



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, THAILAND  
REGIONAL SUPPORT MISSION FOR EAST ASIA

August 1, 1996

Mr. Gordon Hein  
Vice President  
The Asia Foundation  
465 California Street  
14th Floor  
San Francisco, CA 94104

Subject: Cooperative Agreement No. 493-A-00-96-00003-00

Dear Mr. Hein:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby awards to The Asia Foundation (herein after referred to as "TAF" or "Recipient"), the sum set forth in Article C.1 of the Schedule of this Cooperative Agreement to provide support for a program in Cambodia as described in the Schedule (Attachment 1) of this Agreement and the Attachment 2, entitled "Program Description."

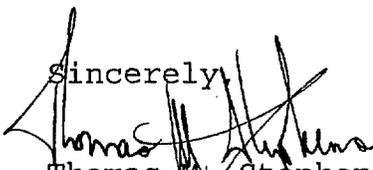
This Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning July 1, 1996 and ending on the date shown in Article B of the Schedule of this Agreement. USAID shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

This Agreement is made to the Recipient, on condition that the funds will be administered in accordance with the terms and conditions as set forth in 22 CFR 226, entitled "Administration of Assistance Awards to U.S. Non-Governmental Organizations"; Attachment 1, entitled "Schedule"; Attachment 2, entitled "Program Description"; and Attachment 3, entitled "Standard Provisions."

Please sign the original and each copy of this letter to acknowledge your receipt of the Agreement, and return the original and all but one copy to the Agreement Officer. Please note that upon signing of this Agreement, administration is transferred to Office of Regional Procurement, USAID/Philippines, APO AP 96440 or

International Mail at 18 Floor, RMC Bldg., 1680 Roxas Bldv., 1000  
Manila, Philippines, Telephone no. (632) 522-4411/573-781 and Fax  
no. (632) 522-4337.

Sincerely,

  
Thomas M. Stephens  
Agreement Officer  
Regional Procurement Office

**Attachments:**

1. Schedule
2. Program Description
3. ~~Standard Provisions~~

**ACKNOWLEDGED:**

The Asia Foundation

BY: GORDON HEIN 

Title: Vice President, The Asia Foundation

Date: August 7, 1996

**FISCAL DATA**

**A. GENERAL**

- |                                       |   |
|---------------------------------------|---|
| 1. Total Estimated USAID Amount:      | \$400,000   |
| 2. Total Obligated USAID Amount:      | \$400,000   |
| 3. Cost-Sharing Amount (Non-Federal): | NLT \$314,107   |
| 4. Project Number:                    | 438-0007  |
| 5. USAID Project Officer:             | John Grayzel, Chief<br>Office of Governance<br>& Participation<br>USAID/Philippines or<br>designate |
| 6. Tax I.D. Number:                   | 94-1191246  |
| 7. CEC Number:                        | 999-220-999   |
| 8. LOC Number:                        | 720013071   |

**B. SPECIFIC**

- |                   |                                 |
|-------------------|---------------------------------|
| 1. PIO/T Number:  | 438-0007-3-60003 & Amendment #1 |
| 2. Appropriation: | 726/71037                       |
| 3. Allocation:    | R960001                         |
| 4. BPC:           | HES6-96-23438-KG13              |
| Funding Source:   | USAID/Mongolia                  |

Clearance: O/PDe: DRobertson in draft dated July 27, 1996

**SCHEDULE**

A. Purpose of Agreement

The purpose of this Agreement is to provide support to the Recipient's Program entitled "Strengthening Civil Society in Mongolia", dated June 26, 1996, as described in Attachment 2 to this Agreement entitled "Program Description."

B. Period of Agreement

The effective date of this Agreement is the date of the cover letter and shall apply to commitments made by the Recipient beginning on July 1, 1996. The completion date of this Agreement is June 30, 1997.

C. Amount of Award and Payment

1. The total estimated amount of this Award for the period shown in Article B above is \$400,000. In addition, the Recipient and its sub-recipients shall contribute approximately \$314,107 or equivalent to 78.5% of the Total USAID Amount to the Program in accordance with "Cost Sharing/Matching", 22 CFR Section 226.23.

2. USAID hereby obligates the amount of \$400,000. This amount is estimated to cover program expenditures through the end of the Agreement.

3. Payment shall be made to the Recipient by USAID Letter of Credit in accordance with procedures set forth in 22 CFR 226.22.

D. Budget

The following is the Agreement Budget, including local cost financing items, if authorized. Revisions to this budget shall be made in accordance with 22 CFR 226.25.

<b>Cost Element</b>	<b>Total US\$</b>
Program Activities including final evaluation	167,157
Direct Operating Costs	
- Salaries/Benefits/Allowances	123,336
- Facilities	14,031
- Communications	2,417
- Travel	5,356
- Equipment/Supplies	3,160
Indirect Costs	<u>84,543</u>
Total USAID Amount	400,000
TAF Contribution	314,107

E. Reporting and Evaluation

1. Financial Reporting

In keeping with the requirements established in 22 CFR 226.52, the Recipient is required to:

a. Prepare a "Financial Status Report", SF 269a, on an accrual basis and submitted quarterly in an original and two copies to the Office of Financial Management, Cash Management and Payment Division, USAID, Washington, DC 20523.

b. Submit one copy each of the above financial reports shall be submitted to the Controller, USAID/Philippines, Office of Financial Management, Unit # 8115, APO AP 96440.

