919,800	18,638,800	72,274,100	50,053,700	150,886,400	78%
Meat	13	123,788,355	13,141,000	34,211,000	43,516,900	54,276,000	145,144,900	117%
Other production	25	455,653,160	93,301,400	91,588,100	106,518,900	97,312,650	388,721,050	85%
Tourism	7	40,254,000	4,726,400	7,850,500	18,182,100	9,953,600	40,712,600	101%
Vegetable/ fodder	55	315,434,962	9,632,000	12,967,500	96,216,600	179,329,550	298,145,650	95%
Veterinary	40	458,998,430	21,474,298	188,806,592	150,284,439	110,151,956	470,717,285	103%
<b>TOTAL</b>	<b>238</b>	<b>1,950,362,511</b>	<b>198,247,311</b>	<b>399,321,441</b>	<b>611,447,831</b>	<b>604,459,356</b>	<b>1,813,475,948</b>	<b>93.0%</b>

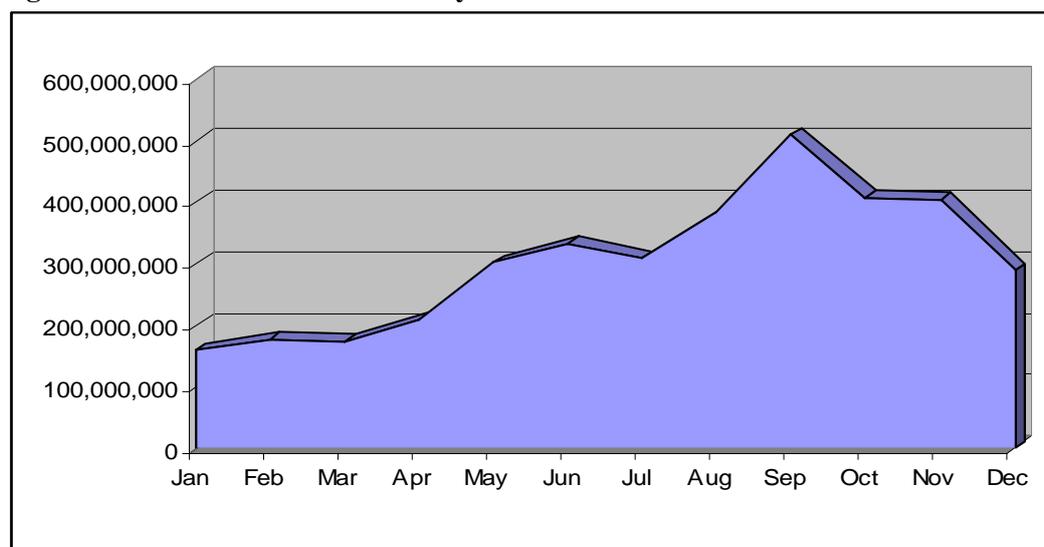
**Table 4: Non-Herder Business Sales by Aimag (MNT)**

Aimags	Number of Clients	Total Planned Sales	1st Quarter Sales	2nd Quarter Sales	3rd Quarter Sales	4th Quarter Sales	Cumulative Total Sales	Actual/Planned
Bayanhongor	14	692,444,069	129,197,990	165,307,750	215,505,840	177,353,000	687,364,580	99%
Dundgovi	11	212,103,332	19,911,800	39,046,900	63,914,210	79,463,670	202,336,580	95%
Govi-Altai	17	228,612,100	16,355,400	61,364,100	84,455,200	44,985,600	207,160,300	91%
Govi-Sumber	8	138,574,968	23,705,150	42,528,725	37,596,225	34,774,219	138,604,319	100%
Umnugovi	15	319,964,500	68,267,750	82,060,350	100,490,440	69,740,700	320,559,240	100%
Uvurhangai	15	279,799,425	54,428,600	53,050,540	86,295,710	88,745,950	282,520,800	101%
<b>TOTAL</b>	<b>80</b>	<b>1,871,498,394</b>	<b>311,866,690</b>	<b>443,358,365</b>	<b>588,257,625</b>	<b>495,063,139</b>	<b>1,838,545,819</b>	<b>98.2%</b>

**Table 5: Total Client Sales by Aimag (MNT)**

Aimags	# of Clients	Total Planned Sales	1st Quarter Sales	2nd Quarter Sales	3rd Quarter Sales	4th Quarter Sales	Cumulative Total Sales	Actual/Planned
Bayanhongor	64	1,106,302,589	186,010,490	259,423,250	350,986,360	311,463,050	1,107,883,150	100%
Dundgovi	54	479,351,992	34,029,530	91,791,450	165,629,710	146,854,070	438,304,760	91%
Govi-Altai	60	563,725,675	34,171,650	132,209,310	188,741,135	140,651,196	495,773,291	88%
Govi-Sumber	25	354,218,168	44,886,363	91,213,325	123,462,765	97,596,269	357,158,722	101%
Umnugovi	50	493,290,600	86,536,138	110,373,602	162,874,184	138,813,630	498,597,554	101%
Uvurhangai	65	824,971,887	124,479,830	157,668,870	208,011,310	264,144,280	754,304,290	91%
<b>TOTAL</b>	<b>318</b>	<b>3,821,860,91</b>	<b>510,114,00</b>	<b>842,679,80</b>	<b>1,199,705,46</b>	<b>1,099,522,495</b>	<b>3,652,021,767</b>	<b>95.6%</b>

**Figure 1: Total Sales Income by Month**



**Table 6: Summary of Sales Comparing CY2007 with CY2006**

Period	# of Clients	Sales Amount, MNT		
		Total	HB	NHB
Year 2007	318	3,652,021,767	1,813,475,948	1,838,545,819
Year 2006	222	2,716,023,409	1,431,192,102	1,284,831,307

On average a herder client makes MNT 7.6 million in sales; however there are some major sectoral differences. The "other" businesses make more on average and are comprised of businesses such as petrol stations, carpentry, fuel making and block making. This clearly demonstrates the value of diversified herder businesses. Meat businesses are the top performers from the traditional herding sector, and vet business plans also fare well in individual terms. In over all sales amount, the vet and "other" businesses still contribute the most of any individual sector. Dairy had the most clients but their average and overall sales were below the expected sales. This is mostly due to the drought in Govi-Altai and Dundgovi. Among aimags, Bayanhongor, Govi-Sumber and Umnugovi aimags have reached their targets.

By the end of 2007, Mercy Corps clients had generated 95.6% of sales projected for this year. Herder businesses have achieved 93% and the non-herder businesses 98.2% of the total sales target for CY2007. Total sales have increased compared to the last year's sales, but average sales have decreased by 6%. This is mainly due to the drought conditions that Mercy Corps has reported for Dundgovi and Govi-Altai where herder and non-herder businesses show below-expected levels of sales. Taking into consideration the risks and challenges of producing under fairly adverse conditions, it should be noted that many clients have made their best efforts to produce under difficult circumstances. Herder business sales in Umnugovi and Uvurhangai were also less than expected. Vegetable growers planted seeds later than planned due to the late summer and harvested also later than expected. Harvest was normal and they sold most of their vegetables

from September to November. Drought was the reason for low production of hay. For example, a client in Uvurhangai used to make hay in Tuv aimag, but this time he wasn't given permission because there was scarce grass there and the soum authorities prohibited anyone to prepare hay.

A total of forty veterinary businesses were assisted by Gobi Initiative program in 2007. Their planned sales were fulfilled by 103%, generating MNT 470.0 million. A major observation of our veterinary clients is that they are now no longer depending on government funding and are instead rendering their services based on meeting the actual needs of herders. This can be attributed to the Veterinary Continuing Education Training program designed and implemented over the past three years by Mercy Corps for private veterinarians.

During the fourth quarter, program staff initiated the selection process of new herder groups and cooperatives that will participate in the program in CY2008. This involved a publicity campaign with posters and a radio announcement to inform rural herders and small and medium sized businesses of the program and the assistance available. Interested clients completed an application form and the Aimag-based program officers then completed preliminary selection of potential clients based on pre-determined criteria. Herder households, groups and cooperatives were initially selected based on the following criteria:

- Previous experience in working together,
- A formal or informal leader, acknowledged, respected and supported by fellow group members,
- Ability to reach collective agreement on a business activity to be implemented with GI support,
- Agreement within the group that workload and business profits need to be shared,
- No less than five households comprising the group,
- No less than 1000 animals owned by group members, and 500 for a herder household, and
- A willingness to become a formal legal entity if not one already.

Each aimag office has since conducted intensive business plan training for two representatives from each of the newly selected herder and non-herder clients and, at the end of the training, the participants prepared the first draft of their business plans. Of the 493 applications from potential herder and non-herder clients, 320 met the criteria of the program and went on to develop business plans. By the end of December, most of the business plans of MNT 3 million and under had been approved. The larger business plans with loans of over MNT 3 million are in the process of being approved by senior management in Ulaanbaatar and will be finalized in early 2008.

## Activity Two: Cooperative Formation and Development

### Targets:

- More than 92% of total herder clients register as legal entities by 10 months after BP implementation, contribute to local tax revenue and distribute dividends to members.
- At least 25% of herder cooperatives develop "action plans" for future young leaders.

### Indicators

- Number of groups registered within 10 months of BP implementation
- Average time taken to register
- Number of clients keeping formal records and tax returns (meeting minutes & financial)
- Number of cooperatives that have active management

Indicators	Last reporting period	Progress in the 4th Quarter	Progress to date
No. groups registered within 10 months of BP implementation	60	12	72
No. clients keeping formal records & tax returns (meeting minutes & financial)	321/267	163/127	242/197
Growth in dividend per member	22%	43%	43%
No. of cooperatives that have active management	96	135	135
No. active members involved in cooperative activities	972	1017	1017
No. of young members involved in cooperative activities	869	612	740

Mercy Corps Mongolia believes that any profit-making businesses should be registered as a formal entity with respective government authority and pay taxes in accordance with the relevant laws and regulations. It is in the interest of all parties including government, private sector and public that more and more entrepreneurs become part of the formal economy rather than being in the 'shadow' and grow their businesses in the long run. Gobi Initiative program has been very successful in the formation and development of registered cooperatives and other legal entities throughout the year.

When most of the project's clients begin the partnership with us, they either operated informally or were just going to start a new business. From the outset, the program staff ensured that clients comply with laws and regulations relevant to business and taxation whether they are new start-ups or existing operations. Aimag offices provided them information on the benefits of becoming a legal business entity. The advantages may include better access to commercial loans, financial records kept in accordance with existing laws, eligibility to attend various government and donor programs and becoming a proud tax payer that contributes to the local economy. Also, increasingly, large buyers and suppliers tend to prefer working with properly registered businesses rather than an informal group that could dissolve anytime.

With the assistance of information leaflets on getting registered with the local tax offices and mentoring by the project staff, 86% of total herder clients registered as legal entities. Most of these entities (70%) have decided to become cooperatives and some choose other types such as Limited Liability Company or Partnership.

The main limiting factors for those clients who did not manage to become a legal entity include the fact that many of the group members migrated throughout the production season to different regions due to drought conditions in some aimags. There has always been the fear among the rural herders and entrepreneurs that more tax would be levied once the informal group becomes a formal one, frequent financial reporting would be needed, and a lot of unnecessary paper work would be required for registration. The program staff worked on these aspects with both the business owners and respective local authorities to reduce bureaucracy, the registration time and provide citizens with information and advice to become a legal entity.

In 2007, out of the ninety new herder clients we recruited for assistance, fifty-six managed to get registered with the local tax office within first 10 months after BP implementation. 80% of all clients including both herder and non-herder businesses registered as legal entities during the year. The following tables provides detailed numbers and dates for these activities:

**Table 7: Herder client registration process by aimags**

Aimags	No of herder clients	Registered as legal entity	%
BH	50	48	96%
DG	43	31	72%
GA	43	37	86%
GS	17	13	76%
UG	35	33	94%
UH	50	42	84%
<b>Total</b>	<b>238</b>	<b>204</b>	<b>86%</b>

The teams had conducted evaluation surveys among the clients benefiting from project interventions in order to gauge the effects of training/TA and monitor the process of business implementation. The following are some of the major findings:

Our clients were able to create 387 jobs for rural people (68 full-time, 319 part-time) by starting a new business or expanding an existing one. Most of the permanent jobs were created in year-around businesses such as felt production, cafe, and auto repair shops. Many temporary employment opportunities were offered by seasonal enterprises including vegetable and crop production, dairy and tourism.

Annual dividend distributed to a member was increased significantly compared to previous years. When we conducted the first evaluation survey in June, the highest dividend paid to a member was MNT 540,000. The second survey taking place by the end of the year revealed that the highest paying dividend had increased to MNT 1.0 million.

**Herders Diversified Into Sewing Business**

M. Narantogtoh, a herder of 3rd bagh in Jargalant soum, along with 11 families of her native bagh, formed the "Bayan Uul" herder group in 2004 and started a tailoring business that was expanded in 2006 to "Bayan Uul Ural" cooperative. Making clothes, traditional deals and ger covers, "Bayan Uul Ural" cooperative began its business operation in the building located in the bagh, and in 2007 moved to a small factory workshop constructed by its own members in the soum center. It also purchased more equipment, expanded production capacity and created 6 new jobs in 2007.

They implemented a business plan in 2007 making sales of MNT 27,730,000 from producing and selling and paying a monthly salary of MNT 100,000-160,000 to each employee. The cooperative, in addition to the tailoring operation, buys curd and milk from its members and other local herders, makes a variety of dairy products and then sells them at the market. As a result, their dairy products won Best Packed Product prize at "Bayanhongor Partnership - 2007" market day.

All the newly registered entities paid an income tax of MNT 14,672,904 to the local tax office, contributing to the aimag economic development. A total of 502 young people are working in management level of the legal entities. At the beginning of the year, only 355 young people were working at the management level. As a result of management and financial training for young members, their participation in the leadership and decision making levels has been improved. According to the survey conducted in November, more and more young members are playing important roles in their respective business ventures. Fifty-three young members are working as head of their businesses, 158 members are working in the steering committees and 49 are working as managers.

**Bayanhongor Coop expands to overseas markets**

Hongoriin Sor cooperative in Bayanhongor aimag has nine female members, who are working as full-time workers to produce felt products. Five of them are head of their individual families and three are disabled women. This summer they hired 23 short-term contract workers (80% are women) to produce felt products for exporting. A total of MNT 1,064,000 was spent for their wages.

This generated sales of MNT 29,140,000 in 2007 (an increase of 30% compared to the previous year). With the technical assistance of Gobi Initiative, the cooperative exported decorations for Christmas trees, quilted felt slippers and mats to Austria and Italy and 13 kinds of handicraft products to Canada. It has received an order for handicrafts from Italy to be accomplished in 2008 through "Wool World" Cooperative based in Ulaanbaatar. As a result of the above activities, the cooperative has distributed a total of MNT 3.5 million to the members as dividend, as has been noted by the cooperative head D. Nadmid.

A Young Businessmen Training was successfully organized in each of the Gobi Initiative aimags during the reporting period. As a result of these training workshops, young members' roles in business have been significantly increased. Twenty-one young business owners developed BPs independently and were selected as Mercy Corps Mongolia clients. Most of these trainings were organized from April to September in the aimags.

**A Govi-Sumber Coop Members Get Dividends**

"Dulaan Beleg" cooperative, located in Tsagaandelger soum of Dundgovi, has run felt production since 2006 with GI assistance. Having installed old felt production equipment purchased from UB and taken part in various Mercy Corps Mongolia's technical assistances, the coop produced ger felts, hiring up to 12 residents during the peak, summer season. They produced and marketed white and brown felts in 2007 selling to neighboring soums in the area as well as Ulaanbaatar. In addition to making 545 pieces of ger felt covers made out of wool, they began producing mattresses, wall curtains and mats.

As a result of its successful work during the year, the cooperative distributed MNT 120,000-130,000 to each member basing on and taking into account their financial contribution to the cooperative and involvement in the organization's activities.

**Table 8: Number of TAs for cooperative development**

	<b>Aimags</b>	<b>No of total TAs for cooperative development</b>	<b>Provided by local consultants or GI staff</b>
1	Dundgovi	26	25
2	Gobi-Altai	26	26
3	Uvurhangai	16	16
4	Umnugovi	17	14
5	Govi-Sumber	7	7
6	Bayanhongor	23	23
	<b>Total</b>	<b>115</b>	<b>111</b>

In 2007, we have delivered 115 Training/TAs for our clients to form and strenghten cooperatives and 96.5% of these interventions were provided by local consultants. Most of the trainings were organized efficiently on topics such as legal entity formation, cooperative management, cooperative finance and accounting and were conducted by aimag based trainers.

Four Mercy Corps Mongolia staff and four Mercy Corps clients attended the Cooperative Development National Assembly which took place in December 2007. Presentations delivered by the Mercy Corps Mongolia staff were accepted well and highly appreciated by the participants at the assembly. The purpose of the event was to improve government support for cooperative development, and collaboration and

coordination of the donor organizations' efforts to this end. Our participating clients enhanced their understanding of who is doing what for cooperative development. It also provided the participants with information on the activities of the Cooperative Development National Program. Most of the participants were critical about to what extent the national program was being implemented. As a result of the assembly, participants produced recommendations for government to improve its mechanism and support system, which will create significant progress in cooperative development.

### **Herder Alliance Pilot Project**

During the reporting period, the program launched the pilot Herder and Farmer Cooperative Business Alliance in Bayanhongor Aimag. The purpose of the herder alliance is to develop supporting infrastructure for the private sector (i.e., company or cooperative) that gives livestock and crop producers access to quality production inputs (veterinary medicines, fertilizer, machinery and equipment, animal feeds, etc.), provides and organizes services that will improve product quality or improve producer capacity to engage in commercial agricultural production in the Mongolian environment (wool and cashmere grading, mechanical shearing, petroleum, spare parts, veterinary medicines, etc.), acts as an agent to market crop and livestock off-take products for members of the cooperative, and assists herders and farmers to mitigate financial and environmental risk associated with agricultural production by disseminating information provided by Gobi Forage, Rural Business News, etc.

Another goal of the project is to reduce financial risks and natural disaster that mainly threatens herders and farmers in the rural, remote provinces. Generally speaking, the herder Alliance delivers four main services to its members:

- Information and training on agriculture, livestock and marketing
- Marketing of members' products
- Facilitation of production input supply
- Required services such as veterinary, breeding, supplemental fodder supply etc.

An international consultant, Mr. Dennis Sheehy (funded under the Texas A&M CRSP grant), visited the project site in Bayanhongor a couple of times with GI staff as part of the ongoing process. The consultant and staff also traveled to the soums and held stakeholder meetings with soum government officials, herders and business operators in order to present the concept and garner support.

In total, over 223 households and nearly 1300 people working in agricultural production sector have become members. The Bayanhongor Herder Alliance's Steering Committee Chairman Mr. J. Tuvaandorj and General Manager Mr. D. Ganbayar worked in the Mercy Corps representative office in Ulaanbaatar and Mercy Corps Mongolia and the Bayanhongor Herder Alliance's signed a Memorandum of Understanding for the period covering July 31, 2007 up to June 30, 2008 which proposes a budget of \$12,7000 (MNT 15,000,000) to cover training and TA expenses needed for its members. The Alliance rents a small office in the aimag center furnished with a computer, printer, fax machine and basic furniture.

The Alliance has organized Board of Directors' meeting four times since its formation. A general manager has been selected by the Board of Directors (BoD) and provided with an equipped office room under Mercy Corps' investment. Launched with the purpose of serving the needs of its member herders, the Herder Alliance currently has members in nine soums of the aimag which have invested some MNT 27.2 million (\$23,300). The 4<sup>th</sup> meeting of BoD was held in Ulaanbaatar from November 5-10. The goal of the meeting was to improve the capacity of the BoD to manage efficiently the Alliance activities and establish market linkages with bigger buyers and suppliers in UB. Aside from attending a management training facilitated by Mercy Corps Mongolia, the members visited nine companies in Ulaanbaatar engaged in cashmere and wool processing and food production to develop future business collaboration as one of its goals to help members sell their raw materials at higher prices.

### Activity Three: Training and Technical Assistance for Herder Businesses

**Targets:**

- 124 new herder clients will receive at least 319 trainings & consultancies in 2007;
- 122 existing herder clients will receive at least 231 trainings & consultancies in 2007 with a 15% cost share on consultant fee;
- Total number of HB TA & Consultancy will be at least 550 in 2007.

Indicators	Last reporting period	Progress during IV quarter	Progress to date
No trainings & consultancies conducted	387	29	416
No of clients	596	41	637
Length of training	1.9	2.4	1.9
Number of participants	2,313	108	2,421
Quality of training	88%	91%	88%
% of increase in participants' knowledge	34%	45%	43%
% of female participants	53%	51%	53%
% of local consultant provision (incl. staff)	79%	79%	79%
% of cost recovery (allegeable trainings)	15%	15%	15%

Organization and delivery quality training and TA interventions to the herder clients played a major role in the successful implementation of their individual business plans in the reporting period. Herder businesses that received training or technical assistance contributed a cost-share to the consultant fee of 15% on average for the first time in the Gobi Initiative II program. The consultants collected part of their fees from the newly selected or previous herder clients and it ensured that they appreciate the costs incurred from the project and begin paying their contributions. This was seen as an important step towards the future, sustainable provision of training and technical assistance at the aimag and soums level to the herder population.

Delivery of training and technical assistance to herder clients exceeded the annual target in 2007. Many of the individually planned training and TA were combined and consolidated involving more clients than planned. This explains why there are 416 training and TA actually delivered if counted by separate events. In fact, if counted by individual clients, 637 training and technical assistance were organized, which is what the indicator above intends to measure. Based on these results, Gobi Initiative has provided 116% of the planned training and TA. This is mainly due to the fact that many vegetable growers in Dundgovi and Uvurhangai wanted to take more training/TA at each of production stages, much more drip irrigation trainings were requested, and more clients took wool and felt processing workshops in Bayanhongor and Uvurhangai because of our work with the Snow Leopard Foundation. In sum, all of the clients were able to obtain their requested training and technical assistance making it possible to obtain the needed skills and knowledge to successfully implement their business plans. The total number of participants in training and TA events was 2,421 in 2007 as opposed to 2,253 in 2006.

79% of training and TAs were delivered by aimag based consultants and staff, with the most popular TA's being in vegetable/crop production and cooperative development. It is mainly due to herder clients being more interested in diversifying crop production and the need for forming a legal entity. The following tables and

figures provide information on the numbers of training activities, subjects covered and providers.

**Anh San Build A Green House in Gobi**

The vegetable growers of "Anh San" cooperative in Umnugovi aimag have received four trainings and consultancies on greenhouse horticulture and drip irrigation system. As a result of these interventions, the cooperative members have planted on larger scale than ever, harvested 240 kg of tomatoes and 624 kg of cucumbers, having succeeded with MNT 1,260,000 generated in sales. In 2007 they harvested 2,174 kg of vegetables from the open field and 864 kg from greenhouse. And the total harvest is 900 kg more than the production in 2006, and the sales grew by MNT 1,3 million too.

Mercy Corps believes that study tours organized during the year for clients have been very effective as sharing and learning experiences with each other and establishing valuable business contacts. A total of six study tours about dairy processing, animal breeding, veterinary practice and crop production were facilitated. Based on the new ideas and information obtained through these events, the participants were able to diversify their products and offer high quality, innovative products for the local market that did very well during several trade fairs.

**Table 9: Details of Training and Technical Assistance provided to Herder Clients in 2007**

N <sup>o</sup>	General Classification of TA	UB consultants	Local consultants	GI Staff	Total
1	Animal breeding	3	7	1	11
2	Bakery/food processing	5	6	-	10
3	Boot/garment production	-	4	-	4
4	Business training	1	4	5	10
5	Cooperative development	5	55	34	94
6	Dairy/milk processing	4	28	-	32
7	Felt/wool technology	20	11	1	32
8	Financial management	1	12	13	26
9	Fodder/forage production	1	1	3	5
10	Handicrafts	-	6	-	6
11	Intensified animal production	2	-	-	2
12	Sales and marketing	1	5	9	15
13	Meat processing	2	-	-	2
14	Round table discussion	-	-	1	1
15	Semi settled livestock production	1	-	-	1
16	Specialized TA	6	20	3	29
17	Study tour	-	2	4	6
18	Tourism operations	4	-	-	4
19	Vegetable/crop production	23	71	3	97
20	Veterinary training	9	15	4	28
	<b>TOTAL</b>	<b>88</b>	<b>247</b>	<b>81</b>	<b>416</b>

**Goviin Sor Altai Coop Members Learnt Key Skills**

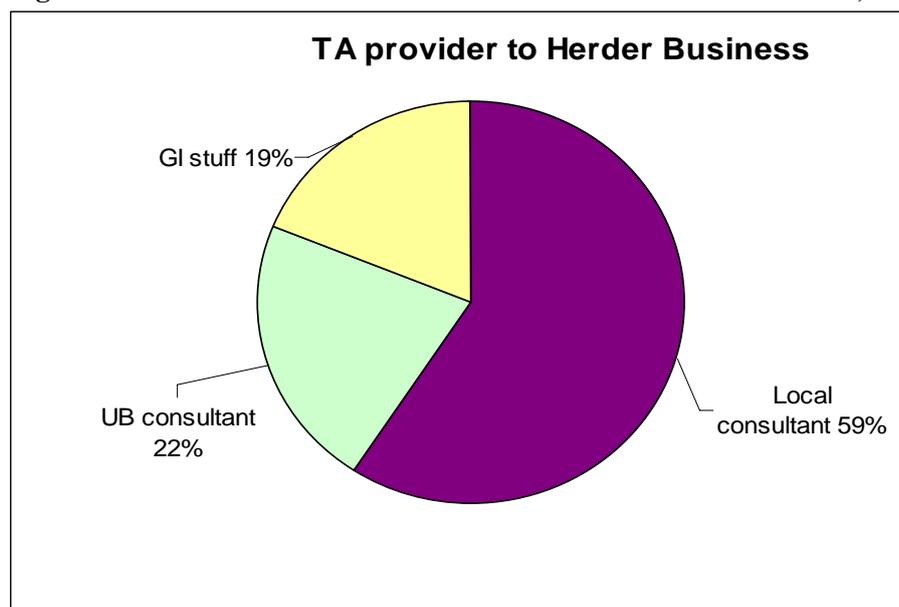
Thirteen members of Govi-Altai based "Goviin Sor Altai" cooperative were involved in training on camel wool pre-processing and yarn spinning technology in June of 2007. The cooperative members learned wool processing and yarn spinning technologies as well as participated in a market linkage meeting organized in UB in August and signed a contract on yarn sale with Open Steppe Company.

As a result of additional business and the skills obtained through the training, the coop's sales income grew by MNT 2.2 million and reached MNT 6.9 million in 2007.

