



GOVERNMENT OF MONGOLIA

MILLENNIUM DEVELOPMENT GOALS IMPLEMENTATION

THE FOURTH NATIONAL REPORT

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Fourth National Report. 2011

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LIST OF ABBREVIATIONS

ADB	Asian Development bank
AIDS	Acquired immune deficiency syndrome
ALACGaC	Agency of Land Affairs, Construction, Geodesy and Cartography
AQS	Air Quality Standard
AUM	Agricultural University of Mongolia
BE	Business Entity
BGD	Bayangol District
BZD	Bayanzurkh District
CDM	Clean Development Mechanism
CHD	Chingeltei District
CRKh	Citizens' Representatives Khural
CTCP	Child Treatment Comprehensive Package
EMB	Embassy
EPF	Employment Promotion Fund
ESCAP	Economic and Social Commission for Asia and the Pacific
FRG	Federal Republic of Germany
FTA	Free Trade Agreement
GCA	General Customs Administration
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GES	General Educational School
GMCS	Geology and Mining Cadaster Services
HDI	Human Development Index
HI	Health Insurance
HIV	Human Immunodeficiency Virus
HSES	Household Socio-Economic Survey
IAAA	Independent Agency against Corruption
ICTPA	Information, Communication, Technology and Post Authority
IFE	Institute for Finance and Economics
IHM	Institute of Humanities of Mongolia
IMF	International Monetary Fund
KHU	Khan-Uul District
LLC	Limited Liability Company
LSWSD	Labor, Social Welfare and Service Department
MCA	Millennium Challenge Account
MCCI	Mongolian Chamber of Commerce and Industry

MDGs	Millennium Development Goals
MECS	Ministry of Education, Culture and Sciences
MFALI	Ministry for Food, Agriculture and Light Industry
MMPs	Multiple Micronutrients (Minerals and Vitamins) Preparations
MNET	Ministry of Nature, Environment, and Tourisms
MNT	Mongolian Tugrug
MSWL	Ministry of Social Welfare and Labour
M2	Money supply
NDCS	National Development Comprehensive Strategy
NGO	Non-Government Organization
NSO	National Statistical Office
NUM	National University of Mongolia
ODA	Official Development Assistance
OOG	Office of the Governor
PLC	Publicly Listed company
PLE	Permissible Level of Emission
PRC	People's Republic of China
RF	Russian Federation
RH	Reproductive Health
ROK	Republic of Korea
RP	Republic of the Philippines
SBD	Sukhbaatar District
SEC	Socio-Economic Commission
SGKh	State Great Khural
SKD	Songinokhairkhan District
SMEs	Small and Medium size Enterprises
SPA	Special Protected Areas
STIs	Sexually Transmitted Infections
TVET	Technical and Vocational Educational Training
UB	Ulaanbaatar
UN	United Nations
UNDP	United Nations Development Programme
WHO	World Health Organization

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FOREWORD

Nations around the globe have joined into one big family called the United Nations, and jointly striving for the Millennium Development Goals, which is a comprehensive presentation of the global efforts for better life of earthlings about human rights, healthy, secure and decent living conditions. The tradition of hearings at the UN General Assembly has been established in order to assess and evaluate MDG implementation efforts. Mongolia has presented its third National Report on MDG Implementation in 2010.

2011 marks the 50th anniversary of Mongolia's membership in the UN and declaring sovereign Mongolia from the respected UN podium. Since then Mongolia has transformed passing two different social systems as a member –state of the UN as well as a sovereign independent nation. The United Nations has made a valuable contribution to development of the modern democratic society based on free market and cherishing human rights and freedom.

I am happy to note that UNDP Regional Director for Asia and the Pacific has paid a visit to Mongolia in 2010, and obtained first-hand onsite information as well as successfully conducted an international conference right at the time when we were preparing our 4th National Report.

The MDGs implementation is carried through the long-term national development which is MDG-based and called formally as the Comprehensive National Development Strategy of Mongolia until 2021. Determining MDGs as well as optimal ways to reach them and ensuring proper implementation plays an important role in development of Mongolia.

The Fourth National Report on MDG Implementation was based on official statistical data and was compiled with the participation of non-government organizations, incorporating the ideas and comments of researchers and academia. As such, it can be regarded as publicly inclusive document, which depicts diverse views on development policies and actions.

Global issues like environmental deterioration, terrorism, nuclear weapons, cross-continental crime, abuse of human rights, economic crisis, global warming and poverty urges all nations around the world to cooperate not only for the national interests, but also for the global common benefits. Mongolia will continue to be an active member of the global community and will work with determination on issues and problems of regional and global interest.

Already 11 years passed since Mongolia started to implement the MDGs. During this period, 77.9 percent of the targets are already met, providing a positive effect on the nation's development. Unfortunately, some of the targets have shown regress and some are expected not to be met, if continued at the current pace. These are MDG1 on halving poverty, and MDG7 on ensuring environmental sustainability and pollution, have become an issue of concern of every Mongolian.

In 2015, we will present our final report on MDG implementation to the UN. It is clear that we will have to work hard in order to fulfill our commitments with regard to the MDGs. There is a great need to

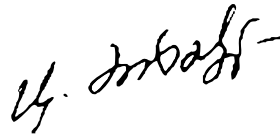
focus on the two abovementioned MDGs through developing and implementing special programs and projects in the coming four years left. In addition to helping people escaping from the so-called 'the poor' category, we need to work hard on preventing our fellow citizens and households under the risk of falling into the poverty.

Next but not lesser important issue is an environmental issue, including reduction of air pollution in Ulaanbaatar, aimag centers and other settlements. We are suffering from new diseases and other negative impacts caused by air pollution. Mongolia has started New Development program within the range of activities aimed at air pollution reduction. We consider that this program needs to be implemented immediately in order to safe our future and our children, despite that the program

requires substantial resources in terms of finances and time.

Let me hereby express my sincere gratitude to the management of the Resident Mission of the United Nations in Mongolia for their support in developing the Fourth National Report on MDG Implementation, and looking forward continued fruitful and efficient cooperation with us.

I also would like to thank the government and non-government organizations who have actively participated in preparing this report, and wish success in their future endeavors.



ELBEGDORJ TSAKHIA
PRESIDENT OF MONGOLIA



ACKNOWLEDGEMENTS

First of all, it is my great pleasure to state that the 4th National Report on Millennium Development Goals Implementation has been completed. The report evaluates projects and programs progress, provides road maps and approaches on how to implement them as well as providing information on the participation of NGOs and the Government in this process. Mongolia's regular assessment and defining the future priorities demonstrates to the people of Mongolia and the United Nations its fulfillment of commitments, and this effort has been recognized internationally for many years.

The government of Mongolia, specifically the National Development and Innovation Committee from the first day of its operation, has concentrated efforts on MDG implementation with a specific focus on the goals and targets which are lagging behind, and reflecting activities and measures in the policy documents to accelerate their achievement by the 2015. For instance, policy documents like, Mongolia Socio-Economic Development Guidelines for 2011 was produced, submitted and approved by

the State Great Khural (the Parliament of Mongolia) as well the Mongolia Draft Economic and Social Development Priorities for 2012-2016 submitted for the Government approval. These policy documents focused mainly on human development, particularly combating poverty and reducing unemployment, improving access to better quality education and health services, as well as narrowing interregional development disparities. However, this Fourth National Report reveals that there rooms for improvements in area of the MDG implementation and strengthening efforts to accomplish our goals. One main concern is that the poverty rate is not reducing substantially and employment generation is lagging despite the rapid economic growth over the last couple of years. Therefore, we should focus on improving the living standards of the entire population, generating more jobs, increasing productivity and subsequently deliver equal and accessible growth in wages and income. To address these concerns the Government's policy priorities focus on the implementation of major mining projects and programs, infrastructure development and sound management of the mining proceeds, SME promotion as well as ensuring macroeconomic stability.

It is encouraging to note from this Report that goals and targets concerning maternal, infant as well as under-five mortality, as well as targets concerning primary education and tuberculosis fighting are expected to be met and some even over-achieved.

The Government of Mongolia provided strong support to the production of this Report. The Steering Committee comprising the top management of the line ministries and chaired by the NDIC Chairman was formed, and it was supported by the Working Groups consisting the various sectoral specialists and experts. The NDIC has coordinated the overall report compilation.

The UNDP Resident Mission, UNFPA and other UN organizations have provided technical and financial support within the framework of their projects and programs, which played crucial role in production of the Report. Let me express my special gratitude to these organizations, especially to Ms. Sezin Sinanoglu, UN Resident Coordinator and UNDP Resident Representative in Mongolia.

I also thank all the working group members, representatives of the civil society and academia, who have contributed their knowledge, expertise and time to make available this Report.



KHASHCHULUUN CHULUUNDORJ
*CHAIRMAN, NATIONAL DEVELOPMENT AND INNOVATION
COMMITTEE OF MONGOLIA*

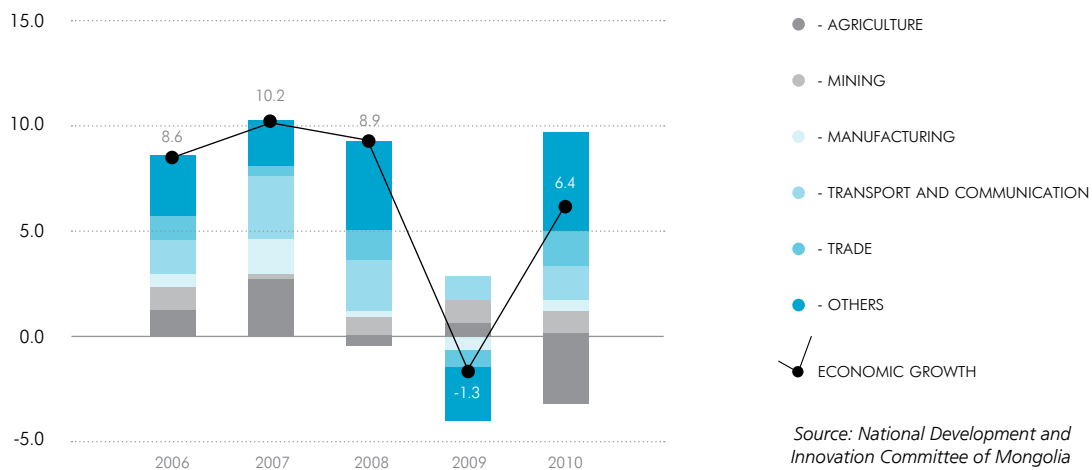
OVERVIEW

GROSS DOMESTIC PRODUCT

In 2010, the real economic growth was estimated at 6.4 percent reaching MNT 4,162.8 billion at fixed prices. This growth was mainly triggered by the growth in the particular sectors such as mining and extractive sector 3.6 percent, manufacturing industries 6.1 percent, construction 16.5 percent,

and retail and wholesale industries 39.3 percent respectively. However, the livestock sector has negatively affected on the economic growth, which was mainly caused by harsh winter and climate calamities that resulted in massive livestock loss. The agricultural value added declined by 16.6 percent.

Figure 1. Share of Sectors in Real GDP growth (percent)



AGRICULTURE

Due to decline of animal husbandry in 2010, a number of heads of livestock fell by 11.3 million and heads of offspring by 6.4 million compared to the previous year. Moreover, a natural loss of adult animals reached 10.3 million of heads. Due to high natural losses production of livestock originated products, such as meat, milk, wool and cashmere, dropped significantly.

In particular, an abnormal high number of natural losses among the goats have diminished the production level of the main agricultural raw material - cashmere. In order to protect livestock industry from further natural disasters and enhance herders' livelihoods, a national program - "Mongolian Livestock" - has been adopted by the Parliament of Mongolia, and put into effect. In future, more

accelerated implementation of this program is needed, and the measures aimed at re-stocking of herders and employing the members of household who lost their livestock in other sectors with higher labor demand should be implemented on a priority basis.

In terms of farming industry, within the framework of the "Virgin Land III" national campaign, in 2010, the total size of cultivated land reached 315.3 thousand hectares, and the annual gross harvest yielded in 366.3 thousand tons of crops, 169.0 thousand tons of potatoes, 90.3 thousand tons of vegetables, which enabled to supply 53.7 percent of vegetables demand domestically. Compared with the previous year, the total size of agricultural land reached 584.0 thousand hectares due to an increase in the size of plowed land by 11.4 percent, and mobilization of 255.3 thousand hectares of fallow land.

MANUFACTURING AND CONSTRUCTION

In 2010, the industrial sector's value added grew by MNT 1158.5 billion at fixed prices or at 4.3 percent increase against the same period of 2009. In 2010, coal mining grew by 91.8 percent, petrol by 16.7 percent, and iron ore by 2.3 times, which resulted in mining sector worth of MNT 736.9 billion (at fixed prices) or 3.6 percent increase compared with 2009. Coal mining has substantially increased due to the opening of new mines Ovoot Tolgoi, Ukhaa Hudag and expansion of Hushuut coal mine. Similarly, the capacity of iron ore mines Tumurtei, Bayangol, Tayannuur, Kharangat, Elstei and Tumurtolgoi has been expanded. Following an intensive exploration of Tamsag and Dornogovi oil pools in 2010, petrol mining resulted in the production of 2.2 million barrels.

Value added of the manufacturing industry increased by 6.1 percent or reached to MNT 248.6 billion at fixed prices. Therefore, the food industry possessed the highest growth of all sectors and production of crop, flour, milk and dairy products has increased as well.

Value added of the construction sector reached MNT 60.2 billion at fixed prices, that was an increase of 16.5 percent compared to 2009.

In 2008, the government allocated MNT 1 billion to fund SME support programs, and with participation of the local authorities and commercial banks up to MNT 1.4 billion were distributed to 321 citizens and businesses in the form of concessional (discounted) loans. Similarly, in 2009, the state budget fund of MNT 30.85 billion was expanded by local governments and commercial banks, and an amount of MNT 38,6 billion was borrowed to 1642 citizens and businesses at the discounted rates. As a result, 515 new SMEs were founded and 1123 SMEs were expanded their operations. In 2010, the government fund of MNT 30 billion was upgraded to 40 billion, which was used by 1612 individuals and businesses at 12 percent per annum interest rate and 3 years of maturity. This assistance helped to establish 581 new SMEs and expand 1031 operating SMEs.

BOX 1. WORLD ECONOMIC OUTLOOK

Starting from the 4th quarter of 2008 the world economy has been faced crisis due to the failure of repayments on mortgages for housing market in USA. The loss of money on the housing loans hit the banking system and thus causing the world's second round of economic crisis.

As the crisis continued, in 2009 the rate of repayments on loans, number of bad debts and loans approved has all been affected negatively, directly resulting from decreases in per capita income, purchasing power of individuals across the globe. The banks having left with numerous fixed assets changed their policies and sold the houses at discount prices. This lead to a sharp drop in housing prices.

The stock prices for major US markets, as well as copper and other main metal prices have seen price decreases.

By 2009, the world financial markets have all depreciated and diminished by figures not seen in recent history. However, on the second half of the year, some markets have stabilized and seen prospects for positive economic change.

In 2010, the global commodity prices have stabilized, and economy grew again.

At the national level, 1096 SMEs were founded, which enabled to create 5946 new jobs, and secure 6322 existing jobs.

SERVICES

Value added of the service industry amounted to MNT 1770.2 billion at fixed prices, which was an increase of 9.8 percent compared to 2009. Wholesale and retail business, which had recessed in 2009, resurged in 2010 and its value added increased by 39.3 percent. The key drivers behind this surge were a 62.4 percent increase in the total sale of wholesale and retail sectors, 53.3 percent increase in the volume of imported goods and products, and 34.4 percent increase in the number of business entities (reaching 5058) operating in the sector.

In line with the continued mining growth and commencement of the Oyu Tolgoi project, there was an augmentation in the transportation of import freights. Consequently, value added of the transportation sector increased by 7.0 percent.

INFLATION

Although it was indicated in the 2010 Annual Socio-Economic Guidelines that fluctuations in the Consumer Price Indices would be maintained within a single – digit rates, the inflation rate increased to 13 percent at the end of the year due to unforeseen circumstances, and other both internal and external factors. The inflation rate which started

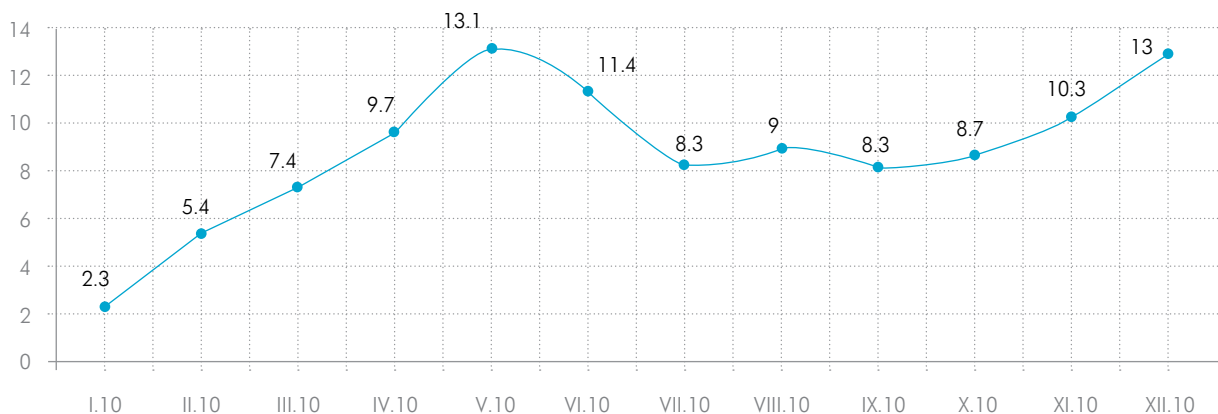
to grow intensively from the beginning of the year, reached its peak of 13.1 percent in May of 2010, and slowed down and stabilized until the November. Unfortunately, it surged again in December by 2.4 percent and resulted in a 13 percent increase at the end of the year.

In terms of main drivers, the food basket entailed the highest inflation rate. In particular, increases in meat prices were the most significant factor for the overall inflation. It accounts for 16 percent of the household total expenditure, and 40 percent of household consumer basket comprises from the meat and meat products. In turn, the meat price sudden increase was associated with the devastating dzud in winter of 2010, which resulted in diminished overall meat supply and state reserves.

Mongolia imports 70 percent of its food products. Out of 287 items in the consumer goods basket, around 158 kinds of products are imported and their share in total consumer basket is 30 percent.

During the soaring inflation of 2008, 90 percent of the total increase was caused by price fluctuations in the non-food basket and food products, except meat and flour. However, in 2010, growth in meat and meat product prices constituted 50 percent of the total inflation or 6.6 percentage points out of total 13 points.

Figure 2. Inflation rate, 2010 (from the beginning of the year)



Source: National Statistical Office Of Mongolia

Surge in prices of the non-foodstuff basket compared with the end of 2009 represents an economic recovery and production growth. On the other hand, in 2010, the country experienced a number of positive signs of economic expansion. For instance, the money supply rose by 62.5 percent and domestic loans by 25.3 percent, and the outstanding loans issued to citizens and business entities totaled to MNT 3.3 trillion, and it's the total market value increased by 2.2 times.

Overall, the inflation rate of 13 percent in 2010 was exacerbated by factors, such as the harsh winter conditions in many aimags, increase in prices of electricity and heating, an upward trend in cashmere price, high economic growth and high inflation rate in China, harvest loss associated with hot weather and droughts, and Russia's ban on wheat exports.

EXCHANGE RATE

In 2009, the world's gross production increased by 0.6 percent and economies of developing countries

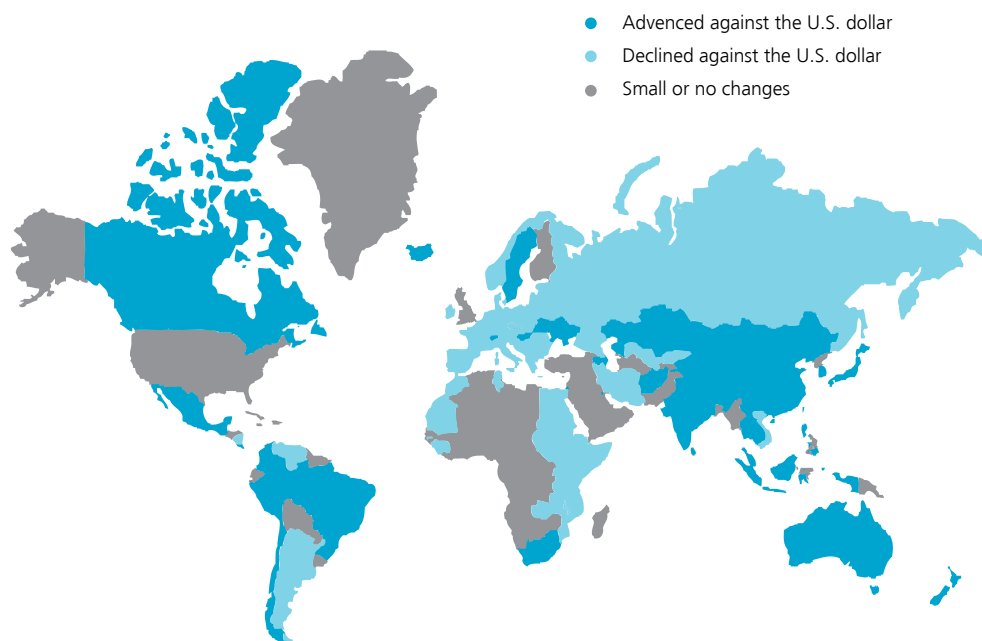
dropped by 3.4 percent. However, in 2010, the world economy has revived and the gross production has grown by 5 percent. Consumption rose as a result of the global economic revival, mining industrial output has grown dramatically as a result of increased demand for commodities and minerals as well as increased mining and transportation capacities of major mining companies of Mongolia.

BOX 2. Fluctuations of exchange rates

The amount of currency exchange fluctuations around the globe has been high as well. Experts have highlighted that countries with high unemployment rates, used nationwide strategy of devaluing their currency compared to other currencies in order to increase their exporting and support manufacturing.

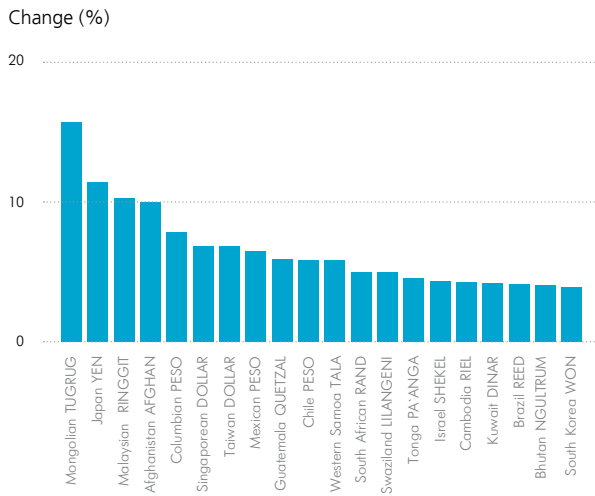
Net foreign reserves have passed the 2 billion US dollar mark in 2010 as a result of increase in foreign exchange inflows mainly due to export growth.

Figure 3. Currency Hot Spots of



Source: Bloomberg Business week

Figure 4. Major Currencies Appreciation (against the USD. 2010).



BOX 3. Bloomberg Business week

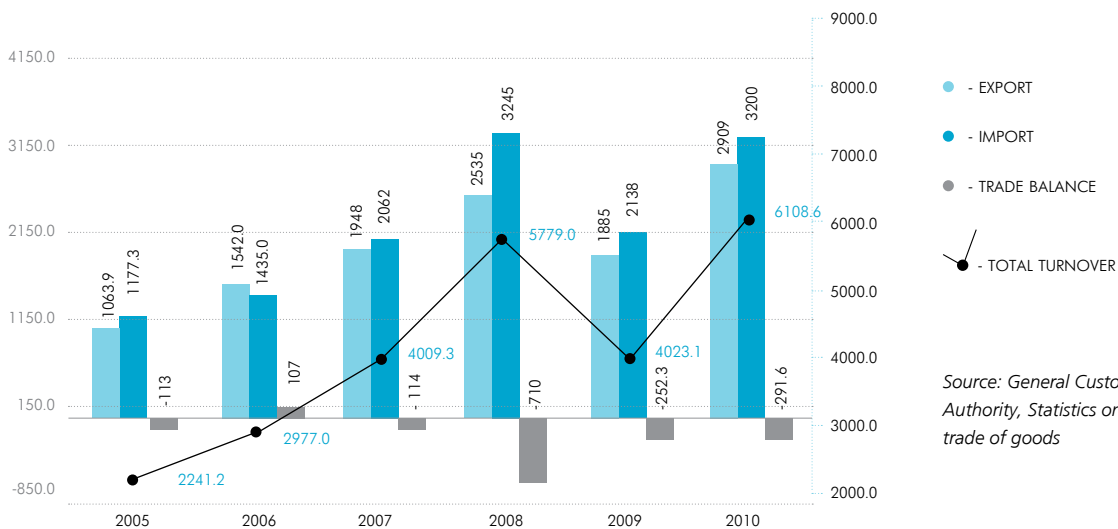
The graph above shows the list of top currencies that have strengthened the most against dollar, presented on the last release of Bloomberg Business Weekly magazine in 2010. Mongolian togrog is the number one on the list.

As of January, 2010, average exchange rate of MNT to USD was 1455.7. However, because of the aforementioned growth in currency inflow, the domestic currency has appreciated, and as of December 31, 2010, the rate stood at 1257.18 demonstrating an exchange rate decline of about MNT 200.

FOREIGN TRADE

As a result of internal and external positive factors, in 2010, the foreign trade turnover of Mongolia reached to USD 6.2 billion for the first time representing a growth of 53 percent compared with the previous year. In 2010, Mongolia traded with 132 countries and among them, the biggest losses incurred from the trade with the Russian Federation, Japan, Republic of Korea and Federal Republic of Germany. Hence, there is a need to enhance trade and economic relations with these countries and secure trade balances. In contrast, trade with the People's Republic of China, Canada and Great Britain resulted in profits.

Figure 5. Foreign Trade (2005-2010, in million USD)



Source: General Customs Authority, Statistics on foreign trade of goods

Review of the structure of Mongolia's exports of 2010 demonstrates that 98 percent of exports consist of goods with absence or very low technology content. The growing tendency in export of mining products without or with low technology content leads to vulnerability of export revenue and the overall economy.

