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## *The Mongolia Monitor*

News from USAID/Mongolia

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### Mission News:

This month the Mission welcomed the return of Senior Program Manager, Jon O'Rourke, to USAID/Mongolia for another few months of TDY assistance until the end of the fiscal year. The Mission took advantage of the delightful warm June weather (and longer daylight hours) to visit USAID-funded activities in the field. USAID Representative Barry Primm, Sr. Program Officer Jon O'Rourke and Project Management Specialist H. Mendsaihan traveled to Bulgan and Arkhangai aimags to inaugurate a Last Mile Initiative (LMI) site and visit various USAID-funded Mercy Corps Training, Advocacy and Networking (TAN) project activities. They also visited USDA-funded, Mercy Corps-implemented Rural Agribusiness Support Project (RASP) activities.

### Program News:

#### **STRATEGIC OBJECTIVE #1: PRIVATE SECTOR-LED ECONOMIC GROWTH**

#### **Economic Policy Reform and Competitiveness Project (EPRC)**

*Chemonics*

[www.eprc-chemonics.biz](http://www.eprc-chemonics.biz)

#### *Economic and Trade Policy Support*

**Tax reform** -- EPRC/Chemonics staff continued to work with the General Department of National Taxation (GDNT) to complete the analysis of the new tax package that became effective in 2007. Although GDNT has provided some data, EPRC/Chemonics personnel met again with the GDNT to request additional data needed to complete this important analysis. When complete this analysis should demonstrate clearly why and how the tax reforms have succeeded in increasing GOM tax revenue while lowering tax rates.

**Improved public communications tools** -- EPRC/Chemonics continued its efforts to redesign and rebuild the public website of the General Department of National Taxation (GDNT). In addition to coordinating and clearing the uploading of content into the redesigned website, EPRC/Chemonics is also developing several web pages that will educate website visitors about various basic tax issues. Topics include such fundamental explanations as “What are taxes?”; “Who pays them?”; and “Why pay taxes?”

### Competitiveness Support

**Summer Trade Seminar** -- The Summer Trade Seminar was held June 18-29 at Ikh Tenger, the presidential residence grounds. EPRC/Chemonics organized the seminar in cooperation with a) the Trade Analysis and Negotiations Unit (TANU) set up with EPRC/Chemonics assistance within the Ministry of Industry and Trade, b) GTZ’s Export-Oriented Industrial and Trade Policy Project, and c) the School of Economic Studies at Mongolian National University. The purpose was to provide practical tools for analysts, decision makers and potential negotiators to address major trade issues affecting the country. Attendees included 60 professionals from various ministries, government agencies, the Mongolian Chamber of Commerce, universities and private banks.

The five international faculty members included two US university professors, an international lawyer and two international organization officials. Modules included empirical models of changes in trade policies, the WTO functions and proceedings, and negotiation skills. The final day of the seminar was devoted to discussion of Mongolian trade issues with Mr. Enkhbold, Director, Trade and Economic Cooperation Department, Ministry of Industry and Trade; Mr. Li Zhi Guo from the Chinese Embassy; Mr. M.A. Mikhailov and Ms. Yu Karpova from the Russian Embassy; and Mr. Paul Herman, Economics Officer from the US Embassy. Speaking and presenting diplomas at the closing ceremony were Fernando Bertoli, EPRC/Chemonics; Mr. Brian Goldbeck, DCM, US Embassy; Mr. Khashchuluun, Director of the School of Economic Studies at MNU; and Mr. Matthias Schuhmacher, First Secretary, German Embassy.

**National Tourism Organization (NTO)** -- The board of NTO held its inaugural meeting on 15 June and elected a Chairman, T. Battulga who is head of the Tourism Development Institute (NGO) and an Executive Director, B. Erdenchimeg. During the month the NTO also successfully completed all the legal requirements and was registered and accepted by the Department of Justice and the Tax Administration as “The Mongolian National Tourism Organization.” In the coming weeks EPRC/Chemonics is recruiting short-term technical assistance to help the MNTNTO to develop and implement a long-term strategy.

**Tsaatan (reindeer people) community tourism assistance** -- In June, EPRC/Chemonics partially funded training for the Tsaatan community in Tsagaan Ur soum, the northernmost soum in Khovsgol aimag. The Tsaatan community is very small, isolated and endangered, and the training is designed to enable this community to better understand and service tourists. Topics include general hospitality, food handling, funds management, etc. The training involved 42 households and approximately 250 people, and it included basic hospitality, health and safety, guiding, food preparation and basic

business principles. The EPRC/Chemonics' Mongolian Competitiveness Fund (MCF) previously allocated funds to develop these training modules which are presented by representatives of the New Zealand Nature Institute, the Mongolian Tour Guides Association and community leaders.

**Fibermark Society** -- Two short-term technical assistance (STTA) experts worked to assist the Fibermark Society to develop a three-year revival strategy that will refocus the role of the society. The STTA helped prepare the first interim report that was presented to the June 19<sup>th</sup> Fibermark Society Board meeting. This report recommended that the society concentrate on the promotion of quality Mongolian cashmere that could be guaranteed in terms of origin, purity, feel, durability and color fastness. This would require the establishment of an independent third party textile laboratory run by the Fibermark Society. The decision to establish a laboratory will require a separate feasibility study. In terms of management and governance, the report said that in order to attract the necessary donor support the society must be seen to be independent, inclusive and transparent. At the next meeting the Board will decide whether to accept the EPRC/Chemonics' recommendations.

**Building Markets with Japan** -- The Japanese buyers (of horse meat, blueberries and possibly other products) that were expected in June had to delay their trip due to scheduling conflicts. Their visit has been re-scheduled for September, 2007.

**Departure of Senior Business Advisor** -- The senior business advisor, Bruce Harris, completed his contract and left Mongolia on June 30. Mr. Timothy O'Neill, the current finance advisor and Deputy COP, will supervise the business development team for the balance of the project.

