



USAID | **MONGOLIA**
FROM THE AMERICAN PEOPLE

Visit the USAID/Mongolia Website at <http://www.usaid.gov/mn>

The Mongolia Monitor

News from USAID/Mongolia

No. 73

August 2007

Mission News:

In the personnel area, Ms. Deidra Winston, Mongolia Desk Officer, returned to USAID/W on August 8th after a month long TDY as the acting Mission Program Officer. The Mission welcomed the return of Mr. Jon O'Rourke, Intermittent Senior Program Advisor, to Mongolia on August 14th, and is expected to depart early October. Lastly, Mr. Jeffrey Goodson, currently in USAID Afghanistan, has confirmed that he will return to Ulaanbaatar early October to complete his personal services contract as USAID Mongolia's resident Senior Program Manager. During August 19-25, USAID Mongolia oversaw the Congressional Staff Delegation visit of Mr. Keith Luse, senior professional staff member to Senator Richard Lugar on the U.S. Senate Foreign Relations Committee. Besides meeting with country team members and high level GOM officials, Mr. Luse also met with the resident representatives of most of USAID Mongolia's implementing partners and was thoroughly briefed on the Mission portfolio. In addition, Mr. Luse traveled to Gobi Sumber Aimag and visited project sites of USAID's Gobi Initiative and met with local government and private sector counterparts.

PROGRAM NEWS:

PROGRAM AREA: PRIVATE SECTOR–LED ECONOMIC GROWTH

Economic Policy Reform and Competitiveness Project (EPRC)

Chemonics

www.eprc-chemonics.biz

Economic Policy Support

Tax reform – EPRC met with General Department of National Taxation (GDNT) and identified the nature of the data required for producing the fiscal and economic impact of the 2007 tax reform. The analysis will begin when final data for the first six months of 2007 become available in September.

The General Department of National Taxation (GDNT) accepted the IRS International Visitor Program application prepared by EPRC and continues to search for a translator. The application will be submitted as soon as an acceptable individual is identified.

GDNT website: An updated parallel test website version for the GDNT website was put on line and went public on 23 August. The project has completed the work agreed upon. GDNT has accepted delivery of the work and will be forwarding an official letter to that effect. The site uses the open source Joomla Mongolia content management system (CMS) that EPRC developed for the GoM's Information and Communications Technology Authority (ICTA) for distribution and use in ministries and agencies.

Trade Policy Support

Transit Mongolia National Program – EPRC completed the initial draft of a Strategic Framework for Implementing Transit Mongolia and released it to the primary stake-holders for comment. Project economists met with National Committee members, such as its Chairman, Minister of Railroads, Transport & Tourism (MRTT), Mr. Tsengel, to gather data useful for identifying market demand for transit transport services. Mr. Tsengel suggested that EPRC organize a one-day retreat for National Committee members and prepare discussion papers. The project will organize such a meeting by the end of September, 2007. EPRC intends to propose structural modifications within the program to enhance the participation of the private sector in trade and transport facilitation policy making and implementation. EPRC will also make a proposal on the membership and procedures of the Working Group. To that end, the project has begun a series of meetings with freight forwarding companies. These companies have expressed interest in participating, as well as a willingness to invest in transport logistics infrastructure and railway rolling stock as allowed under the new railway law.

Single electronic window (SEW) for foreign trade – In February, 2007 the EPRC project brought to Mongolia the Société Générale de Surveillance (SGS), and it continues to express interest in conducting a free feasibility study for the establishment of the single electronic window (SEW) for foreign trade. SGS also expressed interest in participating in the Transit

Mongolia project. EPRC is working with key stakeholders to facilitate adoption and implementation of a business model based on the creation of an independent public-private company to run the SEW.

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

On Wednesday, 29 August at 21:10 hrs, with the sponsorship of the *Open Government* website of the Cabinet Secretariat, the Director General of the Mongolian Customs General Administration (MCGA), Mr. B. Battumur; the Chairman of the Ulaanbaatar Railway, Mr. V. Otgondemberel; the Chairman of the Railway Authority of Mongolia, Mr. Da. Ganbold; and the Chairman of the Mongolian National Chamber of Commerce and Industry (MNCCI), Mr. S. Demberel engaged in a national dialogue through national TV and radio on current conditions of the railway, customs, and plans to improve the efficiency and competitiveness of transport and clearing of imports, exports and transit goods.

The topic generated 70 questions that viewers/listeners could pose through live telephone lines and text messages (SMS) through cellular phones. There was consensus on the poor conditions of the railway due to constraints on more efficient decision-making imposed by the anachronistic management model of a joint Mongolian-Russian venture and the need to provide more competition. This is now provided under the framework of the new railway law that allows private sector investment in equipment and rolling stock.

Summer Trade Seminar Follow-up -- In partnership with GTZ, and as a follow-on activity to the Summer Trade Seminar, the EPRC project continued working with potential grant applicants in the preparation of concrete research proposals on trade. EPRC involvement as a technical secretariat of the Working Group to establish a Single Electronic Window for Foreign Trade and of the National Committee on the Transit Mongolia Project has generated a series of well-defined trade topics for which further data or analytic work are required. The deadline for the submission of the proposals is now set for September 24 to allow for group discussions of trade analysis work needed to support these GoM initiatives.

Competitiveness Support

Community-based tourism – The first two phases of The EPRC/USAID funded “Tsaatan Community and Visitor Center” (TCVC) project implemented by the Mongolia branch of Itgel Foundation were completed successfully. The project aims to enhance the Tsaatan community’s capacity to be successful and competitive in a locally-rooted, revenue-generating enterprise: “The Visitor Center.” The majority of project activities are designed

to promote the development of community-based tourism, and a subsequent tourism product that is competitive and in demand in the larger tourism marketplace in Mongolia.

The Tsaatan community has finished the construction of a two-story visitor center that includes information and logistics provision, an interpretive center for Tsaatan traditions, and a handicrafts store. Adjacent to the center are accommodations in forms of gers. Tsaatan households in Eastern and Western taiga have applied their knowledge gained during project sponsored training sessions by hosting and guiding tourists for a period of 4-6 days. The community stands firm on its unanimous decision to retain 40% of the generated revenue with the service provider and 60% in the community fund. Tsaatan people are nomads. Irrespective of this, a service provider family is willing to travel a long route four times to pick up tourists at the TCVC, guide the tourists around the travel route, return them to the TCVC, and go back home.

Fibermark Society – The project assisted the society to prepare a draft three-year business plan for presentation to the Board of Directors. The business plan outlines activities and services that the society will carry out in the branding/certification, promotion of Mongolian cashmere, and training, and contains a financial forecast.

The sustainability of the society will depend on values it can offer its members through the services provided, certification, its members' commitment to work together in differentiation of Mongolian cashmere through its origin, quality and eco-friendliness, and employing a skilled and motivated management team. The board members agreed to consider the plan at the next meeting which is scheduled for September. The project will undertake a feasibility study to establish an independent testing laboratory to facilitate certification for the use of the Fibermark.

Mongolia Mortgage Corporation (MIK) – All eleven shareholder banks subscribed to and paid in their pro-rata share of the MNT 2.2 billion capital increase approved by the shareholders in June 2007. MIK is in the final stages of preparing for the purchase of a mortgage portfolio of \$3.1 million from Xac Bank and a subsequent issue of residential mortgage-backed bonds of \$2.5 million secured by that portfolio. Negotiations continue with IFC on liquidity financing and credit enhancement facilities. IFC is discussing a cooperative agreement with FMO, the Dutch development bank, such that IFC could provide dollar-denominated facilities and FMO could provide Mongolian tugrug-denominated facilities.

Financial sector legislation – With project support and MIK, the Financial Regulatory Commission led a 5-day offsite retreat of a working group to review draft laws to facilitate Asset Backed Securities and Covered Bonds prepared with EPRC technical assistance. The working group completed the Mongolian language drafts of both laws as well as their related concept papers as required for the legislative process. These laws are expected to reach the floor of parliament in the upcoming fall session.

