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Swiss Agency for Development
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Swiss Cooperation Strategy Mongolia 2013–2016



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Abbreviations

ADB	Asian Development Bank	MPP	Mongolian People's Party
AHP	Animal Health Project	MTR	Mid-Term Review
AusAID	Australian Agency for International Development	MIA	Ministry of Industry and Agriculture (formerly MOFALI)
CIDA	Canadian International Development Agency	MDGs	Millennium Development Goals
CSOs	Civil society organisations	MNET	Ministry of Nature Environment and Tourism
DP	Democratic Party	MoE	Ministry of Education
DRR	Disaster risk reduction	MoF	Ministry of Finance
EPR	End of Phase Report	MoL	Ministry of Labour
ETH	Eidgenössische Technische Hochschule (Federal Institute of Technology)	NDS	National Development Strategy 2007-2021
EU	European Union	NGO	Non-governmental organisation
FMD	Foot-and-mouth disease	NRM	Natural resources management
FOI	Freedom of Information Act	NSO	National Statistical Office
GCR	Global Competiveness Report	OSS	One-stop-shop
GDP	Governance and Decentralisation Programme	PCM	Project cycle management
GG	Green Gold	PUGs	Pasture user groups
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH	RF	Results framework
HDI	Human Development Index	SAM	Sustainable Artisanal Mining Project
HSPSC	Human Security Policy Studies Centre	SDC	Swiss Agency for Development and Cooperation
IBLIP	Index-Based Livestock Insurance Project	SLP3	Third Sustainable Livelihoods Project
IWM	Integrated Water Management Project	TAF	The Asia Foundation
IT	Information technology	UN	United Nations
JICA	Japan International Cooperation Agency	UNDP	United Nations Development Programme
KOICA	Korea International Cooperation Agency	UNFPA	United Nations Fund for Population Activities
MC	Mercy Corps	USAID	United States Agency for International Development
MDG	Millennium Development Goals	VET	Vocational education and training
MERV	Monitoring System for Development Relevant Changes	WGI	Worldwide Governance Indicator
		WUGs	Water user groups

Foreword

Switzerland and Mongolia established diplomatic relations in 1964 and have since enjoyed long-standing friendly relations. SDC's engagement in Mongolia dates back to 2002 when, in response to an international appeal in 2001 by the UN and the Government of Mongolia, it provided aid to the victims of the "dzud"¹. SDC decided to start a medium term cooperation program opening a cooperation office in 2004 with the intention of supporting the country in tackling structural challenges of sustainable rangeland management. The first Swiss Cooperation Strategy for the period 2007 to 2012 focused on natural resource management as well as employment and income generation.

During these years, Mongolia has undergone fast and profound changes. It has impressed the world with its successful transition to a democratic multi-party system and a liberal market economy. It rightly calls itself the beacon of democracy in the region. In addition to the remarkable progress it has made in democratisation, Mongolia is currently entering a mining boom that is generating unprecedented economic growth and government revenues.

Mongolia now finds itself at a crossroads in its development process. Its rich mining resources potentially provide it with a unique opportunity to lift itself into the ranks of the industrialised countries, perhaps within a generation. But this rapid development is linked to major risks. Will Mongolia be able to translate its increasing government revenues into sustainable and equitable socio-economic development? Or will corruption, exclusion and mismanagement lead to social disparities, stagnation in poverty, and popular upheavals? An important medium-term

challenge for the country is to improve its economic and political institutions to ensure transparent, accountable and equitable management of its mineral resource revenues.

The Government of Mongolia has recognised and accepted the challenge and, in 2011, introduced a decentralisation reform. During his visit to Switzerland in 2011, the President of Mongolia, H.E. Tsakhiagiin Elbegdorj, invited Switzerland to support Mongolia in the implementation of this reform. Switzerland welcomes these reforms and is glad to continue supporting Mongolia during this crucial reform period and to share its experience in direct democracy and decentralisation. We believe that these reforms are central to equitable social development and social cohesion.

Switzerland's contribution to Mongolia's development efforts addresses above key challenges and is based on the Mongolian National Development Strategy. This Cooperation Strategy targets those domains where Switzerland has expertise: Agriculture and Food Security, Vocational Education and Training, and State Reforms, Local Governance and Civic Participation. It has been developed in consultation with key local, national and international partners and will guide Switzerland's engagement in Mongolia in the period from 2013 to 2016.



Martin Dahinden
Director-General of SDC
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¹ "Dzud" is a disastrous weather phenomenon caused by a dry summer followed by an extremely harsh winter.

Executive Summary

Mongolia has come to a crossroads in its development process. After a relatively peaceful transformation from a socialist planned economy to a liberal democracy, the country is experiencing unprecedented economic growth on the back of a mining boom. Long-term political stability, economic prosperity, equity and social development will depend on whether Mongolia can benefit from this unique historic opportunity to invest in a sustainable future for its citizens. In the past, many resource-rich countries around the world have instead suffered a 'resource curse'.

In 2001, the Swiss Agency for Development and Cooperation (SDC) started a humanitarian aid and subsequently a development programme in Mongolia with a strong focus on sustainable natural resources use, agriculture and food security. The accelerated economic transformation from semi-nomadic livestock herding to large-scale industrial mining is leading to a shift in the programme in line with the overall goal of the Swiss Federal Council's Dispatch to Parliament on International Cooperation 2013-2016 and its two strategic objectives: (i) Ensure equitable access to resources and services to the people, and (ii) Support the transition to democracy and a market economy.

The results of the programme during the period 2007-2012 were impressive, although pro-

gress was uneven between the domains. The overall goal of the programme was to contribute to improved and more secure livelihoods for herders and ex-herders in the less developed western region. In the Rural Income and Employment Domain, innovative approaches produced strong and tangible results in several high-priority niche sectors for Mongolia. Progress in the Natural Resources Management Domain was generally slower due to its high technical complexity and low government policy priority. The limited engagement in the Governance Domain had good returns.

In light of the rapidly changing development context, the Swiss Cooperation Strategy 2013-2016 will shift emphasis to three complementary and mutually reinforcing domains: (1) Agriculture and Food Security; (2) Vocational Education and Training; and (3) State Reform, Local Governance and Civic Participation. Experience in Mongolia has shown that ecology needs to be combined with economy in a reinforced 'green domain' in order to improve the livelihoods of the rural population. An entirely new domain will be dedicated to improving the quality of vocational education and short-term skills training so as to allow young people in rural areas and low-skilled adults to take advantage of the opportunities offered by the unfolding economic boom. Successful decentralisation reforms will be decisive for development out-



comes in all sectors, which is why SDC's investment in the 'governance domain' will expand considerably in the coming period.

The strategic goal of the Swiss Cooperation Strategy 2013-2016 is to contribute to equitable and sustainable social and economic development in Mongolia. In order to achieve this, the Agriculture and Food Security Domain will aim to increase incomes and create better livelihoods for vulnerable rural populations; the Vocational Education and Training Domain will seek to improve the employability of rural men and women; and the State Reform, Local Governance and Civic Participation Domain will foster effective, efficient and fair local governments, satisfied citizens, and a genuinely representative and effective civil society. The strategy will be underpinned by mainstreaming gender equality in all SDC interventions.

A strong alignment with national development priorities and increased use of country systems is considered to be essential for the next programme period. This implies that: (i) the programme must focus on topics with a high chance of uptake and financing through the government; (ii) Switzerland will insist on joint planning, appraisal, implementation and financing for all interventions; (iii) democratic mechanisms that direct public resources to priority areas and services

which benefit the poor must be strengthened; (iv) more joint projects with multilateral partners will be pursued; and (v) SDC self-implementation will be phased out.

Funding for the programme will peak at around CHF 22 million in 2015 and thereafter decline towards the phase out by 2020. With an overall budget of around CHF 80 million over four years, the three priority domains of the Cooperation Strategy will account for at least 80% of the planned disbursements. The additional funds will be largely invested in strategic and active partnerships with competent multilateral organisations. The trend towards larger and more comprehensive and strategic projects with phase budgets between CHF 3-12 million will continue until at least 2015.

1. Context Analysis

Mongolia has made considerable progress in a short period towards establishing the institutions of political democracy. Since the end of the socialist period in 1990, the country has experienced two relatively peaceful decades of political, economic and social transformation towards a liberal democracy. Politics has been dominated by two major parties: the Mongolian People's Party (MPP, previously the Mongolian People's Revolutionary Party or MPRP) and the Democratic Party (DP). With the exception of the general elections in 2008, the transition between governments has been largely peaceful. The DP emerged as the winner of the recent June 2012 elections, and has since formed a government together with the Justice Coalition.

The political environment is conducive to open public debate and allows for limited civic engagement. Parliament actively and openly debates new laws, and the opposition is allowed to express its views. Prospects for the participation of citizens in the legislative process have also been enhanced through the introduction of regular Citizens' Hall meetings since 2010. In addition, a Freedom of Information Act (FOI) came into force in December 2011, providing citizens with new means to obtain public information previously not disclosed. Some concerns remain, however, about the government's respect for press freedom.

Steady improvements have been achieved in human development since the end of the socialist period, even though the rate of progress has been slower than in East Asia. Literacy rates and life expectancy at birth are high at 97.5% and 68.5 years respectively, which ranks Mongolia at position 110 out of 187 countries in the 2011 Human Development Index (HDI). Mongolia's HDI, however, is below the average for countries in East Asia. Moreover, educational attainments and health outcomes are highly gender differentiated. Women lead the way in tertiary education and live on average 7 years longer than men. But despite advances in the labour market and dominating migration to

the growth centres, women continue to lag behind in management, pay and politics. Women hold only 9 out of 76 seats in parliament, and only 3 out of 19 ministerial posts.

