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Mission News:

USAID Mongolia completed the fiscal year with a flurry of activity which resulted in the successful obligation of all (100%) of its FY2007 program and operational expense allocations of \$6.625M and \$0.398M, respectively. Simultaneous with the above, the Mission initiated preparations with its implementing partners for the upcoming portfolio review scheduled for mid October. In the personnel area, USAID Mongolia's Intermittent Senior Program Advisor, Mr. Jon O'Rourke, will be departing post in early October. This loss will be compensated by the return to post next month of Mr. Jeffrey Goodson, the Mission's Senior Program Manager, after completing a one year assignment to Afghanistan.

Program News:

PROGRAM AREA: PRIVATE SECTOR-LED ECONOMIC GROWTH

Economic Policy Reform and Competitiveness Project (EPRC)

Chemonics

www.eprc-chemonics.biz

Economic Policy Support

Tax reform implementation support – EPRC visited the tax offices of Darkhan and Erdenet as well as Bulgan aimag with Mongolian Tax Authority (MTA) officials to assess the local impact of tax reform measures and the use of the website recently redesigned with project assistance. In spite of drastic reductions in tax rates, collections have remained the same for domestic Value Added Tax (VAT), Corporate Income Tax

(CIT) and Personal Income Tax (PIT) through the first eight months of the year. Local tax officials stated that companies are now declaring incomes closer to actuals because tax rates are more “reasonable” and it is no longer necessary to keep “two sets of books.” The increase in domestic VAT returns is also reported to be higher than in past years, indicating greater willingness of businesses to submit VAT returns. Local officials also declared that there appears to be some consolidation of companies as there is no longer a “tax penalty” for being big.

The EPRC project has completed terms of reference to assist MTA in assessing the current fiscal and business impact of the tax reform and providing a framework for the analysis of economic impact later on. MTA plans to summarize these findings to the public through their website. MTA may also request assistance from Peace Corps volunteers to work at local tax offices in improving customer service, outreach programs, and IT network systems security. The latter issue now looms large as there are now, for the first time, over 3,000 electronic submissions of VAT returns through their website. The project is also assisting MTA with the finalization of an application to the U.S. Internal Revenue Service (IRS) International Visitor Program. MTA has stated that funding for the mission will come from Ministry of Finance (MoF).

Parliament request for assistance with tax and housing market laws – A project team met with the Chairman and a member of the Parliamentary Standing Committee on Economic Policy to discuss their request for assistance with two draft laws on general taxation and administration and with a set of proposed laws to regulate the emerging primary and secondary mortgage markets. Their request was for assistance with these legislative priorities, in areas such as drafting where necessary and support for public education and dialogue on the new laws.

Specifically, they requested EPRC was to support Parliament retreats to discuss the new laws. They also requested EPR support for multimedia national chats through the Open Government website similar to the support EPRC provided for the preparation and national dialogue of the new Personal Income Tax (PIT), Corporate Income Tax (CIT) and Value Added Tax (VAT). The Chairman of the Economic Policy Standing Committee declared that a resolution to create a working group jointly with the Budget Standing Committee will be forthcoming. EPRC agreed to meet with the members, once appointed, to map out priorities and a tentative action plan.

Trade Policy Support

Transit Mongolia National Program – EPRC/Chemonics assisted the National Committee on Transit and Transportation with the design and conduct of a technical session on 25 Sept. at the Ministry of Roads, Transportation and Tourism (MRTT). The main objectives of the session were to provide an overview of status of implementation of the Single Electronic Window (SEW) for Trade Facilitation and the Transit Mongolia project. The project invited private sector participants, mostly from freight forwarding companies, who declared their readiness to invest in state-of-the-art logistics facilities in Ulaanbaatar (UB) and Zamyn-Uud in response to GoM declarations of willingness to support/facilitate private sector investment in these areas. The project is in initial

discussions with several freight forwarding companies and the GoM regarding the potential location of such a state of the art logistics facility.

The Mongolian Agency for Standards and Metrology and SGS sign a 3-year contract to certify standards of Mongolian imports at point of origin - The Société Générale de Surveillance (SGS), brought by the EPRC project to Mongolia in February 2007 to assist with the establishment of a single electronic window for trade facilitation, negotiated and signed a contract with Mongolian Agency for Standards and Metrology (MASM) to assist with verification of standards of imported products and build institutional capacity of the agency. Based on the recent government approval of the action plan for the establishment of the single electronic window (SEW) for trade facilitation, the project and SGS have also agreed on the dates (early November) for a technical mission to come to Mongolia and conduct a feasibility analysis. SGS will conduct the analysis at their own expense.

Trade policy analyses grant proposals – The first round of trade analysis proposals closed on 31 Aug. In agreement with GTZ, the deadline for a second round was set for 24 Sept. Project held a workshop on proposal development on 5 Sept.; and on 7 Sept. a team presented their preliminary findings on comparing the competitiveness of Mongolia's transit corridor relative to that of Kazakhstan. An evaluation committee with members from Ministry of Industry and Trade (MoIT), GTZ and EPRC will review and score the proposals based on criteria distributed in advance to all participants of the Summer Trade Seminar. GTZ and EPRC will co-fund winning proposals.

Competitiveness Support

Mongolian National Tourism Organization – On 25 Sept., the Mongolian National Tourism Organization (MNTO) received its official seal as an NGO. Founding members of the organization include seven companies, eleven NGOs, and two individuals. With partial funding from EPRC, a Japanese tourism expert arrived on 29 September to assist the MNTO for three months in building the branding concept of Mongolia for the Japanese tourist market and new product development. The project also assisted the MNTO executive and governing board with the development of a strategic plan for 2008-2011 by fielding an association expert and a tourism destination marketing expert. When finalized, the plan will be submitted to the MNTO Board for review and approval.

Independent Testing Laboratory – The project undertook a pre feasibility study to establish an independent testing laboratory for the Mongolian natural fibers industry. Mongolia is the second raw cashmere producing country in the world in terms of volume but producers of raw cashmere as well as value-added cashmere products are forced to use the services of independent testing houses located abroad as there currently is no such laboratory in Mongolia. The study concludes that a properly equipped and internationally accredited laboratory operated independently of the industry and government will be financially viable. The project will now seek to attract an internationally recognized testing services operator and investor to establish such a facility.