Credit Information Bureau – The Mongolian Bankers Association working group completed the Mongolian language draft law to support a private sector Credit Information Bureau prepared with EPRC technical assistance. The Bank of Mongolia has reviewed and accepted

the draft laws and will take the lead in the process of submission of this draft law to Parliament during the fall session.

Energy Sector Support

Energy sector financial status – In May 2007 EPRC issued a report on the financial status of the sector and justification for an immediate tariff increase. Although all GoM counterparts acknowledge the true financial status privately, none will come forward publicly. Therefore, a second report is being prepared in conjunction with the ERA to highlight discrepancies between accounting standards as provided in the uniform system of accounts and actual bookings. The ERA will issue a draft set of revised financials, hold meetings with the companies, and release a final report.

GoM/external partners meeting – The Energy Working Group (EWG) which is co-chaired by USAID, met on August 9 and discussed several key issues in detail, particularly the situation regarding the process and mechanics for a coal price increase and the dissemination of important information by each permanent member to the rest of the group. Meeting notes of the August 9 meeting were prepared and were distributed for review, comment and approval on August 29. The EWG unanimously approved moving forward on the management contract (or distribution franchisee) program for one pilot electricity distribution company. The project tabled a draft Operating Procedure for discussion and approval at the next EWG meeting.

The EWG meetings are becoming increasingly more detailed, candid and meaningful, but momentum is only beginning to be built and continued pressure will be needed to make meaningful reforms.

The next EWG meeting was scheduled for September 13 but a recommendation to delay it one week was floated as key members of the group will not be available until the week of September 17. The next GoM/External partners meeting was tentatively scheduled for September or October 2007, but will be delayed until the first quarter of 2008.

Electricity & Heating Disaster scenario – EPRC is continuing to draft a worst-case disaster scenario that Mongolia might face sometime in the future, i.e., the possible failure of a significant portion of the Ulaanbaatar district electricity-heating system for an extended period of time during the winter months. This would leave thousands of citizens without heat, and could endanger lives. Such a failure would be catastrophic if it occurred at UB's electrical-heat Power Plant #4 which provides 67% of the capital city's heat. However, significant numbers of people can also be left without heat if electricity-heating Power Plants #3 or #2 fail. Failure of PP #4's *electric* supply would not be catastrophic because other CES Central Heating Plants (CHP) and the Russian tie line could provide UB with electricity.

This topic has raised considerable interest, and EPRC staff discussed it with Mr. Keith Luse of the Senate Foreign Relations Committee during his visit. EPRC could become involved in a "disaster planning exercise" that could be held in Mongolia later this year or early next.

Gobi Regional Economic Growth Initiative
Mercy Corps
www.mercycorps.org.mn

Quantitative Results

Sales Volume -- As an indicator of program performance, the Gobi Initiative uses sales generated from new business activities outlined in the formal business plans developed under the project. For the month of August, 2007 total sales for herder and non-herder businesses reached MNT 131.0 million (\$111,000) and MNT 139.1 million (\$117,900) respectively.

For the entire year of 2007 thru August, this puts total sales at MNT 810.7 million (\$687,100) and for non-herder businesses MNT 1,024.4 million (\$868,200). Thus **total sales up to the end of August was MNT 1.84 billion (\$1.55 million). The sales target for all of 2007 for all GI clients is MNT 3.82 billion (\$3.24 million).** It should be noted that many herder businesses make a large part of their annual sales in the autumn, and therefore, based on the sales for the first 8 months of the year, sales appear to be on track to meet these annual program targets.

Total sales generated by business clients under the Gobi Initiative Phase II from January, 2004 to date is MNT 6.4 billion (\$5.5 million). This compares to total USAID funding for the Gobi Initiative (less the sub grant to Pact) of the cooperative agreement of \$4.4 million.

Loans – In August, 2007 herder and non-herder clients took a total of 11 new loans with a value of MNT 31.4 million (\$26,568) for which Mercy Corps provided MNT 13.6 million (\$11,523 or 43%) as additional cash collateral to commercial banks. The total number of loans accessed by Gobi Initiative clients in the first eight months of the year is 178, and **the total value of all disbursed loans increased to MNT 540.3 mln (\$457,839)**, with the average loan size for the year remaining at MNT 3 million (\$2,575). Mercy Corps has provided a total of MNT 238.6 million (\$202,200) as additional cash collateral. This constitutes 43% of collateral provided by Mercy Corps as compared to the less favorable ratio of 84% at the start of the program in May 2004. Since the start of the program in May 2004 a total of 539 loans have been dispersed, with a total value of MNT 1.64 billion (\$1.4 million). The repayment rate to date stands at 96%.

Veterinary Study Tour

Mercy Corps facilitated a study tour of 14 Gobi Initiative veterinary clients from Dundgobi and Umnugobi to Arhangai aimag which was held from July 25th to 31st. During the study tour, the participants visited 7 veterinary clinics in Arhangai aimag and exchanged experience regarding clinic operations, veterinary methodology and client relations. The participants also attended a conference titled, "Challenges in Veterinary Sector in Gobi Region" held in Tsagaan Zalaa soum, Uvurhangai aimag. The conference was attended by nearly 150 vets from 7 aimags and representatives from the State Veterinary Service, Research Institute of Veterinary Science, Biologicals Plant, GTZ, New Century Nomads Support Center, Agricultural Extension Center, State Veterinary Quality Control Laboratory and Tsagaan Zalaa Agvet.

This was a significant event that enabled these influential participants to discuss a variety of outstanding problems and constraints faced in the veterinary sector, such as improving measures for livestock disease control in the Gobi aimags, alleviating constraints in the private veterinary service sector, upgrading veterinary laboratory operation and improving the animal drug supply system in rural Mongolia.

Soum Master Plans

For effective rural economic development, a community needs to carefully identify and consider its own economic strengths, weaknesses, opportunities and threats, and then develop an agreed strategy with all participating sectors (public, private and civil society). Socio-economic development master plans offer communities the opportunity to work together to improve the local economy and enhance competitiveness, thereby encouraging sustainable and inclusive growth. The development of the plans will involve local government employees, members of the soum citizens' representative hural (local parliament), business owners and local residents.

The Gobi Initiative facilitates this development planning process from the initial meeting of all the stakeholders through to the development of the final master plan. In August, **3 soums completed the development of their soum socio-economic master plans** (Humen and Bayandalai soums in Umnogobi aimag and Saikhan-ovoo soum in Dundgobi aimag), and these master plans will be reviewed approved by the respective citizen's representative's Khural in September. This brings the total number of finalized soum socio-economic master plans to 7, of which 4 have been approved by their respective citizen's representative's Khural.

Dairy Study Tour

A dairy study tour to Arhangai aimag was conducted in August 6-10. A total of 42 clients and Mercy Corps staff from all 6 Gobi Initiative aimags participated in this tour. The main goal was to meet with local dairy businesses, see how they produce and sell dairy products, learn how they manage their business and establish market linkages. The participants visited 6 dairy businesses and learned how to dry aaruul (curds), package dairy products and saw new dairy equipment.

Trade Fair Conference

A Conference and Trade Fair entitled "Herders of new generation and business" was held in Chandmani soum of **Gobi-Altai aimag** on August 8-9. This event was co-organized by Mercy Corps Mongolia, the Mongolian Red Cross, the Ministry of Food and Agriculture, and the soum government. This was the first ever conference of this kind to be held in a soum. The conference goal was to discuss risk mitigation for business and environment and coordinate activities of government, international organizations and NGO's. The event attracted a number of high ranking officials, including the Member of Parliament and President of Red Cross, Mr. Odonchimed; the Secretary of the Red Cross, Mr. Samdandobj; the State Secretary of Ministry of Food and Agriculture, Mr. Batsuuri; the representative of Swiss Agency for Development and Cooperation, Mr. M. Dubach; and soum government officials. A total of 270 people visited the event, including 124 herders from all 18 soums of

Gobi-Altai, 8 soums of Zavkhan and 4 soums of Bayanhongor. A brief four hour trade fair was conducted on the first day which attracted 700 visitors. Twenty-five entities participated in the trade fair, of which 9 were Gobi Initiative clients. Total sales generated were MNT 4.7 million (\$3,983) of which MNT 1.2 million (\$1,016) was sold by Gobi Initiative clients. Best selling products were dairy products. The Grand prize was won by Mercy Corps Gobi client Narmandah, Goviin Sor Altai cooperative, for sleeping bags made of camel wool.

