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**Swiss Agency for Development
and Cooperation SDC**

Annual Report 2014

SWISS AGENCY FOR DEVELOPMENT AND COOPERATION IN MONGOLIA



Annual Report 2014

Swiss Agency for Development and Cooperation (SDC) in Mongolia

Swiss Cooperation Office of the Embassy of Switzerland in Mongolia

Sky Plaza Business Centre
Olympic Street 12, Khoroo 1,
Sukhbaatar District,
Ulaanbaatar,
Mongolia

P.O.Box 37
Ulaanbaatar 14210
Mongolia

Tel: 976 11 331422
Fax: 976 11 331420
E-mail: ulaanbaatar@eda.admin.ch

Website: www.eda.admin.ch/mongolia

Photos & Layout

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Introduction

Switzerland and Mongolia celebrated double anniversaries in 2014: Fifty years of diplomatic relations and 10 years of development cooperation. Since establishing diplomatic relations, Switzerland and Mongolia have maintained a friendly relationship, and since 2008, political consultations have taken place every two years, most recently on 24 March, 2014 in Bern. In 2004, the Swiss Government opened a representation office, the Swiss Cooperation Office, in Ulaanbaatar to support Mongolia's reforms with long-term development programmes.



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The “Switzerland and Mongolia in Pictures” exhibition on display at the Natural History Museum in Bern, Switzerland (September 2014)

Towards the end of 2014, Mongolian Prime Minister N. Altankhuyag and his Cabinet resigned, primarily as a result of criticisms over their perceived failure to revive the downward spiralling economy, corruption and nepotism via a petition by the opposition party and fuelled by some members from the Prime Minister's own party. Ch. Saikhanbileg, former Minister and Chief of Cabinet Secretariat of the Government was appointed as his successor. The newly appointed Prime Minister invited all political parties in Parliament to form a coalition government, labelling the move the “Government of Solutions”. The new Cabinet, whose main aim is to stimulate the economy, has 19 ministers and 15 ministries. Ten of the ministers are from the DP; six are from the Mongolian People's Party (MPP) and the remaining three are from the Coalition of the Mongolian People's Revolutionary Party (MPRP) and the Mongolian National Democratic Party (MNDP).



A dance performed at the official launch of celebrations marking the 50th anniversary of Swiss and Mongolian diplomatic relations (22 May 2014)

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After several years of double-digit growth (more than 17 percent in 2011 and about 12 percent in 2012 and 2013), the economy took a hit in 2014 in the wake of falling foreign direct investment (FDI) and global commodity prices.

FDI fell by three-fifths in 2014, which analysts agreed was largely due to the perceived volatility of the regulatory environment for foreign investors and the government's ongoing dispute with the largest investor in the country, the Rio Tinto-owned Oyu Tolgoi (OT) mine. As long as OT's differences with the government remain unresolved, the project's second phase US \$5 billion underground investment will be delayed and investor sentiment is unlikely to improve. Together with depressed export earnings and rising public debt due to costly domestic subsidy programmes, the slump in FDI is bringing the country close to a balance of payments crisis. Despite the estimated 7-8 percent economic growth in 2014, securing a support package from the International Monetary Fund may be unavoidable.

Despite its pragmatic approach to international relations, Mongolia is facing the limits of its "third neighbour policy" amid its economic woes. The presidents of its neighbours, China and Russia, visited Mongolia in August and September

2014 to conclude bilateral agreements covering trade, energy, mining, financial cooperation and infrastructure development. In addition, China offered a package of soft loans tied to its bilateral agreements, and has also extended a lifeline to the looming balance of payments crisis in the form of extensive swap arrangements with Mongolia's central bank. While these developments do not signify the end of Mongolia's "third neighbour policy", they have demonstrated its limitations during a period of economic crisis, particularly when much-needed investments by like-minded "third neighbours" are not forthcoming.

SDC's Cooperation Strategy 2013-16 with Mongolia has reached its mid-term. The strategy aims to contribute to equitable and sustainable social and economic development in Mongolia. It is built on three domains: 1) Agriculture and Food Security (AFS); 2) Vocational Education and Training (VET); and 3) State Reform, Local Governance and Civic Participation (GOV). In addition, SDC's programme in Mongolia heavily invests in the formalisation of the artisanal and small-scale mining (ASM) sector, which is critical for rural poverty reduction and the advancement of local livelihoods.

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Sheep and goats grazing: Agriculture is the backbone of Mongolia's economy.

SDC in Mongolia Highlights 2014



AGRICULTURE AND FOOD SECURITY:

After 10 years of SDC support, Mongolia has become self-sufficient in table potatoes. The sector has been strengthened through support for variety testing, seed production, cultivation techniques, the enhanced capacities of farmers and technical staff, storage facilities and marketing approaches. A cost-benefit analysis conducted in 2014 confirmed the economic and financial viability of the seed multiplication system introduced a decade ago with Swiss support.



VOCATIONAL EDUCATION AND TRAINING:

Mongolia has made considerable progress in introducing a demand-driven VET system. Thanks to SDC's interventions, new guidelines for curricula development and templates for occupational standards have been approved by the Ministry of Labour. Both formal VET and short-term skills training using the new curricula are being implemented by partner schools.



GOVERNANCE:

The sub-national level has witnessed an improvement in the quality of public discussions and citizens' engagement in decision-making, as well as reduced costs for public works due to more competitive and transparent tendering processes. SDC has helped organise 64 public discussions resulting in 313 projects (valued at CHF 4 million) prioritising citizens' preferences. It is estimated that the cost of public works has on average dropped by 10-15 percent in 13 aimags.