2. Program Reporting

The Recipient shall submit an original and one copy of performance report, covering period of the program, within 90 days after the completion date, to the AID Representative, USAID/Mongolia, Box F, FPO AP 96521-0002 or Project Officer, USAID/Philippines, and one copy to USAID, CDIE/DI, Washington, DC 20523-1802. Program reports shall include the information requested in 22 CFR 226.51.

Program Reporting shall be based upon the following established indicators and benchmarks under the Democratic Initiatives Strategic Objective from proposal:

Indicators/Benchmarks to be achieved by the end of the Cooperative Agreement

--CINGOs supported under CA increase membership of at least 15 percent

--CINGOs expand geographic representation of at least ten new rural chapters each

--At least three CINGOs will increase non-USAID/TAF institutional funding sources by acquiring two new donors each

--At least five CINGOs will demonstrate greater financial self-sustainability through placement of realistic and operational plans for fundraising and/or a 10% increase in non-USAID levels of income or funding

--At least two concrete examples of CINGOs influencing policy reform, particularly economic and political reform

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- Passage of a favorable NGO law
- Greater than 50% success rate by CINGOs in accessing official information from government archives
- New CINGO will be established (defined to include registration with Ministry of Justice, new charter, mission statement, board of directors, approved bylaws) and will demonstrate concrete evidence of its influence on policy reform

F. Special provisions

1. Use of Department of State pouch facilities is not authorized under this Agreement.

2. The Recipient is responsible for all logistical support, including procurement of goods and services, required under this Agreement;

3. In addition to the Mandatory Standard Provision at Attachment 3, the following Optional Standard Provisions are applicable to this Agreement: 1 - OMB Approval Under the Paperwork Reduction Act, 2 - Air Travel and Transportation, 3 - Ocean Shipment of Goods, 4 - USAID Eligibility Rules for Goods and Services, 5 - Subagreements, 6 - Local Cost Financing, 8 - Publications, 10 - Negotiated Indirect Cost Rates - Provisional (Non Profits), 12 - Regulations Governing Employees, 19 - Conversion of US Dollars to Local Currency, 20 - Public Notice, and 22 - Communications Products.

G. Indirect Cost Rate

Pursuant to the provisions of the Optional Standard Provision of this Agreement entitled "Negotiated Indirect Cost Rate - Provisional," the indirect cost rate applicable to this Agreement is as follows:

Type	Rate	Base	Period
Provisional	26.8%	Total Direct Costs	From CA effective date until rate is amended.

H. Title to Property

The title of property purchased with USAID funds under this Agreement shall be vested to the Recipient per 22 CFR Section 226.34.

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I. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this Agreement shall be in accordance with the Optional Standard Provision entitled "AID Eligibility Rules for Goods and Services." Also, see Optional Standard Provision entitled "Local Cost Financing."

J. Cost Sharing

The Recipient and its sub-recipients agree to expend a cost sharing amount indicated in Section D for the purposes of the program. Cost sharing will be in accordance with 22 CFR section 226.23.

K. Substantial Involvement Understanding

USAID intends to have substantial involvement in activities of the Recipient. This substantial involvement will be as follows:

1. USAID approval of an annual workplan - Due on September 1, 1996.

2. USAID approval of key personnel. For the purpose of this Cooperative Agreement, key personnel positions are:

- Program Manager, Expatriate
- Program Officer, Mongolian National
- Program Officer/Administrator, Mongolian National

CA No. 493-A-00-00003-00  
Attachment 2

**ATTACHMENT 2**

**PROGRAM DESCRIPTION**

The Recipient's proposal entitled "Strengthening Civil Society in Mongolia" under Mongolia Democratic Initiatives Project is attached hereto as the Program Description (Attachment 2) and is made a part of this Agreement.

A PROPOSAL FOR STRENGTHENING CIVIL SOCIETY IN MONGOLIA

From

The Asia Foundation \

to the

U.S. Agency for International Development

July 1, 1996 -- June 30, 1997

The Asia Foundation/Mongolia Office  
The Log Cabin Behind the Lenin Museum  
2/1 Freedom Square, Revolutionaries' Street  
Ulaanbaatar, Mongolia

26 June 1996

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## STRENGTHENING CIVIL SOCIETY IN MONGOLIA

### Executive Summary:

With this proposal, The Asia Foundation is seeking \$400,000 for a one-year program for the development and strengthening of civil society in Mongolia. This proposal builds on programs in this critical area of democratization that have been implemented by The Asia Foundation with USAID funding in recent years. The proposal is also responsive to the civil society component of USAID's democracy sector Strategic Objective. In cooperating with USAID in this new endeavor, The Asia Foundation plans to mobilize and contribute approximately \$314,000 in non-federal counterpart support.

To put the proposed program in context, a few words are in order about the evolution of democracy in Mongolia, and the cooperative response taken by USAID and The Asia Foundation to address Mongolia's needs in this area. In December 1989, after nearly 70 years of communism, Mongolia became the first Asian Leninist state to undertake the transition from communism toward a market-oriented democracy. In January 1990, the Government of Mongolia asked The Asia Foundation for assistance in making the transition. The Foundation responded immediately and positively. Its support has focused primarily on three areas: developing a new system of representative governance; creating and strengthening a competent and independent judiciary; and encouraging the growth of civil society (the focus of this proposal).