On August 14 - 15, a meeting was held to develop a **public campaign and action plan to raise awareness of rural businesses of the Governments Standards and Norms related to food safety and how to comply**. 14 participants from the State Professional Inspection Agency (SPIA), National Centre for Standardization and Metrology, Aimag Professional Inspection Agency (Dundgobi and Gobi Sumber) and Mercy Corps discussed the objectives and expected results of the campaign. The campaign was organized as a direct result of the Mercy Corps' June 4-5, 2007 Business Conference in which participants identified the lack of information regarding the Governments Standards and Norms. This Awareness Campaign is currently being planned and will be implemented during the 4th quarter of 2007.

Market-linkage Meetings

Two market-linkage meetings were held in Ulaanbaatar concerning food products and handicrafts. The goal of these meetings was to link rural producers to new markets, to enable buyers to clarify the terms and conditions under which they are willing to purchase products from the rural producers and to promote long term relationships with Ulaanbaatar based buyers.

The meeting for food products was held on 21-22 August in Ulaanbaatar with participation of 19 businesses from 10 aimags (Umnogobi, Dundgobi, Hovd, Gobi Sumber, Bayanhongor, Gobi Altai, Uvurhangai, Arhangai, Sukhbaatar and Zavkhan) and 10 Mercy Corps program officers. Ulaanbaatar companies engaged in the food sector including; Minii delguur supermarket chain, Nomin Foods company, Mon Enzyme LLC, Mon cream LLC and Nomads group presented their activities and met with the producers. Six producers (2 from Gobi Altai, 2 from Gobi Sumber, 1 from Uvurhangai and 1 from Bayanhongor) agreed to sign contracts for the supply of "vegetable flavored curd" (aartstai amlagch), meat, cakes and cookies, "Camel milk yogurt" and watermelons.

The meeting for handicraft products was held on 23-24 August in Ulaanbaatar with participation of 28 businesses from 10 aimags (Umnogobi, Dundgobi, Hovd, Gobi Sumber, Bayanhongor, Gobi Altai, Uvurhangai, Arhangai, Sukhbaatar and Zavkhan) and 10 Mercy Corps program Officers. Ulaanbaatar companies engaged in the sale of handicrafts such as Open Steppe company (e-commerce); Mary & Martha Mongolia; Wool craft producers support center NGO; Grassroots souvenir shop of XAC bank; and Nomin souvenir shop presented their activities and met with the visiting businesses. At the meeting the Intelligent Property Ownership Office provided information on copyrights and two Ulaanbaatar consultants provided information on product and logo design. During the meeting direct sales worth MNT 143,500 (\$120) and 3 contracts (1 producer from Gobi Altai, 1 from

Umnogobi and I from Dundgobi) to supply camel yarn and general souvenirs to Open Steppe were signed with a total value over MNT 4.0 million (\$3,400). Two other clients (I from Hovd and I from Bayanhongor) have been asked to present more samples after revision of which a contract remains a possibility.

Business Development Service (BDS)

On 23 August, Mercy Corps Deputy Director, Mr. P. Ormel, Program Officer Mrs. O. Oyulham and Aimag representative for Umnogobi, Mr. S. Odhuu met with the director of Amjiltiin Tomiyo, (Success Formula) NGO, a potential Business Development Service (BDS) provider in Umnogobi aimag. This organization is very interested in expanding the provision of training and technical assistance services to rural businesses based on commercial transactions. Mercy Corps plans to support and expand BDS providers in all Gobi Initiative aimags and has selected a total of eight (8) potential providers to work with in the future.

By supporting these BDS providers the program expects to ensure that the training and technical assistance activities initiated under the Gobi Initiative program will continue independent of donor funding. During the initial phases, BDS providers will be eligible to receive financial and technical assistance from Mercy Corps, after which the service providers will increasingly rely on income charged to rural businesses to cover the costs of the service provision. At the same time, BDS providers will very probably target both GI clients as well as non-clients and will thus give a multiplier effect to the programs' impact.

Mr. Keith Luse

On the 24th of August, Mr. Keith Luse, Professional Staff Member, Senate Foreign Relations Committee (SFRC) visited the Gobi Initiative's activities in Gobi Sumber aimag. Mr. Luse was introduced to the Gobi Initiative program and met with the aimag governor, Mr. Bayanmunkh, after which he visited two Gobi Initiative clients. Mr. Luse was favorable impressed by the results of Gobi Initiative and education materials (posters and calendars) developed under the USDA-funded animal disease awareness campaign.

Final Destination

Final destination II, the second series of the hit television show that reflects life in a small Gobi town, has finished production and is being finalized for broadcast. The show, which intertwines advanced rural business management, best veterinary practices, and herding techniques with engrossing drama, is set to air twice weekly nationwide on TV9 from the 15th of September. The show has also been advertised in RBN magazine.

RBN Magazine

Mercy Corps distributed 5,200 copies of Rural Business News this quarter. The new look A4 size magazine had 48 pages crammed with herding tips, business advice, veterinary know how and general information pertinent to rural life. The slightly reduced number of copies distributed is reflective of a more realistic number that does not rely on Gobi Initiative

offices for distribution support and serves as an important measurement in the process of exploring sustainability options for the publication.

Mercy Corps is beginning to roll out a set of implementation of incentives that are designed to ensure that RBN, including its marketing and distribution system, is self-sustaining by late 2008. This quarter local market watchers received a wrist-watch featuring the RBN logo. The strategy was successful and has resulted in increased direct sales by the twenty-two aimag based market watchers (two are located in Ulaanbaatar). In addition this team now receives twenty five percent of the magazine's cover price.

RBN Website

The RBN website is gradually undergoing improvements in content, interface and monitoring system. Hits on the website this month came from as far away as America and Australia.

Future Mercy Corps/Gobi II Activities:

- **Mercy Corps is organizing the Aimag Market Days**, all of which will be held in September on the following dates (see below). The Aimag Market Days are a good example of how market opportunities can be expanded for local producers. These events, similar to County Fairs in the US, were started in Mongolia by the Gobi Initiative program. They now attract thousands of visitors and constitute an important new opportunity to increase sales of local businesses ... and generate rural employment. For 2007, Mercy Corps expects 130,000 visitors during these Aimag Market Days with expected sales of over MNT 400 million (\$340,000).

Aimags	Title of the event	Date
Hovd	HO Partnership - 2007	5-6 Sep
Gobi Altai	Altai-partnership	7-8 Sep
Umnogobi	Gobi Festival	7-9 Sep
Uvurhangai	UH-Partnership and Fall day	7-9 Sep
Bayanhongor	BH-partnership	14-15 Sep
Dundgobi	DG-Partnership	14-15 Sep
Sukhbaatar	Regional fair trade	17-19 Sep
Gobi Sumber	One province one product	22-23 Sep
Arhangai	AR Partnership -2007	24-25 Sep

- **A Mercy Corps private donor tour is scheduled for Sept. 11 – 22.** The donors will visit the Gobi Initiative activities in Umnogobi aimag and then travel to Dundgobi to visit the Market Day. From Dundgobi, the donor tour will visit Kharhorin and additional Gobi Initiative clients before returning to Ulaanbaatar.

- Gobi Initiative has **started preparations for the new client selection for the CY2008.** It has developed a poster alerting all interested businesses of the opportunity to collaborate with the program. The poster provides businesses with an overview of the services provided by the program and stimulates rural entrepreneurs with interesting

business ideas to contact the program. At the same time, Mercy Corps engages soum and bag governors to actively inform the rural entrepreneurs and identify businesses that potentially need additional support in order to expand and diversify.

GER Initiative

CHF International

www.chfmongolia.org

In August, GER helped improve or expand 84 Mongolian businesses, create 17 new startups, matched 101 people to jobs, and generated 129 new job placements.

Financial Services

GER facilitated 73 loans valued at more than \$106,000, and funded 14 CAF loans valued at \$12,150. CHF/GER continues to collaborate closely with Khan and Xac bank branches, providing loan trainings, information days and other events jointly across the project. CHF is conducting a study of construction loans to improve construction estimates used in loan applications and to make recommendations regarding proper building techniques.