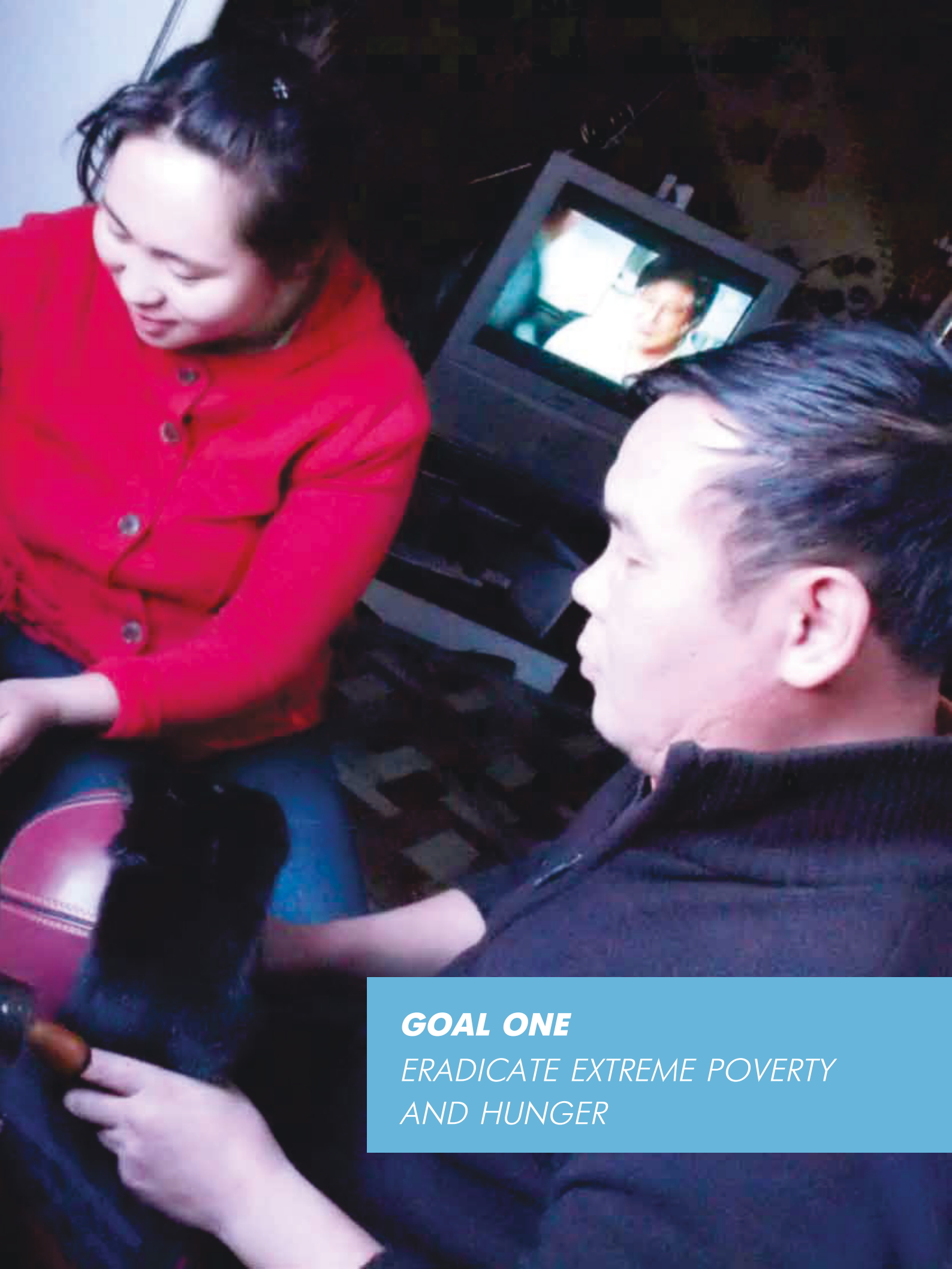
The Government of Mongolia issued a resolution (No.6 of January 8, 2010) to expand capacity of border points "Gashuun Sukhait" and "Shivee Khuren" in order to increase foreign trade turnover with a special focus on coal export through addressing challenges faced by business entities and citizens while crossing the border. Appropriately, in 2010, coal export reached to 16.6 million tons displaying an increase of 2.3 percent from the same period of the previous year. This revenue increase enabled the coal overtake the exports of copper concentrate.

Similarly, due to increase of population income and strengthening their purchasing power the imports of vehicles have increased by 2.3 times compared with the previous year.

As a result of increase of investment into mining, and expansion of transportation and other service sectors capacities, both exports and imports have grown significantly. In particular, volume of iron ore export increased by 2.2 times and oil product import by 1.3 times respectively.

So, if in 2009, domestic and external environment had negative impact on economic growth, the situation in 2010 has reversed leading to the positive growths almost in all sectors. Mongolia is on the start of intensive economic growth, which provides a new opportunity for entering a new stage of development.





GOAL ONE

*ERADICATE EXTREME POVERTY
AND HUNGER*

GOAL 1 ERADICATE EXTREME POVERTY AND HUNGER

TARGET 1. *HALVE, BETWEEN 1990 AND 2015, THE PROPORTION OF PEOPLE WHOSE INCOME IS BELOW THE MINIMUM LIVING STANDARD*

CURRENT STATUS

The MDG target is to reduce the poverty level to 18.0 percent and poverty gap to 6.0 percent by 2015. As indicated in the 2010 Household Socio-Economic Survey, 39.2 percent of the total population lives in poverty, which is an increase of 0.5 points from 2009 and by 4.0 points from 2008. This means that 1,090,1 people live in poverty and 39 persons per every 100 population are unable to afford basic food and non-food needs.

The regional estimates of poverty levels show a reduction in the Eastern region from 43.9 to 40.6 percent and in the Khangai region from 55.2 to 51.9 percent, as opposed to an increase in the Western region from 48.7 to 51.1 percent. The poverty level remains the same as in 2009 for the Central region. Despite minor reductions in the poverty level in some aimags and soums, the poverty level increased in Ulaanbaatar to 29.8 percent or by 3.1 points and in countryside to 54.2 percent or by 1.0 points while it has declined in soum and aimag centers.

The increase in poverty has been affected by the natural disasters occurred in the recent years. Rural residents who lost their source of livelihood due to droughts and winter calamities are forced to move to urban areas. However, in urban areas, the most migrants are unable to find jobs as their profession and qualifications do not always meet today's labor market requirements. Consequently, they are subject to many problems, such as staying uncovered by the social welfare system, and being forced to be engaged in unofficial or low-paid job.

In addition, the other factors such as workforce redundancy due to global economic crises of 2008-2009 and inflationary pressures of 2008 have worsened the poverty situation in Mongolia.

BOX 4. Mongolia's Poverty Level

The National Statistical Office of Mongolia defines the poverty level as followed.

Percentage of population with income below the poverty threshold/line is considered the poverty level. The poverty threshold/line is the minimum level of income deemed necessary to achieve an adequate standard of living in a given country.

Household income (consumption) and expenditure is calculated through living standards measurement survey. Number of poor households is computed on comparison of income and expenditure with different structures to the poverty line. Number of households and persons and total number of households and population with income (consumption) below the poverty line are defined according to the dispersion theory of living standards measurement survey.

The poverty line provides an opportunity to measure the poverty more accurately based on distinctions and development level of that particular country. However, the poverty line of different countries could not be compared. In addition, the threshold goes up with upsurge of purchasing power and average income level of the population. The poverty line is set according to income (consumption) per household.

The World Bank defined the 2007/2008 poverty line of Mongolia taking the poverty line from the 2002/2003 Household Income and Expenditure Survey as basis and fixing consumer price indices.

According to the World Bank estimates poverty headcount in 2010 was 14.8 percent.

Table 1. Poverty headcount, poverty gap, consumption and GDP per capita

Indicators	2007	2008	2009	2010	2015*
Poverty headcount, percent	29.3	35.2	38.7	39.2	18.0
Poverty gap, percent	8.8	10.1	10.6	11.3	6.0
Share of poorest quintile in national consumption	6.4	7.2	8.5	7.8	11.0
Gross Domestic Product per capita (at current prices, thous. Tugrug)		2465.1	2232.3	3059.4	6800.0

*-Target

Source: NSO, Household Socio-Economic Survey

Poverty gap, which estimates the average shortfall in consumption relative to the poverty line, increased by 0.7 points compared to 2009, and reached 11.3 percent in 2010. Poverty gap is the highest or 16.0 percent in the Western and Khangai regions, 12.3 percent in the Eastern region and 7.7 percent in both Central region and Ulaanbaatar city. Share of population with least consumption in the total national consumption rose up from the 2008 level and reached 8.5 percent in 2009, but went down to 7.8 percent in 2010.

Current measures

Measures to reduce poverty within the scope of legal reforms:

The following measures have been implemented in the scope social welfare and labor:

- “The Package Law on Social Welfare” and “The Mongolian Law on Employment Promotion” have been drafted and submitted to the State Great Khural.
- The amended draft of the “The Mongolian Law on Employment Promotion” includes issues, such as optimization of employment promotion activities coverage, creation of additional social services for targeted groups, decentralization and re-organization of employment promotion activities as per local needs and specific features, increasing accountability of the local government and local employment authority, engagement of non-governmental organizations and private sector into employment promotion activities and establishing a comprehensive registration and information system for labor market.
- Draft of The Mongolian Law on Social Welfare covers cross-sectoral issues, such as initiating

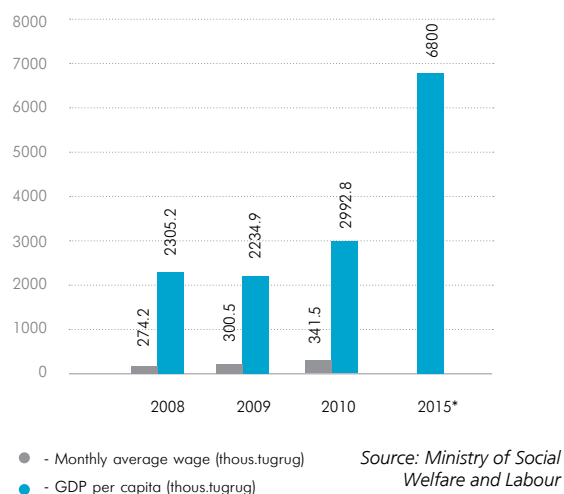
a new kind of benefit for poor households in order to improve targeting towards poor and vulnerable groups of population, generating jobs for members of households which entitled for the aforementioned benefit, providing food, health and education benefits to poor families and others. Adoption of this Law will be an important step toward poverty fighting and improving livelihood and consumption of poor households.

Specific activities within scope of work:

During 2009 – 2010, the government of Mongolia has been undertaken a number of measures to support people’s livelihood,

- Programs like ‘Child money’ and ‘Child and Development’ were continued till the very end of 2009 with the donor help, like IMF, the World Bank, ADB, JICA and other development partners. The design and implementation of these programs were a part of the plan of actions to alleviate negative consequences of the global financial and economic crisis through providing social protection for the poor and marginalized groups, to maintain basic social services as well as social welfare support to these groups at the pre-crisis level.
- The Law on Establishment of the Human Development Fund was passed in 2009 which aimed at better management of revenues of strategic and major deposits, and re-distributing equal amount to each citizen of Mongolia as “Grant of the Motherland”. According to this law in 2010, MNT 120,000 were distributed to each citizen of Mongolia from the Human Development Fund.

Figure 6. Gross Domestic Product per capita and average monthly wage



- In order to secure income of the individuals laid off during the crisis period the Law on Unemployment Benefits from Social Insurance Fund was amended, and entitlement criteria for obtaining allowances on unemployment and study allowances at vocational training centers were eased, and enforced. For instance, duration for unemployment insurance was expanded from 76 up to 126 days, and enforced till the January 1, 2011
- Target Programmes and project such as Herdsmen Employment Support Programme, On the Job Training Programme, and Disabled Citizens Employment Support Project were implemented as pilot activities, and their main aim was to support small and medium-sized entrepreneurs, and prepare professional and skilled workforce for the sectors with higher growth and demand such as mining, construction and transport in time of economic crisis.
- Law on Pensions and Benefits provided by the Social Insurance Fund has been amended and the provision of issuing allowances to parents for caring children under-five at hospitals was enforced until January 01, 2011.
- From November 2009 to August 2010, 25.3 thousand citizens obtained assistance under the ADB sponsored sub-program on "Food support to vulnerable groups" in the form of food

coupons worth MNT 14,000 on a monthly basis and feeding and shelters for homeless people

Figure 7. Minimum Living Standard (MLS), Minimum wage rate, Age Pension Rate and Transitional Rate of Pension (2009-2010, thous. MNT)



In order to assist to overcome challenges associated with the deterioration of purchasing power due to economic crisis and high inflation, the public servants salaries, pensions and benefits provided by the Welfare Fund were increased by 30 percent from October 01, 2010. The identification of poor families and households was renewed, and 12.5 thousand households at the local level were involved in livelihood support activities annually. As a result livelihood of 82.3 percent out of 10.3 thousand households was improved in 2010.

Challenges

There is no poverty reduction during the recent years despite a relatively high economic growth in Mongolia, except the year 2009. Sectors contribution to the economic growth is vary, especially role of the sectors in poverty reducing efforts are poorly defined, and policies and actions to address poverty reduction are not coordinated and regulated sufficiently. Therefore, an inter-sectoral mechanism to assess the impact of sector's growth to the poverty reduction and to regulate sectoral policies and actions is important.

There is a lack of services aimed to assist the vulnerable groups in sectoral functions, especially in social services sector. The social welfare, employment, education, and health services are mostly universal and have not targeted towards poor, and the people living in remote areas, and vulnerable or differentiated to meet regional, urban and rural disparities, which ended up not reaching needed groups, and even sometimes worsen the poverty situation. There is an urgent need to develop and implement socio-economic policies, which reflect services and interventions to engage the poor and vulnerable segments of population or to shift to the management system which is outcome-based and better aligned planning and implementation mechanisms.

According to the World Bank assessment the poverty rate in Mongolia is reduced, while the National Statistical Office indicates that the country's poverty level is increased. It is clear that there is an urgent need to review the methodology to define poverty and ensure a consistency of the estimates.

The budgetary and administrative decentralization and increase of local authorities' accountability will play a prominent role in poverty and unemployment reduction.

Further activities

- Amend legal environment which enable the special groups and citizens such as poor households, migrants and homeless people, alcohol or other substance-addicted people, as well as people who released from jail and rest home to be covered social welfare system.
- Align supply and demand policies at the labor market, and to create a favorable condition for low-income, uneducated citizens to be employed and support them.
- Increase poverty fighting expenditure efficiency by establishing an optimal mechanism for inter-sectoral coordination and alignment.
- Develop SMEs and create many jobs which aligned with major projects and construction works.
- Increase civil society participation in combating intellectual poverty.
- Strengthen capacity of a national institution which mandated to produce development plans which ensure inclusive growth, functional labour market, balance between economic and social development, and narrow gaps in rural and urban development.
- Enhance inter-sectoral mechanisms for linking and regulating poverty reduction policies and activities and raise their authority, rights and accountabilities.
- Search for a suitable methodology to define poverty, update poverty related information using the consistent methodology, create a database, and improve its application.
- Increase state budget investment, support private investment through tax and loan mechanisms in remote areas, and create a legal environment for targeting those to the underdeveloped local areas and decrease urban and rural disparities by creating jobs.
- Increase competitiveness of SMEs and support them in optimizing management and influence them to improve work-place environment and increase salaries.
- Support employment and promote household development by delivering required a set of services such as social welfare, health, education, legal and psychotherapy to the needed households, and define their living standards using Proxy-Means Testing (PMT), and create inter-sectoral database and ensure its effective application.

TARGET 2. REDUCE BY SIX TIMES, BETWEEN 1990 AND 2015, THE PROPORTION OF PEOPLE WHO SUFFER FROM MALNUTRITION

CURRENT STATUS

As to findings of UNICEF-led survey “Mongolia Child and Development”, 6.3 percent of children under age of five are underweight, which is 50 percent lower than the year 2000. It indicates the positive outcomes of systematic efforts by the Government of Mongolia to resolve the issue of malnutrition through substantial programs and projects.

The percentage of children under 5 who are underweight is higher in rural areas (7.0 percent) compared to children in urban areas (5.6 percent).

The regional overview indicates that children in the Western region are more underweight and stunted with 8.0 percent whereas children in the Central region are less underweight with 4.9 percent. Prevalence of underweight children in the Ulaanbaatar city and Khangai and Eastern regions ranges between 5.4 - 6.8 percent.

Table 2. Under-Five Malnutrition (underweight, stunting and wasting)

Indicators	1990	2000	2006	2010	2015 зорилт
Prevalence of underweight children under age of five years old (percent)	12.0a (1992)	12.7a	6.3 (2005)	4.7	2.0a
Prevalence of stunting (height for age) children under age five (percent)	26.0 (1992)	25.0a	21.0 (2005)	15.7	13.0a
Prevalence of wasting (weight for height) children under age five (percent)	-	5.5a	2.2a (2005)	1,7	1.0a

Source: The Forth National Survey on Food and Nutrition. 2010 a-the State Great Khural (the Parliament) of Mongolia Resolution No.13.2008

In terms of gender comparison, boys under age of five appear to be slightly less underweight (5.9 percent) compared to girls (6.6 percent). Wasting prevalence among children under age five, which was 12.0 percent in 1992, went down to 6.3 percent in 2005. It shows decrease of 5.7 points or annual decrease of 0.4 percent. However, the recent survey¹ indicated that the annual decrease has slightly been slowing down to 0.32 percent since 2005. If this trend continues, realization of the related MDG target will be challenged; thus, there is a need for intensification of relevant measures.

During 2001 – 2005, stunting prevalence among children under age five had has been declined and reached 0.8 percent, and further in 2006 – 2010, it decreased by an average of 1.06 percent. If stunting drops in similar pattern on annual basis, Mongolia will be well on track in achieving the related target. Nevertheless, an attention needs to be paid to differences across the regions, particularly

to the Western region with the highest statistics (33 percent) of the stunting prevalence.

The percentage of malnourished children under the age of five, which was 3.3 percent in 2000-2006, dropped down to 0.5 percent in 2006-2010. As this trend will challenge attainment of this target by 2015, significant measures need to be taken especially for Khangai and Western regions which have lower levels than the national average.

With regard to the above survey, stunting among schoolchildren of age 7-11 is 11.7 percent and underweight – 3.5 percent and the most critical rates persist in the Western and Eastern regions. The prevalence of nutrition deficiency among adult women is 6.0 percent, among adult men 7.7 percent and 2.1 percent among pregnant women. Recently, growth has been observed in the number of overweight people due to poor diet and an inactive lifestyle. As obesity and overweight are risk factors for non-communicable diseases, they should of one of priority areas for the health institutions, as surveyed in 2010, 31.6 percent of population aged 15-64 were overweight or obese.

¹ Population Nutrition Survey, Fourth Report, 2010

With respect to the 2010 statistical data, daily intake of calories per person was 2603.6 kcal in cities and 3040.7 kcal in countryside. The national per capita average calorie intake of 2,798.3 kcal is higher than the international standard of 2500 kcal². The national per capita average calorie intake per month was MNT 58308, whereas this amount was MNT 31,347 per person living in poverty. These data indicate that many people are unable to have sufficient calorie intake from the foodstuff they consumed.

Current measures

“The National Programme on Prevention and Control of Non Communicable Diseases” was approved by the Government Resolution No. 246/2006, “The National Strategy for Supporting Healthy Food Habits and Fitness Exercises” was endorsed by the Government Resolution No. 239/2009 as well. Moreover, “The National Programme on Food Security” of the Government Resolution No. 32/2010 and “The Action Plan for The National Strategy for Supporting Healthy Food Habits and Fitness Exercises” of the joint Decree No. 283/287 of the Minister for Health and Minister for Food, Agriculture and Light Industry play an important role in enhancing population health and nutrition. In addition, guidelines for “Healthy Food” are being implemented to support the normal physical growth of the population through consumption of healthy foodstuff, and to prevent the risk of non-communicable diseases and prevention of food-originated diseases.

In order to enhance accessibility of nutritious food available to mothers and children, “Content of Multiple Micronutrients and Intake Prescription” and “Procedure of Multiple Micronutrients Intake” have been developed and the government jointly with UNICEF, World Vision - Mongolia and the ADB project “Health Sector Development-3” provide supply of multiple micronutrients to infants aged 6-24 months, pregnant women and breastfeeding mothers. Parallel activities to raise awareness about multiple micronutrients have been combined with training programs of the Integrated Management of Childhood Illness (IMCI). In addition, “A Guidance

for Food Enrichment” and drafts for a relevant legal document and national programme on human nutrition have already been developed.

A project “Improving food security for social vulnerable groups” (2010-2013) funded jointly by the UN Food and Agriculture Organization and European Union has started in 15 soums of eight aimags and two districts of Ulaanbaatar city. The project aimed at improving food and nutrition under five in high-deficit areas based on the previous three nationwide surveys conducted by the UNDP in Bayan-Ulgii, Uvs, and Khovd aimags of the western region and Dornod aimag of the eastern region. The project on Reducing Persistent Chronic Malnutrition in Children JEPR9131-MON” was supported by the ADB and has been implemented in Arkhangai, Gobi-Altai, Dundgobi, Sukhbaatar, and Tuv aimags and Songinokhairkhan district of Ulaanbaatar city until April 2013.

The Food Enrichment and Sub-Programme “Enriched Food” was drafted to enable implementation of the main Guidelines for Food products enrichment approved by an order of Minister for Health to prevent deficits in micronutrient of the population.

Food expenditure for children in kindergarten is fully covered by the State Budget of Mongolia.

Challenges

The first national survey “Human Nutrition in Mongolia” was conducted in 1992 and reiterated three times in 1999, 2006 and 2010 with assistance from the international organizations. “The Second National Survey of Risk Factors for Non-Communicable Diseases and Injuries” was conducted in 2008 as well. Indicators and benchmarks for this target were set up in the State Great Khural Resolution No. 13/2008. Though the report of the fourth-national survey (2010) demonstrated slight decrease in the average of all indicators, particular attention needs to be paid to regional variances and regions which are above the national average. On average Mongolians consume only half the recommended daily intake of fruit and vegetables (500 grams as per the WHO). Combined with high consumption of meat and flour products,

² The NSO survey associated with living standards indicates that poverty rate in urban areas 32.2%, for rural areas – 47.8% and national rate is 39.2%.

many Mongolians are at risk of being affected by a deficiency of micronutrients. Therefore, it is necessary to increase the variety of food products and to ensure better supply of foodstuff affordable for all.

Underdevelopment of industries producing food items specifically designed to meet child and infants needs lead to limited use of required nutrients at the particular age.

The methodology for assessing food intake by the different segments of population is not consistent, and there are discrepancies in available data. The consistent and methodology applicable to the national circumstances is needed to be adopted.

New public health issues related to improper diet and lack of mobility beside malnutrition are occurred as the people's life style started to change. According to fourth survey, 31.6 percent of the population aged 15-64 suffers from overweight and excess fat. The specifically designed measures need to be implemented to decrease overweight and fatness along with malnutrition.

Further activities

- Conduct a national survey on calorie intake of population in order to verify status of "Human

Physiological Norms of Food" approved by the resolution of the Minister for Health and take follow-up measures;

- Encourage domestic production of baby food and develop measures to support;
- Enrich daily food products with dietary supplements and vitamins as it has been recognized as the most efficient method to prevent micronutrients deficiency. Therefore, producers, consumers and the government must work together to achieve improved enrichment of food products;
- Enhance cooperation among all educational and health institutions, NGOs and private entities in order to increase public awareness about healthy food, fitness exercises and active lifestyle as deterioration of public health is related not only to undernourishment;
- In order to alleviate nutrition deficiency, local governments should play decisive and proactive roles. Especially, those regions and aimags with variations from the national average need to develop specific programs and projects based on local needs.

TARGET 3. INCREASE EMPLOYMENT RATE OF POPULATION, REDUCE YOUTH UNEMPLOYMENT RATE WHO ARE NEWLY ENTERING TO THE LABOR MARKET

CURRENT STATUS

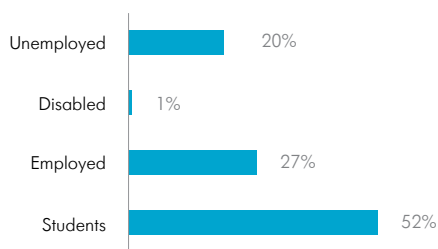
In 2010, Mongolia has population of 2780.8 thousand, out of whom 549.8 thousand or 19.8 percent are youth aged 15 – 24 years. In detail, 52.3 percent of youth are students of secondary schools, colleges and universities, 27 percent are employed, 1.3 percent or 7.1 thousands are people unable for employment, and the remaining 106.6 thousand or 19.3 percent are unemployed.

In 2010, the number of working age people reached 1863.4 thousand, which was an increase by 8.5 percent or 159.0 thousand against the year 2009. The labor force participation rate (LFPR) has

decreased by 1.9 percentage points compared to 2008 and by 5.2 percentage points compared to 2009 level respectively, reaching 61.6³ percent in 2010. Despite labor force participation rate has been continuously grown over the last ten years; this sharp drop in the last couple of years jeopardizes the prospect of reaching the MDG target in 2015. The main factors influencing this sharp decline in the LFPR are related to the global economic downturn of 2008 as well as "dzud" or harsh winter of 2009, which affected negatively the Mongolian livestock sector.

3 Labor Force Survey, 2010, NSO

Figure 8. Social status of youth of age 15 – 24, 2010



Source: Ministry of Social Welfare and Labour

The number of unemployed registered in the LSWS Divisions increased by 21.4 percent in 2009 and

reached 38.1 thousand people as a result of the government actions in terms of improving the legal environment, better organization of registration as well as some financial measures taken in order to keep jobs, safeguarding citizens' income drop and supporting livelihoods of marginalized social groups. The fact that 53.3 thousands new jobs were created in 2009-2010, which helped to curb unemployment. The national unemployment rate was 11.6 percent in 2009 and 9.9 percent in 2010⁴.

Youths between the ages of 15-24 make up 31.4 percent of total work-age population. In other words, every third work-age person belongs to this age group⁵.

Table 3. Labor force participation rate and unemployment rate among 15-24 aged, 2007-2010

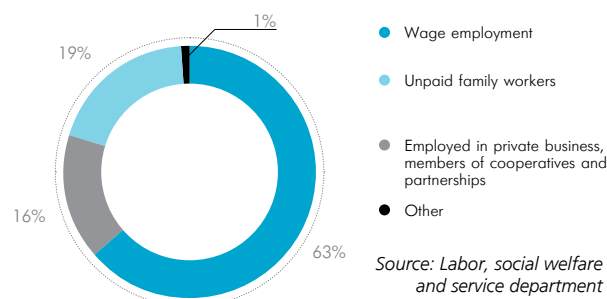
Years	Labor Force Participation Rate /percent/					Unemployment rate, aged 15 - 24 /percent/				
	2007	2008	2009	2010	2015*	2007	2008	2009	2010	2015*
National average	64.2	63.5	66.8	61.6	70.0	3.2	3.0	22.0	19.5	2.5

*-Target

Source: Labor Force Survey, 2010, NSO

The unemployment rate, however, amongst 15-24 year olds was 22.0 percent in 2009 and 19.5 percent in 2010, which is twice the national average. This relatively higher rate is associated with the factors such as lack of career guidance services for the young people and children to prepare them for entry into the labor market. On other hand, enrollment plans of the TVET schools and colleges are not prepared in line with the labor market demand, which result in the mismatch between the job requirements and skills and competencies acquired by the job seekers. For instance, in 2010 21 percent of all applications for jobs were youths aged 15-24; however, only 0.5 percent of these applicants were hired for the jobs. This low rate demotivates the young people seek and apply for the job. It is noticeable that out of 117.1 thousand young people in this age category are unemployed, and 9.2 thousands or approximately 8 percent of them were registered with the LSWS Office. These people constitute 24 percent of total unemployed.