During the first phase of its transition process (1990-92), Mongolia focused on drafting a new constitution, passing its first law for free and fair elections, establishing a legal framework for the protection of basic human rights, and setting up a new structure of government, including a new unicameral parliament. During this period, Asia Foundation support was targeted at the achievement of these objectives. The first grant from USAID to The Asia Foundation for democracy programming was implemented during this period.

The second phase of Mongolia's democratization process began with the national parliamentary elections in June 1992 and will conclude on June 30, 1996 with the second parliamentary elections under the country's new constitution. That date also represents the end of USAID's current grant to the Foundation. During this phase, the Foundation increased its attention to and support of the judiciary and the newly-emerging community of NGOs. While the objective of the first phase of democratization was to set up an entirely new system and structure of government, the second phase has been focused on making the new system and processes of government work.

The third phase of Mongolia's democratization process will begin with the elections on June 30. The Foundation will focus its activities on the weakest sector of Mongolia's democracy: civil society. Most of the Foundation's support will go to in-country activities aimed at consolidating the gains made in the previous

two phases of democratization. The Foundation's programs with non-governmental organizations (NGOs) will fill distinctive niches not being addressed by other international donors. In keeping with USAID's Strategic Objective for democracy in Mongolia, the Foundation has developed an Intermediate Results package to guide the development, implementation and evaluation of the program.

This Intermediate Results package responds to the objective of developing a strong and self-sustaining community of citizen-initiated non-governmental organizations (CINGOs). These true, grassroots NGOs first emerged in 1992. Since then, the Foundation's support has focused on developing the organizational and management capacities of these NGOs and on developing a favorable legal environment for them.

In the program plan for this proposal, the Foundation intends to shift the primary thrust of its activities from the institutional development of NGOs in general to support for a select number of key Mongolian NGOs playing advocacy, oversight and/or civic education roles. More specifically, the Foundation will support Mongolia's new grassroots NGOs as they attempt to influence a range of important public policy issues facing the country, particularly policy issues that relate to political and economic reform. The Foundation will also support NGOs that are providing research and information services to the other NGOs which are playing advocacy, oversight and civic education roles. Moreover, the Foundation will continue support of NGOs which are trying to establish a favorable legal and regulatory environment for NGOs. Although still organizationally weak, these NGOs represent a growing force for political and economic change and are on the verge of playing an important role in public affairs. The activities proposed under this program are designed to strengthen that role.

To the extent that this IR focuses on economic policy issues, it will be complementary to USAID/Mongolia's other Strategic Objective dealing with economic reform. Indeed, the two Strategic Objectives taken together can be seen as supporting development on both sides of a supply-and-demand equation related to economic reform. The Economic Policy Support Program, focusing its attention on the government's economic policies, represents the supply side. The program proposed here, with its focus on attention to non-governmental organizations, represents the demand side. The resulting complementarities will provide a balanced framework for USAID's continuing assistance program.

## PROPOSAL FOR THE STRENGTHENING OF CIVIL SOCIETY IN MONGOLIA

### I. Background: Origins and Evolution of Mongolian Democracy

In 1921, Mongolia became the first country to adopt Communism after the 1917 Russian Revolution. In December 1989, after nearly 70 years of communism, Mongolia became the first Asian Leninist state to undertake the transition from communism toward a market-oriented democracy. In January 1990, the Government of Mongolia asked The Asia Foundation for assistance in making the transition. The Foundation responded immediately and positively. Its support has focused primarily on three areas: developing a new system of representative governance; creating and strengthening a competent and independent judiciary; and encouraging the growth of civil society.

From 1990 to 1992, the government established an interim parliament known as the Baga (Small) Hural. It was formed as a result of the country's first free and fair elections in June 1990, and its mandate was to draft a new constitution as the legal framework for democracy. This included the need to build an entirely new structure of government based on the principles of separation and balance of powers, to provide for the protection of fundamental human rights, and to institutionalize processes for the development of a market economy and a system of representative governance.

The country's leaders chose to effect both political and economic transitions simultaneously, a daunting and painful challenge for any country. The difficulties were compounded by the sudden withdrawal of long-term, massive economic support from the former Soviet Union. This combination of drastic change and sudden loss of patronage sent Mongolia into an economic tailspin, causing great hardship for the people.

Nevertheless, Mongolia stayed the course and, in February 1992, promulgated a new constitution. Constitutional law experts generally agree that the constitution is a strong one in terms of protecting human rights and establishing the primary institutions of democracy.

In June 1992, Mongolia held its first parliamentary elections under the new constitution. International observers considered those elections to be free and fair, as they were in 1990. However, for a variety of reasons, the Mongolian People's Revolutionary Party (the MPRP - formerly the Communist Party) garnered 71 out of 76 seats in Mongolia's new unicameral parliament, the State Great Hural. A new, single-party (MPRP) government was formed under the leadership of Prime Minister P. Jasrai. In the fall of 1992, the first local elections were held under the new constitution and in 1993 the first direct and open presidential election was held.