Training and Consultancies

GER held 231 trainings with 169 clients participating and 181 consultations provided to 161 clients. CHF/GER developed a new training on finding equipment for clients. More than 35 clients participated in Vegetable Clients' Business Tour this month in UB and Selenge Aimags. They visited successful vegetable farms and obtained knowledge of planting variety of vegetables and flowers in small yard and making money from early harvest in greenhouse. As a result of the tour, clients learned how to improve the organization of vegetable fields and how to increase their efficiency. Some also visited a bee farmer to learn more about the honey business.

Vegetable Preserving Technology training was held for 2 days with 34 clients. A Pig Disease Control Training was organized with 6 pig farmer clients. Topics included pig diseases (protecting, diagnosing and preliminary treatment). Baganuur branch held a consultation for 5 café and canteen clients on hygienic conditions, productive kitchen tool management, and requested recipes for different meals. In Ulgii CHF/GER held chicken farming training for 7 clients and a bakery training for 18 clients.

Two hundred project proposals have passed the initial selection of the WB Mongolian Development Market "social good" project competition. In Darkhan GER contacted the 9 applicants and organized a "Writing Business Plan" training to help them write their project proposals. Finalists will be selected next month.

Information and meeting

GER provided 386 information services to 281 clients, and held 18 meetings with the GoM with 179 clients participating. GER organized land, education, tax and housing meetings with GoM officials. The housing meeting was to discuss the GoM's 40,000 Housing

Program. The Cooperation of Housing Fund, a local NGO and not part of the Cooperative Housing Foundation (CHF), accepted applications from clients and interested residents in GER's Sharkhad office. However the program is still in the formative stage.

In coordination with the WB's Ger Stove Project, GER is organizing meetings about heating buildings efficiently. The Ger Stove Project advisor discussed how to seal buildings, the best type of insulation materials, building wall stoves and types of stoves that use less coal. GER participated in the Bulgan Aimag Airag Celebration in Saikhan soum. The Bulgan Aimag Government office requested permission to add GER project information to their Bulgan aimag web page and wants to highlight GER work in the UB papers regarding activities happening in Bulgan.

Employment

GER matched 101 clients to jobs, and 14 clients entered vocational training programs. In this fiscal year, GER has made 2,095 employment matches and job generated placements. Estimated total salaries to date for the year are \$525,000 based on the number of jobs, average salary and job retention rates.

In UB, six clients finished knitting training and are now Gobi Cashmere Company employees. Similarly, three clients finished carpentry training and are working for PUMA Construction Company. In Bulgan, 18 clients graduated from a 21 day masonry training. GER organized the training in collaboration with the local Employment Office. The Employment Support Fund paid for the training which was conducted by UB's "Grand Perfect" Training Center. GER provided labor law training for 14 employers or their HR managers. Participating companies included the Goyo Company, the Builders Association and the Zambala Supermarket.

Linkages

In August GER facilitated linkages between businesses worth approximately \$12,000. CHF organized a handicraft Trade Fair in "Five Hills" for international soldiers, and 16 clients participated. Sales were \$1,865. Staff and clients visited Boroo Gold Company warehouse to talk to buyers, obtain feedback on current orders and discuss new products. Clients are currently making leather jackets for BGC employees. In Darkhan, in coordination with Nomin Supermarket, GER clients are again selling their vegetables and fruits in front of Nomin Supermarket. GER provided booklets with information about uncommon vegetables' health benefits, nutritional facts and recipes for interested customers. In the first two days, clients' sales were \$1,500.

Business Associations

There were 71 active groups this month, one group was improved (and formalized into a company), five new groups were formed, and one group disbanded. New groups include a two sewing groups and carpentry, handicraft, and felt production groups.

Other

Four **Peace Corps Volunteers** began working with CHF GER this month at different locations. They will be with the project for two years. US Embassy Economic and

Commercial Officer **Paul Herman** visited Bayan Ulgii GER branch. Mr. W. **Keith Luse**, Senior Aide to the U.S. Senate Foreign Relations Committee and Senator Lugar, and Mr. Barry Primm, USAID Mission Director in Mongolia, visited a UB GER branch.

PROGRAM AREA: MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

The Judicial Reform Project (JRP)
National Center for State Courts (NCSC)
www.ncsc.com

New Laws

Law on Selection of Lawyers – Parliament passed amendments to the Law on Selection of Lawyers and approved JRP's recommendations on continuing legal education. The new law requires legal professionals that have passed the bar examination to take continuing legal education courses that will enhance the lawyer's knowledge and skill level, keep bar members up-to-date on legal reforms and the development of judicial institutions, and instill professional ethics. The courses must be completed within a three year term, and the number of required hours will be determined by the Council that oversees the bar exam. If a member of the Bar fails to take the continuing legal education courses, that member can have his/her license suspended by the Council.

Parliament also passed amendments that reduce the categories of legal professionals that are required to take the bar exam. As a result of the amendments, only judges, prosecutors, advocates and notaries are required to take the examination. The amendments removed bailiffs and investigators from the court enforcement agency and police department. The amendments also have changed the requirements for those who wish to take the bar exam. Applicants now must have at least 2 years of legal work experience prior to taking the examination. Prior to this change, applicants only needed to graduate from law school and have no criminal history.

Criminal and Criminal Procedure Code – Amendments to the Criminal and Criminal Procedure Codes were passed in mid-August. JRP has been informed that the official versions of the Codes will be delivered to the MoJHA by end of August and will be available to JRP in September. The amendments adopted several of JRP's recommendations related to the length of pre-trial detention, the authority of the courts over detention timeframes and the degree of involvement of the judiciary in issuing an arrest decree.

Courts

The General Council of Courts (GCC) has finalized new procedures (recommended by JRP) on civil, criminal, and administrative case filing, numbering, stamping, and retention (case flow management). The new procedures should be approved during the GCC session in October and implemented by the courts starting in 2008. Prior to this implementation, the JRP and the GCC will conduct nationwide training on the application of the new standards.

The JRP entered into an agreement with Sant Maral (a foundation specializing in surveys, polls and special studies) to conduct its fourth bi-annual public opinion survey on the courts. The survey will measure the public's confidence and trust in the courts and other legal institutions. The survey will be conducted in September, 2007, and the results of the survey will be available in October, 2007.

Prosecutors

The JRP completed automation of the following prosecutor's offices: Arkhangai, Uvurkhangai, Zavkhan, Khuvsgul, Bulgan, Dornogovi and Erdenet. The automation included the delivery and installation of equipment, cabling of rooms, configuring internal networks, conducting inventories of this grant equipment and its accessories, labeling all equipment and its accessories, on-site instruction on the usage and maintenance of computers, and installation of the application software.

Special Investigative Unit (SIU)

The JRP provided equipment for the construction of an interrogation room at the SIU. The JRP provided 2 video cameras, a microphone and a computer for recording digital images and voice. The room will be operational next month and will allow the SIU to prove the veracity of its evidence during trials.

Law Schools

The JRP project supports a working group that is developing a new practical skills course to be implemented at Otgontenger Law School. This working group has finalized the course materials, including a 245 page textbook and a legal writing manual. The course focuses on trial skills in the areas of criminal, civil and administrative law and begins in the fall.

Training

The trainers of 9 aimags that attended the JRP-supported regional ToT in June 2007 returned to Bayankhongor, Bayan-Ulgii, Dundgovi, Khovd, Sukhbaatar, Tuv, Umnugovi, Uvs and Zavkhan aimags to conduct follow-up JRP-supported trainings on the following topics: 1) crimes against human rights, freedom and individual's reputation and dignity; 2) legal ethics during a trial; 3) determining the damages caused due to crime; and 4) crimes against the right to ownership. More than 225 judges, advocates, prosecutors, inquirers, court secretaries, investigators and other legal professionals attended.

Public Education

Through an agreement with Pact Mongolia, the JRP/NCSC project began broadcasting a radio drama series on civil law entitled "Blue Notebook." The program broadcasts on Mongol Radio at 7.30 AM on Mondays and at 21.15 PM on Saturdays. Each episode will be rebroadcast the following morning as well. The radio programs allow JRP to reach the audiences that do not have access to television broadcasts.