ARTISANAL AND SMALL-SCALE MINING:

With support from SDC, 2014 saw: The adoption of ASM in the new mineral policy and mineral law amendments; the improved wellbeing of artisanal mining communities demonstrated by higher incomes; miners' increased enrolment in health and social insurance schemes; a dramatic increase in ASM gold sales; more access to land for ASM miners; and increased awareness about, and the adoption of, occupational health and safety practices, as evidenced by a reduction in the number of accidents.



Agriculture and Food Security



Programme Highlights:

After 10 years of SDC support, Mongolia has become self-sufficient in table potatoes. The potato sector has been systematically strengthened through support for variety testing, seed production, cultivation techniques, the enhanced capacities of farmers and technical staff, storage facilities and marketing approaches.

Sustainable pasture management through SDC-supported Pasture-User Groups (PUGs) is well established in Mongolia's western aimags. The PUG system covers 29.3 million hectares (ha) of pastureland (about 20 percent of the total territory) through land-use plans and land-use agreements that are officially recognised by local authorities. In addition, linkages between cooperatives and the PUG system are continually expanding, providing higher incomes for herders. The first experiences documented in the promotion of yak wool are also proving to be promising.

Mongolia is still affected by brucellosis, a disease which affects both animals and humans. In 2014, with support from SDC, an important achievement in the fight against brucellosis was the Ministry of Health's adoption of a brucellosis standard which makes previous guidelines official and regulates the diagnosis and treatment of the disease, which at present takes place at the soum level where the majority of the cases (88 percent) occur.

Programme Results:

PRODUCTIVITY: Improved productivity of farmers and herders:

- In 2014, the Mongolian Potato Project (MP) - one of SDC's most hailed projects in Mongolia - took a further step in supporting the country's potato production system when the Plant Science and Agricultural Research Training Institute (PSARTI) in Darkhan-Uul aimag launched its own potato-breeding programme in collaboration with research stations in China, South Korea and Russia. The programme continued its support to further consolidate and strengthen the national system of potato variety testing and the provision of good-quality planting material to farmers. It is now operational in all 21 aimags, compared with nine aimags when the MP began 10 years ago.
- Despite nationwide advances in potato production systems, the last harvest saw decreased average yields, primarily due to cooler climatic conditions (12.3 t/ha in 2013 compared with 15.1 t/ha in 2012). However, this had a positive impact on farmers' income due to higher demand and stable potato prices.
- Based on its successes in the potato sector, the MP is now shifting its support to the vegetable sector. Hundreds of varieties have been tested during the last two years. New and better adapted varieties to Mongolia have been released and the seed multiplication and distribution of these varieties has started allowing improved performances in terms of production and marketing.

MARKET ACCESS: Improved access for herders and farmers to markets

- Farmers' income in SDC's target areas slightly increased despite the generally deteriorating economic environment. In comparison with 2013, the average annual income of farmer households increased from MNT 6.6 million to MNT 7.1 million in 2014. The increase was due to continuous improvements to storage facilities, processing capacities and market information systems in the potato and vegetable sectors. (Include a photo story of Saranchimeg)
- In 2014, 61 herder cooperatives in the western aimags (nine of which are led by women), which are directly linked to 93 Soum Associations of Pasture Users' Groups supported by SDC's Green Gold Project, distributed dividends to their



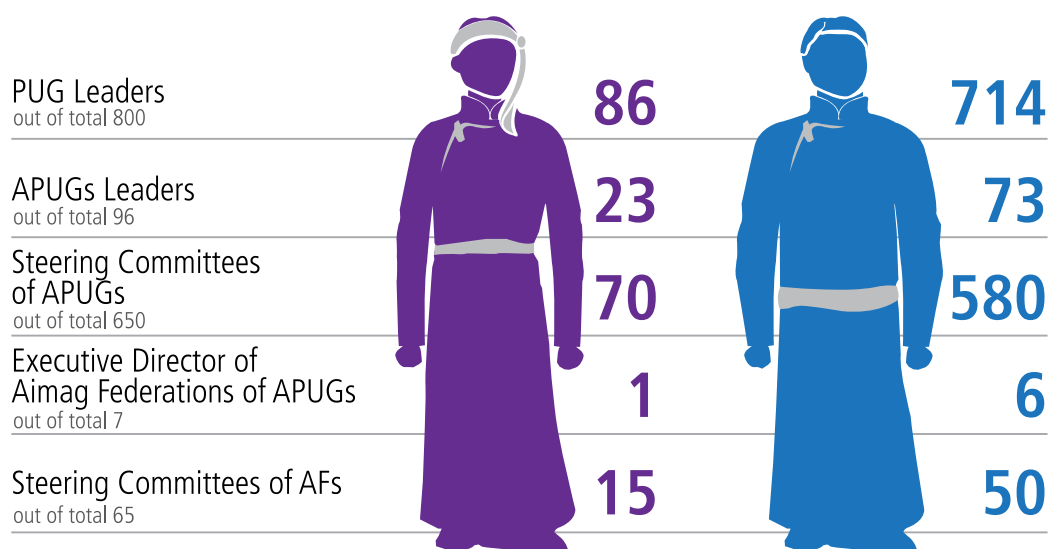
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members worth MNT 190 million. In 2013, the comparable amount was MNT 151 million, which corresponds to a year-on-year increase of 25 percent. This result demonstrates the growing importance of the cooperatives, linked to the PUG system, in the joint collection and marketing of animal products.