Mongolia Mortgage Corporation (MIK) – At a ceremony held on 4 Sept., the Chairman of the Board of MIK presented the shareholders with certificates verifying their increased

shareholding following the successful capital increase to 2 billion Mongolian Tugrug. Senior GoM officials and financial sector officials attended the event and expressed support for MIK's efforts to assist the development of the Mongolian housing finance system. Media coverage was very favorable.

Energy Sector Support

Energy sector financial status – Although all GoM counterparts acknowledge the true (bankrupt) financial status of the energy sector privately, none have come forward and said so publicly. EPRC's energy team is close to completing a second report detailing the discrepancies in some of the enterprises' year-end financial reports and revising these reports in strict accordance with International Accounting and Financial Reporting Standards. The Energy Regulatory Authority (ERA) will then issue a draft set of revised financials, hold meetings with the energy enterprises and release a final report.

GoM/external partners meetings – The Energy Working Group (EWG), which is co-chaired by USAID, met for a fourth time on 20 September. The major topics were approval of the EWG Operating Procedures (which was tabled pending invitations for ADB and EBRD to join the group); status and progress of an energy sector disaster scenario analysis, the Public Information/Public Education (PI/PE) campaigns; and a lengthy discussion on salient issues and problems facing the coal sector. Meeting notes of the Sept. meeting are under review and comment. The EWG meetings are becoming increasingly detailed, candid and meaningful, but momentum must continue to build to get GoM agencies working in the sector to coordinate their efforts along the same strategic lines and not work at odds with one another if pressing needs of the energy sector are to be addressed successfully.

Electricity and heating disaster scenario – EPRC has produced an expanded worst-case scenario report regarding partial or complete failure of the UB heating system in the winter. It was recently learned that two heating system partial failures were experienced in the 1980s, prompting GoM actions to start disaster planning, mitigation and recovery processes and procedures. All Combined Heat and Power plants (CHPs), the UB Heating Company and the City of UB have prepared such disaster planning, mitigation and recovery programs. EPRC is continuing to improve the disaster scenario parameters and will next meet with the CHPs, heating company and the city to determine the adequacy of their programs and what assistance may be required from USAID in the future.

Public Information/Public Education (PI/PE) campaign – EPRC reported progress, status and future actions planned for the PI/PE campaign at the EWG Sept. meeting. The project will present the salient features of the plan at the EWG October meeting and seek endorsement of all parties. The Press Institute, with project assistance, held a workshop (3rd to date) for the media at the Sharin Gol coalmine on 30 August. The next media workshop will be at the Darkhan Combined Heat and Power (CHP) Plant in mid-October.

Fuel/Coal sector – The Ministry of Fuel and Energy (MoFE) announced a 1000 Togrog price increase per ton of coal for energy generation in the Central Electricity System (CES) and Eastern Electricity System (EES). There are three coal mines supplying all of

the coal to the CES. Baganuur and Shivee Ovoo coal mines (state-owned companies) accepted the proposal. Privately owned Sharin Gol coal mine, which supplies the Erdenet and Darkhan CHPs with high quality design coal, rejected the proposal and stopped shipment of coal to these two power plants. However, the MoFE is likely to increase Sharin Gol coal prices in November. Although MoFE also announced a 7.5 billion Togrog debt relief program for the Baganuur and Shivee Ovoo coalmines, neither the Cabinet nor Parliament have yet approved the program. A related issue potentially affecting energy generation is the apparent lack of railway locomotives and coal cars to adequately transport coal to the CHPs during the coming winter.

National Dialogue Support

Open Government national multimedia chat on “Is Mongolia’s Silk Road Fraying” – The 10-day moratorium that the Chinese imposed on shipping of Mongolian goods from Tianjin (the Chinese port of access that Mongolia uses) provided an opportunity to engage the general public in a dialogue on the topic. This included heads of agencies and stakeholders involved in the clearing and transportation of foreign goods. EPRC used the news of the moratorium as a springboard to involve the public in current efforts to establish a single electronic window (SEW) for foreign trade facilitation and improve the competitiveness of Mongolia as a transit corridor between China, Russia and Europe through the Transit Mongolia project.

On 29 August at 2110 hrs, with the sponsorship of the *Open Government* website of the Cabinet Secretariat, the Director General of the Mongolian Customs General Administration, Mr. B. Battumur; the Chairman of the Ulaanbaatar Railway, Mr. V. Otgondemberel; the Chairman of the Railway Authority of Mongolia, Mr. Da. Ganbold; and the Chairman of the Mongolian National Chamber of Commerce & Industry, Mr. S. Demberel engaged in a national dialogue through national TV and radio on current conditions of the railway, customs and plans to improve the efficiency and competitiveness of transport and clearing of imports, exports and transit goods.

Two-hundred and fifty-four questions came in to the four participants through live telephone lines and SMS over cell phones. Based on the number and types of questions received, the topic of the chat clearly resonated with the audience and was timely. The panelists agreed that lack of capital investment in railway infrastructure and equipment had led to a poor condition of the system and that the government was taking action to allow private investment in the railway system. The new Law on Railway Transportation allows such investment while maintaining state ownership of the tracks, rights of way and infrastructure. The dialogue also provided an opportunity to discuss the Transit Mongolia project with the public.

Improved public communications – EPRC transferred the General Department of National Taxation (GDNT) website from the test server to GDNT and it is now “live.” The project received from GDNT a letter of final acceptance and appreciation for the work done. GDNT has requested project assistance to launch a website in English containing selected tax information to serve foreign businesses and investors.

Internet security of GoM agencies' websites and networks – The EPRC project is assisting Information and Communications Technology Agency (ICTA) with the design and delivery of a two-day, hands-on workshop scheduled for late October for webmasters and IT personnel of GoM agencies on website development, maintenance, administration and fundamentals of network security. ICTA has also asked for technical support to launch the official version 1.0 of the Joomla! Mongolia content management system (CMS). Addressing technical issues of website deployment, network security and administration within GoM agencies has become a precondition for the effective use of these tools as an instrument to improve transparency of rules and regulations and provide services to citizens. At present, website and network infrastructure security is deficient in many GoM agencies, and this hampers efforts to use IT technology effectively to communicate with the public or to effect electronic transactions.