**Table 10: Herder Business Training and Technical Assistance by Aimags**

N <sup>o</sup>	Name of aimags	UB consultants	Local consultants	GI Staff	Total
1	Bayanhongor	21	32	17	70
2	Dundgovi	13	68	2	84
3	Govi-Altai	11	36	35	80
4	Govi-Sumber	7	6	13	26
5	Umnugovi	22	43	5	70
6	Uvurhangai	14	62	9	85
		88	247	81	416

**Figure 2: Technical Assistance Providers to Herder Businesses, 2007**



#### Activity Four: Acquiring Critical Inputs

**Targets:**

- 273 loans disbursed with a total value of MNT 781.4 million all of which are repaid according to schedule.
- 90% of loans will be used for intended purposes
- Average collateral by herder clients will not exceed 50% and for non herder 60%
- All clients receive critical inputs required for BP implementation (subject to plan) and six local input suppliers established or strengthened

Indicators	Last reporting period	Progress during IV quarter	Progress to date
No Loans Disbursed	197	3	200
No repeat loans (2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> ...)	81	1	82
Value of loans disbursed	576,894,800	14,400,000	591,294,800
% collateral provided by LGM	44%	41%	44%
No & proportion of loans ≤ 3M MNT	154 (78%)	3 (100%)	158 (79%)
% LGM Collateral for loans ≤ 3M MNT	44.0 %	44.4%	44.1%
No of clients that receive input facilitation	209	87	296
Value of equipment purchased	348,294,040	209,525,881	557,819,921

Facilitation of major production inputs such as equipment and machinery, raw materials, seeds and finance have played an important role in clients' realization of their respective business plans in Gobi Aimags. In the reporting period, Mercy Corps Mongolia continued to provide clients with an assistance and advice to identify and purchase equipment appropriate for their businesses. This year, a total of 231 clients in six aimags purchased equipment worth MNT 557,819,921 (\$478,815). Most of these equipment purchases were financed through the loans obtained by clients through Mercy Corps' Loan Guarantee Mechanism. The purchased assets and items included veterinary medicines and equipment, wool and dairy processing equipment, bakery and food equipment, construction materials, elite animals, and equipments and tools related to vegetable production.

Also clients began to utilize the Input Supplier's Directory developed by the program and contact suppliers directly. Mercy Corps Mongolia assisted when the client had little success in direct contact or when a supplier was not listed for a specific piece of equipment. The program assisted its clients to obtain information and enquiries from equipment suppliers and organized study tours to these businesses. Also our staff identified six equipment supply BDS providers in four aimags and assisted them to promote their

activities at the aimag market fairs and the updated, second edition of input suppliers' directory was developed and sent to the aimags.

As presented in the table below, most of the production inputs have been acquired by the herder businesses.

**Table 11: Equipment facilitation**

№	Aimag	Client type		Total amount of planned equipment, MNT	Total amount of purchased equipment, MNT	Percentage, %
		HB	NHB			
1.	BH	25	9	90,844,800	98,690,901	108.6%
2.	GA	40	9	141,620,000	162,897,290	115.0%
3.	GS	16	4	104,771,700	93,261,641	89.0%
4.	DG	47	7	100,511,300	57,075,500	56.8%
5.	UG	28	11	97,106,200	91,195,091	93.9%
6.	UH	27	8	65,132,000	54,699,500	84.0%
	<b>Total</b>	<b>183</b>	<b>48</b>	<b>599,986,000</b>	<b>557,819,923</b>	<b>93.0%</b>

Gobi Initiative clients who have approved business plans required financing obtained loans from the commercial banks (Xaan Bank, Xac Bank, Post Bank and Zoos Bank) that Mercy Corps Mongolia's Loan Guarantee Mechanism had partnership agreements. In Year Four, the program has assisted 200 businesses in obtaining commercial financing of MNT 591,294,800 (\$505,380), of which MNT 262,577,151 (\$224,424) or 44.3% has been guaranteed through the USDA-funded Rural Agribusiness Support Program. Over the past three years the loan guarantee mechanism has encouraged banks to lend to rural businesses, decrease their reliance on collateral, decrease their interest rates as risk is reduced and lengthen tenure. Clients paid an average monthly interest rate of 1.5% to the partnering commercial banks.

**Dairy production in Bayanhongor aimag**

Ih Halbaganat LLC in Bayanhongor purchased a set of dairy processing equipment this year including a milk separator, plastic bag maker, cup maker, vacuum packaging machine and generator with the project's technical assistance. With the newly obtained machinery, the business produced better quality dairy products and yogurts. The total purchase cost was MNT 15 million or \$12,820. The company has also started processing camel milk and is planning to make more value added, finished products. Its products have become popular not only in the aimag but also at the Ulaanbaatar markets due to improved quality and packaging.

In 2007, 200 loans had been taken by Gobi clients to implement their business plans. The number of loan borrowers and amount of loans have increased as the number of program clients increased. The number of borrowers and the size of loans in 2007 were higher by 21% and 13% respectively if compared with the previous year. GI clients have also increasingly provided their own collateral. The average size of collateral provided by loan borrowers in 2007 reached 56.1%, a percentage considerably lower than the 68% provided by borrowers for the year 2006.

Increased meat, wool and cashmere prices have resulted in higher revenue for the herders. Some of them began financing their own business plans using their own funds. A total of 22 clients decided not to take a loan, but to use their own resources to finance their business and implement their business plans. Although four groups/cooperatives ("Ongi Buyan Delgereh", Dundgovi; "Uv Tan", Uvurhangai; "Mal Erdene", Bayankhongor; "Devshil Altai", Govi-Altai) had articulated in their business plans to take a loan under a loan guarantee program, they managed to access these loans without assistance from Mercy Corps.

In the Gobi aimags, particularly in Dundgovi and Govi-Sumber aimags, a drought occurred that had an adverse effect on the rural business leading thus to lesser income for herders and increased cases of taking consumer loans rather than business ones. Eighteen groups/cooperatives were unable to take business loans. For instance, 4 out of 6 members of "Shiguun Guur" cooperative in Undur-Shil soum, Dundgovi aimag had taken salary and pension loans in February 2007 to be repaid until October 2007. They had applied to the commercial banks for a MNT 3.4 million loan under the Mercy Corps' Loan Guarantee Program, but no bank has disbursed this loan to them. As a result, the cooperative could not start implementing its business

plan and was dropped out from the program. Others have continued implementing their business plans without the added benefit of the expected loan.

The commercial banks, in order to prevent risks of double lending, receive loan records from Mongol Bank to increase their control on the process of loan disbursement. To avoid double loans from happening, we are checking the loan history of our clients on a regular basis working closely with the banks. Since a double loan entails the risks of loan default and improper use of loan funds, our program staff enhanced the monitoring of loan provision.

Borrowers had been making repayments according to schedule during the reporting period. However, there were a few clients who had made late repayments and were behind the schedule. This occurred mainly because of the unexpected movement of households and livestock due to natural conditions, less than planned production, unavailability of needed equipment and machinery, late production season and poor harvesting. However, all of them are currently working hard to get the loans completely repaid. Loan repayments have been made in accordance with the schedule with the exception of a few clients who had late repayments due to the adverse conditions mentioned above. GI clients have 132 outstanding loans by the end of December, 2007 with a total outstanding loan value of MNT 281,545,392 (\$241,670). Most of these clients have been paying their loans on a regular basis and will continue to do so through 2008. Two clients from Dundgovi, Hangain Hishig and Itgel Zutgel are facing loan repayment problems and our project offices are working hard with the clients and lending banks to make sure that these loans are repaid. As both loans have already been partially repaid, the collateral at risk for these two loans amounts to MNT 100,000 (\$85).

#### Activity Five: Technical Assistance and Training for Non-herder Businesses

##### Targets:

- 75 long-term clients receive no less than 167 trainings & consultancies in 2007 with 45% of consultant fee covered by long-term clients.
- 70% of total clients produce a new product and service and increase the quality of product and service.

Indicators	Last reporting period	Progress during IV quarter	Progress to date
Number of trainings & consultancies conducted (LTTA & STTA)	158	37	195
# of clients attended (LTTA & STTA)	365	260	625
Quality of trainings & consultancies	93%	93%	93%
% of local consultant provision (incl. staff)	52%	62%	55%
% of cost share	49%*	49%	49%
Number of new products & services produced as a result of received trainings & consultancies*	38		38

Our work with non-herder businesses in Year Four has been generally successful with most of the clients implementing their plans and fully achieving their targets. The program delivered the needed training and TA activities on a timely basis with high quality by local and UB trainers and business advisors. Also, many of the non-herder clients obtained financing through Mercy Corps Mongolia's Loan Guarantee Mechanism in order to get their businesses started or expanded.

During Year Four, a total of 195 training and technical assistance interventions were provided to 625 participants from non-herder businesses in six Gobi aimags. These events covered 52 different subjects as requested by the clients and the quality of the training and technical assistance was 93% on average as evaluated by the participants. 55% of all training and technical assistance activities were implemented by aimag-based consultants and Mercy Corps Mongolia officers. As a result of received trainings and consultancies, 38 new products and services were produced.

As is clear from annual accomplishments, the clients have paid 49% of the costs involved with the consultant fees. Over the first six months of the year the program has started to increase the percentage of cost-share that the clients pay towards the consultant fees. This is due to the fact that the clients are beginning to understand the value of the training and technical assistance and how it can assist them to improve their businesses and ultimately become more profitable. With this situation, the program continued its efforts to build the technical skills and abilities of the aimag-based consultants and experts, and link them directly to the business clients. These results contribute towards the objective of establishing a sustainable, economically viable system for the provision of technical assistance at the aimag level that can continue beyond the project lifetime.

The most often demanded trainings and advice were on topics such as bakery, dairy, finance, marketing and economic entity formation. The marketing trainings were also frequently demanded, demonstrating the commitment of the rural businesses to increase sales of their goods, improve product packaging and promotion and get connected to the regional and Ulaanbaatar markets. In addition, among the training subjects in high demand were specific technology ones such as shoe, felt and leather making, knitting and carpentry techniques.

#### Shoe-maker learns new skills

B. Amarjargal, a business operator from Luus soum, Dundgovi aimag, a well-experienced shoe maker became a business client of the GI program. He subsequently developed and implemented a business plan on shoe production, and achieved impressive results within a short period of time, by making boots for women and children, box calf boots and boots with white felt sole. The business also offers soling and other shoe repair services. Through a Gobi Initiative intervention, he received training and advice on women's footwear making technology, finance and book-keeping, and improved his knowledge and skill in these areas. Having created two new jobs, the business successfully participated in "Dundgov Partnership" Trade Fair and has been chosen as the best producer. His sales targets were achieved with more than 100% in 2007.

**Table 12: Summary of Training and Technical Assistance Activities for Non-Herder Clients**

General classification of TA	Type of clients		Consultant			
	LTTA	STTA	GI	Local	UB	Total
Animal breeding	1				1	1
Bakery/food processing	18	11		6	23	29
Boot/garment production	2	1		1	2	3
Business training	6	8	3	3	8	14
Campaign on existing norms and standards		9		9		9
Cooperative development	13	2	8	7		15
Dairy/milk processing	3	2		2	3	5
Felt/wool technology	3	3			6	6
Financial management	22	3	5	20		25
General management	4	3	1		6	7
Handicrafts	1				1	1
Intensified animal production	1	1			2	2
Other trainings for government employees		3		3		3
Round-table forums		2	1	1		2
Sales and marketing	24	4	8	11	9	28
Specialized TA	20	6		7	19	26
Study tour	2	2	2		2	4
Tourism operations	3	3			6	6
Training of Trainers / ToT		4	1	3		4
Vegetable/crop production	6	3		4	5	9
Veterinary training		7	1	4	2	7

<b>GRAND TOTAL</b>	<b>129</b>	<b>77</b>	<b>30</b>	<b>81</b>	<b>95</b>	<b>206</b>
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The UB-based consultant D. Oyunbileg has successfully conducted training on public catering technology to "Bayanburd" hotel and restaurant of "Ochnaran" LLC in Harhorin soum on November 01-03. During the training, food production technology, Chinese cuisine and preparation of dishes for buffet at a reception/party were taught. In addition to the training, three tasting shows were organized in the evenings using the dishes cooked during the training, which also helped to promote the restaurant to the residents and organizations of Harhorin soum and generating over MNT 1.0 million in sales. This was the first ever event of this kind organized in a rural area that combined technological training with the promotion campaign and attraction of customers.

Bayanhongor aimag based "Ih Halbagent" LLC received a consultancy on camel milk processing technology and organization of production process in milk processing workshop on July 04-08. The consultancy was attended by "Ih Halbagent" LLC director A. Tsetsgee, employees Yo. Nansalmaa and Chimgee, during which 70 litres of camel milk was processed, a trade fair with a variety of products such as yoghurt, sour cream, milk drink, carrot cooked in whey and apple jam was organized, making 100% sales of all displayed products, and receiving 100% assessment from the participants.

Quilt making in Govi-Sumber Aimag

Long term non-herder client "Goviin Tuya" partnership in Govi-Sumber aimag received a training on making quilts, bags and other items by recycling and using shredded material that is usually wasted in the sewing workshop. A two-day training attended by its five members was conducted by UB-based consultant U. Odhuu. The participants learned how to make eight different items from waste material including: pillowcases, quilts, bags, cosmetic bags, seat covers etc. The new products use a patching technique as well as embroidery with ornamental patterns.



New patchwork products of "Goviin Tuya" partnership

The "Mon Daats" LLC located in Dalanzadgad town, Umnugovi aimag, established in August of 2004, is engaged in construction material production and semi-processed foodstuff production. The entity has begun cooperating with GI on semi-processed foodstuff production since 2006 and succeeded to improve quality and variety of products through studying the experience of similar leading businesses in UB.

Summarizing the accomplishments of the year, the number of technological trainings, particularly on production of safe foodstuffs, clothes and boots, wooden furniture and other parts of ger, meeting demands of local market and consumers received by non-herder businesses has been increased, augmenting thus the number of household producers and micro businesses having operation fit for local circumstances. Moreover, the number of clients wishing to cooperate with us to expand business operation started in previous years, to improve working conditions, to increase the variety and improve quality of products, to renovate equipment, to increase production capacity and generate new job places is increasing.

## Activity Six: Local Capacity Building for Training & Technical Assistance

### Targets:

- All aimag-based consultants who conducted no less than 5 trainings & consultancies will be certified;
- More than 70% of total trainings & consultancies will be conducted by aimag-based consultants.

Indicators	Last reporting period	Progress during the 4th quarter	Progress to date
Number of local consultants	164	6	170
Number of aimag-based consultants certified	1	0	1
Number of local consultants who provided more than 5 trainings	19	2	21
% of local consultants with more than 5 trainings	11%	33%	12%
Number of capacity building training activities	8	2	10
% of trainings & consultancies provided by local consultants (not including GI staff)	50%	61%	52%
% of UB consultancies accompanied by a local consultant counterpart	9%	10%	9%

The program has accomplished its goals in the reporting period in the area of local capacity building. Numerous rural trainers and advisors were able to improve their technical and management skills by attending Gobi Initiative organized events and activities.

66% of local consultants with more than five trainings were involved in the certification process this year. Their certification will occur in JAN 2008, as the course assignments have not yet been revised and approved by the course leaders. More than fifty percent of all the training and technical assistance interventions facilitated and delivered by Gobi Initiative to herder and non-herder business clients are actually implemented by the local consultants. The training table shows 52% of trainings and TA is delivered by local consultants (excl. GI staff). Compared to the early days of the project, when most or all of the TA activities had been provided by UB consultants, the above figures are impressive. It should also be noted that it is very important for all parties to reduce the overall cost of the TA provision in the aimags and soums as this will improve the sustainability of long term commercial service provision.

During the reporting period, Gobi Initiative program organized in Ulaanbaatar and in the aimags a total of 14 capacity building exercises for local trainers and consultants on their own as well as in partnership with other BDS providers during the year. Here are a few examples for some interventions for the year. A four-day training course on "ToT - Teaching Methodology and Psychology" was held in UB between March 02-05, 2007. The training was delivered to 22 local trainers, who are mostly engaged in the agricultural sector. The course ran for 4 days and covered a wide range of theoretical and practical exercises on teaching methodology, moderator and presentation skills, interacting with audience and their psychology, running team work and preparation of hand outs etc. Though GI certified local consultants are professionals in their respective field, they have never attended teaching methodology trainings before.

The Gobi Initiative facilitated another training on teaching methodology for adults on November 01-11, involving 13 local consultants working with the program. The training was conducted by O. Myagmar and Sh. Ichinhorloo from Mongolian National University of Education. After the training the local consultants were given tasks to be completed in 30 days and, based on evaluation results, they will receive official certificates verifying their ability to conduct training for adults. Accordingly, the local consultants, building upon their own training topics and adjusting for age and psychology of the trainees, have written their assignments which are currently being assessed by the teachers. The Mongolian National University of Education will provide certificates basing on this evaluation. We hope that this evaluation will be finished before the end of January of 2008.

A Training of Trainers on financial management was organized from May 11-14. The training was conducted by the Faculty of Finance and Economics of the Mongolian National University of Agriculture and a total of twenty aimag-based consultants from 11 aimags participated. Aimed at improving the capacity of rural business advisors, the training covered basics of managerial accounting, analysis of financial statements, tax reporting, working capital and cash flow management, investment project analysis, and risk and return analysis. After the training the participants requested Mercy Corps to assist with: a) development of a comprehensive and basic 'Financial Accounting Handout' and b) to organize training on tax reporting done by senior officials from the General Taxation Office in Ulaanbaatar for both local aimag-based consultants, aimag tax officers and clients due to the high level of misunderstanding at aimag level of the exact regulations and requirements.

A demonstration training (this type of intervention differs from others in that the participants can actually see and participate in the subject activities) led by horticultural consultant Mrs. Byatskhandai has been organized in three stages in GI aimags. The trainings were held in "Irvest Ulaan" herder group, Biger soum, Govi-Altai aimag, "Altan" partnership, Ulziit soum, Bayanhongor aimag, "BVG" partnership in Dairgyn Gol, Arvaiheer soum, Uvurhangai aimag, "Munh Nagoon Mandal" cooperative, Nariin Teel soum, Uvurhangai aimag, "Ankh San" cooperative, Bulgan soum, Umnugovi aimag, "Aduut Govi" cooperative, Hurmen soum, Umnugovi Aimag. The local agriculturalists and consultants were able to upgrade their skills and knowledge in drip irrigation system that enables even distribution of water and high amount of yield, increase of productivity, seed quality, greenhouse, plant seedlings and use of local fertilization.

A training on aaruul making technology aimed at provision of comprehensive information and knowledge related to aaruul production and packing technology meeting hygienic and standard requirements and aaruul making equipment was organized in November 2007 at the National Dairy Training Center, in cooperation with Department of Studies of Food Technology College. Eleven local dairy consultants and 10 aaruul producers attended the training, of which 10 were local consultants and dairy producers which are cooperating with GI program. Involvement in this training has obliged the participants to organize future similar training activities for herders and business operators who are engaged in aaruul production business. Topically, the training has covered needed information, intertwined theory with practice, imparted knowledge viable and applicable for local conditions, incorporated ideas of participants and was well organized, with sufficient provision of training materials. A visit to "Suu" JSC, Dairy Trading Center and Dairy & Refrigirating Equipment Store organized at the end of training session attracted much interest and was practical for trainees.

A study tour for 14 veterinary clients from Dundgovi and Umnugovi aimags was organized to seven soums of Arhangai aimag. The visit enabled our clients to learn from clinic operation experience, methodology and approaches of interacting with the clients, see the activities of "Veterinary Without Borders" project being implemented by French NGO, share experience and skills, and identify new ideas and opportunities applicable for the Gobi region. During the trip the veterinary clients from Umnugovi and Dundgovi aimags also participated in "Challenges in Veterinary Sector in Gobi Region" conference held in Tsagaan Zalaa, Uvurhangai aimag. The conference was attended by nearly 150 vets from 7 aimags and representatives of State Veterinary Service, Research Institute of Veterinary Medicine, Biofactory, GTZ, "New Century Nomads Support" Center, Agricultural Extension Center, State Veterinary Quality Control Laboratory and "Tsagaan Zalaa Agvet" organization. The participants discussed the challenges in veterinary sector in the Gobi region, and issued recommendations. It was a significant event that enabled the participants to discuss a variety of outstanding problems and constraints such as improving measures for livestock disease control in the Gobi aimags, alleviating constraints in private veterinary service sector, upgrading veterinary laboratory operation and improving animal drug supply system. By attending this event the veterinarians learned how to be more proactive and energetic in developing proposals and promoting initiatives to the management of Agriculture Department and Veterinary service on the outstanding issues that needs to be tackled.

As the end of the project approaches, ensuring the continuation of the Gobi Initiative services to the local communities is critical. We believe that one of the ways to leave the legacy is to support aimag based BDS providers by helping them in identifying local needs, developing their business plans, marketing their services, developing funding proposals, effectively working with the local government and donor programs, and delivering high quality, demanded products.

Towards the end of the year, we identified and selected nine BDS Providers in six Gobi Aimags to provide assistance in 2008. Many of these entities are formed and managed by former and current Gobi Initiative trained consultants, who have significant knowledge of the needs of rural businesses in terms of training and TA, quality standards of the services, and are able to communicate with potential business clients. What they lack is to realistically assess their market size and demand, make their financial plans accordingly, promote their services to both public and government, and build their confidence in providing the needed business development activities in their region. This is where Mercy Corps Mongolia plans to intervene and help them to stand on their feet and begin effective communications with local stakeholders.

## Activity Seven: Market Development

### Targets:

- 130,000 people attend 18 market events in 6 aimags with sales of over MNT 400 million in 2007 (UB-1, aimags-4, regional -2, Saturday-11)
- 13 market researches on local leading products will be conducted
- Feasibility study into organic production certification conducted
- Sales from new markets exceeds MNT 20 Million

Indicators	Last reporting period	Progress during the 4th quarter	Progress to date
Number of market days organized	21		21
Number of exhibitors	1,372		1,372
Attendance of market day events	89,434		89,434
Sales at market day events	551,470,133		551,470,133
Ratio of sales & costs	10.1 MNT per 1 MNT of cost		10.1 MNT sales per 1 MNT of cost
Number of contracts made during the events	277		277
Value of Mercy Corps total contribution to MD costs	9,066,691		9,066,691
Leverage of donor funding			60.8 MNT sales per 1 MNT of funding
Amount & value of products sold at regional markets through facilitation & contracts	61,466,618	5,910,500	67,377,118
Progress on feasibility study	1		0

One of the major activities that boosted the sales of Mercy Corps Mongolia clients has been the twenty-one market fairs organized in Gobi Aimag Capitals, Ulaanbaatar and Soums. The events this year were a great success attracting a large number of rural producers and herders as well as consumers at these locations. Also, a number of high level visitors were able to attend the events. MP L. Odonchimed and USA Ambassador Mark Minton participated in the official opening ceremony of Market Day event in GS aimag, M.Enhbold, former Prime Minister and Ts.Tumur-Ochir, Vice-Minister for Education, Culture and Science were present at the opening ceremony of "Tsagaan Sar" market day held in Ulaanbaatar. MP S.Narantsatsralt and MP P.Raash participated in the Market Day event in Dundgovi aimag and visited the market stalls talking to exhibitors and tasting the products.

All of the twenty-one activities generated a grand total sales of MNT 551 million (\$471,000) for the producers and sellers who participated. Mercy Corps Mongolia clients had enjoyed a sales revenue of MNT 200 million (\$170,812) by selling their products. A total of 1,372 rural businesses and exhibitors were able to participate and benefit from these events. More details can be seen from the Annex 4.

The "Tsagaan Sar-2007" trade fair held in UB on February 9-11 was an example of a successful Market Day event. The goal of this event was to provide market opportunities for the clients to sell their products and to develop contacts with larger Ulaanbaatar based buyers and traders. Totally 139 exhibitors participated in a trade fair including twenty-eight Mercy Corps Mongolia clients. Total sales of MNT

162,984,550 was generated on dairy, vegetable, wool products, baked products, felt products, wood, different types of hand craft products, decorations, knitted and sewed products, meat and meat products during the fair. Thousands of Ulaanbaatar residents and customers enjoyed the fair and purchased their much needed dairy and other goods directly from the producers.

Year by year, more and more organizational management and financial contribution have been shifted to local stakeholders including the aimag government. Mercy Corps Mongolia's contribution to the six large market events held in 2006 was 25.6% of the total budget and only covered the marketing and promotion expenses. The figure stood at 20% in 2007 and local stakeholders largely managed the organization of the events. Not only commercial in nature, these market fairs are providing an opportunity for local government, non-government organizations and businesses to promote their activities, and serve as a conduit for information exchange and relationship building among the participants.

"Suun Dalai Travel" LLC in Uvurhangai aimag successfully participated in "Tsagaan Sar-2007" Fair selling products worth MNT 11,569,500 at the event. The company profit was higher because of high sales and low cost. Due to the effective promotion for the fair, hundreds of UB resident visited and did shopping right before the Lunar New Year celebrations. This company, having enjoyed the additional business opportunity, is enthusiastically preparing to participate in the upcoming "Tsagaan sar-2008" fair with more products including six tons of curd, six tons of aarts (fresh curd), one ton of cream and frozen milk.

"Hot Mandal Undarga" herder cooperative from Bayanhongor aimag, a new client of Gobi Initiative participated in "Tsagaan sar-2007" fair for the first time and sold 100% of their products with sales income worth MNT 6,842,600. It was a success for them given that their annual sales plan was MNT 6,345,000. They managed to sell a large part of what they had originally planned throughout the year at this UB event. Although it was a new experience for them, they clearly saw that it could present much more opportunities. Again, this business is planning to attend the "Tsagaan Sar-2008" fair with 1.5 tons of dairy products.

The details of the Autumn Fairs organized in target six Gobi Aimags in the first four years of the project are shown below. Compared to the first activities, the total sales have nearly tripled and the number of participating rural businesses had doubled making these events extremely popular in the aimags. Also, it should be noted that the variety, quality of the products displayed, marketed and sold at the fairs have improved year by year as a result of our work with the respective local government agencies and businesses.

**Table 13: Annual sales and number of exhibitors at Gobi Autumn Market Fairs /2004-2007/**

Year	2004		2005		2006		2007	
	Sales	No of exhibitors						
Umnugovi	7,500,000	40	39,200,000	130	19,700,000	104	55,299,150	134
Govi-Altai	8,742,000	61	26,019,270	127	30,600,000	163	74,617,060	167
Govi-Sumber	13,527,905	108	20,037,900	98	60,600,000	198	49,240,430	84
Bayanhongor	17,500,000	54	25,452,600	346	68,400,000	250	68,314,500	202
Dundgovi	28,163,125	87	38,369,940	168	81,400,000	180	35,566,460	143
Uvurhangai	49,566,970	85	92,387,555	179	70,000,000	201	68,069,360	185
<b>Total</b>	<b>125,000,000</b>	<b>435</b>	<b>241,467,265</b>	<b>1,048</b>	<b>330,700,000</b>	<b>1,096</b>	<b>351,106,960</b>	<b>915</b>

In 2006 the regional fairs were organized in two Gobi aimags so the number of exhibitors were significantly higher for this year.



### **Establishing market linkages**

In 2007, Mercy Corps Mongolia assisted its clients to establish market linkages with large buyers in Ulaanbaatar and abroad. A total of MNT 67.3 million (\$57,587) of sales made due to the numerous market linkage activities and meetings organized in UB and at the aimag level between Mercy Corps/Gobi Initiative clients and the potential buyers. The program was able to organize marketing meetings and other events with companies such as "Beneduct", "Open Steppe", "Mary and Martha", "Goyo", "Minii Delguur", "Hanburgedei", "Nomads", "Nomin Foods", "Trust Trade", "John Boyd Textiles", "CIS", "Mon Cream", and "Mon Enzyme". Also, we partnered with "Haltar Arvai" LLC and "Wool Craft Supporting Centre" NGO.

A market linkage workshop for craft producers and buyers was organized in August in UB. Twenty-eight craft producers from 10 Mercy Corps Mongolia aimags and six large buyers participated in the meeting. The participating producers displayed their products and negotiated contracts with the buyers to supply hand craft products. The participants visited Open steppe LLC, Xac Grassroots Shop, OB Press LLC, and Souvenir department of State Department store. Throughout the event, the local producers obtained information on intellectual property, product design and quality requirement, and managed to establish a future working cooperation with the buyers in UB. Five participating clients sold and made a contract to supply products worth MNT 3.4 million to Open Steppe and Mary & Martha LLCs.