- Yaks are of great economic value to Mongolia's yak herders. The Green Gold Project saw the possibility of increasing yak herders' income through better marketing of yak down. In 2014, for the first time, 3000 herders (40 percent of whom are women) who are organised into 11 cooperatives (three led by women) sold 48 tonnes of yak wool to 15 processors from Ulaanbaatar (70 percent women). According to the processors, the quality of the supplied yak wool increased, which is the result of improved herders' skills in the combing and sorting of yak wool. Becoming organised as suppliers allowed the herders to negotiate better prices with processors, from MNT/kg 10,000 in 2013 to MNT/kg 15,000 in 2014. The same price has been adopted in other areas not involved in project activities, which means that most yak-down producers experienced a 50 percent price increase in 2014 in comparison with 2013.

Farmers growing carrots in Khovd aimag: SDC's Mongolian Potato Programme is now supporting vegetable seed production in Mongolia

Gender lenses on PUG leadership



© SDC

Ms D. Nayantungalag, head of the “Ikh Am” Pasture-User Group in Undershireet soum, Tuv aimag

LIVELIHOODS: Improved livelihood security for herders and farmers

- The main goal of the PUGs is to improve pasture management. This has been realised through the concluding of plans and agreements on pastureland use between herders and local authorities. The number of land-use agreements negotiated between PUG Associations and local authorities is increasing, from 396 in 2013 to 525 in 2014, covering more than 6.3 million ha of pastureland in western and central Mongolia, compared with 5.8 million ha in 2013.
- The Green Gold Project empowers women herders. The rate of participation of women herders in community matters is growing, and they are increasingly assuming more leadership roles within their communities. The number of women in leadership positions within PUGs increased from 19.4 percent in 2013 to 21.5 percent in 2014. In 2014, 86 of 800 PUGs were led by women.
- Insuring livestock means better resilience to disasters and reduced economic losses for herders. In 2014, about 10 percent of herder households and 7.7 percent of livestock were insured, compared with 13.5 percent and 8.5 percent respectively in 2013. The reason for the decline is due to herders receiving low indemnity payments as a result of comparatively good weather conditions and minimum livestock losses in the past few years. In 2014, 380 herders from

12 PUGs in Zavkhan aimag chose the cheaper group insurance coverage. The previous year group insurance were adopted by one PUG only.

- SDC’s Animal Health Project places great importance on eradicating brucellosis in humans and animals. With support from the project, herders have better access to brucellosis diagnosis and treatment in their local communities. The identification rate of human brucellosis increased from 66 percent in 2013 to 88 percent in 2014.
- Thanks to the Animal Health Project, a national brucellosis standard adopted by the Ministry of Health now regulates the diagnosis of the disease and treatment at the soum level, where 88 percent of cases are diagnosed. Medical personnel in all soum hospitals were trained in brucellosis diagnosis, making it possible for herders and remote residents to be diagnosed in the early stages of the disease at almost no cost.
- The most effective method for eradicating animal brucellosis is the annual vaccination of all young animals. In the past three years, post-vaccination sero-monitoring has been implemented through collaboration with the Animal Health Project. This has ensured that brucellosis vaccinations are properly monitored and that medical experts are able to determine the prevalence of brucellosis among the population. The Animal Health Project has also developed a surveillance model to monitor and evaluate the effectiveness of the brucellosis vaccination campaign.

A PIONEER IN VEGETABLE PROCESSING

Mrs. Sarantuya, 47, from Khuvsgul aimag is a former herder who shifted to agriculture in the early 1990s. When she was a herder, she used to dry vegetables grown in her garden to eat when her family moved to winter camps. Now she is a full-time farmer, growing vegetable on 1.5 ha of land and enjoying annual yields of 35 per ha tonnes. (50 tonnes in total)

Based on a simple home method for drying vegetables, she has developed her own technology for drying onions, carrots, turnips, beetroots, cabbages and potatoes, which can be stored all year round. In the past seven years, her dried vegetable products have become favourites among the local community and tourists visiting her aimag.

Sarantuya lacked the financial means to expand her business with more modern equipment; however, with a MNT 10 million grant from SDC's Mongolian Potato Programme, she was able to upgrade her processing operations, purchase machinery and rent a facility to improve levels of production. Her new equipment enables her to produce 80-100kg of fresh vegetables per day compared with her previous capacity of 10kg per day.

"I saw that dried vegetables were a potential market niche and an important product to enrich the diet of Mongolians, particularly of herders and especially in the winter months," she said.

Ms Sarantuya produces dried vegetables

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Vocational Education and Training



Programme Highlights:

SDC's interventions in the VET domain have directly influenced the adoption of official guidelines and standards at both national and local levels. "Guidelines for Curricula Development" and "Occupation Standard/Profile Templates for Selected Occupations" developed by the VET Project have been approved by the Ministry of Labour. In addition, templates for occupational standards have been welcomed by Mongolia's Road Builders' Association. The association will develop occupational standards for a further 15 sector-specific occupations using the project's methodology and templates.

The formal VET training programmes and short-term skills trainings developed with support from SDC are now being implemented by partner institutions. The VET schools with which SDC is working are providing full training programmes in six occupations and short-term skills trainings in construction and mechanics.

The private sector has become increasingly engaged in building a demand-oriented VET system in SDC's target areas. The VET sector now has greater recognition and is valued among the rural population in target areas, as evidenced through an external company survey conducted in 2014.