Mongolia's economic growth is accelerating relentlessly as the country's mineral resources boom takes off. In 2011, the economy expanded by a record 17.3% on the back of investments in the mining sector, aided by record levels of agricultural production. By 2016, it is estimated that mining will contribute 40-50% of gross domestic product. Already now exports of mineral products have outpaced traditional items such as cashmere by more than tenfold, and the trend is projected to continue. Double-digit inflation, however, harbours a threat to social peace and economic stability. Despite rising food production for four years in a row, the cost of food and other basic commodities is increasing which is lowering the living standards of poorer citizens, in particular low-skilled workers, unemployed youth and herder households.

Despite a booming economy, Mongolia's poverty rate remains high in rural areas, and income inequality within communities and between regions is widening. According to data published by the government and the World Bank in 2012, close to 30% of the population is living below the national poverty line, and rural poverty has reached up to 33%. In addition, growing income inequality within the population is compounded by a geographically uneven growth distribution. While the newly emerging mining centres in the South Gobi region and the capital Ulaanbaatar are benefiting from the emerging economic opportunities, the peripheral regions are lagging behind and becoming increasingly dependent on government transfers. As a consequence, rural migration streams to Ulaanbaatar and the southern mining provinces are expected to intensify.

The unprecedented level of government revenues emanating from the mining sector is put-

ting a strain on public sector governance. Much of the increase in state revenues has in the past been used for untargeted social welfare transfers to citizens, public sector salary increases and populist public investment projects. It is expected that pressure for increased government expenditure will continue as long as unemployment remains high and inflation soars. Moreover, the perception among citizens and other stakeholders that public money is being mismanaged is growing. Both global indices and diagnostic studies carried out in Mongolia have shown that corruption is worsening and becoming a major hindrance to development.

The economy remains highly exposed to international commodity price volatility and vulnerable as a result of its dependence on regional export markets and sources of imports, particularly energy. China has become Mongolia's most important trading partner, absorbing more than four fifths of its exports and constituting the source of nearly half of its imports. In addition, Mongolia imports almost all petroleum products and a substantial amount of electricity from Russia. Consequently, a slowdown in China's economic growth, significant barriers to cross-border trade, or a collapse in global demand for its mineral products could result in another 'boom-and-bust' cycle which Mongolia last experienced in 2008 during the global economic crisis.

The livestock sector continues to be out of balance and is contributing to the degradation of Mongolia's fragile environment. Continued overstocking and overgrazing is destroying pastures and intensifying desertification, both of which are undermining the main source of livelihoods for rural herding households. Moreover, the livestock

sector is also plagued by infectious diseases and constrained by poor market access. Consequently, productivity in the sector is low. In addition, the livestock sector continues to be highly vulnerable to the weather, in particular dry summers followed by extremely harsh winters ('dzud'). The last dzud in 2009-10 wiped out 10 million livestock, or about 20% of the total number at that time. As a consequence, economic growth dipped, underlining the continued importance of the livestock sector for around a third of the population as the main source of employment and livelihoods. A healthy livestock sector in balance with the environment is also crucial for food security.

The effects of climate change on Mongolia are mixed. While the average temperature has risen 2.1 degrees over the last 70 years, some of it is most likely attributable to the loss of vegetative cover due to intensified human intervention during this period. On the one hand, the temperature increase seems to be having a positive effect by extending the very short growing season. On the other hand, it is leading to increased glacier melting in the west of the country. Hence, climate change in Mongolia will have a mix of positive and negative effects. Observed environmental degradation is, however, mostly due to human mismanagement through intensive overgrazing, mining activities, and severe air and water pollution in the cities.

Despite a "demographic dividend" working in Mongolia's favour, the country is failing to reap the full benefits of this due to a skills mismatch in the labour market. With growth of its working-age population expected throughout the next decade, unofficial youth unemployment remains worryingly high at close to 40%. Mongolia's





vocational education system, which has declined in quality during the transition years, is largely failing to produce the workers in highest demand in the private sector. The skills mismatch in the labour market is having two direct consequences. Firstly, Mongolia will have to import more skilled labour in future to meet the needs of its growing economy, which may accentuate nationalist sentiments within the population. Secondly, large private companies will continue to train the workers they require in-house, which small businesses cannot afford to do.

A sharp recentralisation of state functions and finances has set back democratisation at the local level. While democratic structures are in place nation-wide with regular elections of local assemblies ('khurals'), actual decision-making has been limited by the restricted responsibilities assigned to the sub-national level since 2003. Mechanisms to reveal citizens' preferences and control public functions are also weak. Civil society organisations across the country, while large in number, are loosely organised and are not creating public checks and balances on decision makers. In addition, the recentralisation process has jeopardized equitable service access at sub-national level, which is contributing to increasing rural-urban migration. In response to these challenges, the government started a decentralisation reform process in late 2011.

Mongolia has come to a crossroads in its development process. Long-term political stability, economic prosperity, equity and social development will depend on how well the country can manage the unfolding natural resources boom. On the one hand, Mongolia is presented with a unique historic opportunity to invest in a sustainable future for its citizens. On the other hand, many resource-abundant countries have in the past suffered a 'resource curse' characterised by volatile economic growth, high levels of corruption, and low development outcomes. The reasons include a decline in the competitiveness of other economic sectors due to an appreciation of the real exchange rate ('Dutch Disease'), volatility of

state revenues due to high exposure of commodity exports to global markets, and mismanagement of resources due to poor governance.

The Government of Mongolia (GoM) is providing strong leadership over the country's development process and is an empowered partner for international development agencies. Through its MDG-based National Development Strategy (NDS) 2007-2021, the government is proactively guiding the country's reform processes through the following broad-based objectives: achieve the MDGs through strengthening human capacity; create a knowledge-based economy through high-technology; ensure environmentally friendly production and services; and foster a democratic system of governance for the benefit of all citizens. In order to implement the national reform agenda, the GoM has asked Switzerland to provide specific technical expertise and assistance in the areas of agricultural development, professional education, and state reforms.

Switzerland will support Mongolia in taking the path of developing an ecologically and economically sustainable future that places those citizens left behind by the mining boom at the centre of an equitable and inclusive development process. The downside effects of the country's transformation to a minerals-based economy are felt most strongly by the poor, traditional herder households, and unskilled workers in rural areas and urban ger settlements. The greatest challenges are increasing productivity and securing the sustainability of traditional sectors, tackling skills shortages and fostering diversification. Rising resource revenues will provide the government with the means to address them. Switzerland will provide the requisite governance and high-end technical expertise for Mongolia to tackle its development challenges.

2. Swiss Development Policy Objectives

SDC is the official federal government agency representing Switzerland's development cooperation with Mongolia. The programme started with a humanitarian aid intervention in 2001 and graduated into a development programme in 2004. The main focus of that programme has been on sustainable use of natural resources, agricultural development and food security. Since the early humanitarian interventions, disaster risk reduction (DRR) in traditional nomadic livestock herding has been a central aspect of the Swiss programme. Mongolia and Switzerland enjoy friendly diplomatic relations which go back to 1964 and today translate into fruitful development cooperation. In addition, several Swiss non-governmental actors have been active in Mongolia since the end of the socialist period.

The SDC Cooperation Strategy in Mongolia is firmly in line with the overall aim of the Swiss Federal Council's Dispatch to Parliament on International Cooperation 2013-16 to support 'Sustainable Global Development and Reduction of Poverty and Global Risks'. According to the new Federal Council's Dispatch, Mongolia will be one of ten countries categorised as 'stable priority countries'. Previously, Mongolia was classified as a 'special programme' of limited duration and focus. Consequently, the financial volume of Swiss development assistance to Mongolia will increase by about 30% in the period 2013-16. It is envisaged, however, that SDC will phase out the Mongolia programme by 2020. Hence, the new cooperation strategy period will likely be followed by another programme cycle with the aim of gradually phasing out Swiss development cooperation in Mongolia.

The two strategic objectives of the new Dispatch on International Cooperation selected for Swiss cooperation with Mongolia are a reflection of the fast-changing socio-economic conditions: 'Create Equitable Access to Re-



sources and Public Services' and 'Support the Transition to Democracy and Market Economy'. The strong mineral resources-based economic boom is putting to the test the capacity of Mongolia's political and administrative institutions. The latter are critical to fostering inclusive, equitable and sustainable development for all citizens. Against this background, and at the request of the GoM and with the consent of other key development actors, Switzerland will address important development challenges under three thematic priorities of the new Dispatch on International Cooperation: (i) Agriculture and Food Security; (ii) Vocational Education; and (iii) State Reform, Local Administration and Citizen Participation.

3. SDC Results 2007–2012

Switzerland is recognised as a key development partner in Mongolia, exhibiting a clear profile and a strong bilateral portfolio of projects in sectors of high relevance.

Swiss cooperation in Mongolia enjoys a high reputation and has been lauded for its strong field presence and for its explicit poverty focus both geographically and thematically. Over the past 6 years, SDC's geographic focus on the poorer western aimags has been viewed as very relevant by all stakeholders. Since then, the western aimags have caught up with the rest of the country in many respects, including in reducing poverty rates. SDC has also earned respect as a bilateral lead donor with a "hands-on" approach in important sectors for Mongolia such as livestock, artisanal mining, potato, and the streamlining of government services. Local mandates and SDC self-implementation, supported by international backstopping, were consciously chosen as the preferred aid modalities.