In Altai city, Gobi-Altai's capital, the program facilitated a marketing activity for the local dairy producers. Its goal was to assist dairy producers to supply their products to secondary school's "Tea Break" project. The Gobi Initiative client "Hoilogt Altai" Company, "Buraatbulag" and "Ariunsaam" cooperatives were able to present the qualities, standards and prices of their packaged yoghurt, milk, camel milk and curds expressing their interest to supply and enquiring about school requirements such as type and amount of needed products and expected quality. As a result of the activity, Buraatbulag cooperative negotiated to supply camel airag to the students at the First School on Mondays and Thursdays, to the Second School on Tuesdays and Fridays and to the Fifth School on Wednesdays starting from 01 September. Currently, they supply camel airag worth 214,500 a week for the Tea Break program covering 715 students at grades 1-4. Ariunsaam cooperative is now supplying milk once a week to Sharga Soum. "Haltar Arvai" is providing barley cookies to schools.

Mercy Corps Mongolia signed a sub grant agreement on "Enhancement of wool technology in the Gobi Region" project with the "Snow Leopard Conservation Fund" (SLCF) NGO in Ulaanbaatar to provide business diversification and income generating opportunities for herders living in the snow leopard habitat,

and improved wildlife conservation through the production of high quality camel, sheep and yak wool yarns and handicrafts for export and domestic markets.

This project runs in Umnugovi, Uvurhangai, Bayanhongor and Govi-Altai aimags targeting eight cooperatives with 80-86 member participants who live in the snow leopard habitat. After attending a two steps wool technology training, participants sold MNT 308,918 (\$265) of camel and sheep wool products to SLCF for USA market and they were given an order of MNT 2,236,000 (\$1,919) which will be purchased before May 2008. These clients will have a sustainable market in USA for their wool products through SLCF.



As a result of several meetings held in Ulaanbaatar and Umnugovi aimag with CIS, the food supplier of the Ivanhoe Mines Mongolia, sales of vegetables to the mine were continued in 2007. The company chose Gobi Initiative client "Tusgats" group as a main partner. During the year, vegetables with a total value of MNT 5,517,000 were sold through the client in Umnugovi aimag. "Tusgats" group will continue supplying vegetables to Ivanhoe Mines on its own in the future.

In the first quarter Mercy Corps Mongolia developed a project aimed at facilitating the supply of 15 metric tons of super-fine cashmere (<14.9 micron) to Amare Cashmere for the 2007 season. The project was a partnership between Mercy Corps Mongolia and Amare Cashmere, a supplier of fine quality cashmere fabrics to some of the top fashion houses, hotels and car manufacturers. Mercy Corps formed this contact through another USAID project, the EPRC (Economic Policy Reform and Competitiveness Project) and proceeded directly with Amare Cashmere. The original aim of the project was to assist Amare Cashmere in procuring 15 metric tons (one container) of super-fine cashmere (<14.9 microns) for export from Mercy Corps clients, for which they would be paid a premium of 30%. The project worked on the assumption that the best chance of finding super-fine cashmere was from 2 year-old female goats, and therefore producers were asked to supply only from these animals. However the project did not succeed to procure super-fine cashmere due to the lack of accurate testing facilities in Mongolia. Mercy Corps Mongolia provided cashmere sampling and cashmere grading training for the selected herders, provided suitable bags for samples and clip, purchased samples of cashmere from producers at combing time, and sent 26 samples to the laboratory in China for quality testing. However, the cashmere micron turned out to be 16.25 - 16.85 according to the laboratory test. Some participating herders felt they had lost money as they had held on for the sale of cashmere to Amare Cashmere and had failed to capitalize on the seasons unusually high prices.

The cashmere trade in Mongolia is notoriously complex. Both sellers and buyers are plagued with uncertainty about prices. It is clear that this project was no exception. Future work in the cashmere sector remains promising, but will have to be done under better organized conditions where super fine cashmere can be more readily sourced and tested independently.

### Organic Feasibility Study

In order to conduct an organic feasibility study and select potential stakeholder organizations, GI has held a meeting with a head and a senior officer of Foreign Trade Documentation Department of Mongolian National Chamber of Commerce and Industry (MNCCI) but not received a reply so that Mercy Corps decided to announce a tender among foreign organizations and sent the bidding materials to 10 internationally recognized bodies in China, Japan and Korea who are eligible to bid, and who could provide linkages to export markets through pre-existing schemes in their countries. As nobody submitted a proposal

for this tender, and as there was little interested for collaboration nationally, it was decided to stop this initiative.

### Activity Eight: Local Government Support for Business

**Targets:**

- 6 aimag & 30 soum government offices deliver improved services for business;
- 13 soum Master Plans developed, approved by Hural & implemented.

Indicators	Last reporting period	Progress during the 4th quarter	Progress to date
Total Number of participants in Training and Consultancies	1382	381	1763
Number of trainings/consultancies held	66	18	84
Number of soums & aimags	22 soums / 6 aimags	11 soums / 6 aimags	33 soums / 6 aimags
Quality of service			Excellent (A) - 72.3%
			Good (B) - 21.2%
			Satisfied (C) - 6.5%
Number of days to register business*	2	2	2 days
Number of land use licenses issued	57		57
Number of Master Plans developed, approved & implemented	10	4	14
Number of participants in MP development			266
Number of soums, organizations and			11 soums 132 people

To achieve sustainable economic growth in the rural areas, an effective partnership and dialogue between the private sector and local government is crucial. In order to develop and implement a well grounded business support policy, it is imperative that the government employees strengthen their skills and abilities in the relevant areas.

In July of 2006, the program had conducted a survey on "Constraints on Rural Business Development by Local Government" in 35 randomly selected soums of six aimags involving 337 entities and organizations. The survey results demonstrated a need for the business community for timely and efficient government service from officials who understand that their primary role is to assist and deliver government services to the business community and the general public. Specifically, more emphasis needs to be placed on building capacity of government employees for them to create a better condition for efficient and quality provision of government services for rural businesses and residents.

In order to foster an effective relationship between local government and the private business sector, Mercy Corps, in the first quarter of 2007, based on survey results, identified training needs for government employees who are working towards the creation of business supportive environments at the aimag and soum levels.

With the aim to strengthen the capacity of local government employees from the program, we have focused our efforts on provision of training and technical assistance which were of high importance for the business development of government officials. The engagement of participants in these events was excellent, with requests to facilitate more training activities in future.

**Table 14: Summary of training workshops provided in 2007 to Government officials**

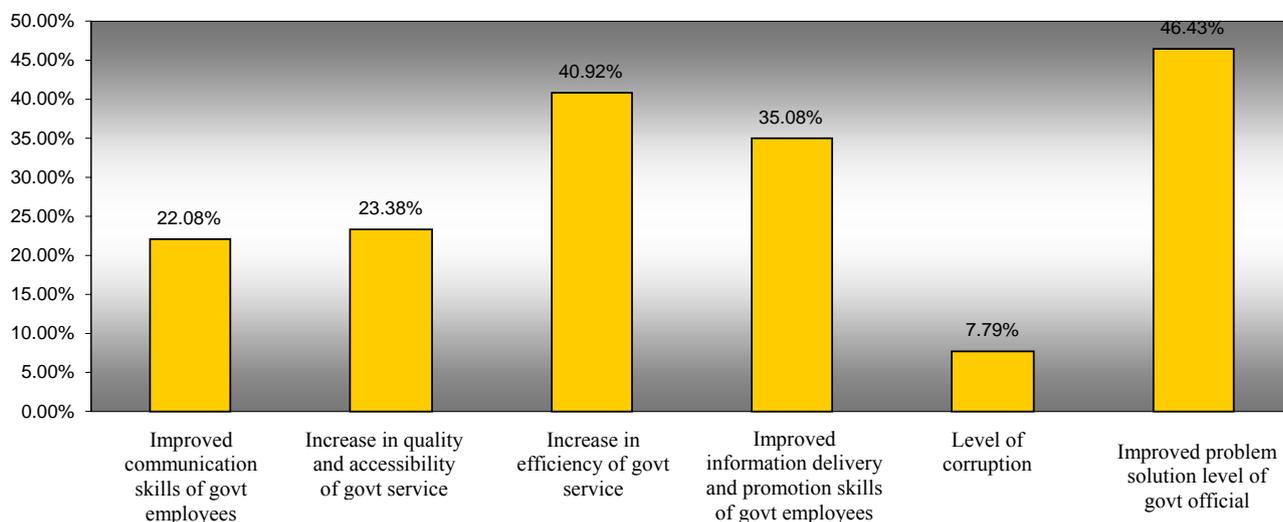
#	Training workshop	No of training	Participants				
			Total	Tax	PIA	Governorate	Other
1.	Citizen's participation in local development	18	349	16	22	181	130
2.	Communication ethics & stress management	13	284	55	62	136	31
3.	Communication ethics, Time and Team management	2	43	2	4	23	14

4.	Communication Ethics and Skills	1	25	1	1	12	11
5.	Estimating basic population indicators	1	25	1	1	10	13
6.	Financial management	1	18			3	15
7.	GAAP training	1	80				80
8.	Government procurement	1	73	1	1	71	
9.	Information and research	2	51	0	18	33	
10.	Management	5	113	2	24	73	14
11.	Master plan development	11	266	10	11	136	109
12.	Product procurement & tender	1	17			7	10
13.	Project development and Fund raising methodology	13	237	12	10	118	97
14.	Project development methodology	1	20			20	
15.	Well repair ToT	1	30			15	15
<b>Total</b>		<b>72</b>	<b>1631</b>	<b>100</b>	<b>154</b>	<b>838</b>	<b>539</b>
<b>%</b>				<b>6.1%</b>	<b>9.4%</b>	<b>51.3%</b>	<b>33.0%</b>

Most of the trainings planned to satisfy the needs of government employees were delivered by the fourth quarter of 2007. These training events were organized in 33 soums, throughout the target six aimags. A total of 1,631 government administration and service staff from twelve organizations attended the training sessions.

In order to define the impact of training and technical assistance provided by Mercy Corps in 2007 on one hand, and to determine the level of customer satisfaction on the government service rendered by the officials to the business owners on the other hand, the program has randomly selected 308 rural businesses to conduct a survey in GI target aimags - Umnugovi, Dundgovi, Govi-Sumber, Uvurhangai and Govi-Altai. Initial results from the survey reveal changes and progress in the quality of various business support activities from tax office, professional inspection agency and local governorates. The final survey report is expected to be finalized by February 2008. The initial results are shown in the chart below:

**Figure 3: Initial survey results on changes in delivery of Government services**



The significant improvement in the quality of communications of government employees with business owners, residents and general public can be attributed to 46 training workshops on communications skills, attended by hundreds of government employees.

*“The clearly noted improvement in the communications and inter-personal relations of the tax and professional inspection officers in our aimag this year could be attributed to Gobi Initiative’s close collaboration with these organizations conveying the interests of ordinary business people.” (A business operator from Dundgovi aimag)*

In order to support and strengthen rural businesses, in June 2007, Mercy Corps co-organized a conference in UB on "Government Participation and Support of Rural Business Development" that involved local government and business representatives from 11 aimags as well as some high-ranking officials from central legislative and government bodies of Mongolia. The conference discussed outcomes and lessons of rural development activities implemented by Government of Mongolia, NGOs, donor organizations and programs, and provided an excellent opportunity for government officials, development workers and entrepreneurs from urban and rural areas to meet each other, to share and exchange their ideas, information and experience. It was a useful event in that Mercy Corps Mongolia was able to provide information on its work in the rural regions to support business development and improve its networks with government agencies and donor projects active in the field. The conference also discussed major constraints faced in rural business development, debated potential activities to be jointly implemented by government, NGOs, business and donors for to eliminate these barriers, and determined next steps for tackling each encountered problem as follows:

Among other things, the participants underlined the need for government to better communicate and provide to rural businesses information and advice on business laws, regulations and standards.

*Following the conference, a number of events and activities took place in the regions. The Uvurhangai, Bayanhongor, Dundgovi and Govi-Sumber aimag governments have initiated and organized discussion forums and conferences together with local businesses for the creation of a more business-friendly environment, and have developed and begun implementing an action plan.*

*Umnugovi government in partnership with civil society and private sector, organized a workshop on aimag development and business environment, and decided to develop a master plan on regional development. Also a Business Incubator Center established in the aimag has begun functioning.*

*Govi-Altai aimag created a Small & Medium-sized Business Support Fund with the purpose of supporting the finance of new businesses. Also, all the soums of this aimag began developing their strategic development plans.*

In order for rural economic development to be effective, a community needs to identify and consider its own economic strengths, weaknesses, opportunities and threats, and agree on a shared strategy. Socio-economic development master plans offer communities the opportunity to work together to improve the local economy and enhance competitiveness, thereby encouraging sustainable and inclusive growth. In Year Four the program assisted 14 soums to develop a master plan for the socio-economic development of their soum. The development of the plans involved local government employees, members of the soum citizen's representative Hural (local parliament), business owners and local residents.

All of these plans had been approved by their respective Citizens Representative Hurals and are currently working towards implementation. Three soums out of the assisted fourteen (Delger soum, Govi-Altai; Bayangol and Tugrug soums, Uvurhangai aimag) began implementing their plans in 2007. And others are now working on planning the implementation and seeking potential funding resources.

Since the inception, this activity has received significant attention from government agencies and donor programs in Mongolia, and the staff made a number of presentations at national seminars and events.

In order to improve the rural economic development planning process, Swiss Development Agency and Mercy Corps in cooperation with the Office of President of Mongolia and National Committee for Regional Development have organized a national workshop titled "Supporting Stakeholders' Participation in Local Economic Development Planning" in October. The participants of the workshop have identified several issues and made the following recommendations to the State Great Hural, Government of Mongolia, local government organizations and donors as provided below:

- Intertwine with and take into consideration policy, program and activity being pursued by the national government;
- Organize measures for raising public knowledge and awareness on civil participation in development planning and decision making process;

- Ensure participatory planning process with all stakeholders including local residents, private sector, civil society organizations and other interesting sides;
- Conduct a baseline study involving aimag and soum residents and other stakeholders in different forms (focus discussion, survey, research);
- Implement planning based on citizen's requests and identified needs;
- Make best efforts to reduce dependency on donor organization.

#### Delger Soum Master Plan Development

*The soum has established a working group for master plan development comprised of representatives from government, NGO, entrepreneurs and general public. The working group, soum's Citizens Representative's Hural and governorate received training workshops on economic assessment and development of strategic planning. Having completed the plan with the active participation of all stakeholders in twelve months, Soum Hural approved the the plan at its all- members session in the first quarter of 2007.*

*The master plan produced has eight major sections: Agriculture; Mineral and Raw Material Resource; Development of Small and Medium sized Enterprise; Cooperation with adjoining soums; Infrastructure, Tourism and Resort Zone Development; Afforestation and fish-breeding; Education, culture, health care and population policy and human resource management; and Formation of local financial market.*

*The Steering Board and Managers for implementation of the master plan, elected and established by Citizens Representative Hural, has been active. Seven management teams for plan implementation were established and the senior managers have upgraded their managerial skills by participating in a training workshop at Zasagi-Han Institute in Ulaanbaatar with financing from the soum government.*

*During his visit to Delger soum, Prime Minister of Mongolia M. Enkhbold gave a high evaluation of the soum's master plan and assured every support and cooperation for implementation of the plan from the central administration.*

*The following activities had been commenced in accordance with the master plan:*

- *Developed MNT 6.0 million "Livestock Breeding Center" project: formed a new nuclear herd with approximately 1000 dams of Torguud, Bayad, UzeMercy Corpshin and Barga breeds starting thus increasing meat quality and yield of local sheep, and is partly funded by local veterinary clinics;*
- *Developed and began the implementation of a program for increasing cashmere quality and yield of red goat brought in from Hovd aimag, and funded by Sor Manlai Partnership;*
- *Rehabilitated an irrigation system in Guulin Dagnaltai in accordance with the master plan that enabled use of an area of 1500-1900 hectares for a plantation. A milling plant with daily flour production capacity of 20 tons started its operation and gave its first production. A flour made of rye was ground for the first time.*

Although rural people and herders are eager to start businesses engaging in trade, production or service operation, their knowledge about relevant government legislation, norms and standards is insufficient.

Ill informed about the regulations, many people, having started their business operations, get into conflict with the local government inspectors over numerous issues such as work place requirements, equipment and machinery, and health and hygiene. The fact that more and more herders started private businesses in non-livestock sectors lately with limited knowledge increased the need for finding ways to effectively disseminate industry related standards and regulations to the rural business community at large.

A Public Awareness Campaign on the Existing Standards related to Public Health and Safety for rural businesses and residents took off in all eleven Mercy Corps aimags. Launched from November 28, 2007 with the purpose of communicating existing legislation and standards to local businesses, informing them about individual responsibilities of businesses and aimag government, and ultimately promoting better

compliance of laws and rules from entrepreneurs, the campaign lasted for fifty days in the selected aimags. Mercy Corps Mongolia worked closely with the State Professional Inspection Agency and National Standard and Measurement Center in developing a brochure, video, poster and stickers as well as training materials for targeting both business operators and government officials.

During the campaign, Mercy Corps, in partnership with the above organizations, increased the knowledge of some 7,190 business people and entrepreneurs by providing them with targeted information on relevant government standards and norms. The program also organized thirty-nine training sessions on six different subjects to local communities. We developed and distributed brochures, posters, a memo, and 16-minute long video promotion material containing important industry information.

## INTERMEDIATE RESULT 1.3-2 Increase in Availability, Access to and Use of Information

### Activity One: CRSP Forage Forecasting

#### Gobi Forage Product Development

<b>Targets:</b>		
<ul style="list-style-type: none"> <li>• Collection field data from at least 90% of 140 established monitoring sites &amp; 70 new points for map verification are completed and 279 monitoring and observation points serving as input for PHYGROW forage estimation model are finally established.</li> <li>• Two sets of at least 4 maps once per month is distributed, Forage maps are sent every month to 135 sums by postal service</li> </ul>		
<b>Indicators</b>	<b>Progress during reporting period</b>	<b>Progress up to date</b>
Number of completed/verified sites	297	297
Number of verified sites in the Database	297	297
Number of sites entered into Gobi Forage Database	297	297
Number of maps printed	3240	3240
Number of published books & articles in scientific journals	The scientific paper submitted to International Rangeland Congress- Hohhot, China, June 2008	Submitted

The project successfully completed establishment of monitoring and verification of sites across eight aimags. The collected data are entered into a database and serve as one of the inputs to the PHYGROW forage simulation model. The development and production of maps, starting from November 2007, became operational on a monthly basis at Gobi Forage (GF) Mercy Corps office Mongolia. The obtained results, lessons learned and information on expertise are presented during nationally organized seminars and conferences, attended by GF project staff. The scientific paper describing technology methods achieved so far by the project is submitted to be presented at International Grassland conference in June, 2008 Hohhot, China.

By the end of 2007, Gobi Forage had conducted verification data collection at 121 of the existing monitoring sites in the Ovorkhngai, Bayanhongor, Gobi Altai, Umnogovi, Dundgobi, and Gobi Sumber, Dornogobi, and Tuv aimags. Gobi Forage also completed calibration of the forage model for over 300 monitoring sites and conducted verification of model outputs using standing crop data collected at the monitoring sites during the period from 2005 to present. This has resulted in over 400 verification samples for comparing model outputs to that measured in the field. Results indicate a good correspondence between forage standing crop measured in the field and that predicted by the forage simulation model.

Brochures were developed and have been distributed with the Gobi Forage early warning products that describe each product, give a description of possible responses, and provide contact information for the

Gobi Forage team. Wall calendars were also developed and have been distributed to government officials and herders. The calendars provide information and examples of the Gobi Forage suite of products.

Training on Gobi Forage products was conducted in 46 soums within the aimags where Gobi Forage is currently monitoring forage conditions. Training included regional and local government officials, NGO personnel, and herders. A total of 369 individuals were trained during this fiscal year.

A workshop was held in late September for all of the major ministries, NGOs, and research organizations who have associations with range and pasture management to identify possible organizations where Gobi Forage could be institutionalized in Mongolia. It was decided in this workshop that a request for proposals should be tendered where interested organizations in Mongolia would apply to institutionalize Gobi Forage.

The Gobi Forage project finished the evaluation of the project on December 14, 2007. The final report was submitted to GL-CRSP - Global Livestock Research facility in the USA and is expected to be publicized early 2008.

### ***Gobi Forage Product Dissemination***

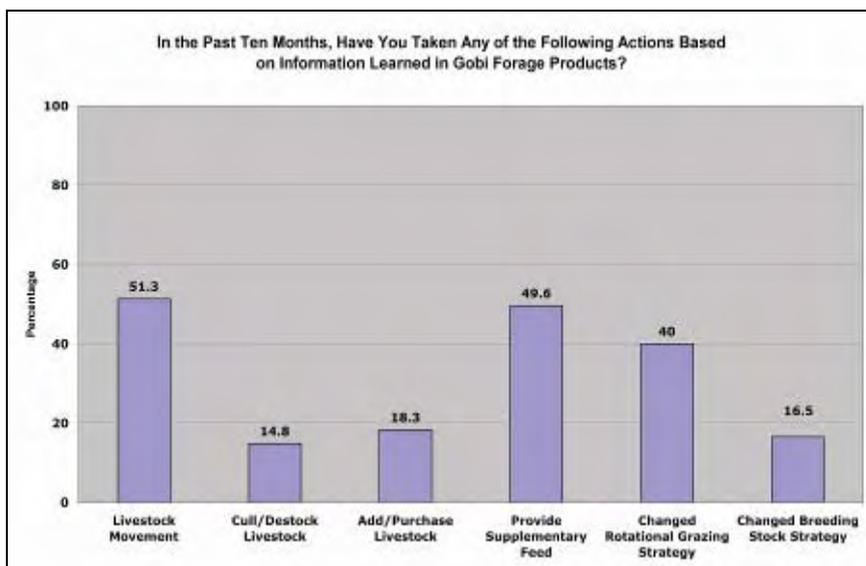
**Targets:**

- 80% of the Gobi herders reached by radio programs with info on forage condition & forage forecast
- Maps delivered to respective sums in 8 aimags with map explanation key
- The evaluation survey to assess the dissemination & understanding about GF products is completed
- Organized training for local officials & herders at soum & aimag level in 8 aimags

<b>Indicators</b>	<b>Progress during reporting period</b>	<b>Progress up to date</b>
Number of radio listeners who know the schedule of Gobi - herders (out of 135 herders)	70% out of 135 herders from 8 aimags	70% out of 135 herders from 8 aimags
Number of government officials using forage info as a one of the tool for decision-making (from 77 local officials)	93% out of 77 officials from 8 aimags	93% out of 77 officials from 8 aimags
Forage bulletins	10	10
Number & type of recipients	Aimag, soum, bagh governor, Agricultural officer, environmental inspector, land officer, meteorological observer	5 people (to be distributed to public), total 540 people- each month
Number of soums using maps for decision making through soum & bag meetings	135	135
Number of trainings	52	52

The forage forecast information is distributed via radio and printed forage maps. The information is broadcasted via Mongolian National Public radio two times a day per month. The Rural Business News program occupies 290 minutes of Mongolian National Public Radio airtime per month. The respondents of the evaluation survey identified (out of 135 herders) that they moved livestock (51.3%); provided supplementary feed to their livestock (49.6%); and changed their rotational grazing strategy (40%) (Figure below) based on information from GF maps.

**Figure 4: Action based on GF products**



Response from herders to the question “In the Past Ten Months, Have You Taken Any of the Following Actions Based on Information Learned in Gobi Forage Products?”

In order to disseminate and to make outreach of information more broad, the maps become available for download free of charge and updated regularly every month on the Gobi Forage Website (<http://glews.tamu.edu/mongolia>). In addition, the color printed maps are sent to 135 sums by post, including four sets such as - current forage availability (kg/ha), deviation of current forage from long-term normal (%), 60 day forecast of forage availability (kg/ha), and deviation of forecasted forage from long-term normal (%). Other series of other maps such as vegetation condition index, NDVI deviation, NDVI difference from previous, rainfall surplus/deficit, snow extents, and day/night temperature are available in Mongolian language and will assist the public with decision-making, especially crucial during winter time.

### *Institutionalizing the Gobi Forage project*

The public tender inviting organizations to host GF project closed on January 3, 2008. The selection process began on January 21, 2008 in order to identify the host organization capable to continue the activities of the Gobi Forage project. The selection process will be finalized at the beginning of March, 2008.

### **Monitoring & evaluation of GF products usage**

<b>Target:</b> The evaluation survey to assess understanding & usage of GF products completed		
<b>Indicators</b>	<b>Progress during reporting period</b>	<b>Progress up to date</b>
Number of recipients involved in evaluation survey	115 herding households and 77 government officials	
Number of herders using & having knowledge about GF products	65.6% out of 115 herders households	65.6% out of 115 herders households
Number of government officials using & having knowledge about GF products	63.6% out of 77 survey respondents	63.6% out of 77 survey respondents
Number of government officials indicating the "usefulness" of GF products	98% out of 77 survey respondents	98% out of 77 survey respondents
Number of herders using GF products for decision-making	65,6% out of 135 survey respondents	65,6% out of 135 survey respondents

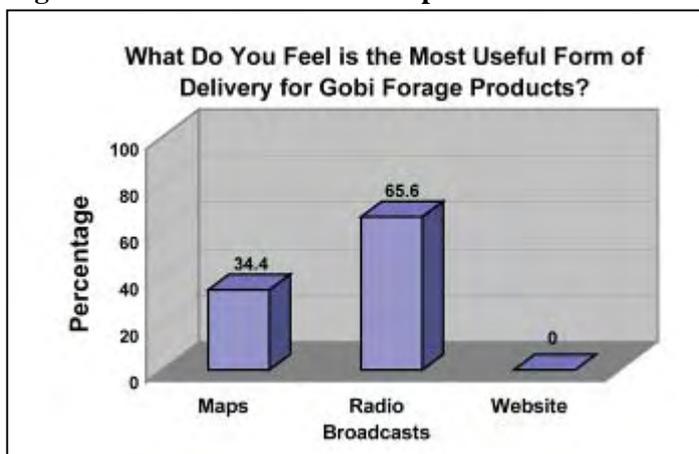
In order to access and to evaluate usage of GF products, the baseline survey data has been compiled and data collected from more than 250 people has been analyzed. The overwhelming majority of herders (67%) identified that printed color maps allowed them to make livestock related management decisions- Figure 2.

**Figure 5: GF product format & Management Decisions**



Also, the evaluation survey concluded, that the most useful form of delivery information on forage and forecasting information is still printed color maps and radio information, broadcasted via Mongolian national radio. The access to internet is still very limited for many soums and it is available only in centers of aimags and a very limited number of soums.

**Figure 6: Usefulness of GF product format**



Related to the above, the main conclusion drawn by the evaluation survey was that although alternative means of map distribution and utilization exist, locally present entities may speed transit times and enhance reliability of product distribution. Radio broadcasts should be increased in both detail of information delivered and frequency of broadcasts. And at a minimum, dedicated Gobi Forage bulletin boards should be established and regularly updated in each soum.

**Activity One: Rural Business News (RBN) Products and Business Information**

Pact developed and initiated its monitoring system at the end of 2005. In 2006, the system was refined and sculpted into a tool that is able to gather both quantitative and qualitative data. In formulating the 2007 work plan, there was very little fact-based data to support the targets and indicators that were included. Hence, the 2007 indicators were based on the seven year lineage of indicators. In 2007, with the change in Country Director, Pact reported based on facts gathered in monitoring exercises. The indicators set for the 2007 work plan represented the first step towards realistic and measurable indicators. It is therefore prudent to keep these processes in mind when assessing meeting the targets and indicators in the 2007 work plan.