Gobi Regional Economic Growth Initiative

Mercy Corps

www.mercycorps.org.mn

Quantitative Results

Gobi Initiative uses sales generated from new business activities outlined in the formal business plans developed under the project as an indicator of success. Total sales for herder and non-herder businesses for September reached MNT 204.8 million (\$171,821) and MNT 168.2 million (\$141,127) respectively. This puts total sales for herder businesses in 2007 (by Sep 2007) at MNT 1,127.8 million (\$946,168) and for non-herder businesses at MNT 1.28 billion (\$1,080,524). This gives a **CY2007 total sales up to end of September of MNT 2.4 billion (\$2.0 million)**, the sales target for CY2007 for all GI clients is MNT 3.82 billion (\$3.24 million).

Many herder businesses make a large part of their sales in the autumn and the sales are on track compared to the expected sales for the first nine months of 2007. Total sales generated by business clients under the Gobi Initiative Phase II from Jan 2004 to date is MNT 7.5 billion (\$6.3 million) vs. total USAID funding for the Gobi Initiative (less the sub grant to Pact) of the cooperative agreement to date of \$4.85 million.

Major market events took place in September in six GI aimags

The events this year were a great success attracting large crowds from across the aimags. US Ambassador Mr. Mark Minton and a Member of Parliament L. Odonchimed attended the official opening of the Market Day in Gobi-Sumber aimag. Mr. Jon O'Rourke, Senior USAID Program Manager, and Mr. Narantsatsralt, Minister of Construction and Urban Planning, attended the Dundgobi aimag Market Days. Other high ranking government officials attended the Market Days in their respective aimags. The six events generated total sales of MNT 299.9 million (\$251,565). Local producers displayed a variety of locally made products including dairy products, bread, cookies and pastries, drinks, vegetables, wool and cashmere, hides and leather products, felt products, wood/metal products, handicrafts, and construction material. The dairy and vegetable products had the highest demand and were generally sold out first.

At the 6 events a total of 915 exhibitors participated. Most of the GI clients participated, promoting and selling their goods and services to the general public, as well as other herder and non-herder businesses in the aimags. The banks and some departments of the aimags' Governor offices all actively participated and promoted their services and loan products. All the market events organized additional activities that are increasing both the scale and the popularity of the events. Events including question and answer contests different sport games, airag drinking competitions, raffles, trainings and cultural events were organized at the Market Days amongst other things. In Sept., herder and non-herder clients took 3 loans with a value of MNT 7 million (\$5,872) for which Mercy Corps provided MNT 2.3 million (\$1,929 or 33% of the loans) as additional cash collateral to commercial banks.

The total number of loans accessed by GI clients in the first 9 months of the year is 195 and **the total value of all disbursed loans increased up to MNT 576.9 million (\$483,972)**, with the average loan size for the year remaining at MNT 3 million (\$2,575). Mercy Corps has provided a total of MNT 254 million (\$213,093) as additional cash collateral. This constitutes 44% of collateral provided by Mercy Corps as compared to 84% at the start of the program in May 2004. Since the start of the program, a total of 546 loans have been dispersed, with a total value of MNT 1.65 billion (\$1.4 million). The repayment rate to date stands at 96%.

In order for rural economic development to be effective, a community needs to identify and consider its own economic strengths, weaknesses, opportunities and threats, and agree a shared strategy with all participating sectors (public, private and civil society). Socio-economic development master plans offer communities the opportunity to work together to improve the local economy and enhance competitiveness, thereby encouraging sustainable and inclusive growth. The development of the plans will involve local government employees, members of the soum citizen's representative Khural (local parliament), business owners and local residents.

Gobi Initiative facilitates the process from the initial meeting of all the stakeholders through to the development of the final master plan. In September, **two soums completed the development of their soum socio-economic master plans** (Adatsh soum in Dundgobi aimag and Shiveegobi soum in Gobi-Sumber aimag). These master plans will be reviewed approved by the respective citizen's representative's Khural in October. This brings the total number of finalized soum socio-economic master plans to 9, of which 7 have been approved by their respective citizen's representative's Khural.

Mercy Corps Private Donors

A Mercy Corps private donor tour was organized from 11th through 22nd of September. The donors visited Gobi Initiative activities in Umnogobi aimag and then traveled to Dundgobi to participate in the Aimag Market Fair. From Dundgobi, the donors traveled to Kharhorin and visited additional Gobi Initiative clients before returning to UB.

Veterinary Services Training

A veterinary training on camel treatment was conducted by the Mercy Corps' supported Mongolian NGO Vet Net in Umnogobi aimag in Sept. 18-19 with **18 local veterinarians** as well as vets from USA and New Zealand. Doctor Jim Jensen from Texas University participated in this event. This training was a good opportunity to exchange ideas and experiences to treat one hump (Dromedary; *Camelus dromedarius*) and two hump (Bactian camel; *Camelus bactrianus*) camels. Pact was present during the training to shoot a ten-minute audio-visual production on camels that will be later aired on RBN.

Herder Cooperatives

From 21st through 27th of September, Mr. Dennis Sheehy has worked with the Herder Alliance in Bayanhongor on organizational and market development issues. The Herder Alliance aims to increase the number of members from herder and non-herder businesses to 162 by December 2007. The Herder Alliance is a herder based cooperative modeled after ranch/farm cooperatives found in rural areas of North America but adapted to Mongolian conditions. The purpose of the Herder Alliance is to develop in private sector cooperatives the supporting infrastructure that gives livestock and crop producers access to quality production inputs (veterinary medicines, fertilizer, machinery and equipment, animal feeds, etc.), provides and organizes services that will improve product quality or improve producer capacity to engage in commercial agricultural production in the Mongolian environment (wool and cashmere grading, mechanical shearing, petroleum, spare parts, veterinary medicines, etc.), acts as an agent to market crop and livestock off-take products for members of the cooperative, and assists herders and farmers to mitigate financial and environmental risk associated with agricultural production (e.g., information provided by Gobi Forage, Rural Business News, etc).