The overall aim of the Swiss Cooperation Strategy 2007-2012 was to contribute to improved and the more secure livelihoods of herders and ex-herders in the less developed western region by improving the sustainable use and regeneration of natural resources and by supporting ecologically oriented social and economic development. With a budget of around CHF 58 million over 6 years, the Strategy relied on three priority domains: (i) Rural Income and Employment through the creation of market and job opportunities for the rural poor, focusing on the agricultural sector and artisanal mining; (ii) Natural Resources Management (NRM) and in particular the sustainable use of pastures and DRR for herders; and (iii) Governance, with a focus on improving access to public administrative services and increasing the capacity of local governments and communities in self-government.

Results achieved during the programme period 2007-2012 were impressive, although progress was uneven in the three priority support areas. In the Rural Income and Employment Domain,

innovative approaches produced strong and tangible results in several niche sectors of high priority for Mongolia despite the relatively modest funding amounts. Progress in the NRM Domain, where Switzerland acted as a key donor, was generally slower due to the very high complexity of the challenges in this sector and the low policy priority given by the GoM. The limited engagement in the Governance Domain, which focused mainly on improving public administrative service delivery, showed good returns. Gender equality was supported as a cross-cutting theme and a very solid country gender assessment was conducted together with the ADB.

3.1 Rural Income and Employment

Self-sufficiency in potato production has resulted in improved diets for the rural population, reduced poverty, increased household income and food security. The Mongolian Potato Programme, supported by SDC, has successfully contributed to potato seed renovation. New varieties of potatoes have increased yields by more than half, while the average income of 21,600 farmers has expanded by nearly one third. While national potato production covered 55% of market demand in 2004, today Mongolia is completely self-sufficient and in a position to start value addition and even to export surplus production to neighbouring countries.

Artisanal mining has been legally recognised as a formal profession, which has contributed to increased livelihoods, more secure work places and improved occupational safety of the so-called 'ninja miners'. Strong SDC advocacy efforts through the Sustainable Artisanal Mining (SAM) Project have inspired a shift in paradigm from criminalising Mongolia's estimated 100,000 artisanal miners towards their integration into the formal economy. Legal recognition of artisanal miners allows them to sell their products at official market prices. In addition, over 3,000 artisanal miners have



benefitted from a recently introduced regulatory framework which empowers soum governments to allocate mining land to local artisanal mining partnerships.

Local economic development has been stimulated by Swiss support for competitive tendering of government services to the private sector. Since the start of the Swiss assistance project 3 years ago, 531 local businesses in the 12 participating aimags have won government tenders, resulting in the award of 687 contracts with a total value of about CHF 6 million. Previously, companies based in Ulaanbaatar were awarded most of the contracts. Moreover, the participation of local NGOs in tender committees has contributed to better oversight.

SDC's Green Gold Project has successfully organised herders into user groups with a view to preserving the rangelands and improving their cash incomes. During the period 2007-2012, diversification of production and better marketing increased the cash income of participating herders by 30%. By 2012, over 20 business cooperatives had developed out of the Green Gold user groups with combined additional annual revenues of CHF 400,000. In addition, an SDC-funded Mercy Corps project supported rural producer groups, with 3,000 members, which has created an additional 564 new jobs and additional revenue of CHF 1.6 million over the last 3 years.

The basis has been laid for controlling (i) brucellosis, a livestock disease which is a serious threat to humans, and (ii) foot-and-mouth disease (FMD), which is an impediment to meat exports. Mongolia has worldwide the highest incidence of human brucellosis. As a result of a joint brucellosis control pilot project, the government has improved its method for livestock vaccination. Due to intensified disease surveillance and control measures, Mongolia was also able to apply for official recognition of FMD free status for the western part of the country. The government committed to a new bilateral project with Switzerland which seeks to strengthen animal disease control.

Main Lesson: Supporting the traditional way of living is not enough to eliminate rural poverty and generate equitable development in a rapidly transforming economy. While the Swiss Cooperation Strategy 2007-2012 emphasised the preservation and protection of the traditional livelihoods of the nomadic herders, SDC interventions need to be adjusted during the next programme period in the light of the rapidly changing context. Moreover, SDC's experience with the Green Gold Project has revealed the largely untapped economic potential of herder user groups, initially established to preserve the environment, for value addition and joint marketing.

3.2 Natural Resources Management

The organisation of herders into user groups has resulted in more sustainable pasture management and better preparedness against natural disasters. A new state regulation, based on the experience of the Green Gold Project, devolved authority for pasture management to local governments. Thanks to the new regulation, 15,000 herders organised into pasture user groups (PUGs) could conclude over 470 pasture usufruct contracts with local authorities over the past programme period. Moreover, the PUGs set aside 3.4 million hectares (ha) of degraded pastures for recovery over a 1-3 year period. In addition, herders' disaster preparedness has improved through increased hay-making and the planting of forage.

The roll-out of an index-based livestock insurance scheme has further enhanced the disaster resilience of herders. The public-private-partnership livestock insurance scheme, led by the World Bank and supported by SDC, has registered a continuous increase in herder enrolment. In 2011, the year after the last dzud, 10,880 herders representing 9.3% of all herder households purchased policies in 15 participating aimags. Swiss support for the insurance scheme is adding value through the introduction of a group-based policy which is compatible with Green Gold's PUG approach. Since 2012, the insurance scheme has been scaled up to nation-wide level.

Participatory water management, coupled with irrigation infrastructure renovation, has proven effective in reducing water conflicts, combating desertification, and increasing agricultural production. In Khovd aimag, SDC has facilitated the formation of water user groups (WUGs) among 1,200 farmers, while the government has invested in the irrigation infrastructure for 1,600 ha of farm land. The combined effort has led to a marked decrease in water conflicts and the piloting of improved cultivation techniques which save water, protect land from desertification, and increase productivity.

SDC has successfully introduced the first mercury-free gold-ore processing plant in Mongolia which is now being replicated within the country and internationally. The mercury-free Bornuur ore-processing plant in Tuv aimag is owned and operated by former artisanal miners. The model has been replicated in two other artisanal mining 'hot spots'. Together the three plants serve 2,500

clients and generate an average of CHF 7.5 million annually worth of processed gold, the proceeds of which flow to the communities. The model is also being replicated in some African countries.

Main Lesson: While sustainable resources management practices have taken root at the local level among herders and farmers, the transition will take longer at the central policy level.

At the local level, ownership for environmental interventions has been strong due to Swiss technical support and demonstration of tangible benefits. At the policy level, environmental management has received low priority by previous governments, and SDC's efforts to improve the governance framework in pasture management have been mostly unsuccessful. The new government has put high priority on the 'green sector' which together with the decentralisation reform process will provide opportunities to address NRM challenges more effectively in the future.

3.3 Governance

The nation-wide introduction of one-stop-shop (OSS) centres has improved access and delivery of public administrative services for citizens. OSS centres, inspired by SDC's successful experience in the Mekong region, are operational in 35 locations throughout the country: in all 21 aimag centres, all 9 districts of Ulaanbaatar City, in the regional centre Kharkhorin, in 2 pilot soums and 2 pilot micro-districts. As of today, these OSSs have served over 4.3 million clients, including 2.8 million customers in rural areas and 1.5 million in Ulaanbaatar City. Over 90% of customers confirm that the OSS saves them time and thus money. In addition, improved transparency of service delivery has reportedly reduced rent-seeking behaviour of public officials.

Main Lesson: Supporting better governance enhances development outcomes in other domains. Acknowledging the transitional character of Mongolia's development process, the programme mid-term review (MTR) 2010 recommended incorporating governance as a third domain into the Swiss Cooperation Strategy. While experience to date is limited in scope, it suggests that the strong political will of the central government, committed local partners, and a multi-level (central and local) and multi-sectoral approach will enhance development results.

4. Implications

The key development challenge faced by Mongolia today is to translate the mineral resources-based economic boom into a prosperous, equitable and sustainable future for all citizens. For every Mongolian working in mining, about 20 more are currently working in low-skilled occupations, especially herding and artisanal mining. This tension between 'high-return capital-intensive' and 'low-return labour-intensive' sectors is likely to remain. In addition, Mongolia will have to grapple with rural poverty, youth unemployment, worsening corruption and gender inequality in the coming years. While public resources to address the country's development challenges will grow, Switzerland will hold a more intensified policy dialogue with the GoM to complement its provision of specific high-level technical expertise and assistance.

In light of the rapidly changing development context, the Swiss Cooperation Strategy 2013-2016 will shift emphasis to (i) combining ecology with economy, (ii) entering professional education, and (iii) deepening support for governance reforms. SDC's experience in Mongolia has shown that the combination of NRM, agriculture, value chain development and marketing needs to be reinforced in the 'green domain'. An entirely new domain will be dedicated to improving the quality of vocational education and short-term skills training to allow rural young people and low-skilled adults to take part in the economic boom. Successful decentralisation reforms will be decisive for development outcomes in all sectors, which is why SDC's investment in the governance domain will expand considerably.