Life skills and health education, which is new to Mongolia, have become a part of the mainstream education system. With support from the Youth Development Programme (YDP), life-skills and health education have become mandatory subjects in the Mongolia's University of Education's pre-service teacher training across all subjects.

Greater awareness of gender-based violence (GBV) has led to more societal awareness of the issue. The YDP is a lead campaigner in promoting social norms of intolerance towards GBV, the skills to prevent from this type of violence, and their help-seeking behaviours.

Programme Results:

Improved employability of trained young men and women

- SDC's VET Project achieved an important milestone in 2014 when the Minister for Labour approved the "Guidelines for Curricula Development" and the "Occupation Profile/ Standard Template" for application nationwide. These guidelines and templates attracted broad interest among industry representatives, including the Road Builders' Association and the Dairy Producers' Association, which committed to incorporating them in the development of sector-specific occupational standards.
- All six of the SDC-supported VET schools in the western region began offering full degree courses in six occupations, using new equipment and new training facilities and providing practical job training for students.

- The government's reform of the VET sector, backed by multi-donor support, has attracted greater interest from the private sector in cooperating with VET schools, with private companies expressing a greater willingness to partner with SDC-supported VET schools, contributing to the promotion and development of a demand-driven education system. In 2014, the number of partner enterprises involved in in-company training increased by 169 in the six SDC-supported VET schools compared with the previous year.
- SDC's VET sector projects are not only addressing the technical and vocational skills of youth; they are also focusing on the development of such key areas as reproductive health and social skills. The State University of Education has introduced a "Health and Life Skills Education" subject in its curricula, providing two credits for all students throughout the university (3000 students) for their second year of studies. This result is a direct outcome of the advocacy efforts of the SDC-supported YDP.

Road construction is one of the six occupations chosen by SDC's VET Project

© SDC



The Youth Development Programme is reaching out to thousands of Mongolian youth through life-skills programmes

© Dustin Barter / UNFPA



- In partnership with UNFPA, SDC is working to provide greater opportunities and more facilities for youth development through the promotion of life-supporting skills. Of the 14 Youth Development Centres (YDC) that were planned to be opened, five were inaugurated in the western aimags in 2014 in partnership with the national and local governments. More than 45,000 youth in the 15-34 age group (half of whom are female) have access to the YDCs. (Include UNFPA photo story)
- A YDP initiative known as the “White Ribbon Campaign” (16 days of activism against gender-based violence) led by its national partner, the National Centre Against Violence, raised awareness about issues related to gender-based violence and received support from the President of Mongolia, who spoke out against the perpetuation of violence in society and urged all sectors to come together to address this deeply entrenched social issue.

Vocational Skills Development: Rapid skills development and improved employability of men and women with a lack of marketable skills

Six VET institutions in the Western region supported by the VSD Project, jointly implemented by SDC and GIZ, began conducting short-term skills trainings in seven construction and mechanics clusters. Thanks to skills support in a range of technical fields, teachers and instructors are now more confident about and proficient in delivering quality trainings to their students. In addition, trainers for in-company instructors are working to establish an on-the-job instructors’ system to enhance skills provision for VET students.

PRACTICAL SKILLS, INFINITE POTENTIAL

“My family is from a remote soum in Zaxhan; my parents are herders. I am not returning home because I had problems with my angry and at-times-violent father,” said 18-year-old Tsegmid, a current resident with the Huuhdiin Urgoo NGO.

“On the 10th of February this year, I came to Ulaanbaatar,” recalls Tsegmid. “Thanks to apprenticeship arranged by the NGO, I worked on a construction site in Zaisan (a wealthy suburb of Ulaanbaatar). First, I started as an assistant, but now I do everything; I finish the interiors of buildings. The apprenticeship was very important.”

“I want to pursue an engineering degree. My dream is to start a private construction company and contribute to the construction sector in Mongolia. I want to be able to support my parents and brother to have a better life.”

Huuhdiin Urgoo operates on a small budget, providing accommodation and food for youth from abusive homes and, equally importantly, apprenticeships.

“It’s not just a shelter, but education opportunities

and apprenticeships,” the Huuhdiin Urgoo NGO Director Nordermaa explained. “They are all TVET students from the western provinces. There are only 15 out of last year’s 103 students here now; 87 are employed, including 27 still working in Ulaanbaatar. The other 60 went back to their home provinces.”

Apprenticeships and on-the-job trainings, in addition to creating links between training and private enterprise are a model largely non-existent in Mongolia. Critical to Huuhdiin Urgoo’s success is its links with private enterprises; finding the right partner is essential.

“My business believes in supporting youth entrepreneurial skills,” said Delgersaikhan, owner of the construction company Khasu Tsamhag, which offered apprenticeships for the youth from Huuhdiin Urgoo.

UNFPA’s Youth Development Programme, co-financed by SDC, will draw on its existing links with the Ministry of Labour, utilising this example to advocate for the institutionalisation of on-the-job training and advocating for an increased focus on youth employment.

Youth from abusive homes receive shelter and life-building skills at Huuhdiin Urgoo

© Dustin Barter / UNFPA



State Reform, Local Governance and Civic Participation



Programme Highlights:

An improvement in the quality of public discussions and citizens' engagement in decision-making involving local investment projects: SDC helped to organise and facilitate 64 public discussions, resulting in 313 projects (valued at MNT 8 billion) that prioritised citizens' preferences.

Strengthening the capacity of local parliaments to fulfil their mandated representative, legislative, oversight and budgetary functions: 86.6 percent of locally elected representatives were trained in line with the first national training programme developed for local parliaments.