New Clients

The Gobi Initiative is currently selecting new clients for CY2008. Client selection guidelines have been elaborated and potential clients have been made aware of the opportunity to collaborate with the Gobi Initiative program through radio. Mercy Corps also engages soum and bag governors who assist in the identification of potential clients. To-date, Gobi Initiative has received 236 applications from six representative offices, out of which 45 from Uvurhangai, 103 from Bayanhongor, 26 from Umnogobi, 14 from Dundgobi, 30 from Gobi-Altai and 18 from Gobi-Sumber. Gobi Initiative expects that the number of applications will continue to increase until the current 1 October 2007 deadline for submission.

Public Information and Education

The new Rural Business News (RBN) Content plan for the fourth quarter of CY2007 was developed with a reference group of experts. The planned content and key messages will be applied across the multi-media RBN products for the last quarter.

The RBN Magazine was promoted during the Market Days in Bayanhongor, Gobi-Sumber and Dundgobi aimags. As a direct result, thirty new readers subscribed to the magazine with delivery channeled through the local post offices. The production of the

second series of Final Destination was completed during Sept. The 26 episode series went to air from September 19th on the national channel TV 9.

Future events

Mercy Corps is organizing a national Local Socio-Economic Development workshop in close collaboration with the Swiss Agency for Development and Cooperation (SDC) and the President's Office. The workshop will be held on 24th and 25th of October 2007 and hopes to link representatives from all organizations involved in the Local Socio-Economic Development approach (Soum Master Plans) in Mongolia.

From 5th through 7th of October, Gobi Initiative will organize a Business Planning training in UB for local consultants from all 6 aimags. This will provide local consultants will additional technical skills in business planning and build local capacity to ensure that program activities become sustainable after the end of Gobi Initiative phase II. Gobi Initiative is also planning a Training of Trainers (ToT) session for local consultants on "Training Methodology and Adult Training." This will provide local consultants with the methodological tools and knowledge to improve their training and technical assistance skills to provide higher quality services to local business. This ToT session will be held in UB during the first half of November and will last for 10 days.

GER Initiative

CHF International

www.chfmongolia.org

In September, GER helped to improve or expand 116 businesses, create 28 new startups, match 106 people to jobs, and generate 210 new job placements.

Financial Services

Ninety-one loans valued at over \$143,500 were facilitated and 23 CAF loans valued at \$27,600 were funded.

Training and Consultancies

Exactly 320 trainings were held with 214 clients participating and 261 consultations provided to 235 clients. In Darkhan GER organized a "Writing Business Plan" training for 7 applicants who wrote 9 project proposals for the "Mongolian Development Marketplace-2007." The final selection took place at UB's Sukhbaatar square on Sept. 7th. Two project proposals named "Partnership-1" (a project to build a well and a service center which will include a bathhouse and hairdresser in Shireen Nuruu, at the far side of Derevnya) and "Mr. Hongor" (a project to establish distance training for young herders about livestock through radio) were awarded USD\$10,000 and USD\$7,000 respectively by World Bank. A project named "Hailaasjuulalt" (growing and supplying elms for decoration purpose) was chosen by UNDP which promised to award a grant of USD\$6,000 on Sept. 28th. A UB client, Battulga, received USD\$10,000 from the competition for creating a business group for raising rabbits. Currently Dambadarjaa branch is organizing business trainings for the 11 member group on such topics as start-up, forming a business group and marketing.

Information and meetings

There were 546 instances in which GER information services were provided to 378 clients and 12 meetings with the GoM were held with 91 clients participating. GER started to broadcast Commercials for the Ger Initiative newspaper to improve public awareness and increase sales. Work began on the 2007 Khashaa Valuation Survey by revising and updating the survey and collecting government data on transactions in 2007. The CHF International funded BUILD evaluation was completed in Sept. and CHF is now preparing a construction manual for clients and an internal manual for assessing construction budgets and loan applications.

Employment

A total of 106 clients were matched to jobs and 32 clients entered vocational training programs. GER Initiative established a new relationship with the Altai Cashmere Company. Thirteen of GER employment clients received knitting training and are now working for the company. The Central employment office announced this month that private employment matching companies must establish a cooperation agreement with Labor Bureau of UB city. Based on the agreement, private EM Companies will receive some funding from the GoM's employment support fund. In the first week of Sept. the GER Bulgan branch organized a labor trade fair with the Labor and Social Care Center, Employers Union and Government Office. The fair resulted in the registration of 113 unemployed people and the reception of 23 new job opportunities from employers. In UB, GER organized two Labor Days where its advisors invited local area employers and introduced to unemployed people. Five people were matched to jobs and 15 people registered as unemployed and received employment service.

Linkages - GER facilitated linkages between businesses worth approximately \$21,000 this month. GER also organized "Harvest Celebrations" in Darkhan, Erdenet, Choibalsan, Baganuur, Bulgan and Tuv Aimags. Clients prepared packaged goods such as preserves and ready-made salad mixes in addition to a variety of fruits, vegetables and meats. GER assisted the business group "Setgemj 2" to supply reflective vests to Boroo Gold. The group successfully completed the first order of 40 pieces on Sept. 19th and 32 pieces will be delivered on Sept. 27th. As a result of the orders, the group will be generating around 450,000 MNT a month which is allowing them to hire more staff and expand the group. We are also planning to enroll Darkhan-Setgemj Cooperative to the order and have them learn to sew the vests. This way the groups can complete large orders on time and cooperate with each other and share lessons learned.

Business Associations - There were 77 business groups active this month, one group was improved (and formalized into a company), 5 new groups formed, and no groups disbanded. New groups include two handicraft groups, a rabbit raising group, a construction group and two sewing groups.