The main beneficiaries of the new cooperation strategy will be those citizens left behind by the mining boom. The accelerated economic transformation from semi-nomadic livestock herding to large-scale industrial mining has excluded the following groups of society most from the emerging opportunities: poor herders and ex-herders including artisanal miners, unskilled workers in rural areas





and, to a lesser extent, in Ulaanbaatar City's ger settlements. Consequently, the geographic focus of the new cooperation strategy will remain distinctly rural, which is in line with the Government's policy priority to curb further migration from rural areas. However, SDC will no longer focus on the western aimags only but take a nation-wide approach. In addition, some selected interventions in Ulaanbaatar's ger settlements will be pursued.

Increased productivity of the agricultural sector will enhance food security and create employment in rural areas, while balancing the livestock sector with the environment is critical for creating sustainable herder livelihoods.

In agriculture, SDC will emphasise the development of value chains and market linkages that benefit the poor. Swiss support will continue in technical areas of high relevance, such as animal health and vegetable seed renovation. In pasture management, key contributions in the next programme period will include the incorporation of sustainable stocking rates into the ecological zoning approach and the establishment of an ecological, potential-based rangeland management system. The PUG approach and initial positive experiences with water management and environmental education will be scaled up.

Better and more practical vocational education and training (VET) will improve the employability of young Mongolians, while artisanal

mining will remain an important economic activity in rural areas for years to come. Supporting modern, high-quality hands-on VET and skills development will deliver big pay-offs by reducing the present mismatch of skills in the labour market and by contributing to the diversification of the economy. Artisanal mining, which is very labour intensive, could offer better livelihoods if regulation and market links were improved. Switzerland will continue supporting the formalisation strategy and will promote artisanal mining through better health and safety practices and through concepts such as fair trade.

Civil society, public services and the equitable use of public resources remain underdeveloped but could improve as the OSS project has demonstrated.

Building on its positive experience with the OSS, Switzerland will support a comprehensive decentralisation reform agenda led by the Government. Moreover, in an open and pluralistic society, civil society organisations (CSOs) contribute to community-building and improve the quality of decision-making at all levels. Building user groups, community-based organisations and federations has been a trademark of SDC in Mongolia. Future Swiss interventions in the area of CSO development will build on a joint World Bank-SDC pilot project, which in its first phase is fostering the leadership and management capacities of representative civil society organisations.

5. Priorities, Objectives & Impact Hypotheses

The strategic goal of the Swiss Cooperation Strategy 2013-2016 is to contribute to equitable and sustainable social and economic development in Mongolia. SDC will achieve the stated strategic goal through interventions in three complementary priority domains: (1) Agriculture and Food Security; (2) Vocational Education and Training; and (3) State Reform, Local Governance and Civic Participation. As a transversal theme, gender equality in SDC interventions will raise awareness of citizens, authorities and partners as a means of communicating through demonstration the relevance and importance of gender-related aspects in development processes. The transversal theme will be mainstreamed in projects and programmes with a new gender-support intervention planned for the cooperation strategy period 2013-2016.

5.1 Agriculture and Food Security

The Agriculture and Food Security Domain aims to increase incomes and create better livelihoods for vulnerable rural populations.

To achieve this aim, it will focus on the following three mutually reinforcing outcomes in the areas of productivity, market access and livelihoods: (i) improved productivity of herders and farmers; (ii) improved access of herders and farmers to markets; and (iii) improved herders' and farmers' livelihood security. The domain's outcome 'triangle' recognises the need to combine activities for sustainable natural resource management with strategies for production and productivity increases and concerns for market access. It will invest in productive agriculture in Mongolia based not only on modern production inputs but also on sustainable and inclusive land management practices. Through the latter, SDC projects and programmes will also support indirectly the mitigation of negative effects caused by climate change.

To increase productivity of farmers, emphasis will be put on improving animal health, veg-

etable seed, extension systems and market linkages. Building upon past achievements, the SDC will continue to invest in animal disease control and to strengthen veterinary education through its Animal Health Project (AHP). Brucellosis and FMD in particular are key obstacles to Mongolian meat exports. The lessons from the very successful potato seed renovation project will be applied to vegetable seed. Moreover, the next programme period will aim to link the PUGs to demand-driven support from national extension agencies, and to focus on agricultural sub-sectors with potential for improving market opportunities for poor herders.

Collective-action approaches will be utilised beyond environmental protection and sustainable pasture management for improving value addition and access to markets. Farmers and herder groups are increasingly developing businesses, often in the form of cooperatives or extended producer groups. The latter face constraints both in accessing markets and in developing management structures required for effective business operations. SDC will collaborate with PUGs, WUGs, their associations and other collective action groups of farmers and herders to create income opportunities through improving marketing and value addition. In addition, SDC will link the national extension service with the PUG system to enhance sustainability.

Rural livelihoods will be more secure if livestock is insured, subsidies are well-targeted, and if usufruct rights and long-term measures for sustainable NRM are legalised. DRR will be supported through continued focus on livestock insurance. Moreover, cooperation possibilities with UNDP for enhancing DRR at the soum level will be explored. Improving pasture management and integrated water management will remain SDC's focus areas. Active collaboration will be sought with the new strategy's Governance Domain to ensure subsidies at soum level are targeted in a sustainable manner, and to intensify advocacy and lob-

bying for land management legislation that clearly defines the rights, responsibilities and powers of user groups including land use contracts for the PUGs and WUGs.

5.2 Vocational Education and Training

In the Vocational Education and Training Domain, Switzerland is seeking to improve the employability of rural men and women. With a focus on improving the employability of VET trained young men and women, SDC will support the development of demand-oriented curricula in six regional schools in the western aimags. Through partnerships with the private sector, VET will be made more practical and relevant for the labour market. Based on an industry-needs analysis conducted in the western aimags, priority VET sectors will include construction, agriculture and mechanics, all of which offer employment opportunities for young, rural graduates.

Short-term skills development training will complement formal VET by rapidly improving the employability of men and women who lack marketable skills. The planned SDC intervention in skills development will mostly target middle-aged herders and ex-herders who are not eligible for age and other reasons to enrol in the formal VET system. SDC will explore the possibility of a joint intervention with other development partners, in particular the ADB and GIZ.

Switzerland will support SME development through building entrepreneurial capacities

and through enhanced access to credit. SDC will assist SMEs in niche markets that have the potential to remain relevant and competitive despite the potentially negative effects of Dutch Disease. SDC will aim to foster the evident potential for synergies between the VET and SME projects, which can be harnessed through responsible entrepreneurs, that contribute to the technical education of young VET students and professionals.

Investments in a better scientific education and life skills will increase eco-awareness and future job opportunities for young Mongolians. SDC will work towards the inclusion of comprehensive environmental education in primary and secondary school curricula, which is considered the most effective way for achieving a broad and lasting change in eco-awareness. In addition, SDC will support a UNFPA-led project that aims to enhance the life skills of young people, equipping them to claim their rights and exercise their civic responsibilities.

5.3 State Reform, Local Governance and Civic Participation

In the Domain State Reform, Local Governance and Civic Participation, Swiss support will foster effective, efficient and fair local governments, satisfied citizens, and genuinely representative and effective CSOs. The Governance Domain will be supported by two outcomes focusing on local governance reform and civil society development respectively: (i) improved performance and accountability of local governments; and



(ii) improved capacity and social accountability role of civil society organisations. Empowering local governments and citizens is a pre-requisite for equitable social development, and well-governed and genuinely representative CSOs are better able to pursue their mission to act as public watchdogs.

SDC's Governance and Decentralisation Programme (GDP) will support a number of critical aspects of local governance reform. Through its modular approach, GDP will align Swiss support with the best suited modality to promote decentralisation reform in all of its major fiscal, political and administrative aspects: (i) fiscal: participatory planning and budgeting, and strengthened local public procurement processes; (ii) political: civic engagement pilot project and social accountability tools; (iii) administrative: addressing bottlenecks in public administrative service delivery in innovative ways, building upon SDC's OSS project. Furthermore, all interventions will be underpinned by targeted policy support and research activities.

Under the conceptual framework of the GDP, Switzerland will expand its contribution to local governance reform by engaging in large and strategic multi-bi partnerships. SDC's co-financing of the World Bank's third phase of the Sustainable Livelihoods Project (SLP3) will support Mongolia in the effective implementation of the fiscal decentralisation reform introduced by the new budget law. SDC's contribution to UNDP's Capacity Strengthening of Local Self-Governing Bodies Project will enable local khurals to fulfil their representational and oversight mandates with a view to promoting effective, inclusive and accountable local service delivery. Through capacity development programmes for women politicians, the latter project will also increase the voice of women and other disadvantaged groups of society in local-level decision making.

To address the identified weaknesses among Mongolia's CSOs, Switzerland will strengthen its engagement in civil society development. Well-governed and well-organised civil society organisations are better able to represent the interests of their members and encourage citizens to exercise their fundamental rights, make their voices heard, and hold public officials and elected representatives to account. Diagnostic work carried out in Mongolia found that NGOs are hampered in many ways, citing as key inhibitors low levels of civic engagement and education, lack of transparency, corruption, and the entrenchment of oligarchic powers. The study also revealed a lack of internal democracy and financial transparency in the management and governance of NGOs. Building upon a joint pilot project with the World Bank on 'NGO Capacity Building', SDC will scale up its support with a larger intervention in the period 2013-2016 with a view to strengthening the advocacy and public watchdog functions of CSOs.