Future JRP Activities

- September 1, 2007 – "Legal Hour" will begin broadcasting on Tuesdays and Thursdays at 22.00-22.20 on TV 9.

- September 1, 2007 – “Blue Notebook” will begin broadcasting on Mondays at 21.10 on TV 9.
- September 14th – The opening ceremony for the implementation of a new practical skills course at Otgontenger University is planned.
- September 14th – A conference is scheduled to commemorate the 5 year anniversary of the SIU and the opening of an interrogation room equipped by JRP.

The Mongolian Electoral and Parliamentary Support Project (MEPS)

International Republican Institute

www.iri.org

Strengthening Women’s Voices in the Political Process

On Friday, August 10, IRI/MEPS conducted a seminar in Ulaanbaatar entitled “Increasing the Participation of Rural Women in Politics” for the Motherland-Family Women’s Union (of the Motherland Party). Over 110 aspiring-female politicians representing eight districts of Ulaanbaatar and 27 Soums of Tuv Aimag participated in the seminar. Lectures (and discussion sessions) were provided by seven trainers on “Effecting Change in Government”; “Public Expectation in the Area of Women and Politics”; “Political Fundraising”; “Personal Development, Management, Self-image and Ethics”; “Leadership”; “Mongolian Election Law”; and “Election Preparations by the Motherland Party”.

On Saturday, August 18, IRI conducted a seminar in Erdenet entitled “Supporting Women’s Involvement in Politics” for the Citizen’s Will Party Women’s Union. Over 60 aspiring female-politicians representing women from the Bulgan and Orkhon Aimags participated in this seminar. MP S. Oyun, Chairwoman of CWP; Mr. Ts. Gankhuyag, Deputy Chairman of the CWP; and Ms. Ch. Bazar, Chairwoman of Citizen’s Will Women’s Union offered presentations on “The Development and Future of Mongolian Political Parties”, “The Concept Behind New Parliamentary and Local Election Laws”, and “Corruption and Women”.

On Tuesday, August 21, visiting-IRI Trainer Sarah Simmons, IRI Resident Country Director (RCD) James DeWitt, and the four leaders of the Women’s Partnership in Politics and Governance attended a tea hosted by **Ambassador Mark Minton** at his residence. Mr. **Keith Luse**, Professional US Senate Foreign Relations Committee Staff Member; Mr. Greg Wiegand, Secondary Secretary (Political) of the US Embassy; Ms. Joyce Zhang of the US Embassy, and other staff members were in attendance. The activities of the Women’s Partnership in Politics and Governance were discussed.

On Wednesday, August 22, visiting-IRI Trainer Sarah Simmons held meetings with representatives of the women’s organizations of the Motherland Party and the Citizen’s Will Party. Opinions were exchanged regarding women’s participation in politics in Mongolia and the U.S. Ms. Simmons shared many of her experiences from working on the campaigns of Senator John McCain, Governor Arnold Schwarzenegger, and others.

On Thursday, August 23, IRI conducted a seminar in Ulaanbaatar entitled “Election Campaign Techniques and Women’s Participation in Politics” for the Democratic Women’s Union (of the Democratic Party). Over 100 DP women from four districts of Ulaanbaatar attended the training. The training was attended by General Secretary of DP Mr. D. Dorligjav, International Secretary of DP Mr. Ts. Sukhbaatar and the Chairwoman of the DWU Ms. Delgermaa. IRI Trainer Sarah Simmons acted as the main trainer and made presentations on the “Effective Use of Campaign Resources”, “Message Development” and “Campaign Staff Organization”.

On Friday, August 24, IRI Trainer Simmons met with women leaders of the Mongolian Democratic Socialist Women’s Association (of the MPRP) at MPRP HQ in UB. Ms. Simmons shared many of her experiences from working on campaigns.

On Saturday, August 25, IRI conducted a seminar in Zuunmod entitled “Local Women Politicians and the Election” for the Mongolian Democratic Socialist Women’s Association. Over 150 aspiring women-politicians from all 27 soums of Tuv Aimag attended the training. Ms. Sarah Simmons offered presentations on the “Use of Resources in Campaigning”, “Message Development” and “Campaign Staff Organization”. Three additional lecturers from the MPRP spoke about the new SGH and Local Election laws, Women’s Clubs and Female Candidate Image. The Minister for Foreign Affairs of Mongolia, MP Enkhbold (MPRP); Chairman of Standing Committee on State Structure, MP Dondog (MPRP); and MP Sukhbaatar (MPRP) also attended some of the training and the closing of the seminar. They said they were highly impressed with the quality of Ms. Simmons presentations and were very satisfied with the organization of the seminar.

Better Constituent Outreach

In August, further preparations were made for a joint-public forum (town hall meeting) scheduled for September 28, 2007 for the constituencies of MP Bayarsaikhan and MP Bat-Erdene in Umnugobi Aimag (South Gobi). The title of the forum will be “The Legal Framework and Future of the Mining Sector”.

Publication Education on Campaign Finance/Strengthening the General Election Commission

IRI is coordinating with the Voter’s Education Center and the GEC regarding a campaign finance roundtable, the purpose of which would be to clarify current fundraising laws and regulations for the 2008 parliamentary elections.

Establishing a Parliamentary Research Capacity

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

Legislation Drafting Support

IRI is coordinating with the State Great Hural (SGH) Secretariat regarding the organization of a legislative drafting support training scheduled for early-October. Mr. Scott Palmer is also tentatively scheduled to act as a trainer for this event.

The Mongolia Anti-Corruption Support Project (MACS)

The Asia Foundation

www.asiafound.org

Anti-Corruption Agency

Parliament adopted amendments to the Criminal Procedures Code and approved the Budget Bill Revision which included the supplemental budget request presented by the Anti-Corruption Agency (ACA) before spring session of Parliament concluded. The Asia Foundation participated in drafting both the amendment and the supplemental budget request. Their ratification significantly contributes to GOM efforts to combat corruption.

Amendment of the Criminal Procedures Code adds the ACA to the list of investigative bodies, which previously included the Criminal Police, the Central Intelligence Agency, and the Special Investigative Unit under the Attorney General's Office.

According to the amendment, below are the criminal offences that the ACA now has jurisdiction to investigate (articles referenced):

263	Abuse of power or position by an official of the State
264	Exceeding, by an official of the State, his/her power
265	Abuse of power or position by an official of an NGO or business entity
266	Exceeding, by an official of an NGO or business entity, his/her power
268.1	Receiving bribes
269	Offering bribes
270.2	Intermediation in bribery
273.2	Expenditure of [public] budget for undesignated purposes

The supplemental appropriation boosted the total ACA budget to MNT 1,901,680,000 (approx. \$1.6 million) from the initial appropriation of approximately \$300,000. This supplemental budget was prepared with support from Mr. Tony Kwok.

As a result of the amendment of the Criminal Procedures Code, the ACA now has the authority to investigate corruption-related crimes, and as such technical assistance needs have now multiplied. The Foundation is now working with the ACA to fully implement its communications strategy, and to establish a complaint mechanism which was previously determined by the ACA to tread across the investigative line for which it had no authority.

The Foundation has worked preemptively with the ACA to develop a strategy for establishment of the Corruption Reporting Center, and the plan is now being executed. The

TAF-assisted campaign to promote the Corruption Reporting Center and hotline (# 1969) is in production and will roll-out in October.

The ACA moved to its new office in the second week of August.