PROGRAM AREA: MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

The Judicial Reform Project (JRP) National Center for State Courts (NCSC)

www.ncsc.com

Justice System

The JRP, in cooperation with the Ministry of Justice and Home Affairs (MoJHA) and GTZ, sponsored a conference on the assessment of the Legal Reform Program. The MoJHA is utilizing working groups to conduct this assessment, and the findings will be used to develop new strategic principles and objectives for the Legal Reform Program beyond 2008. Dr. Heike Gramckow of the JRP made a presentation at the conference on the developments in the courts and prosecution service of Mongolia.

Courts

The JRP recommendations have been incorporated into the draft amendments to the Judicial Disciplinary Committee (JDC) procedures and to the Judicial Ethics Code that is to be considered by the Judicial Board in February 2007. The adoption of the amendments to the Judicial Ethics Code will depend on the pending amendments to the Law on Courts as some, specifically additional sanctions, require legislative changes. The amendments to the JDC procedures were approved within the framework of the current legislation. The new procedures have introduced provisions requiring notification to the parties of JDC decisions, the dates of hearings and to enclose the date stamped notifications in the case files, streamlining the first instance hearings, specifying the structure and content of the Committee decision, etc. The new procedures have incorporated the JRP expert's recommendation to clarify the process for disqualification of Committee members to hear a case. In addition, it has placed the responsibility to collect, retain and review the financial disclosure statements of judges previously done by the General Counsel of Courts (GCC) on the JDC Office.

The JRP is assisting the JDC in developing software that will assist in creating an electronic database of complaints and investigated cases and will assist with producing reports. It will allow the JDC to improve its efficiency by setting a monitoring system to track all complaints, their status and decisions. The software should be completed by the middle of October.

JRP is now working with the GCC to develop a poster on recent amendments to the Criminal Procedure Code related to the courts, new GCC regulations, standards on case management and the public access terminals.

Prosecutors

Amendments to the Law on Prosecutor's Office introduce for the first time a Prosecutor's Ethics Council. Previously all disciplinary cases were filed with the Prosecutor General who then decided based on a review of documents alone. The Ethics Council will now

review the cases, hear arguments from the prosecutor in question and submit the findings to the Prosecutor General who will decide upon disciplinary sanctions.

On September 27th, the General Prosecutor's Office began conducting a certification of all prosecutors. The certification process, which JRP developed and promoted, consists of a written examination, interview, and reporting about their activities for last three years. The certification process will be carried out every 3 years for all prosecutors.

Law Schools

The JRP and Otgontenger University held an opening ceremony to inaugurate the implementation of a new trial skills course that has become a mandatory part of the law school's curriculum. The course will focus on trial skills in the areas of criminal, civil and administrative law by using a legal writing manual and case studies. The US Ambassador, Mr. Mark Minton, inaugurated the course.

The JRP, in cooperation with Mercy Corps, sent legal interns from the Otgontenger legal clinic to provide free legal advice to rural citizens during Gobi's market days in the following locations: Hovd, Umnugobi Uvurkhangai, Bayankhongor and Arkhangai aimags. The students provided free legal advice to 169 citizens.

Training

Trainers of Dornod Aimag conducted a follow-up training to the regional training of trainers (ToT) conducted in June 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. More than 42 judges, advocates, prosecutors, inquirers, court secretaries, investigators and other legal professionals attended these trainings.

Public Education

The broadcast of a new season of the award winning TV series "Legal Hour" has begun and can be seen on TV 9 Tuesdays and Thursday at 2000 hrs. The series informs citizens of changes in the Criminal and Criminal Procedures laws through a drama program using recurring characters.

The JRP television program "Blue Notebook" began broadcasting on Mondays at 2000hrs. on TV 9. The TV program provides education to citizens on criminal laws and trial procedures by dramatizing real life trials. The program also includes 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.

The JRP continues to broadcast a radio drama series on civil law entitled "Victims." The program broadcasts on Mongol Radio at 1930hrs. on Mondays and at 2115hrs. on Saturdays. Each episode is rebroadcast the following morning as well. The radio program allows JRP to reach the audiences that do not have access to TV broadcasts.

The JRP monthly newsletter “Rule of Law” (Mongolian version) Sept. 2007 issue was published/distributed to 83 courts plus approximately 20 Mongolian legal institutions. The newsletter compiles the activities of all Mongolian courts and allows courts and other legal institutions to share experiences and keep up to date on current events. The JRP monthly electronic newsletter (English version) Sept. 2007 issue was published and included news about US Ambassador Mr. Mark Minton’s visit to the School of Law of Otgontenger University and the JRP Automation of the Prosecutor’s Offices. The newsletter is delivered to more than 20 international organizations and local legal institutions.

Future Activities for October

On October 19th, the GCC will hold a regular session to approve new caseload management and new performance evaluation procedures. On October 22nd, JRP will sponsor training on the aforementioned procedures for more than 100 court personnel.

The JRP will hold a training course on trial skills for advocates, prosecutors and judges in the middle of October. The JRP will conduct training in late October for the SIU on interrogation and interview techniques, detecting and producing evidence of forced testimony, crime scene investigations and evidentiary principles.

The third week of October, the JRP will hold a training on the Judge2005 software, Internet and networking for the court’s regional IT specialists and assistants

The JRP will continue to broadcast “Legal Hour,” “Blue Notebook,” and the radio program “Victims.”

The Mongolian Electoral and Parliamentary Support Project (MEPS)

International Republican Institute

www.iri.org

Campaign Finance Reform, Publication Education on Campaign Finance, and Strengthening of the General Election Commission

Throughout September, IRI prepared for the upcoming-Campaign Finance Roundtable, which will be held in UB on October 4, 2007. IRI has partnered with the Voter Education Center (VEC) to conduct this event. The venue for this event will be the Conference Hall of the Mongolian National Chamber of Commerce and Trade. In preparation for the discussion that will take place at the roundtable, in September invitations and copies of the Draft Campaign Finance Assessment Study were distributed to roundtable participants.

Comments from the roundtable will be incorporated into the draft study to form the final version of the VEC Campaign Finance Study which will make recommendations to the General Election Commission (GEC) and Parliament regarding how inconsistencies in Mongolian laws (regarding elections and campaign finance) should be addressed. The aim of the study is to assist the GEC and SGH in reaching a consensus regarding how campaign finance aspects of next year’s parliamentary elections will be regulated.