#### Financial Sector Development

**Mongolia Mortgage Corporation (MIK)** -- EPRC/Chemonics continues to support the organization and capitalization of MIK to assist Mongolian financial institutions to expand their housing finance to lower income families, and at longer, market-based terms. In June MIK tentatively secured approximately \$16 million in long-term funding to support operating overhead, technical assistance and financing for the purchase of mortgages from Mongolian financial institutions and eventual securitization. On June 20 the ten (10) commercial banks and Bank of Mongolia, all of whom constitute the shareholders of MIK, unanimously approved a capital increase and an immediate capital call in the amount of 2.2 billion MNT (USD 1.9Million). This was followed on June 22 with the signing of a MOU between MIK, the Ministry of Finance, the Bank of Mongolia and KfW, for a loan of EURO 4.8 Million to be utilized by MIK to purchase 7 to 10 year mortgages targeted at lower and middle income families. The German government will also provide, through KfW, a technical assistance grant of Euro 500,000. At meetings in the Hague on June 26 FMO, The Netherlands Development Bank agreed in principle to match the German funding and technical assistance. The Netherlands Development Bank (FMO) also expressed serious interest in an equity position in MIK. Negotiations continue with the International Finance Corporation (IFC) for a similar amount of funding and equity investment in MIK.

**Secondary mortgage market** -- EPRC/Chemonics' short-term consultant Stephen Butler completed the second of two, 2-week advisories to the Financial Regulatory Commission (FRC) to strengthen the legal environment. He helped finalize new draft laws on asset-backed securities and a revised draft mortgage security law to clarify the rights of borrowers and lenders. He also made presentations on these topics to a wide selection of stakeholders, including banks, regulators and government ministers, officials and influential members of the legislature. These laws are expected to be considered in the Fall Parliamentary session.

**Housing Affordability** -- In June EPRC/Chemonics' organized a short-term advisory by Gabriel Nagy to design, with relevant stakeholders, a system of direct housing subsidies to improve affordability of home ownership for lower and middle-income families. During his initial visit to Mongolia he raised awareness among different stakeholders and presented 'best practices' around the world on demand-side subsidies. He argued that demand-side subsidies are an effective, transparent and sustainable strategy that help make houses more affordable in transitional housing markets. He discussed various housing subsidy strategies, defined basic objectives and policy approaches, and helped identify target groups, eligibility criteria and sources of funding. His recommendations, including immediate "next steps" are expected shortly. During his next mission to Mongolia in August, EPRC/Chemonics expects to reach an agreement among key stakeholders on the Demand-side Housing Subsidy (DHS), which will hopefully be followed up with immediate steps towards implementation.

#### Energy Sector Support

**Markets/tariffs** -- Earlier EPRC/Chemonics' (Douglas Bowman) provided comments and recommendations to the ERA on their proposed design of a competitive energy generation market. On 26 June the ERA Board approved the market model that conforms largely to these EPRC recommendations. The model will be tested through the end of 2007, at which time the ERA hopes to implement the generation market's two-part tariff and economic dispatch approach. The ERA is working to establish a working group on all market and tariff matters, and it is hoped that this will be implemented after the summer.

**Energy sector strategy and planning** -- USAID again took the lead to organize the second Energy Working Group (EWG) meeting that was held on June 28. The national energy policy dialogue forum was co-chaired by the USAID Country Representative and the Ministry of Fuel and Energy's Mr. Sukhbaatar. This session focused primarily on the pending public information and education program, and discussion of possible tariff increases. Meeting notes will be issued to all interested parties.

**Public information/education program** -- The Public Information/Education (PI/PE) program is a priority in the coming months. Initially it is designed to educate the Press on the organization and operation of Mongolia's entire energy sector, including the ERA. This will be accomplished through a series of retreats for journalists. To begin planning, on June 22 EPRC organized (in conjunction with the Press Institute) a half day brain-

storming session with 14 journalists who provided valuable information on their information needs. This feedback will be used to design future training sessions. In the Fall sessions, real energy sector issues, problems and cases will be discussed with the press, electronic media, other donors, the public and GoM decision-makers.

**Energy sector financial status** -- The seriousness of the tariff issue is now beginning to reach the public through a variety of outlets. During a TV interview in June an ERA regulator stated that a 30% increase for heat and a 20% increase for electricity are currently under consideration. A local Mongolian language newspaper also printed an article on the tariff situation, and the need for a plan and timeline to increase energy tariffs was discussed at the recent EWG meeting. EPRC/Chemonics will continue to monitor public discussion of this topic in the future.

### **Gobi Regional Economic Growth Initiative**

*Mercy Corps and PACT*

[www.mercycorps.org.mn](http://www.mercycorps.org.mn)

**Rural Business Development Conference** -- On June 5-6 Mercy Corps held a conference in Ulaanbaatar on "Government Participation and Support of Rural Business Development". The conference involved local government and business representatives from eleven GI and RASP Aimags (Hovd, Zavkhan, Arkhangai, Gobi-Altai, Bayankhongor, Uvurkhangai, Gobi-Sumber, Sukhbaatar, Dundgobi, Umnugobi and Dornogobi). A total of 168 people attended the conference. Attendees included eleven (11) Aimag Governors and Aimag Khural Chairmen, representatives from National Government and the Presidents office, representatives from NGOs, the business sector, donor organizations and the media. The participants discussed activities implemented by the government, NGOs and donors to support the development of rural business, and identified the main obstacles to business development. Mercy Corps will develop recommendations from the conference and submit them to the Chairmen of Aimag Hurals, Aimag Governors and national Government.

**Western Region Market Day** -- On June 27 the Western Region Market Day was held. The event was opened by the Deputy Prime Minister Enkhsaikhan and the President of Mongolia N. Enkhbayar visited the market day and presented the awards at the closing ceremony to the best businesses. A total of 40 local businesses participated in the event and sold products with a value of MNT 21 million (\$18,000). It is estimated that approximately 5,000 people attended the market day. Mercy Corps organized this event in partnership with the Western Region Development Committee comprised of the four western Aimags; Hovd, Zavkhan, Gobi-Altai and Uvs, the Mongolian National Chamber of Commerce and Industry and GTZ.

**Handicrafts Trade Fair** -- On June 2-3 a handicrafts trade fair was held in Kharhorin soum, Uvurkhangai Aimag. The trade fair was co-organized by Mercy Corps, Kharhorin soum governor's office, Chamber of Commerce and Industry, Youth Association in Kharhorin soum and the Enterprise Mongolia project. A total of 60 local

businesses participated in this event and sold products with a value of MNT 9,816,200 (\$7,790). Ten MC clients participated, generating sales totaling MNT 200,000 (\$172). It is estimated that approximately 150 people attended the market day.

