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**Swiss Agency for Development
and Cooperation SDC**

ANNUAL REPORT 2016

SWISS AGENCY FOR DEVELOPMENT AND COOPERATION IN MONGOLIA



Annual Report 2016

Swiss Agency for Development and Cooperation (SDC) in Mongolia

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In 2005, on request from herders, SDC's Green Gold Project supported a stone-fenced 1000 ha hay-making area in Tsengel soum, Bayan-Ulgii aimag, in western Mongolia. Since then, 560 herder households have reaped more than 3000 tonnes of hay annually, enabling them to be well prepared for winter.

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Context

The 2016 general elections resulted in a major government reshuffle, although for the moment no major policy shifts occurred. SDC's Country Strategy is aligned overall with the new government's action plan. In addition, two major policy documents were adopted in 2016: "Mongolia's Sustainable Development Vision 2030" and the "Government Action Plan 2016-2020". Both are based on the new 2030 Agenda for Sustainable Development and the SDGs, making Mongolia one of the first countries to bring down the 2030 Agenda to the national level.

The economic slowdown has been worse than expected and the budget deficit has broadened. Mongolia has been downgraded from Upper Middle-Income Country to Lower Middle-Income Country. The expectation of higher FDI in 2016 from Oyu Tolgoi mining investment did not materialise yet. The International Monetary Fund is ready to provide assistance to the Government of Mongolia and modalities are being negotiated.

Due to the economic crisis there is a potential for exacerbation of existing inequalities within the society and a reversal of recent achievements in poverty reduction. Increasing unemployment and decreasing incomes may also trigger more episodes of domestic

violence and a bigger rush to artisanal and small-scale mining in rural areas. Social sector budgets are under pressure, which is hindering improvements to service delivery. Local Development Funds (LDFs) may be severely cut. The strengthening of a poverty focus and the promotion of gender equality is more relevant than ever, as is our contribution to the diversification of the economy and livelihood improvements, particularly for the rural population (herders and farmers).

The urbanisation process remains a challenge, as does public service delivery. Air pollution levels in Ulaanbaatar and other urban areas as well as in some aimag centres continue to be higher than WHO standards (by more than 100 times for several weeks in a row in Ulaanbaatar), which is having an enormous long term impact on public health. Funds are not yet mobilised, and the awareness of the population is still too low.

In terms of international relations, Mongolia successfully hosted the 11th Asia-Europe Meeting (ASEM11). This was a major milestone for the country, enabling it to strengthen cooperation and conclude bilateral agreements that benefit Mongolia.

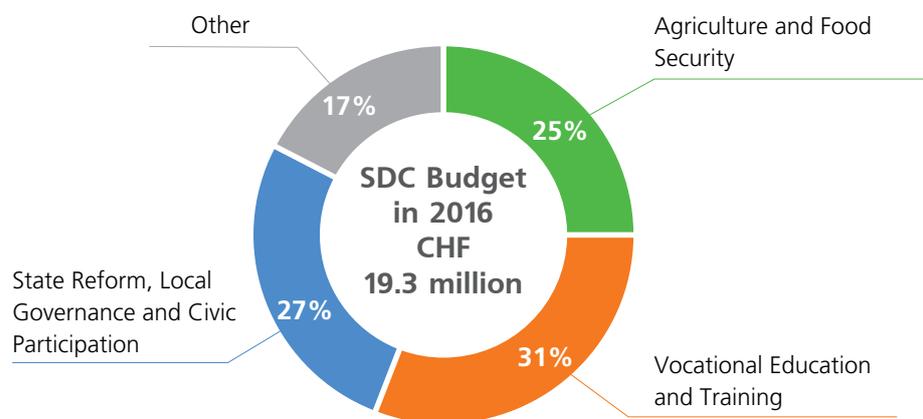


Ts. Elbegdorj, the President of Mongolia received Johann Schneider-Ammann, the President of Switzerland during the ACEM 11 Summit held in Ulaanbaatar in 2016

Swiss Development Cooperation in Mongolia

SDC's Cooperation Strategy 2013-2017 is entering its final year of implementation. Its strategic goal is to contribute to the equitable and sustainable social and economic development of Mongolia. In order to achieve this, the SDC implements its programmes through three complementary priority domains:

- Agriculture and Food Security;
- Vocational Education and Training; and
- State Reform, Local Governance and Civic Participation.



Highlights 2016



Agriculture and Food Security (AFS):

Sustainable rangeland management was extended to four additional aimags, covering a total of 11 aimags. Microcredits totalling CHF 1 million were provided to 19,000 herder households. Market access for herders' products improved, increasing their incomes. The newly launched Vegetable Project has already produced results with the introduction of new adapted varieties and the doubling of local seed production through a recently established seed fund.



Vocational Education and Training (VET):

A higher employment rate among VET graduates in the target region is confirmed. Career guidance has proven to be effective. Life-skills classes were institutionalised and satisfaction rates for services at youth-friendly clinics are very high. The Education for Sustainable Development (ESD)-based core curriculum reform of secondary education was endorsed and is fully operational in all schools.



State Reform, Local Governance and Civic Participation (Governance):

Public service delivery, local government and local parliament performance continues to improve. Citizens' participation in local affairs has become common practice. A decentralisation strategy was approved by the government. Governance achievements are to be consolidated, particularly in times of economic crisis and given Mongolia's fledgling democracy.