A decrease in the cost of public works at the local level due to more competitive and transparent tendering processes: It is estimated that the cost of public works has fallen on average by 10-15 percent in the 13 aimags piloted by SDC.

The customer satisfaction rate with One-Stop Shop (OSS) users remains high, increasing from 76 percent in 2013 to 79 percent in 2014.

The first NGO Management degree course was launched at the Institute of Finance and Economics in April 2014, with a first intake of 20 students (13 of whom were women).

Programme Results:

LOCAL GOVERNANCE: Improved performance and accountability of local governments

- Switzerland is recognised as a key partner in Mongolia's efforts to establish direct democracy and good governance practices. Advancements in direct democracy have been realised through decentralisation and increased citizen participation in decision-making processes. Citizens are more aware of, and are largely satisfied with, the Local Development Fund (LDF) - a pool of funds allocated for the development of local communities as agreed upon by citizens. SDC's Governance and Decentralisation Programme (GDP) provides support to the national and local governments aimed at improving the quality of public discussions and citizens' engagement in decision-making in relation to the use of the LDF. In the 17 pilot local administrative units where LDF discussions have been facilitated with support from the GDP, 313 investment projects valued at MNT 7.4 billion were approved in 2014, up from 151 projects valued at MNT 4.0 billion in 2013. These projects encompass such areas as rangeland management, local service delivery and citizens' complaints mechanisms. Local

governments at the pilot sites have also begun issuing regulations based on citizens' feedback on such important community priorities as land use, water management, public transportation and pasture management.

- In tandem with support for citizens' participation in decision-making, SDC has also collaborated with UNDP in training and empowering citizens' representatives to local parliaments. The joint Capacity Strengthening of Local Self-Governing Bodies Project supported local parliaments in overseeing the performance of the LDF process and public service delivery. The project developed and implemented a national training programme for local parliament members for the first time in Mongolia. The programme is in the process of being institutionalised.
- The SDC-initiated One-Stop Shop (OSS) centres have been providing citizens with easy and bureaucracy-free access to public services since 2007. The government has confirmed its support for the OSSs through their replication nationwide and the commitment of funds to ensure long-term sustainability. The operation

Citizens are increasingly taking part in public discussions

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/ Gamma photo agency





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A retrofitted kindergarten brought a new level of comfort and many benefits for the rural population.

and maintenance costs of 14 of 22 surveyed OSSs were covered through local budget contributions in 2014. In addition, 24 percent of all OSSs had a separate budget line for maintenance reflected in their 2014 local budget.

- The 41 OSSs served a total of 845,000 customers (57 percent of whom were women) in the first half of 2014, compared with 638,000 (55 percent of whom were women) served at 35 OSSs in the same period a year earlier. The customer satisfaction rate with the OSSs increased from 76 percent to 79 percent between 2013 and 2014.
- The Energy Efficiency Project (EEP), co-financed by SDC and GIZ, demonstrated retrofitting models in public kindergartens in the coldest and remote western region, that have been heralded as an efficient model for public investment in energy efficiency. Retrofitting public buildings using energy-efficient technologies brought a new level of comfort and has a multitude of benefits for rural populations. Children of the kindergartens enjoyed over 25°C indoor when it was -10°C outside in winter compared to indoor 10-15°C temperatures before retrofitting. It helped reduce heat losses during winter, improve indoor temperatures and ultimately helped save energy - the most precious resource for our living. In addition to the introduction of the new energy-efficiency concept, EEP provided opportunities for local governments and communities to utilise the LDF with participation of the local communities.

DEVELOPMENT OF CIVIL SOCIETY: Improved capacity and social accountability role of civil society organisations

- SDC's pilot NGO Capacity Building Project, which wound up in 2014, had an unforeseen positive result: The institutionalisation of Mongolia's first NGO Management degree course at the Institute of Finance and Economics. Modelled on a similar course run by the project's backstopping partner, the University of Geneva, the degree programme began in 2014 with a first intake of 20 students (13 of whom were women). The project's original goal was strengthening the internal management capacity and governance structures of civil society organisations (CSOs).
- As a part of its governance support initiatives, SDC is also working to improve public tendering and procurement practices in Mongolia. The Improved Competitive Outsourcing of Government Services (iCOGS) Project places emphasis on monitoring public tendering and procurements to encourage competitive and fair businesses. Since the project's implementation, there has been a decrease in the cost of public works at the local level due to more competitive and transparent tendering processes in the 13 aimags in which the project is operating. Supporting local procurement units, the local private sector and CSOs, it is estimated that the value of government contracts has on average fallen by 10-15 percent, representing significant cost savings.
- The iCOGS Project involves local CSOs in the monitoring of tenders and the procurement of public goods and services, which resulted in the identification of eight cases of the improper use of public funds. As a consequence, vendors were required to use higher-quality materials in public construction projects.
- In the aimags in which the GDP and iCOGS Project operate, a total of 227 government contracts were awarded through 199 open and competitive tender processes. In addition, 150 local businesses and 77 CSOs secured government procurement contracts as vendors to supply public goods, works and services valued at MNT 14.6 billion, compared with 115 government contracts with valued at MNT 10.3 billion in 2013. This also solidified the role of CSOs as society's watchdogs.