Since 1992, therefore, Mongolia has been operating under its new constitution. However, the overwhelming domination of both the parliament and the government by the MPRP has had an impact on the country's democratization process. Long-time observers of the political scene in Mongolia generally agree that the pace of reform has slowed since 1992. During the interim period (1990-92), the Baga Hural membership comprised a broad and representative range of political views in Mongolia at the time, making it a forum for meaningful dialogue and debate. The current parliament is monolithic in its representation (MPRP). Neither voting records of individual members of parliament (MPs), nor transcripts of daily deliberations are made public. The parliament's activities, therefore, are not transparent and, as a consequence, its members are not accountable to the citizens who elected them. This is one of the gaping flaws in Mongolia's democracy at the present time.

Mongolia's new constitution and the 1993 Law on Courts established the basic elements for an independent judiciary. Yet the judiciary remains the weakest and least competent of the three "equal" branches of government. It is plagued by myriad problems that hinder it from realizing its mandate under the law. Among those problems are: infringement by the other two branches of government on judicial authorities; insufficient budget from the government to carry out its functions fully and effectively; judges who are not familiar with the basic principles and practices of democracy; the lack of any regular and reliable system for communication of information to judges; a poor understanding by citizens of their legal rights under the law and of how to use the courts to redress their grievances; and others.

Under communism in Mongolia (as in other authoritarian systems of both the left and right), mass organizations existed which the sponsoring governments called "non-governmental organizations." In reality, these organizations were created and financed by the State to serve the interests of the Communist Party. Such organizations are often characterized as "governmental non-governmental organizations" (GONGOs), one of the great oxymorons in the lexicon of political science.

GONGOs were an important part of the communist political system in Mongolia through 1992. They included such organizations as the Federation of Peace and Friendship Organizations, the Mongolian Women's Federation, the Mongolian Association for the Conservation of Nature and the Environment, and others. Their goals were to serve Party interests, not the interests of the people as articulated by the people themselves. Given support by the State, GONGOs came to have enormous assets in terms of financial and property resources and had large (not entirely voluntary) memberships in local branches throughout the country. Some of the GONGOs, like the Mongolian Red Cross Society, did provide service delivery functions for the people in the area of public health, but this was more driven by the Party's socialist ideology than a

populist concern for the welfare of fellow citizens.

In 1992, the first grassroots, citizen-initiated NGOs (CINGOs) appeared in Mongolia. By that time, the country was politically free enough under its new constitution to allow individuals to establish their own organizations outside of party and government control and to pursue their own interests. Those interests were largely public interests; that is, to serve and promote the interests of ordinary citizens as they struggled to make their voices heard and to assert their rights in Mongolia's fledgling democracy.

Unlike GONGOs, which inherited substantial financial and tangible wealth from the previous system of government, CINGOs have virtually nothing. As one of the early CINGO leaders said in 1992, "We have nothing -- no money, no property, no office -- just ideas, energy and commitment to our cause." Ideas, energy and commitment -- those are powerful assets in a free society. These traits have characterized and nurtured the emergence of CINGOs (hereinafter referred to simply as NGOs) and the beginnings of pluralism in Mongolia.

Since 1992, these infant grassroots NGOs have been struggling just to learn how to walk and to maintain their balance. In other words, they have been learning how to organize, govern and finance themselves; how to compete with the much stronger and wealthier inheritor GONGOs; and how to survive in a political system which often sees these grassroots NGOs as a threat to the ruling party's legitimacy.

The new NGOs are performing roles never performed before by the GONGOs of Mongolia -- roles of advocacy, oversight and civic (non-formal) education. With the new NGOs, participation has become voluntary in contrast to the compulsory style of the old GONGOs. In the spring of 1996, pluralism and popular participation in public affairs are budding in Mongolia.

Nowhere can this be seen more clearly than in the emergence of non-partisan civic and voter education activities by these NGOs, leading up to the parliamentary election on June 30, 1996. These elections will be only the second such plebiscite under the country's 1992 constitution. And, for the first time ever, NGOs have been playing an active, non-partisan and visible role in the process.

The forthcoming elections will mark another milestone in the evolution of Mongolian democracy. Questions naturally arise as to where Mongolia will go from here and, assuming Mongolia's commitment to democratization continues, how U.S. assistance can provide the most cost-effective support for this on-going process. That is precisely the subject of this proposal to USAID.

Given the above background, The Asia Foundation is proposing continuing funding from USAID for its further democracy program in Mongolia, focusing on the further strengthening of Mongolian civil society organizations. As described below, this proposal is fully consistent with, and responsive to USAID/Mongolia's democracy-sector Strategic Objective, known as SO2.

## II. Statement and Description of Strategic Objective:

**To Consolidate the Gains in Transparency, Accountability, Competence, and Responsiveness of Mongolia's Primary Institutions of Democracy**

### Introduction:

As noted above, Mongolia has made notable progress in a short time in its transition toward democracy. Yet much remains to be done to consolidate these gains. The question now is to ascertain where limited funds can be targeted in a distinctive manner to effect the greatest results. Under the program proposed here, The Asia Foundation will focus its support on the weakest element of Mongolia's democracy: civil society. The Foundation's support strategy is presented in Section III.

### Indicators:

To facilitate the process of gauging progress toward the Strategic Objective as a whole, and to add an important dimension of public perception to this process, the Foundation plans to collaborate with the Sant Maral Foundation. This indigenous NGO is funded largely by the Konrad Adenauer Foundation (KAF) of Germany. The Sant Maral Foundation has been conducting public opinion surveys over the last year on voters' attitudes about current affairs in Mongolia. These polls currently provide the only regular assessment of public opinion about the status of democracy in Mongolia.