6. Management of Implementation

In view of Mongolia's rapidly evolving development context and fast increasing public resources, a strong alignment with national development priorities and increased use of country systems is essential. This approach implies that: (i) the programme must focus on topics with a high chance of uptake and financing through the national budget; (ii) Switzerland will insist on joint planning, appraisal, implementation and financing for all programmes and projects; (iii) Swiss cooperation seeks to strengthen democratic mechanisms that direct public resources to priority areas and to services which benefit the rural and urban poor; (iv) more joint projects with multilateral partners will be pursued in order to increase leverage and the use of country systems; and consequently (v) SDC self-implementation will be phased out.

Policy dialogue will concentrate on areas where Switzerland and the SDC programme can offer strong policy and technical advice. Areas where Switzerland has a recognised comparative advantage in Mongolia include: (i) sustainable NRM; (ii) animal health, livestock production and marketing systems; (iii) VET linked with SME development; (iv) decentralisation and democratisation; and (v) civil society strengthening. Experience has shown that policy dialogue will be most effective in Mongolia if backed-up by hands-on implementation on the ground through committed local actors and by top-notch international backstopping expertise.

The programme will pursue active cooperation with competent Mongolian, Swiss and international partners. In agriculture and food security, key Mongolian partners include the Ministry of Industry and Agriculture (MIA) and the Ministry of Nature Environment and Tourism (MNET), while Swiss partners include Agroscope, ETH, the Swiss Tropical and Public Health Institute, the Federal Veterinary Office, the Bern University of Applied Sciences, and Safe Food Solutions. In VET, the Ministry of Labour (MoL) and Ministry of Education (MoE) are the main partners. In governance, the Cabinet Secretariat,

Ministry of Finance (MoF) and the Office of the President are the key Mongolian counterparts. In Switzerland, partners include the Centre for Democracy Studies in Aarau and the Lucerne University of Applied Sciences and Arts. In addition, SDC has ongoing collaborations with the World Bank and the UN, and closely coordinates across all domains with the ADB, AusAID, CIDA, EU Delegation, GIZ, JICA, KOICA and USAID. In addition, SDC is supportive of and participates in formal aid coordination mechanisms.

Funding for the programme will peak at around CHF 22 million in 2015 and thereafter decline towards the phase out by 2020. The three priority domains of the cooperation strategy will account for at least 80% of the planned disbursements. The additional funds will be largely invested in strategic and active partnerships with competent multilateral organisations in the areas of VET and governance. The trend towards larger and more comprehensive and strategic projects with phase budgets between CHF 3-12 million will continue until at least 2015. Moreover, by 2016 most projects will have been established through a competitive public tender process.

The scope and number of responsibilities and tasks of the Swiss Cooperation Office will increase. The Office is headed by a country director / consul-general, who is supported by a deputy country director, a programme manager (from mid 2013 on) and a chief of finance and administration, several national programme officers, and support staff. In addition, two thematic expatriate advisors have recently joined the Office. As a result of SDC's internal decentralisation reform and a steep increase in funding, the responsibilities and tasks of the Cooperation Office are becoming much more demanding for both finance and administrative, and for programme staff. Over the next cooperation strategy period, capacity strengthening will be required for staff in all aspects of project cycle management (PCM).

Planned Disbursements (in CHF million)

Domain	2013	2014	2015	2016	Total	%
Agriculture and Food Security	6.6	5.9	6.2	6.0	24.7	31
Vocational Education and Training	2.0	3.4	4.6	4.9	14.9	19
State Reform, Local Governance and Civic Participation	4.0	7.2	7.2	7.2	25.6	32
Other Projects	2.1	3.3	3.3	3.0	11.7	14
Total Funding	14.7	19.8	21.3	21.1	76.9	96
SDC Office (excl. expat payroll)	0.8	0.8	0.8	0.8	3.2	4
Total	15.5	20.6	22.1	21.9	80.1	100



7. Strategic Steering

Systematic monitoring of the cooperation strategy will enable strategic steering of the programme. Strategic steering is necessary to ensure the continued relevance, effectiveness and efficiency of the Swiss programme, to account for results achieved, and to continually learn at all levels through a monitoring process which actively involves staff from the Swiss Cooperation Office and across all projects. Moreover, the monitoring system aims to improve PCM capacities of staff, and to ensure that the programme remains results-focused.

Interventions are planned, managed and monitored through the Results Framework (RF) tool. The RF, established during the development of the new Cooperation Strategy, identifies for each of the three domains the results at the country level and those at the Swiss cooperation level. The RF has been designed to emphasise country level results, with the understanding that Swiss cooperation will contribute to their achievement. The approach aims to firmly integrate the observations at country and Swiss cooperation level, and to shift from results monitored at output to outcome level across all operations. At the country level, data will primarily be collected from the National Statistical Office (NSO) and other government sources.

The Swiss Cooperation Office is committed to designing a coherent and IT-supported monitoring system based on fewer and more meaningful indicators. Both the country and Swiss cooperation levels will measure 7 outcomes with 15 indicators each, hence a total of 14 outcomes and

30 indicators. At the country level, the outcomes are taken from the MDG-based NDS 2007-2021, and data for indicators will primarily be collected from the NSO and other government or international sources. At the Swiss cooperation level, data will be collected from two sources: the majority of indicators will be covered through project generated data, while the Swiss Cooperation Office will also commission selective, annual surveys.

Data will be collected once a year and reflected in the Annual Report of the SDC country programme. To complement the collection of data gathered by the Swiss funded projects and the annual survey, operational performance will be reviewed annually at the end of the first half-year in a formal mid-term review (MTR). Moreover, the results obtained through the annual external survey and the projects will be described in the Annual Report combined with SDC's report on the Monitoring System for Development-Relevant Changes (MERV) in order to verify whether portfolio management is supporting the Swiss cooperation results and contributing to those at the country level as expected. In addition to the Annual Report, key results will also be published in the monthly newsletters of the Swiss Cooperation Office, the local media, as well as in the Asia Briefs. Moreover, the SDC End of Phase Report (EPR) will capture the lessons learned of each programme or project phase, thereby making an important contribution to strategic steering. The diagram below displays the sources and data collection timing per domain for both country level and Swiss cooperation level indicators.

Sources and collection moments for country level and Swiss cooperation level indicators

Country Level Indicators

NSO Based Indicators					MIA	3	6	MoL	11
1	2	4	5	7	GCR	12	WGI	14	
8	9	10	13	September			E-procur.	15	
MERV									

Swiss Cooperation Level Indicators

Annual Survey			Project Data				
1	2	3	September	5	7	9	13
4	6	8		10	11	12	14
							15

1	Indicator #		A & FS		VET		Governance
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Annex 1: Cooperation Strategy at a Glance

Synopsis of the Swiss Cooperation Strategy 2013-2016		
Overall Goal		
To contribute to equitable and sustainable social and economic development in Mongolia		
Domains of Intervention		
Agriculture and Food Security	Vocational Education and Training	State Reform, Local Governance and Civic Participation
Gender Equality as Transversal Theme		
Domain Goals		
Increased incomes and better livelihoods for vulnerable rural populations	Improved employability of rural men and women	Effective, efficient and fair local governments, satisfied citizens, genuinely representative and effective CSOs
Swiss Contribution		
Improved productivity of male and female farmers and herders. Improved access for male and female herders and farmers to markets. Improved livelihood security of male and female herders and farmers.	Improved employability of VET trained young men and women. Rapid skills development and improved employability of men and women with lack of marketable skills.	Improved performance and accountability of local governments. Improved capacity and social accountability role of civil society organisations.
Budget		
CHF 24.7 million	CHF 14.9 million	CHF 25.6 million

Annex 2: Domain Results Frameworks

Strategic Goal: To contribute to equitable and sustainable social and economic development in Mongolia.

Domain of intervention 1: Agriculture and Food Security		
Domain goal: Increased incomes and better livelihoods for vulnerable rural populations.		
(1) Swiss portfolio outcomes	(2) Contribution of Swiss programme	(3) Mongolia development outcomes ¹
<p>Outcome statement 1: Productivity: Improved productivity of farmers and herders (m/f). (Geographic focus: both at national and local level -> western and central aimags)</p> <p>Indicators:</p> <p>1) Potato yield (t/ha) (Source: annual survey of IWM and MPP beneficiaries)</p> <p>2) Vegetable yield (t/ha) (Source: annual survey of IWM and MPP beneficiaries)</p> <p>3. Perception of usefulness of extension services: f/m (Source: annual survey of GG beneficiaries)</p>	<p>Impact hypothesis: In the absence of extreme climate events, productivity will improve if farmers have the necessary knowledge and capabilities, if extension service units perform effectively, and other relevant institutions perform as they should.</p> <p>Intermediary results: 1. Efficient and effective extension models tailored to the demands of rural herders, farmers and entrepreneurs developed with SDC support and scaled up by Government. 2. Effective control strategies for FMD and brucellosis have been implemented.</p> <p>Risk: Continued environmental degradation of pasture land due to absence of adequate policy as well as lacking willingness to implement and enforce.</p>	<p>Outcome statement 1: Productivity Increased agricultural production by improving land farming, developing irrigated cultivation and introducing biotechnology</p> <p>Decrease substantially the outbreak and spread of contagious animal diseases and increase animal husbandry production</p> <p>(National Development Strategy (NDS) 2007-2015 5.2.1.4. Strategic Objective 1&2)</p> <p>Country level Indicators: 1) Potato yield, national average (t/ha), (NSO) 2) Vegetable yield, national average (t/ha), (NSO) 3) Public funds allocated for extension trainings (MIA)</p>
<p>Outcome statement 2: Market access: Improved access for herders and farmers to markets (m/f). (Geographic focus: both at national and local level -> western and central aimags)</p> <p>Indicators:</p> <p>4) Changes in farmers' income: f/m (Source: annual survey of IWM and MPP beneficiaries)</p> <p>5) Changes in cooperatives' share capital (Source: annual survey of GG beneficiaries)</p>	<p>Impact hypothesis: Collective-action organisations, designed to include the poor, can promote equity, negotiate better terms, develop quality primary and intermediate products, improve market links, and generate higher incomes.</p> <p>Intermediary results: 1. Strengthened capacity of PUGs, WUGs and cooperatives to better integrate into domestic and international value added chains. 2. Improved value chains of selected products (to be defined) increase income for the poor (M4P).</p> <p>Risks: 1. Misdirected state subsidies for cooperatives produce unsustainable cooperative models and undermine a genuine cooperative movement.</p>	<p>Outcome statement 2 Expand production to reach self-sufficiency in staple foods as well as to compete in international markets</p> <p>Establish and support specialised organisations – i.e. cooperatives, unions, export-import banks – that support export production (NDS 5.2.1.2., NDS 5.1.3., NDS, 5.2.1.4)</p> <p>Country level indicators 4) Vegetable consumption per capita, national average (kg), (NSO) 5) The share capital of cooperatives in agricultural sector, (NSO)</p>