Artisanal and Small-Scale Mining (ASM):

Artisanal and small-scale miners benefited from increased formalisation; ASM miners secured more mining licenses, enjoyed greater occupational safety and increased their incomes. Rush-type mining can thus be better mitigated. ASM miners are now equipped with the ASM-tailored frugal rehabilitation method, which is helping to preserve the land used.



Agriculture and Food Security

Programme Highlights

Given its importance to national economic growth, SDC is continuing to focus its interventions on the sector, with emphasis on food security and increased productivity, which in turn will generate jobs in rural areas and support more sustainable herder livelihoods.

Herders join in rangeland management organisation

SDC has been supporting herders' self-organisation through the formation of Pasture-User Groups (PUGs) with the aim of promoting a common rangeland management approach that prevents over-exploitation and degradation of land. To date, 1300 PUGs have established soum associations of PUGs and a National Federation of PUGs representing 35,000 herder households. PUGs are entering into formal agreements with local governments to better manage rangelands through rangeland-use agreements (RUAs).

This successful rangeland management approach is increasingly being recognised by local and national authorities, allowing uptake at the policy level (Rangeland Law), local replication with 700 RUAs signed thus far, and co-financing, which has begun in some aimags. This method is extended to four

additional aimags in 2016, covering a total of 11 of Mongolia's 21 aimags and representing 40 percent of all rangeland nationally.

Herding community leaders are becoming increasingly involved in local politics. In the 2016 local elections, 97 PUG leaders and 217 herders won seats in local parliaments, 19 seats more than the 2012 elections. There is growing recognition of and public funding support for PUGs.

Taking into account the potential of female herders in leadership roles within herders' organisations, the project empowers women through trainings and exposure to opportunities. In 2016, 27 percent of PUG and cooperative leaders were women - a 9 percent increase from 2013. Moreover, as stipulated in the draft Rangeland Law and in order to advocate for gender equality, both husbands and wives need to sign RUAs.



Herders are drawing pasture borders in preparation for making Rangeland User Agreement with the soum authority. Buyant soum, Bayan-Ulgii aimag © SDC

Economic development measures towards self-sustainability of herders organisations

To support herders' financial sustainability and their self-organisation, SDC's Green Gold project introduced a matching fund scheme with a 50 percent contribution from herders. To date, 600 matching funds are operational, providing microcredits totalling CHF 1 million to 19,000 herder households. It's the most popular way for herders to access money in times of economic hardship and in situations when accessing bank loans is difficult.

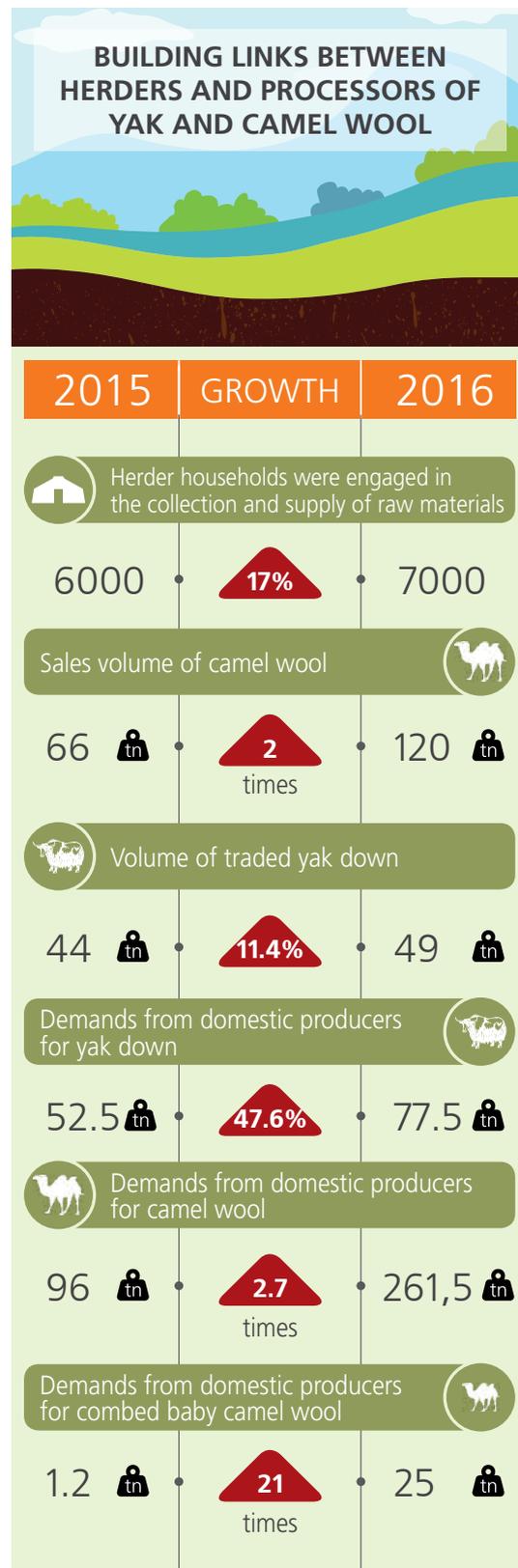
To ensure further sustainability and formalisation of this microcredit system, the Associations of PUGs want to transform the matching funds into Credit and Saving Cooperatives. In 2016, the first four Credit and Saving Cooperatives were established.

Collective cooperatives link herders and farmer to markets

Collective marketing cooperatives in both the Green Gold and Vegetable projects are allowing herders and farmers to sell their products at much higher prices. Regular trainings, advice and networking opportunities are also provided by the projects.