Because many of the questions posed in these surveys relate directly to the substance of USAID's SO2, the polls are useful in establishing a statistical baseline for public opinion about political reform and the democratization process in Mongolia. Given this, The Asia Foundation proposes to use these ongoing social survey polls as one resource in quantifying progress toward the SO2 as a whole. To make the polls more relevant in this regard, the Sant Maral Foundation has agreed to cooperate with The Asia Foundation by adding a number of new questions to its survey that deal specifically with the IR contained in this proposal to USAID.

### Critical Assumptions for Strategic Objective:

Achievement of this Strategic Objective depends on a number of assumptions which are beyond the control of USAID and The Asia Foundation. The first assumption is that the economic transition will continue in a positive direction and that progress will result in an improvement in the quality of life for a majority of Mongolians. Unless the economic aspirations of Mongolians, many of

whom have suffered over the past five years, begin to be realized, interest in and dedication to strengthening democracy could be lost.

Another assumption is that some measure of international donor assistance will continue for the foreseeable future in all sectors. Mongolia cannot complete the transition process successfully without such assistance. Yet, as the UNDP's Resident Representative has said, continued donor assistance depends on continued and demonstrated commitment by the government to democratic and political reforms.

Foreign donor programs in Mongolia are predicated on the assumption that the risk of external security threats from the country's neighbors and others is minimal. While beyond the control of foreign donor organizations, the development of Mongolia's foreign relations over the last six years gives confidence that security problems will not pose a threat to continued democratization in the foreseeable future. Regional stability is likely to prevail. Should it not, however, the democratization process could be suspended, if not reversed.

A final assumption, and the wild card in the democratization deck, is the continued operation of the decades-old, inefficient, technologically obsolete, and environmentally perilous power plants. These Russian-built plants provide heat, steam, electricity and hot water to people living in permanent settlements such as Ulaanbaatar and the provincial capitals. A massive breakdown of the power plants for an extended period of time, particularly during the long and bitter winters, could seriously destabilize the government, the economy and the democratization process. Four years of assistance from USAID and other international donors has been critical in keeping the power supply more or less on line. Responsibility for this is now being transferred to other international donors and contractors. This wild card is still in the deck.

### III. Intermediate Result (IR):

Consistent with USAID's democracy-sector Strategic Objective, The Asia Foundation will address the following intermediate result dealing with civil society. It is presented below, with sections describing the background, quarterly program plan, implementation plan, and results monitoring plan including indicators, baselines and targets.

**IR#1: A Robust and Self-sustaining Community of Indigenous CINGOs exists capable of influencing the Mongolian political and economic policy reform process (\$167,157)**

#### Background:

As mentioned above, the first true grassroots NGOs (i.e., CINGOs)

were established in 1992. In a democracy, NGOs play many roles and serve many functions. Some NGOs, for example, have service delivery functions such as those concerned with health, poverty or the disadvantaged. Other NGOs are established primarily to benefit their own members. These would include professional associations and trade unions. Still other NGOs concern themselves with issues of broad public interest. These NGOs play advocacy, oversight and civic education roles covering a broad range of policy areas that affect people's lives.

It is this final group of NGOs which The Asia Foundation has been searching for, identifying and supporting over the last four years. They represent an essential element of any pluralistic democracy. In political systems transitioning from communism to democracy, these nascent CINGOs are the weakest and least experienced sector of society, yet they are attempting to assume enormous responsibilities in promoting continuing democratization. In human terms, this might be analogous to children who have just learned how to walk attempting to reform the life style and philosophy of their elderly, authoritarian parents.

The 1992 parliamentary elections in Mongolia led to an overwhelming victory for the Mongolian People's Revolutionary Party (MPRP - the former Communist Party) and to the establishment of a de facto single-party (MPRP) government. Since 1992, the parliament, with 70 of 76 seats controlled by the MPRP, has not served as a forum for meaningful debate on public policy issues. Furthermore, the transcripts of daily deliberations in parliament are not published and distributed and, so, are not part of the public record. Furthermore, voting records of members of parliament (MPs) are not recorded, so the public has little, if any, idea as to how their elected representatives voted on specific issues. As for the MPs themselves, many have the attitude that they represent "The Country" as a whole rather than the district from which they were elected. The notion of being accountable to the constituency which elected them does not yet exist. In the last four years, therefore, the parliament has lacked transparency and accountability. Similar comments can be made about both the executive and judicial branches of government.

Although the word "democracy" is widely used, most people still do not have a good understanding of the concepts and principles underlying it nor of their rights as conferred by the country's constitution and other laws. One might think that the government has a responsibility to inform and educate the people about the basics of democracy. Yet this is not happening in Mongolia. For the most part, schools and universities are still using old textbooks on government and political science produced under the socialist regime. Neither the judiciary nor the Ministry of Justice has the capability or capacity to inform the people about their rights under the law or how to access those rights. Moreover, the Central Election Commission is doing virtually nothing to educate the

electorate about their rights and responsibilities as voters. The media has also been undermined from freely covering issues related to the elections.