**Herder Business Sales** -- Total sales for herder businesses in the first half of the year reached MNT 544.7M (\$467,554) and for non-herder businesses MNT 722M (\$619,742). This gives a 2007 total sales for the first half of the year of MNT 1.27 billion (\$1.09M). The sales target for CY2007 for all GI clients is MNT 1.98 billion (\$1.70M). In June, herder clients took a total of 11 new loans with a value of MNT 21.7M (\$18,626). The total number of loans accessed by GI clients in the first half of the year is 122, and the total value of all disbursed loans was up to MNT 322M (\$ 276,400).

**Baker Study Tour** -- On June 20-21 a study tour of 21 bakers from 6 Aimags was held in Ulaanbaatar. The main goal of this tour was to help GI clients a) learn from the best and most experienced bakeries in Ulaanbaatar and b) link rural bakeries to package producers and equipment sellers. The study tour participants visited the office of TV Channel 5 and took part in the daily TV show "Let's Develop Mongolia." Two lecturers from the Business Center of TV Channel 5 also conducted a short lecture on "Current and Future Trends in Management and Marketing", and they had an open discussion with the local businesses.

**Mercy Corps Mid-year Planning Meeting** -- On June 7-8 Mercy Corps held their mid-year Planning Meeting. A total of 65 staff from the Aimags and Ulaanbaatar gathered to review progress to date and discuss the main activities to be implemented in the second half of 2007. Staff participated in a training aimed at building their skills to be able to better facilitate meetings and trainings.

**Gobi Forage** -- Mr. Jay Angerer from Texas A&M University is in country to work with the Gobi Forage team for two weeks from the 23rd June to 9th July. During his time in country he will provide training on the validation of the computer Phygrow model. The validation of the Phygrow model involves "ground truthing" the data and maps by measuring rangeland productivity, and then comparing this to the data produced by the computer model. The Gobi Forage team will also be collecting field data for the development of a Research Brief on, 'Gobi Forage and the development of risk management technologies to provide drought and winter disaster early warning to improve rural business in the livestock sector of the Gobi region.' Mr. Angerer will also be providing advice on the development of Gobi Forage Survey and Impact Assessment tools. These tools will be used to monitor and evaluate a) how effective the dissemination of the Gobi Forage products (rangeland maps and radio bulletins) has been; b) if the target stakeholders (local government officials and herders) understand how to interpret the products and information; and c) if stakeholders are using the information for decision-making related to livestock production and rangeland management.

In June the Gobi Forage project developed and distributed the following products: 4 sets of forage maps were distributed to 120 soums across the six target aimags; four radio programs on the Gobi Forage and the rangeland conditions were aired using the

information from the computer models as a basis for the programs. Training on the usage and interpretation of the Gobi Forage maps and products were held in 27 soums involving 135 local government officials and 270 herders.

**Rural Business News** -- The Gobi Initiative distributed the redesigned and re-formatted 48-page Rural Business News (RBN) magazine across all of Mongolia's aimags in June, with more than 7,000 copies reaching subscribers and rural herding and non-herding business operators. RBN is the project's primary business information content product, and it is complemented with daily RBN radio programs and twice-weekly TV programs. The number of RBN readers, listeners and viewers is now estimated at approx. 300,000.

### **Training, Advocacy and Networking Project (TAN)**

*Mercy Corps*

[www.mercycorps.org.mn](http://www.mercycorps.org.mn)

**Technical Assistance for TAN project<sup>1</sup> Social Entrepreneurs<sup>2</sup>** -- From May 28 to June 14 TAN sponsored a visit by volunteer Daniel Ungier who provided technical assistance to the TAN staff on how to better employ Social Entrepreneurs to mobilize their own and community resources for the social benefit of others. The TAN project has identified six (6) Social Entrepreneurs to support (through the provision of technical assistance and grants) so that they can continue and expand their activities. One objective is to foster greater cooperation between the Social Entrepreneurs and the civil society organizations (CSOs) that exist in the target aimags. As part of this process Mr. Daniel Ungier facilitated a three-day workshop in Dundgobi to enable the six (6) Social Entrepreneurs (SEs) to interact with 10 CSOs from all 5 target aimags and assist them with the development of joint action plans for the summer months. One day of the workshop was devoted to study visits to projects in Dundgobi that are being implemented by Dundgobi CSOs. These projects include: 'Green Zone,' 'School Services Improvement,' 'Promoting bagh citizens participation,' and 'Garbage Management' projects. The study visits provided an opportunity for CSOs from other aimags to learn from the experiences of their colleagues and to exchange views on how they could improve their projects.

Mr. Daniel Ungier also conducted a training on the how to conduct focus group discussions using an "Appreciative Inquiry methodology<sup>3</sup>". The training was provided for 12 people which included the staff of TAN Ulaanbaatar office and aimag offices.

The visit by Daniel Ungier and the workshop in Dundgobi provided an opportunity for TAN to review the Social Entrepreneurs component of the project and to develop an

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<sup>1</sup> TAN project has several components including community mobilization, CSOs capacity building, increasing citizens' participation in local government decision making and support for social entrepreneurs.

<sup>2</sup> Social Entrepreneurs are people who devote their talent, resources and time to achieve their vision and make a change in society. They are leaders and innovators in their field who mobilize their own and community resources for the social benefit of others. The work of Social Entrepreneurs helps to build a stronger civil society.

<sup>3</sup> Appreciative Inquiry - is a participatory planning method which is based on the positive experiences and successes of the people, helps people to formulate their vision or dream and construct a plan based on their successes and dreams. The method is based on 4 D steps - discover/positive inquiry, dream/vision, design/planning and delivery/implementation.

action plan for the next six months. Recommendations provided by Daniel Ungier included the need to provide more training for Social Entrepreneurs on leadership, communication skills and project management.