<p>Outcome statement 3: Livelihoods: Improved livelihood security for herders and farmers (m/f) (Geographic focus: both at national and local level -> western and central aimags)</p> <p>Indicators:</p> <p>6) Proportion of farmer households with secure access to water for agriculture: f/m (Source: annual survey of IWM and MPP beneficiaries)</p> <p>7) Proportion of herder households insuring their livestock: f/m (Source: IBLIP Project)</p> <p>8) Perception of herders on whether stocking rates are in balance with carrying capacity (Source: annual survey of GG beneficiaries)</p>	<p>Impact hypothesis: Rural livelihoods will be more secure if livestock is insured, subsidies are well-targeted, and if usufruct rights and long-term measures for sustainable management of natural resources are legalised.</p> <p>Intermediary results:</p> <ol style="list-style-type: none"> 1. Ecological, potential-based rangeland health monitoring and management is introduced. 2. Collective action organisations secure usufruct rights to grazing lands in soums. 3. A well-targeted agricultural-subsidies regime fostering sustainable natural resource management is in place. <p>Risks:</p> <ol style="list-style-type: none"> 1. Lack of conducive policies undermine usufruct rights of PUGs at local levels 2. Existing arrangements are not enforced. 	<p>Outcome statement 3 Ensure human right to a healthy and safe environment</p> <p>Implement an integrated policy on the proper use of land and mineral resources</p> <p>(NDS 6. Strategic Objective 2 & 7.1. Strategic Objective 2)</p> <p>Country level Indicators:</p> <p>6) Proportion of crop fields that are under irrigation (ha), (NSO)</p> <p>7) Livestock mortality, (NSO)</p> <p>8) Number of private animals, (NSO)</p>
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(4) Lines of intervention (Swiss Programme)

Outcome 1
Support the veterinary service in developing and implementing strategies for the control of infectious animal and zoonotic diseases
Support the revision of the veterinary education curriculum and facilitate training of teachers
Renewal of potato and vegetable seeds
Support the design of an extension model for herders and facilitate the introduction of the extension model by the Government

Outcome 2
Facilitate the development of socially inclusive/equitable marketing cooperatives
Facilitate value addition in selected market subsectors
Strengthen collective action systems in view of increased bargaining power, democratic participation and improved access to resources

Outcome 3
Analytical and policy support to improve the targeting of the agricultural subsidy system as well as the rangeland law
Strengthen NRM of collective action models by supporting usufruct rights' negotiations between soum administration and PUGs, by improved DRR strategies and by fostering apt NRM (rangeland, water) methodologies
Support and facilitate the setting up of an appropriate NRM monitoring system

(5) Resources, partnerships (Swiss programme)

Budget: CHF 27.5 million SDC bilateral projects are implemented by organisations (NGOs, private sector, etc.) selected through public tender. Partnerships with the World Bank will continue and expand (livestock insurance, sustainable livelihoods)
Major national counterparts include: MIA, MEGD, Veterinary School, The Mongolian Federation of Pasture User Groups, The Mongolian Farmers Association

Domain of intervention 2: Vocational Education and Training		
Domain Goal: Improved employability of rural men and women		
(1) Swiss portfolio outcomes	(2) Contribution of Swiss Programme	(3) Mongolia development outcomes
<p>Outcome statement 1: TVET Improved employability of VET trained young men and women. (Geographic focus on 6 western aimags)</p> <p>Indicators:</p> <p>9) Employment rate of graduates of TVET schools: f/m (Source: VET Project)</p> <p>10) Ratio of practical training to classroom studies (Source: VET Project)</p>	<p>Impact hypothesis If rural young women and men have access to high-quality and demand-driven vocational education and training in their region, they will be able to obtain suitable employment.</p> <p>Intermediary results: 1. TVET institutions have established a system to ensure that their training is adapted to changing employer and market needs. 2. Number of practical training modules provided by private companies.</p> <p>Risks: 1. Declining competitiveness of Mongolian SMEs as a result of the mining boom.</p>	<p>Outcome statement 1 Establish vocational training centres with international methodologies and foreign investment</p> <p>Improve quality of technical, vocational and higher education, enhance enrolment planning and coordination</p> <p>(NDS 4.4. Strategic Goal 4)</p> <p>Country level Indicators:</p> <p>9) Number of VET graduates, (NSO) (f/m)</p> <p>10) Ratio of VET vs. higher education students, (NSO) (f/m)</p>
<p>Outcome statement 2: Rapid skills development and improved employability of men and women with lack of marketable skills. (Geographic focus to be defined)</p> <p>Indicators:</p> <p>11) Employment rate of graduates of short term trainings: f/m (Source: future skills development project)</p>	<p>Impact hypothesis Providing short-term training in skills demanded in the economy will enable men and women to find secure jobs with sufficient income for their well-being.</p> <p>Intermediary results: Training delivered effectively and efficiently through formalised programmes.</p> <p>Risks: 1. In case of rapid increase of social welfare benefits, interest for skill development for employment might decrease.</p>	<p>Outcome statement 2 Register all extremely poor and unemployed citizens, provide them with short-term vocational training, and create conditions for their employment</p> <p>(NDS 4.1. Strategic goal 4 and NDS 4.4 Strategic goal 5)</p> <p>Country level indicators: 11) MoL spending on short-term training (mln tug), (MoL) (f/m)</p>
(4) Lines of intervention (Swiss programme)		
<p>Outcome 1 A positive image of VET among students, families and employers in the six aimags of the western region The Regional Methodological Centre (RMC) in Zavkhan acts as a decentralised office of the Agency for VET, implementing VET policies and providing services to the six VET schools in the region (methodological guidance, teacher training, monitoring, surveys, etc.) VET schools provide demand-driven training for women and men in selected occupations as a pilot for replication</p> <p>Outcome 2 A future skills development project to be pursued, possibly in cooperation with ADB and GIZ</p>		
(5) Resources, partnerships (Swiss programme)		
<p>Budget: CHF 16 million. Comprehensive VET will be supported in cooperation with Mongolian VET institutions, MoL, NGOs such as Employers Association and Chamber of Commerce. Short-term skills-development training will be implemented in cooperation with the MoL International partners: coordination and MoUs with the ADB, EU and GIZ</p>		

Domain of intervention 3: State Reform, Local Governance and Civic Participation

Domain Goal:

Effective, efficient and fair local governments; satisfied citizens; genuinely representative and effective CSOs