#### NGOs and Public Policy:

While constitutionally democratic, Mongolia's current government continues to exhibit many characteristics of the former communist system. This is the political environment in which Mongolia's NGOs are cutting their teeth. While still stumbling organizationally in youthful exuberance, these NGOs are taking on policy issues of national importance; issues that are being ignored by the government, either wilfully or through its lack of institutional capacity or competence.

Given the general lack of transparency and accountability in the parliament and other branches of government, Mongolia's CINGOs have assumed the important role of public forums and sources of citizen input on issues of public policy. Through a variety of Foundation-funded conferences, seminars and roundtables, NGOs have engaged MPs, the judiciary and civil servants in the government in the open debate and discussion of a broad range of public policy issues. In the last four years, for example, NGOs have attempted to reform the electoral law, to press for greater representation of women in parliament, to lobby parliament to open up its archives to citizens, to publish voting records of MPs, and to oversee the government's national action plan for women. NGOs have taken the initiative to draft new laws or amend old ones in cooperation with MPs and relevant civil servants in the government and judiciary. And, in the absence of government-led efforts, NGOs have undertaken a number of civic education programs in the field of democracy, including a series of voter education activities leading up to the June elections.

Such activities undertaken by NGOs are contributing to a greater transparency and accountability in the way public policy issues are dealt with in Mongolia. It is these NGOs which will continue to be the focus of the Foundation's support under the proposed program.

#### Program Plan:

Over the last four years, The Asia Foundation has helped develop the organizational capacities of Mongolia's new CINGOs, particularly those playing advocacy, oversight and civic education roles. The Foundation has also actively supported those organizations seeking to develop a legal environment conducive to the growth of NGOs. These four years might be called the "institution building" phase for Mongolia's new NGOs.

A pool of local expertise on NGOs exists now in Mongolia, much of it the result of previous USAID-funded activities. There are NGO leaders and activists who are knowledgeable about the basic principles of NGO organization and management and the roles they play. While further training in these areas will be needed, the

Foundation believes the time is right to begin to shift the emphasis of its programs from institution building per se to supporting the activities of NGOs that are or have the potential to influence public policy, either political or economic.

Currently ten CINGOs with which The Asia Foundation is working have the potential either to influence the political and economic reform process in Mongolia or to provide support services for those NGOs which can. Among these groups, five are women's NGOs. For those organizations, gender issues are on the front burner.

All ten of these organizations are actively concerned with critical public policy fields such as corruption, labor and unemployment, the environment, government budget procedures, women, poverty, the media, election systems, secondary markets and other macro-economic issues such as privatization, banking, taxation.

The Foundation will take a four-pronged approach to the development of these NGOs and the attainment of the overall IR. First, support will go to activities aimed at finalizing the draft NGO law, educating MPs and the public about its key provisions and working toward its passage in the new parliament. This is an essential step if Mongolian NGOs are to be successful in taking on an effective policy advocacy role.

Second, support will go to NGOs pursuing a range of economic and other policy issues of concern to them. These NGOs will interface with the government in their advocacy and oversight activities and with the general public in their civic education roles.

Third, the Foundation will fund NGOs providing research and information support services to other NGOs engaged directly in policy development, oversight or reform. Thus, important linkages of communication and support will be established among NGOs as well as between NGOs and the government and between NGOs and the public.

Fourth, two new and important NGOs are now in the incipient stages of planning and development. The Foundation is prepared to fund the start up costs of at least one of them should planning for them reach that point. Ideas for both of them have evolved from previous USAID-funded activities, and the establishment of one of them would represent an incremental advancement in the creation of a strong community of independent, policy-focused citizens organizations in Mongolia.

The Foundation's plan under this IR also envisions program complementarities between this IR and USAID's economic policy strategic objective (SO1). For example, the Foundation expects that the Women Economists' Club will carry out independent research and analysis on macro-economic policy issues leading to position papers that will be presented to the parliament and government during the third quarter of this proposed grant.

Implementation Plan:

Working closely with the ten CINGOs, the Foundation will implement programs within the four inter-related and mutually re-enforcing categories identified above: (1) An enabling NGO law to support NGO policy advocacy and oversight; (2) Direct policy advocacy, oversight and reform; (3) Research and information support services for public policy NGOs; and, (4) Institutional support for one or two new policy- or service-oriented NGOs, should they emerge.

The project activities which the Foundation envisions supporting under this grant are presented on a quarterly basis below. These activities were developed based upon discussions which the Foundation has had with each of the NGOs over the final two months of the current grant. They represent realistic, timely and relevant programs for Mongolia's current political and economic environment. Each of the activities is also supportive of one or more of the indicators given in the section below and is designed to contribute toward progress in achieving the overall IR.

**Quarter #1: July - September 1996**

- Sant Maral Foundation: Primary research institution for surveys that will establish quantifiable baseline statistics upon which ambitious targets for USAID-supported democratization programming will be set.

- Women for Social Progress: Research and analysis of parliamentary election results followed by a conference on the subject with international participants. Proposals for amending the election law in advance of elections late in 1996 and 1997 will be developed and submitted to the parliament.

- Press Institute of Mongolia: Analysis of the media's coverage of the June 1996 parliamentary elections followed by a conference to discuss the findings. Results will be presented in a position paper which will be presented to the government in advance of the next elections.