In 2007, Pact staff traveled approximately 3,000 kilometers to gather data in Dundgovi, Govi-Sumber, Bayanhongor and Govi-Altai aimags. The sample size accessed in these four aimags was 0.08% of the population, as per the 2006 National Statistic Yearbook figures. Pact also conducted desk monitoring for the RBN 509 system which included respondents in all of the aimags in which the Gobi Initiative is active, as well as nine additional aimags. Throughout 2007, a total of 291 people were interviewed in over thirty soums and ten aimag centers.

With the steady development of plans for the creation of a self-supporting, sustainable and independent NGO to carry the RBN package, it became necessary to investigate pertinent issues that emerged in the planning process. Issues included demand, frequency and cost versus sales price. The sustainability process was a pivotal event that occurred after the submission of the 2007 work plan, and the table of monitoring activities submitted in the 2007 work plan was adapted accordingly. An oversight of the 2007 work plan

was the omission of monitoring activities for the RBN 509 service. It was included in program amendments and conducted in the last two quarters of 2007.

### CRSP Forage Forecasting

**Targets:**

- *Monthly broadcast content with forage information section*
- *Quarterly publication in RBN magazine of forage information and maps*

**Indicators:**

- *Numbers of target beneficiaries who report that they can use forage information provided*
- *Numbers of target beneficiaries who are able to better plan their forage schedule*
- *Numbers of target beneficiaries reporting greater success in difficult forage conditions*
- *Numbers of target beneficiaries who report averted crisis due to forage information received from RBN products*
- *Numbers of target beneficiaries reporting an increased awareness of forage issues*

In 2007 Pact provided information dissemination services for the Gobi Forage project via the Rural Business News (RBN) multi-media package, enabling nomadic herders, business operators and soum level government officials to access up-to-date Gobi forage conditions and forecasts.

During the last quarter of the year, satellite remote sensing images of Gobi aimags as well as Tuv aimag provided content for radio programming, and printed representations were included in the RBN magazine. With the harsh winter weather imminent, Mongolian National Radio reports that approximately one hundred thousand rural herders and business operators tuned into the 240 minutes of Gobi forage related radio programming that aired in the last three months of 2007.

Over the year, listeners received a total of 970 minutes of Gobi Forage radio programming. The programs were broadcast every Wednesday at 07.30 and 21.20 by the Mongolian National Public Radio (MNPR). Content provided included forage and pastureland related issues such as seasonal herding tips, pasture source information, and rangeland expert interviews. In a survey conducted in the Gobi region by Gobi Forage in collaboration with Texas A&M University and Global Livestock CSP, 65.6 percent of respondents stated that the radio broadcasts were the most useful form of delivery for Gobi Forage information.

RBN magazine complimented the radio broadcasts, deepening content detail and broadening the audience for Gobi Forage forecasts. Each quarterly edition of RBN Magazine contained two full pages of satellite images with key explanations. Given an average shared readership figure of 4.6 readers per RBN magazine, as determined through Pact monitoring activities, up to fifty-five thousand readers in six Gobi aimags regularly accessed Gobi Forage information throughout the year.

### Production and Dissemination of RBN Mongolian Magazine

**Targets:**

- *6500 copies of RBN are distributed quarterly*
- *A minimum multiple reader rate of 3 readers per copy*
- *Ten placements of syndicated content*
- *Positive reaction to content and style changes including contributors style development*

**Indicators:**

- *Number of subscriptions*
- *Occurrences of placement of syndicated content*
- *Percentage of target beneficiaries reporting an increased understanding of veterinary procedures, necessity and value gained from RBN magazine*
- *Percentage of target beneficiaries attributing increased capacity and knowledge regarding livestock management to RBN magazine*
- *Percentage of target beneficiaries reporting effective business decisions made with advice/knowledge gained from RBN magazine*
- *Percentage of readers reporting increased income or income generation due to application of market watch information received*

During the last quarter of 2007, Pact produced 7,000 copies of the fifty-sixth edition of RBN Magazine. Five thousand copies were distributed, and two thousand copies have been retained for planned promotional and marketing activities in 2008. The forty-eight page A4 sized magazine housed a total of twenty-eight stories and was distributed to readers across the country. The lead story 'Do we count livestock or collect votes?' examined current livestock census practices and issues in Mongolia. Currently, census commissions

refer to the lists made by herders instead of counting the actual livestock, and the census is conducted during winter, which many herders find difficult. Other stories covered issues including sheep pox, winter grass nutrition and quality, managing animal watering during the harsh winter, proper maintenance of solar power equipment, common mistakes by business novices and yoghurt production during winter.



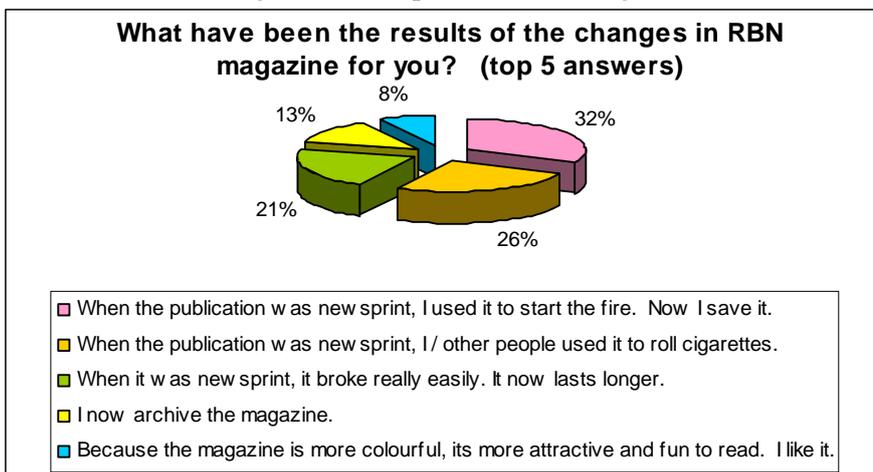
The fourth quarter edition of RBN magazine generated a total of one million MNT through commercial advertisements for establishments including XAC Bank and Mongol Post Bank. In 2007, RBN Magazine generated MNT 4.07 million in commercial advertisement revenues, which represents an income increase of 30 percent from 2006. Organizations placing adverts in RBN magazine throughout 2007 included G-Mobile, Evergreen Land, Khan Bank, XAC Bank and Mongol Post Bank.

The RBN magazine underwent stylistic and content changes in 2007. A new Editor-in-Chief joined the Pact team in 2007, and subsequently managed to raise the quality of the publication while making it easier for users to read and store. The first quarter's edition retained the 28 page A3 newspaper format, with subsequent editions printed as forty-eight page A4 magazines. A total of 23,815 copies of RBN Magazine were printed and distributed nationwide in 2007. With a shared readership average of 4.6 readers per edition, approximately 109,500 people read the magazines during 2007.

Pact held four key message and content planning sessions with sectoral experts from Gobi Initiative, RASP, VET Net Mongolia and other agricultural and business organizations. The quarterly content plan that stemmed from these sessions was applied across RBN products and ensured seasonal sensitivity and a harmonized delivery of information. Two new corners, 'Edutainment' and 'Health', were launched in RBN Magazine in 2007 in response to reader demand for games, puzzles and health articles. Health issues and information that is relevant to herders and countryside residents filled the 'health' corner, while crosswords, quizzes and puzzles utilizing information contained in the magazine constituted the 'edutainment' section. Both additions were well received by readers.

In November 2006, a comprehensive monitoring exercise examining RBN magazine, radio and TV was conducted in Dundgovi, Umnugovi and Uvurhangai aimags. The data collected provided insight into a number of the indicators that were present in the 2007 work plan. In order to avoid duplication and to examine the substantial changes that the RBN magazine underwent in 2007, monitoring, investigating responses to the stylistic, content and editorial changes that took place in RBN magazine was conducted. It was also necessary to collect information that would inform the creation of the new NGO. This entailed a slight deviation from the monitoring schedule included in the 2007 work plan.

During the third quarter period of 2007, monitoring was carried out in two Gobi aimags, Bayanhongor and Govi-Altai. 107 people



were interviewed, ninety-nine of whom read RBN on a regular or semi-regular basis. The monitoring that was conducted assessed reader responses to the new stylistic changes to RBN Magazine, and the feasibility of printing RBN magazine on a monthly basis. Almost two-thirds of those interviewed said that they would like to receive the magazine monthly, and would be willing to pay an average of just over MNT 500 per edition.

The stylistic changes to the magazine were well received by the participants, and have resulted in a greater number of respondents storing the magazines for later reference, as well as increased reports of ease in handling and reading the publication. Almost fifty percent of those interviewed who were aware of the changes found the new look magazine to be more aesthetically pleasing. Fourteen percent mentioned the increase in the quality of stories and content. During 2007, Pact has made significant improvements to its monitoring system. The monitoring activities undertaken in the third quarter marked the first time that Pact has been able to quantify the percentage of target beneficiaries, in this case two percent, who are able to attribute effective business decisions made to RBN Magazine content.

'Winter herding management', a story from RBN edition #53, produced in the first quarter, was syndicated to 'Malchiin Tumen' (Herder's Magazine). Although this falls short of the target set in the 2007 work plan, this article represents the first time that RBN magazine content has been syndicated in similar publications. The process of syndication will help to foster and cement relationships between RBN and other publications. It is envisaged that the process of syndication will continue in 2008 against a more measured and realistic target and set of indicators.

In 2007, Pact started preparing the shift of RBN to an independent NGO. Detailed research was undertaken and various potential models were assessed, along with projected financial costs, constraints and factors that accompanied each option. A financial consulting company was brought in to develop a business plan for the sustainability of RBN products based on the strategic document compiled by Pact. The result is that a local NGO will be established to produce a sustainable magazine with a nationwide geographical focus. The NGO will develop through 2008 into a production hub that will aim to continue production of the radio and TV components of RBN, and the maintenance of the Market Watch Network. The RBN magazine will be published in the first quarter of 2008 and thereafter become a monthly publication.

#### **Quotes from monitoring participants about RBN magazine**

'I read RBN magazine regularly. I came across an article about how to make bricks. And so I followed the article, and made some bricks, and my small enterprise has now developed into a business. The business is running well. I am now the owner of a stable business that generates enough income to support me.'

*Khuree-Maral soum, Bayanhongor aimag*

'I read an RBN article about making a stove. I built the stove, and it is in my house. It works well and we use it every day.'

*Guulin soum, Govi-Altai aimag*

'I am an avid RBN reader. I read about breeding and the importance of strengthening your livestock. Following advice in the RBN article, I went to Darkhan and bought eight bulls. If we are lucky this year and don't have a dzud, I will be able to see a much higher yield by next spring.'

*Tugrug soum, Govi-Altai aimag*

'In 2004, I read an RBN article about making biscuits, breads and pastries. I followed the advice in the story and my enterprise has since grown into a company. This year my company was named as the 'Best Enterprise' in Bayanhongor. I have one employee in my business, and I am looking to expand.'

*Baatsagan soum, Bayanhongor aimag*

## Production and Broadcast of RBN Radio Programming

### Targets:

- 145 minimum minutes broadcast weekly
- Increase in production values in programming content
- Audience retention rate of 15% of Gobi residents
- Increased diversity in content providers and producers
- Four new segments introduced to the range of regular segments
- Content planning linked across GOBI media products to maximize benefits of each medium and provide harmonized information

### Indicators:

- Positive feedback from target communities on program content accessibility
- Quantification of segment categories broadcast
- Number and type of new content producers
- Number of target beneficiaries reporting an increased understanding of veterinary procedures, necessity and value gained from RBN radio
- Number of target beneficiaries attributing increased capacity and knowledge regarding livestock management to RBN radio
- Percentage of target beneficiaries reporting effective business decisions made with advice/knowledge gained from RBN radio
- Percentage of readers reporting increased income or income generation due to application of market watch information received by radio
- Percentage of target beneficiaries reporting effective business decisions made with advice/knowledge gained from RBN radio
- Percentage of listeners reporting increased income or income generation due to application of market watch information
- Number of content providers accessing Pact studios in Ulaanbaatar
- Number of organizations accepting series for re-broadcast in small footprints

Although there has been a rapid increase in the number of households owning television sets in Mongolia, radio remains a vital information source for rural herders, the target beneficiaries of RBN Radio programming. During 2007, Pact produced a total of 3,190 minutes of radio programs. Owing to repeat broadcasts, a total of 7,400 minutes of RBN Radio programs aired on the Mongolian National Public Radio (MNPR). The RBN programs were between twenty and twenty-five minutes in length, and were broadcast every Monday, Wednesday and Friday at 7.30am, with repeats at 9.20pm the same evening.

During the fourth quarter, a total of 785 minutes of RBN radio programs were produced at the Pact studio, Orhon FM radio and Darhan-Uul FM radio. In synergy with the information published in RBN magazine edition #56, the content for the radio programs produced during this quarter supported the stories and articles published in the magazine. According to statistics released by MNPR, RBN radio ranked as the 13th most popular radio program broadcast by the national broadcaster. There were 113 programs in total.

Throughout 2007, 130 minutes of radio programming aired every week. The set target of a minimum of 145 minutes per week was unachievable as the maximum amount of broadcast time, at three programs per week, could never exceed 130 minutes. This error will be rectified in the 2008 work plan.

MNPR reports that approximately one hundred thousand listeners tuned into each RBN broadcast in the last quarter of 2007. This translates to an average of 4,762 listeners per aimag, and 7.8 percent of the Gobi region population. This fact-based number will be used to create targets and indicators for the upcoming 2008 work plan.

With regards to the transition of the RBN suite to an independent NGO, it is envisaged that radio will continue to play an integral part in the information dissemination process. However, the financial costs of airtime may put RBN radio out of reach of a local NGO. Discussions regarding this matter will be held between Pact and MNPR early in 2008.

Throughout 2007, RBN content plans informed the creation of radio programming through a decentralized network of collaborators. Content producers for the year included two regional stations, 'Gobi Wave radio

(Umnugovi)' and Orhon Radio (Darhan-Uul) and two NGO networks of information providers, 'Information and Communications Initiative Center' (ICIC) and the 'Mongolian Information Network'. The inclusion of ICIC as a content producer in 2007 marked their first year as a Pact partner.

### **Educational Docudrama Radio Series 'Directions'**

#### **Targets:**

- *Production and airing of 26 episodes*
- *Increased crisis management/change management capacity of listeners*
- *Strong attachment in listeners to the series characters and their trials and tribulations*

#### **Indicators:**

- *Number of people reporting regularity of listening*
- *Number of people in households who listen together*
- *Reports from listeners who cite the series as having increased their capacity to respond to seasonal and sudden changes effectively*
- *Percentage of listeners who use the information learned when making future business decisions*
- *Indicated extent listeners are able to relate to the series characters and scenarios*
- *Number of target beneficiaries reporting an increased understanding of veterinary procedures, necessity and value*

In 2007 Pact successfully produced the second series of 'Directions', a 26-part educational radio drama. The show, which ran from the beginning of April until the end of June, encased rural business development information in an entertaining and engrossing format. The program was set in rural Mongolia and focused on the daily trials and tribulations of a herding community. Content and key messages for the series were developed during content planning sessions involving professionals working in different aspects of rural development, as well as the scriptwriting team. 'Directions II' was recorded in the studios of Voice of Nomads and Pact Mongolia, and is the product of the continuation of Pact's commitment to fostering local partnerships.

Monitoring of 'Directions I' was undertaken in Govi-Sumber and Dundgovi aimags between the 9th and 13th of April 2007. Data gathered revealed that an average of two people per household listened to the show on a regular basis. Using this data set, it may therefore be extrapolated that, with two listeners per household, and a total of 94,700 households in the Gobi region, an average of 189,400 people listened to 'Directions I' on a regular basis.

Forty-eight percent of all interviewed stated that they had listened to the show. the forty-eight percent that tuned into the program, nineteen percent said that the show 'gave me good herding knowledge'; with seventeen percent stating that the program 'helped me stay abreast of vet issues and shared information with me'. A similar amount responded that Directions 'increased my business knowledge', and '...helped me understand the new tax laws'. A fair number of listeners from across the soums added that the show had been significant in introducing them to livestock insurance.



Collecting 'Final Destinations' and 'Directions' feedback in Govi-Sumber aimag

Of

**Quotes from monitoring participants about 'Directions I'**

'I learned how to heat a brick and put it in the dung floor so that it can defrost - I now do this regularly.'  
*Choir, Gobisumber aimag*

'I learned about herder's co-operatives and joined one.'  
*Tsagaandelger, Bayantal, Shivegobi soums, Gobisumber aimag; Govi-Utgal, Dundgovi aimag*

'I learned about breeding dairy cows, and dairy technology, which is new to me.'  
*Gobi-Utgal, Bayanjargalan soums soum, Dundgovi aimag*

'I learned about improving the quality of livestock, and am implementing what I heard in the show.'  
*Bayanjargalan soum, Dundgovi aimag*

'I learned about livestock, and how to access it.'  
*Shivee-Ovoo, Govi-Sumber aimag; Govi-Utgal soum, Dundgovi aimag*

For more information, please see the attachment entitled 'Final Destination' TV drama and 'Directions' radio drama Monitoring Report'.

**Production and Dissemination of 'Market Watch'**

**Targets:**

- *60% of herding businesses increase their ability to bargain/negotiate in sale situations*
- *60% of targeted businesses report increased profits*
- *Automation of data collection and spreadsheet production*
- *Minimal trouble shooting of data collection with automation*
- *Five new commodities reported on regularly*

**Indicators:**

- *Reliable supply of information from national market watchers*
- *Number of business operators demonstrate an increase in their skills to produce, sell and plan accordingly based on price movement and demand/supply*
- *Successful introduction of automated data collection and basic report output*
- *Regularity of analysis of data over set periods for use in print publication*
- *Number and type of media where market watch data is disseminated*
- *Number of commodities reported on*
- *Number of RBN509 users*

Market Watch aims to eliminate rural and urban price differentials and provide distant herders and businesses with daily market prices that facilitate better financial decision making. Daily market prices for forty-four regular and seven seasonal commodities and raw materials from twenty aimags and Ulaanbaatar are received from Market Watchers by SMS messages.

In the fourth quarter, Pact continued to distribute Market Watch data information to end-users through RBN Radio, Magazine, TV and text message. A quarterly summary of market price information and trends, as well as market capacity was published in RBN magazine this quarter, as for each of the year's editions. The market analysis was supported by graphics and visual representations. Regular Market Watch segments continued to be included in both radio and television programming. The last three months of 2007 saw 3,574 hits counted and 4,530 commodity prices requested from the RBN 509 service. The most requested commodity prices in the fourth quarter were for goat skin, followed by meat, meat (bulk), cashmere and sheep with casing.

The automation of the RBN 509 service was well underway in the final quarter of 2007. Working closely with Gobi Initiative staff and an international consultant, a database was created and testing is underway. The new server will allow Market Watchers to send their information directly to a computer data-base system, from which users can request price commodity information. The input and output of commodity price information will continue to be conducted via cell phone. The process is currently being overseen by the RBN Editor-in-Chief who has been working closely with the consultant to iron out glitches as they

arise. A pre-test with two local market watchers will begin starting January 14, 2008. Pact will fully utilize the new system starting March 1, 2008.

The screenshot shows a web-based interface for the RBN 509 database. At the top, there are search filters for 'Market' (set to 'Arkhangai'), 'Product' (set to '40% of cashmere'), 'From Date' (set to '2007-10-1'), and 'To Date' (set to '2008-1-7'). There are 'Query' and 'Export' buttons. Below the filters is a table with the following data:

Id	Market	Product	Currency	Unit	Date	WholeSalePrice	RetailPrice	WholeSaleV
49	Domod	USD	Mongolian Tugrug	1	2000-01-01	1180.00	1175.00	
50	Nalaikh	Light Cashmere	Mongolian Tugrug	Kilogram	2007-12-06	35000.00	35000.00	
51	Nalaikh	Brown Cashmere	Mongolian Tugrug	Kilogram	2007-12-06	35000.00	35000.00	
52	Nalaikh	Beef wholesale	Mongolian Tugrug	Kilogram	2007-12-06	2000.00	2800.00	
98	Uvs	Light Cashmere	Mongolian Tugrug	Kilogram	2007-12-06	0.00	33000.00	
99	Uvs	Brown Cashmere	Mongolian Tugrug	Kilogram	2007-12-06	0.00	33000.00	

New RBN 509 database interface

Monitoring of the RBN 509 service was undertaken between the 15th and 22nd of September in Bayanhongor and Gobi-Altai aimags. There were 107 participants involved in the survey. This monitoring exercise, as well as the monitoring conducted in November 2006, highlighted the lack of knowledge about RBN 509 amongst potential users. In Bayanhongor and Gobi-Altai, ninety-six percent of respondents that had cell phone reception said that they did not make use of the RBN 509 service, and a third of these same respondents stated that they did not know about RBN 509. The report also examined the frequency of the commodities that are requested from RBN 509. The report suggested that the RBN 509 commodities list be reviewed and altered to delete little used commodities and add additional ones such as flour and sugar.

Following the recommendations of the report, the Pact monitoring team contacted RBN 509 users in order to gauge ease of access and usage, as well as additional commodities to be included in the database. Phone numbers that were used to request commodity price information in the last quarter of 2007 were called. Of the 123 calls made, seventy-five percent were to non-Ulaanbaatar based users. Currently, the RBN 509 service is only available to MobiCom subscribers.

Sixty-three percent of those interviewed stated that they had learned about RBN 509 from brochures and other materials published by MobiCom. Sixteen percent had heard about the service from other people. Many of those spoken to expressed their lack of knowledge and their communities' lack of knowledge about RBN 509 and suggested that an information campaign be undertaken. Eighty-nine percent of users said that they found the system to be user friendly. Nine percent replied that the system was not easy to use, with the majority citing the codes as the biggest obstacle.

All participants were asked whether they would like to see any additional commodity prices made available through the RBN 509 system; forty-nine percent replied that they would. Flour, dairy products, rice and vegetables were amongst the products requested.

An analysis of all commodity prices requested between January 1st and December 31st 2007 was also undertaken. In total, 4,530 commodity prices were requested. Cashmere proved to be the most requested commodity in 2007, at 27.6 percent of all inquiries. This was followed by meat (bulk) with 11.6 percent, and meat with 10.1 percent. The least requested commodity price was big animal wool, with zero requests over the year. Sixty-nine percent all commodities listed received less than one percent of total requests over the twelve month period.

The greater Ulaanbaatar area (including Nalaikh and Emeelt) accounted for 63.3 percent of all locations requested by users, and requests for aimags in which the Gobi Initiative is active and which may have had greater exposure to RBN products, account for twenty percent of total requests for the year. Pact Mongolia will review the commodity list in January 2008 and update the list to reflect user demand and facilitate ease of access.

Please see the attached report entitled 'RBN 509 Tele-monitoring and Commodity Data Base Analysis Report' for more details (Annex 7).

## RBN Website

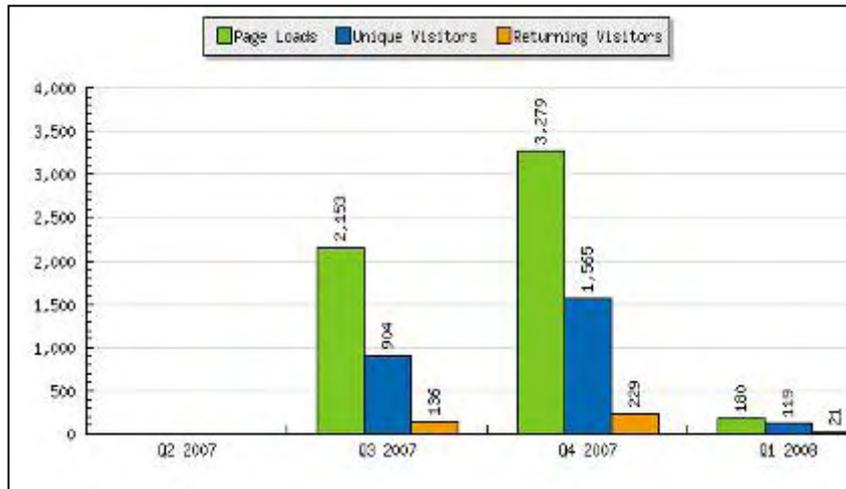
### Targets:

- 2500 hits per quarter
- Aimag based business operators access website
- Website update coincides with RBN going to print

### Indicators

- Number of entries counted to site
- RBN magazine uploaded in conjunction with printing
- Regularity of web site updates
- Comments posted on the web site
- Number of target beneficiaries reporting use of the web site

In the second quarter of 2007, Pact installed a counting system that allowed accurate measurement of user locations. In the last quarter, 3,279 hits to the RBN website were counted. Forty-eight percent of all the hits received in the fourth quarter were from new users. The fourth quarter recorded the highest number of hits to the website all year, a thirty-nine percent increase over the first two quarters. Over the entire year, 9,432 users accessed the RBN website.



In the final quarter of 2007, Mongolians living overseas constituted most of the website's visitors. The most popular pages were the news, magazine archives and market information. One hundred percent of viewers who visited the RBN website did so via the Google.com search engine.

Throughout 2007, sixty-eight percent of all the website's visitors were from Mongolia.

Pact continues to receive questions and comments through the website forum, and provides answers to these queries both by e-mail and in the regular RBN Magazine's 'Each question has an answer' corner.

## Production and Broadcast of RBN TV Programming and 26-part TV Drama Series

### Targets:

- 26 episodes of an edutainment TV drama produced and broadcast
- 24 Rural Business News TV produced and broadcast
- 25% of Gobi residents watch GOBI TV products
- 30% of viewers increase interaction with vet services

### Indicators:

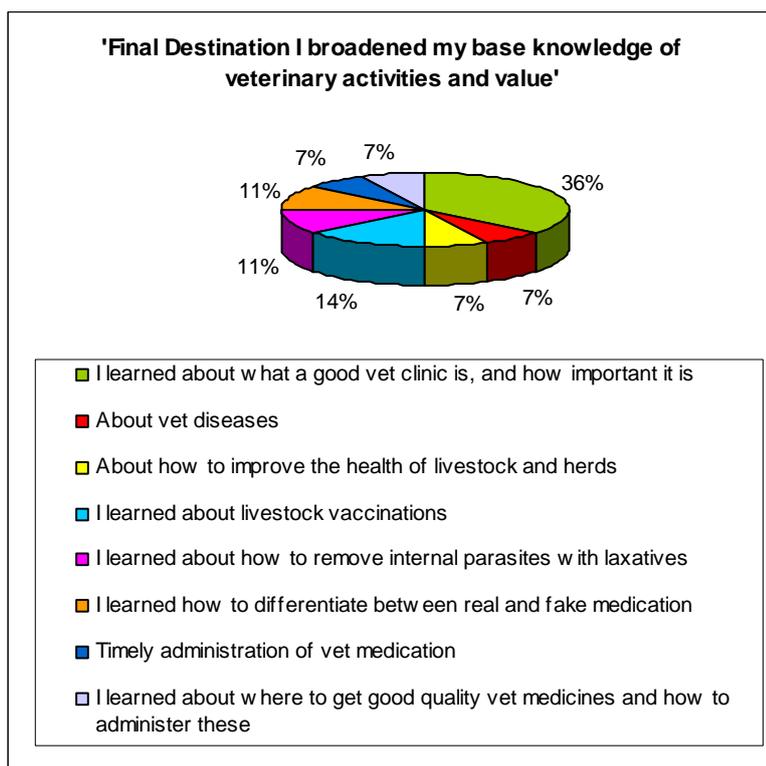
- Number of target beneficiaries who report watching the programs regularly
- Percentage of viewers who use the information when making future business decisions
- Percentage of viewers who report increased vet interaction as a result of the program
- Percentage of viewers who report improvement in business activities as a result of the programming
- Percentage of listeners who use the information learned when making future business decisions
- Number of target beneficiaries report improved understanding of veterinary procedures, necessity and value

The second series of the popular TV Drama 'Final Destination' was produced during the second and third quarter of 2007, and finished broadcasting in the last quarter of the year. The series was shot primarily in

Dundgovi aimag and produced by G-Entertainment, a long-standing partner of Pact Mongolia in the creation of educational media.