**Quarterly planning meeting** -- On May 29 TAN conducted its quarterly planning meeting with TAN aimag coordinators and Ulaanbaatar staff. During this quarterly meeting the TAN staff discussed the proper methodology to be used for bagh “needs assessments” and the changes to be introduced later this year. New baghs will be selected in all 5 TAN aimags in September, 2007, and the first stage of the process will be the completion of bagh needs assessments. These assessments will enable the community to identify their problems, solutions and the resources they have to resolve the identified problems. Aimag-based CSOs will facilitate the bagh needs assessments. The TAN project will provide technical support and guidance, assist in designing the projects, and provide small grants to fund the projects developed by the communities and CSOs.

**Field Trips** -- On June 24-26 TAN Project Director U. Mandal and Project Officer D. Oyunchimeg conducted a field trip to Arkhangai. Part of the visit was organized to introduce the activities of the TAN project in Arkhangai to the USAID representative Mr. Barry Primm, USAID Senior Program Manager, Jon O’Rourke, and USAID CTO Ms. Mendsaihan. During this trip TAN and USAID personnel had a lengthy meeting with the Governor to discuss, among other topics, TAN activities in his aimag.

On June 20-22 TAN Capacity Building Officer J. Chantsaldulam conducted a field trip to Khenti. During the trip 18 people from 11 CSOs were trained on how to conduct impact monitoring<sup>4</sup> of ongoing TAN-supported projects implemented in the aimag CSOs. During the training participants visited four projects that are currently implemented by CSOs in Khentii and conducted a practical exercise on impact monitoring. The projects visited included a 'Community Well,' 'School Services Improvement,' 'Improving primary health care' projects and a publication grant on 'Employment Services.'

**Grants** -- Two new publication grants were approved by the TAN project during the month; i) \$1,282 was provided to Bulgan CSO, 'Bulgan Khangai Khamtin Khuch' to conduct research and publish a report on the school fees charged by secondary schools in Bulgan; ii) \$1,353 was provided to the Arkhangai CSO, 'Teachers and parents association of Arkhangai aimag to research and document how schools and teachers are improving the existing school curriculums in Arkhangai aimag schools.

TAN approved the project<sup>5</sup> on 'Civil society participation in monitoring and improving of health services in Uvurkhangai. This new project was approved and started its activities in June, and is implemented by 11 CSOs that have formed a network. Overall

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<sup>4</sup> Impact monitoring is a project management method where by the project team, external people and beneficiaries monitor the impact of the project on the lives of the project beneficiaries, policies and structures, attitudes and behavior change.

<sup>5</sup> The TAN project uses the terms 'grant' and 'project' interchangeably. However the term 'grant' is used more when TAN commits funds and makes an agreement with a CSO to implement a project, while 'project' describes the activities, indicators and results to be achieved with the use of the grant money.

management of the project is provided by the CSO 'Local Initiative.' TAN will provide a total of \$8,726 to fund the project.

In June TAN staff conducted ongoing monitoring and consultation on 27 current community mobilization and Social Entrepreneur projects. The projects are implemented by CSOs in the TAN target aimags of Arkhangai, Bulgan, Khenti, Dundgobi and Uvurkhangai. The current 27 projects have started in 2006 and 2007 and will be completed within twelve months.

### **GER Initiative**

*CHF International*

[www.chfmongolia.org](http://www.chfmongolia.org)

In June, GER helped to improve or expand 77 businesses, create 22 new startups, match 154 people to jobs, and generate 137 new job placements.

**Loan Facilitation** -- GER facilitated 104 loans valued at \$142,961, and 25 CAF loans were funded valued at \$46,524. Three UB GER branches organized loan days with Khan and Xac banks. 72 clients learned about different loan products and bank requirements. UB GER branches are also meeting with Khan and Xac bank branches to expand their relationship and collaboration. GER and bank staff discussed their services and products, how to develop bank clients through GER and identified what GER services loan clients most need before applying for a loan.

**Business Start-ups** -- For business start-ups, GER is testing a new product of packaged trainings and consulting called "Taking Your Idea to Real Life." The first 8 clients participated in it and are now developing loan proposals that will be funded by CAF if they their idea is viable. Of the eight clients, one loan for a pig farm has been approved.

**Linkages and Fairs** -- In June GER facilitated 134 linkages between businesses valued at \$13,753. One trade fair was held. Last month GER facilitated the opening of a handicraft display counter at the Dornod Airport by paying for the counter. After one month, 42% of the cost of the counter has been repaid, and the artisan group is planning to repay the rest of the cost of the counter by the end of July. In Choibalsan, the Central Asian Uranium Mining Company purchased over \$1,700 of furniture from our clients. In UB, GER organized the "Business for Development" Fair at Sukhbaatar Square. 205 clients participated and 17 larger business partners as well as the GoM Employment Offices from around the city. Total sales – including orders – totaled \$33,090.

**Training and Consultancy** -- 244 clients participated in 376 trainings, and 237 clients participated in 263 consulting sessions

**Information and meetings** -- In June 465 GER clients received information, and GER facilitated 18 meetings with the GoM. The Zuuinmod branch organized a Social Insurance meeting with the Inspector from Tuv aimag's Social Insurance Office. Seven

(7) clients participated. Bayankhoshuu branch organized a Tax law information meeting for 5 linkage clients. An inspector gave detailed explanation on new tax law, how to get a tax book, the benefits of being a taxpayer, how to prepare income and expense documentation and he also answered their questions. GER participated in the MUB Greater Ulaanbaatar Services Improvement Project workshop. They introduced their Draft of Ger Area Upgrading plan and will solicit feedback from participants in the future. The GER team also updated its database with new information regarding entity registration, Professional Inspection Office's services and specific legal information. GER also met with the Ministry of Industry and Trade regarding their SME loans and sent the information to all sites.

**Employment Matching Service** -- The GER project matched 154 people to jobs and 33 clients were involved with vocational training. Three "Labor Days" were held in UB offices and one in Darkhan with the Employment Offices last month. Over 150 people attended these events. 34 clients attended job training, 24 got jobs and 10 are waiting for employers' decisions. GER clients also graduated from carpentry finishing and textile (cashmere) training.