- Women Lawyers' Association: Study tour to the United States to look at U.S. policies and laws relating to the protection and advancement of women's rights and at U.S. organizations involved in advocacy and oversight activities regarding women's rights.

- Women's Research and Information Center: Commissioned research and analysis of policy issues affecting women for other NGOs as part of those NGOs' policy advocacy and oversight activities. WIRC can be expected to carry out commissioned research for various NGOs during the course of the grant.

**Quarter #2: October - December 1996**

- Consumer Protection Association: Three-month consultancy to work intensively with the NGOs on financial management, fund-raising, and long-term program and operational planning. This project

activity was a key recommendation made by the most recent NGO Ethics consultants funded under the current USAID grant.

- Consumer Protection Association: Consultancy and seminar to review the draft NGO law, to propose changes in the draft that are necessary to make it favorable for the growth of NGOs, and to advocate its passage by the parliament.

- Press Institute of Mongolia: Consultancy and seminar on the draft law for a free and independent media. The consultancy/seminar will result in recommendations for amendments to the draft and coordinated efforts by the participants for its passage in parliament.

- Central Asian Development Foundation: Nation-wide program in civics education for Mongolia's social studies teachers, including the publication of supporting teaching materials. The CADF has already prepared an extensive set of training materials with support from other donor organizations. This project activity will advance the level of understanding of civics in a democracy to those who must teach it to the next generation.

- Liberal Women's Brain Pool: Monitoring of government performance on select public policy issues (e.g., national action plan for women; poverty alleviation program) and development of advocacy activities appropriate to the findings of that review.

- Women for Social Progress: Support for the establishment of an independent Voter Information and Education Center as a new NGO providing non-partisan support services to other NGOs involved in policy oversight and advocacy activities related to elections and election systems.

### **Quarter #3: January - March 1997**

- Women for Social Progress: Public forum on representative governance, focusing on the principles and practices of transparency and accountability in legislatures. The conference objectives will be to make recommendations to the parliament for changes in its policies and procedures related to making voting records and session proceedings public.

- Women Economists Club: Independent research and analysis on select economic reform issues of national concern with accompanying activities to assess the status and future directions of Mongolia's economic development. Depending on the policy issues the WEC chooses, recommendations for economic reform will be presented to the relevant government agency as position papers. This project activity would have strong complementarity and cooperation with USAID's other Strategic Objective of economic policy reform.

- Women Lawyers' Association: Development and implementation of legal literacy, legal aid and legal advocacy programs for both the

public and government. This project activity will demonstrably build from the knowledge gained during participation in the U.S. study tour noted in the first quarter of this proposed grant.

**Quarter #4: April - June 1997**

- Women for Social Progress/Voter Information and Education Center: Following the creation of the VIEC, non-partisan voter education materials related to the presidential election in autumn 1997 will be researched, created, and distributed. This round of voter education programming will mirror activities funded under a current grant from USAID/WIP, and include a comprehensive series of activities that reach voters nation-wide.

- Mongolian Group for Independence of Judges and Lawyers: Activities carried out by this NGO will monitor government policies including budget allocations to the judiciary and make recommendations to policy-makers that strengthen judicial independence and professional standards.

- Selection and identification of an independent evaluator to assess the progress and impact of the proposed project activities and to make recommendations to The Asia Foundation and to USAID as to options for future support.

Implementation Environment:

A single year is a short period of time in which to develop and implement project activities and have each activity bear fruit. This is particularly true in an area of programming such as civil society development, where it often takes years for the fundamental concepts of transparency and accountability to become part of the basic social fabric. Despite this truism, the Foundation believes that the project activities noted above are realistic and important and are presented in a logical progression that will contribute to the development of civil society in Mongolia. These projects build on advances made in earlier activities supported under previous USAID grants.

The local context in which these project activities will be carried out bears some description to better understand the method of implementation for this proposed grant. Many of the present leaders of the citizen-initiated NGOs with whom the Foundation has conducted programming are running in the current parliamentary elections. For these leaders, wanting to move from the non-governmental side of democratic development to an official role is a natural course.

Should most of these NGO leaders win seats in parliament, the Foundation will still be in a position to continue its NGO programming. This is because one of the chief objectives of recent civil society-focused project activities supported by USAID and carried out by The Asia Foundation has been to deepen the leadership capacity of growing NGOs. However, the initial

implementation of new project ideas is likely to start more slowly as the next generation of NGO leaders take up the reins and prove their legitimacy to their memberships.

In addition, there may be government officials moving out of the ranks of governmental leadership and possibly establishing their own NGOs and private centers which may or may not bear consideration as potential program partners. Again, the highly fluid political situation created by the parliamentary elections in Mongolia makes it difficult to project with any certainty who will be wearing what hat until the final parliament and government are formed at the end of August 1996.

In spite of the capricious programming environment, the Foundation will assess the dynamics of the new political situation immediately following the elections and identify the likely policy priorities of the new government. Once the new government reveals the general priorities it will pursue, local NGOs will have the ability to refine and refocus their own programs and objectives. Use of Sant Maral Foundation post-election public opinion surveys will also help in this regard.

By September 30, 1996, the Foundation will have coordinated a mutually agreeable workplan, authorized by USAID/Mongolia, for project activities for the duration of this proposed grant. Prior to the authorization of that workplan, The Asia Foundation proposes to return to the use of project activity proposals that would authorize activities on a case-by-case basis. This bridging mechanism in project authorization would allow The Asia Foundation to support project activities whose implementation is timely during the transition period from the elections to the creation and seating of the new government.