As of 2016, there were 70 functioning PUG-based cooperatives, all of which had developed linkages with processors (yak/camel wool, skin, hide and meat) and ensured higher incomes for their members. A total of 7000 herder households were engaged in the collection and supply of raw materials (up from 6000 in 2015), entering into sales contracts with processors from different value chains such as wool, meat, skin and hide for higher prices. This resulted in a 32 percent increase in the annual income of herder households to MNT 6.2 million in 2016 over the baseline figure of MNT 4.7 million in 2013.

This close link with processors enabled herders to increase the sales volume of yak and camel wool from 110 tonnes in 2015 to 170 tonnes in 2016. The volume of traded yak down rose from 44 tonnes in 2015 to 49 tonnes in 2016. A 10 percent price increase for sorted yak down was achieved through the introduction of quality grading. The demand for baby camel wool from local processors increased from 1.2 tonnes in 2015 to more than 25 tonnes in 2016, confirming a high level of interest in this novelty product, launched in 2015.



Seven yak/camel wool processing companies were supported to take part in Berlin Fashion Week, collecting orders worth €70,000. The Swiss-based OEKOTEX label, for chemical-free textiles, was introduced and five processing companies agreed to undertake the certification process.

Measures to improve animal health

In the animal health sector, national control strategies for brucellosis and foot-and-mouth disease were developed and implemented, improving the responsiveness of the animal health system to disease outbreaks. Drafts of the Animal Health and Rangeland laws, developed with SDC support, were included in the priorities of the new government's action plan.

Swiss support in vegetable production

The Mongolian Potato Programme is highly regarded as an effective Swiss intervention in Mongolia's agriculture sector that ensured national self-sufficiency in potato production.

National potato seed multiplication continued in 2016 without SDC support as a result of the completion of SDC's Mongolian Potato Programme. Despite the drought in 2015, potato yields slightly increased to 12.8 tonnes/ha (compared with 12.2 tonnes/ha in 2014) thanks to the early maturing varieties introduced by the Swiss programme.

Following the completion of the programme, a public-private partnership was signed between the Agricultural Research Institute and Elite Seed Ltd., contributing to the sustainability of the seed potato system.

Tackling poverty through vegetable production

Through its projects in the agriculture sector, SDC is striving to improve the productivity of farmers and herders as this leads to higher incomes and more secure livelihoods.

The Vegetable Project, launched at the beginning of 2016, produced rapid results within a few months of implementation with the introduction of new adapted varieties and the doubling of local seed production through a recently established seed fund.

Supporting urban poor households in home gardening is proving to be an effective poverty-reduction tool. The Vegetable Project found that 61 pilot households engaged in urban gardening in four model streets of selected ger districts in Ulaanbaatar had increased their home vegetable consumption and their incomes from the sale of vegetables. These households were equipped with wells, greenhouses, seeds and tools. More than 1000 people (70 percent female) were trained in vegetable production and consumption (cooking/processing classes).

The project introduced extension services to farmers through the construction of two new Vegetable Farmers' Centres in 2016. The centres provide farmers with access to information and locally available seeds and fertilisers.

The project also supported the establishment of nine cabbage-seedling nurseries and the construction and renovation of 1000 tonnes of cabbage storage. Farmers use the facility to store cabbages during winter and sell them when prices are higher.

Success story

GROWING OPPORTUNITIES IN BACKYARD FARM



Dejid and her children reap harvest in her greenhouse.
© SDC

Life isn't always easy, and for some people it's particularly difficult. Such was the case for Dejid, a mother of three from Nalaikh, a district of Ulaanbaatar more 40km from the city's centre. One of Dejid's children is disabled, which placed an added burden on her as a struggling unemployed parent. Her husband had no permanent job, relying on low-paid, short-term seasonal work to provide

for his family. The situation was often grim, but despite the hardships, Dejid never lost hope that their situation would improve.

That began to happen seven years ago when she turned her hand to backyard farming as a way to earn extra money. She initially harvested 10kg of potatoes for her household consumption and sold the small amount of surplus, which brought in a modest return. Inspired, she expanded her farm to include turnips, carrots, cabbages and some leafy greens, from which she was able to earn MNT 200,000-300,000 annually. It wasn't much, but she realised she was on the right track.

Pondering how to increase the earnings from her farm, she came into contact with the Mongolian Vegetable Project in 2016. The project supplied her with a 4m x 8m plastic greenhouse, a drip irrigation set and 200 seedlings that enabled her to hone her growing skills with a new addition to her garden: strawberries. By the end of the 2016 growing season, she had raised 300 strawberry seedlings to sell to her neighbours and people in her local area. Given that the market price for a single seedling is MNT 5000, she made MNT 1.5 million from her seedling sales.



"Learning new technologies for drying of vegetables and growing new plants to earn additional income will make this job feasible." said Dejid.
Photo credit: B. Batbold / Mongol Vegetable Project

Dejid has also learnt to dry vegetables, which fetch a 2-3 times higher price than raw vegetables, making her confident that she will this year earn MNT 2 million alone from the sale of dried vegetables.

She said going on field trips to the farms of fellow smallholders and larger companies made her believe she should take her backyard farming to new heights.

“Learning new technologies for drying of vegetables and growing new plants to earn additional income will make this job feasible,” she said “However, nothing can match seeing my children’s faces when they beam with delight nibbling the strawberries. That’s real happiness. Now I know opportunities are always there.”



Vocational Education and Training (VET)

Programme Highlights

SDC continued to be a major donor in the strengthening of Mongolia's Vocational Education and Training sector, with a strong focus on improving the employability of VET graduates and unskilled men and women.