In Choibalsan, Petro China Da Chin Oil Company hired 17 GER clients for long term jobs. In Bayan-Ulgii, GER met with the Employment and social Welfare Office Director and agreed that this office will provide GER with Employer's Orders information to facilitate matching registered employment seekers. In UB and Choibalsan, GER attended meetings regarding unemployed residents, vocational training opportunities and our employment matching services.

**Other Activities** -- In Choibalsan, GER, the Business Incubation Center, an Agricultural officer of Kherlen soum Governor's office and the Dornod branch of Mongolian Chamber of Trade and Industry held a meeting about the local milk and dairy production. Over the next few months GER will assess the feasibility of dairy products and the market capacity.

## **STRATEGIC OBJECTIVE #2: MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE**

### **The Judicial Reform Project (JRP)**

*The National Center for State Courts*

[www.ncsc.mn](http://www.ncsc.mn)

**Courts** -- The JRP began another stage of automation for the courts. The JRP provided 147 computers to the General Council of Courts (GCC) for court secretaries, assistants and accountants. The GCC will distribute these computers to courts of need in the rural regions. The JRP also provided equipment for a training room. This equipment included a computer, LCD projector and a photocopier to Orkhon aimag court. The training room will be used to train judges, local lawyers and NGOs in the community. The room will

also be available to citizens who desire to review court decisions, laws and other regulations.

The JRP met with members of the Supreme Court working group on case flow management to discuss a unified numbering system for all civil court cases. Currently, rural and city courts have different registration systems. The working group and JRP have agreed upon a system that will be approved by the courts in July. This system should make the filing of all civil cases uniform throughout Mongolia.

A working group from the GCC and the Supreme Court is continuing activities aimed at improving case flow management, particularly the task of developing case flow standards. The working group is developing a detailed description of the criminal, civil, and administrative case flows that will be the basis of standards and procedures for case flow management. A draft was presented to all chief judges and court administrators during a training session in early June. The chief judges and administrator have provided comments on the draft, and the working group is working to finalize the standards in July.

Each legal institution is developing their own strategic plan to begin after the Justice Sector Strategic Plan ends in 2007. The GCC has requested the JRP to assist the GCC in developing their strategic plan. JRP has begun this assistance by providing reference materials on how to develop a strategic plan.

The JRP has recommended to the GCC that the courts change the judicial performance evaluation procedures to create a fair and more transparent system. The GCC has agreed and submitted to the JRP a draft of the revised judicial performance evaluation procedures for comments. The JRP will be reviewing the draft and will provide comments this summer.

**Prosecutors** -- The JRP began another stage of automation for the prosecutor's offices. The JRP provided 32 computers and accompanying equipment for networking to Nalaikh, Baganuur and Tuv offices. The JRP will provide an additional 75 computers in July for another 11 offices. After completion of this stage of automation, the JRP will have automated 23 prosecutor's offices. Furthermore, the General Prosecutor's Office has purchased 50 computers with its own funding and has requested the JRP to network those offices. The JRP has agreed and will network 12 offices this summer.

The General Prosecutor's Office is pushing for a draft law on compensation to the victims of crimes and the Ministry of Justice and Home Affairs has established a working group to develop a draft law. The JRP has provided reference materials including the UN handbook on victim's rights to assist the working group.

**Law Schools** -- JRP is supporting a working group that will develop a new practical skills course to be implemented at Otgontenger Law School beginning this Fall. This working group is continuing to develop a course that will focus on trial skills in the areas of criminal, civil and administrative law. The JRP also continues to hold meetings of the

working group that will be developing a legal writing manual that will assist law schools in teaching legal analysis to its students. The manual will also be part of the practical skills course.

The JRP held a Training-of-Trainers (ToT) session on June 22<sup>nd</sup>-24<sup>th</sup> for 7 professors that will teach the new practical skills course at Otgontenger Law School. The course was taught by JRP trainers experienced in the adversarial process, and it focused on trial skills. On June 25<sup>th</sup>-29<sup>th</sup>, the 7 professors taught 30 students from National University on the skills learned during the ToT. The professors are now adequately trained to implement the practical skills course this Fall.

Two students from the Otgontenger legal clinic traveled to Zavkhan to provide legal advice to local citizens during Market days from June 26<sup>th</sup>-29<sup>th</sup>. The students were provided space for a stand at the event and were placed in Mercy Corps' local office. The students provided legal advice to 16 citizens ranging from 25 to 60 years old. Most of the consultations were on civil law with a focus on contracts including leasing, loans, and sales. Family law was also a popular topic during consultations. Additionally, the President and Prime Minister of Mongolia visited the legal clinic stand and praised its work while noting the importance of public education for herders.

**Training** -- The JRP conducted 3 regional training-of-trainers (ToTs) for 63 aimag trainers on June 4<sup>th</sup>-23<sup>rd</sup>. The ToTs were conducted on the following topics: 1) crimes against human rights, freedom and individual's reputation and dignity; 2) legal ethics during a trial; 3) determining the damages caused due to crime; and 4) crimes against the right to ownership. The aimag trainers will now return to their respective aimags to train local judges and lawyers. Trainers in Khenti and Selenge aimags have already returned to their respective aimags and trained more than 40 advocates, judges and prosecutors.

In cooperation with the NLC, the JRP published a training manual on the topic "Procedures on Arrest and Detention". The manual provides guidelines to judges, advocates, prosecutors, and investigators on how to apply legislation protecting human rights of those arrested and detained. The JRP printed and distributed 1,000 copies to all courts, prosecutor offices, Mongolian Advocates Association, law schools, libraries, Parliament, government offices, MOJHA and its agencies, and JRP trainers.

The JRP, in cooperation with the NLC, published a training manual on the topic "Violations of Environmental Regulations." The manual provides guidelines to judges, advocates, prosecutors, and investigators on how to apply legislation that protects the environment. The JRP printed and distributed 1,000 copies to all courts, prosecutor offices, Mongolian Advocates Association, law schools, libraries, Parliament, government offices, MOJHA and its agencies, and JRP trainers.