Figure 9. Employed Population of age 15-24 (thousand people)



Source: Labor, social welfare and service department

Current measures

In order to protect the citizens from the downturn associated with global financial crisis the government has undertaken a number of temporary interventions. The fiscal allocations were increased to keep jobs, support employment, protect income drop and expand availability of temporary jobs for unemployed people. Moreover, the legal amendments were introduced which allow the unemployed who paid insurance contributions were allowed to attend the vocational training and extend options for re-applying for unemployment benefits at prolonged duration.

⁴ Labor Force Survey, 2010, NSO

⁵ Statistical Yearbook of Mongolia, 2010, NSO

In 2009, 284.5 thousand citizens were involved in employment support services and activities (double counted), and expenditures were MNT 21.5 billion, while in 2010, for 233.6 thousand citizens MNT 19.6 billion were spent. That was an increase of people by 9.7-25.8 percent compared to 2008, and at the same time percent and financing increased by 21.0-28.0 percent as well.

Step by step measures have been taken to develop SMEs. Besides those general services and activities of employment support, the targeted projects and programmes were implemented for the disabled persons, the herdsmen, and the students. Moreover, public works in area of removing carcasses of domestic animals, cleaning streets and squares damaged by flood, and creating opportunities for income generation for the citizens- victims of the natural disasters.

In order to create skills for unemployed citizens that meet demands of sectors with higher economic growth and to provide jobs a new "Pilot Programme of on-the Job Training" was developed and implemented. Within the framework of this programme, 180 economic entities and organizations engaged in mining, road and construction industries have trained 6,821 young people specialized in 19 occupations, and 80 percent of them were recruited percent for jobs. Moreover, under the Oyu Tolgoi project's skills training program for 3,300 young people from the beginning of 2010-2011 academic year 975 students started their study at technical vocational training centers to acquire 11 popular and high-demand professions in construction, mining exploration and maintenance of heavy machinery and equipment.

Challenges

Nowadays, in Mongolia, economic growth is unsustainable, labour market capacity is low and growth of population of working age is high. In this context, policies on job security, employment promotion, and poverty and unemployment reduction should be reviewed, and conceptualize them from the labour and social welfare relations into broader inter-sectoral level.

In 2009-2025, about 61 percent of the total population will be people of working age. As Mongolia is entering to the path of its "population window" in the unsustainable economic growth circumstances, the government needs to initiate intensive measures to support job creation, and sustain economic growth responsive to the labour market with higher absorption capacity and elasticity to demand.

Due to deficiency of job offers selected population groups face more challenges. There is a need to implement policy interventions specifically designed to the groups such as young people without work experience the first time entering the labour market, people with disabilities and elders based on their demand, supply and comparative advantages.

During the last 20 years, structure of the Mongolian economy has not been adjusted to employment promotion and absorption of an increasingly growing labor force pool. As a result, the surplus of job seekers has emerged on the labour market, and majority of them have headed towards the agricultural and informal sectors and foreign countries market, as well. Accordingly, it is important to develop processing industries which generate many job opportunities for young people, promote employment in rural areas through targeting remote region/s with high levels of poverty and unemployment, promoting entrepreneurship based on local resources, intensify forming and expanding the cooperatives, and create favorable environment for young people live with their families through better work-life balance.

A system, where workforce participants will be able to obtain high skills and be able to be re-qualified and retrained, can be achieved through public private partnerships (PPP). More specifically, there is a need to evolve enterprises and organizations for onsite practice/internship, establish Vocational Training and Production Centers under large enterprises, apply tax incentives to them and reform the current tertiary and vocational education system aligned with the market demand.

Many individuals are unable to find job due to lack of competencies required for the position, which leads to the increased number of people unemployed with higher and vocational education. It induces an imbalance at the labour market by pushing labor drain abroad, and causing influx of foreign labor, which result in higher emigration of the Mongolians. Therefore, establishment of a comprehensive training system with modified curriculum for training and re-training of skilled workforce and improvement of workforce qualification is essential for encouraging labour market supply.

Public and private partners need to cooperate to take advantages of the experiences gained by the Mongolian citizens working abroad or from the existing foreign experts and workers. There are joint public and private initiatives to protect rights of citizens working abroad and facilitate their reintegration into the labor market through optimal use of the skills and experience obtained abroad and certification of their merits and skills at the government and other formal processes.

There is a lack of research and study on use of “brown” industry outcomes for the green economy. Since the sustainable and inclusive economy with secure job opportunities are primary fundamentals, a comprehensive baseline study and consequent policy directions should be conducted immediately.

Common hardships faced by herders and self-employers include unstable income, poor working conditions, vulnerability to external shocks, and inability to be covered by social insurance system. The number of herders and self-employers decreases as the formal sector expands; however, this transitioning is time consuming process. Consequently, issues of ensuring their employment and income, supporting their initiatives to establish cooperatives and partnerships and shifting them from informal to formal sector must be among the policy priorities.

There are gaps in collection of labour statistics, and capacity to undertake comprehensive analysis of statistical data is weak as well. To address

these shortcomings there is an urgent need to establish Labor Market Research Center or create an independent unit on labor statistics within the structure of the National Statistical Committee.

Further activities

- Resolve gradually issues of preparing youth for the labour market and providing them with job/professional orientation or career training through reforming curriculum, and building a system of training of students at Technical Vocational and Training Centers and universities and colleges based on job offers and financial support from the;
- Support employment of some population groups, such as youth transiting from schools to the labour market, people with disabilities and elders, combining their advantages and labour market demand and implement programmes to eliminate all forms of child labour with active involvement of public, regional, local, private, non-governmental and social partners;
- Develop a package of economic interventions to support livestock sector and SMEs engaged in processing livestock raw materials through investment, tax and interest rate incentives. These measures combined with other policy reforms should be designed as a part of the comprehensive development strategy and budget planning, and implemented jointly with other stakeholders;
- Reduce rural poverty and unemployment through supporting business activities in in remote and poor rural areas with desertification on a priority basis. The newly established rural entities shall be supported through favorable conditions for private and foreign investments, low interest and discounted long term loan issuance, tax credits depending on a number of jobs created. In addition intellectual property shall be considered as an option for loan collateral, and create credit guarantee funds;

- In cases of inevitable redundancy of vacancies, the assistance can be obtained from the Employment Support fund based on recommendations from the employer and the Labour Union which will be utilized to mitigate risks of job losses;
- Support initiatives of herders and self-employers to sustain employment, increase income, form cooperatives and partnerships, improve management skills and obtain access to information, micro credits and other financial sources. In addition, activities like training and re-training of trainers and managers of cooperatives and building of a model cooperative/s and exchange of experiences shall be broadly supported at central and local levels;
- Register informal employees as well as formal entrepreneurs in order to formalize them and support their businesses in line with the economic priorities;
- Launch systematic research of the labour market, its long-term trends and alignment with the future demand and initiate regular annual barometer studies of the labour market.

TARGET 4: *REDUCE NEGATIVE EFFECTS OF POPULATION CONCENTRATION AND MIGRATION, PROVIDE MIGRANTS WITH BASIC SOCIAL SERVICES*

CURRENT STATUS

As of today, 60.8 percent of the Mongolian population is classified as urban with 60 percent of these living in the city of Ulaanbaatar, about 10 percent in Darkhan and Erdenet towns and the remaining 30 percent in aimag centers and other urban settlements. Urbanization with its growing tendency is a relatively specific phenomenon in Mongolia, which preserved traditions and styles of nomadic lifestyle.

The increase of the urban population has been caused by internal rural-to-urban migration, which started in the 1990s following the country's transition to the market economy. Migrants have resided in the places such as Ulaanbaatar, Darkhan and Erdenet which have better accessibility to roads, transportation, information and communication channels, housing, socio-cultural services and proximity to the foreign markets. This high migration flow to Ulaanbaatar is a result or reflection of disparities in the regional development of Mongolia.

Table 4. Population Migration, 2006-2010

To UB	Year				
	2006	2007	2008	2009	2010
Total registered immigrants	45259	46266	56561	52634	74041
Of whom: Immigrants settled in Ulaanbaatar	29633	29112	33407	28337	39701
Share of immigrants to UB in the total number of migrants (percent)	65.5	62.9	59.0	53.8	51.1

Source: General Registration Office

The main reasons for migrating to Ulaanbaatar city are associated with intensive growth in the population of working age, lack of local budget allocated for employment generation and livelihood improvement, raising poverty, weak accessibility and quality of education and health services, underdeveloped infrastructure facilities, remote locations from markets, ecological deterioration, an increased frequency of natural disasters, etc.

This influx of population to urban areas creates pressures to the public services, which result in poor quality and weak access to the basic services. Most importantly many migrant people are left without any access to services.

As a result of improved civic information and registration the migrant have better access to the basic services. Moreover, as indicated in the "Population

Internal Migration and its Consequences” survey report of 2009 there are improvements in school attendance of migrant families, and wider opportunities for job seekers in urban settlements have led to the movement of people from rural areas.

Current measures

The following measures have been taken to reduce migration process and mitigate migration related adverse effects, and improve delivery of basic social services to the migrant people;

- In order to connect rural soums to the central power system, provide herders with renewal energy sources, expand TV and radio coverage, build road infrastructure to increase allocation of financial resources from state budget, foreign loan and grants, and attract private investment through PPP arrangements;
- Establish, repair and expand general education schools, kindergartens and health service providers using domestic and foreign investment, and aids to reduce pressures on basic social services in urban settlements;
- Assist with improvement of technology and equipment of State Registration Authority, strengthen its human resources, and create an integrated database for population registration;
- Expand operations of the Labor Exchange in Ulaanbaatar city, and widen coverage of job intermediary services by eliminating residential address limitations.

Challenges

Universally, population migration is considered as a mean to support socio-economic development and narrow gaps in regional development. However, in the case of Mongolia, this process is accompanied by negative effects, such as overconcentration of population in Ulaanbaatar city, sharp decrease in the number of rural population, weakening business opportunities in rural places, increasing dependency of local economy and social services, and growing disparities between urban and rural developments.

Despite the positive influences of urbanization on economic development and productivity growth, Mongolia faces challenges associated with urban planning, management and provision services to the population in accordance with the growing demand. Specifically, the increased population of Ulaanbaatar resulted in shortcomings in service delivery which caused by the overload of hospitals, schools, roads, water supply, engineering facilities, as well as a shortage of housing and socio-cultural amenities. Additionally, air pollution, soil degradation and water contamination have impacted adversely on inhabitants' health.

On contrary, as the number of permanent residents of rural areas and aimag urban settlements has being sharply decreased, livelihoods of rural people became stagnant. The main reasons are lack of basic services and infrastructures, absence of modern facilities, not meeting the demand and requirements of the population in rural localities, and lack of environment conducive to the human development and business opportunities.

As of today, most aimags and soum centers are merely administrative points as stated by the current Law of Mongolia on Administrative and Territorial Units. These centers with inefficient structures do not meet basic standards of decent livelihood or expansion of the national economy or local economic development. Comparing the existing urbanization with the global experiences of urban development, the Mongolian urban development pattern is dependent on “a single center” with a non-optimal structure and plans. This model of settlement is not conducive to overcome regional development disparities and ensure balanced, sustainable development.

Rural, especially quality of education and health services in soum and its accessibility is still low.

Although many measures have taken to reduce disparities of urban and rural development and create favorable conditions to live in local area based on concepts of satellite towns and regional centers, they have not been yet significant improvements.

Population of the local areas and remote regions became sparse due to migration therefore cost of basic social services and commodity price have increased, which negatively affect the population livelihood.

There is still lack of accessibility of infrastructure, potable water and affordable housing resulting from the increase of the resident population in urban settlements. A number of challenges emerged with land ownership. Many people have not yet entitlement for land use. The natural population growth and influx affects on drastic increase of population, which affects urban planning, land allocation, entitlement and environmental pollution.

In general, the outcome of the measures aimed at reducing disparities of urban and rural, supporting regional centers development still remain unclear.

Further activities

- Initiate welcoming and support services for the new comers and easier their adaptation to the urban styles;
- Build a regulatory and policy environment for migration, taking into account differences in development, culture and traditions in urban and rural areas;
- Implement policy for temporary housing and welfare services which enable the migrants to adjust to new lifestyles and find job and housing. The state will support interventions for such interim arrangements in line with the urban planning;
- Reduce migration by creating SMEs, production and technological parks in rural settlements which will prevent the people moving away from native places;
- Create a legal environment for granting zonal incremental allowances to the citizens who live in remote and underdeveloped aimags and areas and other incentives through bank, financial, tax institutions;

- Develop soums at the level town's development, and implement measures aimed at creating infrastructure in rural areas, and increasing rural citizens' income;
- Start-up creating a favorable environment for migrant workers in regions where the major construction projects have being implemented;
- Review Regional Development Concept, increase investments in regional centers, and increase investment into physical and social infrastructure;
- Start-up building electricity, road, potable water, and sanitarium facilities in newly residence micro districts and areas in order to manage rural-to-urban migration adequately;
- Carry on measures to increase capacity of basic social service providers taking into account population growth of the city, especially in outskirts of city.

Overall, there are relatively uneven achievements among the four targets under the MDG One, and the combined assessment reveals that there is low likelihood of attainment of MDG on reducing poverty and hunger by the year 2015. Especially, exceptional efforts are needed to intensify the implementation of the target to halve poverty, significantly reduce unemployment rate, and provide basic social services for the migrant population. In order to accelerate efforts in area of reducing poverty, the most lagging behind goal, a policy document with national actions to combat poverty is needed. This work shall be carried out with the technical and funding support from UNDP based on best international practices. The document shall include detailed analysis of reasons of poverty, the challenges and the most effective interventions. Therefore, the working group consisting from the researches and experts, government officials is very important in order to map out the ways to address MDG One.





GOAL TWO

*ACHIEVE UNIVERSAL PRIMARY
EDUCATION*

GOAL 2

ACHIEVE UNIVERSAL PRIMARY EDUCATION

TARGET 5. PROVIDE PRIMARY EDUCATION FOR ALL CHILDREN BY 2015**CURRENT STATUS**

Despite that the transitional shadows of the 1990s, during the last year's gradual improvements have been observed in the educational levels of the Mongolian population.

In terms of literacy rates, Mongolia enjoys a relatively high ranking in the world; unfortunately, the slight reverse trend has been occurred. According to the 1989 Population and Housing Census, the literacy rate of youths aged 15-24 was 99.0 percent, while it has declined to 97.7 percent by 2009.

Table 5. Enrollment Ratio in Primary Education, Percentage of pupils starting Grade 1 who reach Grade 5 and Literacy rate

Indicators	2006	2007	2008	2009	2010	2015*
Net enrolment ratio in primary education	91.4	92.7	91.5	94.3	94.7	100.0
Percentage of pupils starting Grade 1, and who reach Grade 5	88.1	89.9	92.8	89.9	92.9	100.0
Literacy rate of youth aged 15-24	97.7	97.7	97.7	97.7		100.0

Source: National Statistical Office

1. Net enrolment ratio in primary education

Mongolia's net enrolment ratio in primary education has been relatively stable. The ratio which was 92.7 percent in 2007 decreased to 91.5 percent in 2008; and, however, it has grown consecutively in 2009 (94.3 percent) and 2010 (94.7 percent). The net enrolment ratio in primary education was 94.3 percent in 2009 and increased to 94.7 percent in 2010. In 2010, the net enrolment ratio in primary education was above 98.0 percent in Orkhon, Darkhan-Uul, Govi-Sumber, Bayankhongor, Uvs, Dornod and Zavkhan aimags with the lowest ratios between 86.6-88.3 percent found in Dundgovi, Bulgan and Tuv aimags. This continuous growth of net enrolment ratio in primary education is the result of government policies to provide textbooks to students of primary schools free of charge, improve the conditions of dormitories, and continue the national programme on "School Lunch" at the secondary schools.

2. Proportion of pupils who enroll in Grade 1 and reach Grade 5

The proportion of pupils who enroll in Grade 1 and reach Grade 5 was 89.9 percent in 2007, 92.8 percent in 2008, and 90.7 percent in 2009, respectively, and the proportion rose to 92.9 percent in 2010. As of 2010, more than 98.0 percent of pupils from Govi-Sumber, Umnugovi and Selenge aimags who enrolled in Grade 1 reached Grade 5. On the other hand, 82.2-89.0 percent of pupils from Uvs, Bayan-Ulgii, Khovd, Govi-Altai, Dundgovi, Zavkhan, Darkhan-Uul aimag who enrolled in Grade 1 reached Grade 5.

This increasing proportion shows a changing value and perception of people to appreciate education, knowledge as one of fundamentals of a competitive market society.

Net enrolment ratio in primary education and the proportion of pupils who enroll in Grade 1 and reach Grade 5 is the direct result of government policy interventions.

1. In the academic year of 2008-2009, the secondary education system in Mongolia shifted to a 12-year schooling system and started to enroll children of 6 years old in the schools. Enrolment of 6-year-old children was 79.3 percent in 2008, 91.1 percent (44,906 children) in 2009. As a result of the immediate measures taken by the government, such as developing the 1st grade training plan and curriculum of the 12 year schooling, updating of the 1st grade textbooks and training materials, preparing the desks and chairs, and training of teachers, the proportion of 6 years old pupils who enrolled in grade 1 has increased by 11.8 points compared to the previous year.

Growth in the enrolment ratio in primary education has also been positively influenced by the government policies aimed at child development and 100-percent enrolment ratio.

In 2008, the State Great Khural passed the Law on Pre-school Education which provides a legal background for children between 2 years old and school age to be involved in pre-school educational institutions. In order to provide children of herders and some other social groups, who are unable to attend preschool establishments with equal opportunities, the government has been financing alternative training forms, such as mobile ger kindergartens, traveling teachers and groups in shift. The government has also started to establish ger kindergartens in every bagh. At present time, more than 400 ger kindergartens have been instituted with the donor support. As of 2010, 60 percent of all baghs have ger kindergartens.

Out of eligible children 30.3 thousand in 2007, 28.2 thousand in 2008, and 32.6 thousand in 2009 attended alternative training programs for the pre-school education. Among them, there were 15,739 children of herders from remote rural areas in 2007, 11,533 in 2008, 15,269 in 2009 respectively.

In 2009-2010 academic year, among 32,6 thousand children who attended alternative training programs 11,6 thousand attended shift groups, 5,7 thousand

classes of traveling teachers and 15,3 thousand mobile ger kindergartens.⁶

Overall, the policies aimed at preparing children to schools through pre-school education have contributed to not only growth of enrolment in Grade 1, but also growth of the net enrolment ratio in overall primary education.

Since January 2009, the government started to provide full coverage of meal expenses of children attending state-owned kindergartens, which had a direct impact on the recent growth of enrolment in pre-school education. This policy measure has also increased opportunities for children of vulnerable groups to attend kindergartens, enhanced support to the household's livelihood, and helped to narrow inequality among children belonging to different social groups for physical and mental development and their socialization.

The government policy to issue standardized expenses per child to all kinds of pre-school education, such as traveling instructors, shift classes and moving training, of both state and private ownerships has become an important action to increase number of pre-school training institutions and enrolment ratio.

2. The school dropout rate has been falling in the recent years. In total, 647 children dropped out school in 2007, 706 in 2008, 543 in 2009 respectively.⁷ According to 2009-2010 statistical data, 40.5 percent of children left school due to life hardships, 31.1 percent because of health problems, and 5.8 percent faced a need to work.

Children's re-enrollments in educational institutions after certain break have been increased. In particular, 401 children returned to studies in 2007, 203 in 2008 and a further 475 in 2009 respectively. Out of them 255 children returned to primary education in 2007, 126 in 2008 and 319 in 2009, which contributed to the increase of net enrolment ratio in the grades until five.

The following activities have influenced to the growth of net enrolment ratio in primary education and fall of school dropout:

⁶ Ministry of Education, Culture and Science Report for 2009, UB, 2009

⁷ Ministry of Education, Culture and Science Report for 2007-2008, 2008-2009, 2009-2010, UB

The “School Lunch” programme for all pupils of Grade 1-5 at secondary schools has been in place since 2008, which impacted positively on the net enrolment ratio in primary education. Under the programme, MNT 9.6 billion was spent covering 187.9 thousand pupils of grade 1-4 during the academic year of 2007-2008; 252.6 thousand pupils of grade 1-5 in 2008; and MNT 15.8 billion covering 280.4 thousand pupils in 2009⁸ respectively.

Implementation of this programme has been having a number of positive impacts, including increased learning motivation of young children, health protection, growth of school enrolment ratio, decrease of school dropouts and support to household’s livelihood. It has also become one of incentives to attract children to start schooling or return back from dropout.

Starting from the academic year of 2009-2010, the government introduced a principle of using a core version of textbooks avoiding differing options (content of which is defined by the government itself) in all grades of schools and started free provision of textbooks to pupils on a gradual basis. This has also had impact on the increase of net enrolment ratio in Grades 1-5.

Current measures

The Minister for Education, Culture and Sciences has approved and implemented the “List of textbooks to be authored and published in the academic year of 2009-2010” and “Plan and Schedule for authoring, laying out, publishing and distributing activities of textbooks” with his Resolution No.129/2009.

In the school year of 2009-2010, in total 20 textbooks (6 textbooks of Grade 2 of the 12 year school and 14 textbooks of middle and senior grades of the 11 year school) have been newly developed, 6 textbooks of the 12 year school have been revised, 7 textbooks of middle and senior grades of the 11 year school published, editions of 2005-2008 have been re-published and 7 textbooks of the Kazakh primary schools have been introduced. The published textbooks are distributed to the pupils through

school libraries. Publication of the abovementioned 940.5 thousand pieces of 40 different textbooks was funded by MNT 2.4 billion from the state budget, ADB projects on “Reform of Education Sector - 4” and “Strengthening Education Services in Mongolia”. According to the government decision to provide 40 percent of textbooks for middle and senior classes of the state-owned 11-year schools in academic year of 2009-2010, 98.5 percent of pupils in Grade 1, 97.0 percent of pupils in Grade 2 and 37.3-42.5 percent of middle and senior students of 12-year schools were supplied by textbooks free of charge. This supply includes 20 new publications and 6 revised editions of various textbooks. However, for students of 11-year schooling seven textbooks published in 2005-2008 were supplied to 20 percent of pupils at the state schools⁹. This policy on free supply of textbooks has played an important role both in ensuring accessibility of textbooks to children from poor and vulnerable groups and enhancing quality of educational system.

Within the framework of the project “Computer for Every School Child”, 10,088 computers were allocated to school children in 2008, 5704 computers in 2009. Unfortunately, there was no any computer allocation in 2010.

In order to improve the teaching environment of secondary education schools, musical instruments and physical training equipment have been provided in stages. For example, in 2009, 19 schools in cities and countryside have received sets of organ music worth MNT 105.0 million and 9 schools sets of physical training equipment with value of MNT 25.0 million.

Augmentation in net enrolment ratio and decrease in school dropouts have been positively affected by the provision of textbooks through school libraries, the programme “Computer for Every School Child”, issuance of school bursary to households with more than 4 schoolchildren for free of charge. These programs covered 62,500 children nation-wide and worth MNT 602.6 million. At the same time the number of seats in the schools increased by 4,620 seats.¹⁰

⁸ Ministry of Education, Culture and Science, Performance Report for 2009, UB, 2009

⁹ 2009 Performance Report, Ministry of Education, Culture and Sciences. Ulaanbaatar.

¹⁰ Ibid.,

Within the scope of the World Bank project “Education for All Fast Track Initiative (EFA-FTI)”, furniture and equipment were procured for dormitories of 30 schools, and UNICEF spent USD 10.0 thousand to equip 50 dorm rooms for 6-year-old children in 6 aimags¹¹. In 2009, 12 new school dormitories started operation with 600 beds and furniture worth MNT 90.0 million.

In the school year of 2009-2010, there were 505 schools with dormitories, and they accommodated 42156 or 8.1 percent of secondary school pupils¹². A total of MNT 503.5 million was disbursed in internet connection fees (rent of fiber cable E1 2M) to rural schools in order to improve the education environment of children in the countryside and enable them to benefit from the technological advantages.

Table 6. Supply by Dormitories

Dormitories	2007	2008	2009
Dorm beds	37 740	37 846	36 921
Number of children living in dorms	44 037	42 086	42 156
Dorm access rate	86.1	87.1	90.0

3. Literacy rate of youths aged 15-24

In order to obtain a consolidated data set on illiterate people, researchers from the national Education Research Institute have developed a test “Illiterate person”. The test, which was incorporated into the 2000 Population and Housing Census as an additional survey questionnaire, served as an important basis for identifying illiterate and semi-literate people, defining the target population to involve in the informal training programme “Complimentary programme for primary, basic and complete secondary education” and increasing literacy level of the general population.

The Education and Culture Agencies of aimags and the capital city have been organized basic and intermediate literacy training for illiterate youth and adults in the form of classroom teaching and mobile courses. According to data of the 2009-2010 academic years, out of total 4,746 illiterate people 3,546 have attended the literacy training programs in 2009. As a result, 2133 citizens or 60.2 percent of them escaped from the illiteracy status.¹³ The illiteracy elimination rate has grown by 20.9 percent from the previous year which demonstrates a gradual decline in illiteracy rate.

The number of illiterate people has been decreased year-by-year, and the literacy rate increased by 20.9 percent and reached the level of 2008, however, it could not regain the 1989 rate. The literacy related data among population of age 15-24 are compiled from the Population and Housing Census only with 10-year intervals, which prevent to undertake timely assessment of progress and design short-term policy responses.

Challenges

- A number of dormitory facilities in aimags were closed by the inspection agencies due to not meeting basic requirements, and new investments are needed.
- Lack of consolidated data on children living abroad complicates the computation of some related indicators. For example, number of children living and studying abroad is not counted in education statistics, but these children are included in population data of these age groups which creates distortions in computation of age-specific indicators.
- Classroom capacity at schools in Ulaanbaatar, aimag centers and urban settlements is being stretched, partially as a result of rural migrants. This overuse of capacity leads leaving children behind of the schools.

¹¹ *Ibid.*,

¹² *Education Statistics Bulletins for School Years 2007-2008, 2008-2009; 2009-2010*

¹³ *Education Statistics Bulletin for School Year: 2008-2009*

- Some migrant people do not register at new places, which result in increased drop outs. On other hand, net enrolment ratio is lower in some soums that are dependent on regional specifics and climate conditions. Many children are out of school due to persistent unemployment and poverty. According to educational statistics of the academic year of 2008-2009, life hardships hold back 33.9 percent of children out of school in 2008, while this rate increased to 40.5 percent in 2009.
- The existing failure to reduce dropout rate eventually will be one factor contributing the nurturing illiterate young people in the future.
- Collect data on children who have never enrolled in or have dropped out schools and carry out targeted interventions to support their study. These efforts shall be implemented by soum and bagh governor office with active involvement of civil society organizations and the private sector.
- As a result of extensive migration of people from soums, there is a tendency of under-utilization of existing school facilities. Based on the number of children, the school mapping with clear structures and profile is needed, and the changes shall be carried in line with reforms of the regional administrative units;
- Improve pre-school education system for 5 years old children for better adjusting to the school environment and study. These efforts shall be combined with soum administration and parent's initiatives and support.

Further activities

- Eliminate information gaps through improving quality and accuracy of education statistics, introduce new approach for data collection and its frequency, and create a comprehensive and integrated data base of educational data. ;

Thus full achievement of the second MDG on universal primary education is on track, and some more specific short-term measures to improve data collection and analytical work are needed.