Monitoring for 'Final Destination I', which completed broadcasting in the first quarter of 2007, was carried out in April 2007 in Dundgovi and Govi-Sumber aimags. Sixty-one aimag residents were interviewed. Ninety percent of respondents stated that they watched the show, with sixty percent of these same respondents stating that they watched the show on a regular basis. Respondents continually stressed the applicability of the series, and how it accurately portrayed soum life. Almost half of those questioned replied that the series had made it possible for them to broaden their base knowledge of veterinary activities, with specifics including understanding the value of a good vet clinic, learning about livestock vaccinations, learning how to differentiate between real and fake medicines, increasing knowledge about how to improve the health of livestock, understanding the importance of timely administration of vet medication and learning how to remove internal parasites with laxatives. The monitoring exercise revealed an average shared TV viewership figure of three people per household. For additional information, please see the attached report entitled “'Final Destination' TV drama and 'Directions' radio drama Monitoring Report”.

Throughout 2007, Pact produced twenty RBN TV Programs in-house and broadcast a total of 400 minutes of TV programs on TV9. RBN TV programs were on every second and fourth Monday of each month at 7.30pm and repeated at 11.30am the next day. Each of the TV programs consists of two segments, 'Market Watch' and 'One day of ...' In the fourth quarter Pact captured field footage in Bayanhongor and Govi-Altai aimags for the RBN television programs. The lead story focused on business opportunities and the value of the triangular contracts between veterinary service providers, Mercy Corps and XAC Bank.



RBN TV programs were not monitored in 2007 as a comprehensive monitoring was undertaken six months previously. The allocated resources for RBN television monitoring were reassigned to research for the sustainability process. Throughout the year, however, television continued to emerge as an increasingly vital, and often primary, source of information for countryside residents. The accessibility of television sets and alternative energy generating devices mean that increasing numbers of countryside residents, both nomadic and sedentary, are watching television. According to the National Statistics Yearbook of 2006, the 632,500 households in Mongolia hold a total of 362,500 television sets - a television in nearly sixty percent of households. The importance of this medium for information dissemination cannot be overlooked.

## Production of Video Training Materials

### Targets:

- 2 training videos produced and delivered
- 50% of viewers actively use information contained in the videos

### Indicators:

- Numbers of copies delivered to relevant sites
- Percentage of target beneficiaries responding that they used the information viewed effectively in their business/daily life

In 2007, Pact planned to produce two training videos. The first one was set to cover a rangeland management training in Umnugovi and the second a dairy business in Suhbaatar aimag. The Pact team set off to shoot the rangeland management training, only to find that due to a miscommunication, incorrect training dates had been provided, and the training was over when the team reached the shooting site. A new training video topic had to be decided.

Footage was shot of the successful dairy processing enterprise in Suhbaatar aimag. The footage was edited and passed along to a dairy specialist in RASP to be checked. As the staff member resigned before she was able to supply feedback, the video was not cleared and remains in Pact's archives. Pact will work with other RASP staff to clear the contents of the video for potential distribution in 2008.

In lieu of the rangeland management training, the Pact production team traveled to Umnugovi to shoot a camel training event that was held between September 18th and 19th. The raw footage remains unedited, and is stored in the Pact studio. This material can also be used during 2008 activities.

## ACTIVITY TWO: Local Capacity for Information Dissemination and Communications

The Pact component of this deliverable was met in the first quarter of 2007 with the hand over of the curriculum. The curriculum, entitled 'Serving the Public, Serving the Nation' is a three day communications capacity development course for rural aimag and soum officials, governance officials and business operators. The content was planned jointly by a consultant to Pact and Mercy Corps staff.

## COLLABORATION WITH GOVERNMENT OF MONGOLIA AND OTHER PROJECTS

### Collaboration with Research Institute of Animal Husbandry and other national institutes

The GI Program and the Gobi Forage component have been collaborating with the Research Institute for Animal Husbandry (RIAH) in the development of materials and training manuals related to pasture land management and the forage forecasting. This collaboration has been very effective regarding the implementation of the Near Infrared Spectroscopy (USDA funded) where close collaboration with RIAH has been formed. RIAH remains one of the main organizations to lodge the Gobi Forage project in the long term, together with the Institute of Botany of the Mongolian Academy of Sciences and the Administration of Land Affairs, Geodesy and Cartography.

### Collaboration with Swiss Development Cooperation

Gobi Initiative and Swiss Agency for Development and Cooperation (SDC) have continued to cooperate in marketing and promoting CameLact, a brand of cosmetic products made out of camel milk with support from SDC and MonCrem LLC<sup>1</sup>, a local manufacturer. Dundgobi camel herders are now selling camel milk to MonCrem, the second biggest cosmetic producer in Mongolia, based in UB. This cooperation has been instrumental to secure funding from the SDC for the Baruun Bus Regional Economic Development (BB

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<sup>1</sup> Mon Crem is currently making eight types of products under the name of "Camelact" using camel milk such as: hand cream, cleansing and face lotion, day and night cream, shair and body shampoo, and hair cream. The company having been engaged in the cosmetic industry for a decade, showed an interest to expand the production into the nationwide market and create a successful domestic brand.

RED) project which will help strengthen existing links. The Gobi Initiative is conducting a Value Chain assessment of the camel milk sector in Gobi Altai which will determine main areas for intervention for the BB RED project and which will complement the activities implemented by Gobi Initiative.

BB RED has also been instrumental in preparing a business plan with MonCrem for MNT 140 million investment in expanding the production capacity with additional equipment. The investment will require a loan of MNT 70 million from a commercial bank which will be collateralized by the USDA funded Rural Agribusiness Support Program. This investment will help MonCrem to increase production, effectively creating a greater demand for camel milk and thus providing a larger market for Gobi herders.

#### **Collaboration with the Snow Leopard Conservation Fund**

In 2007, Gobi Initiative launched its cooperation with Snow Leopard Conservation Fund NGO and signed a sub grant agreement. The goal of this activity was to provide business diversification and income generating opportunities for herders live in snow leopard habitat and to improve wildlife conservation through the production of high quality camel, sheep and yak wool yarns and handicrafts for export and domestic markets. In accordance with the agreement two sets of trainings in improved wool technology to eight herder groups and cooperatives in Uvurhangai, Gobi-Altai, Bayanhongor and Umnogovi aimags. A total of 86 herders increased their skills and knowledge in making felt products and wool yarn. A MNT 308,918 purchase for woolen products was made in 2007. Most sales will be made in May and June 2008 and the purchased products will be shipped into 30 zoos and 10 zoo outlets in the USA who work with Snow Leopard Conservation Fund. Also equipment loan contracts are made for three years with herders and the total value of purchased equipment reached MNT 6,684,100. Starting from June 2008, repayments will be made to be revolving funds for the NGO. In 2008, GI will continue its cooperation with the NGO.

#### **Collaboration with the Swiss agency for Development and Cooperation**

Mercy Corps Mongolia and CHF International organized the Try Mongolian advertising campaign under the slogan "Support Mongolia's Development – Try Mongolian". The goal of the campaign was to increase the purchase of products made in Mongolia and to stimulate economic growth through support for business development and consumption of domestic products. Under this campaign "Tsagaan Sar - 2007" trade fair of domestic products was organized on 9-11 February, 2007 in Ulaanbaatar. 78 clients of CHF, Enterprise Mongolia and Sustainable Grassland Project attended the fair in addition the 28 Mercy Corps clients, selling MNT 162.9 million worth of products.

#### **Collaboration with the USDA funded Rural Agribusiness Support Program**

Gobi Initiative has established a strong working relationship with the USDA funded Rural Agribusiness Support Program (RASP), also implemented by Mercy Corps Mongolia. Main aspects to mention are the collaboration on Market Fairs, where RASP has built on the experience of the Gobi Initiative program and where collaboration has increased efficiency of program delivery. A second strong point of collaboration have been the media campaigns which have overlapped in GI and RASP aimags, like the Public Health Awareness related to Animal Diseases campaign (PHARAD) and the Existing Standards related to Public Health and Safety. These two programs will continue their collaboration into 2008.

### **PROGRAM/FINANCIAL MANAGEMENT**

In November the aimag representatives and the Ulaanbaatar-based program officers participated in a workshop to develop the program work-plans and monitoring plans for Year Five of the program. The workshop provided all staff with the opportunity to discuss the activities that would be implemented, the targets and the indicators that would be tracked to enable the program to measure and document impact. The plans will form the basis for the 2008 Gobi Initiative Year Five annual work plan.

Spending through December 2007 has not yet been completely finalized, but preliminary figures indicate cumulative expenses of . This amount is composed of the following:

Gobi Initiative was involved in the annual USAID Portfolio Review in November. Decisions reached during that meeting were summarized in a memo prepared by the CTO, and circulated to all parties.

At this point in time, Mercy Corps and Pact have no recommendations for any material changes to the GI Phase II program.

This concludes the Year Four Fourth Quarter Report.

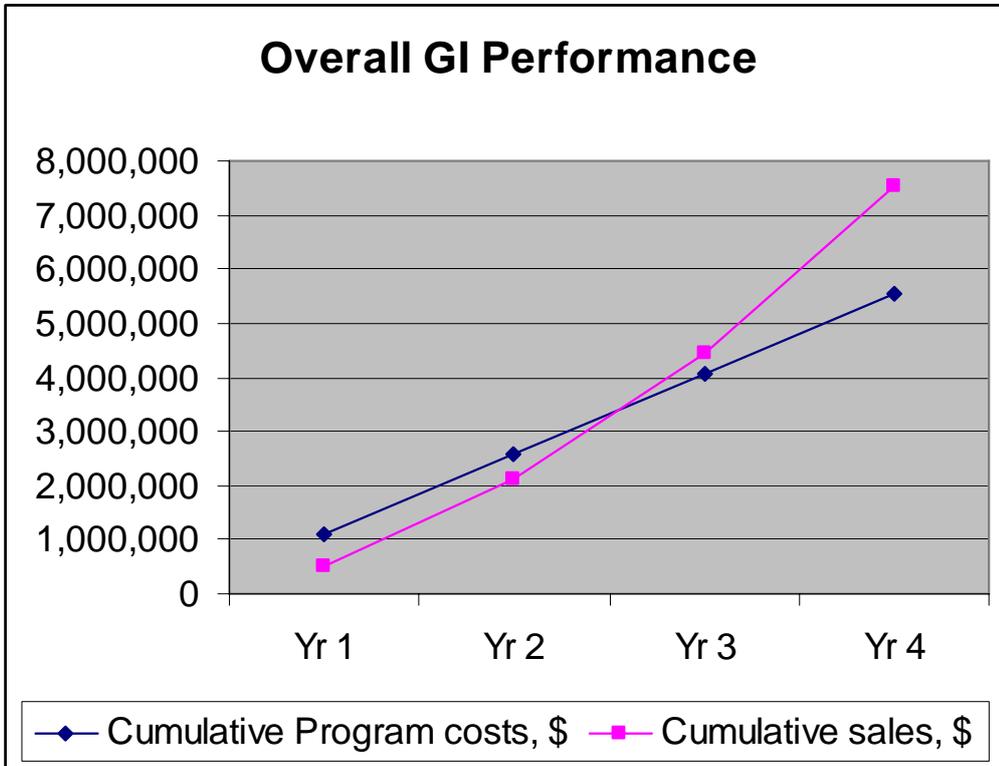
**Attachments to this Report are:**

- Appendix 1: Overview of Gobi Initiative Performance 2004-2007
- Appendix 2: Details of Training and Consultancies provided to Herder and Non-Herder Business clients in 2007
- Appendix 3: Details of Government trainings provided by Gobi Initiative in 2007
- Appendix 4: Market Days 2007
- Appendix 5: Rural Business News Magazine and RBN 509 Monitoring Report
- Appendix 6: 'Final Destinations' TV Drama and 'Directions' radio drama monitoring report
- Appendix 7: RBN Tele-monitoring & Commodity Data Base Analysis Report

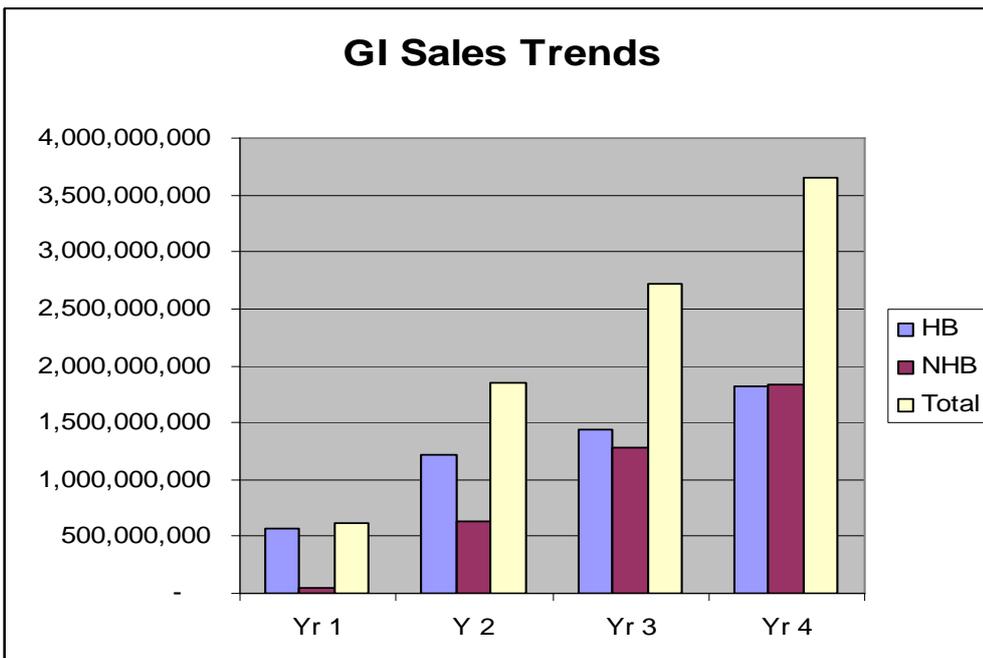
## Appendix 1: Overview of Gobi Initiative Performance 2004-2007

Year Four was an exceptional year for Gobi Initiative which drew on four years of experience to provide innovations which enabled the program to become more efficient at providing Business Development Services to its clients.

Gobi Initiative achieved its aim of exceeding its program expenses through client sales during 2007: total client sales reached \$ 7,551,254 against (estimated) program expenses of \$ 5,549,280.



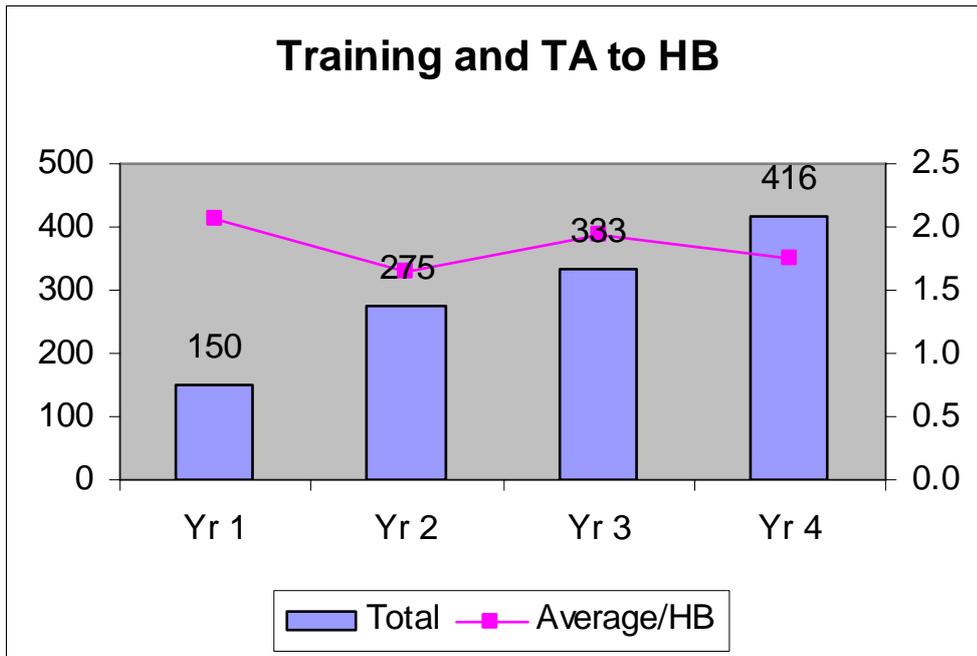
During 2007, sales grew for both the herding and non-herding sector.



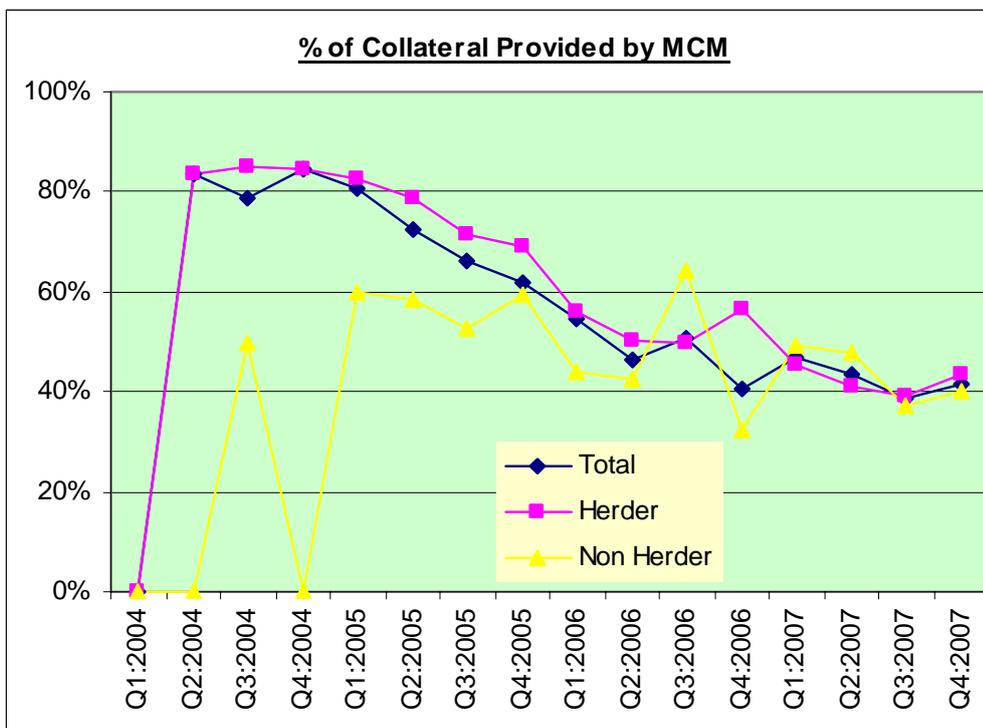
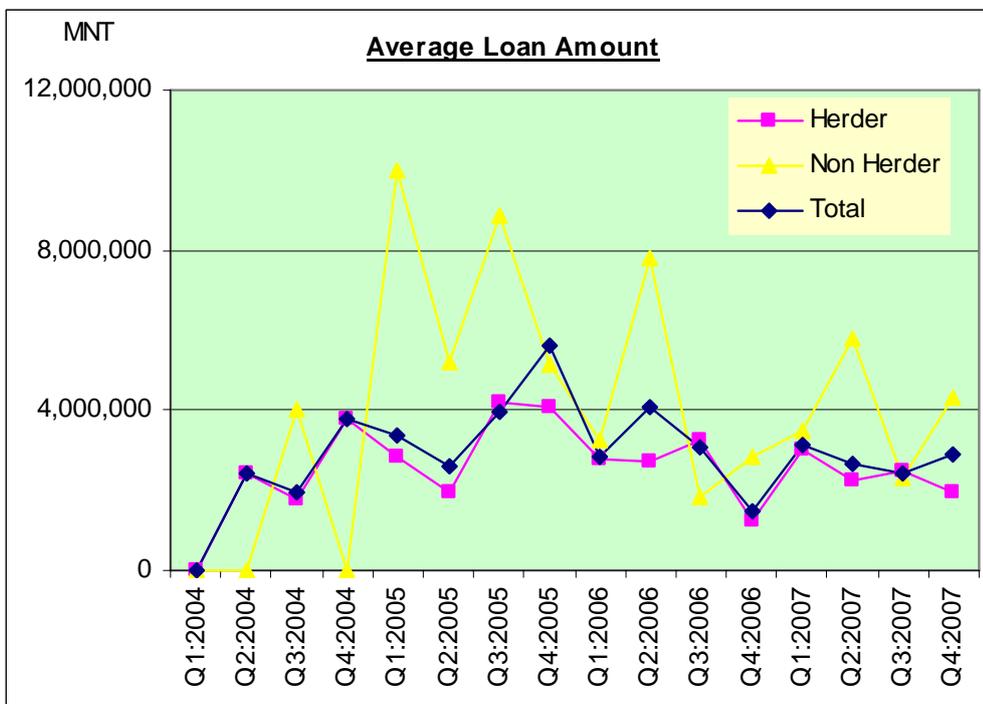
Herder businesses performed well and have generated 93% of sales projected this year. Average sales per herder client are MNT 7.6 million (\$6,512). Sales have been influenced by drought conditions in Dundgovi and Govi-Altai, which is the main single factor affecting total sales for the Herder Businesses.



Gobi Initiative provided more trainings per client than in previous years, and exceeded the target of providing each client with two trainings in addition to their business plan development training. In total in Year Four, 610 trainings and consultancies have been provided to the herder and non-herder clients, representing 416 separate events, over the course of the year with a total of 5,568 participants, 57% of whom were female. Of the total trainings and consultancies provided 416 were for herder clients and 192 for non-herder clients. Over the four years of the program there has been a steady increase in the numbers of training and consultancies provided, in 2004 a total of 258, in 2005 a total of 392 and in 2006 a total of 525 trainings and consultancies were provided. Capacity building of local aimag-based training and technical assistance providers has been an area to which GI program staff has committed both significant time and resources. As in Years One, Two and Three of the program, the majority (52%) of trainings and consultancies were provided by local consultants in Year Four as well.



The loan guarantee mechanism (USDA funding) continues to be a crucial component of the overall strategy for supporting the herder diversification activities. Through the end of Year Four, the provision of "additional cash collateral" for client loans has enabled a total of 772 businesses to secure loans with a been guarantee provided by the program, 540 of these businesses have been fully repaid their loans. The total value of the loans is 2,404,465,674 MNT (\$2,055,099) and MC has provided 1,220,441,143 MNT (\$ 1,043,112 ) as collateral guarantee which is 50.8% of total loan value. Over the course of the Four year period the percentage of cash collateral guaranteed by MC has also decreased from 84% down to 50.8%, and it is expected that this will continue to decrease in Year Five of the program.



## Appendix 2: Training and Consultancies provided to Herder and Non-Herder Business clients in 2007

**Table 1: Training and Technical Assistance provided to Herder Clients in 2007**

Nº	General Classification of TA	UB consultants	Local consultants	GI Staff	Total
1	Animal breeding	3	7	1	<b>11</b>
2	Bakery/food processing	5	6	-	<b>10</b>
3	Boot/garment production	-	4	-	<b>4</b>
4	Business training	1	4	5	<b>10</b>
5	Cooperative development	5	55	34	<b>94</b>
6	Dairy/milk processing	4	28	-	<b>32</b>
7	Felt/wool technology	20	11	1	<b>32</b>
8	Financial management	1	12	13	<b>26</b>
9	Fodder/forage production	1	1	3	<b>5</b>
10	Handicrafts	-	6	-	<b>6</b>
11	Intensified animal production	2	-	-	<b>2</b>
12	Sales and marketing	1	5	9	<b>15</b>
13	Meat processing	2	-	-	<b>2</b>
14	Round table discussion	-	-	1	<b>1</b>
15	Semi settled livestock production	1	-	-	<b>1</b>
16	Specialized TA	6	20	3	<b>29</b>
17	Study tour	-	2	4	<b>6</b>
18	Tourism operations	4	-	-	<b>4</b>
19	Vegetable/crop production	23	71	3	<b>97</b>
20	Veterinary training	9	15	4	<b>28</b>
	<b>TOTAL</b>	<b>88</b>	<b>247</b>	<b>81</b>	<b>416</b>

**Table 2: Training and Technical Assistance provided to Non-Herder Business Clients in 2007**

General classification of TA	Origins			
	GI	Local	UB	Total
Animal breeding	-	-	1	1
Bakery/food processing	-	5	13	18
Boot/garment production	-	1	1	2
Business training	-	1	5	6
Campaign on existing standardization	-	-	-	-
Cooperative development	8	5	-	13
Dairy/milk processing	-	1	2	3
Felt/wool technology	-	-	3	3
Financial management	5	17	-	22
General management	-	-	4	4
Handicrafts	-	-	1	1
Intensified animal production	-	-	1	1
Other government trainings	-	-	-	-
Round table	-	-	-	-
Sales and Marketing	8	10	6	24
Specialized TA	-	7	13	20
Study tour	1	-	1	2
Tourism operations	-	-	3	3
Training of Trainers	-	-	-	-
Vegetable/crop production	-	2	4	6
Veterinary training	-	-	-	-
<b>Total</b>	<b>22</b>	<b>49</b>	<b>58</b>	<b>129</b>

**Table 3: Training and Technical Assistance provided to Short-Term Business Clients in 2007**

General classification of TA	Origins			
	GI	Local	UB	Total
Animal breeding	-	-	-	-
Bakery/food processing	-	1	10	11
Boot/garment production	-	-	1	1
Business training	3	2	3	8
Campaign on existing standardization	-	9	-	9
Cooperative development	-	2	-	2
Dairy/milk processing	-	1	1	2
Felt/wool technology	-	-	3	3
Financial management	-	3	-	3
General management	1	-	2	3
Handicrafts	-	-	-	-
Intensified animal production	-	-	1	1
Other government trainings	-	3	-	3
Round table	1	1	-	2
Sales and Marketing	-	1	3	4
Specialized TA	-	-	6	6
Study tour	1	-	1	2
Tourism operations	-	-	3	3
Training of Trainers	1	3	-	4
Vegetable/crop production	-	2	1	3
Veterinary training	1	4	2	7
<b>Total</b>	<b>8</b>	<b>32</b>	<b>37</b>	<b>77</b>