**Public Education** -- JRP has designed a poster, "Contracts for Herders", that explains to herders the benefits of using written contracts for commercial transactions. It also advertises and refers herders to the JRP-written booklet on Contracts for Herders. In June JRP distributed 700 of these posters through Mercy Corps to herders. JRP also

distributed 150 posters to rural areas through aimag Governors who attended the Gobi Initiative's Rural Business Conference held on June 5-6<sup>th</sup>, in Ulaanbaatar. In addition, JRP distributed 100 posters to rural administrative units through students who attended Market Days organized by Mercy Corps' Gobi Initiative in Zavkhan aimag.

JRP published a booklet on "Contracts for Herders" and distributed 800 copies through Mercy Corp and GER Initiative projects. An additional 200 copies were distributed during the 1,000 Herders Conference held on June 13 -14 at the Cultural Central Palace in Ulaanbaatar. The booklet on contracts explains to herders the benefits of utilizing written contracts, explains how to use contracts, and includes perforated, tear-out samples that can be used directly by herders during commercial transactions. As a result of the popularity of the booklet, JRP is printing an additional 500 copies.

The JRP has entered into an agreement with German technical assistance, GTZ, to continue the popular TV program "legal hour". The program will be broadcast from July, 2007 until January, 2008. The program is a drama series that will use recurring characters to inform citizen about the amendments to the criminal law and criminal procedure codes that are to be approved by Parliament in 2007.

The JRP also extended its agreement with Pact Mongolia for the production of a second TV program series and additional radio programs. The TV program will provide education to citizens on domestic laws and trial procedures by dramatizing real life trials. The program will also include expert commentary to ensure the laws and procedures are understood by the viewers. This is especially important in Mongolia as many citizens represent themselves in court. Pact will also produce 2 radio program series. One program will air 27 episodes on civil law and the other program will cover 27 topics on criminal law. The radio programs allow JRP to reach the audiences that do not have access to television broadcasts.

The JRP published its June monthly newsletter "Rule of Law" (Mongolian version) and distributed in Mongolia copies to all 83 courts plus approximately 20 Mongolian legal institutions. The newsletter compiles the activities of all courts and allows courts to share experiences and keep up to date on current events. JRP also published its June monthly electronic newsletter (English version) to approximately 20 legal institutions organizations. This issue included an interview with Justice O. Zandraa of the Supreme Court, Head of the Administrative Chamber of the SC.

### **Mongolia Anti-corruption Support Project (MACS)**

*The Asia Foundation*

[www.asiafound.org](http://www.asiafound.org)

**Anti-Corruption Agency (ACA) Institution-building** -- On June 4, Mr. Tony Kwok, international anti-corruption adviser, addressed participants of the Presidential Anti-Corruption Conference that was jointly organized by the President's Office and the Anti-Corruption Agency. During the conference Mr. Kwok appealed to the Mongolian

government and donors to support the newly-established ACA during its critical start-up phase. He outlined a twelve-point plan to advance the ACA's goals to fight and prevent corruption. In follow-up interviews with major media, Mr. Kwok advised that "the public should promote and support the ACA enthusiastically and engage in fighting corruption by fueling intolerance."

During his visit, Mr. Kwok also delivered corruption prevention training for officers of Mineral Resources and Petroleum Authority (MRPAM) as requested by Enkhzaya, advisor to Chairman Bold, during the Presidential Conference. MRPAM has requested additional training, and the Foundation is planning to provide it in the Fall.

**Income and Asset Disclosure** -- By June 15<sup>th</sup> the ACA had received 99.2% of income and asset disclosure forms from 252 high-ranking government officials, including from the President, Speaker, MPs, Constitutional Court Judges, High Court Judges, Prosecutors, the Director of the CIA and others. The ACA is receiving and reviewing reports from other institutions responsible for collecting and storing IAD forms, and will publicize the status of overall disclosure in mid-July. According to the AC law, the General Council of Courts, Civil Service Council and General Election Committee should submit this report within 14 days after collecting IAD forms.

**ACA's new website** -- The Foundation's communications team developed the site map for the ACA's new website. TAF continues to work with the ACA and the UNDP on site development, as requested.

**Speaker of the Parliament** -- The dismissal and resignation of the Speaker of the Parliament, Nyamdorj, prevented the Parliament from adopting several important laws that will have implication on the ACA's operations, namely the budget revisions and the amendments to Criminal Code and Criminal Procedures Code, which would have enabled the ACA to start its investigations.

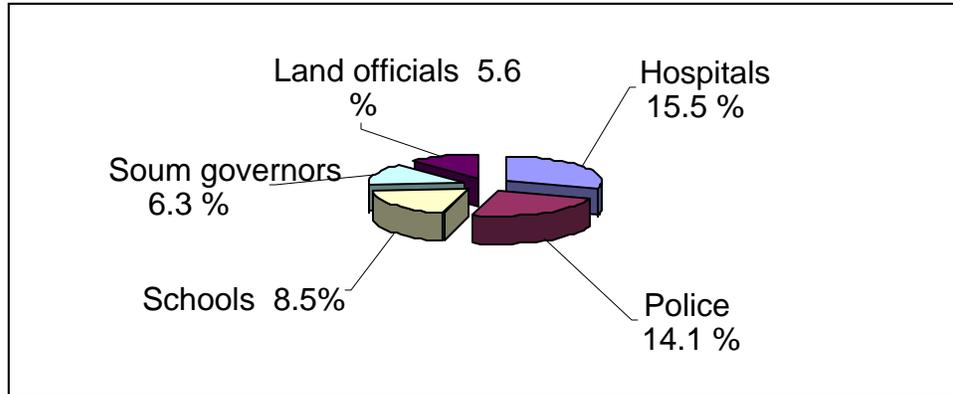
**Eradicating Administrative Level Corruption** -- The Academy for Political Education (APE) expanded the number of corruption-reporting hotlines from six to nine aimags, and added the Bayangol District of Ulaanbaatar. The three new aimags where the hotlines were established are: Orkhon, Umnugobi, and Selenge.

The UB call center is staffed by three operators that field calls and refer them to the appropriate local government agency [in the instance of reports of institutional corruption], and to the ACA in the instance of reports of individual corruption. This has been coordinated with the ACA.