БАКАЛАВРЫН
ЦИДЛОМ



GOAL THREE

PROMOTE GENDER EQUALITY AND EXPAND PARTICIPATION OF WOMEN IN POLITICAL DECISION-MAKING

GOAL 3

PROMOTE GENDER EQUALITY AND EXPAND PARTICIPATION OF WOMEN IN POLITICAL DECISION-MAKING

TARGET 6. ACHIEVE APPROPRIATE SEX RATIO IN PRIMARY AND SECONDARY EDUCATION BY 2009, AND AT ALL LEVELS OF EDUCATION INSTITUTIONS BY 2015

CURRENT STATUS

The 2010 Report on Human Rights Status issued by the Government of Mongolia points out that Mongolia is ranked at 94th place in the Gender and Development Index among 140 countries and at 65th place in the Gender Empowerment Measure indices among 76 countries¹⁴. Gender mainstreaming and gender equality should begin from gender balance at educational institutions.

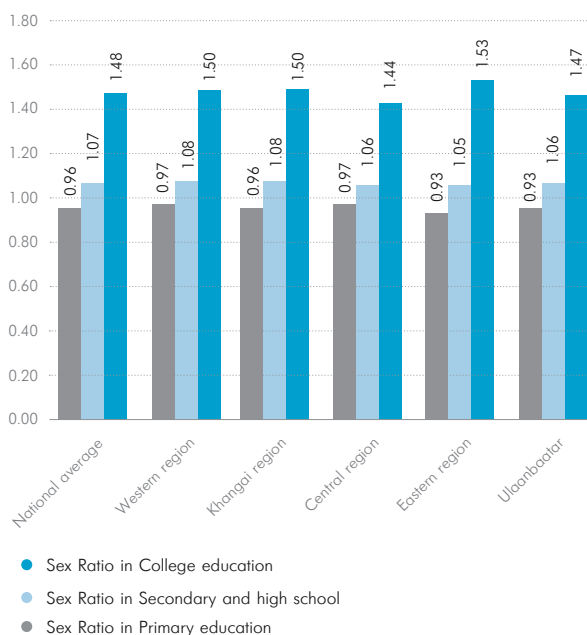
The economic transition during the beginning of 1990s negatively impacted on the education sector and deviated gender ratio in schools. However, the situation is likely to improve in recent years. Percentage of male students in higher education institutions which was 36.8 percent in 2000 is increased to 39.6 percent in 2009 and 40.4 percent in 2010 respectively.

Sex ratio equality improvement in primary and secondary education is stabilized, and further will reach a relatively equal ratio in higher education, which create opportunities for meeting the MDG target. Sex ratio in primary education was 0.96 in 2009 and 0.96 in 2010, while sex ratio in secondary education stood at 1.07 in 2009 and 1.07 in 2010. At the same time, sex ratio in higher education was at 1.52 in 2009 and 1.48 in 2010. These shifts in sex ratios in line with upgrading the educational level result in the higher number of male population compared to female.

During the last years, the number of girls and boys studying in the primary educational institutions remains quite equal.

In 2009, comparably difference of sex ratio in such regions; primary education of western and central region, secondary education of Khangai and western region, tertiary education of eastern regions are higher than other regions

Figure 10. Sex Ratio in Primary, Secondary, High and College Education



Source: Ministry of Education, Culture and Science of Mongolia

¹⁴ In Mongolia, in 1924 the first time in Asia The Constitution declared that women and men have equal rights, which was a very initial step towards ensuring gender equality

Table 7. Sex Ratio in Primary, Secondary, High and College Education, 2010

Indicators	2006	2007	2008	2009	2010	2015*
Sex ratio in primary education	0.98	0.97	0.97	0.96	0.96	1.0
Sex ratio in secondary education	1.09	1.09	1.08	1.07	1.07	1.0
Sex ratio in tertiary education	1.53	1.57	1.54	1.52	1.48	1.0

*-Target

Source: National Statistical Office of Mongolia

There is a tendency of declining the number of boys among primary school students dropping out of the school. In 2009, out of 966 drop outs 594 or 61.5 percent were boys. The fact that share of male pupils in primary education is on the rise leads to a relatively equal sex ratio.

The number of boys in secondary education has been increasing in the recent years. The share of boys in total number of students was 36.8 percent in 2005-2006, 47.7 percent in 2006, 47.9 percent in 2007, 48.1 percent in 2008 and 48.3 percent in 2009, respectively. This fact demonstrates that the MDG target to "Achieve appropriate sex ratio in primary and secondary education by 2009" will be achieved.

Within a frame of the government efforts to achieve the MDGs, the Minister for Education, Culture and Sciences issued a resolution No. 486/2006 which promotes at least 80 percent of admission of 9th grade graduates to 10th grade, and raise share of boys among them up to 48 percent.¹⁵ Although no changes in sex ratio have been observed in the school years of 2006-2007 and 2007-2008, the Resolution has succeeded in the following school years with share of boys in sex ratio of secondary schoolchildren 48.1 and 48.3 percent.

During last years, the sex ratio gap in tertiary education has been narrowed. Share of female students decreased by 0.03 points in 2008, 0.02 points in 2009 and 0.04 points in 2010, respectively, which resulted in gradual increase of male students share.

The gender balance of the students at the tertiary educational institutions is directly impacted by the number of secondary school graduates and entrants to the Technical Vocational and Centers.

In 2009, 34.9 thousand students graduated from 11th grade of secondary schools. Among them, 45.6 percent were male students. At the same time in 2009, 32.5 thousand secondary school graduates have enrolled in the tertiary educational institutions. Out of all graduates from the secondary school 13,952 children entered the Technical and Vocational Training Centers. Starting from 2010, the students of Technical Vocational and Training Centers have been issued monthly stipend equal to MNT 45,000 which has become an incentive for attracting students to the centers.

Overall, out of the 9th grade graduates a certain number of students are enrolled in the technical Vocational and Training Centers, and most of them have usually are male students, which influences significantly on sex ratio at the tertiary education.

Challenges

Due to absence of a policy to maintain gender balance among teachers in the schools, the teaching staff in secondary schools is predominantly female. For instance, as of the academic year 2009-2010, only 18.2 percent or 4750 of the teaching staff in secondary schools are male teachers.

The low percentage of male teachers in teaching roles in secondary schools is a legacy of the gender imbalances among entrants and graduates from the tertiary educational institutions. As of 2009, among 3,447 tertiary graduates with teacher specialization, only 712 graduates or 20.7 percent were male.

Due to this gender imbalance among teaching staff, there is a gap in male teacher role models in secondary educational system.

There is a lack of the government policies to balance sex ratio of students at all levels of educational institutions. In particular, there is a need for thorough

15 "About Admission Expansion" Resolution No. 486 of the Minister for Education, Culture and Sciences dated of December 29, 2006

analysis of labor market needs and taking into account gender-related features of different professions, and implement an integrated policy for training of engineering and technology related specialists.

Further activities

- Develop a gender-sensitive policy based on thorough analysis and comprehensive research regarding the jobs and professions needed for

acceleration of Mongolian current and future economic and social development.

- Analyze current curriculum and textbook content of secondary schools from gender perspectives and develop a certain policy based on the analysis to renew curriculum and delivery methodology.
- Pursue a gender sensible enrollment policy for professional organizations specialized in training of school teachers.

TARGET 7: ENSURE GENDER EQUALITY IN PAID EMPLOYMENT

CURRENT STATUS

During 2007 – 2009, the Labor force participation rate for female workers was 62-63 percent, and further in 2010, it declined to 56.2 percent. In general, female labor force participation rate is about 15 percent below than male labor force participation rate. Changes in economic and labor market drive a decrease of female labor force participation identically and in addition other factors such as taking care for children, doing household work and early retirement affect on lower employment.

Table 8. Percentage of women in non-agricultural wage employment, 2007-2010

Indicators	2007	2008	2009	2010	2015*
Percentage of women in non-agricultural wage employment	53.1	53.0	48.8	48.4	50.0

Source: *Population Employment Report, 1990-2008; Workforce Survey, 2009-2010, National Statistical Committee*

In 2010, unemployment rate among female was 9.2 percent, which was an decrease by 2.3 percent compared to the previous year.¹⁶ The urban and rural disaggregated data indicated that this ratio is higher among urban female.¹⁷

The ratio of women and men in non-agricultural wage employment are comparable. In spite of comparable ratios of women and men in terms of non-agricultural wage employment, women are paid 15.0 percent lower than men.

¹⁶ *Statistical Yearbook, 2010, NSO*

¹⁷ *Population and Housing Census, 2010, Main Results, NSO*

There are no significant differences in the number of female and male employed, except agriculture, however, there are some gaps in their wage level. Women are dominantly employed in wholesale and retail trade, education, health, social care services, hotel, catering and financial services, which require less physical exertion, while men are predominantly, employed in high productivity sectors including mining and extraction, construction, road and transportation. These variations in occupations are reflected in differing wage levels among the women and men.

Current measures

The Government of Mongolia has drafted The Law of Mongolia on Gender Equality with financial and technical assistance of international organizations, and the law was adopted by the State Great Khural during its spring session of 2011. The Law has become a legal foundation for abolishing any gender-based discrimination of men and women and embeds gender sensitive practices in political, economic, social and cultural life and family relations as well. Likewise, the Law contains provisions on ensuring gender equality in employment, labour relations and socio-cultural sector, guaranteeing job security of both women and men and restricting any kind of gender-based discrimination in wages, training and scholarship opportunities and in other social relations. Moreover, broad scoped issues, such as protecting interests of mother and child, forbidding gender quota in school admission, restricting appearance, gender and age discrimination in job announcements, appreciating and including non-wage labor such as household works, baby care and elder care in the wealth creation process have been regulated within the framework of this law.

Challenges

- Due to factors such as caring children household works, early retirement the employment participation of women is continued to be lower compared to male population.
- Growth of people of the working age has been high in line with its demographic shifts, but labour absorbing capacity of the economic growth remains low. This factor affects negatively on employment participation rate of both men and women.
- The employment statistics suggest that employment is improving; nevertheless, there is no any convergence in qualitative terms. Still a significant share of people are engaged in unpaid family businesses, or being self-employed
- Expansion options of shifting from manual, low tech work to more advanced operations which increase productivity and enabling them to converge them into paid sectors.
- Lack of legal mechanism and cultural policy that suit to more balanced allocation of family obligation and responsibility in forming right social attitude.
- Poor environment for developing child – caring institutions which result in low access to kindergarten and child caring and nursing centers.

The existence of age, sex and other discrimination at the labor market and labour relations affect adversely on women participation in paid job.

Further activities

- Develop public and private partnerships and ensure their effective collaboration and inter-sectoral coordination to enable safe and favorable labour conditions for productive work and safeguard adequate remunerations for performed work to sustain their livelihoods;
- Develop economic policies and undertake measures which are coordinated with all sectors in the economy and strategies in social and environmental areas;
- Introduce technological advances in unpaid and household work, and ensure gradual convergence into the paid employment;
- Increase gender sensitivity in future economic and social reforms by inclusion specific provisions into the policies and programs based on thorough gender and human rights perspectives screening;
- Reflect country-specific features, such as small population, vast territory and disparities between urban and rural areas, into development policies, and strengthen efforts on increasing employment in remote rural areas; the external assistance will be encouraged as much as possible;
- In order to expand labor market and increase labor force absorption, develop and implement comprehensive policies jointly by institutions in charge of national development planning, fiscal, financial and labor affairs to support economic entities, particularly SMEs development through economic incentives such as discounted loan, tax returns, and other means. More focus will be placed on agricultural sector, particularly animal origin raw materials processing and enhancing their value added. Each intervention shall be screened from the gender sensitivity lenses.
- Develop and implement targeted projects and programmes to support women employment that meet to the requirements and demand of women with senior age, low skills and needs associated with specific family responsibility.
- Expand the options for women to be converted into formal sector or paid sectors through forming the partnership and cooperatives and reducing time spend on household duties.
- Amend legal regulations and mechanisms related to labor, which ensure more robust implementation of equal opportunity for women;

- Organize training and advertisement among employers and employees and counseling professional and methodological advice in the area of detecting, intercepting and avoiding discrimination within the frame of labor relations with the participation of social partner organizations.
- Develop social service and supporting infrastructure aimed at creating opportunity for women to be employed, namely increase investments in area of expanding the accessibility of kindergarten, caring services for pre-school and school aged children and day-care class.
- Increase employment participation rate of women through introducing arrangements for hourly payments for performed work.

TARGET 8: INCREASE PARTICIPATION OF WOMEN IN POLITICAL DECISION-MAKING.

CURRENT STATUS

The recent surveys indicate that women are still underrepresented in top management and decision-making positions in Mongolia, despite that they have higher educational status compared to men. In 1992, women accounted for 3.9 percent of the parliament members, and this share increased to 9.2 percent in 1996 and 11.8 percent in 2000 respectively. However, this upward trend has been reversed since 2004, when the women parliamentarians comprised 6.6 percent and percent d further declined to 3.9 percent in 2008.

The percentage of women candidates for national parliament election (State Great Khural) was 8.0 percent in 1992 with subsequent increases to 13.7 percent in 2004, 9.3 percent in 1996 and 18.5 percent in 2008.

Two female ministers and four female vice-ministers were appointed in the Coalition Government following the 2008 elections, which represent the highest number of female representatives in all cabinets since 1992.

As of 2010, 17.3 percent of all governors and vice-governors at all levels of the government are females and 28.1 percent of Administration department heads of Governors' Offices are female.

Table 9. Sex ratio among civil servants

	Number	Female		Male	
		n	%	n	%
Political	2865	613	21.4	2252	78.6
Administrative	14420	7878	54.6	6542	45.4
Special	28475	2585	9.1	25890	90.9
Support	102463	73310	71.5	29153	28.5
Total	148223	84386	56.9	63837	43.1

Source: Statistics on Government Employees Structure and Movement, Government Service Commission, 2010.

According to the above table, 56.9 percent of civil servants are female and 71.5 percent of them are employed in public service sectors such as education, health and social welfare. On the opposite, 21.4

percent of political appointees are women, and this number is well below compared to male peers. Out of these decision-making appointees women are mostly engaged in the lower or first layer of management.

Table 10. Percentage of women candidates for national parliament elections and women members of parliament

Indicators	1990	2007	2008	2009	2010	2015*
Percentage of women in national parliament (State Great Khural)	24.9	6.6	3.9	3.9	3.9	30.0
Percentage of women candidates for national parliament elections	-	-	18.5	-	-	30.0

*-Target

Source: Statistical Review. State Civil Service Commission, 2010

A number of research and studies were conducted in order to identify major reasons and factors affecting low level of women participation in political and state policy decision-making positions.

Table 11. Factors for Low Political Participation of Women, percent, 2010

Factors associated with women (gender-specific)	54.9
Less number of women with abilities required to work at political and decision making level	12.1
Women are overloaded with their family and work duties and responsibilities	14.9
Women are less interested in politics	8.8
Women do not put enough efforts	8.7
Women are unable to be united or organized	4.7
Women are unable to attract supporters and build their own teams in politics	5.7
Other factors	45.1
Political forces less interested to engage women in decision-making level	30.4
Social and psychological mindset to support women is not matured yet	14.3
Don't know	0.4
Total	100.0

Source: Statistical Review. State Civil Service Commission, 2010
Report on State of democratic governance in Mongolia, 2010

The results of the above survey indicated that the most significant factors for the low representation of women in politics are associated with women's disinterests and modest efforts of women themselves and the apathy of political forces to engage women. The next table illustrates conclusions on need of increasing participation of women at decision-making level.

Table 12. Reasons "Why Women Participation Should Be Increased"

Assessment of behavioral aspect	Percent
Pluralistic, rational and sensitive	16.3
Able to strive for living	10.0
Honest	16.7
More educated than men	2.6
Can notice what men overlooked	4.1
Efficient, decisive and decent at decision making	4.5
Human (-istic)	0.4
Women prefer principles and rationales in decision-making	3.7
Assessment of participation aspect	Percent
Political participation of women is very low, so, need to increase it	12.6
It is important to ensure gender equality	21.9
With more women, politics will be cleaner	1.5
It is essential for the national development	1.1
Will support anyone who is dedicated for the people's development	0.4
If you possess competencies, anyone is able to be elected	0.4
Don't know	0.4

Source: State of democratic governance in Mongolia, 2010.

A few respondents or just 5.7 percent of the participants opposed women's political participation. In addition, 66.5 percent of respondents expressed their support to promote women to the middle and top level positions of public services.

The question "how the women's enhanced participation will affect the decisions?" was included in the survey and 16.7 percent of respondents expressed that women are more faithful, reliable in their views, and 12.3 percent viewed that gender equality will be promoted and ensured.

Current measures

The Constitution of Mongolia, the Law on Parliament, the Law on Local Khural Election, the Law on Civil Service and other related regulations provide a legal basis for exercising the political rights by women and participating in political decision-making. In addition, the Law on Gender Equality articulates the specific provision related to quota introduction during 2013-2016, which enables significant contribution towards achievement of the MDG target 7 on promoting gender equality in the political decision-making. For example, the particular Law spells out applying a quota of 75:25 in top management of political parties, ensuring 15 – 40 percent of women at the various level of public service management, and appointing at least 15 percent of women for the Cabinet membership or political appointments.

The Law on Gender Equality creates a legal basis for diminishing a dominance of any gender through statement on representation of any one sex in decision-making positions in public administration shall not be less than 40 percent. This ratio will contribute to lowering current dominance of male at decision-making.

The 3rd stage of the Action Plan¹⁸ (2009-2012) for the implementation of goals of the National Programme for Gender Equality was also approved. The action plan was based on the National Programme for Gender Equality and linked to the MDGs-based Comprehensive National Development Strategy and

sector-wide policy, actions and other policies and programmes. Currently, actual implementation of this programme and action plan became as one of priority tasks.

Challenges

The legal framework for enabling equal participation of women in politics and decision-making has not been fully established yet. Overall wills, political commitment and social mindset have not matured yet to recognize need for increasing percentage of women candidates for national parliament elections. Political parties have shown inadequate efforts to increase representation of women in decision-making level.

Election system, especially system of the State Great Khural (the Parliament) elections is imperfect yet. In accordance with the majoritarian system, election campaign within enlarged constituencies lasting for 26 days requires significant amount of financial and other resources.

Further activities

- Develop and implement a special policy aimed at building female human resources until 2016, which will enable accomplishment of the quota specified in the Law on Gender Equality in terms of timing and other resources;
- Conduct information dissemination, training and public awareness activities within the scope of the Third Phase Action Plan¹⁹ of the National Programme for Gender Equality /2009-2012/ aimed at changing social stereotypes and public attitude toward roles of women and men in social and family lives;
- Implement policy measures to introduce and support social services in order to increase women's participation in political life and decision-making and decrease their time spending on family care household works.

¹⁸ Resolution No 91/2010, Government of Mongolia

¹⁹ The Government of Mongolia, Resolution No. 91/2010

- Strengthen women's capacity and prepare them to politics through measures on improving their political, economic and legal knowledge and embedding an optimistic envisioning of future of the homeland;
- Amend to Election Law in order to ensure women's political rights and promote women participation in decision-making, set women quota among election candidates, as well as to create a mechanism for supporting women in senior level positions in public administration.
- Expand the current efforts to build awareness on gender equality, particularly overcome traditional public stereotypes towards gender, assist female

in strengthening capacity to be more competitive at the political arena.

- Ensure a unified position and cooperation of civil society, women alliances and movements beside men's efforts who work there in increasing women participation in decision making levels.

Recently the set of indicators to monitor progress towards achievement of the third MDG on promoting gender equality and increasing women participation in decision making levels were adopted by the State Great Khural (SGH). Unfortunately, indicators review demonstrates no signs of achieving this target. However, it can be considered that policy and legal environment was created.



GOAL FOUR

REDUCE CHILD MORTALITY



GOAL 4

REDUCE CHILD MORTALITY

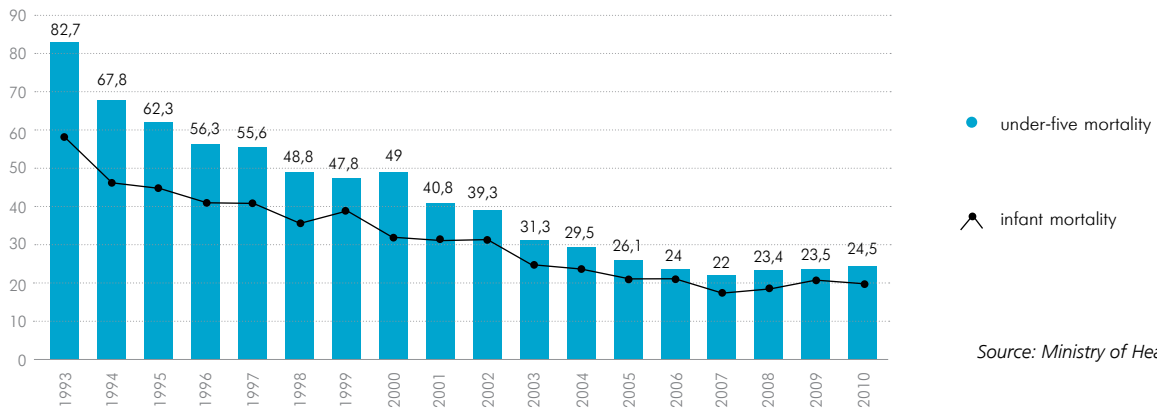
TARGET 9. REDUCE BY FOUR TIMES, BETWEEN 1990 AND 2015, THE UNDER-FIVE MORTALITY RATE

CURRENT STATUS

Since 2000s, under-five mortality rate per 1000 live births in Mongolia has been steadily decreased and reached 22 in 2007, 24 in 2008 – 2009, it has slightly grown and stood at 26 by the year 2010. In 1990s, infant mortality rate was around 64, thereafter it has

been steadily declined and reached the level of 19.3 per 1000 live births in 2010. Infant and under-five mortality rates in Khangai and Western Regions are relatively higher than national average. As of 2010, proportion of children under one-year immunized against measles 96.9 percent, which was percent 80.1 percent in 1994.

Figure 11. Infant Mortality Rate and Under-five mortality rate, 1990-2010

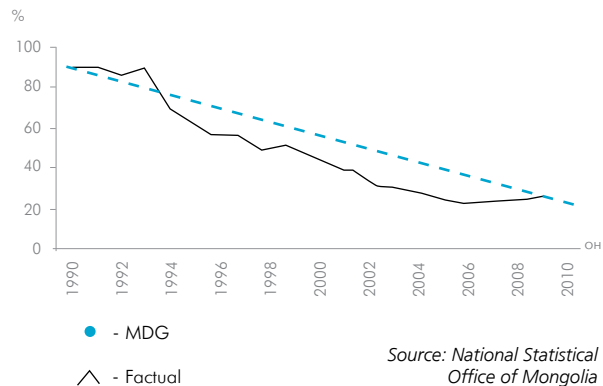


Source: Ministry of Health

During last 20 years, infant and under-five mortality rates have been constantly declined, which demonstrates probability for the full attainment of MGDs by the year 2015.

The Government of Mongolia underpins the achievement above and has been working to reduce under-five mortality rate-the fifth goal of MDGs to 21.0 and infant mortality s rate to 15.0 by the year 2015.

Figure 12. Under-Five Mortality



Source: National Statistical Office of Mongolia

The drastic reduction of the child mortality rate is a result of a comprehensive program of the Government aimed at preventing common childhood diseases, controlling outbreak of all possible diseases and lessening mortality cases associated with them. For example:

- Since 1990, the Ministry of Health has successfully implemented a national programme on controlling Upper Respiratory Tract Infections and diarrheal diseases with assistance of the WHO and UNICEF. The Ministry has established the Integrated Management of Childhood Illnesses (IMCI) and reflected it into the Government Action Plan in 2000, and since then it has been implemented with collaboration with the donor community. As a result of these efforts, the death associated with diarrheal diseases (which accounted for the highest number) was eliminated, and the mortality rate from the pneumonia has fallen by 3 times.
- Due to improved coverage by the immunization, morbidity and mortality from Vaccine Preventable Diseases among children have both been substantially reduced. In 2010, immunization rate against measles was 96.9 percent in urban areas and 93 percent in the countryside.
- Intensification of promoting breastfeeding policies that have resulted in gradual decline of malnutrition and wasting, and subsequent risks associated with them. Currently, 79 percent²⁰ of infants up to 6 six months of age are breastfed.

Current measures

The national programme on “Child Development-Protection, 2002-2010” was approved by the Government of Mongolia in 2002; the program is a multi-sectoral document, which aimed at achievement of MDGs regarding children health, education, human rights. The program was successfully executed.

Since 2000, the regular consultations among health personnel in-charge of children health were organized on annual basis, where the participants

were able to discuss pressing issues, reveal causes and identify ways forward. One of topics of discussions was child health indicators progress.

Due to activities to improve family and community health practices towards children wellbeing and enhancing capacity of health facilities, which were implemented since 2000 within the framework of the Integrated Management of Childhood Illnesses (IMCI) mortality rate of under-five children, has drastically fallen. IMCI activities involved all healthcare organizations and 85 percent of medical practitioners working in child healthcare organizations.

With support of the WHO and UNICEF, the “Essential Healthcare for Infants” project was implemented through Family Groups of PR actioners (FGP) in aimags and soums and midwives, pediatricians, nurses and other physicians of FGPs. The soum hospitals were also involved in the project activities.

The Government Action Plan for 2008-2012 stated to follow “Healthy Mother to Healthy Child” principle at all levels of health services and contains significant activities intended at protection of mother and child health. For example, medications, equipment and tools that are necessary for mother and child healthcare worth about MNT 2 billion have been supplied to hospitals and maternity houses.

In 2009, within the scope of “Infant Resuscitation” project, hospitals and maternity houses in all soums and aimags were supplied with infant resuscitation equipment and tools, and 72 physicians were trained on resuscitation methods.

In 2010, healthcare providers from all aimags attended the training on “Providing Emergency Care for Children”, and the aimag central and soum health institutions were supplied with essential equipment, tools and remedies.

In order to implement the “Global Strategy for Women’s and Children’s Health”, launched by the UN Secretary-General in September 2009, the Government of Mongolia has substantially increased financing of healthcare services for mothers and children. For example, MNT 19 billion was budgeted for construction of a new maternity house, and its first installments have already been issued.

²⁰ National Reproductive Health Survey, 2008

As a result of increasing the state budget resources for child nutrition and assistance from the international organizations, it has become possible to provide full coverage by vitamin D for all under-three children, vitamin A for all under-five children, multiple nutrients for all children, which helped to reduce chronic undernourishment of under-five children by 50 percent.

Challenges

The quality and access to health services and facilities differs depending on geographic location and migration pattern of population. People residing in remote areas and migrants uncovered by health insurance due to lack of registration documents possess a limited access to health aid and assistance.

Out of total one million rural residents 67.1 percent are herders who live up to 14 km (65 percent) and 50-80 km (35 percent) from healthcare facilities. This geographical isolation contributes greatly to the expanding disparity in child health aid and assistance between urban and rural areas. Disparities in livelihoods, regional development differences, remoteness from the basic services, especially health facilities, lead to the gaps in providing adequate services for population, including children.