B. AMGALAN: THE PROCUREMENT OF PUBLIC TENDERS IS MUCH IMPROVED

"It was different before we had the open public-procurement system," said Mrs B. Amgalan, Director of Undrakh Buteemj Co.Ltd, a company that has completed a full renovation of School No. 1 in Uvs aimag. "There were many issues that were critical in regard to past procurement practices. Now we are better informed by the Public Procurement Office on the tender opportunities in our aimag."

Undrakh Buteemj Co. Ltd was founded in the mid-1990s after the aimag's only state-owned construction entity collapsed. At present, the company employs more than 40 workers, including experienced and skilled workers from the previous state-owned entity.

Mrs Amgalan was also happy about the recently established website of the aimag's Procurement Office (www.uvstender.mn), which publishes information required by bidders in public tenders. "I believe we submitted the most realistic budget for the renovation of the school based on current market prices. Our budget was MNT 50 million less than the initial amount of the tender. This means we saved more than MNT 50 million from the aimag's budget. Yet we delivered quality work," she said.

According to the 2013 annual report, Uvs aimag's contracting costs decreased by MNT 0.7 billion from a budget of MNT 11 billion. During the same period, the quality of procurement results and on-time project completion improved.

The current procurement practices now include community monitors from local civil society organisations (CSOs).

"I'm sure that the tendering committee that included monitors and observers from local civil society organisations have seen our company's capacity and the traceable history of our previous work, and evaluated us as capable to take on the renovation."

"It is very good that CSOs are involved in the tender selection processes. They help make fair and realistic evaluations of the bidders. I see that it's necessary to increase the number of CSOs in these processes. More importantly, I believe it's necessary to involve the local media, which will inform the public about the procurement processes."

Undrakh Buteemj Co. Ltd's work at School No. 1 included restoration of the roof and floors, replacing doors and windows, and completing all interiors of the school building. "We are quite satisfied with the quality of the work done in our school renovation," said School No. 1 principal Mrs. N. Buren.

Uvs aimag is making a difference in public tendering by initiating open, competitive and participatory tendering processes. "Public procurement processes have much improved in recent years," Mrs. Amgalan said.

Children at the newly renovated School No.1 in Ulaangomsoum, Uvs aimag, are happy to return to a refurbished school

© SDC



Artisanal and Small-Scale Mining (ASM)



Programme Highlights:

Occupational safety is the main priority of artisanal miners from the Undarga Partnership in Bayan-Ovoo soum, Bayankhongor aimag.

With support from SDC's Sustainable Artisanal Mining (SAM) Project, 2014 for the first time saw the incorporation of ASM in mineral policy and legislative amendments. Other results included the improved wellbeing of artisanal mining communities demonstrated by increased incomes; miners' increased enrolment in health and social insurance schemes; a dramatic increase in ASM gold sales; greater access to land; and increased awareness of, and practices in, occupational health and safety as evidenced by a reduction in the number of mining accidents.

In cooperation with the ASM communities, the Engaging Stakeholders in Environmental Conservation Project Phase II introduced the Frugal Rehabilitation Demonstration – an economically affordable, socially acceptable and ecologically viable rehabilitation approach for land rehabilitation in Mongolia.

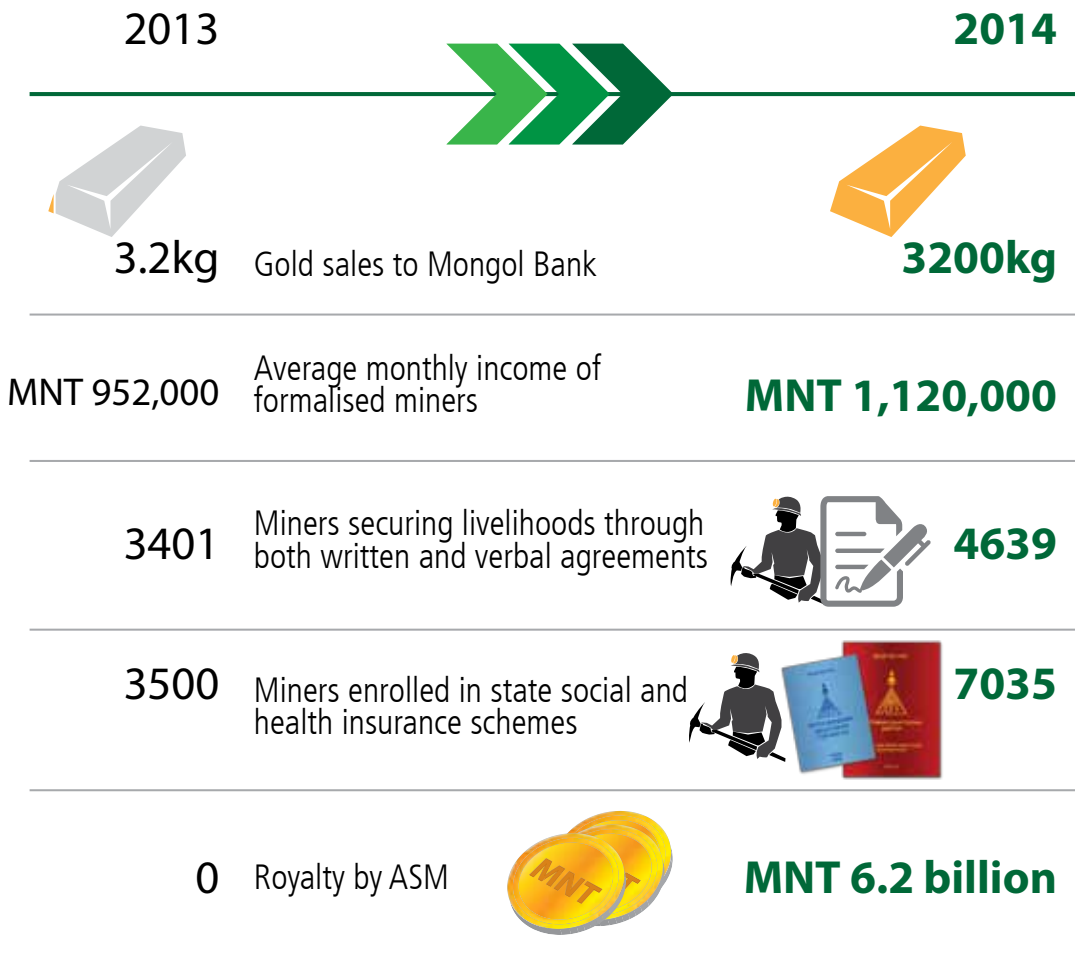
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Programme Results:

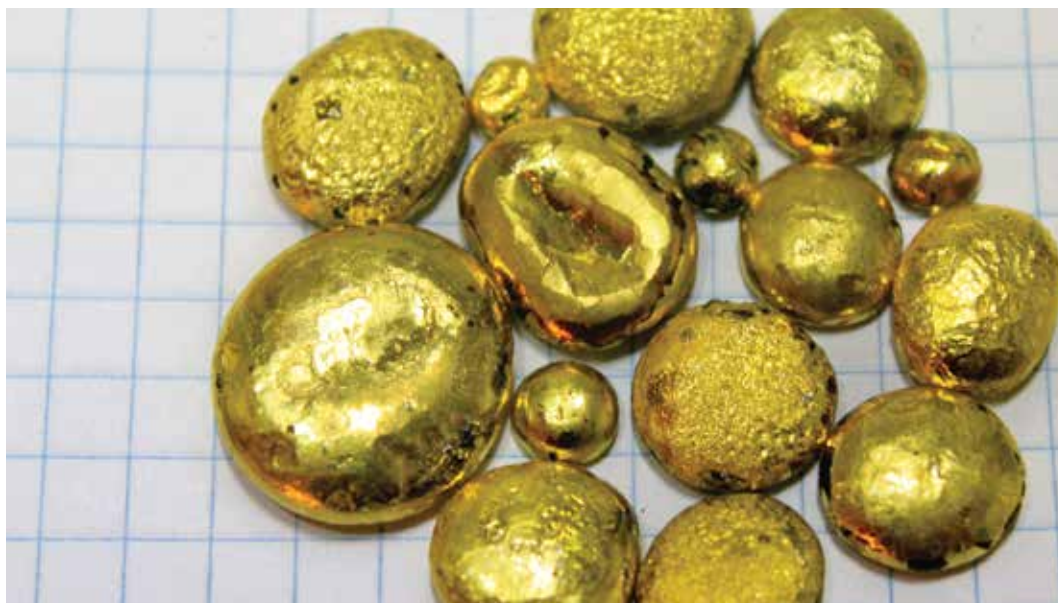
- As a result of the SAM Project's ongoing advocacy, the legal environment for ASM formalisation further improved in 2014. ASM was recognised in the State Minerals Policy in January 2014 and ASM gold trading was incorporated into the Minerals Law with the previous trading barrier of 300g removed to ease ASM formal trading. Amendments to the Minerals Law also improved mining land access and formalisation, and allowed for the upgrading of ASM to business-oriented organisations.
- Since its inception in 2013, the SDC-supported ASM Federation has rapidly evolved into an important policy actor and is now the voice of ASM in Mongolia. Extensively engaged in ASM advocacy, the Federation submitted a report on ASM and human rights for the 2014 Universal Periodic Review jointly with other CSOs. Federation efforts also led to an increase in the number of local ASM NGOs, from 35 in 2013 to 45 in 2014, facilitating advocacy efforts at the local level and the organisation of 7085 miners into formal partnerships.
- An increase in ASM recognition and service delivery to ASM communities by national and local authorities was also witnessed in 2014 beyond the mandate of the Ministry of Mining. With advocacy support from SDC, the ASM Occupational Health and Safety Subcommittee, comprised of five key government institutions, formalised its support for ASM communities through safety trainings, inspections and occupational health check-ups. In addition, the Ministry of Labour amended the job descriptions of local labour officers to include responsibilities for ASM safety support.

ASM 2014 Results in Numbers



Mongolia's artisanal miners sold 3200kg of gold to the Mongol Bank in 2014

© SDC



- As a result of the removal of barriers to gold trading, the contribution of ASM gold to the country's reserves jumped from 3.2kg in 2013 to 3200kg in 2014, which is currently valued at MNT 250 billion, representing 16 percent of the central bank's overall gold reserves. In addition, by August 2014 ASM had for the first time paid royalties totalling MNT 6.2 billion into state coffers.
- The livelihoods of formalised ASM miners have been further strengthened by increased incomes. The average monthly income of formalised gold miners increased by 18 percent from MNT 952,000 in 2013 to MNT 1,120,000 in 2014. In addition, the livelihood asset clusters of formalised miners (physical, natural, financial, social and human) have also increased.
- ASM formalisation increased in 2014, with 4639 miners securing livelihoods through both written and verbal agreements with local authorities and large-scale mining companies, compared with 3401 in 2013. The number of miners formalised via tripartite and verbal agreements increased from 1795 in 2013 to 2085 in 2014, while tripartite agreements increased from seven to nine.
- Significant progress has been achieved in the safety and social welfare of ASM sites thanks to capacity building support from the SAM Project. Coal fatalities dropped from 10 deaths in 2013 to four in 2014. Formalised ASM sites reported zero fatalities. By August 2014, 7035 miners were enrolled in state social and health insurance schemes, compared with 3500 in 2013. In addition, according to a World Health Organization (WHO) survey, 81.5 percent of miners said they were able to access health services in their local areas.
- The Mongolian ASM mercury-free processing plant supported by SDC has been replicated in Senegal and Burkina Faso. The Mongolian experience in ASM health also informed a global toolkit developed by the WHO.