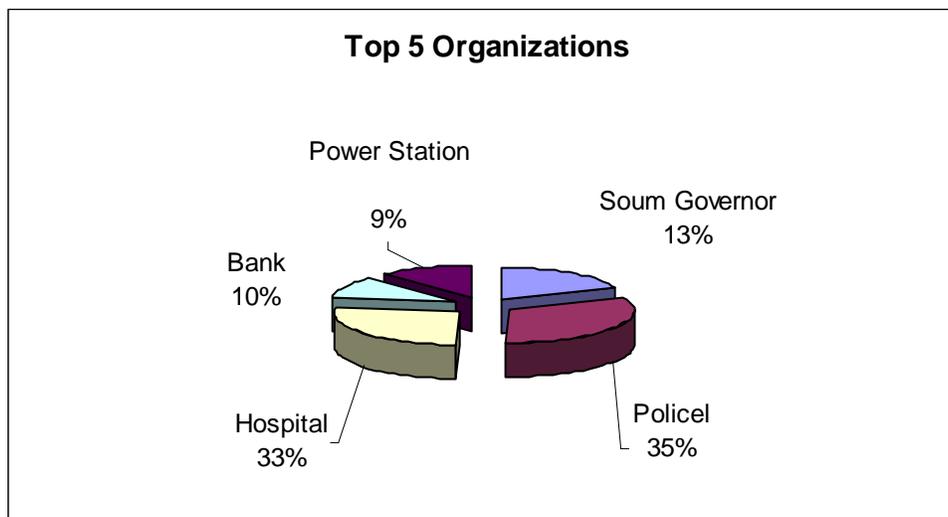
Eradicating Administrative Level Corruption

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

In first three weeks of August, APE received 100 calls for a total of 2,277 in the hotline's first year (12 months) of operation.

The UB call center is staffed by three operators that field calls and refer them to the appropriate local government agency in the instance of reports of institutional corruption, and to the ACA in the instance of reports of individual corruption. This has been thoroughly coordinated with the ACA. Now that the Criminal Procedures Code has been amended, TAF will work with APE and ACA to implement a refined referral mechanism.

Complaints of abuse of power and corruption continue to dominate the calls. For the first time, the complaints are not largely or predominantly associated with schools. Certainly, this has much to do with the summer recess. Hospitals, police and local-level administration continue to represent the lion's share of complaints.



By region, Dornod (33.3%), Khovd (27.8%) and Uvurhangai (16.6%), received the most calls.

A Site visit to the Muron call center in late August provided encouraging feedback on the hotline, and its impacts. In Khovsgul most calls relate to schools, hospitals and land-registration. Town hall meetings convened to address these complaints have resulted in

administrative sanctions, including termination, being taken against persons accused in the complaints.

According to Mr. Nyamaa, Head of Khovsgul Radio which broadcasts the local Muron complaint report-cards, the Aimag government is taking action to reduce corruption in the school system, which is largely related to overcrowding. Mr. Nyamaa said that the government is now constructing additional primary schools to accommodate the increasing numbers of grammar-school age children who were denied access to school, and whose entry was only made possible through the payment of bribes. TAF will corroborate this representation.

Public Awareness and Education

APE continues to produce weekly anti-corruption report cards quantifying the complaints received by the 10 hotlines. The report cards provide content for the weekly CI television program, The Pulse (Amin Tsohilt). Five episodes of The Pulse aired in August on the 1st, 8th, 15th, 22nd and 29th. The attached chart provides a summary of programming during the month. As table summary of the content of these five programs is available upon request.

Curriculum Development

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

Regional Outreach

The ACA and related institutions (AGO; MOJHA; Police) continue to reach out actively to neighboring countries with a view to combating corruption and transnational and organized crime through enhanced mutual legal assistance. In early August TAF financed a trip to Jakarta for the purpose of attending an ADB/OECD sponsored conference on Conflict of Interest. The delegation comprised Mr. Batsaikhan, Head of the ACA's Asset & Income Disclosure Office and Mr. Ganbaatar, President of the Confederation Mongolian Trade Unions, and an active proponent of efforts to reduce perceived and real conflicts of interest.

Travel is planned under the MACS project in September and October, and will include an ADB/OECD conference on Mutual Legal Assistance. The Official representatives include ACA Commissioner, Mr. Dangaasuren, and an MOJHA representative, whose costs will be supported by the conference promoters. The Foundation will support travel for an additional four ACA representatives. Mr. Tony Kwok will return to Ulaanbaatar in late September for a fourth intervention that is intended to build capacity within the reporting center and other key ACA departments.

Donor Coordination

TAF continues to maintain excellent working relations with the World Bank and its governance team. To this extent, TAF staff assisted the ACA to develop its public relations campaign to promote the Corruption Reporting Center and hotline. The cost of the

campaign exceeds the funds that are available under the MACS project, and thus TAF is well-advanced in negotiations with the World Bank which has expressed interest and capacity to cost-share on this important effort.

Transparency International arrived in Mongolia the week of August 27th and will meet with the President on Aug 31st. Transparency International established a local office during the summer of 2007. The local office had only six months of funding, and was working to recruit additional funds to support a host of activities, including establishment of a corruption reporting hotline. TAF invited TI to co-brand the pre-existing APE-operated hotline which would have added impetus to the effort, and could have offered an elegant, and sustainable, exit strategy. TI could not commit at the time, though TAF's interest in partnership has been reaffirmed on numerous instances.

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

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

Wildlife Conservation Society

www.wcs.org

In August project staff traveled to the Eastern Steppe and met with herder community group leaders and volunteer rangers to further develop pasture and wildlife management and monitoring in their areas. The team was also able to follow-up with the Protected Area Authority on last month's activities and workshop. In addition, Mr. Keith Luse, Senior Professional Staff Member of the U.S. Senate Foreign Relations Committee, visited the WCS Mongolia Program office in Ulaanbaatar to be briefed on the Eastern Steppe project and other USAID-funded WCS activities.

Living Landscapes Program (LLP)

Landscape Species Approach – The WCS/USAID Eastern Steppe project GIS/Remote Sensing specialist, Mr. Ochirkhuyag, presented Mongolian gazelle population distribution maps to the Gazelle Management and Action Plan review committee. He also met with Shiirev-Adiya, head of the GIS lab at the Institute of Geography, Mongolian Academy of Sciences, to discuss sharing bag-level GIS information on pasture use and grassland management.

Siberian Marmot – WCS Research Associate, Dr. Susan Townsend, began summarizing and analyzing data collected during the 2007 marmot survey of the Eastern Steppe. This information will be presented in a formal report. Dr. Townsend is also working on a manual that will outline marmot survey techniques for Mongolia.

Community-Based Conservation

Visits to three herder community groups (HCG) – In early August, Ann Winters, WCS/USAID community conservation technical advisor, and S. Bolortseteg, WCS/USAID field biologist, traveled to Dornod, Hentii and Sukhbaatar aimags to visit three different herder community groups who were selected from a pool of 12 groups.

These groups submitted letters outlining their goals and objectives for wildlife management and protection in their areas at the beginning of July. The Bayan Ukhaa, Yuson erdene and Zegstei groups were selected because they submitted well thought-out goals and objectives, and were located in areas where significant conservation issues exist.

Two Mongolia WCS Program staff met with HCG leaders and volunteer rangers, and those herders who could attend, and 1) discussed conservation issues relevant to each group, 2) defined what a goal and objective are and identified some of these for each HCG's area, 3) outlined the parts of a management plan in detail, 4) taught some wildlife monitoring methods, including scan sampling and general wildlife survey techniques, and 5) marked the borders of each HCG's proposed area with a GPS for accurate mapping.

This was the first field trip where WCS/USAID staff visited herder community groups out at their sites and began to develop pasture and wildlife management, monitoring and protection plans for their proposed areas. This work will be built upon in the future through additional volunteer ranger trainings, distribution of literature, and individual meetings with HCGs to discuss the progress of their management plans. We aim to complete management plans for the three key HCGs by mid-winter 2007.

Wildlife Trade and Hunting Project

At the end of August an environmental law consultant, Ms. Katie Scharf, began reviewing legislation related to wildlife trade and developing a strategy for patrolling and inspection in the UB and Choibalsan markets. She teamed-up with WCS Mongolia Program's wildlife trade specialist, N. Odonchimeg, to visit markets in Ulaanbaatar and document wildlife trade activities, and to meet with local officials.

Tsaatan Project

On the 3rd and 4th of August, the WCS Mongolia Program co-hosted a workshop with the Altai-Sayan project that was focused on identifying options for community-led wildlife management and protection in the Tsaatan (Reindeer Herding) region of Huvsgul. This workshop was funded by the Trust for Mutual Understanding.