One out of every five-child deaths occurs at home without obtaining any medical assistance because of remoteness, lack of infrastructure, unpreparedness of ambulance service, sudden accidents or injuries and low childcare skills of parents and family members. This issue needs to be addressed. There are some instances of death at home without obtaining medical care, which partly caused by the remote location, underdeveloped infrastructure, unavailability and non-readiness of emergency medical care, lack of basis lifesaving skills and first aid knowledge of the parents and other family members. Thus special attention needs to be paid to the fact that one out of five dead children was unable to obtain any emergency or medical care.

In last three years, the highest reasons for death of infants are neonatal mortality and respiratory

diseases. Percentage of mothers who started breastfeeding within one hour and within one day of birth is 81.0 percent. Out of all death 12.4 percent are caused by the fetus abnormalities.²¹

Prenatal death rate is 16.91 percent per 1000 live births, and neonatal death rate is 12.64 percent, and 51.9 percent of them are influenced by prenatal disorders. Out of total infant mortality 75 percent occur within the first week after the birth. Leading infant mortality causes are asphyxiation - 53 percent, infections - 18.5 percent and fetus abnormalities - 12.2 percent²². As mortality caused by prenatal disorders and fetus abnormalities has risen sharply there is a need to bring the fetus and newborn diagnosis and subsequent treatment to an advanced level and establish special prenatal care center²³.

In line with birth rate increase, there is a tendency of growing child mortality rate, which is directly associated with inadequate quality of child healthcare. Consequently, there is a need to improve medical services targeted to children.

Natural disasters, air pollution, soil degradation, household accidents or injuries and bad sanitation and hygienic conditions are adversely impact on child health and wellbeing. The poor people are unable to live in healthy and hygienic conditions. Only 64 percent of urban inhabitants have access to sanitation facilities, which meet hygiene standards, and this rate is 31 percent of rural settlements.

The records from the National Trauma and Orthopedic Research Center, household injuries are ranked as one of the leading causes (28.2 percent) of all traumas and injuries occurring among youth up to 16 years.

Infant and child mortality rates differ by regions and aimags. For example, Uvs, Zavkhan, Govi-Altai, Arkhangai, Uvurkhangai, Umnugovi, Dornogovi, Sukhbaatar and Khentii aimags have higher mortality rates than the national average.

²¹ *Child Survival Profile: Mongolia, 2009, p.15*

²² *Health Indicators, 2009, p.69*

²³ *Third National Report Millennium Development Goals Implementation, 2009, p.52*

Further activities

- Intensify measures on removing differences between medical assistance and services in urban and rural areas and improve capacity for fetus and newborn diagnosis and treatment in order to prevent and decrease major causes of child mortality such as prenatal disorders, born abnormal disorders and respiratory system disorders;
- Develop cooperation between the public, private and foreign partners to introduce modern medical equipment and technology for diagnosis and treatment at all levels of healthcare system, and at the same time to maintain training of human resources in simultaneous manner;
- With steady increase of new born or to cope with birth rate of 15-18 percent expand allocation of resources to build or expand maternity houses, facilities and physicians;
- Improve supply of modern equipment and tools for diagnosis and treatment of fetus, newborn babies, ante, pre and postnatal complications;
- Increase supply of human resources specializing in obstetrics and pediatrics and improve the related technological infrastructure in order to remove urban and rural differences in healthcare;
- Expand and strengthen inter-sectoral cooperation in order to implement a package of services for children aimed at providing them with necessary conditions to live in healthy environment and involve assistance from the international partners;
- Train medical personnel specialized in child ill diagnosis, treatment and care.

A key monitoring target for the indicator for the implementation of fourth MGD on reducing under-five mortality is its reduction compared with 1990. The current trend indicated that target will be achieved by 2015. However, the aforementioned measures need to be undertaken without any delay.





GOAL FIVE

IMPROVE MATERNAL HEALTH



GOAL 5 IMPROVE MATERNAL HEALTH

TARGET 10. PROVIDE ACCESS TO ALL INDIVIDUALS OF APPROPRIATE AGE TO REQUIRED REPRODUCTIVE HEALTH SERVICES AND REDUCE BY FOUR TIMES, BETWEEN 1990 AND 2015, THE MATERNAL MORTALITY RATIO

CURRENT STATUS

Maternal mortality rate has significantly decreased in comparison to the rates of 1990-2000s. Maternal mortality rate per 100,000 live births rate was 49.0 in 2008, 81.0 in 2009 and 47.4 in 2010 which targeted to be reduced by four times against 1990 level and reduced two times against 2005 level. Thus Mongolia has achieved MGDs target level of 50.0 percent and allowing Mongolia to shift from a country with high maternal mortality rate to a medium maternal mortality rate country level.

The President of Mongolia has stated from the UN General Assembly podium that "Mongolia is a country with high probability of achieving the goal of reducing maternal mortality".

The disaggregation of causes of maternal death indicates that in 2010 half of death were associated with percent delivery, 43.3 percent caused by percent baby delivery, and other 6.6 percent were induced by other factors. Percent the non-delivery causes include infectious diseases, especially tuberculosis, impulsive liver inflame, cardio logical and respiratory diseases, and cancer.

In 2009, the maternal death number increased significantly. The main cause was spread of H1N1. This virus induced death for 17 pregnant mothers. According to a laboratory test, four cases of those mothers had proved as infected with H1N1 viruses.

Table 13. Maternal Mortality, Births Attended by Health Professional

Indicators	2007	2008	2009	2010	2015*
Maternal Mortality Rate (per 100 thousand live births)	88	49	81.0	47.4	50.0
Proportion of births attended by skilled health personnel	99.8	99.8	99.8	99.8	99.8

*-Target

Source: National Statistical Office of Mongolia

In Mongolia, in 2010, the proportion of births attended by skilled health personnel was 99.8 percent, which is quite

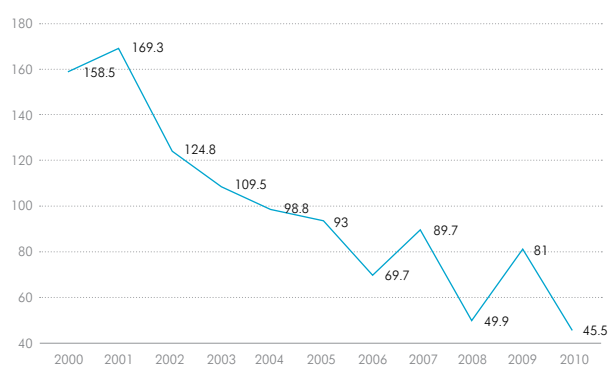
high and the MDG target of 2015 is achieved already.

Table 14. Maternal Mortality Rate per 100,000 of Live Births

Year	Live births	Number of maternal deaths	Maternal mortality rate
2000	48721	81	158.5
2001	49684	82	169.3
2002	46922	57	124.8
2003	45723	49	109.5
2004	45501	44	98.8
2005	45326	42	93
2006	49092	33	69.7
2007	56636	50	89.7
2008	63768	31	49.9
2009	69167	56	81
2010	63270	30	45.5

Although maternal mortality rate has been reduced, yet there are significant differences in maternal mortality levels among rural and urban, rich and poor population. In particular, maternal mortality rate is quite high in geographically remote regions. Average maternal mortality rate for the last five years is higher in Bayan-Ulgii, Gobi-Altai, Zavkhan, Khovd, Sukhbaatar, Khentii, Dundgobi, Umnugobi and Tuv aimags, and the levels are higher than aimag and national average.

Figure 13. Maternal Mortality Rate



Source: National Statistical Office

Delivery related death incidents share in overall maternal mortality have been declined. This is a result of the government efforts to build capacity of doctors and staff, introducing universal standards and guidelines for services needed for delivery processes and avoiding complications such as bleeding, twitch due to high blood pressure. On the contrary, the complications during delivery are

associated with poor general health conditions of mothers and low quality of pregnancy monitoring and screening. It has become more evident that reducing maternal and child mortality is not an issue of the health sector only. One of major reasons of maternal mortality is "lack of knowledge of woman and her family members about early detection of hazardous symptom during the pregnancy", and it accounts for almost one third of death cases. Therefore, it is important to implement more proactive interventions from the government and mobilize available resources. Moreover, almost 5 percent of all maternal deaths are associated with the poor infrastructure, roads, communication, harsh climatic conditions. Therefore, ensuring inter-sectoral coordination, developing infrastructure and improving civic registration are most important steps to reduce mortality.

Currently, in Mongolia 46 percent of women of reproductive age suffer from any kind of basic system (organs system) disorders, was an increase by 40 percent compared to the period of 10 years ago. Organs system accompanied diseases could drastically increase the risk of pregnancy related complications, and over 43,000 women were registered with pregnancy or birth delivery related complications in 2009, which implies that 634 cases per 1000 live births have experienced some kind problems.

In 2003, the number of abortions per 1000 live births was 234, and it has declined to 189 in 2010. The analysis of reasons for abortion reveals that only

24 percent of abortions are induced due to health problems, and remaining 76 percent of abortions performed due to unwillingness to have a child, non-affordability, senior age, already have many children. It is recorded that 8.2 percent of teenage girls have given birth²⁴.

As of 2008 (the most recent data), 96 percent of people in cities and 34.7 percent in the countryside are able to call ambulance services by phone. In rural areas, ambulance service reaches people by car and motorcycle (38.8 percent), horse and carts (6.5 percent) and walking (19.9 percent).

In 2010, out of pregnant mothers under medical screening 93.0 percent were covered by blood and urine tests, 61.8 percent (double counted) by X-Ray, 68 percent by HIV test and 88.2 percent by syphilis test respectively.

Current measures

As a result of pro-natalist policies and actions, births have increased in the recent years. "The National Strategy for Mother and Infant Health (2011-2015)" consisting of activities to reduce morbidity and mortality of infants and mothers has been approved by the Resolution No. 456/2010 of the Minister for Health.

Programmes and projects, such as Reproductive Health Programme supported by UNFPA, Safe Delivery Project supported by UNICEF and Safe Pregnancy supported by WHO, are contributing to making progress in the MDG target attainment²⁵.

Resumption of maternity rest homes in countryside with high rates of pregnancy complications and delivery risks enabled the rural mothers with high risks to be accommodated for a certain period and obtain specialized services. Out of mothers with high risk pregnancy 60 – 80 percent are transferred to the maternity houses in the city and aimag centers, which influenced positively on safe delivery rate²⁶.

The government efforts to build capacity of doctors and staff, introducing universal standards and

guidelines for services needed for delivery processes played an important role in improving quality of health aid and assistance²⁷. Particularly, approval of "Structure and Activities Standards of Maternal House MNS 2010/6188" has become an important step toward increasing accessibility and quality of health care and assistance to mothers and infants.

Since 2009, a national consultative annual meeting "Reducing Maternal Mortality" was organized, and recommendations on ways to reduce maternal mortality were developed and agreed to include in their respective action plans and strategies.

The Government allocated MNT 85 million and MNT 100 million for reproductive health commodities in 2009 and 2010 from the state budgets, respectively. Essential medical devices, equipment and drugs for reproductive health were procured with UNFPA assistance. The UNFPA is also committed to supplying reproductive health commodities worth USD 300 thousand for the vulnerable groups.

Within the scope of the project, "Maternal and Infant Health" implemented jointly with UNICEF, during 2009-2010 essential medical devices and equipment with a value of USD 200 thousand were procured for aimags with dzud (harsh winter) and furnished maternal rest homes in 12 aimag central hospitals.

In 2010, the WHO assisted in implementing short-term projects and programs and procuring essential medical devices and equipment worth USD 50 thousand for regional diagnostic and treatment centers or aimag central hospitals with higher infant and maternal mortality.

In order to prevent from unwanted pregnancy, cease risky abortions and improve quality of abortion-related services the regulations for "Abortion Aid and Service Regulations" were approved. These regulations became a significant measure to increase control and accountability of healthcare institutions.

In 2009, the "National Strategy on safety and on-going supply of reproductive health medicines, and

²⁴ *Reproductive Health Survey. 2008, pp.29-30*

²⁵ *Millennium Development Goals Implementation, 2009, p.55*

²⁶ *The Current State and Needs Analysis of Emergency Delivery and Essential Newborn Care, 2010, p.24*

²⁷ *Ibid., p.24*

facilities” was adopted, which played an important role in stabilizing supply of reproductive medicines and facilities. Moreover, in 2009, the first time MNT 85 million was budgeted as expenditure for reproductive medicines and facilities, with subsequent increase up to MNT 200.0 million in 2012.

“One-stop services center for victims of domestic and sexual violence” was established, and certain budget was allocated for this purpose. This center is an important demonstration towards focusing in the issues of violence prevention resulted from traditional gender stereotypes and custom. The center provides a package of services for recovery.

The “Mother and infant’s health fund” was established in the local areas, which enabled to cover cost of treatment and transportation for extremely poor mothers and infants. The decision is made based on the recommendations of a specialized local commission.

Challenges

Maternal mortality rate varies by regions and some aimags have higher numbers. In the Western region, Bayan-Ulgii, Govi-Altai, Zavkhan and Khovd the rate is higher compared to the national average, whereas in the Khangai region, rates of Bayankhongor, Orkhon and Uvurkhangai aimags exceed the national average as well ²⁸.

The Western region occupies 26.5 percent of the total territory of Mongolia, and its population comprises 20 percent of the total population. The region is geographically isolated, and due to underdeveloped infrastructure, transportation and telecommunications, infant and maternity mortality rates are relatively high²⁹. Moreover, the circumstances associated with nature, climate, economic development, population migration pattern, and their livelihood, lifestyles and traditions affect on maternal and child health as well. During the recent years, the birth rate has been increased, however, the number of maternity

houses, beds, medical staff and doctors and supporting budget has not been raised accordingly. Thus, although mothers should stay for some time in a maternity house after delivery, it has become widespread that they have to leave the maternity house within few hours after delivery because of bed shortages. Maternity houses or rooms in aimag centers are over stretched due to the policy to serve high risk pregnant mothers.

The development gaps associated with the migration, non-registry within a place of residency, over population, poverty, and mining sector development, absence of integrated information and registration system, mining resources exploration by individuals result in expanding an army of vulnerable groups. These groups are unable to be covered by the reproductive health services and facilities.

Women health state is inadequate, and 46 percent of them suffer from different types of chronic diseases.

There is a need of increasing budget financing for non-interrupted supply of basic necessities for reproductive health care and services. There is a need to expand health related awareness building interventions for the youth.

Due to inadequate knowledge and information about womb cancer among the women, the percentage of early detection is very low. Many women and children experience a kind of physical or mental, in particular married women are more vulnerable for the physical violence. More rational and proper allocation of medical specialists and strengthening their professional skills and ethics are priority policy considerations, and specific contractual arrangements are needed.

Moreover, the quality and maintenance of supplied medical equipment is needed.

Further activities

In order to achieve the MDG target on reducing maternal and infant mortality by 2015 the following activities are proposed.

- Improve access to maternal and infant health aid and assistance, remove obstacles to these

²⁸ *Third National Report Millennium Development Goals Implementation, 2009, p.54*

²⁹ *Proceedings of the West Region Conference on Infant Health, 2008, p.8*

services such as transportation costs, registration, insurance costs, and reduce the barriers caused by cultural and traditional concerns, and introduce more scientifically proven methods of treatment;

- Ensure security of national genetic fund, and implement an optimal fertility policy and maintain non-interrupted services for mothers and children. Moreover, the government needs to carry out interventions to provide non-interrupted services, and ensure disaster preparedness through better emergency services, prevention of disaster, accident and new and hidden contagion.
- Provide stability working conditions of obstetrician, neonatologist and anesthesiologist.
- Improve the health of women of reproductive age through comprehensive measures aimed at early diagnosis and treatment of basic diseases, especially these earlier diagnosis and detentions are essential for rural women engaged in herding and crop growing.
- Allocate resources in the annual budget aimed at training personnel for newly built maternal and children health centers and maternal houses, and supplying them with tools and equipment, intensify its implementation and improve inter-sectoral coordination.
- Interconnect doctors' remuneration packages in line with the responsibilities, their workload and performance.

It can be concluded that the main targets for the fifth goal of MDGs on improving maternal health will be attained.





GOAL SIX

*COMBAT STIs/HIV/AIDS and TUBERCULOSIS,
REVERSE OTHER DISEASES*

GOAL 6

COMBAT STIs/HIV/AIDS and TUBERCULOSIS,
REVERSE OTHER DISEASES**TARGET 11.** LIMIT AND PREVENT THE SPREAD OF HUMAN IMMUNODEFICIENCY VIRUS (HIV)/
ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS) BY 2015**CURRENT STATUS**

In Mongolia, as of 2010, 83 HIV/AIDS cases were reported since the first case occurred in 1992. Out of all cases 94 percent of were registered after 2005.

All reported 83 cases of infections were transmitted through sexual intercourse, and 11 persons died from AIDS and as of now. In 2010, 16 persons have been detected with AIDS, and 14 persons treated with anti-retrovirus.

Of the people infected with HIV/AIDS in 2010, 5.0 percent were teenagers aged 15-19, 17.0 percent were people aged 20-24, 26.0 percent were people aged 20-24, 21.0 percent were people aged 30-34, 15.0 percent were people aged 35-39, 13.0 percent were people aged 40-44, 1.0 percent was people aged 45-49, and 2.0 percent were people aged over 50 respectively. In terms of gender, out of total people infected by HIV, 80.5 percent are male, and among these infected male 86.4 are men having sex with men, 19.3 percent are female, and among these female 62.5 percent are prostitutes and women with many sex partners.

Table 15. HIV Infection Rate among Pregnant Mothers & Youth Aged 15-24 (percent)

Indicators	2007	2008	2009	2010	2015*
HIV prevalence among pregnant women (percent)	0.001	-	-	0.003	<0.1
HIV prevalence among population aged 15-24 years (percent)	0.0007	0.0005	0.0005	0.0012	<0.1

*-Target

Source: Mongolia's National Center for Infectious Diseases

As a result of a surveillance conducted in 2009 three new cases with HIV positive were detected. All of them are men having sex with men. In general, HIV prevalence among them was 1.8 percent, percent which shown increasing trend compared with the previous year. The same trend can be observed from the table above where the qualitative measures have increased as well. , which alerts about the urgency to intensify the anti-AIDS interventions.

Out of all HIV/AIDS cases 65.8 percent of were infected in Mongolia, and 29.2 percent while being abroad, and 4.9 percent from having sex with foreign citizens in Mongolia. In 2010, 13,695 people voluntarily participated in counseling and testing activities. It is evident that 48.8 percent of HIV/AIDS cases were detected as a result of surveillance

method, 29.3 percent of voluntary tests, 17.1 percent of preventative checkups, and 4.9 percent during the hospital visits due to other diseases.

In 2010, four HIV positive mothers gave birth and three of them were ART treated to prevent mother to child transmission and as a result, the four children were born as non-infected. Out of 28 children - family members of HIV 14 children of age under 15 were infected, and three children left orphan because of death of parents due to HIV/AIDS.

In 2010, share of reported sexually transmitted infections (STIs) among all communicable diseases was 35 percent indicating 16 percent drop against 2009. Out of all STI patients 32.4 percent were trichomonas vaginitis incidents, 40.1 percent

gonorrhoea incidences and 27.5 percent syphilis incidences. In 2010, 70,538 pregnant mothers were tested for STIs.

Current measures

The Resolution No.43, 2010 of the Government of Mongolia on the National Strategy for Combating HIV/AIDS and STIs (2010-2015) was passed, and its implementation is underway.

In 2009, following “The WHO Western Pacific Regional Strategy for Prevention and Control of STI (2008-2012)” and the WHO’s updated guidelines for prevention and treatment of HIV/AIDS, the national guidelines on HIV/AIDS and STI aid and assistance have been amended by the decree No. 429 of the Minister for Health. According to this decree, structure and management of healthcare institutions with STIs/HIV/AIDS aid and assistance were changed, i.e., small cabinets with 1-2 physicians were extended to dispensers with 3-5 physicians.

Since 2008, the Voluntary Counseling and Testing Centers have been established. Over 100 physicians were trained for these centers that have served about 30 thousand people during the period of 2009-2010. The Voluntary Counseling and Testing Centers are aimed at supporting to respect the patients’ rights, keeping their confidentiality and providing patients with individual counseling and testing opportunities.

Combating HIV/AIDS cannot be dealt solely by the health sector; thus, engagement of other sectors is vital. Although many governmental, non-governmental and civil society organizations have been supporting and funding HIV/AIDS combating activities, a significant portion of the funding is accumulated from the international projects and programs. For example, MNT 83 billion or 68 percent of the total budget disbursed on HIV/AIDS combating activities in 2008 and 2009 was funded by the international organizations (Global Fund, WHO, UN, ADB and GTZ) and other donors.

The following activities have been implemented under the AIDS project supported by the Global Fund, which plays an important role in HIV/AIDS/

STIs combating and prevention in Mongolia. The following projects have been implemented:

- HIV/AIDS/STIs aid services, 7 projects for “Improving access and quality of prevention, treatment and assistance services for target groups with HIV/AIDS infection risks and Sustaining low prevalence of HIV/AIDS through building capacity of the health sector” (2008-2013, USD 2.9 million);
- Two projects for supporting implementation of the National Programme on HIV Syndrome Diagnosis and Treatment” (2008-2014, USD 6.4 million);
- Nine projects for “Strengthening Capacity of HIV/AIDS Laboratories” (2011-2015, USD 4 million).

Challenges

The number of HIV cases during the recent year has been increased that is considered as a result of improved detection abilities of health organizations, and on the contrary, Mongolia is a high economic and social risk country for HIV spread. It could be exacerbated by negative social factors such as poverty (one third of the total population possess income below the minimum living standard), increasing migration, growth of mobile workers due to mining and infrastructure development. Moreover, the number of people working, studying and traveling abroad is greater than ever; alcoholism and commercial sex among young people, tendency among youth of entering into sexual intercourse at younger age, low use of condoms among high risk groups and the total population are major reasons for the HIV cases.

In Mongolia, HIV/AIDS related legislation needs to be amended in order to reflect situation with sex workers. The prostitution is considered to be a crime; therefore sex workers act in a hidden manner, avoid diagnosis and treatment and carry out more risks for transmitting infections.

Considerable amount of resources spent for combating HIV/AIDS (MNT 5.3 billion in 2008, and MNT 6.9 billion in 2009), and 70 percent of funds

originated from the international organizations and foreign donors. Out of these resources over 50 percent is used for percent preventative measures, about 10 percent for percent treatment and diagnosis and nearly 30 percent for Programme management, respectively³⁰.

Overall, in Mongolia, HIV/AIDS prevention activities and treatment financing for AIDS infected patients are mainly dependent from international organizations and donors grants.

Currently, there is lack of medical staff specializing in HIV/AIDS related medical and preventative activities, particularly in rural areas. There is an effort to allocate 2 and 3 doctors at aimag STIs/AIDS cabinets (the cabinets in 19 aimags had only 1 doctor), but it is hardly progressing due to the aforementioned lack of trained personnel. This limited capacity of medical staff working in the STIs/HIV/AIDS field had adverse impact on the quality and access of services, conducting preventative health check services and organizing awareness building activities among the public.

Further activities

- Implement a project on “100 percent condom use”, and strengthen oversight on condom supply quality of supplies, monitor and prevent from selling percent selling low quality condoms and condoms without guarantee and indication of origin.

- Involve all people infected with HIV/AIDS/STD and their sex partners in testing, and amend the legal provisions to ensure their testing and strengthen the management and coordination of the institutions engaged in HIV/AIDS prevention.
- All stakeholders participation is important in preventing HIV/AIDS, reducing and limiting its prevalence and improving the quality of sex education training and counseling for children and youths and amend to the Programs and project guidance aimed at controlling bars and saunas. Moreover, special focus needs to be drawn on fight against stigma and discrimination, consumption of alcohol and engaging prostitution and improving preventive activities for migrant and mobile workers.
- Create favorable environment for coordinated activities among the related institutions. A special attention is needed for risk groups such as sex workers, men having sex with men, unless these groups tend to hidden their situation because of stigma and discrimination which increases chances for wider spread of HIV .
- All stakeholders participation is important in preventing HIV/AIDS, reducing and limiting its prevalence and improving the quality of sex education training and counseling for children and youths and amend to the Programs and project guidance aimed at controlling bars and saunas. Moreover, special focus needs to be drawn on fight against stigma and discrimination, consumption of alcohol and engaging prostitution and improving preventive activities for migrant and mobile workers.

³⁰ National Coordinating Committee to Prevent on HIV/AIDS, UN. National execution assessment on HIV/AIDS (2008-2009). Ulaanbaatar, 2010.

TARGET 12: REVERSE THE SPREAD OF TUBERCULOSIS BY 2015**CURRENT STATUS**

Detection of tuberculosis cases has improved and cases are cured as a result of introducing Directly Observed Treatment and Short Courses (DOTS) since 1996, within the frame of the First National Programme for Combating Tuberculosis.

As a result of introducing DOTS, OTC, Mongolia has achieved 83.5 percent of detection for smear positive TB incidents, and 89 percent of treatment accomplishment compared with the goal of the Pacific region set by the World Health Organization with average detection of 70 percent. Thanks to the improvements in treatment result, full treatment rate of TB patients is increased and death percentage among newly detected TB patients is decreased.

A new and effective method has been introduced to improve treatment result is that deliver and let drink continuous drugs for the TB patients who live in remote places and let drink drugs for TB patients below living standard at contracted restaurants along with lunch through over 340 voluntarisms of Mongolian Association of Combating Tuberculosis. 49percent of TB patients are involved in directly observed treatment at TB health center every day and 39percent of TB patients are treated at home under control of TB health center and 11percent of TB patients treated under control of TB health center after having meal at contracted restaurants.

Prevalence of tuberculosis (per 100 000 people) which was 435 in 1990 has shifted into double-digit numbers since 1997. Incidences of tuberculosis declined to 65 in 2010, correspondingly.

Table 16. Prevalence of tuberculosis

Indicators	2007	2008	2009	2010	2015*
Prevalence of tuberculosis (per 100,000 population)	72.6	72.0	70	65	82
Incidences of tuberculosis per 100 000 population)	167	159	156	153	100
Death rates associated with tuberculosis (per 100,000 population)	2.4	2.7	2.18	3.3	2
Proportion of tuberculosis cases diagnosed and treated with international standard diagnostic and treatment methods (DOTS)	83.8	85.0	82.4	84.5	100.0

*-Target

Source: National Center for Infectious Diseases

Incidences of tuberculosis per 100,000 people decreased steadily to 167 in 2007, 159 in 2008, 156 in 2009 and 153 in 2010, respectively.

A slight reduction of TB along with TB prevalence was observed during the recent years. This reduction is associated with improvements in TB detection and cured by directly observed treatment in a short period.

Some factors affecting to the TB prevalence are population poverty, migration, air pollution and growth in overuse of tobacco among the population.

In 2010, 4,213 new tuberculosis incidences were registered, and out of them 72.5 percent were

cases of new pulmonary smear positive incidences. All new cases that are reported can be classified into pulmonary tuberculosis (60.1 percent) and non-pulmonary tuberculosis (39.9 percent). Out of total cases 69.0 percent of tuberculosis patients are people of the working age of 16-64 years, and 52 percent of those infected are male and 48 percent are female.

Despite a gradual decline in tuberculosis infections, incidences of multi-drug sensitive tuberculosis have been growing in the recent years. As of 2010, 50-60 percent of 1,075 registered cases of multi-drug sensitive tuberculosis were involved into treatment, and the full recovery rate reached 73.8 percent.