2016 saw the launch of a new phase of two complementary projects: the Youth Employment Promotion Project (YEPP) - the continuation of the former Vocational Education and Training Project - and the Vocational Skills Development Project, jointly implemented with GIZ in Mongolia.

Increasing employability for youth and adults

The YEPP seeks to improve prospects for young job-seekers. It focuses on the interface between supply and demand in the labour market through mediation between jobs-seekers and employers, and support for youth self-employment, with emphasis placed on the development of a policy environment conducive to youth employment, effective employment services and support to innovative start-ups that have growth potential.

Tracer studies from the current and previous years confirm the effectiveness of the chosen approaches in improving the demand-driven character and training quality of the target schools. While the employment rate of VET school graduates in the western region is 53 percent, rates in the six target occupations have increased in the past two years - from 63 percent to 66 percent, and the rates of female graduates have significantly improved, from 42 percent to 59 percent.

With the completion of Phase 1 of the Vocational Skills Development (VSD) Project in March 2016, target VET schools for the academic year 2016/2017 are offering quality short-term skills trainings using up-to-date equipment and are responding to the needs of companies for in-demand occupations.

Career counselling to youth

The lack of career guidance and counselling services in Mongolia has left youth uninformed and struggling to make career decisions. With support from the VSD Project, 22 career guidance desks have been set up at VET schools and local labour offices, providing needs-based services and advice to youth and the unemployed.

In addition, 17,340 people have used the first Mongolian career-guidance mobile phone application, Mergejil.mn, developed by the VSD

Project. Seventy-seven percent of recipients (53 percent female) of career guidance services said they had been assisted in making successful career decisions.

Linking private sectors with VET schools

The project also facilitates better coordination among the private sector and vocational schools. A survey among cooperating companies confirmed higher-quality graduates from target VET schools - 85 percent rated the graduates' qualifications as good or very good. To date, 28 cooperation agreements for apprenticeships in seven pilot training courses were concluded between local companies and target VET schools.

The private sector is increasing its involvement in vocational schools: Two prominent private-sector representatives from Mongolia and Germany (Oyu Tolgoi and Festo Didactics) have signed a cooperation agreement with the Ministry of Labour to upgrade vocational colleges in Dalanzadgad, Darkhan and Dornod into "Capacity Development Centres". These centres will not only offer vocational education to students in accordance with international standards and industry needs, but will also provide further training for teachers from other TVET schools and for unemployed, self-employed and other workers in the sector.

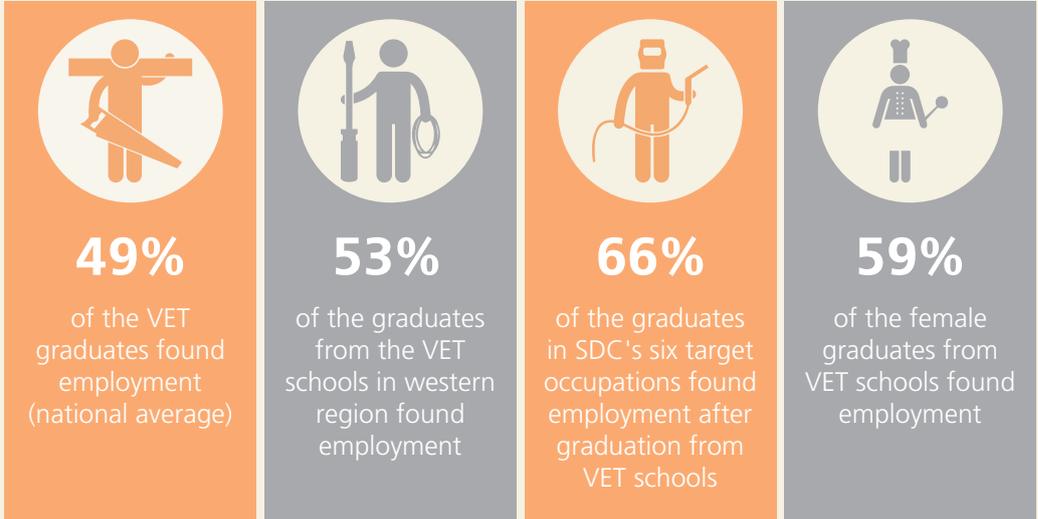
Skills development through short term trainings

The VSD Project is focused on both long-term formal vocational education in the western region and short-term skills trainings in selected trades. The project selected vocational schools in western and southern aimags and in Ulaanbaatar and Darkhan cities.

Short-term skills trainings are sought after by unskilled and unemployed adults aged over 40. The employment rate of graduates of short-term skills

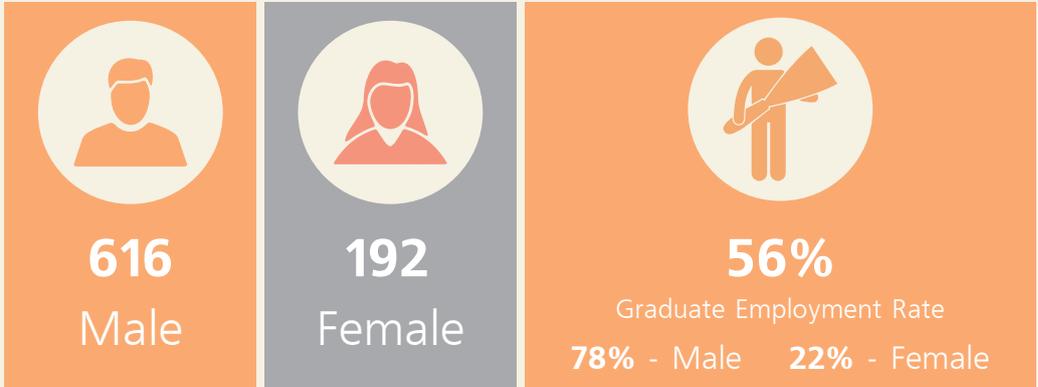


EMPLOYMENT RATE OF THE VET GRADUATES



SKILLS DEVELOPMENT THROUGH SHORT-TERM TRAININGS

Short-term skills trainings are sought after by unskilled and unemployed adults aged over 40.



trainings in target schools is 56 percent (22 percent female), and 25 percent of graduates of short-term skills trainings secured paid jobs within three months of graduation.