### Appendix 3: Government trainings/consultancies provided by Gobi Initiative in 2007

Type of training	No of participants	Aimags	Dates
Master Plan Development	17	UH	8-10 Jan
Master Plan Development	15	UH	11-12 Jan
Master Plan Development	60	GA	30 Jan- 4 Feb
Master Plan Development	15	GS	26-27 Feb
Master Plan Development	15	UG	3-4 Mar
Master Plan Development	20	UG	5-6 Mar
Master Plan Development	32	GA	29-31 Mar
Master Plan Development	17	DG	3-4 May
Master Plan Development	35	GA	7-9 May
Master Plan Development	20	BH	12-13 May
Master Plan Development	20	DG	13-14 May
<b>11</b>	<b>266</b>		
Government procurement regulations, tendering and policies	17	UG	17-18 Oct
<b>1</b>	<b>17</b>		
Financial Management	18	GS	4-5 July
<b>1</b>	<b>18</b>		
Citizen's participation in local development	21	GA	16 -17 Apr
Citizen's participation in local development	23	GA	18-19 Apr
Citizen's participation in local development	12	UH	18-19 Apr
Citizen's participation in local development	17	DG	22-23 Apr
Citizen's participation in local development	21	DG	24-25 Apr
Citizen's participation in local development	20	GS	24-25 Apr
Citizen's participation in local development	16	GS	26-27 Apr
Citizen's participation in local development	20	BH	1-2 May
Citizen's participation in local development	20	BH	3-4 May
Citizen's participation in local development	23	BH	12-13 May
Citizen's participation in local development	20	BH	14-15 May
Citizen's participation in local development	16	DG	15-16 May
Citizen's participation in local development	18	UG	17-18 May
Citizen's participation in local development	13	DG	20-21 May
Citizen's participation in local development	22	GA	26-27 Jun
Citizen's participation in local development	22	BH	28-29 Jun
Citizen's participation in local development	20	GA	2-3 Jul
Citizen's participation in local development	25	BH	18-19 Jul
<b>18</b>	<b>349</b>		
Communication ethic & stress management	18	DG	7-8 May
Communication ethic & stress management	22	DG	9-10 May
Communication ethic & stress management	24	DG	11-12 May
Communication ethic & stress management	22	UH	15-16 May
Communication ethic & stress management	24	UH	17-18 May
Communication ethic & stress management	22	UH	19-20 May
Communication ethic & stress management	30	UG	25-26 Jun
Communication ethic & stress management	18	DG	12-13 Jun
Communication ethic & stress management	18	DG	14-15 Jun
Communication ethic & stress management	18	GS	16-17 Jul
Communication ethic & stress management	25	UG	21-22 Sep
Communication ethic & stress management	27	DG	20-21 Sep
Communication ethic & stress management	16	BH	23-24 Oct
<b>13</b>	<b>284</b>		
Communication ethic & Time and team management	22	DG	8-9 May
Communication ethic & Time and team management	21	DG	10-11 May
<b>2</b>	<b>43</b>		
Communication ethic and skills	25	UG	27-28 Feb
<b>1</b>	<b>25</b>		
Estimating basic population indicators	25	BH	13-14 Mar
<b>1</b>	<b>25</b>		

GAAP training	80	GA	20-21 Mar
<b>1</b>	<b>80</b>		
Information and research	18	UH	20-21 Apr
Information and research	33	DG	2-3 May
<b>2</b>	<b>51</b>		
Management	20	UG	26-28 Apr
Management	30	UG	29-31Apr
Management	25	DG	3-5 Jul
Management	26	UH	11-13 Oct
Management	12	GS	18-20 Oct
<b>5</b>	<b>113</b>		
Project development and Fund raising methodology	18	BH	9-10 Oct
Project development and Fund raising methodology	12	UH	8-10 Oct
Project development and Fund raising methodology	13	DG	22-23 Oct
Project development and Fund raising methodology	20	DG	28-29 Oct
Project development and Fund raising methodology	17	DG	24-25 Oct
Project development and Fund raising methodology	21	UG	26-27 Oct
Project development and Fund raising methodology	15	DG	12-13 Nov
Project development and Fund raising methodology	25	GA	22-23 Nov
Project development and Fund raising methodology	27	GA	26-27 Nov
Project development and Fund raising methodology	15	UG	5-6 Nov
Project development and Fund raising methodology	25	GA	24-26 Dec
Project development and Fund raising methodology	13	UH	3-5 Dec
Project development and Fund raising methodology	16	UG	23-24 Dec
<b>13</b>	<b>237</b>		
Project development methodology	20	UG	14-15 Mar
<b>1</b>	<b>20</b>		
Well repair ToT	30	DG	24-25 May
<b>1</b>	<b>30</b>		
Development of soum master plan	11	UH	2-3 Apr
Development of soum master plan	13	UH	5-6 Apr
Development of soum master plan	9	UH	7-8 Apr
Development of soum master plan	7	DG	18-19 Apr
Development of soum master plan	17	GS	20-21 Apr
Development of soum master plan	18	UG	16-17 May
Development of soum master plan	2	DG	22-23 May
Development of soum master plan	7	UG	27 Jun
Development of soum master plan	8	DG	20-21 Jun
Development of soum master plan	8	DG	29-30 Jun
Development of soum master plan	12	GS	25-26 Jun
<b>11</b>	<b>112</b>		
One stop shop of study tour	20	UH	11 Sep
<b>1</b>	<b>20</b>		
<b>84</b>	<b>1763</b>		



**ANNEX 4. 2007 MARKET DAY SUMMARY**

Location	GA	UH	UG	BH	DG	GS	Total
<b>Dates</b>	7-8 September	7-9 September	7-9 September	14-15 September	14-15 September	21-23 September	
<b>Name of the event</b>	Altai Partnership - 2007	Uvurhangai Partnership - 2007	Gobi Festival - 2007	Bayanhongor Partnership - 2007	Dundgobi Partnership - 2007	One village - One product	
<b>Co-Organizers</b>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Aimag Food and Agriculture Office</li> <li>• Aimag Professional Inspection Agency</li> <li>• Aimag Standardization and Measurement Office</li> <li>• Aimag Chamber of Commerce and Industry</li> <li>• Mercy Corps/Gobi Initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Aimag Food and Agriculture Office</li> <li>• Aimag Chamber of Commerce and Industry</li> <li>• Mercy Corps/Gobi Initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Aimag Chamber of Commerce and Industry</li> <li>• Mercy Corps/Gobi Initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Aimag Citizen's Representative Hural</li> <li>• Aimag Governor's office</li> <li>• Aimag Chamber of Commerce and Industry</li> <li>• Best products Movement Committee</li> <li>• Mercy Corps/Gobi Initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Aimag Chamber of Commerce and Industry</li> <li>• Saintsagaan soum Governor's office</li> <li>• Narantsatsralt foundation</li> <li>• Mercy Corps/Gobi Initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Aimag Food and Agriculture Office</li> <li>• Mercy Corps/Gobi Initiative</li> </ul>	
<b>Officials attending the events</b>			<ul style="list-style-type: none"> <li>• N. Bayanmuh, head of Policy implementation office, Ministry of Food and Agriculture</li> <li>• M. Bold, XAC Bank President</li> </ul>		<ul style="list-style-type: none"> <li>• S.Narantsatsralt, MP</li> <li>• P.Raash, MP</li> <li>• USAID Senior Program Manager Mr. Jon O'Rourke</li> </ul>	<ul style="list-style-type: none"> <li>• L.Odonchimed, MP</li> <li>• Mark Minton, USA Ambassador</li> </ul>	
<b>Financial Supporters</b>	<ul style="list-style-type: none"> <li>• World Vision</li> <li>• Undarga Altai company</li> <li>• Mongol Shuudan Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Zoos bank</li> <li>• XAC bank</li> <li>• Bayan naiman LLC</li> <li>• Industry and</li> </ul>	<ul style="list-style-type: none"> <li>• XAC bank</li> <li>• XAAN bank</li> <li>• Tavan Tolgoi Trans</li> </ul>	<ul style="list-style-type: none"> <li>• XAC bank</li> <li>• XAAN bank</li> <li>• Sovin center</li> <li>• Mobicom</li> <li>• Skytel</li> </ul>	<ul style="list-style-type: none"> <li>• World Vision</li> <li>• KHAAN bank</li> <li>• XAC bank</li> <li>• Mongol Post bank</li> <li>• Mongol daatgal</li> </ul>	<ul style="list-style-type: none"> <li>• HAAN bank</li> <li>• Mongol post bank</li> <li>• HAS bank</li> <li>• Credit bank</li> <li>• Mobicom</li> </ul>	

	<ul style="list-style-type: none"> <li>• Uran Ohid company</li> <li>• Altai Hudulmur company</li> <li>• Us Altai company</li> <li>• Saihan Bulgan company</li> <li>• Mon Suli company</li> </ul>	<ul style="list-style-type: none"> <li>• service cooperative association</li> <li>• Mon zah LLC</li> <li>• Uguumur Boot shop</li> <li>• World vision</li> <li>• Donj goyol saloon</li> </ul>		<ul style="list-style-type: none"> <li>• Sulden Tenger LLC</li> <li>• Hongoriin Sor coop</li> <li>• Nachin Bakery</li> </ul>	<ul style="list-style-type: none"> <li>• Telecommunication office</li> <li>• Mobicom</li> <li>• Skytel</li> <li>• G.Mobile</li> <li>• NIK petrovis</li> </ul>	<ul style="list-style-type: none"> <li>• Skytel</li> <li>• G-mobile</li> <li>• Communication office</li> </ul>	
<b>Most Sales</b>	Darhan Nehii LLC - 17,900,000	Darhan Nehii LLC - 12,300,000	"Udmiin Urguu" LLC, ger white felt - 7,827,000	Burhantiin Ovoo cooperative, vegetable - 2,300,000	Elba elelctoronics, electric appiances - 7,200,000	Tevshiin hajuu us cooperative, dairy and animal fodder - 2,913,000	
<b>Grand Prize</b>	"Shimt Deej" company - seabuckthorn	Arvaiheer soum - vegetable production	"Udmiin Urguu" LLC - ger white felt	"ADUD" LLC - Full decorated and carving ger with 10 walls	"Mandalgobi Khuns" LLC - food products	Mandahbayar, herder - "caracul" sheep	
<b>Total Sales* MNT</b>	74,617,060	68,069,360	55,299,150	68,314,500	35,566,460	49,240,430	351,106,960
<b>Sales of GI clients MNT</b>	17,856,100	10,324,300	10,208,250	19,705,000	3,166,400	13,115,900	74,375,950
<b>Total Exhibitors</b>	167	185	134	202	143	84	915
<b>GI Client Exhibitors</b>	13	19	25	38	15	7	117
<b>Public Attendance</b>	13,000	15,000	10,000	9,000	11,600	3,500	62,100
<b>Total Expense MNT</b>	5,964,266	8,359,260	6,575,500	3,400,000	2,972,090	3,208,568	30,479,684
<b>Ratio of sales &amp; expense</b>	12.5	8.1	8.4	20.1	12.0	15.3	11.5
<b>Value of MC contribution to MD costs MNT</b>	1,341,751	2,041,390	795,900	870,000	724,090	347,000	6,120,131
<b>Percentage of MCM contribution to total cost of MD</b>	18.8	17.5	12.1	25.6	24.4	10.8	20.1

### OTHER MARKET DAYS SUMMARY IN 2007

Location	UG	UB	UG	GS, Shiveegovi soum	UH	GA	GA
<b>Dates</b>	6-7 February	9-11 February	8 May	25 May	2-3 June	4 July	8 August
<b>Name of the event</b>	Camel airag day-2007	White Month-2007	Central region tourism fair	Households-Producers	Regional Craftsmen Trade Fair	Trade fair of Industrial Service Providers	One soum one brand One household one product
<b>Co-Organizers</b>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Camel fund</li> <li>• Ag department</li> <li>• Sport department</li> <li>• Mercy corps</li> </ul>	<ul style="list-style-type: none"> <li>• CHF/Ger Initiative</li> <li>• UNDP/SGMP</li> <li>• "Arhangai development" association</li> <li>• Mercy corps</li> </ul>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Mercy corps</li> </ul>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Aimag Food and Agriculture Office</li> <li>• Mercy corps</li> </ul>	<ul style="list-style-type: none"> <li>• Aimag Governor's office</li> <li>• Harhorin soum Governor's office</li> <li>• Chamber of Commerce and Industry</li> <li>• Youth Association in Harhorin soum</li> <li>• Mongolian Post Bank</li> <li>• Enterprise Mongolia project</li> <li>• Mercy corps</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial Cooperative Association</li> <li>• Mercy corps</li> </ul>	<ul style="list-style-type: none"> <li>• Mongolian Red Cross</li> <li>• Aimag Red Cross</li> <li>• Aimag Food and Agriculture Office</li> <li>• Chandmana soum Governor's office</li> <li>• Mercy corps</li> </ul>
<b>Officials attending the events</b>	• D.Bat-Erdene, MP	• Ts.Tumur-Ochir. Vice-minister of education, culture and science					<ul style="list-style-type: none"> <li>• P.Odonchimed, MP and president of Mongolian Red Cross Society</li> <li>• N.Batsuuri, State secretary of Ministry for Food and Agriculture</li> </ul>
<b>Financial Supporters</b>				<ul style="list-style-type: none"> <li>• Mongolian Post Bank</li> <li>• XAAH bank</li> <li>• Credit bank</li> <li>• Shivee owoo LC</li> <li>• Govi Geo LLC</li> <li>• Lucky dent LLC</li> </ul>	• Mongolian Post Bank	<ul style="list-style-type: none"> <li>• Aimag Governor's Office</li> <li>• Xac bank</li> <li>• Mongolian Post Bank</li> <li>• Airgiin Had LLC</li> <li>• Shadar Tuslah LLC</li> </ul>	<ul style="list-style-type: none"> <li>• GA, ZA, and BH aimag Red Cross</li> <li>• Swiss Development Agency</li> </ul>
<b>Most sales</b>	Dairy	Ar tusgalt partnership, AR aimag-dairy	Craft	Bakery	Felt items	Mongolian National clothes	Dairy
<b>Grand prize</b>	Different kinds of products-Erdenes group, Bulgan soum, UG aimag	Ar tusgalt partnership, AR aimag		Felt craft-Mandal Sansar cooperative	Specific handicraft product, U. Munhbat - wooden items made by root	Ya. Enhee, Buyant Uiliin Shim cooperative, Hovd Aimag	Ts. Narmandah, Goviin Sor Altai cooperative, GA aimag, sleeping bag made of camel wool
<b>Total Sales</b>	15,898,300	162,984,550	483,000	5,025,323	9,816,200	265,000	2,826,800

<b>Sales of MC clients MNT</b>	2,432,950	118,196,400	44,000	1,403,350	200,000	80,000	1,192,300
<b>Total exhibitors</b>	60	139	23	30	60	16	25
<b>MC Client Exhibitors</b>	7	28	7	7	10	2	9
<b>Attendance</b>	6,000	15,750	300	2,300	150	300	700
<b>Total expenses</b>	2,256,160	13,296,886	1,500,000	971,236	2,182,200	1,416,500	1,417,500
<b>Ratio of sales &amp; costs</b>	7,0	12,3	10	29	4	0	2
<b>Value of MC contribution to MD costs</b>	136,160	1,061,400	150,000	283,000	377,200	153,500	667,900

<b>Location</b>	<b>BH, Erdenetsogt soum</b>	<b>BH, Bayanbulag soum</b>	<b>BH, Baatsagaan soum</b>	<b>BH, Galuut soum</b>	<b>BH, Gurvanbulag soum</b>	<b>BH, Shinejinst soum</b>	<b>BH, Jinst soum</b>	<b>DG, Mandalgobi soum</b>
<b>Dates</b>	August 1, 2007	August 4, 2007	August 9, 2007	August 11, 2007	August 12, 2007	August 14, 2007	August 15, 2007	29 Sep, 2007
<b>Name of the event</b>	One soum one brand	Saturday market-2007						
<b>Co-Organizers</b>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Mercy Corps</li> </ul>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Mercy Corps</li> </ul>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Mercy Corps</li> </ul>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Mercy Corps</li> </ul>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Mercy Corps</li> </ul>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Mercy Corps</li> </ul>	<ul style="list-style-type: none"> <li>• Soum Governor's office</li> <li>• Mercy Corps</li> </ul>	<ul style="list-style-type: none"> <li>• Saikhan-Ovoo soum Governor's office</li> <li>• Mercy Corps</li> </ul>
<b>Government officials attending the events</b>								
<b>Financial Supporters</b>	<ul style="list-style-type: none"> <li>• Best Product Movement Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Best Product Movement Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Best Product Movement Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Best Product Movement Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Best Product Movement Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Best Product Movement Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Best Product Movement Committee</li> </ul>	Saihan-Ovoo soum Governors office-78.600 Mercy Corps- 117.400
<b>Most Sales</b>	Dairy	Dairy	Dairy	Bread and Fine Pastry	Mongolian National Clothing	Vegetable/ potatoes	Carpentry	Airag
<b>Grand Prize</b>								
<b>Total Sales</b>	175,000	90,000	314,000	265,000	120,000	250,000	150,000	1,700,000
<b>GI clients total sales</b>	55,500	0	28,000	61,100	80,500	0	0	1,700,000

<b>Total exhibitors</b>	17	8	21	11	9	19	12	7
<b>GI exhibitors</b>	4	0	2	4	4	0	0	7
<b>Attendance</b>	260	144	300	250	200	320	160	200
<b>Total expense</b>	100,000	85,000	130,000	100,000	90,000	100,000	100,000	196,000
<b>Value of MC contribution to MD costs</b>								117,400
<b>Ratio of sales &amp; costs</b>	0	0	0	0	0	0	0	47

\* Total sales include:

- sales of products
- bank loan, savings and leasing
- sales of animals



# RBN magazine and RBN 509 monitoring report



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COMMONS DEED

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## Introduction to Pact Mongolia monitoring and evaluation.

Framed by a theory of behavior change that uses multi-media as a delivery mechanism, Pact Mongolia produces communication products that facilitate development. Pact Mongolia has refined a reality based monitoring and evaluation system that is appropriate for measuring impact in Mongolia. The system allows Pact to gather information from rural and urban areas across the country. Pact accesses a wide range of people, including nomadic groups, ethnic minorities and those living in remote parts of the country. Pact is able to monitor impact and to assess both the quantitative and qualitative results of behavior change communications.

Since November 2006, Pact has conducted monitoring for the following products created under the Gobi Initiative, in six aimags:

Aimag	Product						
	RBN TV	RBN radio	RBN magazine	Market Watch	RBN 509	'Directions I' (radio drama)	'Final Destination I' (TV drama)
Dundgobi	November 2006	November 2006	November 2006	November 2006		April 2007	April 2007
Omnogobi	November 2006	November 2006	November 2006	November 2006			
Gobi-Sumber						April 2007	April 2007
Ovorkhangai	November 2006	November 2006	November 2006	November 2006			
Bayankhongor			September 2007		September 2007		
Gobi-Altai			September 2007		September 2007		

The consistent development and strengthening of Pact's reality based monitoring and evaluation system has made it possible to measure the impact of the products that Pact has created, and to assess how the information is internalized and utilized by the target beneficiaries. Furthermore, the change in Pact management and the accompanying recognition of monitoring as a process that informs the development of products and produces vital data that feeds into the creation cycle has ensured the continual improvement of standards.



Pact program officer collecting data in Bayankhongor aimag, September 2007

## Background

Between the 15th and 22nd of September 2007, monitoring activities were undertaken in seventeen soums in Bayankhongor aimag, and seven soums in Gobi-Altai aimag. The monitoring carried out covered two products created for the Gobi Initiative - Rural Business News (RBN) Magazine, and the RBN 509 service.

With the development of the sustainability plan for RBN magazine, as well as the changes that the publication has undergone in 2007 under a new editor, it was prudent to assess responses to these changes and the potential move to monthly publication.

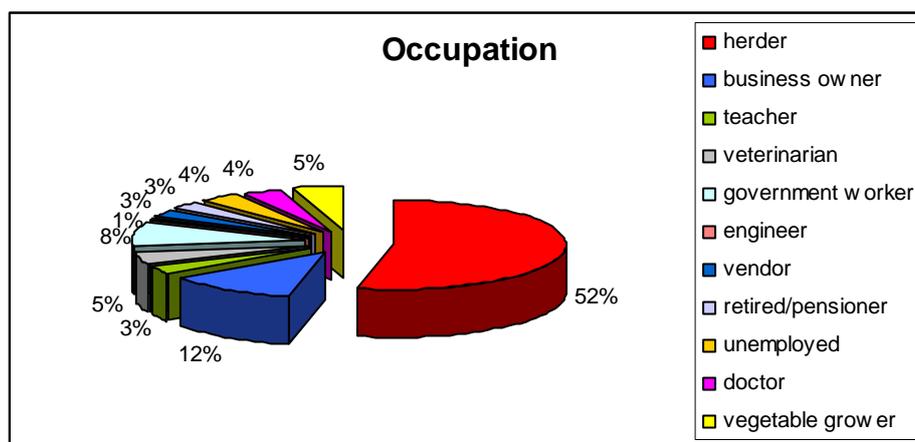
It is envisaged the RBN magazine will continue to run under the auspices of a local NGO that is registered and produces products that are sustainable. In terms of the magazine, we are confident of viability. Market Watch and the broadcast products are the subject of planning and advocacy efforts at the national broadcaster. Data examining the financial means and willingness of readers to pay more was collected.

The aims of the monitoring exercise were:

1. To determine reader response to the content and style changes in RBN magazine, and any impacts that these changes may have had on the delivery of information.
2. To gather data regarding additional information that readers want to see published.
3. To assess how often readers want to receive RBN magazine.
4. To explore the price increase that will accompany the sustainability process of RBN magazine.
5. To determine usage of the RBN 509 service.
6. To investigate additional commodities that may be added to the 509 service.

## Demographics

Interviewer notated responses were gathered from a total of 107 participants. Of these, sixty-four percent were male and thirty-six percent were female. Two thirds of participants were aged between thirty-five and fifty-five year old.

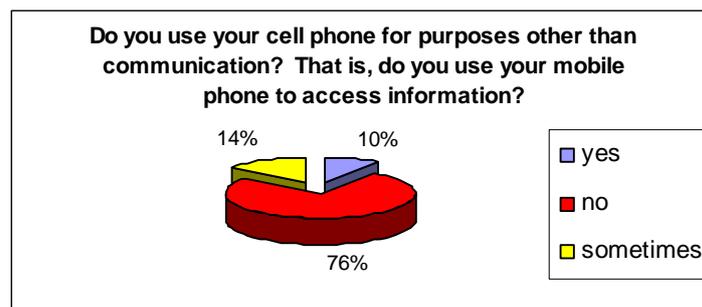


## RBN 509

RBN 509 is a commodity price information service in which users may access any pre-determined commodity prices through a cell phone text message. Commodity prices are gathered on a daily basis in all aimags nationwide by a network of market watchers. The service is available to anyone with a cell phone and knowledge of the codes which need to be inputted into the information request message. The commodity price codes are published in every edition of RBN magazine and were distributed in a pamphlet in the past.

In Bayankhongor and Gobi-Altai seventy-eight percent of respondents stated that they had no cell phone reception in their area. Of those that did have cell phone reception, ninety-six percent said that they did not make use of the RBN 509 service, and a third of these same respondents stated that they did not know what RBN 509 is. Sixty-seven percent of informants did not own a cell phone. There were a few participants from areas with no cell phone reception who did own a cell phone that they used when in the aimag centre or in areas where a signal could be obtained.

Those that did own and use cell phones identified four networks active in their areas - MobiCom, Skytel, Unitel and G-Mobile.



The monitoring officer reports that many of the people that he spoke to were unaware of the concept of using their cell phones to access a wider base of information. The only uses reported for cell phones by participants in the surveys were talking to people, sending text messages and playing games.

Due to the lack of respondents who make use of the RBN 509 service, it was impossible for Pact to gather data regarding additional commodity prices that RBN 509 users would like to see added to the service. However, it did illustrate the untapped market that exists in areas where the service has not yet been successfully advertised. Monitoring carried out last November in Omnogobi, Dundgobi and Ovorkhangai aimags brought to light the fact that, although a number of soums had cell phone reception and a number of respondents had cell phones, many had never heard of the 509 service.

With the growth of the cell phone industry in Mongolia, and the wider range of coverage that now exists, there is more opportunity for a larger portion of the rural population to access commodity prices through the RBN 509 service. A concerted advertising and information campaign outlining the process and benefits involved in accessing RBN 509 would greatly assist in increasing the number of 509 users. The most effective methods to reach potential users need to be explored.

Through the RBN magazine monitoring, numerous price requests were received for flour and sugar.

### **Conclusions and actions**

This monitoring exercise, as well as the monitoring carried out in Dundgobi, Omnogobi and Ovorkhangai aimags in November last year, has highlighted the lack of knowledge about RBN 509 amongst potential users. A targeted and widespread information campaign outlining the process and benefits of using RBN 509 should be undertaken. Information should also be included about how cell phone users who are not MobiCom members are able to access the service.

A total of 3,189 commodity prices have been requested since the start of 2007. This quarter saw 1,031 individual commodity prices requested from the RBN 509 service, a twenty-nine percent drop from the last quarter. This may be attributable to the cashmere selling that dominated the early stage of the previous quarter. April recorded the second highest number of requests for cashmere price information this year, and cashmere accounted for almost half of the total commodity price requests in the second quarter. The 1,031 hits recorded this quarter account for thirty-two percent of the year total requests to date.

It is impossible to track the exact location of each request as the phone number prefixes that denote aimags are misleading. For example, a MobiCom phone number purchased in Hentii aimag will have the prefix 9956, but may be used anywhere in the country. Ulaanbaatar phone numbers are often bought and used across the country and it cannot safely be assumed that the 327 text message requests received from numbers with an Ulaanbaatar prefix this quarter were indeed made from the city itself.

The most sought after commodity requested this quarter was cashmere, which accounted for twenty-three percent of all requests, followed by the price for bulk meat at fourteen percent.

Pact now analyses the RBN 509 data that is collected by the company that oversees the database. This practice has allowed insight into the number of commodities requested, and has called attention to a number of commodities that are very seldom requested, if at all.

The following commodity prices have not yet been requested in 2007:

- Big animal wool
- Camel hide
- Horse meat (non-bulk)
- Goat casing

### **Quotes from informants**

I use my cell phone to find my lost livestock. I call the neighboring family, and ask them to steer my sheep in the right direction.

Yosun-bulag soum, Gobi-Altai aimag

A number of commodities have only received one request to date this year. Examples include:

- Yak hide
- Mutton (non-bulk)
- Goat meat (non-bulk)
- Camel meat ( non-bulk)

A deeper analysis of these commodities and their value to the RBN 509 database is required. This, coupled with fresh and relevant new commodities will serve to refresh the product, potentially simplifying it in the process, and adding value to a campaign informing people about the service and the benefits of accessing RBN 509.

### **Conclusions and actions**

Prior to the commencement of the RBN 509 information campaign, attention needs to be focused on the commodity prices currently collected. A close examination of which commodities are needed by target users at the current time would help the process of readjusting the commodity price list to reflect current demands for information. The possibility of removing commodity prices that are seldom requested in order to streamline the coding system should also be considered.

## Rural Business News Magazine

RBN magazine has undergone tremendous changes in 2007 under the guidance of a new editor in chief and with the support of the new Country Representative. Changes have included resizing the publication into a magazine, improving the quality of the paper on which it is printed, commissioning new stringers, including new regular features such as crosswords and puzzles and song lyrics, and improving overall design and layout. The number of people reading each magazine in Bayankhongor and Gobi-Altai aimags is 7.5.

### Conclusions and actions

Monitoring conducted in November 2006 indicated that the shared readership of RBN magazine was just over two people per edition. The international average for shared readership in developing countries is approximately eight readers per publication. The 7.5 people per RBN magazine extrapolated from this monitoring process indicates a shared readership almost four times bigger than monitoring conducted in neighboring aimags just under a year ago. Since people are willing to pay and there are reported subscription problems, we speculate that this may be due to the inability of participants to access their own copies of the magazine because of subscriptions that don't arrive, subscription forms that are never collected or other a lack of knowledge about how to access the magazine.