Current measures

Within the framework of activities aimed at MDGs implementation, the method of Directly Observed Treatment and Short Courses (DOTS) has been introduced through Family Groups of Practitioners, which has greatly contributed to the development of Public-Private Partnership and improved accessibility, and the quality of medical aid and assistance provided to the public.

Support and assistance of international partners and donor organizations has been played a decisive role in introducing modern treatment methods into practical application of Mongolian TB treatment and annual medicine supply worth USD 336,000 in average is provided by international organizations, and current provision of medicines for all diagnosed patients is free of charge.

Since 2007, the Government of Mongolia, in accordance with its policy to adhere to international standards, has contributed certain percent of the all first-line tuberculosis drugs. This decision played a decisive role in the sustainable implementation of the National Programme for Combating Tuberculosis.

In 2009, the Minister for Health approved "The National Strategy for Combating and Preventing Tuberculosis (2010-2015). To execute this strategy, funding of more than MNT 20 billion (2012-2015) is required.

Within the scope of the Strategy implementation, the Fourth National Tuberculosis Forum was held in Ulaanbaatar with purposes of developing inter-sectoral cooperation and improving access to and quality of tuberculosis aid and assistance.

A network of tuberculosis laboratories was established in order to improve capacities of tuberculosis diagnoses. Today, smear test can be done in tuberculosis cabinets of 21 aimags, 9 districts of the capital city, some soum hospitals and in the prison hospital. In addition, an introduction of a smear sending system has helped early detection and treatment of tuberculosis.

The Mongolian Association for Combating Tuberculosis and World Vision Mongolia have been

actively working toward engaging the community and volunteers in regard to information, training and awareness activities against tuberculosis among the population and especially among vulnerable groups, and increasing their capacity. The Mongolian Association for Combating Tuberculosis has trained 350 tuberculosis activists, through whom 39 percent of tuberculosis patients have been under direct medical control at home and taking pills and 11 percent have been having meals at contracted cooking shops, taking pills and attending information, consultation and advocacy activities. According to surveys, rates of treatments conducted through volunteers were more than 90 percent, which proves how this approach is effective if the right targeting was conducted.

In 2010, 1075 incidences of multi-drug sensitive tuberculosis were registered and 50-60 percent of them were fully covered by treatment. Although their treatment rate is 73.8 percent, 7.2 percent of them are not treated with second line drugs that are a signal of multi-drug sensitive tuberculosis danger.

Challenges

Existence of major challenges associated with underpinning the progresses gained during the implementation of combating TB Programme and increasing public awareness requires joint efforts of all stakeholders in enhancing outcomes of cure. Poverty, unemployment, intensive migration undermine efficiency of TB prevention and treatment efforts, and more targeted interventions for poor, homeless, prisoners, mobile workers are essential. Moreover, involvement of local authorities is one of success factors. Prisoners and vulnerable people like poor and homeless need additional nutrients and food to support TB medicine.

In order to improve multi drug sensitive TB treatment involvement and its results, treat multi drug sensitive TB patients, increase number of hospital beds that meet to the infectious protection regime and newly day treatment spots for TB shall be established. It is important to strengthen laboratory capacity for early detection of multi drug sensitive TB, increase the accessibility of multi drug sensitive TB services and caring and to create a system for transporting

samples, deliver samples of patients involved in retreatment from aimags and districts to the TB inquiry laboratory. Decentralize the concentration of current system relied on stationary method of TB services and caring and it is needed to provide assistance and services that are close to the people that based on family and soum hospitals is universally accepted effective method to cure.

Along with it, pay specific attention to ensure rules on prohibition of anti TB drugs without doctor's prescription and it is required to prevent multi drug sensible TB and advance TB drug management by setting aside TB drug reserves and, for the purpose of on-going supply of first row TB drugs and reduce the risk of shortage of drug.

There is a lack of incentive and promotion mechanisms to maintain long-term services for doctors who provide assistance in curing TB, and provide opportunities to enhance their knowledge and skills. In general, one of the factors that could negative affect to the delivery of qualitative TB services is availability of human resources and short of skills. Therefore, it is needed to determine required human resources needs for providing TB assistance and services and create advantage for ensuring stable employment and involve TB doctors and hospital staff to social welfare in case of the infected with TB.

Increase assistance and services quality and accessibility and the amount of financing from the state budget needs to be increased for ensuring the stability of activities implemented by international projects and Programmes.

Works such as pay attention to the detection and treatment of multi drug sensible TB, expand day treatment spots in time, and strengthen TB human resources and building capacity is required to be organized.

Further activities

- Increase laboratory capacities at all levels of the health system for early detection and diagnosis of tuberculosis;
- Follow closely quality, control and results of Directly Observed Treatment and Short Courses as improper activities (bad quality treatment allow patients to quit treatment, inadequate control etc.) of some health institutions are increasing risk of multi-drug sensitive tuberculosis spread;
- Foster access to and quality of tuberculosis aid and assistance to vulnerable groups and augment the government funding in order to sustain outcomes of international projects and programs and ensure funding sources in any case, as well;
- Intensify training and advocacy activities among the population and encourage the public participation into tuberculosis combating actions;
- Introduce the latest technologies and tools for treatment of communicable and non-communicable diseases, train the medical staff and specialists and send them abroad for qualification upgrade.

TARGET 13. REVERSE THE SPREAD OF CARIES AMONG CHILDREN**CURRENT STATUS**

A survey carried out in 2004 (no subsequent survey yet) revealed that the prevalence of untreated dental caries in Mongolia stood at 89.3 percent among children aged 5-6 years, 65.3 percent among 12 year-olds, and 69.9 percent among 18 year-old children. The rate of dental caries is 6.9 percent among children aged 5-6 years, 1.94 percent among children aged 12 years and 2.3 percent among children aged 18 years. Only 2.62 percent of children aged 18 years have all their teeth. This is proof of the high spread of dental caries among young children and loss of teeth due to untreated dental cavities.

Table 17. Prevalence of caries among children aged 5-6 years (percent)

Indicator	2004	2009	2010	2015*
Prevalence of caries among children aged 5-6 years (percent)	80.1	...	89.3	75.0

*-Target

Source: Survey on oral health for the youth and children in Ulaanbaatar, 2011

Aimags and district health centers, centralized hospitals and private hospitals with modern equipment, medicines and materials provide oral health aids and services to the population, and they play an important role in improving accessibility of oral health aids and delivering qualitative services to the population.

The majority of population migrated to urban areas and their lifestyle and habits changed, 47.7 percent of the total aimag population drink low fluoride content potable water and usage of sugared, concentrated and carbonated beverages by 2-3 times during the last 20 years, while milk and reduced consumption of dairy products by over 40 percent as well as low population awareness of the right choice of food products and sensible consumption have become main causes of dental caries, endodontic and osteoporosis.

Current measures

In order to achieve a universal goal of oral health by 2020, and to implement recommendations provided by the World Health Organization, National Programme "Oral Health", approved by the 150th resolution of the Government of Mongolia. The Government's priority focus is creating a conducive environment for improving control and screening of dental caries and its risk factors and promoting healthy behaviors among people to control and improve their oral health.

The following measures have been taken in order to improve oral health aid, its services accessibility and quality:

- With in the framework of the Programme, a survey to determine dental caries and its intensiveness among children aged 5-12, share of children with full teeth in the teenage children, and some risk factors affecting to dental caries and its intensiveness was organized in 2010.
- The following standards and methods renewed and approved: Standard methodology of increase fluoride preparation usage in local areas with low-fluoride content potable water; treatment during caries for the purpose of increasing the quality and accessibility of oral health assistance and services; storing soft tissue method; treatment method of cut off teeth fiber causing paralysis; treatment method of curtail teeth fiber causing paralysis; in children facial and oral diseases- treatment of children milk teeth caries; method of stopping the caries process by using nitrogen aluminum acids; and in facial and oral abnormalities- abnormalities treatment for total teeth less.
- Curriculum, standards and guidance by Health Science University for training specialized professionals such as facial and oral health specialist and children facial and oral disease and prevention of those are renewed.

- Resolve issues of protecting oral health and methods to prevent diseases in the health subject for kindergartens and general educations schools and organizing training to improve teachers teaching skills and providing handbooks and other materials.
- Information, training and awareness to raise public knowledge on oral health have been intensified and trainings of capacity building of dentists have been organized on a regular basis.
- Supply dental cabinets in aimag and district health center and hospitals with modern dentistry tools and equipment;
- Intensify preparatory actions to establish “Child Dental Cabinets” in districts of the capital city and regional pillar centers as dental disorders are still common among young children, especially in countryside;
- Reduce consumption of carbonated beverages through creation of legal regulations such as restricting commercials, prohibiting to sell near children facilities and include into “Lunch” programme, reduce imports and domestic production of carbonated beverages and increasing social responsibility of related organizations;

Challenges

- Vulnerable groups are unable to pay dental treatment due to its high cost.
- Consumption of carbonated beverages among young and teenage children is high, but there is no legal provision against child caries and related matters. The limitations need to be introduced on sell of such products, especially in locations close to children’s institutions.
- Poor quality of health training in educational organizations, and absence of full time physicians are employed at schools and kindergartens.
- Solve fluorine content issue in potable water within the frame of regulating fluorine usage of the population.
- Include dental services for child into the Health Insurance Fund;
- Conduct a nationwide survey with aims to define intensity of dental problems, determine further policies and actions toward improving oral health.

Further activities

- Conduct preventative checkups and prevention activities among the population on a regular basis, especially among young children and implement systematic activities aimed at decreasing caries intensity;
- Carry out activities aimed at raising awareness on oral and dental health and prevention of dental diseases and provide training and education for practicing healthy lifestyles among the population;





GOAL SEVEN

*ENSURE ENVIRONMENTAL
SUSTAINABILITY*

GOAL 7

ENSURE ENVIRONMENTAL SUSTAINABILITY

TARGET 14. INTEGRATE AND IMPLEMENT THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT INTO COUNTRY POLICIES AND PROGRAMS, REDUCE AIR POLLUTION IN URBAN AREAS, ESPECIALLY IN ULAANBAATAR

CURRENT STATUS

The environmental policies a vital part of the Socio-Economic Guidelines and MDG-based Comprehensive National Development Strategy (NDS) until 2021. Due to geographic location and climate conditions, more than 90 percent of the Mongolian land is arid, semi-arid and dryish. As of

2010, land covered by forest occupies 12.0 million hectares or 7.7 percent of the total territory.

Although there is potential for achieving the environmental targets set in MDG-7 on air pollution is extremely high in Ulaanbaatar area that occupies just 0.06 percent of the national land tenure and where 40.7 percent of the population live.

Table 18. Proportion of forested areas, Proportion of special protected areas, Carbon dioxide emissions per capita, concentration of nitrogen dioxide in the atmosphere

Indicators	2007	2008	2009	2010	2015*
Proportion of forested areas	7.7	7.7	7.7	7.7	9.0
Proportion of special protected areas	13.4	13.4	13.4	13.4	30.0
Carbon dioxide emissions per capita (ton/person)	5.70	6.02	6.05	...	4.0
Average daily concentration of nitrogen dioxide in the atmosphere of Ulaanbaatar in winter period (mkg/m ³)	38.0	34.0	39.0	52.0	30.0
Average concentration of sulfur dioxide in the atmosphere of Ulaanbaatar in winter period (mkg/m ³)	20.0	26.0	34.0	63.0	20.0

* -Target

Source: National Statistical Office of Mongolia

One. Forest areas

CURRENT STATUS

Total forestland of Mongolia consists of 18,565.5 thousand ha and of which, 17,629.7 thousand ha or 94.6 percent are forested area and 935.9 thousand or 5.4 percent are non-forestland. Woodland is 12,917.5 thousand or 73.3 percent and unwood land is 47, 12.2 thousand or 26.7 percent in the forestland. Woodland rate of Mongolia is 8.26 percent.

9993 thousand ha or 77.4 percent are millet grass and 2227.6 thousand ha or 17.2 percent are saxaulstands and 696, 9thous.ha or 5.4 percent are shrubs in wooded land cover.

Non forest covered land is including dispersed forest which is 2,997.3 thousand ha or 63.6 percent, burnt forest area are 1,190.4 thousand ha or 25.26 percent, wood harvested area are 249.1 thousands ha or 5.3 percent, replantable land are 169.6 thousand ha or 3.6 percent, afforested forestland are 9.2 thousand ha or 0.2 percent, destroyed by insects and pests area are 95.6 thousand ha or 2.03 percent and 0.9 thousand ha or 0.01 percent land were damaged by wind and snow.

Table 19. Forestation Investments (percent)

Indicators	2006	2007	2008	2009	2010	Нийт
Investment (million MNT)	494.6	385.8	1003.0	750.0	930.0	3563.4
Reforested areas (fields, thous.ha, state budget)	2.1	4.2	6.9	4.9	4.2	22.3
Reforested areas/fields from other sources	2.8	3.0	1.9	1.8	1.0	10.5
Total	4.9	7.2	8.8	6.7	5.2	32.8

Source: Ministry of Nature, Environment and Tourism

Every year, recurring forest fires and uncontrolled cutting of timber cause dramatic loss of forest, however, the size of reforested areas is increasing by less than one percent of the total forest resources in 4-5 years. These unsatisfactory outcomes of reforestation were due to a shortage of well-grounded studies detecting reasons for harmful factors and lack of funds dedicated to reforestation. Moreover, restoration and care taking of newly planted trees and watering are inadequate to offset losses.

In 2009, 499 business entities and organizations and more than 70 thousand citizens took part in the nationwide movement of reforestation, and planted 1,194.4 thousand trees.

In 2010, the President of Mongolia issued a Decree about Announcing and Universal Tree Planting Day. The National Forest Agency organized a campaign with traveling flag "Let's Make Green our Homeland." The Agency intends to organize this campaign every year and urged every citizen to plant trees. The special training and advocacy activities were conducted in order to provide the public with methods and technology of planting and growing trees. As a result, in 2010, 7,637 business entities, organizations, and more than 190 thousand citizens planted 1,744.6 thousand trees.

As of 2009, 146 small and large forest regeneration entities were registered, and their annual supply of seedlings and regrowth for forest strips and gardening of urban settlements reached approximately 25.0 million.

Table 20. Total Forested Area of Mongolia (thousand ha)

Indicators	Results of comprehensive land surveys				
	2006	2007	2008	2009	2010
Total territory of Mongolia, thous. km ²	1564.1	1564.1	1564.1	1564.1	1564.1
Forest resources, thous.ha	19166.1	19002.2	18849.3	18633.9	18565.6
Land area covered by forest, thous.ha	13448.1	13397.1	13301.1	13039.2	12917.5
Forest land (percent) /including saxauls/	8.59	8.56	8.5	8.34	8.26

Source: Ministry of Nature, Environment and Tourism of Mongolia

In 2010, the Government allocated funds to expand and improve capacity of forestation facilities located in Arkhangai, Tuv, Huvsgul, Bulgan, Uvs, Dundgovi, Zavkhan, Hentii aimags and Ulaanbaatar city, which resulted in the substantial increase of supply of seedlings and regrowth. Currently, there are 32.6 million seedlings and regrowth growing, and 15.9 million of them will be supplied for the 2011 planting. This is an increase by 10 thousand seedlings and regrowth compared to 2009. In 2010, there are 167 forestation facilities growing seedlings and regrowth.

The shrinking of forest areas was caused by the following factors, namely:

1. Due to 120 incidences of forest fires in 2009 and 104 fires in 2010, forested areas have decreased by 161 thousands ha and 974 thousands ha, respectively.
2. Due to illegal logging of timber in 2009 and 2010, forest areas have been decreased by 23.1 thousands ha and 25.1 thousands ha, respectively despite reforestation activities undertaken on 19.5 thousands ha.

Table 21. Proportion of Forested Area under Community Management

Indicators	2008	2009	2010
Forest areas protected by local citizens (thous.ha) (accumulated total)	761.7	764.5	1342.6
Proportion of the total forest area	7.2	7.3	9.8
Number of responsible cooperatives	186	478	541

Source: Ministry of Nature, Environment and Tourism of Mongolia

Despite of an increase in the size of protected forest areas and number of forest cooperatives, the reasons for decline in the size of forest areas need to be thoroughly investigated, and relevant measures shall be taken place.

Current measures

In 2010, all aimags and soums approved their respective forest management plans for the period of one year and started to implement. Forest and Water Research Institute was merged with the Government Implementing Agency - Forest Agency. Moreover, the private sector was entitled to produce the Forest exploration and research, meaning:

- Activities to combat forest insects and diseases were multiplied by 4 times, and covered about 80 percent of damaged areas.
- Frequency of forest fires was decreased by 13.3 percent. Size of forest resources destroyed by fire reduced by 32.2 percent.
- In 2009, 27 million seedlings and regrowth were cultivated and planted nationwide while in 2010, reserve for seedlings and regrowth, tree seeds reached 32 million and 762 kg, respectively.
- As a result of intensive measures against illegal cutting of timber, quantity of illegally harvested timber and firewood reduced by 62.3 percent compared to previous years.
- As of early 2011, in Mongolia, there are 541 forest cooperatives (63 new cooperatives in the previous year) to protect forest areas of 1.3 million hectares on contractual basis.
- A total of 12,819.4 hectares of fields was registered in the mapping and geographic system/database of forest resources.

- The database has improved enforcement of the "The Law to Prohibit Mineral Exploration and Mining Operations at River Headwaters, Protected Zones of Water Reservoirs and Forested Areas."
- Article 28 of the Forest Law of Mongolia obliged every citizen above 16 years old to plant, grow and water one tree and the same treatment applies to every business entity/ organization with number of five. If any citizen or entity/organization is unable to fulfill a provision physically, the certain amount shall be compensated in the monetary form.
- The President order on " "Universal Tree Planting Day" was passed, and it is enforced.

Each aimag produced its Deforestation sub-program, which was adopted by Citizens' Representative Khural. The main issues have been reflected in these sub-programs. The main approach for fighting deforestation in Govi is planting of trees, forest increase, and creation of forest strips.

Within the framework of "Green Belt" afforestation project implemented by the Government, 2,200 hectares of desert land and steppe zone were forest belted and of this, 106 hectares area of 16 aimags' territories have been forest belted consuming MNT 116.5 million from the state budget in 2010.

Afforestation training center was created in in Lun soum of Tuv aimag and in Dalanzadgad town of Umnugobi aimag.

"Building Capacity of Participatory Forest Management" project funded by the Kingdom of Netherlands assisted 12 cooperatives in developing mock-ups (model) for management plans. The program components started to be implemented by stages.

Overall, 64.48 percent of forest resources were connected to the geographic information system (GIS). The remaining proportion will be connected upon completion of organizational works in saxaul [*Haloxylon ammodendron*] forests in Uvurkhangai, Umnugovi, Govi-Altai and Khovd aimags (23.5 percent) in 2011 and in Khuvsgul aimag (12.02 percent) in 2012.

Challenges

In recent years, forest resources have been significantly shrinking because of forest fires, harmful insects and pests and mining activities; but, conversely, reforestation efforts have not been succeeding because of lack of funding and insufficient conservation activities.

Moreover, 90 percent of the Mongolia's territory is semi-arid to arid and dryish and 44.7 percent are categorized as Gobi and desert. Unfortunately, share of such land areas have been increased from year to year. Desertification and land degradation are exacerbated by the following factors:

- Excessive use of pasturelands and increase in the number of goats among the livestock;
- Excessive use of brakes, bush woods and saxauls as firewood;
- Multi-track roads;
- Mining activities, such as digging, wrecking soil structures, leaving damaged land without rehabilitation;
- Excessive use of underground water;
- Use of forest woods for household purposes;
- Inability to foresee negative impacts of agriculture (croplands) and insufficient support to forest rehabilitation activities and others.

Further activities

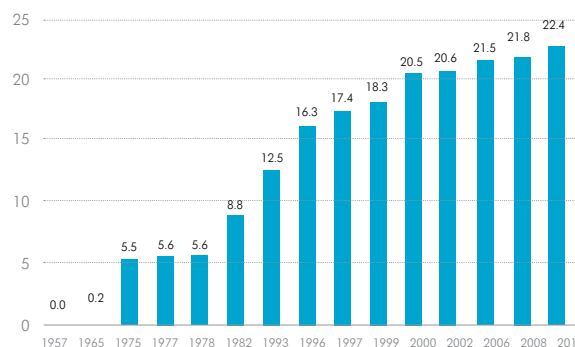
- In order to increase the size of forest areas to 9 percent of the total territory, the capacity of reforestation activities needs to be enhanced, and supply and quality of seedlings and regrowth shall be increased, and add up budget funds for care taking of newly planted trees and forests.
- Also it is necessary to carry out systematic measures to reduce negative effect induced by fire and insect pests, reduce wood consumption in resident use and research and implement installation of solar energy-based heater and other renewable energy sources.
- Although a certain amount of the state budget is allocated annually for reforestation activities, in recent times, newly reforested areas comprise barely 0.176 percent of the total forest areas. An obvious reason for that is a very small budget for reforestation of 1-hectare area. Therefore, it is necessary to increase allocation of budget for forestation purposes, and sustainable growing of the forest areas, which ensures sustainability of afforestation.

Two. Percentage of Protected Areas

CURRENT STATUS

Increase of the state protected places is hampered by land areas under mining licenses. Enforcement of “The Law to Prohibit Mineral Exploration and Mining Operations at River Headwaters, Protected Zones of Water Reservoirs and Forested Areas” is facing various challenges as well.

Figure 14. Size of Special Protected Areas, million ha



Source: Ministry of Nature, Environment and Tourism of Mongolia

Table 22. Size of Special Protected Areas (percent)

Indicators	2009	2010
1 Size of the total special protected areas, million ha	220.4	226.9
2 Size of the total territory, thousands sq.km	1564.1	1564.1
3 Proportion of the total special protected area	13.7	14.4

Source: Ministry of Nature, Environment and Tourism of Mongolia

The Government of Mongolia has being placed enourmous efforts to reach targets of the National Protected Area. The number of protected area reached 71 in 2010, which was only 10 in 1990, and total 253.5 million ha land or 16.2 percent of the total territory of Mongolia is a part of the national protected area.³¹ Currently, there are 911 local protected areas covering 16.31 million ha of land, which consist 10.3 percent of national level land area.

Current measures

Consistent with an initiative to establish a cross-border protected area with the Russian Federation, draft documents for negotiations, contract, introduction and the Government Resolution have been developed and shared with the relevant national agencies. Then, the updated drafts were approved by the Cabinet meeting and delivered to the Ministry of Natural Resources and Ecology of the Russian Federation.

³¹ Office for the protected area at the Ministry of Environment, Nature and Tourism of Mongolia. April 2011.

As of the beginning of 2011, 95 managers and specialists and 225 environmental inspectors and rangers were employed by 24 administrative units responsible for 71 special protected areas³². Feasibility studies for allocating land areas into the state special protection have been carried out in cooperation with the Institute of Geology and Geography under the Mongolian Academy of Sciences. Annual land surveys have been funded from the state budget.

According to the State Great Khural Resolution No. 06 of January 14, 2010, areas of Mongol Els and Ulaagchiny Har Lake were included into the state protected area network under the classification of “natural complex area” and areas of Altan Khukhii Mountain and Khuren Belchir under the classification of “national monument area” (about 600 thousand hectares of land). Similarly, a proposal to include areas of Choiryn Bogd Mountain, Burdene Bulag, Arvan Naiman Bogd Mountain, Delgerkhangai Mountain and Ongontavan Bulag under the classification of “natural reserves” and Baga

³² Department of Integrated Management of Special Protected Areas, the Ministry of Nature, Environment and Tourism, April 2011

Gazryn Chuluu under the classification of “national monument area” (about 150 thousand hectares) in the special protected area network was submitted to The State Great Khural.

Budget of National Protected Area’s 90 percent consists of the state and local budgets and remaining 10 percent is from its self-generated revenue (donation, aid, tourism and other work, service and compensation for damage).

Under the Government Resolution No87 of 2006, in order to improve monitoring and protection of NPA, based on geographical region differentiated size of land was allocated to each ranger’s responsibility, which resulted in better performance results of performance.

In order to conform administrative management of strictly protected area to the international standards, structure and number of job positions of administrative of protection agency was re-aligned and discussed at Minister’s board committee of Ministry of Nature and Environment. These reforms were approved by the A-100 order of the Minister.

Challenges

- The Government of Mongolia has been carried out a number of measurements to improve legal basis to protect strictly protected areas, extend

protection network, improve its management in line with best practices at the international level, create proper structure of administration, improve professionals’ support and strengthen its material base.

- There is financial constraint to improve strictly protected area’s protection management and increase its outcomes. Research and estimates conducted by the international organizations indicate that adequate or normal operation of protection of NPA will be ensured by increasing the current budget by 2-3 times higher.
- It is necessary to increase budget and extend resources to carry out valuation of protected areas, and demonstrate outputs of strictly protected area, set tariffs for ecosystem services, which helps to increase budget and diversify its sources of financing.

Further activities

- Amend or update laws of strictly protected areas and environmental laws to meet the national’s current development level and international standards;
- Carry out systemic process to investigate and define rationale for inclusion under a category of protected areas, set local zoning, and increase required budget for monitoring and inspection.

Three. Activities and challenges to reduce carbon dioxide emission

CURRENT STATUS

In order to create new market mechanism to trade carbon, the Ministry of Nature, Environment and Tourism has agreed to cooperate with the Institute for Global Environmental Strategies (IGES) to implement projects that decrease house plant gas emission. The cooperation was appreciated by the IGES, and it started to provide information on best practices and initiatives on new market mechanism, decreasing coal thermal plant gas emission and implement projects in area of air pollution projects’ feasibility and calculation to reduce carbon dioxide emission.

Increase in energy consumption is one of the key factors to increase plant gas emission. For instance, total gas emission was 14,519 Hz in 2005, but in 2006 it became 15,628 Hz and increased by 7.6 percent.

According to gas emission estimates conducted in 2006, total house plant emission consist of 65,4 percent from energy field, 41,4 percent from changes in land utilization, agriculture and 13,3 percent from forestry. Small amount of emission is from manufacturing – 5.6percent, and solid waste – 0.9 percent. The most absorbent of emission is

forest, and it absorbs 13.3 percent of emitted gas. Thus, any method to reduce carbon dioxide emission shall consider both reducing emitter and increasing absorbent, and undertake targeted measures to accelerate reduction of amount of carbon dioxide.

It is possible to reduce CO₂ by producing energy by waste recycling CO₂– 459,000 tons per year, heating 1000 houses by introducing energy save technology into construction CO₂ -7800 tons, providing ger's covering to improve warmness in ger district CO₂-

80,000 tons per year. Also it is possible to reduce CO₂ by building Wind Park in Sainshand by 174,000 tons, in Salkhit by 180,000 tons, In Choir – 180,000 tons per year. Promoting natural gas industry contributes CO₂ reduction by 25,440 tons; improving energy efficiency of apartments in Ulaanbaatar city makes CO₂ reduction by 100,000 tons and building 250 MB wind energy station in Oyu Tolgoi makes CO₂ reduction by 1,411,964 tons per year respectively. These efforts require investment worth USD983 million and to reduce CO₂ by 2,687,689 tons per year.