WCS Field Veterinary Program

Foot and Mouth Disease (FMD) Study – In mid-August, blood samples were collected from 40 livestock (10 sheep, 10 goats, 10 cows and 10 camels) in southern Dornod and transported to Ulaanbaatar for testing. There are a total of 147 serum samples that have been collected from livestock and gazelle calves since May 2007, which will undergo analysis in September and October at the Institute of Veterinary Medicine in Ulaanbaatar.

The goal of this study is to determine the level of exposure of livestock and Mongolian gazelle on the Eastern Steppe to the FMD virus by screening serum (blood) for antibodies to the vaccine-type and wild-type (natural disease) virus to improve our understanding of the transmission of FMD on the Eastern Steppe and the relationship between livestock and gazelle in disease distribution and transmission.

Avian Influenza-GAINS

In August the WCS avian influenza team continued to work in Hovsgol, Bulgan and Arkhangai aimags where their time was split between the season-long surveillance efforts of Erkhel Lake and trapping, sampling and banding throughout the northern and central region of the country.

The team concentrated on trapping molting swans and geese in order to collect samples. Several samples were collected from each bird, including swab samples to test for influenza viruses, blood samples to look for antibodies to different diseases, feathers and toenail clippings to look at stable isotopes (to determine bird origin), and genetic samples. A total of 50 whooper swans, 50 bar-headed geese, and 21 bean geese were sampled and banded, and further samples were collected from numbers of ruddy shelducks and other waterfowl species.

In addition, the team focused on trapping and banding shorebirds for a study of the East-Asia/Australia flyway migrations. Late in August large numbers of dead Mongolian gulls were documented at Erkhel Lake, and, although samples have been collected, the mortality was not thought to be related to Avian Influenza virus.

The WCS avian influenza team will continue to survey bird populations in Hovsgol, collect information on bird migration and mortality patterns, record human use patterns, and document water quality until mid to late October 2007. This work is being conducted in collaboration with the Mongolian State Central Veterinary Laboratory and the Ornithology Laboratory at the Biology Institute of the Mongolian Academy of Sciences. The work is funded by USAID as a component of the WCS Global Avian Influenza Network for Surveillance (GAINS) program and through funding from the national Institutes of Health.

Future WCS Activities:

- Wildlife Law Enforcement Training, Nomrog Strictly Protected Area, Dornod Aimag September 16th – 27th, 2007.
- Wildlife Monitoring and Protection Training (Livestock Herder Community Conservation Groups), Choibalsan, Dornod Aimag, September 26th – 29th, 2007.

The Training, Advocacy and Networking Project (TAN)

Mercy Corps

www.mercycorps.org.mn

Study Tour

Mercy Corps/TAN organized a study tour on August 17-18 for 14 Khenti and 14 Bulgan aimag Civil Society Organization (CSO) representatives to visit Arkhangai CSO network activities. The study tour included visits to TAN-funded projects in Arkhangai; a demonstration TAN training on Presentation Skills and Leadership; and a general discussion of the activities conducted by the TAN-organized Arkhangai CSO network. Participant

feedback suggests that the representatives learned the most from seeing first hand the team work of the Arkhangai CSOs. They also said they learned a lot about project implementation; garnered useful project ideas; and established important one-to-one contact with other CSOs to exchange information in the future.

Network meetings in Uvurkhangai and Dundgobi

TAN organized meetings of the Uvurkhangai CSOs' network on 29th July and the Dundgobi CSOs' network on 1-2 August. These meetings discussed: the overall capacity of the CSO network; the sustainability of the CSO network; and the CSO strategic plan for the next 3 years. The Uvurkhangai CSO network meeting involved 10 CSOs, and in Dundgobi 11 CSOs participated. The Uvurkhangai network selected 3 main issues for their strategic plan: (i) increased civic education of the aimag citizens through training and awareness raising activities; ii) monitoring of the government budget by the CSOs and how to conduct advocacy on related issues; iii) increasing the capacity of CSOs to participate in government budget development and monitoring the use of budgeted funds.

In Dundgobi the network focused on: i) improving CSO network management capacity and sustainability; ii) improving its relationship with the local government and businesses; iii) promoting active participation of the citizens in social life and their civic education; and iv) strengthening citizen monitoring of government services through partnership with local media and the citizens' khural.

Project Opening Ceremony in Khenti aimag

On 10 August 2007 there was an opening ceremony held for the water well constructed under the project titled 'Deep Water Well.' The opening ceremony was attended by the **U.S. Ambassador Mr. Mark C. Minton and U.S. Embassy Staffers Ms. Joyce Zhang** and Ms. Gungaa Batzaya, along with TAN officer Ms G. Tsetsgee, and Mongol Rally representatives Mr. Tom Morgan and Ms. Jenny Hunter. The project was started in November 2006 and was implemented by the Khenti CSO 'Employers' Association' based on the needs identified by the residents of bagh #4 of Kherlen soum of Khenti aimag. A total of 850 people from 220 households of bagh #4 will benefit from this fresh water well. The community residents will be expected to pay a small charge of MNT 10 per liter for the water. The money raised from the residents will be used to cover the costs associated with running and maintaining the well.

Dundgobi aimag Project

A consultant, Ms. Nyamgerel, conducted an assessment of the TAN funded projects in Dundgobi on 9-13 Aug. The purpose was to assess the level of citizens' participation in the community projects, and methods used by the local CSOs to involve residents in project planning and throughout the implementation process. The assessment will also be conducted in other TAN aimags, and the results will be available at the end of Sept.

Visit to Guatemala for the Best Practices Workshop (BPW)

On 19-29 August a Best Practices Workshop was held in Coban city of Guatemala, hosted by Mercy Corps TAN project, Guatemala¹. 10 participants from Mongolia including 4 TAN staff, 5 CSO partners and 1 Social Entrepreneur participated in the workshop. The main issues discussed at the workshop this year were: 1) ensuring sustainability of the TAN project, and 2) methods and strategies to improve and increase the impact of CSOs advocacy work. The workshop has included field trips to partner agencies, presentations and group discussions.

Introducing TAN activities for Mongol Rally supporters

On 19th of August Mercy Corps Country Director Sean Granville-Ross and TAN staff Ms. U. Mandal and Ms. D. Oyunchimeg introduced the TAN project and activities at the winners party hosted by the Mongol Rally. See <http://mongolrally.theadventurists.com/> for more information about its supporters.

Mongol Rally has provided the TAN project with funds to finance community mobilization projects. In 2006 the Mongol Rally provided a total of US\$48,000, and this money was used for 7 community projects including; 'Improving School Service', 'Green Zone' and Social Entrepreneur Lhundevdorj's projects in Dundgobi aimag, 'Healthy Future' project in Bulgan aimag, 'Unemployment Reduction' project in Uvurkhantai, 'Youth Training and Information Centre' in Arkhangai aimag, and the 'Deep Water Well' project in Khenti aimag.

In 2007 the funds from the Mongol Rally will be used to fund projects that focus on environmental protection, employment generation, small income generation, rehabilitation of the basic social services infrastructure, improving access to information and training for rural youth. These areas have been selected by the TAN staff and partners based on a bagh needs assessment conducted in the 5 TAN target aimags.

Future TAN Activities

- The arrival of the new TAN Project Director Mr. Justin Odum and the hand-over process from the current Project Director Ms. Mandal Urtnasan;
- Needs assessment of 5 rural baghs in 5 target aimags with subsequent selection and approval of community projects for funding;
- CSO network meeting in Khenti;
- Arrival of Mr. Michael Szporluk, Portland based Program Officer, to participate in the quarterly planning meeting with the TAN staff;
- TAN's Quarterly planning meeting during 3rd week of September 2007; and
- Preparation of the Annual Report 2007 and Annual Work plan for 2008.

¹ Training, Advocacy and Networking (TAN) project is implemented by Mercy Corps in 2 countries of Guatemala and Mongolia. The Best Practices Workshop is held every year either in Mongolia or Guatemala involving staff and partners of Mercy Corps for the purposes of exchanging experiences and learning from each other.