Better Constituent Outreach

On Friday, September 28, IRI conducted a joint public forum (town hall meeting) in Dalanzadgad city, Umnugobi aimag for MPs Bayarsaikhan and Bat Erdene. The public forum was organized on the topic of the legal framework and future of the mining sector in Mongolia. The main purpose of the forum was to solicit comments and suggestions from the rural people of Umnugobi aimag on the recently-passed Minerals Law of Mongolia and Draft Investment Agreement to the Oyu Tolgoi project to be concluded between the Government of Mongolia and Ivanhoe Mines LLC. Over 120 people (5 people from each of the 15 soums) participated in the work of the forum. Representatives of Umnugobi aimag Khural and officials of the Governor's office also attended the event.

Establishing a Parliamentary Research Capacity

IRI is coordinating with the Policy Analysis Institute (PAI) to organize a research capacity training that will take place this fall. IRI plans to host Mr. Scott Palmer as the main trainer for the event. Mr. Palmer served from 1986-2007 as Chief of Staff to Speaker of the US House of Representatives Dennis Hastert.

Legislation Drafting Support

IRI is coordinating with the SGH Secretariat regarding the organization of a legislative drafting support training that will also take place this fall. Mr. Scott Palmer is also tentatively scheduled to act as a trainer for this event.

Strengthening Women's Voices in the Political Process

IRI is coordinating with the Citizen's Will Party women's organization to conduct a campaign skills training seminar in Dec. in UB. This seminar will be the final in a series of trainings meant to prepare women candidates for the 2008 parliamentary elections.

The Mongolia Anti-Corruption Support Project (MACS)

The Asia Foundation

www.asiafound.org

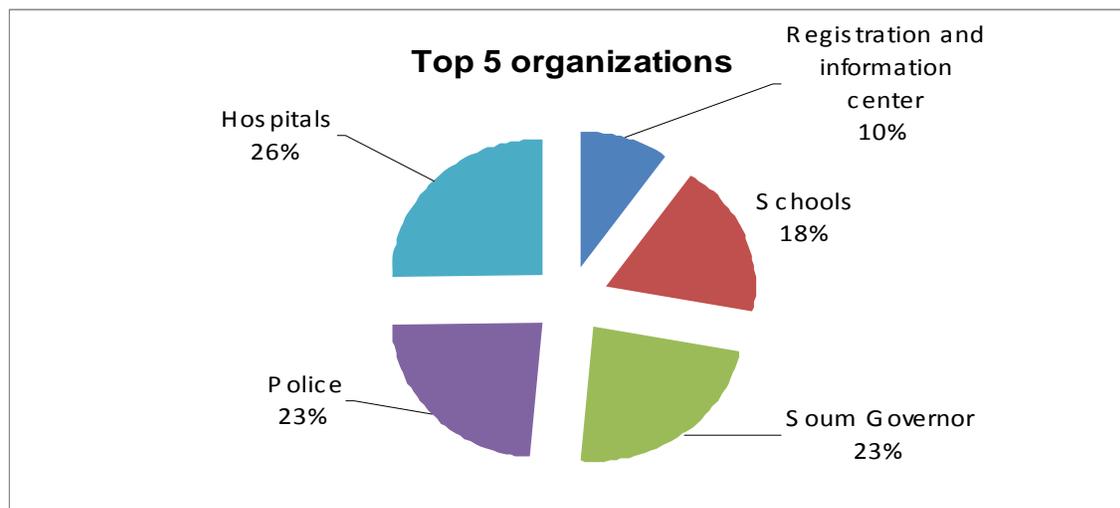
Anti-Corruption Agency

The Asia Foundation (TAF) has developed a campaign strategy to support the newly-established Corruption Reporting Center and hotline (# 1969). The campaign aims to encourage citizens to report corruption and engage in fighting corruption. The campaign will be produced in October and launched in November 2007.

Eradicating Administrative Level Corruption

The Academy for Political Education (APE) operates 10 hotlines in nine aimags, and in Ulaanbaatar. The nine aimags are: Darkhan Uul, Dornod, Dundgobi, Uvurhangai, Khovd, Husgul, Orhon, Umnugobi, and Selenge.

In first three weeks of Sept., APE received 70 calls for a total of 2,379 in the hotline's first year (12 months) of operation. Callers in Dornod were the most active accounting for 27.1% of all calls, followed by Uvurhangai (24.3%) and Dundgobi (18.6%).



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. Now that the Criminal Procedures Code has been amended, TAF will work with APE and the ACA to implement a refined referral mechanism from 9 hotlines, and do away with the UB hotline to not compete with the ACA's 1969.

Public Awareness and Education

Contract with C1 for "The PULSE" expired at the end of August. TAF is re-designing and developing a new and longer format for the program in cooperation with the ACA and C1 television.

Curriculum Development

The Gender Center for Sustainable Development (GCSD) introduced an ethics curriculum in March at the Management Academy and at the National Law Faculty, and worked over the summer with professors to prepare a refined curriculum for the fall semester, when the curriculum is to be introduced as mandatory course work. GCSD is simultaneously planning to introduce it at a larger number of institutions.

Benchmarking Survey

TAF completed data collection for the fourth semi-annual Corruption Benchmarking Survey in September. Preliminary results are being analyzed and will be presented in late October.

Regional Outreach

The ACA and related institutions (AGO; MOJHA; Police) continue to reach out actively to neighboring countries with a view to combating corruption and, transnational and organized crime through enhanced mutual legal assistance. In early September, TAF financed a trip for a four-member delegation to Bali to attend an ADB/OECD-sponsored

conference on Mutual Legal Assistance, Asset Tracing and Recovery. The delegation comprised Mr. Sukhbaatar, Deputy Justice Minister, Mr. Bat-Orshikh, Associate Prosecutor General, Mr. Munkhtulga, National Interpol Bureau and Mr. Enkhbold, Senior Officer of MOJHA.