Table 23: Content of air contaminant – carbon dioxide (CO₂)

Indicators	2007	2008	2009	2010
Content of carbon dioxide (CO ₂) million ton, (coal)	8998.8	8915.5	9739.5	10393.9
Content of carbon dioxide (CO ₂) million ton, (petrol)	2447.9	2616.7	2395.1	2548.9
Volume of coal used (CO ₂) million ton	11446.7	11532.2	12134.6	12942.8
Content of carbon dioxide and smoke ton/persons	4.34	4.3	4.44	4.65

Source: Ministry of Nature, Environment and Tourism of Mongolia

An implementation of the above projects plays a vital role in reaching the targets, and considerable amount of investment based on detailed technical and economic research, cost and benefit analysis and effect evaluation of environmental impact is required.

The projects under the Clean Development Mechanism (CDM) are able to be implemented, but investment is high and theoretically, it is difficult to calculate base emission to be included in CDM. For wind energy station, detailed criteria required due to difficulty of connection to energy networking. In addition, licensing CDM is complicated. On other hand, unstable renewable energy funding operation contributes more constrains to situation more.

Further activities

- Mongolia has delivered proposal of country-specific measures to reduce house plant gas emission to the United Nations Framework Convention on Climate Change. The National Programme on climate change will be passed by State Great Khural. The Programme reflects a set of policies, strategies and interventions conducive to the national specifics and which aimed at reducing gas emission. The measures to

reduce plant gas emission are important tool for promoting green economy under the sustainable development;

- Enhance renewable energy or other clean energy use in energy sector, increase energy efficiency, support clean combustible manufacturing, improve energy efficiency of steam boiler, install new steam boiler, save energy consumption through better metric system and heating systems, and enhance efficiency of industries' energy; to pass bill on energy saving;
- Improve national transportation system /improve railway freight, develop electric freight, create centers for transit logistics and implement eco-transport policy (traffic effective management, increase public transportation modes, support fuel-efficient car usage);
- Enhance productivity and outputs of the domestic animal in agriculture, develop environmental animal husbandry and agronomy, and decrease environmental degradation;
- Increase absorbent of forestry, need to protect from fire, insect pests and rehabilitate forests, implement to support forest regeneration;

- Improve solid waste management; introduce more robust approaches for the waste management, including waste recycling.

In order to enhance efficiency of the above mentioned efforts the government needs to enhance its coordination role in implementing integrated policy, inter-sectoral alignment and allocation of resources from domestic and external sources.

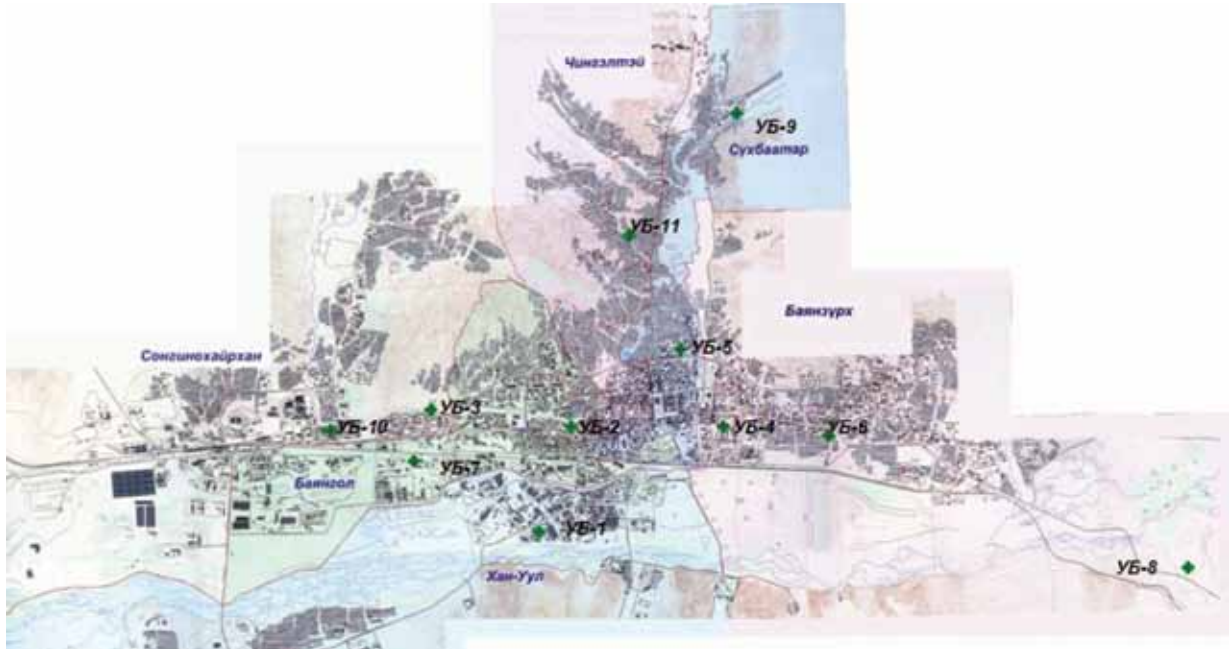
Four. Meet standard level of average daily concentration of nitrogen dioxide (NO₂ - mkg/m³) in the atmosphere of Ulaanbaatar in winter period and average concentration of sulfur dioxide (SO₂ - mkg/m³) in the atmosphere of Ulaanbaatar in winter period to standard levels

CURRENT STATUS

Until 2009, the Ulaanbaatar city's air quality was monitored by two indicators at the four points only. As a result of measures to improve and extend monitoring networks more additional surveillance stations were created, namely two stations were opened in 2009, and five monitoring stations and

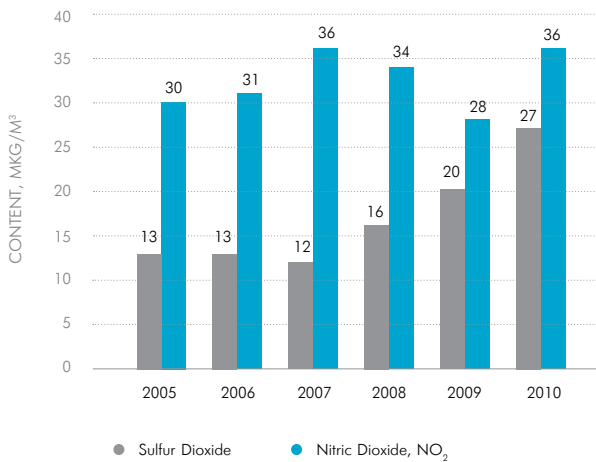
one mobile post were additionally built under the concessional loan from the Government of France. Currently, 11 air monitoring stations are operational, and 3-8 indicators are recorded continue sly. Therefore, the size of territory that can be included in air quality monitoring has been increased, resulting in improvement of quality of measurement.

Figure 15. Ulaanbaatar air quality monitoring stations



Source: Ministry of Nature, Environment and Tourism

Figure 16. Annual Mean Content of Sulfur Dioxide and Nitrogen Dioxide



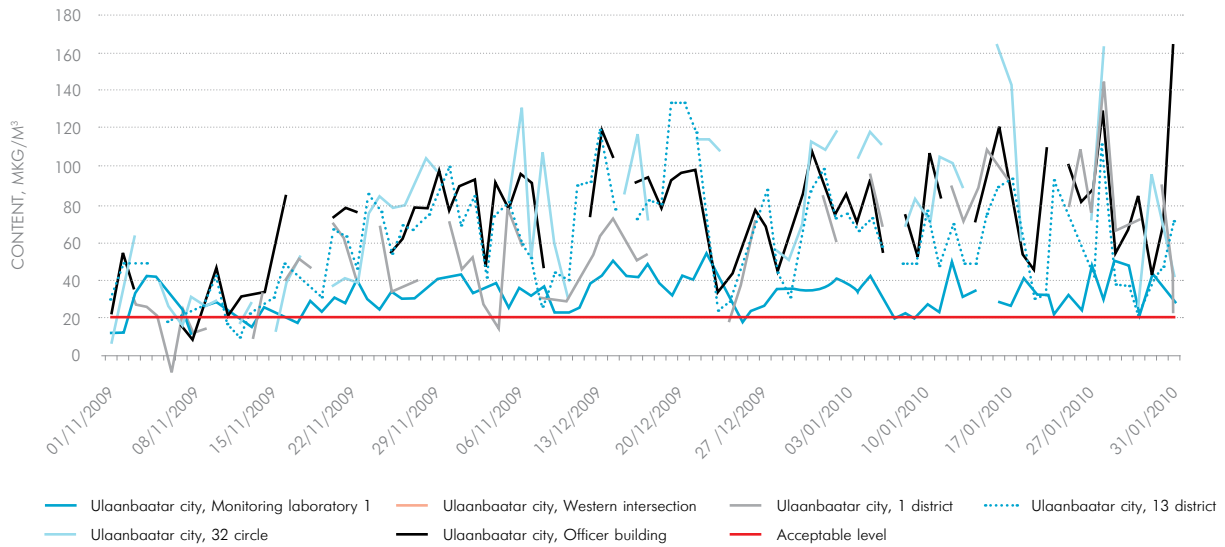
Source: Ministry of Nature, Environment and Tourism

The figure 16 indicates that annual sulfuric gas content was 20 $\mu\text{g}/\text{m}^3$ in 2009, which increased by 7 $\mu\text{g}/\text{m}^3$ in 2010 and reached level of 27 $\mu\text{g}/\text{m}^3$. Annual average nitric dioxide content was 28 $\mu\text{g}/\text{m}^3$ in 2009, which later increased to 36 $\mu\text{g}/\text{m}^3$ in 2010.

The research and surveillance data reveal that occurrence of air pollution rates exceeding acceptable level of air pollution has been increased.

- The cases of exceeding over the acceptable level of the particular substance were 33.7 percent of annual sulfuric gas content in 2009, and 44.8 percent in 2010; for Nitric dioxide content the rate was 14.1 percent, 28.3 percent in 2010 and less volume than 10 micron dirt content was 29.3 percent in 2009 and 52.3 percent in 2010, respectively.

Figure 17. Daily mean content of sulfur dioxide in the atmosphere of Ulaanbaatar in winter period SO₂ (mkg/m³) (Nov 2009-Jan 2010)

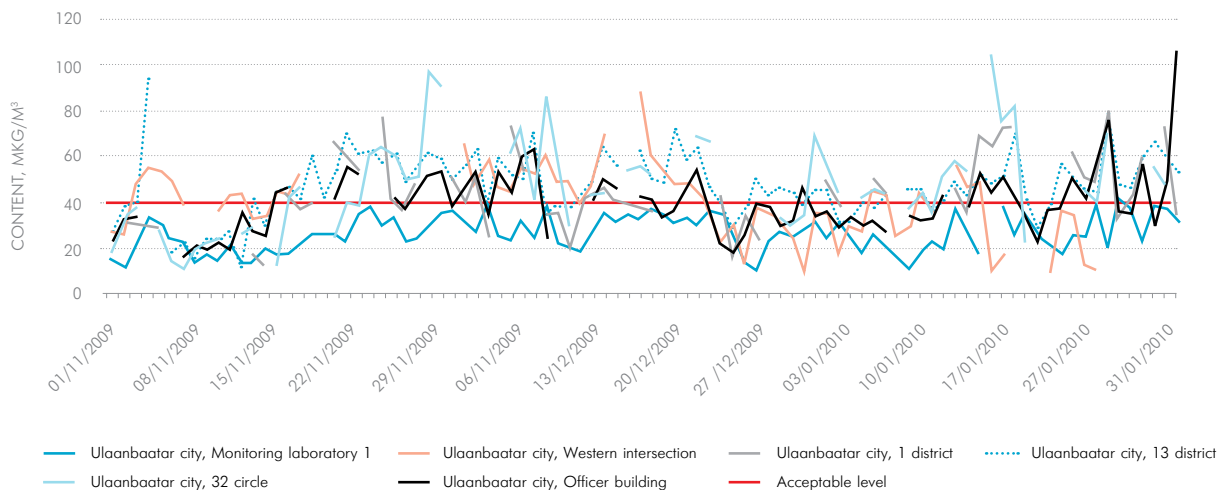


Source: Ministry of Nature, Environment and Tourism

In 2009 – 2010, during winter sulfuric gas average content was 48 ug/m³, which exceeds the acceptable level by 2.4 (average of 24 hour is 20ug/m³). In winter season, observations were conducted 385

times, of which, 362 times measurements showed that gas volume is more than acceptable level, and 97.7 percent of these exceeding cases are observed during December and January.

Figure 18. Daily mean content of nitrogen dioxide in the atmosphere of Ulaanbaatar in winter period NO₂ (mkg/m³) (Nov 2009-Jan 2010)



Source: Ministry of Nature, Environment and Tourism

According to Figure 18, in 2009-2010, the average content of nitrogen dioxide per day was 41 mkg/m³, which was slightly higher than the standard level (24 hour mean is 40 mkg/m³). The highest content reached 106 mkg/m³ or 2.7 times higher than the standard level, and it was observed on January 31, 2010 near the Institute of Physics and Technique (UB-6 station). Out of 458 observations, 207 were found to have higher levels than air quality standards with 49 percent of them recorded in the month of January.

Most polluted areas were ger districts and spots that have construction material markets. These circumstances are associated with the city's substructure with no threshold of manufacturing, service and unplanned ger districts' resident area regionalization.

Current measures

In order to enhance legal background for the environment protection and reduce air pollution the law about "Air" was amended and other related regulations started to be implemented. "Law on air pollution compensation" was passed, and the procedures for imposing payments for the bodies causing pollution were operationalized. Further, the strategies on "New Constructions" were adopted as long-term policy solution for air pollution reduction.

The air pollution reducing measures were supported by the local and international partners. The support was directed to create special zones for improving air quality, introducing special measures on improving ger insulation, maintaining regular monitoring, replacing old stoves with technologically advanced, starting to use atomized or semi-coked coal.

In 2010, within the framework of the project on "Air Pollution Control Network of Ulaanbaatar City", jointly funded by the Government of Mongolia (Euro 200 thousand) and Government of France (concessional loan of Euro 1,57 millions), five fixed-site and one mobile air quality monitoring stations and two stations for receiving information and monitoring air quality were installed in 5 districts of Ulaanbaatar. These stations have capacity to measure air pollution with 6-8 indicators for 24 hours.

Challenges

The Government of Mongolia has undertaken a number of measures to reduce air pollution in Ulaanbaatar city, however, no visible results yet seen. These insufficient outcomes are associated with the heavy migration of people from the rural areas to the city and their settlement in gers with fire stoves. Households of ger districts are burning not only raw coal but also other combustion that are not for burning (tire, brick, plastic material, old boots and clothes etc.), which emits excessive volume of substance that pollutes air. Moreover, the most of the public transportation and vehicles have been used more than seven years, which affect negatively on air pollution efforts.

Also technology of water heating steam boiler with capacity more than 100 kW became outdated, and absence of filtering equipment contributes directly to the pollution substance increase.

Further activities

- Increase a number of apartments newly constructed in ger districts to reduce raw coal usage,
- Intensify the operations for use well combustion stoves in ger districts, decrease insulation loss, improve fuel substance and use electric or gas fuel,
- Introduce mechanism to eliminate auto vehicles that increase air pollution,
- Provide air quality control and research tools, equipment, mobile and other detector tools, and equip stations with automatic monitoring tools and equipment,
- Plant or afforest ger district and public places, and increase forest area per person to the city planning standards,
- Introduce technology and methodology to estimate air pollution by using geographical information system.

TARGET 15. REDUCE DROP IN WATER LEVELS THROUGH PROTECTION OF SOURCES OF RIVERS AND STREAMS

CURRENT STATUS

Ensuring accessibility of abundant and safe drinking water to its population, which meets hygiene standards, is one of the fundamental policy and national security concerns for any state. Mongolia does not possess plentiful water resources, so it is ranked 56th out of 186 countries.

Currently, 80 percent of water consumption is supplied from groundwater aquifer, and water resource distribution is uneven. For instance, each member of the households with access to the central water pipeline system is estimated to consume 200-250 liters of water, compared to only 8-10 liters for each person in households in ger districts. About 30 percent of urban settlements consume hard and mineralized water.

Due to climate change, Mongolia has started to face water-related problems like accelerated melting of glaciers/permafrost, drying out of spring and river beds, shrinking and breakdown of runoff.

In addition to a decline in the surface water resources, utilization of ground water has increased due to the mining boom and it entails lowering of ground water recharge, water scarcity, loss of soil fertility and changes in flora. Also, the use of toxic chemicals by informal gold miners poses serious risks to the natural environment, human health and genetic fund.

Table 24. Proportion of protected surface water sources

Indicators	2007	2008	2009	2010	2015*
Proportion of protected surface water sources	30,0	35,4	35,4	39,76	80
Number of protected and Rehabilitated water sources	255	163	244	392	1000
Interim indicators	2007	2008	2009	2010	
Total area of river headstreams, km ²	144239.505	144239.505	144239.505	144157.608	
Protected area of river headstreams, km ²	-	51056.554	51056.554	57319.085	

*-Target

Source: Ministry of Nature, Environment and Tourism

In order to reduce the shrinking process of rivers and streams by protecting and rehabilitating their sources, the list of protected natural complex areas has been reviewed. An extra 869.1 thousand hectares in Tengis-Shishged river basin and 611.3 thousand hectares in the Zed-Khantai-Buteel mountains were added to the list, while some other natural complex areas have been expanded: Myangan-Ugalzat mountain area expanded to 234.3 thousand ha (The State Great Khural Resolution No.39), Munkhkhairkhan mountain area to 191.5 thousand ha (The State Great Khural Resolution No.23) and Khuvsugul area to 342.2 thousand ha.

In 2009, 244 rivers and water sources were protected. Maintenance and fencing of 145 of them was funded by the state, and the remaining

99 were funded by projects/programs, local budget, individuals and business entities.

In 2010, Balgasny Red lake in Khankhongor soum of Umnugobi aimag, Chandmani Red Mountain in Uvs aimag, Rashaantiin 50 ha area of Deluun soum of Bayan-Ulgii aimag, Red Rock's 45 ha of Altai soum, 243465,2 ha land in Selenge soum of Zed-Buteel's range of Bulgan aimag, 320152,6 ha land in Teshig soum were included in local protection. In total 387 fountains and spring origins were fenced and maintained. This year, a total of 387 springs and streams were maintained and fenced with funding from the state budget (145), local budget (32), international and national projects/programs (173) and individuals and business entities (37).

Current measures

In order to support enforcement of “The Law to Prohibit Mineral Exploration and Mining Operations at River Headwaters, Protected Zones of Water Reservoirs and Forested Areas”, 109 river sources were included into protected areas.

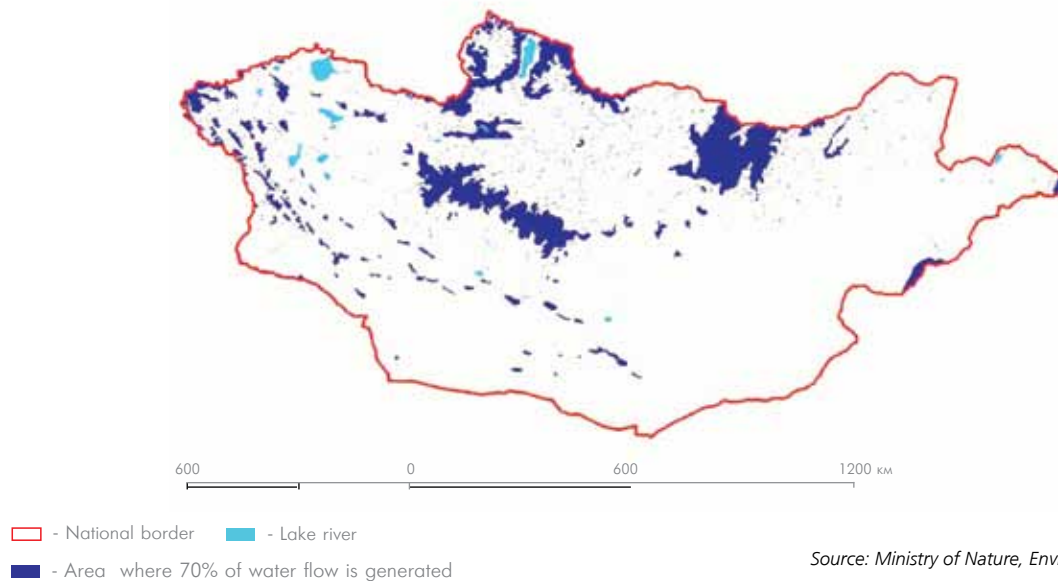
Similarly, in 2010, protected areas were extended to 5677 objects and 9,090.10 ha areas with water reservoirs. As a result, about 90 percent of all sources of rivers and streams and water reservoirs have been protected.

Contracts were established to erect a forest fire monitoring stations in the basin of Tuul, Haraa and Yeruu Rivers and to erect four others in Mungunmorit soum, Mandal soum - Tunkhel village, Erdene soum of Tuv aimag and in the green zone Ulaanbaatar city.

Insect and pest studies were carried out on 2000.0 thousand hectares of forest areas covering the territories of 78 soums in 13 aimags, such as Arkhangai, Khuvsgul, Zavkhan, Tuv, and Khentii, where upstream and sources of 70 percent of Mongolia’s surface runoff were located. Based on the survey results, preparatory works have completed for activities to eliminate the epicenter and halt the spread of forest insects and diseases on 122.8 thousand ha areas.

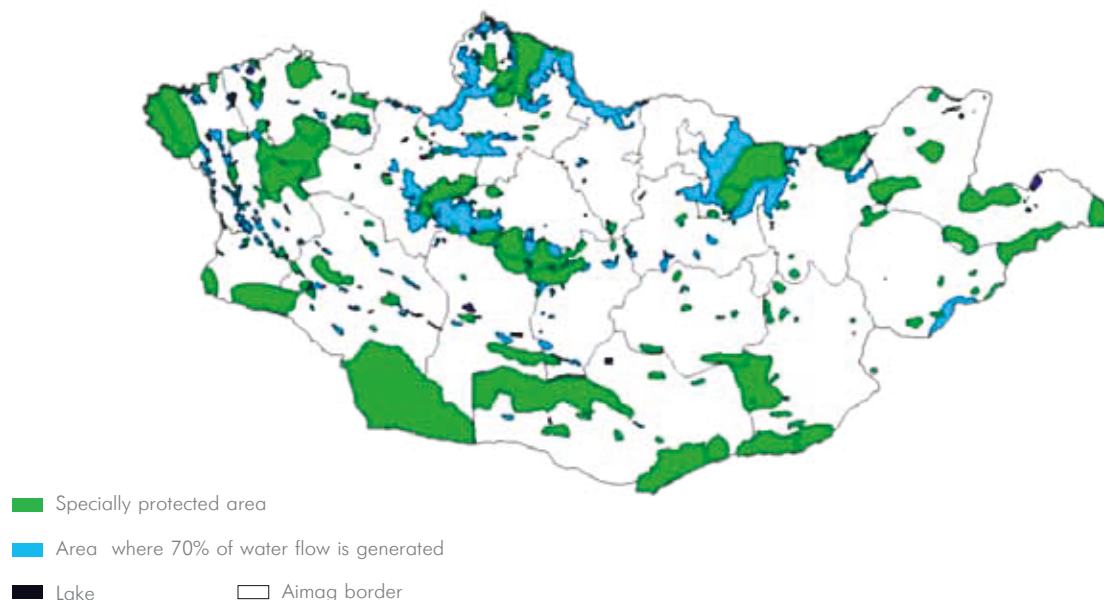
Water valuation organizations are appointed and guided to evaluate present status of ecosystem of origin fount and stream of the Orkhon, and the Kherlen River, and the respective river bed councils were appointed to investigate, protect furthermore and determine detailed project to restore the stream and origin fount of the Khovd, the Buyant, the Onon and the Tuul rivers.

Figure 19. Map of Sources of Rivers and Streams



Source: Ministry of Nature, Environment and Tourism

Figure 20. Protected sources of rivers and streams (2010)



Source: Ministry of Nature, Environment and Tourism

Organizations, entities and NGO's which are operating its activities along Tuul river's basin have supported and cooperated in campaign to protect the Tuul river and cleaned trash inside and outside of the river and got loaded roughly 16 tons of solid waste.

Department of emergency of Arkhangai, Khovd, Dornogobi aimags have implemented to build fence to protect origin of fountain and springs for protection purpose and cleaned waste around the basins for a purpose of increasing its stream by using resources of citizens and employees.

Challenges

- Pressing issues are unawareness of citizens and business entities about proper use and protection of sources of rivers and streams and issuance of mining licenses to citizens and business entities without a serious consideration of river headwaters and water reservoirs.
- There is a lack of human resources in rural areas to carry out measures on proper use and protection of water provenance and basins. Hence, it is necessary to build a national integrated water management system in order to involve all stakeholders into decisions on utilization and protection of water resources and appoint local water officers.

Further activities

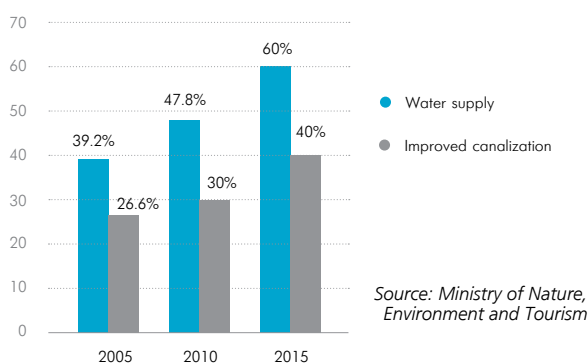
- Prohibit mineral exploration and mining operations at river beds, protected zones of water reservoirs and forested areas;
- Place dumpsters near river headwaters in order to prevent garbage accumulation;
- In relation to excessive use of groundwater create legal basis to conserve groundwater resources;
- Cease granting of business permissions in river areas, especially to production and service entities that may pollute water.

TARGET-16. BY 2015, REDUCE THE PROPORTION OF PEOPLE WITHOUT SUSTAINABLE ACCESS TO SAFE DRINKING WATER

CURRENT STATUS

As of 2005, 39.2 percent of the 2.5 million population of Mongolia had access to improved water supply system (around 22 percent has access to central water supply engineering systems, 8.5 percent of residents use water supply points connected to central systems, 8.6 percent and 0.1 percent consume water from protected water-wells and protected springs, respectively) and 26.6 percent had access to sanitation, which meet hygiene requirements. As of 2010, 47.8 percent of the 2.8 million population of Mongolia had access to improved water supply system (around 22.5 percent have access to central water supply engineering systems, 15.3 percent of residents use water supply points connected to central systems, 9.9 percent and 0.1 percent consume water from protected water-wells and protected springs respectively) and 30 percent have access to sanitation, which meets hygiene requirements.

Figure 21. Water Supply and Improved Canalization



Current measures

Within the scope of the utility services improvement project, a number activities aimed at enhancing the quality and access to clean water in ger districts were implemented. Examples include opening of new accesses to drinking water, connecting the current

water supply points to central systems, increasing number of water supply points, and creating conditions for connecting some public facilities in ger districts to access to central clean water and sewage pipeline system and assisting to provide some individual connections.

In addition to these urban-based activities, the government allocated MNT 14.7 billion in 2006-2009 for improving accessibility of safe drinking water to the rural population. In particular, the creation of 1899 drilled wells resulted in an increase of 1.3 percent over 2005 levels, bringing the total share of water supply through protected wells to 9.9 percent.