R. TUMENDEMBEREL: I FEEL GREATLY EMPOWERED TO INFLUENCE CHANGE; I NEVER IMAGINED THAT COULD HAPPEN TO A MERE MINER

In 2000, R. Tumendemberel (Tumee) never imagined when she set off to collect a loan from a friend that her life and her livelihood would forever change. But that's what happened when Tumee, a 25-year-old mother-of-three and owner of a small grocery shop in Bornuur soum, Tuv aimag, went to see her friend at Mt. Sujigt, where hundreds of people from her community had gone to dig gold.

Instead of money, her friend gave her a sack of gold ore worth MNT 110,000. From that day on, she and her husband began working in the mine shafts as artisanal gold miners, extracting what gold they could to support their family. The income they earned enabled them to send their three children to school, including a 19-year-old who was studying at a university in Ulaanbaatar.

In the early 2000s, artisanal mining was still an informal activity disregarded by officials and looked down upon by miners as being a threat to the environment and to society. Tumee and other artisanal miners joined forces to make their voices heard and defend their livelihoods. Campaigning for the rights of her fellow miners in securing their workplaces and raising awareness about the dangers of illegal mining practices among miners, she soon became an artisanal mining community leader.

With support from SDC's Sustainable Artisanal Mining (SAM) Project, Tumee became a community facilitator, organising artisanal miners into partnerships and helping to raise awareness about safe and responsible mining practices.

In 2013, when informal artisanal mining partnerships banded together to form the Mongolian Artisanal Mining Umbrella Federation, Tumee was appointed Secretary thanks to the skills the SAM Project had helped her to develop through training in secretarial work, financial reporting, communications and computers.

She now visits ASM communities to understand their needs and the challenges they face, and contributes to the Federation's advocacy efforts.

"I've learned a great deal," she said. "I've learned to write good reports and speak confidently with a range of people, from high-level officials to the lowest members of the artisanal mining community. In fact, I just spoke to the media at a press conference on safety issues in artisanal mining in Mongolia. I feel greatly empowered to influence change; I never imagined that could happen to a mere miner."



Ms Tumee at a press conference organised by the Mongolian Artisanal Mining Umbrella Federation

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*A Mongolian herder
family's summer
settlement*

Outlook for 2015

In 2015, the Swiss Cooperation Office in Ulaanbaatar will conduct an internal review of the Swiss Cooperation Strategy (SCS) 2013-16 for Mongolia in collaboration with the SDC head office. The review is prompted by several factors, chief among which are: (1) The steering implications identified through the annual report process; and (2) The changing context. The SCS was approved in 2012 based on the scenario of a booming economy and the political will to opt for democratic institutions and the decentralisation of power. However, the economic situation has deteriorated since then, inequalities in society are perceived to be widening, and public sector mismanagement has become apparent. This review will also look into possible cooperation beyond the current strategy.

The programme budget will move towards its peak in 2015, with about CHF 21 million planned to be disbursed. Two new projects are foreseen to become effective in 2015. There will be reviews (mid-term reviews and end-of-phase evaluations) on eight projects in the coming year.

SDC will focus more on the consolidation of project activities and enhanced coordination between projects, and between and across domains. In order to do this, SDC will continue to invest in the monitoring and evaluation capacity of its staff and partner organisations.

In addition, more weight will be placed on the realisation of the SCS's transversal theme of gender equality. Targeted training on gender-equality mainstreaming will be held for staff and partner organisations, and specific gender-related activities will be included in the annual operational plans of all projects.

List of Abbreviations

AFS	Agriculture and Food Security
AHP	Animal Health Project
ASM	Artisanal and Small-Scale Mining
CSO	Civil Society Organisations
DP	Democratic Party
GIZ	Gesellschaft für Internationale Zusammenarbeit
GDP	Governance and Decentralisation Programme
GOV	Governance Domain
LDF	Local Development Fund
MNT	Mongolian tugrug
MP	Mongolian Potato Programme
MPP	Mongolian People's Party
MPRP	Mongolian People's Revolutionary Party
MNDP	Mongolian National Democratic Party
MTR	Mid-Term Review
NGO	Non-Governmental Organisation
NSO	National Statistical Office
OSS	One-Stop Shop
OT	Oyu Tolgoi
EEP	Energy Efficiency Project
PSARTI	Plant Science and Agricultural Research Training Institute
PUG	Pasture-User Group
SAM	Sustainable Artisanal Mining Project
SDC	Swiss Agency for Development and Cooperation
TVET	Technical Vocational Education and Training
UNFPA	United Nation's Population Fund
VET	Vocational Education and Training
VSD	Vocational Skills Development
YDC	Youth Development Centre
YDP	Youth Development Programme
WHO	World Health Organization

CHF/MNT Rate:

2012: CHF/MNT 1456

2013: CHF/MNT 1636

2014: CHF/MNT 1980