### Quotes from informants

Lately, I haven't seen RBN magazine around. I thought that it had stopped being published.

Seven percent of respondents

I used to subscribe regularly. Unfortunately, I missed the subscription process and no-one has been round to take my new subscription notice, and so I haven't been subscribing. I've been reading a friend's copy.

Fourteen percent of respondents

Sometimes the magazine doesn't come. This means that I can't always read it.

Fourteen percent of respondents

Just over half of the people interviewed said that they read RBN magazine regularly, and an additional forty-five percent said that they read it whenever they came across a copy of the publication. However, a number of regular readers stressed that the lack of efficiency in delivering the magazine, and the consistent late arrival of the magazine is impacting on their ability to access the publication's content.

One third of those responding that they read the magazine regularly raised problems with delivery. Frustrations over lack of delivery emerged repeatedly. Thirteen percent of respondents brought up the need for a point person in each soum who can oversee the collection process, and half of these readers stated that "...because of financial constraints, the bagh governor doesn't visit that often [to deliver the magazines]". A further nine percent, the majority of who were from Bayankhongor aimag, stated that they had subscribed for the year, but had never

received their magazines. This warrants, and will receive, closer investigation.

### Conclusions and actions

Closer investigation into the lack of delivery of subscriptions that have been paid for needs to be undertaken. Pact also needs to examine the current delivery mechanisms and explore additional delivery systems that would aid in eliminating the consistent late delivery of magazine that results in much of the information arriving too late to be used effectively. Pact also needs to investigate how the postal system affects readers in remote soums.

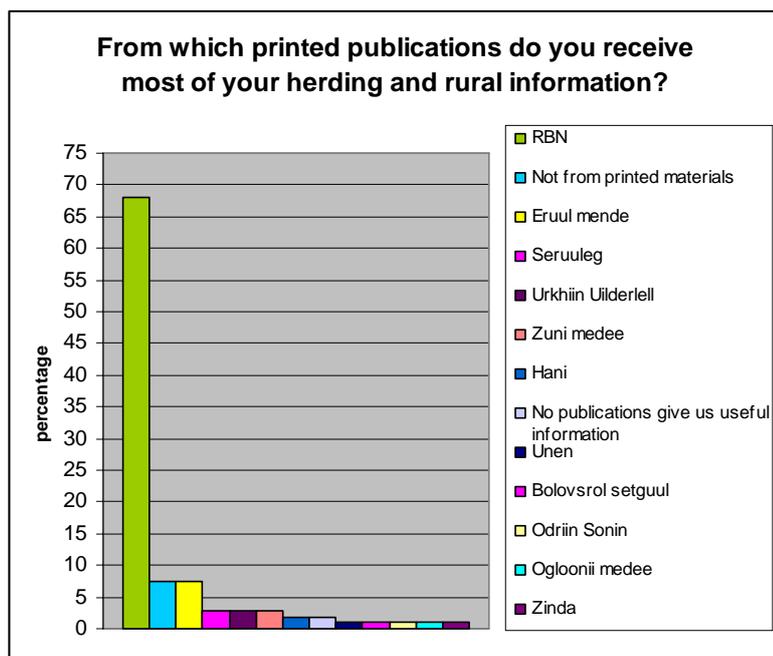
In light of need of the plan for an independent NGO to finance all costs associated with RBN magazine, it is imperative that new delivery mechanisms and viability of current delivery systems be closely examined.

There were also repeated requested and suggestions to include a bonus gift with subscriptions. Zag soum in Bayankhongor aimag has no RBN subscribers. However, there are 120 residents who subscribe to Seruuleg newspaper despite the fact that the magazine is regularly delivered late. Seruuleg has set up readers clubs in the soums, and once a month they meet and a lucky subscriber receives a gift.

### Conclusions and actions

In light of the plans to develop a sustainable Mongolian NGO, research into delivery systems is vital. Furthermore, additional research examining the process of collecting subscriptions regularly and at a point in the year when herders have available cash resources needs to be conducted. The herders themselves have stressed that they receive their greatest income in spring. Consideration also needs to be given to aligning the production of a monthly publication with quarterly subscription practices, and offering an incentive for annual subscriptions.

Including bonus gifts or a lottery system is becoming common place in Mongolia and is a factor that strongly influences subscription practices. RBN magazine should embrace this practice without allowing consumerism to overshadow the value of the information. For example, considering that a number of respondents are now archiving their magazines every month and creating at hand reference libraries, RBN would do well to include bonus gifts at subscription time that assists the archiving process and allows the users to access the information with ease. This could include binders or folders for storage; calendars with a square for each day that includes information such as which vaccination 'season' it may be, auspicious days, and facilitation of planning processes; or items that support the advice given in the magazine, such as ledgers for families to record income and expenses in.



Despite the frustrations around delivery and subscription, RBN remains a valued source of rural and herding information. RBN magazine emerged as the publication that most participants subscribed to on a regular basis. This suggests a need to attend to the neglected area of distribution. Pact has eradicated some of the more peculiar distribution methods which had been fostering low level corruption.

The other publications listed, with the exception of Urkhiin Uiderlell, are either yellow press, daily papers or focus on health (Eruul Mende) or education (Bolovsrol setguul). Urkhiin Uiderlell is a magazine that focuses on imparting skills information, for example, how to bake, how to make felt products, how to build a winter shelter. It is not specifically targeted at herders, or rural residents. Thirty-nine percent of participants stated that "RBN gives me good, varied information", and forty-two percent said that "There is no other publication that provides us with useful and relevant information. Only RBN". Six percent stated that they did not receive herding information from printed publications.

### Conclusions and actions

Despite the problems with delivery and difficulty some of the respondents have in accessing the material, the magazine is still recognized as a valued and essential source of information. There is a demand amongst the respondents for easier and increased access to the magazine and, with management, potential to expand readership.

When asked if respondents were aware of any changes to the RBN magazine, twenty-eight percent replied that they were. Overall, the changes were perceived to be very positive. Nearly half of respondents aware of changes found the new look magazine to be more aesthetically pleasing, and fourteen percent made mention of the increase in the quality of stories and the content provided. Pact has in 2007 had an emphasis on quality and planning content with key sector experts and this is showing results

Almost one quarter of respondents indicated that since RBN reverted to the magazine format, they have begun to archive the publications and refer to them when information is needed. They also said that "when the publication was newsprint, it broke very easily", and storage was difficult. Those who miss the older newspaper format do so as they had used the paper to start their fire (four percent), roll their cigarettes (twenty percent) or lay their dough on it after it had been rolled out (two percent). A number of respondents also remarked that they enjoyed the fact that the magazine was stapled together, unlike the newspaper, and so this prevented people from disappearing with a section of the publication. However, a few respondents did mention that the bound magazine means that a number of people cannot read the publication at the same time, as they did with the loose-leaf newspapers. There were also repeated requests for more detailed information, but less text.

### Quotes from informants

The magazine is more compact and I can take it with me when I go out to tend the sheep, and the wind won't blow the pages away.

Buutsagaan soum, Bayankhongor aimag

Now that the magazine is more colorful, it is more attractive and fun to read.

I like it!

Baa-tsagaan soum,  
Bayankhongor aimag

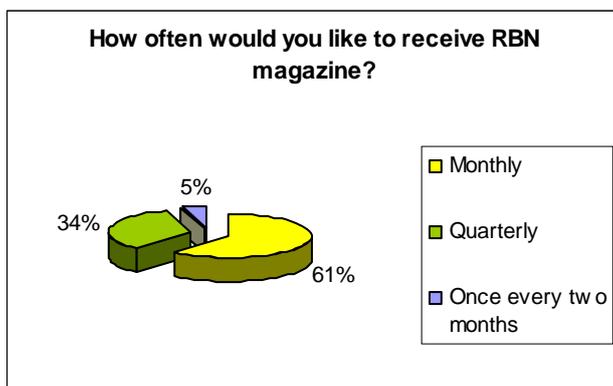
It seems to have much more information in it now.

Delger soum, Gobi-Altai aimag

### Conclusions and actions

The changes that RBN magazine has undergone this year have been positively received and have resulted in a greater number of respondents storing the magazines for later reference, as well as increased reports of ease in handling and reading the publication.

Almost two thirds of those interviewed would like to see RBN magazine published monthly. Thirty-five percent of those in favor of a monthly publication feel that "A monthly publication would allow me to access more information quicker and at the relevant time". Thirteen percent of those in favor of monthly editions expressed concern regarding the timely arrival of the publication - "If the monthly magazine arrives on time that would be very good for me. But I am concerned that the magazines would continue to be late." This suggests a need to tighten distribution further, ensure the post office subscription is available, seek a solution for remote soums and build subscriber trust.



**Quotes from informants**

A bottle of vodka costs about 1500 tugrugs. We buy this without a thought, and it gives you nothing! But RBN, which would be cheaper than a bottle of vodka, gives you far more. So I can easily spend 1000 tugrugs on a good quality RBN magazine that will continue to give me information

Guulin soum, Gobi-Altai aimag

Readers were willing to pay an average of just over 500 tugrugs per month for the magazine. One third of informants said that they would be able to buy a monthly publication that costs below 1000 tugrugs. Twenty-six percent recognized the value of good information with the assertion that "a person can spend more money to read good information. It's a good investment, and worth the price."

The logistics of timely monthly distribution will have to be well considered by the RBN team and the resultant NGO that takes over the production. Seventy-four percent of those interviewed stated that they subscribed to printed materials on a quarterly basis, and only one percent subscribed monthly.

The herders also requested that RBN consider that their cash flow is highest in spring and that that is when subscriptions should be collected. This suggests the need to build subscriber trust and attract annual subscriptions.

Measuring the impact of the products created is a constant challenge, quantifying impact even more so. Pact has reached the stage through a continual process of refinement and development where we are able to measure the impact of the products that Pact produces. The challenge, very often, is for those interviewed to make the association between the product and the changes in their lives, as this is subconscious and takes time. This conceptual chasm often masks the true extent of the impact of the products. At the

**Quotes from informants**

I now archive the magazines into a book, and my children are learning from the magazines. The magazines have become a 'teacher' for my children.

Bayanstagaan soum, Bayankhongor aimag

heart of behavior change communication are theories of change. One aim is to make the shift from pre-contemplation to change in practice to maintenance of changed behavior so inculcated that it is not necessarily directly associated with a specific trigger.

Nonetheless, during this monitoring session, two anecdotes highlighting the results of effective business decisions made with advice and knowledge from RBN magazine came to light.

A respondent from Khuree-Maral soum in Bayankhongor related the following:

*"I read RBN magazine regularly. I came across an article about how to make bricks. And so I followed the article, and made some bricks, and my small enterprise has now developed into a business. The business is running well. I am now the owner of a stable business that generates enough income to support me."*

Another respondent from Jargalant soum in Bayankhongor says that:

*"In 2004, I read an RBN article about making biscuits, breads and pastries. I followed the advice in the story and my enterprise has since grown into a company. This year my company was named as the 'Best Enterprise' in Bayankhongor. I have one employee in my business, and I am looking to expand."*

Additional instances where RBN information has been utilized and integrated into daily life included:

*"I read about how to build a house in an RBN article. I followed the advice and build a house."*

*Baatsagan soum, Bayankhongor aimag*

*"I am an avid RBN reader. I read about breeding and the importance of strengthening your livestock. Following advice in the RBN article, I went to Darkhan and bought eight bulls. If we are lucky this year and don't have a dzud, I will be able to see a much higher yield by next spring."*

*Tugrug soum, Gobi-Altai aimag*

*"I read an RBN article about making a stove. And so I built a stove, and it is in my house. It works well, and we use it every day."*

*Guulin soum, Gobi-Altai aimag*

Bearing in mind that a total of 107 people were interviewed, and ninety-nine of these read RBN regularly or semi-regularly, it may be said that two percent of those interviewed directly reported sound business decisions following access to information in RBN magazine. This would include the first two anecdotes related above, and exclude the herder strengthening his livestock as time is required to present a result. Therefore:

Two anecdotes / total readers x 100 = percentage of target beneficiaries reporting effective business decisions made with advice or knowledge gained from RBN magazine.

## Conclusions and actions

Pact began to utilize its monitoring system at the end of 2005. 2006 saw a process by which the system was refined and sculpted into a tool that is able to gather both quantitative and qualitative data. Prior to the 2007 work plan, there was very little fact-based data supporting the targets and indicators that were included. Monitoring data very seldom informed the construction of the targets and indicators. This year, with the change in Country Director, the targets and indicators were brought more in line with researched, fact-based reality. The monitoring conducted since November 2006 has allowed the first real picture of product usage and situation in many years. It would therefore be prudent to bear in mind this process when assessing meeting the targets and indicators in the 2007 work plan.

### Additional Information

Five respondents, all based different soums across the two aimags, reported that they had lost their winter pastures and winter shelters to ninja miners digging gold. This has left the herders in a very difficult situation, as they have no where to move to, and no idea regarding legal recourse available to them, if any at all. Each of these herders requested help. This, as well as the quote to the right and other feedback received, suggests that the slight broadening of content is attractive to readers.

There was a strong call from many of those interviewed that RBN magazine is NOT well advertised, and that a strong advertising campaign ought to be implemented. Fifteen percent of those participating explicitly requested that RBN advertise itself.

#### Quotes from informants

RBN published an article about the Buriats living in Dornod aimag, and their traditions. I really enjoyed reading this article. It taught me more about my fellow Mongolians and the rich cultures that make up our land. Please write more articles like this.

Zag soum, Bayankhongor aimag

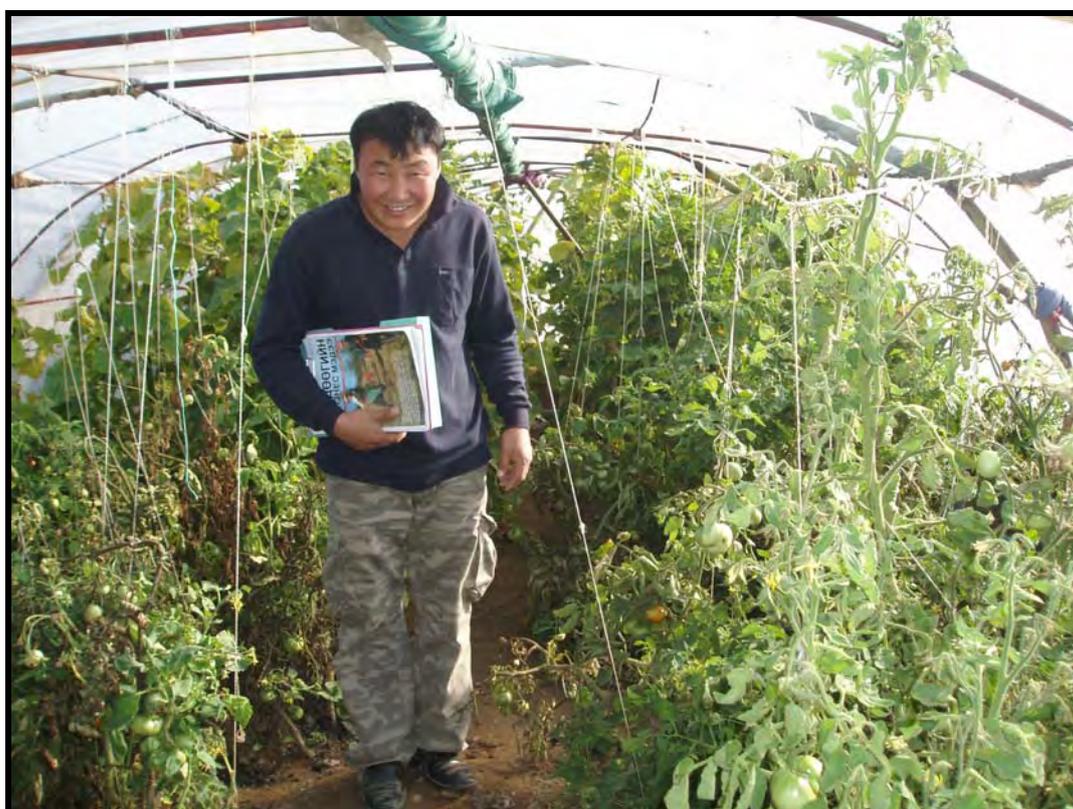
Additional information repeatedly requested in upcoming magazines included the following:

More information about the life experiences of older, experienced herders so that we can learn from them.
More information about breeding and where to purchase good quality studs.
More information about herding and herding methods.
More information about pasture law.
More information about new scientific discoveries and new technology relevant to herders.
More information about Mongolian traditions and customs.
More about proper pasture usage and management.
More 'how to' articles, e.g. how to knit, recipes etc.
More about health and health care.

### Quotes from informants

More about livestock related diseases would be great as I now own the animals and so need more information. If an animal dies now, I have to bear the financial loss, where as it never mattered previously. The state bore all costs.

Bayan-Ovoo, Buutsagan, Gurvan-bulag and Ulziit  
soums, Bayankhongor aimag



RBN reader, Buutsagaan soum, Bayankhongor aimag



# 'Final Destination' TV drama and 'Directions' radio drama Monitoring Report



**Gobisumber and  
Dundgobi Aimags  
9th-13th April 2007**



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COMMONS DEED

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## Background:

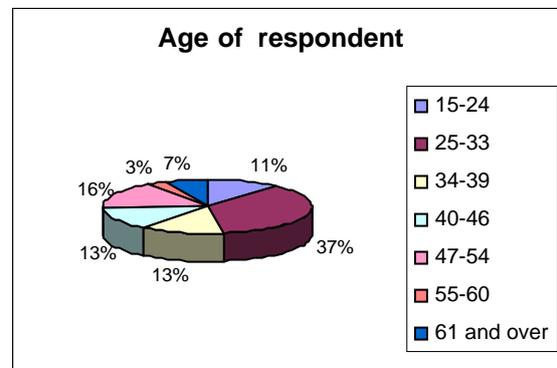
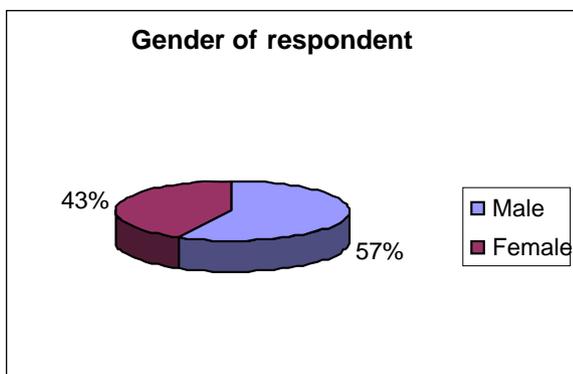
Monitoring activities for two products created under the Gobi Initiative project, 'Directions' radio drama and 'Final Destination' television drama, were carried out in two Gobi aimags between the 9th and 13th of April 2007. In total, sixty-one people were interviewed in seven soums - five in Gobisumber and two in Dundgobi. Unbeknown to the organizer of the trip, one of the soums selected was the town in which Final Destination was filmed.

The monitoring aimed to:

- Assess user response to both products.
- Monitor the dissemination of the information contained in the shows.
- Gather feedback for the continued improvement of Pact productions.
- Examine the level of impact of the products on the activities and knowledge levels of the target beneficiaries.
- Introduce target beneficiaries to RBN products and subscription options.

The methodology employed in this exercise included a questionnaire completed by the Pact moderator through one-on-one discussions with participants. It is now an established factor that people prefer not to fill in a survey, but like to talk, and more can be garnered from these conversations than can be expressed in writing.

Copies of past RBN magazines were distributed to participants, and subscription options discussed with them.



*'I liked that the series [Final Destination] looks at a veterinary clinic' -  
Choir, Gobisumber aimag*

## Findings:

This exercise brought to the fore the widening chasm between **radio and television**, with television being the preferred medium.

Three of the soums in Gobisumber aimag were along the either the railway or a road; therefore these communities are more sedentary than others, with people watching more TV than they listening to the radio. However, the soums in Dundgobi are more isolated and TV reception isn't as good as radio reception, and so they listen to radio programs more. Inhabitants of these soums, however, were quick to stress that, had they alternative energy sources or decent reception devices, they would watch television rather than listening to the radio, and when they are in a place with a television, they unfailingly do so.

Gobisumber and Dundgobi have household populations of 3.8 and 3.9 respectively<sup>1</sup>. The average number of people listening to the radio in each household surveyed in these aimags was two, while the average number of people watching television was three. Seven percent of respondents replied that they did not own a television set, and ten percent replied that they didn't own a radio. The television audience is larger than radio listenership.

Responses received for **Final Destination** continually stressed the applicability of the series, of how it accurately portrayed soum life. When respondents were asked what they most liked about the program, twenty-one percent replied that 'The show portrayed real Mongolian countryside life successfully', with seventeen percent stating that, 'The characters were believable, real and easy to relate to'. Nineteen percent of respondents said that they liked how the show had 'increased my knowledge about veterinary matters', and eleven percent felt that the show had allowed them to 'learn[ed] about good business practice'. Only seven percent of respondents were unable to name a character from the program, or supply a word to describe the character.

Almost half of those questioned replied that the series had made it possible for them to 'broaden their base knowledge of veterinary activities and value', with specifics including understanding the value of a good vet clinic, learning about livestock vaccinations, learning how to differentiate between real and fake medicines, increasing knowledge about how to improve the health of livestock, understanding the importance of timely administration of vet medication and learning how to remove internal parasites with laxatives. Sixteen percent replied that they 'understood about what constitutes a good vet clinic and how important it is'.

When asked what suggestions they have for future episodes, a number of participants called for an increase in the length of each episode, and that the broadcast channel be changed to Mongolian National Broadcaster (MNB) as the national broadcaster is accessible everywhere. There were also a number of calls to decrease the amount of music and monologues in the programs, and to increase the conversation and the action. Topics for future programs

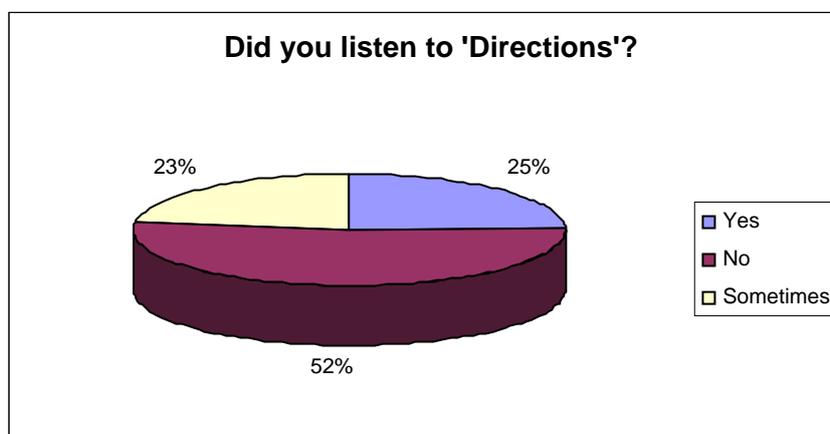
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<sup>1</sup> Mongolian Statistical Yearbook, 2005, pg 69,70

suggested by participants included information about desertification, zoonotic diseases, improving herd breeds, pasture and soil preservation and legal information.

A request was received from the Deputy Governor of Gobi-Ugtaal soum, Dundgobi aimag, himself the star of the Final Destination TV series, to broadcast the series on the Dundgobi aimag TV channel.

'Directions', unlike 'Final Destination', was not immediately familiar to most respondents. Those that did know about it were unable to recall the specific events of the drama. Forty-four percent of respondents were unable to recall the name of a single character from the series. Of those that were able to identify characters, Tudev was the most popular (25%), with Mydagmaa following closely with twenty-two percent.



Of those that replied 'no' to the question above, fifty-six percent replied that they had never heard of the program, and seemed unaware that a new series was underway.

Bearing in mind that broadcast had concluded earlier in the year, a number of participants were unable to recall the broadcasting hours and asked for the schedule. Given that the second series of the radio show has begun broadcast, a short reminder of the hours and brief introduction about 'Directions' should be given during the 'Rural Business News' radio program. It was noticed that 'Herder from the Future', a previous Gobi product produced by Pact, was recalled by participants of their own accord as enjoyable and interesting. However, this series ran for a number of seasons, and 'Directions', with just over 26 episodes under its belt, is relatively new.

Of those that had listened to the program, nineteen percent said that the program 'gave me good herding knowledge'; with seventeen percent stating that the program 'helped me stay abreast of vet issues and shared information with me'. A similar amount responded that Directions 'increased my business knowledge', and '...helped me understand the new tax laws'. Interestingly, a fair number of listeners from across the soums stated that the show had been significant in introducing them to livestock insurance.

The impact of the show on those that have been listening is evident, and serves as an additional appeal for a solid advertising and information campaign. Responses about how listeners had used the information supplied included the following:

*'I learned how to heat a brick and put it in the dung floor so that it can defrost - I now do this regularly' - Choir, Gobisumber aimag*

*'I learned about herders co-operatives and joined one' - Tsagaandelger, Bayantal, Shivegobi, Gobisumber aimag; Govi-Utgal, Dundgobi aimag*

*'I learned about breeding dairy cows, and dairy technology, which is new for me' - Gobi-Utgal, Bayanjargalan, Dundgobi aimag*

*'I learned about improving the quality of livestock, and am implementing what I heard in the show' - Bayanjargalan, Dundgobi aimag*

*'I learned about livestock insurance, and how to access it.' - Shiveeovoo, Gobisumber aimag; Govi-Utgal, Dundgobi aimag*

Requests for future programs included more information about taxes, livestock insurance, fencing pasture, preventing soil erosion and desertification, the environmental impacts of mining, breeding information, zoonotic diseases and legal advice on land privatization. This input, along with the suggestions received for Final Destination, will be fed into the planning cycle for the next program set.



'Hashaa' from Final Destination and the monitoring team in Gobi-Utgal soum

## Recommendations:

- Investigate options regarding broadcasting on a fully nationwide television channel. This move to MNB, however, will have cost implications as prices previously quoted by the broadcaster were far more expensive than current funding allows.
- Consider increasing the broadcast length of television programs. Currently, Pact pays approximately twenty-five US dollars per minute for broadcast on TV9, which, in the case of Final Destination, totaled 16,768 US dollars. Increasing broadcast length would incur additional broadcast and production fees. An additional ten minutes per program will require an extra 6,500 US dollars per series for air time and 15,000 US dollars in production costs.
- Initiating a public relations campaign for 'Directions' radio series as a number of respondents were not aware of the program or when it was broadcast. This is especially relevant as the second series has recently begun airing.
- Consider scaling up television production as more and more people move towards visual media and away from the radio. The accessibility of television sets and alternative energy generating devices mean that increasing numbers of countryside residents, both mobile and sedentary, are watching television. According to the National Statistic Yearbook of 2005, the 611 000 households in Mongolia hold a total of 320 000 television sets - a television set in every second house.



Respondent reading her copy - she is a regular subscriber of RBN magazine



**USAID**  
FROM THE AMERICAN PEOPLE



# RBN 509 Tele-monitoring & Commodity Data Base Analysis Report



**December 2007**



**USAID**  
FROM THE AMERICAN PEOPLE



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COMMONS DEED

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## Executive Summary

The RBN 509 commodity price service was introduced in November 2003 with a marketing campaign. Since then it has received little attention in assessing effectiveness and relevance, or marketing to attract subscribers and users.

A telephonic survey just completed indicates the need to review the commodity lists, improve data accuracy gathered by Market Watchers, improve responsiveness to all calls to the service, consider multi-network distribution and review the call to service costs in light of the sustainability imperative.

The current automation process brings with it an opportunity to refine and improve the service to a state of readiness for transfer to a new donor whilst remaining under RBN management. While RBN media products may sustain Market Watch, the component will always require finance for the human costs of data gathering.