(1) Swiss portfolio outcomes	(2) Contribution of Swiss programme	(3) Mongolia development outcomes
<p>Outcome statement 1: Local governance: Improved performance and accountability of local governments (Geographic focus on national level)</p> <p>Indicators 12) Citizens' perceptions of local government performance: f/m (Source: GDP Programme)</p> <p>13) Alignment of soum-level budgets and local development projects with bagh citizens' proposals (Source: SLP3 Project)</p> <p>14) Number of customers receiving services from OSSs: f/m (Source: GDP Programme)</p>	<p>Impact hypothesis Comprehensive capacity building of local governments and citizens in support of democratisation and decentralisation reforms contributes to more equitable and sustainable development outcomes and improved public service delivery.</p> <p>Intermediary results: 1. Local governments observe and foster democratic processes, and citizens are engaged in decision-making</p> <p>2. Communities participate authentically in local planning, budgeting and procurement processes, and local governments apply sound PFM practices.</p> <p>3. Local public administrative services are accessible to citizens in a customer-friendly manner.</p> <p>Risks: 1. Public resentment of perceived grand corruption undermines the legitimacy of government. Fundamental, underlying weaknesses that prevent institutions from working as they should are not addressed because of the delicate balance of power in parliament and insufficient support for genuine reform. Party political and other interests, rather than community need, dominate in the allocation of local development funds</p>	<p>Outcome statement 1 Local government decision-making is transparent and based on citizen participation; and public services are of better quality and are more accessible. (NDS: 7.2, Strategic Objective 2, 7.3, Strategic Objective 5)</p> <p>Country level indicators: 12) Transparency of government policymaking, (GCR)</p> <p>13) Expenditure of local government, (NSO)</p> <p>14) Implementation of Government decisions, (WGI)</p>
<p>Outcome statement 2: Development of civil society: Improved capacity and social accountability role of civil society organisations (Geographic focus on national level)</p> <p>Indicators: 15) Number of local NGOs receiving public funding and value of contracts (Source: GDP Programme)</p>	<p>Impact hypothesis Well-governed and genuinely representative civil society organisations are better able to pursue their missions and to act as "watch-dogs" on public sector performance</p> <p>Intermediary results 1. Rural and urban CSOs possess improved internal governance systems. 2. CSOs are important social accountability actors.</p> <p>Risks: 1. Government restrictions on CSO movements would hamper the development of the sector.</p>	<p>Outcome statement 2 Civil society organisations monitor the performance of public institutions and their senior officials effectively, and make their voices heard, and actively participate in decision-making on important public issues (NDS, 3.4)</p> <p>Country level indicators: 15) Number of public procurement tenders, (new government procurement website: www.e-procurement.mn)</p>
<p>(4) Lines of intervention (Swiss programme)</p>		
<p>Outcome 1: (i) Fiscal decentralisation is realised through participatory planning and budgeting and strengthened local public procurement processes with CSO oversight; (ii) Political decentralisation incorporates civic engagement and social accountability; (iii) Administrative decentralisation demonstrates significant improvements in service access and delivery. Multi-bi partnerships in fiscal and political decentralisation are planned with the World Bank and UNDP.</p> <p>Outcome 2: SDC continues to jointly implement a project with the World Bank on NGO capacity building. The Bank is focusing more on social accountability aspects of NGOs, and SDC on their organisational effectiveness. A third area of intervention is small grants for improving the transparency, equity and social accountability of civil society organisations across Mongolia. Building upon experiences with the NGO capacity-building project and GDP, SDC will intervene on a larger scale in future to support the development of Mongolia's civil society sector.</p>		
<p>(5) Resources, partnerships (Swiss programme)</p>		
<p>Funds: CHF 28.8 million.</p> <p>Outcome 1: Implementing partners: Asia Foundation, HSPSC, Mercy Corps Mongolia, National Academy of Governance, Niras, SLP (World Bank), UNDP. National counterparts: Cabinet Secretariat, Ministry of Finance, Ministry of Social Welfare, Office of the President. Coordination with development partners: ADB, EU, GIZ, JICA, World Bank, UNDP, USAID.</p> <p>Outcome 2: Implementing partners: Mongolian Center for Development Studies, Institute for Finance and Economics. National counterparts: Ministry of Education, Office of the President.</p>		

Annex 3: Indicator Glossary

Indicator 1	Potato yield, SDC beneficiary average (t/ha)	Country Indicator 1	Potato yield, national average (t/ha)
Definition	Crop yield is the average quantity of a crop harvested from a specified unit area. It is calculated as the yield per hectare.	Definition	Crop yield is the average quantity of a crop harvested from a specified unit area. It is calculated as the yield per hectare.
Baseline 2012	Need survey	Baseline	13 tons per ha
Target	Need survey	Target	NA
Source	External survey	Source	NSO/Statistically valid data will be available by November, in November bulletin of NSO/
Collection Method	Based on NSO methodology	Collection Method	NSO methodology
Periodicity	Annual	Periodicity	Annual

Indicator 2	Vegetable yield, SDC beneficiary average (t/ha)	Country Indicator 2	Vegetable yield, national average (t/ha)
Definition	Production of vegetables in metric tons from one hectare (cabbage, turnip, carrot, onion, tomato, garlic, cucumber, watermelon, melon,)	Definition	Production of vegetables in metric tons from one hectare (cabbage, turnip, carrot, onion, tomato, garlic, cucumber, watermelon, melon,)
Baseline	Need survey	Baseline	13.7 tonnes per ha (2011)
Target	Based on baseline	Target	NA
Source	External survey	Source	NSO
Collection Method	Based on NSO methodology	Collection Method	NSO methodology/Statistical valid data will be available by November, in November bulletin of NSO/
Periodicity	Annual	Periodicity	Annual

Indicator 3	Perception of usefulness of extension services: f/m	Country Indicator 3	Public funds allocated for extension training programmes
Definition	Percentage of female and male beneficiaries among total number of beneficiaries who evaluated the public extension services as satisfactory. Satisfaction is defined as "persons who considered that the recommendations had contributed to higher yields or had otherwise been beneficial".	Definition	State budget allocated for training provided by National Agriculture Extension Centre
Baseline	Need survey	Baseline	30 million. MNT for 2012
Target	More than 60%, assuming that 320 Soum Units will cover entire rural population with vet, extension services	Target	NA
Source	External survey	Source	MIA, NAEC
Collection Method	GG Project beneficiaries sample survey based on NSO methodology	Collection Method	Annual budget of NAEC
Periodicity	Annual	Periodicity	Annual

Indicator 4	Changes in farmers' income: f/m	Country Indicator 4	Vegetable consumption per capita, national average (kg)
Definition	Increase of female and male farmers' income in % compared with previous reporting period.	Definition	The levels of mean dietary intakes of vegetables (not including potatoes) measured in grammes per day multiplied per 365 days.
Baseline	Need survey	Baseline	35.5 kg (2011)
Target	Based on baseline	Target	NA
Source	External survey	Source	NSO
Collection Method	Sample survey	Collection Method	NSO methodology
Periodicity	Annual	Periodicity	Annual

Indicator 5	Changes of cooperatives' share capital	Country Indicator 5	The share capital of cooperatives in agriculture sector
Definition	Increase of cooperative share capital in %, compared with previous reporting period. Proxy indicator for performance of coops. Amount of cooperative share capital will show capacities of coops. Good performing coops will increase number of members and/or increase the share capital.	Definition	The amount of stakeholders' capital in million MNT in agriculture sector
Baseline	NA	Baseline	29'101.8 MNT (2011)
Target	NA	Target	NA
Source	Project	Source	NSO statistics, Section: Business register
Collection Method	Cooperative accounts from GG PUG based cooperatives	Collection Method	NSO yearly surveys
Periodicity	Annual	Periodicity	Annual

Indicator 6	Proportion of farmer households with secure access to water for agriculture: f/m	Country Indicator 6	Proportion of crop fields that are under irrigation
Definition	Absolute number of SDC beneficiary farmer households (female and male headed) with wells, irrigation systems, water reservoirs, water saving technologies	Definition	Percentage of irrigated potato and vegetable crop fields, nationwide
Baseline	Need survey	Baseline 2012	9,900ha (71.5%) of potato crop are irrigated, 7,200ha (100%) of vegetable crop are irrigated
Target	Based on baseline	Target	NA
Source	External survey	Source	MIA (MOFALI)
Collection Method	External survey, to be developed during the survey collection	Collection Method	MIA
Periodicity	Annual	Periodicity	Annual

Indicator 7	Proportion of herder households taking out LI schemes: f/m	Country Indicator 7	Livestock mortality
Definition	Ratio of households (female and male headed) subscribed for LI schemes to total number of households in target area	Definition	Consist of losses due to disaster and diseases.
Baseline	10 %	Baseline	651,300 (2011 NSO)
Target	15 %	Target	NA
Source	Project	Source	NSO
Collection Method	IBLIP	Collection Method	NSO
Periodicity	Annual	Periodicity	Annual

Indicator 8	Perception of herders on whether stocking rates are in balance with carrying capacity	Country Indicator 8	Number of private animals
Definition	% of GG female and male herders who perceive stocking rates to be in balance with carrying capacity in their soums	Definition	Number of livestock owned privately nationwide
Baseline	Need Survey	Baseline	36,335,8 (thous. heads) (2011 NSO)

Target	Based on baseline.	Target	NA
Source	External survey	Source	NSO
Collection Method	External survey in sample of GG PUGs	Collection Method	NSO
Periodicity	Annual	Periodicity	Annual

Indicator 9	Employment rate of graduates of VET school: f/m	Country Indicator 9	Number of graduates of TVET
Definition	Percentage of graduates (men and women) of VET schools are employed within one year of graduation in the selected occupation of six western VET schools	Definition	Percentage of graduates (men and women) of VET schools at the national level
Baseline	2012: (to be determined)	Baseline	11,200 /5,300 f (2011)
Target	2013: 80 percent of total graduates 2014: 80 percent of total graduates	Target	NA
Source	Project	Source	NSO
Collection Method	Tracer study	Collection Method	NSO
Periodicity	Annual	Periodicity	Annual

Indicator 10	Proportion of practical training as opposed to classroom studies	Country Indicator 10	Ratio of TVET vs. higher education students
Definition	Percentage of Practical Training of the selected occupations increases at the private sector replacing classroom theoretical studies.	Definition	Students number in TVET schools and in institutes/college/ universities (both public and private)
Baseline	2012: 50%	Baseline	48,000: 172,000 (NSO)
Target	2013: (to be determined)	Target	NA
Source	Project	Source	NSO
Collection Method	Project	Collection Method	Statistical Year Book
Periodicity	Annual	Periodicity	Annual