Mr. Tony Kwok will return to Ulaanbaatar in early October for a fourth intervention that is intended to build capacity within the reporting center, other key ACA departments and related institutions.

Donor Coordination

TAF continues to maintain excellent working relations with the World Bank and its governance team. TAF secured co-finance from the World Bank to implement the campaign strategy in support of the ACA corruption reporting center and hotline.

CENTRALLY (USAID/W) OR REGIONALLY (USAID/RDMA) FUNDED PROJECTS

Eastern Steppe Living Landscape Project - Sustaining Wildlife and Traditional Livelihoods in the Arid Grasslands of Mongolia

Wildlife Conservation Society

www.wcs.org

The WCS/USAID Eastern Steppe project staff spent much of the month of September in the field conducting wildlife population monitoring and working with wildlife and environmental officers from the Protected Area Authority, State Border Defense and State Specialized Inspection Agencies. Continued work with members of the Eastern Mongolian Community Conservation Association and progress in the area of “collaborative wildlife protection” on the Eastern Steppe is discussed below.

Living Landscapes Program (LLP)

Landscape Species Approach: The WCS/USAID Eastern Steppe GIS/Remote Sensing specialist held a series of meetings in September aimed at sharing the Eastern Steppe project’s outputs and conservation planning tools with interested organizations/agencies and building our links and collaborative initiatives with potential project partners. The offer to review the Eastern Steppe GIS database was extended to the WWF Mongolia team in preparation for their GAP analysis and conservation planning efforts in the Mongol-Manchurian Grassland eco-region. Dr. Erdentuya from the National Remote Sensing Center (Information & Computer Center) was consulted on the subject of NDVI modeling for grassland productivity in Mongolia and a meeting with Mercy Corps’ Gobi Forage Project (Project Manager, Nutrition Researcher and GIS Specialists) was held to share information about project progress and discuss pasture productivity modeling and biomass measurement in the context of rangeland used by both livestock and wildlife.

Mongolian Gazelle: The mobility and “nomadic” migratory habits of the Mongolian gazelle make them a perfect “landscape species” but also one that is difficult to conserve and protect under a conventional “protected area” approach to wildlife and biodiversity conservation. Between September 3rd and 14th the WCS/USAID Mongolia gazelle project team hosted research and conservation partners from the Smithsonian Institution (Dr. Peter Leimgruber) and the University of Maryland (Dr. Bill Fagan and PhD student, Thomas Mueller). The joint team initiated a population monitoring project by capturing 9 adult Mongolian gazelle in the Eastern Steppe and equipping them with Argos-GPS collars to track their movements. The study is designed to better understand the requirements for the conservation of Mongolian gazelles and inform management by tracking their movements and revealing how they use their habitat and why they move over such large areas.

The capturing effort went smoothly. The team used 5 vehicles and free standing drive nets to capture the 9 female gazelles in Matad soum, Dornod aimag. Each gazelle was equipped with an advanced tracking device, a small Global Positioning System (GPS) receiver that is coupled with a satellite transmitter and, using a collar, fitted around a gazelle’s neck. The GPS acquires a new position and transmitted to the research institutions via weather satellites. Two different types of collars were used which together record short term daily movements as well as long term movements over several years. Relocation data acquired from these collars will be used in movement models that will help us understand what regulates the movement behavior of Mongolian gazelle. This September 2007, collaborative effort will hopefully mark the beginning of a longer term project with a focus on Mongolian gazelle ecological research and conservation. The Eastern Steppe’s Mongolian gazelle population represents Asia’s last large scale ungulate migration and to underscore this reality the team reported one of the largest gazelle aggregations ever recorded of more than >100,000 animals.

Community-Based Conservation

Community Ranger Training: The WCS/USAID Eastern Steppe project conducted its second training program with community rangers from the Eastern Mongolian Community Conservation Association (EMCCA) between September 26th and 29th, 2007. Both community rangers and community leaders attend the training which focused on developing wildlife monitoring and protection (patrolling) plans for each of the community managed wildlife conservation areas. Expected outputs from the training include monitoring and patrol plans developed by the communities and an agreed upon protocol for follow up with wildlife and environmental officials in the case of a community identified environmental or wildlife crime.

Collaborative Wildlife Protection Program

Wildlife Law Enforcement Training, Nomrog Strictly Protected Area: The second phase of the WCS/USAID Eastern Steppe project wildlife law enforcement training was held in Nomrog Strictly Protected Area (SPA) in Sumber soum of Dornod Aimag between September 16th – 25th, 2007. The training brought together staff from the newly formed Nomrog SPA administration, senior officials and patrol staff from the State Border Defense Agency (SBDA) and wildlife/environmental law enforcement staff from the

State Specialized Inspection Agency and the National Police. The 25 participants were provided copies of the finalized training manual and were trained through illustrated lectures, discussions and field exercises in wildlife monitoring, law enforcement and effective patrolling. Nomrog SPA is one of multiple protected areas on the Eastern Steppe that overlap with international borders and regions patrolled by the SBDA. The wildlife law enforcement trainings are building the wildlife monitoring and protection skills of the individuals working within these protected areas and establishing the collaborative approach to wildlife protection which is essential in these regions of protected area and international border overlap.

WCS Field Veterinary Program

Foot and Mouth Disease (FMD) Study: Final arrangements were made in September with the Immunology Department of the Mongolian Institute of Veterinary Medicine to process the serum samples collected for FMD testing from livestock and Mongolian gazelle on the Eastern Steppe in June, July and August of 2007.

Avian Influenza-GAINS: The WCS avian influenza team completed its season long presence in Hovsgol aimag in September and traveled back to Ulaanbaatar through Hovsgol, Bulgan and Arkhangai aimags surveying three lakes (Sharga, Hunt and Oigii Nuur) along the way. Two final surveillance trips to Erkhel Lake in Hovsgol aimag will be made in October after a final sample collection trip to Gangan Nuur of Sukhbaatar aimag in late September. No large scale die offs in wild birds have been detected by the team to date. 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 and through funding from the National Institutes of Health.