Complaints of abuse of power and corruption continue to dominate the calls, with schools, provincial government officials, hospitals, police and social welfare offices among the top five reported to the hotline. In June, APE received 142 calls for a total of 2,099 calls since the hotline's inception. By region, Dornod (26.1%), Khuvsgul (22.5%) and Uvurkhangai (19.7%), received the most calls in June. Consistent with experiences in

prior months, the top five complaints registered were associated with the following institutions:

### Top 5 Organizations



**Public Awareness and Education** -- APE continues to produce weekly anti-corruption report cards quantifying the complaints received by the 10 hotlines throughout the country. The report cards provide content for the weekly C1 television program, The Pulse (Amin Tsohilt).

Five episodes of The Pulse aired throughout the month. Below is a summary of this months programming.

On June 1<sup>st</sup> The Pulse focused on police-related corruption and drew on international practices for citizens' action. Mr. Sainjargal, a spokesman from the Police Headquarters' Press Office, was interviewed after the Benchmarking Survey and revealed that the Police remains among the top 5 most corrupt due to reports of bribery and bureaucracy. In June, 14.1% of calls to the hotlines report incidents with the police. On The Pulse, Mr. Sainjargal advised citizens on what to do and where to file complaints regarding the Police, and explained the procedure for follow-up. Mr.Sainjargal's was invited to The Pulse because when reporters went to the street, most people complained that they lacked sufficient information on what to do when faced with police-related corruption.

On June 6<sup>th</sup> The Pulse updated the audience on calls received the prior week: 51 calls with hospitals, bag governors, social welfare offices, and the police accounting for nearly 47% of the calls. A majority of the callers were middle-aged (aged 30-60) individuals working in the private sector, self-employed or unemployed. The program elaborated on the calls concerning the courts, which was the fourth issue of citizen concern, and an issue not yet addressed on The Pulse. Callers reported incidents of negligence, cronyism and nepotism. The program concluded by advising the public on where and how complaints regarding the courts could be filed.

The June 12<sup>th</sup> edition of The Pulse reports a total of 34 corruption calls from eight locations received in the prior week. Hospitals, schools and the police continue to top the

list and account for 17.6%, 11.8%, and 8.8% of the calls respectively. The program moved on to provide information on complaints related to the Land Offices. The host provided background on the related corruption complaints and invited the head of the prevention department of the ACA to advise the public. Mr. Radnased explained that the ACA will begin addressing this issue once the Parliament approves amendments to legislation that will allow the Agency to investigate complaints, and that at that time people will be able to call the ACA hotline 1696, and the ACA will follow-up on all corruption cases.

The Pulse on June 20<sup>th</sup> focused the Social Welfare Office and related corruption complaints. On the street citizens reported incidents of fraud associated with the social handouts for children. As a result, The Pulse invited Mr. Bayarsaihan, Director of the Social Welfare Office to address citizens concerns. The host updated viewers on last week's reports: 30 calls were received from five locations in the prior week. Hospitals, land offices and the court received 40% of the calls, with the Land Offices accounting for the majority of the calls.

On June 27<sup>th</sup> The Pulse reported a total of 40 corruption calls during the previous week. Hospital, school, police and court are in the top five, accounting for nearly 57.3 percent of all calls. The program focused on reports concerning State Inspection Agency. The spokesman of the agency was interviewed and asked to explain how citizens concerns are being taken into account.

**Curriculum Development** -- The GCSO introduced an ethics curriculum in March at the Management Academy and at the National Law Faculty, and is now working with professors to prepare course work for the Fall semester, when the curriculum will become mandatory. GCSO is simultaneously refining the content and structure of the curriculum for introduction at a larger number of institutions in the fall semester of 2007. This effort will be assisted by input from Mr. Tony Kwok, the Foundation's anti-corruption advisor to the ACA, who has developed curriculum for other East Asian countries.

In addition, GCSO is organizing a consultative meeting among academics and professors from universities, government representatives including the President's legal advisor, the civil service counsel, the Ministry of Education, and NGOs in early July to discuss how to build zero tolerance for corruption through the education system.

### **The Mongolian Electoral and Parliamentary Support Projects (MEPS)**

*The International Republican Institute (IRI)*

[www.iri.org](http://www.iri.org)

**Strengthening Women's Voices in the Political Process** -- On June 23, IRI/Mongolia organized a grassroots women's seminar in Khovd city for women politicians of the Motherland Party of Khovd aimag. Over 70 women politicians from all 17 soums of Khovd aimag gathered in Khovd city to attend the seminar for aspiring women politicians. The leaders of Motherland Party and IRI/Mongolia Director, James De Witt, acted as resource persons for the seminar.

On June 30 IRI/M held a grassroots women's seminar in Ulaangom city for aspiring-Democratic Party women politicians. Over 100 women from 19 soums of Uvs aimag attended the seminar. Chairwoman of the Democratic Women's Union B. Delgermaa, Chairman of Policy Division of DP Mr. H. Temuujin and IRI/M Director James De Witt acted as resource persons for the seminar. The seminar was held in the conference hall of the Uvs aimag Governor's Office.

**A Stronger, More Accountable Parliament** -- On June 6, IRI met with the newly-named chairman of the SGH Subcommittee on Ethics, MP A. Murat (DP), to discuss the status of the draft Ethics Rule for High-Ranking Civil Servants. MP Murat assured IRI that he would exert maximum effort to ensure that the draft is approved.

On June 8 IRI met with MP Gankhuyag (DP), the newly-appointed chairman of the SGH Committee on the Economy. IRI requested MP Gankhuyag's assistance in helping to pass rules of procedure for the Committee on the Economy.

On June 13 IRI met with the Chairman of MPRP caucus in the SGH, MP Idevkhten. IRI requested that MP Idevkhten support the passage of committee rules by the Budget Committee and Legal Committee. Idevkhten stated that he would pay more attention to this issue and try to encourage the Chairman of Budget Committee, MP Ulaan, and the Chairman of Justice Committee, MP Munkh-Orgil, to adopt committee rules.

On June 28 IRI met with the leader of DP Council in the SGH, MP L. Gansukh. They discussed the issues related to the IRI Mongolia's parliamentary program. Among the issues discussed were the draft ethics law and committee rules. MP Gansukh said that he would make every effort to assist IRI in these endeavors.