Indicator 11	Employment rate of graduates of short-term training programme f/m	Country Indicator 11	MoL spending on short-term training (mln tug)
Definition	Percentage of graduates (men and women) from short-term programmes are employed/ kept within three months of graduation in the selected occupation	Definition	Government expenditure for short-term training from the "Employment Support Fund"
Baseline	(to be determined at end of year)	Baseline	2 bn MNT (2010)*
Target	(to be determined at end of year)	Target	NA
Source	(to be determined at end of year)	Source	MoL report
Collection Method	(to be determined at end of year)	Collection Method	Publication,
Periodicity	Semi-annual	Periodicity	Annual

Indicator 12	Citizens' perception of local government performance: f/m	Country Indicator 12	Transparency of government policymaking
Definition	Percentage of citizens (men and women) with positive perception of government performance in SDC pilot administrative units	Definition	Transparency of government policy-making assessed on a 1-to-7 scale; the country is ranked among 144 countries.
Baseline	2012: (to be determined at end of year)	Baseline	Score 3.9, ranked 102nd among 144 countries
Target	2013: to be determined	Target	na
Source	GDP, Component 3 (implemented by TAF)	Source	The Global Competitiveness Report
Collection Method	Local Governance Assessment Baseline and Follow-up Surveys GDP, Component 3 (implemented by Asia Foundation)	Periodicity	Assessment on economic competitiveness
Periodicity	Annual		Annual

Indicator 13	Alignment of soum-level budgets with bagh citizens' proposals	Country Indicator 13	Expenditure of local government
Definition	Percentage of soum capital budget spent on bagh citizens' proposals by analysing of soum budgets and bagh proposal	Definition	Percentage of local government expenditure as a share of total government expenditure
Baseline	2012: 0%	Baseline	10.9%
Target	2013: 50% 2014: 60% 2015: 70% 2016: 75%	Target	NA
Source	SLP3 Project	Source	NSO
Collection Method	SLP3 annual supervision report	Collection Method	NSO Statistics
Periodicity	Annual	Periodicity	Annual

Indicator 14	Number of customers receiving services from OSSs: f/m	Country Indicator 14	Government effectiveness: perceptions of the quality of public services and the quality of the civil service
Definition	Number of female and male customers receiving annually services from urban and rural OSSs	Definition	Estimate of governance performance, ranging from approximately -2.5 (weak) to 2.5 (strong)
Baseline	2012: (to be defined through comprehensive study)	Baseline	Value -0.62 (2011)
Target	2013: (to be defined) 2014: (to be defined)	Target	NA
Source	Project	Source	World Bank
Collection Method	GDP, Component 4 (implemented by HSPSC)	Collection Method	The Worldwide Governance Indicators (WGI)
Periodicity	Annual	Periodicity	Annual

Indicator 15	Number of local NGOs receiving public funding and total value of contracts	Country Indicator 15	Number of public procurement tenders
Definition	Number of contracts and total value of funding awarded to local NGOs under GDP Component 2 through public procurement, expressed in CHF	Definition	Number of public procurement tenders announced nationwide
Baseline	13 contracts, CHF 44,769 (2011)	Baseline	1882 (Oct 2012)
Target	85 (2015)	Target	NA
Source	Project	Source	http://www.e-procurement.mn
Collection Method	GDP, Component 2 (implemented by MC)	Collection Method	External survey www.e-procurement.mn
Periodicity	Annual	Periodicity	Annual

Annex 4: Monitoring System

A. Introduction

The monitoring system of the Swiss Cooperation Strategy 2013-2016 serves a three-fold purpose:

- Supporting SDC in the evidence-based steering of the programme portfolio;
- Accounting for results, mainly from the Cooperation Office to Headquarters; and
- Learning at all levels by actively involving staff across all projects and the Swiss Cooperation Office.

The Cooperation Strategy of SDC for Mongolia sets out the strategic priorities for the period 2013-2016. The strategy's overall goal is to contribute to equitable and sustainable social and economic development in Mongolia. The stated goal is achieved by focusing SDC's interventions on the following three complementary and reinforcing domains:

D1: Agriculture and Food Security	D2: Vocational Education and Training	D3: State Reform, Local Governance and Civic Participation.
Transversal Theme: Gender Equality		

Interventions are planned, managed and monitored through the Results Framework (RF) tool. The framework, established during the development of the Cooperation Strategy, identifies for each of the three domains:

- results at country level (overall achievements in Mongolia); and
- results at Swiss cooperation level (achievements of Swiss funded projects contributing to country level results).

The framework contains a total of seven results at country level and seven results at the Swiss cooperation level. The RF and the monitoring system that was developed to track and report on progress in the implementation of the strategy emphasise country results, while achievements of the Swiss cooperation are understood as a contribution to the latter. The approach embodied in the RF aims to integrate

the observations at country and Swiss cooperation level and to shift from results monitored at output to outcome level in all operations.

B. What and how do we monitor?

Monitoring the implementation of the strategy is structured according to the three domains of intervention and the two levels of observation (i.e. country and Swiss cooperation level) as outlined in the RF.

Country level monitoring is done throughout the year which results in two documents in October:

- MERV – SDC standard tool to monitor general context relevant changes in Mongolia;
- Annual reporting through indicators chosen by SDC to monitor country level changes (see Annex 3 – Indicatory Glossary)

Results at Country Level	
Outcomes	7 national outcomes have been identified relevant to the strategy. The outcomes are monitored to verify whether: the country is moving towards the set objectives; the objectives keep their validity or need to be revised; the observations provide a basis for possible correlation with the Swiss cooperation outcomes.
Indicators	15 indicators were identified to monitor the outcomes at this level. The majority of the sources are obtained from the National Statistical Office (NSO) or from relevant ministries. Where possible, gender is integrated through disaggregated data collection. NSO indicators are taken primarily from its September Bulletin and are readjusted in April once the Mongolian Statistical Yearbook is published.
Frequency	Data from NSO is collected in September and readjusted in April.

Swiss cooperation level monitoring is the most important tool to measure progress of the new strategy. All new projects should fit into the domain results frameworks in order to respect the agreed

strategic orientation of the Swiss Cooperation Strategy. A detailed RF is developed for each domain of intervention (Annex 2).

Results at Swiss cooperation level	
Outcomes	7 outcomes were identified, taking into consideration the Swiss-supported projects and programmes and the synergies through which individual projects connect to each other. The outcomes are monitored to verify whether: the portfolio is evolving in line with the objectives; the expected portfolio contributions to the country level remain valid or need to be revised; the outcomes are monitored and analysed as they are directly linked to the country's outcomes.
Indicators	15 indicators were identified to monitor outcomes at this level. They constitute a mix of generic indicators that combine results from several projects and indicators specific to some programmes. The baseline is established for 2012. Indicators at this level may be adjusted if more suitable information becomes available during the next programme cycle.
Frequency	Project generated data: once per year Annual survey: once per year

Data at the Swiss cooperation level will be collected from the following two sources:

- Project generated data: all relevant projects will prepare data according to the agreed upon indicators (see Annex 4).
- Annual survey: SDC will commission an annual survey of two of the largest rural beneficiary groups: herders and farmers. The purpose of the survey is to gather data for SDC portfolio indicators.

The diagram below displays the sources and collection moments for country level and Swiss cooperation level indicators, as well as the timing of data collection.

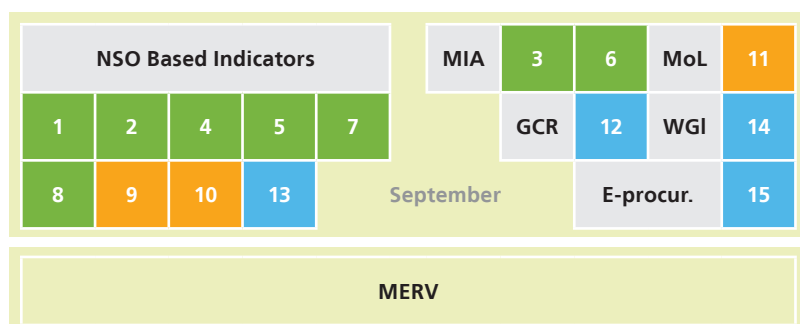
C. What do we do with the information?

The information that is gathered and analysed is reflected in the Annual Report and reported to SDC Headquarters every year in October. The key products of the process are the result statements (one per domain) contained in the report. The statements are a critical overall assessment of the results achieved and aim to assess the following:

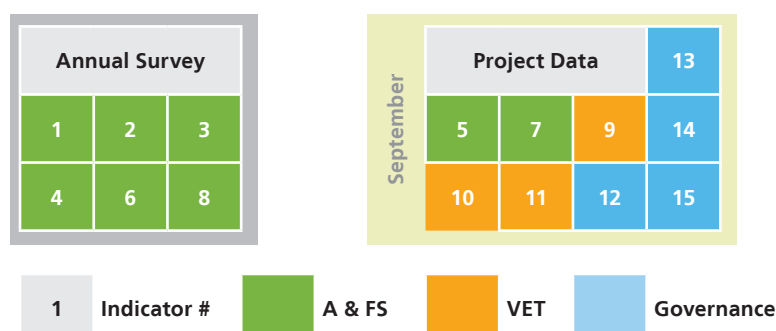
the country's progress, successes or failures in achieving the country outcomes; and the extent to which the Swiss portfolio has contributed to the country's achievements.

The analysis highlights any outstanding progress or successes of the country programme, including in the transversal theme of gender equality. In addition, the analysis will also reflect on policy dialogue and/or aid coordination to the extent that these have been instrumental for result achievement.

Country Level Indicators



Swiss Cooperation Level Indicators



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