The project also supported the development of training curricula in mechanics and construction, and 115 teachers at pilot TVET institutions were retrained in those subjects. Complementing those courses, the project also provided tools and equipment worth €950,000 for target schools.

Support to SMEs

Supported by the Small and Medium Enterprise (SME) Development Project, which provides business trainings, coaching and soft loans to small-scale urban entrepreneurs, 89 client SMEs have improved their business performance and management skills. As a result, 1000 jobs have been created.

Improving soft skills of youth

Because soft skills are considered equally important for vocational education students, the Youth Development Project (YDP) introduced life-skills education at the vocational schools. In the 2015/2016 academic year, life-skills classes were institutionalised for two hours a week in the curricula of secondary schools, TVET schools, Life-Long Education Centres (LLECs), and in pre-service teacher training.

SDC has been supporting the UNFPA Youth Development Project aimed at institutionalising life-skills education for young people to build their resilience and increase their employability. The project established 16 Youth Development Centres

nationwide, serving more than 25,000 youth (58.4 percent female), representing a doubling of the previous year's figures. From 2017, the newly formed National Agency on Family, Children and Youth Development will take over the youth development channels, ensuring the sustainability of Youth Development Centres' functions and staff positions.

Integration of Education for Sustainable Development to formal education

In partnership with the Ministry of Education, Culture, Science and Sports, and the Ministry of Environment, Green Development and Tourism, SDC's Education for Sustainable Development (ESD) Project mainstreams the ESD approach in the formal education system and raises public awareness of green development. The ESD-based core curriculum reform of secondary education has been fully operational in 768 public and private schools, involving 19,249 teachers (73.4 percent female) and 147,031 students (49.3 percent female) nationwide since the 2016 academic year. This lays the foundation for the implementation of education sector reform and guides all aspects of school activities, including textbook revisions and in-class exercises.

In addition, an Action Plan for Green Development Policy was developed with support from the ESD Project and was approved via a government resolution in January 2016. This action plan provides the necessary legal framework for all green and sustainable development in Mongolia.

Success story

FROM COLLEGE DROP-OUT TO SUCCESSFUL BUSINESSMAN



Ya.Chagnaadorj and O. Bayasgalan invested their winning scholarships from the Youth Start-Up Programme to expand their yogurt business.
© SDC

In his early 20s, Ya. Chagnaadorj found himself at a crossroads in life. Unable to afford college tuition fees, he was forced to leave his accountancy studies, only to find himself unemployed and with little idea of what to do with the rest of his life.

As a herder, he realised that accounting wasn't his true calling, but his college stint did enable him to meet his future wife, Bayasgalan.

Returning to Bayankhongor, he helped his parents with herding. This sparked a desire to start his own business, but unlike his parents who were nomadic herders, he opted for settled dairy farming, setting up his operation with six milking cows. His decision to abandon nomadic herding was based on his parent's hard experiences during severe winter "dzuds", which caused the loss of many of their livestock.

Chagnaadorj married Bayasgalan, and the pair laboured from sunrise to sunset, but to their

disappointment their household income proved to be barely enough to cover the basic costs of living (MNT 800,000 per month). Their cows produced just 3 litres of milk in winter and 8 litres in summer, and they were unable to sell the excess milk in the summer months because of the already high market supply and limited marketing opportunities.

It was during this period that Chagnaadorj received a call from the local Career Guidance Centre, inviting him to come for a visit.

For A. Enkh-Amgalan, a counsellor at the Career Guidance Centre in Bayankhongor Polytechnic College, it was but one of many calls she made daily to local unemployed young people.

It may have been a routine call for her, but for Chagnaadorj it was a turning point. Enkh-Amgalan advised the couple to enrol in a one-year intensive vocational training programme on integrated crop and livestock farming.

They did, and have since been applying the knowledge they gained to their business. Now, Chagnaadorj and Bayasgalan are hard at work on their rapidly expanding enterprise. Their herd of milking cows has grown to 20, and they're producing more than 50 percent more milk as a result of silage and concentrated fodder. They also now employ two farm workers.

They began experimenting with frozen yoghurt, which met with approval from their instructor: "Tasting their new product – the frozen yogurt Babuulai - was a tasty reward for my teaching."

Their monthly income has risen to about MNT 2.8 million, with the potential to increase even more in the summertime.

But of all their successes, nothing has been more rewarding than winning a MNT 10 million grant from the Youth Start-up Programme Mongolia in October 2016 in Bayankhongor.

The grant allowed them to buy such much-needed equipment as a multi-functional pot, a refrigerator and the material required to expand production of their packaged yoghurt.

Chagnaadorj also plans to produce powder milk, ice cream and other dairy products for local consumption and eventually for sale in Ulaanbaatar.

“Always remain true to your ideas and your interests; never give up, never stop learning and always work hard,” is their advice for others embarking on their business dreams.