The Training, Advocacy and Networking Project (TAN)

Mercy Corps

www.mercycorps.org.mn

CSO “Local Initiative” Successfully Advocates for Cleaner Water in Aimag Hospital

Building on advocacy training provided previously by the TAN project, the Uvurhangai-based CSO “Local Initiative” lobbied local aimag officials to address the poor quality of water in the aimag center hospital. The problem of the hospital’s water came to light when the TAN network administered a customer satisfaction survey earlier in the summer for patients of the local hospital. The survey revealed that due to the poor quality water taken from an adjacent well, patients had to bring drinking water to the hospital for themselves and for family members being treated. The well water had pH levels that were well above acceptable norms, and was not drinkable. Further investigation showed that the hospital was in fact connected to the city’s water supply, but that hospital administrators elected to use the cheaper option of the well, despite officially having funds in their budget specifically allocated to cover the costs of city water. Hospital officials would not clarify how the difference in cost was spent.

Local Initiative carried out meetings with local health department officials, hospital staff and aimag officials to address the issue. As a result of these meetings, the hospital staff agreed to reconnect to the city water system with the funds allocated for that purpose. Currently, the pipes connecting the hospital to the city water system are being repaired, as the years of neglect resulted in damage to the pipes. Once the repairs are completed, the patients of the hospital will once again have access to clean drinking water.

“School Services Improvement” Project Completed in Khentii

This September also saw the completion of the “School Services Improvement” project in Khentii Aimag. This project was driven by the local CSO “Teachers and Parents Association.” The project addressed the community-identified priority of the dilapidated school recreational facilities. Repairs were performed on the outdoor sports field. In addition, equipment was purchased for the school gym and the school library was renovated and expanded, with the inclusion of a “reading room” adjacent to the main library. In addition to the library expansion, numerous books were provided by TAN, while others were provided by the local government. These activities marked the last phase of the project, which has previously organized teacher training seminars as well as numerous extracurricular activities for students. In total, the project’s beneficiaries consisted of 1173 students, 47 teachers, 13 school administrators and approximately 2000 parents. The local government contributed USD \$1011 to the project, in the form of materials contributions and labor. This total represents 20 percent of the total project cost. The Director of the school has pledged to maintain the renovated facilities through a combination of the school budget and a newly-created parents’ fund.

Arhangai Health and Hygiene Project

In Arhangai Aimag, the CSO “Women for Social Progress” completed implementation of the “Health and Hygiene” project. This project provided a training of trainers for twenty community members of Bagh 2 of the Erdenbulgan Soum. The 20 trainers are now in the process of disseminating the information they received throughout the Bagh’s 70 streets. Having received very positive feedback on this activity, Women for Social Progress have submitted a proposal to World Vision for the renovation of room in the Bagh Center, which will be used for regular health and hygiene training seminars for school children and other community residents. In addition to the benefit this would bring to the community, it also gives Women for Social Progress a good opportunity to utilize the fundraising skills and knowledge they acquire as part of TAN’s capacity building component.

Uvurhangai Bagh Center Opens

In Bagh no. 3 of Arvaikheer Soum, Uvurhangai Aimag, a new Bagh Development Center has been opened for use by a women’s group and an elders’ group. The project was initiated by the Women’s Council, and consisted of a USD \$2,837 local government material contribution. That contribution consisted largely of the extensive renovation of the building itself, which the local government carried out.

The women's group has already begun using the center to train women in knitting of assorted clothing and other items. Though these activities have only just begun, some of the women involved recently had the opportunity to participate in the Gobi Initiative project's "Market Days" event, generating a total of 50,000 tugrugs from the items they produced. They plan to develop participants' business skills through business training in the coming weeks.

Strategic Plans in Khentii, Bulgan and Arhangai

In the aimags of Khentii, Bulgan and Arhangai the CSO networks developed separate strategic plans for the coming year and for the coming three years. Much of the discussion in the course of developing these plans revolved around the issue of registration of their networks. Currently, two of the five CSO networks formed in the TAN project (Dundgobi and Bulgan CSO networks) are registered. The advantage of registration is largely the greater clarification of the networks' right to raise outside funds. In Uvurhangai, the network has expressed a preference to remain unregistered, acting primarily as a looser network that comes together for advocating common causes to the local government, and that puts less importance on outside funding of projects. In Khentii and Arhangai, the networks want to build their own capacity further before considering registering, and monitor the success and challenges of the registered networks in Dundgobi and Bulgan.

Bagh Assessment in Sant Soum, Uvurhangai Aimag

In the Central Bagh of Sant Soum, a new community for the TAN project, TAN-trained CSO representatives carried out a Bagh assessment. The assessment was part of TAN's initial engagement in the community, and provided TAN CSOs an opportunity to determine the best course of action as involvement in the community progresses. Though no projects have been identified yet, the issues of drinking water and recreational facilities for youth were recurring themes that will be pursued further as CSOs continue discussions with local government officials and other community residents. The bagh assessment also provided TAN staff and CSOs an opportunity to critically examine the recently altered bagh assessment procedures before beginning assessments in other baghs.

TAN Quarterly Meeting

TAN staff based in Ulaanbaatar and in the five aimags gathered in Ulaanbaatar for the TAN program's quarterly meeting. Senior Program Officer Michael Szporluk, from Mercy Corps' headquarters in Portland, Oregon, and new TAN Mongolia Project Director Justin Odum also participated in the quarterly meeting. The meeting provided an opportunity to review successes and lessons learned from the first four years of the TAN project; discuss sustainability issues as they relate to projects, the CSOs, and networks; discuss mechanisms for measuring the impact of the TAN project; and further refine some TAN procedures, from the format of our assessments to internal staff structures.

Upcoming TAN Activities

- TAN will further clarify the nature of our involvement in Sant Soum and the soums in which TAN is continuing work.

- TAN will carry out bagh assessments in new baghs of Khentii, Bulgan, Arhangai, and Dundgobi aimags.
- CSO Networks will refine and clarify sustainability plans and their strategic plans.
- New social entrepreneurs will be identified in project areas.
- Project proposals in citizen's participation and decision-making in Dundgobi, Khentii and Arhangai aimags will be further refined.
- Monitoring of ongoing project activities.