In the spring of 1997, the Foundation will begin to scale down program development work in anticipation of closing the grant in late summer-1997. This is reflected in the foregoing quarterly program plan presented. Prior to the conclusion of the grant, the Foundation will coordinate an independent evaluation with USAID. The scope of work of the independent evaluator will be mutually agreed upon prior to the selection of that evaluator.

#### Indicators, Baselines and Targets (General):

Achievement of results for this IR will be measured by eight indicators with their concomitant baselines and targets in the following section. The indicators, baselines, and targets presented below have been modified and refined from those contained in the most recent version of the SO2 Charter available to The Asia Foundation. However, due to the limited duration of this proposed grant, benchmarks and targets become virtually synonymous. Nevertheless, per the RFA of May 22, 1996, they should be considered "draft" and will be refined over the course of the grant.

Indicators, Baselines and Targets (Specific):

1. NGOs increase membership - NGOs supported under the proposed grant will show a quantifiable expansion in membership.
2. NGOs expand geographic representation - NGOs, whose membership has come from predominantly urban areas to date, will expand their reach into rural areas.
3. Increase in diversity of funding - The NGOs receiving funding from this proposed grant will exhibit an increase in the diversification of institutional funding sources.
4. Strengthened self-sustainability - NGOs supported under the grant will demonstrate an improved capacity for financial self-sustainability.
5. Influence on public policy - NGOs will improve their ability to monitor, analyze, and/or influence laws, regulations, and policies relating to political and economic reform.
6. Enabling Environment - Promulgation of a comprehensive and fair law that provides for a favorable enabling environment in which NGOs can operate and thrive.
7. NGO access to official information and meetings - NGOs overseeing government activities will gain regularized access to information regarding the laws, regulations and policies which effect the substantive issues that NGOs are seeking to influence.
8. Establishment of new NGO - One new CINGO will be established that can either provide support services to NGOs and/or directly influence public policy-making.

Baseline and Targets:

1. As discussed in earlier SO2 Extended Team sessions, baseline figures for NGO membership will be determined at the outset of the grant by direct interviews with NGOs. A 15 percent increase in membership of NGOs is expected by the end of the grant.
2. Baseline figures for the current geographical reach of the primary NGOs with which the Foundation will work will also be assessed in the above-noted survey. By the end of the grant, NGOs with regional interests will increase the numbers of their rural chapters by ten each.
3. Current diversity of funding sources will be determined at the outset of grant by direct interviews with NGOs. By the end of the grant, at least three NGOs will increase their non-USAID institutional funding sources by two new donors each.

4. Based on the above-noted survey of funding patterns, at least five NGOs will demonstrate greater financial self-sustainability through the placement of a realistic and operative plan for fundraising and/or a 10 percent increase in non-USAID levels of income or funding.

5. No NGO can claim clear influence on a specific public policy to date. By the end of this grant, at least two examples will be cited where NGO activities have led to oversight of and/or influence on policy reform, particularly in the areas of economics and politics.

6. No such law exists. By the end of the grant, a law favorable to the growth of NGOs will have been passed by parliament. To be "favorable," such a law should have provisions allowing tax deductions for contributors to NGOs, tax exemptions for the NGOs receiving donations, the right to earn income from businesses related to the missions of the NGOs, access to information from the government, and the development of equitable registration policies.

7. NGOs have gained access to government archives only once in the past 18 months. By the end of the grant, such access will be given on a regular, per-request basis. Success will be measured by an access rate that is greater than 50 percent.

8. The new CINGO does not now exist. By the end of the grant, that CINGO will be established and duly registered with the Ministry of Justice (i.e., with charter, mission statement, board of directors, approved Bylaws, etc.), and will show evidence of its capacity to influence public policy.

#### IV. Monitoring, Reporting and Evaluation:

The Asia Foundation has an effective on-the-ground capability through its expatriate and Mongolian staff in Ulaanbaatar to monitor the implementation, reporting and financial accounting requirements of its subgrantees. This capability will continue under the new grant.

The Foundation will submit one semi-annual progress report (both program and financial) by January 31, 1997. A final report covering the entire grant will be submitted within 45-days after the close of the grant on August 15, 1997.

In addition to detailing the activities undertaken during the reporting periods, these reports will assess progress made toward the Intermediate Result and in the IR's contribution toward achieving the overall Strategic Objective. The reports will also describe the synergies and complementarities between the IR and USAID's other Strategic Objective on economic reform.

In May 1997, the Foundation will contract with a consultant to carry out an external evaluation of the grant. This will be done

two months before the end of the grant in order that the consultant's findings and recommendations can be reviewed both by USAID and TAF in considering what further assistance may be warranted in the democracy sector after June 30, 1997.

During the course of the grant, The Asia Foundation, in collaboration with USAID/Mongolia, will organize periodic progress meetings, which will include embassy staff as appropriate. In addition, the Foundation will periodically organize focus groups with Mongolians and representatives of other donor organizations to discuss current affairs in Mongolia, particularly as they relate to the Civil Society IR addressed in this proposal. And, as under the present grant, the Foundation will insure that its subgrantees invite USAID to specific activities as those activities take place.

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