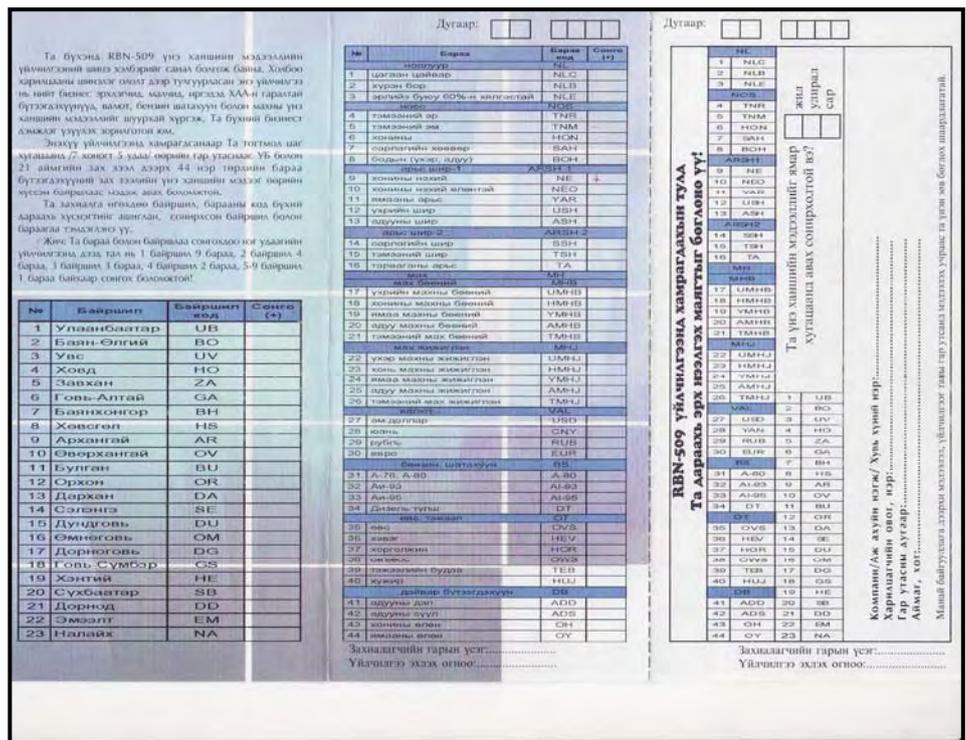
The following implementation plan has resulted from the findings of monitoring undertaken in September 2007 and this report.

Action Item	By When	Led by
Develop and implement a set of indicators by which to monitor the performance of current Market Watchers and ensure the delivery of quality information.	January 18th 2008	Batmunkh and Ondine
Determine whether to temporarily remove marmot skins from the commodity price list.	January 18th 2008	Batmunkh
Develop an updated commodity price list and determine a standard measurement for new commodities.	January 25th 2008	Batmunkh
Investigate automation software compatibility for multiple distribution networks.	January 31st 2008	Batmunkh
Establish whether service costs will increase, by how much and from when.	January 31st 2008	Batmunkh
Develop a nationwide marketing strategy for RBN 509.	February 8th 2008	Batmunkh
Develop and print a credit card sized code list including the updated commodity price list for distribution.	February 15th 2008	Batmunkh

# Introduction to RBN 509

RBN 509 is a commodity price information service in which users are able to access pre-determined commodity prices through a cell phone text message.

Commodity prices are gathered on a daily basis in each aimag by a network of information gatherers, known as Market Watchers. Each commodity and aimag is assigned a set code. RBN 509 is available to all MobiCom subscribers who are able to input the correct codes required to request information. The commodity price codes are published in each edition of the RBN magazine and were distributed in November 2003 in a pamphlet, a copy of which is included above. There are fifty-five commodity codes and twenty-three aimag codes in total.



## Background

In September 2007, Pact undertook monitoring of the RBN 509 service. The data gathered highlighted the lack of knowledge about RBN 509 amongst potential users, and the subsequent report recommended that, following amendments to the current system, a targeted and widespread information campaign outlining the process and benefits of using the 509 service should be undertaken. The report also examined the RBN 509 commodities that are requested on a regular basis, and suggested that a deeper analysis of these commodities and their value to the RBN 509 database be conducted.

Activities addressing these recommendations were carried out in December 2007, and included:

- A tele-monitoring exercise targeting RBN 509 users who had requested commodity price information in the last three months.
- An analysis of the frequency and quantity of commodities and locations requested from RBN 509.

The findings of these exercises are presented in this report.

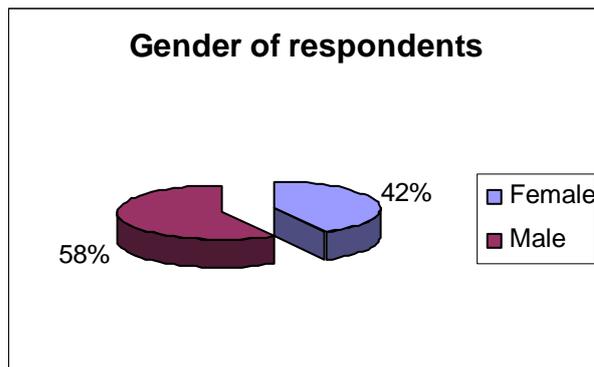
## A. RBN 509 Tele-Monitoring Exercise.

The tele-monitoring exercise aimed to investigate user responses regarding the quality and ease of access of the 509 service, and also to determine additional commodity price information users would like to access through the service.

### 1. Scope and Methodology

Phone-based monitoring activities for RBN 509 were undertaken between the 17<sup>th</sup> and 27<sup>th</sup> of December 2007. A call sheet and tool containing six questions were designed to ensure consistency for all contacts. Phone numbers which had requested and received commodity price information from the RBN 509 Service in the last three months were contacted by members of the monitoring team. Of the 219 phone numbers listed, 123 were reachable. The remaining ninety-six service recipients were unavailable for one of the following reasons:

- Respondent's phone switched off
- Incoming calls temporarily banned
- Relevant respondent not available



### 2. Location of RBN 509 users

Although it was possible to identify which phone numbers were bought in areas other than Ulaanbaatar, there was no way, at a glance, to determine if the numbers bought in Ulaanbaatar were in fact being utilized in Ulaanbaatar or in the countryside. MobiCom assigns a specific prefix to each number that identifies the location in which that number was bought. A phone number bought in Selenge aimag, for example, will begin with 9949, while a number bought in Dorngobi will begin with 9952. Numerous prefixes are assigned to numbers bought in Ulaanbaatar.

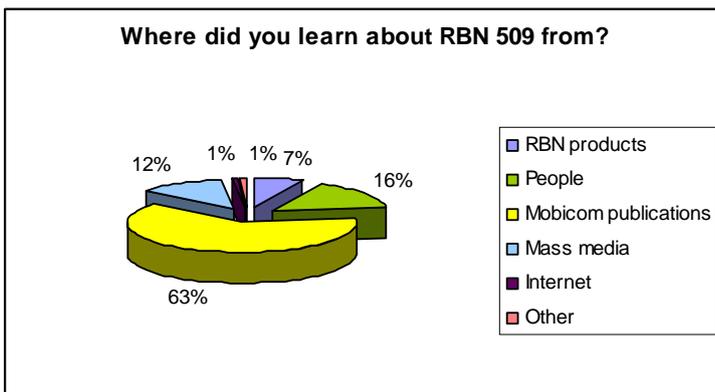
Regardless of where the phone number is bought, it may be used anywhere in the country. Therefore it is difficult to accurately locate the RBN 509 users from the phone numbers alone. The monitoring team asked each of the respondents where they were actually based and from where they regularly utilized RBN 509.

Of the 123 calls made, sixty-four were to Ulaanbaatar phone numbers and fifty-nine to non-Ulaanbaatar phone numbers. However, of the sixty-four calls made to Ulaanbaatar phone numbers, thirty-three were in fact based in the countryside. The total number of calls to non-Ulaanbaatar based respondents thus totals ninety-two, or seventy-five percent of the total calls made. Non-Ulaanbaatar based calls included soums and aimag centers in seventeen aimags, as well as Erdenet and Darkhan. For the purposes of this report, Baganuur has been included in Ulaanbaatar.

Of the non-Ulaanbaatar based calls made, thirty-eight percent of those interviewed were based in the six aimags in which the Gobi Initiative is active. That over one third of all calls had originated from users based in these aimags is indicative of greater exposure to RBN products in the Gobi region.

### 3. Findings

When asked where the respondents had learned about RBN 509 services from, almost two thirds replied that they had heard about RBN 509 from MobiCom marketing publications such as brochures and product update inserts produced by the cell phone operator.



The second biggest information source was word of mouth. The third largest source of information cited was the national press and magazines, which may include the

quarterly RBN magazine.

A number of respondents raised concerns about their limited knowledge regarding the RBN 509 service. Respondents also stated that rural communities would like to receive market sensitive and "living" commodity price information through their mobile phones. During the conversation, participants suggested that publicity in the local and mass media would serve as an informative delivery approach about the RBN 509 service system to the rural communities.

Respondents were asked whether the RBN 509 service was user friendly. Eighty-nine percent of respondents described the RBN-509 service as user friendly, nine percent responded negatively, and the remaining two percent did not provide an answer. Thirty-six percent of respondents who stated that the RBN 509 system was not user friendly were not satisfied with the delays in reply, and seventy-three percent identified the code as their main concern. A sturdy, compact code list that could be easily stored and transported, such as a credit card sized list that could be tucked away in a purse or a wallet, would go a long way to supporting ease of use for RBN 509 patrons.

#### Quotes from respondents

'Sometimes I forget to bring a MobiCom bulletin listing all the codes with me, which means that I can't access the RBN-509 system in times of need.'

'I always carry the code-list in my pocket, which damages the list relatively quickly, making it more difficult for me to use RBN 509.'

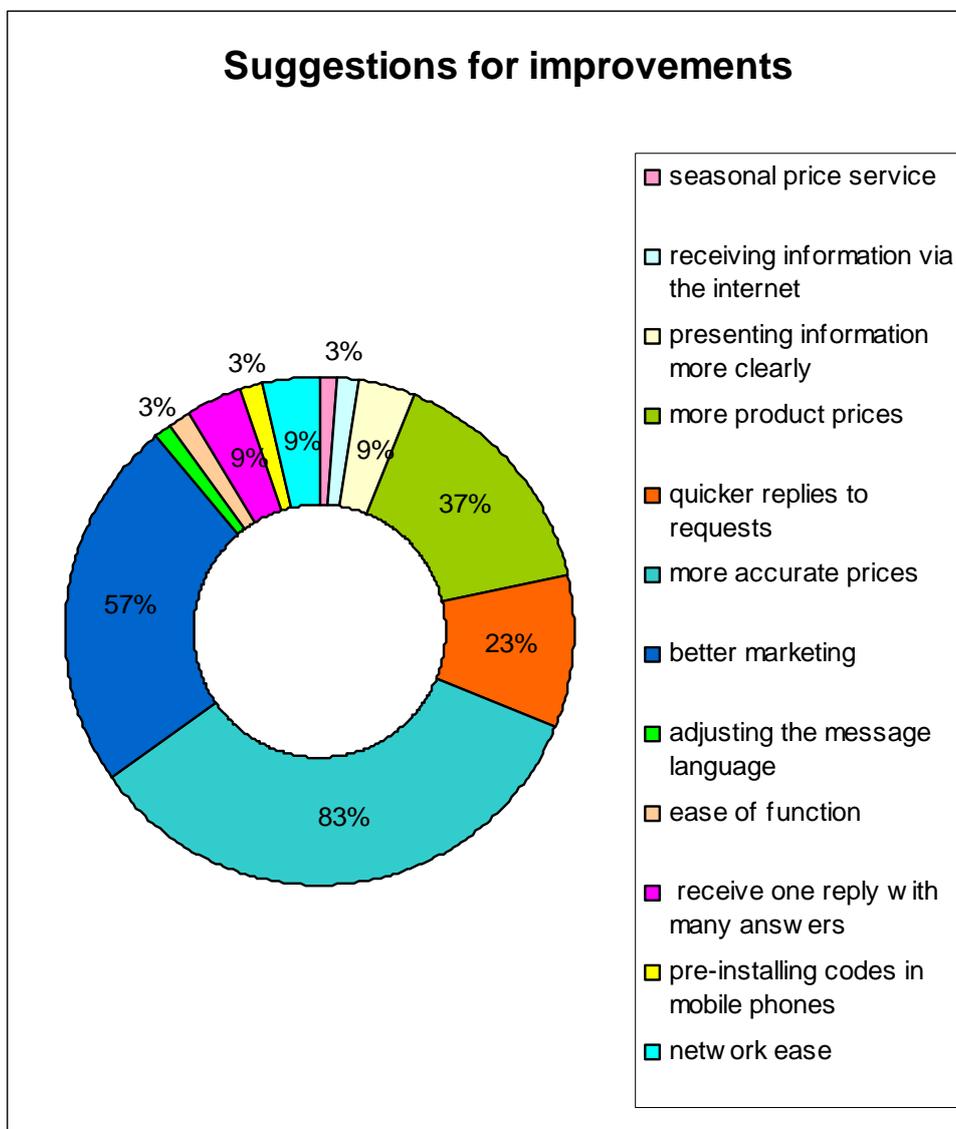
'There are too many codes. It's confusing to use.'

MobiCom has three rates for information and entertainment services - 250 tugrugs, 350 tugrugs and 450 tugrugs. RBN 509 remains comparatively cheap at 80 tugrugs for a text message of up to 160 characters, regardless of how many commodities are requested.

The profit generated by RBN 509 is shared between Pact (and offset against Mercy Corps income) and Mongol Content, the RBN 509 service provider. Additional income is also generated from private companies requiring commodity price information. However, the income derived from both these sources is minimal. In 2007, a total of 690 USD, or 58 USD per month, was generated by RBN 509. With the planned sustainability process for the new RBN NGO, profit derived from the RBN 509 system could serve as a vital source of income. In order for this to happen, the current cost of each message needs to be increased and brought in line with current information service charges.

A few respondents were concerned that although they sent requests to the system, they received no responses, although units were deducted, and four percent of respondents complained that they did not receive replies to their requests.

The table below documents respondents replies about service improvement.



Of the eighty-three percent that suggested increased price accuracy, specifics included

- Current market prices
- Noting small price fluctuations at local markets on a daily basis
- Being more price sensitive
- Price differentiation

Over half of the respondents called for increased and improved marketing and information activities, again reinforcing both the need for a concerted marketing campaign as well as the need for information services, such as RBN 509, across the country. Over one third of those participating in the exercises stated that they would like to see an expansion of commodity price information available.

All participants were asked whether they would like to see any additional commodity prices made available through the RBN 509 system. Forty-nine percent replied that they would like to be able to access additional commodity price information through 509, and suggested the following commodities:

<b>Additional commodity requested</b>	<b>Percentage of requests</b>
Flour	78%
Dairy products	45%
Rice	30%
Vegetables	28%
Agricultural equipment	13%
Cars	12%
Copper & Aluminum	5%
Daily necessities such as soap	5%
Land	2%
Hunted hides	2%
Gold & Silver	2%

Respondents requesting an expanded commodity list have highlighted prices for daily food products, such as flour, dairy, rice and vegetables. This may be indicative of the sharp rise in basic commodity prices in the last quarter of 2007.

## B. RBN 509 commodity price analysis

There are fifty-five commodities, seven of which are collected seasonally, that constitute the RBN 509 commodity price information base. Between January 1st and December 31st 2007, 3,574 messages were received from users of the RBN 509 service. Each message may contain more than one commodity price request. A total of 4,530 commodity prices were requested. Please see Appendix 1 for a complete list of commodity prices requested in 2007.

November and April saw the most requests, with 678 and 633 respectively. Seventy-nine percent of all commodity price requests in April were for cashmere, reflective of the cashmere combing season. February was the quietest month with 124 requests. The following seven seasonal commodities are collected between September and March:

- Hay (code OVS)
- Fodder (code HEV)
- Oats (code OWS)
- Fodder and grains (code OT)
- Fodder rice (code TEB)
- Salt Licks (code HUJ)
- Mixed pellet feed (code HOR)

### RBN 509 product requests - CY 2007

#### Seasonally collected commodities - total monthly percentage of all commodity requests

Commodity	Quarter 1						Quarter 3		Quarter 4					
	Jan		Feb		March		Sep		Oct		Nov		Dec	
	total hits	total %	total hits	total %	total hits	total %	total hits	total %	total hits	total %	total hits	total %	total hits	total %
Hay	1	0.4	0	0.0	0	0	8	2.3	0	0.0	11	1.6	0	0
Fodder	1	0.4	3	2.4	0	0	0	0.0	3	1.0	3	0.4	2	0
Fodder and grains	0	0.0	3	2.4	0	0	3	0.9	1	0.3	0	0.0	0	0
Fodder rice	1	0.4	5	4.0	0	0	2	0.6	1	0.3	0	0.0	0	0
Oats	0	0.0	0	0.0	0	0	1	0.3	0	0.0	1	0.1	5	0
Salt licks	0	0.0	0	0.0	0	0	0	0.0	0	0.0	0	0.0	0	0
Mixed pellet feed	0	0.0	0	0.0	0	0	0	0.0	0	0.0	0	0.0	0	0
<b>Total</b>	<b>3</b>	<b>1.3</b>	<b>11</b>	<b>8.9</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>4.0</b>	<b>5</b>	<b>1.7</b>	<b>15</b>	<b>2.2</b>	<b>7</b>	<b>0</b>

From the above table, it may be seen that the seasonal commodity prices requested averaged approximately 2.3 percent of all commodity price requests in the months during which they were collected. In 2007, a total of ninety seasonal commodity price requests were received, two percent of total prices sought.

Thirty-nine percent of the total requests for seasonal commodities were received during the period in which the commodity prices were not collected, i.e. between April and August. In these cases, no message is sent back to the user informing them that the information is not available. This may account for some of the feedback received from users in which they stated that they received no replies to messages they sent to the service.

Cashmere (code NL) accounted for twenty-eight percent of all commodity price requests in 2007. All four cashmere categories combined - cashmere, white cashmere, brown

cashmere and 40% cashmere - totaled over one third of all requests for the year. The most requested commodities in 2007 were:

**RBN 509 product requests - CY 2007**

**Ten most requested commodities**

	Code	Commodity	Total % of product requests
1	NL	Cashmere	27.6
2	MHB	Meat (bulk)	11.6
3	MH	Meat	10.1
4	YAR	Goat skin	5.4
5	NLC	Light/white cashmere	4.9
6	NEO	Sheep with casing	4.9
7	UMHB	Beef (bulk)	3.7
8	HMHB	Mutton (bulk)	3.5
9	NE	Sheep skin	2.7
10	BS	Petrol	2.2

Thirty-eight commodities, or sixty-nine percent all commodities listed, received less than one percent of total requests over the twelve month period. Of these thirty-eight, five commodities received two or less requests over the course of the year, and one commodity, 'big animal wool', received no requests at all.

Marmot skins proved to be the seventeenth most requested commodity price in 2007, even though the hunting of marmots and the subsequent selling of marmot products remains illegal. The number of hits received is indicative of an active trade in marmot skins. However, it needs to be borne in mind that the buying and selling of the product remains banned, and Pact and Mercy Corps should consider whether this commodity should be temporarily removed from the collection list.

The ten least requested commodities were:

**RBN 509 product requests - CY 2007**

**Ten least requested commodities**

	Code	Commodity	Total % of product requests
46	HUJ	Salt licks	0.1
47	SSH	Yak skin	0.1
48	HMHJ	Mutton (non-bulk)	0.1
49	YMHJ	Goat meat (non-bulk)	0.1
50	TSH	Camel skin	0.1
51	SAH	Yak wool	0.0
52	HOR	Mixed pellet feed	0.0
53	OY	Goat casing	0.0
54	AMHJ	Horse meat (non-bulk)	0.0
55	BOH	Big animal wool	0.0

Callers involved in the tele-monitoring exercise that stated that they would like to see additional commodities added to the data base, included staple daily products such as flour, dairy products, rice and vegetables, amongst others. Currently, monitoring activities

are being conducted in ten soums in ten aimags, and the results, expected before the end of January, will inform the list of potential new commodities. With the current process of automation underway, and the training workshop that is to be held for Market Watchers in February, a perfect opportunity exists to revise the current commodity database and support the Market Watchers through the changes.

When requesting commodity price information, the user needs to enter the geographical code for the area in which he/she is requesting the information, for example, camel meat prices in Zavkhan aimag. Most of the requests were for commodity price information in Ulaanbaatar. If Ulaanbaatar and the satellite districts of Emeelt and Nalaikh are combined, then 63.3 percent of requests were for the greater Ulaanbaatar area. The majority of RBN 509 users are based in the countryside. The high number of Ulaanbaatar price requests could reflect the practice of price comparisons in the seller's local area against prices in Ulaanbaatar in order to determine where to sell commodities.

Requests for aimags in which the Gobi Initiative is active and which may have had greater exposure to RBN products, account for twenty percent of total requests for the year. The remaining fourteen aimags account for the outstanding seventeen percent of requests. These aimags have seen minimal, if any, RBN marketing in recent years, and residents may be unaware of the benefits of accessing RBN 509. A targeted information and awareness raising campaign is necessary if the number of users is to increase.

### **RBN 509 product requests - CY 2007**

**Total number of phone requests received for each aimag code**

<b>Aimag</b>	<b>% of total requests received</b>
Ulaanbaatar	41.5
Emeelt	13.0
Omnogobi	9.2
Ovorkhangai	4.1
Arkhangai	3.9
Nalaikh	3.8
Hovd	3.3
Hentii	3.2
Darkhan	2.8
Dundgobi	2.6
Gobi-Altai	2.5
Hovsgol	1.7
Zavkhan	1.2
Dornod	1.0
Orkhon	1.0
Dorngobi	0.8
Sukhbaatar	0.8
Selenge	0.8
Bayankhongor	0.8
Uvs	0.6
Bulgan	0.5
Gobi-Sumber	0.5
Bayan-Olgii	0.4
<b>Total</b>	<b>100.0</b>

## Conclusions and Recommendations for RBN 509

1. The majority of RBN 509 users are from rural areas. There are now three additional cellular network providers, SkyTel, UniTel and G-Mobile. SkyTel and Unitel are active in every aimag, with SkyTel available in eighty-four locations, and G-Mobile available in fifty-eight locations, excluding in and around Ulaanbaatar. Some of these locations are not covered by MobiCom service. Given the rapid expansion of cellular network providers, Pact should investigate the possibility of expanding the RBN 509 service to include additional cell phone providers. This will create more opportunities to expand the breadth of coverage and the RBN 509 client base, thereby increasing access to information for the population. It would need to be determined if the software would support multiple distribution networks.
2. Interviews with current RBN 509 users supported the findings of the monitoring survey conducted in September 2007 regarding the lack of awareness about the RBN 509 Service. Targeted advertising and marketing campaigns through various mass media channels may significantly increase the number of potential clients. Such activities are particularly important in the non-Gobi Initiative aimags as these areas are likely to have had far less exposure to RBN products. With the move to sustainability, increasing the RBN 509 user base is essential in securing a vital source of additional income for the new NGO.
3. Price accuracy emerged as the main concern for clients. The existing system of data collection needs to be revisited, and a system of checking the validity and accuracy of data submitted by the Market Watchers at predetermined intervals should be examined. The performance based pay system for the Market Watchers that will come into effect with the automation process will support the timely arrival of information. However, the quality of the information needs to be closely monitored.
4. Ease of access to the RBN 509 service is critical for clients. Printing and distributing a sturdy, credit-card sized list of commodity price and aimag codes that can easily be used will help users to access the information more easily. Such cards could form part of a marketing campaign for a revamped RBN 509 service.
5. A new commodity price list must be created. The amendments to the commodity price list will be completed before the training workshop for the Market Watchers in February, and will form part of the automation pilot process with the two selected Market Watchers.
6. The commodity prices suggested in this report by respondents, as well as those that emerge from the monitoring exercise currently underway, will be included in the updated commodity price list. A standard measurement needs to be set for each of the commodities to ensure uniformity.
7. Marmot hunting is currently illegal in Mongolia, as is the buying and selling of marmot skins. Although the demand for marmot skin price information is evidence of an existing market, Pact needs to consider whether continuing to collect price

information for a commodity that is currently illegal to buy and sell is in keeping with Pact's ethos. A temporary removal of the commodity should be considered.

8. The current cost (eighty tugrugs) to send a message to RBN 509 is relatively cheap when considering that other MobiCom information services charge three to five times more than RBN 509. However, should changes to the costs incurred by users be changed, this should be included in marketing activities, and relative to the improvements that need to be made to the system. It should also be borne in mind that users of the 509 service and RBN magazine are likely to be faced with price increases for both products in 2008.

## Appendix 1

### RBN 509 product requests - CY 2007

Sorted by most-requested commodity prices

	Commodity	Code	Total requests	Total % of product requests
1	Cashmere	NL	1251	27.6
2	Meat (bulk)	MHB	525	11.6
3	Meat	MH	458	10.1
4	Goat skin	YAR	244	5.4
5	Light/white cashmere	NLC	220	4.9
6	Sheep with casing	NEO	221	4.9
7	Beef (bulk)	UMHB	166	3.7
8	Mutton (bulk)	HMHB	159	3.5
9	Sheep skin	NE	122	2.7
10	Petrol	BS	98	2.2
11	Skins and hides - 1	ARSH-1	91	2.0
12	Cow skin	USH	84	1.9
13	Brown Cashmere	NLB	79	1.7
14	Horse meat (bulk)	AMHB	70	1.5
15	American Dollar	USD	70	1.5
16	Horse skin	ASH	67	1.5
17	Marmot skin	TA	64	1.4
18	Currency exchange	VAL	52	1.1
19	Sheep wool	HON	37	0.8
20	Chinese Yuan	CNY	34	0.8
21	Camel meat (bulk)	TMHB	34	0.8
22	Hay	OVS	30	0.7
23	Meat (non-bulk)	MHJ	28	0.6
24	Soft camel wool	TNM	27	0.6
25	Goat meat (bulk)	YMHB	33	0.7
26	Wool	NOS	22	0.5
27	Diesel	DT	19	0.4
28	Fodder	OT	18	0.4
29	Horse mane	ADD	16	0.4
30	a-76, a -80	A-80	16	0.4
31	Skins and hides - 2	ARSH-2	20	0.4
32	Russian Ruble	RUB	14	0.3
33	Fodder and grains	OT	13	0.3
34	Hard camel wool	TNR	13	0.3
35	Fodder rice	TEB	12	0.3
36	Beef (non-bulk)	UMHJ	12	0.3
37	Oats	OWS	12	0.3
38	ai - 93	AI-93	9	0.2

39	Horse tails	ADS	9	0.2
40	ai -95	AI-95	7	0.2
41	Sheep casing	OH	8	0.2
42	By-products	DB	8	0.2
43	40% cashmere	NLE	6	0.1
44	Camel meat (non-bulk)	TMHJ	4	0.1
45	Euro	EUR	6	0.1
46	Salt licks	HUJ	3	0.1
47	Yak skin	SSH	3	0.1
48	Mutton (non-bulk)	HMHJ	3	0.1
49	Goat meat (non-bulk)	YMHJ	3	0.1
50	Camel skin	TSH	3	0.1
51	Yak wool	SAH	2	0.0
52	Mixed pellet feed	HOR	2	0.0
53	Goat casing	OY	2	0.0
55	Horse meat (non-bulk)	AMHJ	1	0.0
54	Big animal wool	BOH	0	0.0
<b>Total product requests</b>			<b>4530</b>	<b>100</b>