Chagnaadorj is but one of many young people to have benefited from SDC’s multi-faceted

programmes aimed at increasing the employability of young people by supporting vocational education and training, offering career guidance counselling to job-seekers, and supporting youth-initiated start-up businesses.





State Reform, Local Governance and Civic Participation

Civic engagement is increasingly taking place in Mongolia. The recent example is the Parents' Protest against the air pollution in Ulaanbaatar, demanding authorities for appropriate measures to reduce air pollution. © D. Davaanyam

Programme Highlights

Swiss support in Mongolia's governance sector is geared towards building effective, efficient and fair local governments, satisfied citizens, and representative and effective civil society organisations.

Capacity strengthening of citizens' khurals

Khurals (citizens' representative councils at the sub-national level) are instrumental in establishing sound democratic practices at the local level in Mongolia. In order to support khurals in fulfilling their supervisory role towards the executive level on behalf of the citizens, the Capacity Strengthening of Local Self-Governing Bodies (CLSB) Project, in partnership with UNDP, is focused on the capacity building of local councillors. In line with this objective, more than 8000 councillors received trainings on their core mandate, empowering them to be more accountable and improving their oversight of local governance.

Promotion of the equal representation of women and men in local councils is an integral component of the project, and it has strengthened the leadership capacity of 75 percent of all 1518 female councillors.

An integrated website for khurals (www.khural.mn) is now fully operational, connecting all 361 khurals at all levels, and has become a platform for information, experience and learning exchanges among politicians and citizens.

Greater civic engagement

Citizens' participation in local affairs has become common practice as a result of improvements in the quality of public discussions, civic education campaigns and small grant provisions. Fifteen percent of 361 local khurals implemented action plans to include citizens in decision-making, using mobile citizens' halls to reach herders in remote areas.

SDC has supported the implementation of Local Development Funds (LDFs) - grants to local

governments for priority investments identified by citizens. Local governments are now able to manage the entire LDF project cycle in full compliance with budget and procurement laws and through the application of new tools, such as improved LDF citizens' input forms, monitoring checklists, a comprehensive investment database, and an annual performance assessment.

A decentralisation policy is in place

The national government's adoption of the first state policy on decentralisation reform in June 2016 aimed at assigning clear functions to local governments and to equitably disburse resources. SDC's Governance and Decentralisation Programme supported the Cabinet Secretariat in developing the decentralisation strategy, sharing Swiss expertise and experience in decentralisation and democratisation.

Retrofitting as a model for energy efficiency and good governance

Thanks to the effective and efficient use of matching funds from the LDF and the Energy Efficiency Project (EEP), 13 kindergartens, schools and hospitals were retrofitted with evident benefits: the winter temperature is 21C (compared with 10C in non-retrofitted buildings) and the emissions from heating decreased by 57 percent (or 99 tonnes) annually per retrofitted building.

Benefiting from EEP expertise and trainings, the National University in Khovd and Zavkhan aimags launched a degree course in Public Administration Management, institutionalising public finance management and procurement trainings for local officials.

Improved performance and accountability of local governments

The Urban Governance Project is improving the lives of Ulaanbaatar's ger district residents by supporting better access to services and the implementation of public investment projects that respond to their needs. The quality of, and access to, public services in peri-urban and rural areas (ger districts) has improved through enhanced cooperation

between central and local governments, and the involvement of civil society organisations and citizens in public affairs. Ulaanbaatar's ger district residents - representing more than 2800 households (including 396 low-income, 280 female-headed households and 230 with disabled family members) - identified 12 services as priorities for improvements to quality and access in 12 of Ulaanbaatar's 150 khoros.



Kheseg leaders in Nalaikh district, khoroo 3, update kheseg [community] boundaries during the Local Development Fund GIS mapping.
© Billy Macrae / төв Ger Community Mapping Centre

Improved capacity of civil society organisations to strengthen social accountability

A number of SDC's projects in the Governance domain are aimed at increasing the capacity of the local civil society organisations (CSOs), enabling them to act as watchdogs to improve government accountability.

In the framework of the CLSB Project, local governance NGOs developed training programmes on the role of local khurals for citizens, a best practices compendium, ethics rules, procedures

for the granting of mining licenses, and oversight procedures for local khurals.

The Mainstreaming Social Accountability in Mongolia (MASAM) Project also supports local NGOs through improved access to social accountability tools. Jointly implemented by the World Bank and the SDC, this project aims to prove that embedding social accountability in Mongolia's public sector is an effective way to improve governance and public resource management.

Success story

STRIVING FOR AN INDEPENDENT LIFE



B. Uugantsetseg applied her vocational skills from VET school at the practice on the renovation work during her internship facilitated by the Energy Efficiency project.
© SDC

I was born in Bulgan soum, Khovd aimag, in 1996. My parents were killed in a car accident when I was two. My grandparents took me in, but they died when I was seven. I went to live with my paternal uncle until 4th grade and with my mother's relatives until the 6th grade. I then moved to Ulaanbaatar, where another uncle took me in until the 11th grade. After graduating from School #60 in Khan-Uul district, I returned to Khovd and enrolled in a one-year plastering course at the Polytechnic College, where I lived on campus.

My childhood was lost amid all the grief and disruptions. But when I arrived at college I saw that the future was in my own hands, and I tried to encourage others to feel the same way. Unlike a lot of the students, I took advantage of every possible opportunity to learn so that I could get a good job.