Community Reach HIV/AIDS Project Pact Mongolia

Background

The following background information on HIV/AIDS in Mongolia was submitted this month by Pact Mongolia:

In their June 2007 report entitled 'Bringing HIV Prevention to Scale: An Urgent Global Priority', the Global HIV Prevention Working Group states that *'If current trends continue, it is projected that 60 million more HIV infections will occur by 2015, and the annual number of new HIV infections will increase by 20% or more by 2012. Unless the number of new infections is sharply reduced, global efforts to make AIDS treatment widely available will become increasingly difficult, and millions more people may die as a result of preventable HIV infections...If comprehensive HIV prevention were brought to scale, half of the infections projected to occur by 2015 could be averted.'*²

Mongolia has managed to remain largely unaffected by the global HIV pandemic. It is currently classified as a low HIV prevalence country, with 31 officially recorded cases of HIV/AIDS to date, although a number of risk factors exist. These include low levels of condom use, high rates of sexually transmitted infections, increased travel to neighboring countries with rapidly growing HIV rates, and high numbers of sex workers in the major urban and natural extraction resource areas. Failure to address these and other associated issues will result in escalating numbers of people living with HIV in Mongolia. Twenty-six (26) HIV cases, or 84% of the cases recorded have been registered since 2005. All cases have been sexually transmitted, and 52% of currently reported cases are men who have sex with men.³

Mongolia's low prevalence results in a lower priority for programs that would support greater awareness and precautionary behavior. Limited external funding, coupled with the insufficient budget allocation made by the GOM, puts the likelihood of Mongolia maintaining its low prevalence status, in jeopardy. The total government budget allocation for HIV for FY2007 was US\$10,000.

Attention is drawn to insufficient funding in the Global HIV Prevention Working Group's 2007 report in which they state *'In Asia, where the number of HIV infections could double in the next five years to more than 20 million, current spending on HIV/AIDS represents roughly 10% of the amounts needed to mount a comprehensive response.'*⁴

Mongolia's geographic location between China and Russia substantially increases the risk of HIV spreading in Mongolia. 2006 saw 960,000 new HIV infections in Asia alone. In China, an estimated 650 000 people were living with HIV at the end of 2005, and half of the new HIV infections in the country in same year occurred as a result of unprotected sex. This represents a gradual spread from most at risk populations (in this case injecting drug users),

² 'Bringing HIV prevention to scale: An urgent global priority, Global HIV prevention working group, June 2007, page 1

³ National AIDS Foundation Community REACH final project report, page 9

⁴ Bringing HIV prevention to scale: An urgent global priority, Global HIV prevention working group, June 2007, page 2

to the general population, and an increase in the number of HIV infections in women.⁵ This in turn translates to an increased risk of exposure for the Mongolian population.

Almost one third of newly diagnosed HIV infections in Central Asia are in people aged between 15-24 years. In Russia, eighty percent of people with HIV are aged between 15-30 years old. As in China, the proportion of new HIV infections due to unprotected sex has grown, with more than 40 percent being women.⁶ UNAIDS states that, 'as a result of the inadequacy of HIV prevention efforts, the number of new HIV infections worldwide increased between 2004 and 2006', with infection levels doubling to Mongolia's west, in Central Asia.⁷

Beyond the substantial human toll, the HIV epidemic has broader impacts throughout many parts of society. This is largely because HIV remains a fatal disease that primarily affects those who are young and in their most productive years. It is because of this that HIV is considered a threat to overall development across many parts of the world. Unlike many other infectious diseases which tend to impact greatly on the very young or the very old, HIV primarily affects adults in their most sexually active years that coincide with their most economically productive and reproductive years. Both the peak age of HIV infection and the greatest mortality are among those aged between 20 and 40. Of the estimated 2.9 million global deaths due to AIDS in 2006, almost 90% were in this age group.⁸

Fifty-nine percent of Mongolia's citizens are aged between 15 and 60.⁹ A decreased number of working-age people impacts any country's economy at the macro level, decreasing economic capacity, productivity and gross domestic product (GDP). A decrease in an already small population will have a widely felt effect. It is estimated that within 10 years, Mongolia's GDP will bare a decrease of 2% as a result of HIV/AIDS.¹⁰

The correlation between mining activity and increased HIV infection rate should also not be ignored in the context of Mongolia's unfolding natural resources extraction scenario.

It is widely held among organizations active in this field that Mongolia's true infection rate is underestimated due to limited access to testing and the disincentive to test due to lack of identity privacy.

A recent registration fair was held in Ulaanbaatar for Mongolians aged between 18 and 35 who want to undertake manual labor in Korea. Applicants were assigned an identification code and had to complete a medical examination. The results of the examinations were then published in the daily papers, along with individual's codes. Certain codes were required to return to the medical testing facilities, as there were irregularities in their

⁵ AIDS epidemic update 2006, UNAIDS, p24

⁶ AIDS epidemic update 2006, UNAIDS, p37, 39

⁷Bringing HIV prevention to scale: An urgent global priority, Global HIV prevention working group, June 2007, p5

⁸ The Multisectoral Impact of the HIV/AIDS epidemic - A Primer, Kaiser Family Foundation, 2007, p1, 2

⁹ Mongolian Statistical Yearbook, 2006, pg 266

¹⁰ National Strategy on HIV/AIDS prevention in Mongolia (2006-2010), p 27

results. Ten thousand people from across the country came to Ulaanbaatar to register. Three cases of HIV were detected.

Approximately thirty-three percent of the population, or 850 000 individuals, are aged between 18 and 35.¹¹ Keeping the ratio of 10,000:3 in mind, this would represent an extrapolated potential 256 cases of HIV within this age group, without taking into account sexual transmission between partners or mother to child transmission. This is almost ten times higher than current registered cases. Once the epidemiology reaches these figures the potential for rapid increase in infection rates escalates exponentially.

There are currently four people living with AIDS in Mongolia. According to the current head of 'Positive Life' NGO, a community group working with those who are HIV positive and their families, two of these people currently take anti retroviral medication (ARVs). Indications are there will be four by the end of the year, and 10 by 2008. ARVs are only available through the National Centre for Communicable Diseases (NCCD), funded by the UN Global Fund. Those taking the ARVs report that their treatment is often interrupted for months at a time with no explanation, risking ARV-resistance, and that they do not receive adequate information regarding the medication and its side effects. Patients also say that doctors are unaware of how to manage dosages and changes in ARV treatment, that they are not given any choice in their treatment options, and that the doctors often treat them with disdain and disregard. Rural HIV positive people who attempt to access treatment in Ulaanbaatar at the National Centre for Communicable Diseases report that the doctors sometimes refuse to see them altogether, or shunt them from doctor to doctor, a process that often results in the worn down patient returning to the countryside without having been seen or treated.

The annual direct health expenditure for someone with AIDS in Mongolia is between two and six times higher than the annual income of an average Mongolian family. It is estimated that between 2004 and 2014, the direct expenses resultant from the spread of HIV/AIDS will reach between 1.3 - 3.6 billion MNT, with the direct expenses from AIDS mortality reaching between 11.9-15.4 billion MNT.¹²

Estimates from the Ministry of Health say that if the country fails to implement effective prevention measures to control the spread of HIV/AIDS, Mongolia will see 2500 AIDS deaths by 2014.¹³

Serious concerns exist among internal and external health professionals about the ability of the Ministry of Health to adequately manage either the current or an escalated infection rate.

The scenario outlined here suggests a potential conflagration of factors that can only result in a significant increase in infection rates and economic burden.

¹¹ Mongolian Statistical Yearbook, 2006, pg 266

¹² National Strategy on HIV/AIDS prevention in Mongolia (2006-2010), p 27

¹³ National Strategy on HIV/AIDS prevention in Mongolia (2006-2010), p 26

Pact's work in behavior change communication indicates that the knowledge of HIV is relatively high across the Mongolian population. However, there has been limited awareness raising activities reaching a mass audience, including direct action messaging, and without further reinforcement it is unlikely that this knowledge will lead to attitude and behavior change.

Behavior change communication is a core competency of Pact. Experience in this field indicates that a minimum period of six months for each stage (i.e. eighteen months in total) of concentrated messaging is required to move people from knowing to contemplation to taking action.