**Better Constituent Outreach** -- On June 4, IRI sponsored a public forum for MP B. Munkhtuya (DP) in SGH constituency #63, the Bayangol district of Ulaanbaatar. The main subject of the public forum was a draft law on Freedom of Information and a proposal on forming Standing Committee on Complaints and Requests. Some 50 citizens of the constituency attended the forum and contributed to the discussion.

On June 18 IRI sponsored a public forum for the Chairman of the Economic Standing Committee, MP Gankhuyag, in the Bayanzurkh district of UB. The forum was attended by approximately 60 people to discuss the "Draft law on small and medium enterprises". The majority of the audience was made up by representatives of small and medium private business entities. MP Gankhuyag and the participants thanked IRI for assisting in organizing this public forum that brought together various interest groups on this draft law. The forum served as bridge that enabled the lawmakers and ordinary citizen to exchange opinions and views on an important piece of legislation.

## **The Eastern Steppe Living Landscape Project**

*The Wildlife Conservation Society*

[www.wcs.org](http://www.wcs.org)

The WCS/USAID Eastern Steppe program staff spent much of the month of June in the field. These activities, which are centrally-funded through USAID offices in Washington D.C, ranged from conducting surveys of the Siberian marmot population in Hentii, Dornod and Sukhbaatar aimags to delivering wildlife monitoring trainings to Eastern Steppe Protected Area Administration staff and community rangers from the Eastern Mongolia Community Conservation Association. In addition to on-going Eastern Steppe and Avian Influenza GAINS project activities, in late June the WCS Mongolia Country Program hosted a group of WCS donors and members of the WCS Board of Trustees. The group visited project sites in the Eastern Steppe and met with WCS/USAID staff and project partners.

### *Living Landscapes Program (LLP) --*

**Landscape Species Approach** -- During the month of June reports and documents produced by the WCS/USAID Eastern Steppe LLP project were finalized and compiled as part of an effort to collect and compare the LLP approach across the 12 sites around the world. Work also began on the building the conservation landscapes for the remaining Eastern Steppe landscape species, the Siberian marmot, eastern moose, taimen, Asiatic grass frog and gray wolf. Building the conservation landscapes is the final step in the Landscape Species Approach which is designed to assist conservation practitioners in identifying conservation opportunities and priorities in large landscapes based on the diverse ecological needs of key wildlife species and the geographic location and severity of wildlife/human conflict.

**Siberian Marmot Population Surveys** -- A team of scientists including WCS Research Associate, Dr. Susan Townsend, began a survey of the Eastern Steppe marmot population in early June. This effort marks the third year of a study designed to monitor the population size and distribution of marmots on the Eastern Steppe. The Siberian marmot is both economically and ecologically important on the Eastern Steppe and its population has experience a dramatic decline in the last 10 years across Mongolia, due primarily to over hunting of marmots for the fur trade. The Siberian marmot is an Eastern Steppe Landscape Species important to the livelihood of livestock herders living on the Eastern Steppe and the integrity of the steppe ecosystem. The evidence collected by the WCS/USAID Eastern Steppe marmot survey team has been used to the support the extension of the Government of Mongolia's ban on marmot hunting—a policy put in place to allow marmot populations to rebound across the country to a level at which hunting for subsistence and small scale fur trade can again be practiced at a sustainable rate.

**Community-Based Conservation** -- In June the WCS/USAID Eastern Steppe project worked to bridge the current gap in communication and cooperation between community-protected areas on the Eastern Steppe and the Protected Area Administration (PAA) and its network of nationally protected areas. For three weeks in June and July, WCS/USAID

project staff are working in Ugtum Nature Reserve north of Choibalsan in Dornod aimag. In June the team conducted a baseline survey of wildlife with participation from both PAA staff and community rangers from the Eastern Mongolian Community Conservation Association. This field work will be followed by a series of sessions in the PAA headquarters in Choibalsan where data will be analyzed by the survey participants and presented in a format which will allow protected area managers easy access to the information necessary for the development of management plans, wildlife monitoring and enforcement of environmental law.

WCS Field Veterinary Program --

**Foot and Mouth Disease (FMD) Study** -- In June blood samples for FMD testing were collected from both livestock and Mongolian gazelle calves in the Eastern Steppe. Between June 16<sup>th</sup> and 27<sup>th</sup>, 40 blood samples were collected from sheep, goats, cows and camels in Matad soum of Dornod aimag. Testing of newborn gazelle calves followed with 30 calves successfully captured and sampled in Dornod aimag in late June. Additional information collected during the gazelle calf capture included the weight, sex, general condition and approximate age of the calves. The additional information will be added to the database on Mongolian gazelle WCS has contributed to since 1998. The goal of this study is to determine the level of exposure of livestock and Mongolian gazelle on the Eastern Steppe to the FMD virus by screening serum (blood) for antibodies to the vaccine-type and wild-type (natural disease) virus to improve our understanding of the transmission of FMD on the Eastern Steppe and the relationship between livestock and gazelle in disease distribution and transmission.

**Avian Influenza - GAINS** -- The WCS avian influenza team continued to work in Hovsgol aimag in June where their time was split between the season-long surveillance efforts on Erkhel Lake and trapping and sampling efforts in the Darkhad Valley region. Highly pathogenic avian influenza (HPAI) was isolated from migratory birds on Erkhel Lake in both 2005 and 2006. The Darkhad Valley region has been identified as an important migratory corridor for birds traveling through Central Mongolia. HPAI surveillance efforts were significantly expanded in June with the addition of a second team of veterinary and ornithological volunteers from the United States and the Netherlands. The volunteer team covered 15 lakes in central Mongolia, performed bird counts (recording species composition and numbers) and surveyed the shoreline for signs of dead or sick birds. To date, neither team has observed any evidence of an HPAI outbreak in the areas they are currently surveying. The main avian influenza team will continue monitoring and sampling activities through September/October of 2007. This work is being conducted in collaboration with the Mongolian State Central Veterinary Laboratory and the Ornithology Laboratory at the Biology Institute of the Mongolian Academy of Sciences. The work is funded by USAID as a component of the WCS Global Avian Influenza Network for Surveillance (GAINS) program. Through these efforts WCS is contributing to the implementation of Mongolia's "Strategy for Prevention and Preparedness for Avian Influenza" drafted in 2006/2007.