Everything I did, I did wholeheartedly. I was the most successful girl in the college's 2015 sports competition, winning four gold medals in the 100m, 200m and 800m races and in the long jump. But our teacher said, "It's inappropriate for the same student to be in so many competitions", so another student competed in the 400m race, and didn't win. My classmates said, "If you had run, we could have won five gold medals". That remark consoled me because I know other people saw my potential.

My big chance came when I applied for an internship with the Energy Efficiency Project as a façade plasterer, thermo-retrofitting School #2 in Jargalant soum. Part of the project was to provide on-the-job experience for young artisans like myself so we would continue with the work when the project finished. We discovered that retrofitting can make buildings warmer, but only if it's done to proper standards, which we learned from the project's consultant engineer. The internship enabled me to build on the skills I had learned in college and put them into practice on a building that was the centre of attention in the aimag.

I graduated from college in June 2016, not long after finishing my internship. I was one of five of the seven former interns hired by a local construction company for two-and-a-half months to retrofit a hospital, also co-funded by the project. Another contractor asked my employer to sub-contract our team to do the external plastering of a 164m² building in Darvi soum. The quality of our work was becoming well-known! Despite not having a supervising engineer, we did a good job and finished the work early and under budget. The company director made a point of thanking us personally.

We're now completing another 1400m² of façade plastering. Our team shares the knowledge we gained from college and the internship with other workers. My group was recently invited to take part in a ceremony involving Mongolian housebuilders. I was very proud to be part of it.

I also now feel financially independent. I used to have to borrow money for bus fares. Now I can lend money to other people! I have a bank account and money saved that I will use to further my education, as I have dreamed since childhood of becoming an army communications officer.

I had a very difficult start in life, but I've been determined to improve my life. I've made the most of the chances I've had. I will always look back on the project internship as one of the best opportunities I was ever given. Look where I am now - a respected young artisan with money in the bank.



Artisanal and Small-Scale Mining (ASM)

The SAM project aims to formalise and legalise artisanal and small-scale mining while developing the capacities of the miners.

Project highlights

The improved formalisation of the artisanal and small-scale miners through the Swiss project results in a higher level of acceptance of the miners as community members, improved service delivery to ASM communities, and more effective advocacy by miners themselves. SDC is providing the government with policy and technical support.

The SAM Project was able to convince government institutions to allocate resources (budget and staff) for ASM interventions and trainings, with four ministries, four agencies and 17 soum governments establishing ASM task forces.

First-ever export of fair-mined gold

ASM miners have higher incomes through increased sales of gold to the Bank of Mongolia and the certification of ASM gold in accordance with the Fair-mined certification scheme.

The XAMODX NGO, based in Bayan-Ovoo soum in Bayankhongor aimag, exported Mongolia's first Fairmined Ecological Gold to the world market in March 2016. The NGO became the first ASM organisation in Asia to receive Fairmined Ecological Gold certification by the Alliance for Responsible Mining, having fulfilled more than 200 standards affirming that the organisation's operations were economically, technologically and environmentally responsible. The export of the first 1kg of Fairmined gold received a premium price of USD \$6000. New markets for certified gold are being explored to expand this activity.

The average income of formalised ASM miners increased by 12 percent to MNT 7.8 million in 2016 from MNT 7 million in 2015 as a result of higher gold prices and increased production. As a result of

advocacy by the Sustainable Artisanal Mining (SAM) Project, more ASM gold was officially sold to the Bank of Mongolia.

Environmental responsibilities of artisanal miners

ASM miners are now using the tailored Frugal Rehabilitation Method, an economically affordable, socially acceptable and ecologically viable land rehabilitation approach. More than 200 ha of degraded land were restored using this method, 65 ha with support from local government funds. As a result of the project capacity-building efforts in the past three years, 30 Rehabilitation Action Plans and 19 Environmental Management Plans have been approved by local governments in 22 soums.

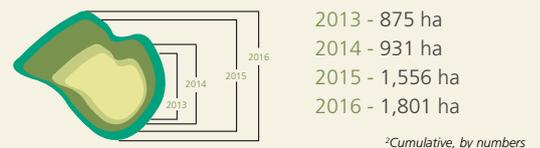
The Mineral Resources Authority of Mongolia (MRAM) licensed 1785 ha of land for ASM in 2016, an increase of 10 percent on 2015. However, the number of formalised miners fell to 6053 from 7325 in 2015 because of depleted resources in approved areas, increased mining costs and fiscal disincentives for local governments.

ASM COMPARATIVE FACTS 2013-2015

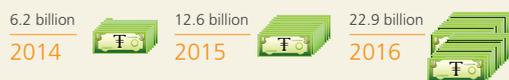
ASM Gold sales to Mongol Bank



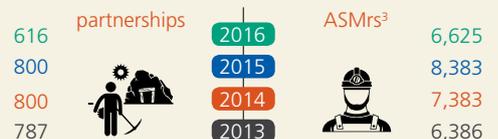
ASM Official Land Approval:²



Royalties from ASM (tugriks):



ASM formalization process:



³Artisanal and small-scale miners

Success story

DIGGING FOR LIGHT



B. Munguntsetseg is at her workplace, Mandal soum, Selenge aimag. © SDC

It's a typical chilly morning in Mandal soum, signalling the miners of the trouble ahead. When the ground freezes below -10 degrees Celsius, the digging process takes twice as long for the miners. Yet, the miners seem unmoved. They prepare for their daily routines as usual, with cords and latches securely tightened so that they can go down below the surface into the ground, and continue digging for traces of gold and other minerals.

One of them is Munguntsetseg, a 41-year-old mother of 5. She wakes up every morning wishing for good weather and the chance to see her children again in the evening. As a young child, she dreamed of a bright future and prosperous life in academics, excelling in school and studies. But her dreams were shattered when a series of tragedies struck her family. She lost her mother at 23, and her stepfather walked out later, leaving her with 4 young siblings. "There was no time or money for studying." Munguntsetseg recalls.

Munguntsetseg started out by herding livestock. Together with her husband, Enkhbaatar, she took

on the tremendous responsibility of providing for her siblings and her own children. But a tragedy struck again. In 2002, Mongolia experienced one of the most severe winters, a natural occurrence known as dzud, killing nearly a third of the entire livestock in the country. The unforgiving winter spared no animals for Munguntsetseg either, leaving her no choice but to try artisanal and small-scale mining (ASM).

It was a risky business. Not only was it considered illegal at the time, but there were many dangers involved in extracting the minerals from under the ground. Due to the poorly organized structure, many miners risked their lives on a daily basis to dig for high value minerals. When they finally discovered traces of gold, they also risked having them confiscated by the police.

Together with her husband, Munguntsetseg pushed herself to the limits to provide for her family. She worked tirelessly for hours every day to put food on the table. Just when things seemed to be coming to stability, their life was hit by another tragedy. One of her sisters drowned in Selenge River with her six-month old baby. She had to adopt and raise her sister's two surviving children, 5 and 6 years old respectively.

Not one to give up on hope, Munguntsetseg continued to work hard for her family and finally reached the stability she always wanted in her life, thanks to the SDC's Sustainable Artisanal Mining Project (SAM). Focusing on work safety, environment and community, the project has made contributions to formalization of artisanal work and the organisation of the individual miners into NGOs and partnerships throughout the country.

She is a member of local ASM NGO named Duush Mandal Khaikhan. "The advantages of joining a partnership are that I have a chance to be involved in

vocational trainings, to learn about the rehabilitation of the environment, I've gained a lot of opportunities and am able to cooperate with other people," says Munkhtsetseg.

"We earn about 300,000 tugrik (150 USD) a month from ASM. But gold is not found every month. Therefore, we had to think about another source of income."

The couple started a vegetable growing business using money given by the government as monthly children allowances. Their NGO helped them as well

by financing a greenhouse and vegetable seeds from another development program.

"Today I'm more confident about my family well-being, because vegetables have become a steady source of income.. This year, we are harvesting 5 tonnes of potatoes, 3 tonnes of carrots, and some other vegetables. We will sell some of them and will keep the rest in our storage for winter. Feeding a big family like ours is hard, but I am sure that we will be okay." Munguntsetseg said with a strong determination.



Munguntsetseg and Enkhbaatar work hard to support their large family.
© SDC

Outlook 2017

The SDC aim will continue to be further consolidation, sustainability of results and replication of best practices. The overall programme budget will be slightly reduced in 2017 to CHF 16.5 million. (graph)

2017 will see the development of the new Country Strategy, which will better respond to the new challenges in a much-changed context. The new Country Strategy will give SDC the opportunity to see more strategically, be more focused and, beyond the current economic crisis, identify the real added value of SDC in Mongolia. The SDC approach for engagement in Middle-Income Countries and in urban areas will be of particular relevance for the Country Strategy.

Recommendations for the future will also be developed in consultation with the government and partners. Swiss stakeholders, such as the SDC Global Programmes and the Political Division, will be consulted. A final draft of the Country Strategy should be ready by the end of September 2017.

With the global credit "Outlook 2020" SDC already has the opportunity to pilot and experiment: 1) New areas of cooperation (such as water and climate change); 2) New modalities (such as more

co-financing and fewer grants, and Swiss-based specific technical assistance); and 3) New forms of cooperation (such as triangular cooperation between Mongolia, Switzerland and China, and cooperation with SDC global programmes).

Two first agreements were signed focusing on "Improved evidence-based planning and decision-making for WASH in schools and kindergartens in the ger districts" and "Improved evidence for the health impacts of air pollution on children"; both will be implemented by UNICEF. Trilateral cooperation is being planned between China (Chinese Earthquake Administration), Mongolia (National Emergency Management Agency) and Switzerland (SDC Humanitarian Aid Department) to strengthen urban search-and-rescue capacities in the event of a major urban emergency such as an earthquake in Ulaanbaatar.

These pilots will contribute to the strategic strengthening of the programme in view of the post-2020 cooperation. A trial-and-error approach will be applied; not all pilots and ideas may be successful and only selected few will evolve into full-fledged programmes in the future.

Abbreviation

AFS	Agriculture and Food Security
ASEM	Asia Europe Meeting
ASM	Artisanal and Small-scale mining
CHF	Swiss francs
CSOs	Civil Society Organisations
CSLB	Capacity Strengthening of Local Self-Governing Bodies
EEP	Energy Efficiency Project
ESD	Education for Sustainable Development
FDI	Foreign Direct Investment
LDF	Local Development Fund
MNT	Mongolian tugrics
PUG	Pasture Users Group
RUA	Rangeland Use Agreement
SAM	Sustainable Artisanal Mining
SDGs	Sustainable Development Goals
SDC	Swiss Agency for Development and Cooperation
TVET	Technical Vocational Education and Training
VET	Vocation Education and Training
VSD	Vocational Skills Development
UNICEF	United Nations Children's Fund
UNFPA	United Nations Population Fund
WASH	Water, Sanitation and Hygiene
WHO	World Health Organisation
YEP	Youth Employment Promotion