Under the 40,000 Apartments project and “National Programme on Developing Ger Districts into Apartment Districts”, 33.2 thousand families started to reside in housing units connected to central clean water and sewage facilities.

In order to achieve the MDG on housing, “New Construction” mid-term strategy (The State Great Khural of Mongolia, Resolution No.36/2010), “Water” national programme (The Government of Mongolia, Resolution No. 303/2008) and “National Programme on Developing Ger Districts into Apartment Districts” were approved by the parliament. Activities under these documents have been incorporated into the government Annual Socio-Economic Development Guidelines and other development and policy papers, and the required financial resources have been allocated from the state and local budget and foreign aid and assistances.

In Mongolia, central systems of water supply and sanitation exist in centers of 18 aimags and cities of Ulaanbaatar, Darkhan and Erdenet. The following table displays information on the sectoral engineering facilities.

Table 25. Number of population living in dwellings with access to central water supply engineering systems (2010)

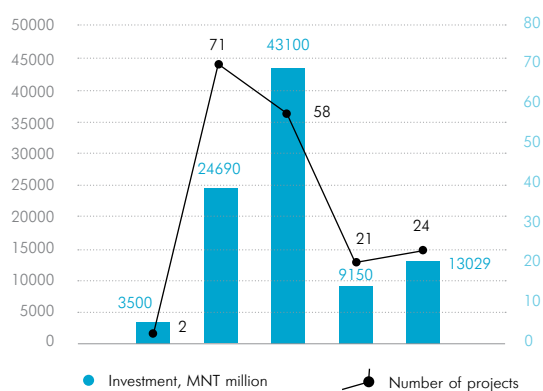
	Engineering facilities	Measuring unit	Indicators
1	Number of population living in dwellings with access to central water supply engineering systems	Thous. people	924.7
2	Number of population consuming portable water (carried manually from wells)	Thous. people	801.0
3	Water supply points: Out of which connected to central system:	number	945 367
4	Number of Abyssinian wells	number	350
	Water pool	number	329
5	Number of clean water lifting stations	number	53
	Capacity	m ³ /per day	17770.16
	Pipeline length	km	1886.6
6	Clean water	km	1261.7
	Sewage	km	624.9
7	Capacity of sewage removing facility	m ³ /per day	870

Source: Ministry of Road, Transportation, Construction and Urbanization of Mongolia

In recent years, public investment in water supply and sanitation facilities has been increased. For example, the public investment of MNT 3.5 billion in 2006 escalated to MNT 13.02 billion or grew by 4 times.

In 2005-2010, clean water, sewage and heating networks, water pools, sewage removal facilities, deep-drilled wells, and flood protection dams were constructed with the public investment of MNT 70 billion in cities of Ulaanbaatar, Erdenet, and Darkhan, Ulaangom city of Uvs aimag, Ulyastai city of Zavkhan aimag, Mandalgovi city of Dundgovi aimag, Esonbulag soum of Govi-Altai aimag, Sukhbaatar city of Selenge aimag, Orkhon-Khutul, Dornogovi aimag, Govi-Altai aimag, Dornod aimag, Sharyn-Gol soum in Darkhan-Uul aimag, Uvurkhangai aimag.

Figure 22. Public Investment, MNT million (2006-2010)



In 2005-2010, 426,800 people were provided with sustainable access to safe drinking water as a result of projects on "Improvement of Ulaanbaatar Utilities - 2nd Phase" (103 water supply stations in 7 ger districts built and connected to central systems) under the World Bank concession loans of USD 736,000 and "Improvement of Utilities in Rural Cities" (40 water supply stations in ger districts of 8 aimags built and connected to central systems) under the Asian Development Bank concession loans of USD 300,000. In addition, water supply, sanitation and sewage removal systems have been constructed and restored within the framework of the ADB project.

Under the UNDP project "Improvement of Water and Sanitation Project MOH/08/302", an integrated system of water and sanitation and a small-scale treatment facility are being constructed in Bayan-Uul, Biger, Tonkhil, Tugrug soums of Govi-Altai aimag and Durgun, Mankhan, Myangad and Zereg soums of Khovd aimag.

Within the framework of "Urban Development Support" executed with GTZ assistance, technologically and environmentally friendly toilets (ECOSAN) have been introduced and placed at several places in Ulaanbaatar.

The two-phase project on "Renovation of the Central Sewage Removal System in Ulaanbaatar" has been implemented under the long-term loan of the Government of Spain. The project on "Improvement of Drinking Water Quality in Soum/Urban Settlements" implemented with technical assistance

of the Government of the Czech Republic, project on "Improvement of Water Supply of Darkhan City" implemented with Japanese grant, project on "Urban Development Sector" implemented on ADB soft loans and project on "Improvement of the Sewage Removal System in Erdenet City" developed with concession loans of the Government of France.

As a result of the above mentioned internationally-funded projects, clean water (about 300 km), sewage (about 200 km) and heating (about 70 km) pipelines were renewed, 15 sewage removing facilities and 150 water supply points were established and water softening devices were placed in wells of 110 soums in 17 aimags. Overall, the capacity of water supply and sanitation has been tripled and quality of life of approximately 400 thousand people has been enhanced.

However, there are pressing needs to improve efficiency of foreign and national investments, involve future project implementing agencies into initial stages of projects in order to reflect their true needs into the project document, and foster quality and security monitoring of construction works completed under different projects.

Challenges

Despite of a growing number of newly constructed apartments, the proportion of the population with access to the central water supply system has not increased considerably due to soaring rural-to-urban migration.

Ger districts and hachas, which accommodate most of the population, as well as hospitals and schools in settlement areas, use open-pit latrines as they have no sewage removal system, hence contributing largely to soil, water and environmental pollution. Thus, there is a need to install low scale, efficient and environmentally sound treatment facilities with high treatment level at locations, which have not been yet connected to central pipeline system.

Now, there are 40 sewage removal systems in urban settlements (5 mechanical and 35 biological) of which 22 operate normally and 18 operate unevenly. As most of the current sewage removals

are technologically outdated and costly, they have been causing harm to the environment and human health.

The growing number of constructions/buildings and enlarging scope of businesses/productions stemming from the recent increase of population density in urban areas, which affected on enormous consumption of clean water as well increasing the amount of sewerage. This results in a drop in surface and ground water resources and degradation of water quality.

Drop in water levels in Tuul, Haraa and Yeruu rivers, pollution in river basins and deterioration of forests, vegetation and soil, effect on reducing ground water recharge rate. In such circumstances, the activities to assess and reassess drinking water resources for Ulaanbaatar and other towns and exploration should be enhanced.

There are issues that need to be addressed immediately, such as improvement of natural water restoration capacity, effective use of resources, improvement and renewal of operation and services of central pipeline system, introduction of sound consumption, reduction of water loss, improvement of institutional arrangement of organizations in charge of water supply and services, introduction of new techniques and technologies, enhancement of the activities of treatment facilities, connection of germ districts to clean water and sewage pipeline and use of small scale treatment facilities.

The legal environment and standard norms for water supply need to be refined. High demand for water supply and sanitation stemming from growing construction works in urban areas exacerbate the issues of accumulated depreciation and low capacity of utility facilities.

There is a need to establish clean water and sewage quality monitoring laboratories and improve monitoring systems.

Private housing, germ districts and hospitals, schools and kindergartens are not connected to clean water and sewage central pipeline system.

Further activities

- Improve legal environment and norms for water supply, streamline structure of institutions in-charge of water, and enhance PPP in water management;
- Expand and renovate water supply and treatment line network, equipment and construction and introduce advanced technology to secure reliable operation;
- Renew and establish water supply, sanitation and engineering facilities in centers of sums and bigger bags;
- Establish a regulatory council for water supply and sanitation services, and establish clean water and sewage quality monitoring laboratories and improve monitoring system;
- Install water softening and purification equipment in places in need, and install low scale, efficient and environmentally sound treatment facilities with high treatment level at places which have no link to central pipeline system;
- Connect private housing, germ districts and hospitals, schools and kindergartens to clean water and sewage central pipeline system;
- Install small sized, energy saved, nature friendly and high standardized cleansing plant in place which are not connected to centralized line network,
- Recycle as grey water.

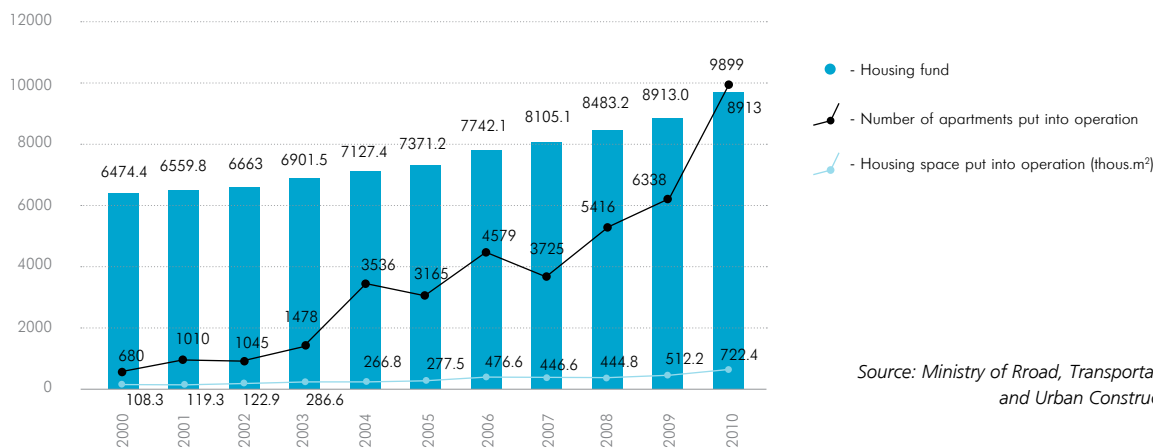
TARGET 17. BY 2015, ACHIEVE SIGNIFICANT IMPROVEMENTS IN THE HOUSING CONDITIONS OF PEOPLE

CURRENT STATUS

According to the 2000 Population and Housing Census out of a total 541,149 households, 51 percent lives in germ districts and 49 percent in apartment districts (public housing, private housing and apartments), which means that barely 22 percent

of the total population live in comfortable housing with access to central engineering facilities, which meet hygiene standards. According to Population and Housing Census of 2010, 45.2 percent live in germ, 53.6 percent in apartments and 1.1 percent live in non-dedicated house out of total 713,780 households of Mongolia.

Figure 23. Housing fund, number of apartment, and housing space (2000-2010)



Source: Ministry of Road, Transportation, and Urban Construction

In 2000, 541.1 thousand households lived and of which, 21,9 percent resided in apartments that are connected to engineering line network, but in 2010, only 21.3 percent or 158.4 thousand households out of 742.3 thousand households lived in apartments that are connected to engineering line network. Even increased number of newly constructed apartments can not meet the demand of population.

In 2000, living space under the apartments was 6474.4 thous.m², which increased by 1.37 times in 2010, and reached 8 913.0 thous.m².

Due to increase of market prices of construction materials, oil, lubricants and high apartment demand, low supply causes the average value for 1 meter square of apartment reached MNT 1.0 million, which is almost non-affordable for low and medium income citizens.

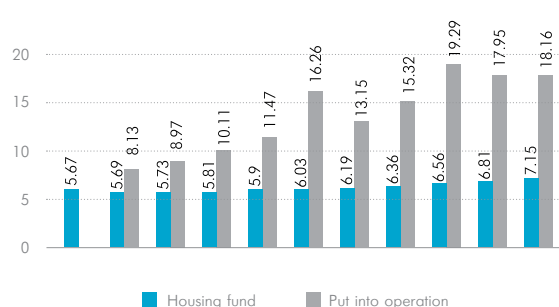
Current measures

The Government has implemented a number of projects and programs, including a National Housing Programmed implemented (2002-2006), "Housing Financing Project" (2003-2007) with support of ADB, "Improvement of Living Conditions in Ger. Districts" (2003-2007) under Japanese grant, national programmer on "Housing for Forty Thousand Households" approved by the Government Resolution No.144/2005, "National Programmed on Developing Ger. Districts into Apartment Districts" endorsed by the Government Resolution No.303/2008, and "The New Construction" mid-term strategy endorsed by the State Great Choral Resolution No.36/2010).

Within the implementation of the programs, measures new micro districts and townships were established as a result of building residential flat houses in central parts of the city with engineering pipeline systems and setting up housing infrastructure on reserve lands of outskirts of the city, redesigning lands in germ districts to link households with clean water and sewage disposal pipeline system and improve their housing conditions and eventually transform germ districts into apartment districts.

During the period 2000-2010, 39,393 housing units with access to engineering facilities were put into operation, which resulted in 7.15-m² per capita housing in 2010 compared to 5.67 m² in 2000.

Figure 24. Living space for the apartment per person, m²



Source: Ministry of Road, Transportation, and Urban Construction

Challenges

Despite of the government policy measures to improve housing of the population, the number of people living in comfortable housing with access to central infrastructures of water, sewage and heating has not increased. The major factor is a growing rural-to-urban migration that affects adversely on urban planning and construction policies and air, ground and water pollution.

Pressing issues are a high demand for apartments, which the current supply cannot meet, and a lack of financial sources for low and middle-income people. Currently, accessibility of loans to citizens is low due to limited sources, high interest rates and short-term conditions. The main reasons are an absence of adequate systems and funding of long-term mortgage loans and lack of a legal environment for encouraging foreign and national investors such as tax incentives.

It is urgent to increase the public investment and implement policies that encourage private and foreign investment into the housing sector. Substantial measures aimed at encouraging demand and augmenting supply need to be undertaken in order to enhance housing conditions of the population.

Further activities

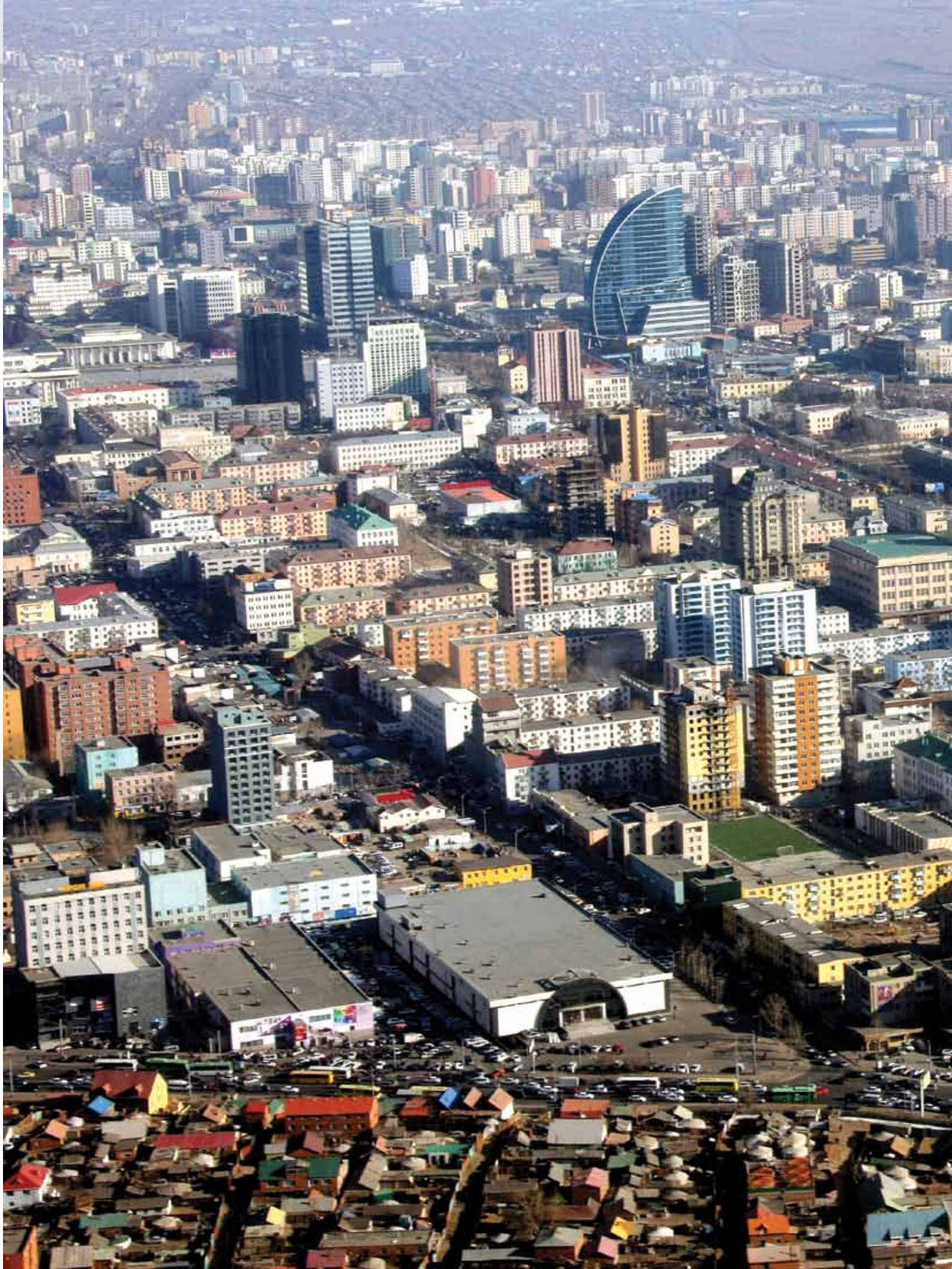
- "Solve both infrastructure and construction issues of the 100 thousand household housing project within the scope of New Development medium-term development programmer, implementing by the Government Resolution No343 of 2010;

- Develop secondary market for apartment loans which will provide affordable loan sources;
- Develop supporting measures for low and middle income people;
- Issue passports to residential houses, and demolish and replace buildings with that are prone to earthquake damage;
- Develop production of construction materials.

The implementation process of seventh goal of the MDGs is not satisfying and there is a little possibility that this can be realized by the year 2015. Thus, it

is necessary for our country to learn from other countries' best practices to accomplish those goals by determining targets of MDGs whose implementations are not meeting their mission and aim, to accelerate the implementation speed of MDG's targets with the funding and support of UN, and to produce a National operation instruction and policy documents. In this policy documents, the main problems that are blocking the sustainable nature and environment targets and further implementation issues must be mentioned. Therefore, it is highly recommended to establish a working team consisted of related government agencies for the above mentioned purposes, and make projections and calculations with the help of scientists and researchers, alternative options for housing supply and actions to reduce poverty.







GOAL EIGHT

DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

GOAL 8

DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

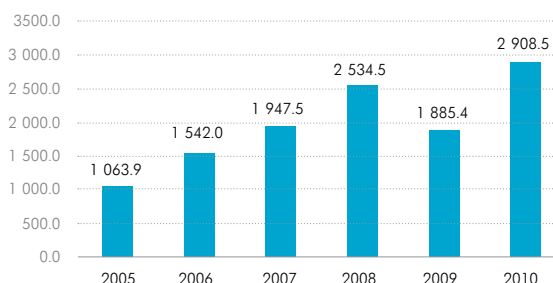
TARGET 18: CREATE FAVORABLE CONDITION FOR ACHIEVING THE MDGS THROUGH DEVELOPING TRADE AND FINANCIAL SYSTEM

CURRENT STATUS

The ratio of exports has comprised 46-49.6 percent of GDP over the last decade. It accounted for 41.5 percent in 2009 and 47.7 percent in 2010 respectively. In 2010, Mongolia conducted trade with 126 countries in 2009 and 132 countries. As of 2010, total foreign trade turnover reached USD 6108.6 million, which consists of USD 2899.2 million for export and USD 3277.9 million for import. Foreign trade balance showed deficits of USD 252.3 million in 2009 and USD 387.7 million in 2010 respectively. In 2010, compared with the previous year, total foreign trade turnover increased by USD 2154.0 million or 53.5 percent, of which exports account for USD 1013.8 million (53.8 percent) and imports for USD 1140.2 million (53.3 percent). In particular, 98.0 percent of the total export value consists of minerals, gemstones and semi-gemstones, precious metals, jewelry, coins, textile and textile products, livestock and animal originated products, raw and processed skins, fur and fur products.

In regards to international investment and financial assistance to build trade capacity, the Customs Reform project funded by the Central Asia Regional Economic Council (CAREC) played an important role. The remaining trade related projects were mainly associated with technical assistances aimed at supporting policy dialogue or providing recommendations, and building institutional capacity. In 2009, the loan disbursement rate was higher than assistance because in 2008-2009, the government received lending under the World Bank "Development Policy Loan", the ADB "Social Sector Support" programme and other loans from JICA aimed at supporting the government to overcome major constrains caused by the global financial crisis. In 2010, exports increased by 54 percent compared to 2009 and by 14 percent compared to 2008. As a result, as per 2009, ratio of export and GDP increased, but it did not surpass the 2008 ratio.

Figure 25. Export growth, USD million



In recent times, share of minerals in the structure of Mongolia's export has continuously been expanded and by 2010 it had reached 81 percent with further growing trend. This trend is associated with substantial increase of copper concentrate and coal production, which are the main export products of Mongolia. Structure of Mongolia's export is illustrated in the following table and Figure.

Figure 26. Export structure, percent, 2010

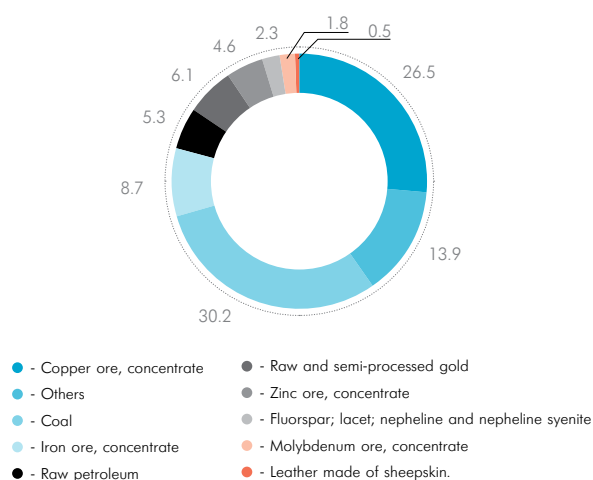


Table 26. Exports structure

Барааны бүтэц	Unit/percentage	2008	2009	2010
Live livestock, animals and products originated from the livestock and animals	thousand USD	31,641.50	45,808.85	69,384.26
	Ratio	1.3	2.4	2.4
Mineral products	thousand USD	1,529,401.00	1,251,766.73	2,354,476.00
	Ratio	60.3	66.4	81.0
Products from the fur, leather and other materials	thousand USD	41021.0	29,043.85	32,532.40
	Ratio	1.6	1.5	1.1
Products from textile and manufacturing	thousand USD	226,542.80	192,166.58	216,340.84
	Ratio	8.9	10.2	7.4
Minerals, purl, gemstone and other plates	thousand USD	600,172.60	308,525.20	178,351.47
	Ratio	23.7	16.4	6.1
Others	thousand USD	105,687.51	58,073.93	57,417.21
	Ratio	4.2	3.1	2.0

Source: Statistical Yearbook, 2010, NSO

Table 27. ODA, Ratio of Exports in GDP, Financial Deepening, percent

Percentage share	1990	2000	2006	2009	2010	2015*
ODA allocated for enhancing trade capacity	-	0.0293	0.0198	0.05	0.03	10.0
ODA allocated for improving basic services	-	11.9	18.2	54.0	19.5	5.0
Exports share in GDP	34.7.	51.2	59.4	50.3	54.7	70.0
Financial deepening: ratio of M2 to GDP	15.7 (1995)	21.1	38.1	43.7	56.7	65.0

*-Target

Source: Statistical Yearbook, 2010, NSO

In 2009-2010, in order to develop trade cooperation and enhance capacity to trade with neighboring and regional countries, the Government of Mongolia introduced a number of policy reforms such as to revisit policy priorities, their implementation mechanisms, strengthen policy coordination, and create institutions to support their functioning, The donor community will provide and active assistance and support.

Current measures

Programme is a partnership of Mongolia, Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan supported by ADB, working together to develop infrastructure to accelerated trade and economic cooperation. Central Asia Regional Economic Cooperation (CAREC) has been organizing

ministerial meetings, consultations and research works in order to facilitate regional transportation, energy and trade issues and coordinate trade policies among the participating countries.

Mongolia's projects and measures to facilitate trade at regional and bilateral levels are focused on building infrastructures for trade corridors (Transit Mongolia) and improving efficiency and expanding the capacity of border and customs activities. Within the scope of a Trade Facilitation Action Plan developed under the CAREC programme, investment and technical assistance projects will be implemented. Within the boundaries of investment projects, reform and modernization of the Mongolian customs and establishment of three free trade zones will be supported whereas technical assistance projects are providing support to feasibility studies of a new international airport and logistics parks in Tsagaannuur and Zamyn-Uud.

The project implemented during 2007-2011 with ADB support is aimed at improving customs service, enhancing efficiency and transparency of customs management and ensuring sustainability of customs activities in order to facilitate Mongolia's trade and increase foreign trade turnover. Within the scope of the project, a new automated information system was installed and officially transferred to Mongolian Customs in July 2010. Moreover, a customs zone laboratory was established through multiple-stage procurement of test equipment for customs professional organizations; customs equipment and facilities were modernized, i.e., new X-ray facilities were installed in some border points; a database center was created (except the equipment/facilities and software) in the headquarters of the General Customs Authority, and the auto-transport terminal in Zamyun-Uud was expanded. In addition, in order to improve trade facilitation and foreign trade turnover, activities, such as complying national customs registration documents with the ones of the bordering countries and improving information exchange between the customs services of bordering countries, have been carried out.

Following the development and approval of the Comprehensive Plan for Zamyun-Uud Development, funding of USD 45 million for building a logistics park in Zamyun-Uud was authorized in 2010.

Current activities are focused on conducting the feasibility study of Ulaanbaatar Intermodal Logistics Park, developing plan for the establishment of Tsagaannuur Free Trade Zone and launching of a new technical assistance project on Regional Logistics Development. A mid-term report of the preparatory works for the Regional Logistics Development Project has already been elaborated as well.

Since 2007, within the framework of the CAREC programme, at the initiative of Mongolia, "Development of Regional Cooperation Programmes for Mongolia and the People's Republic of China" has been implemented. Current activities include trade and transportation facilitation, cooperation in energy and transportation sectors, plans for developing borderland infrastructure and occasional policy dialogues, consultations and research works between the two countries.

The first phase of the project was completed in April 2010 and the main outputs were (i) development of plans and institutions for building north-south and Choibalsan-Arkhan railways, providing with energy, developing transportation sector including the railway, (ii) efforts to integrate the transportation (railway) plans worked out by the project team with the national infrastructure development plan and incorporate planned measures to remove major obstacles for the bilateral trade and transit transportation into the national programme "Transit Mongolia", and (iii) establishment of the Mongolian National Committee on facilitation and intensification of trade and transportation, which has been conducting consultations on policy recommendations and regulations at official and working group levels over the last couple of years.

In 2009-2010, as result of the policy consultations, negotiations for building regulatory mechanisms and other kinds of cooperation it was agreed to establish a joint committee which will work on compatibility of customs registration documents and (within the scope of activities aimed at developing cooperation between inspection and quarantine agencies of the PRC and Mongolia) setting up a compatible quarantine standards for the two borders.

Under the Greater Tumen Initiative (GTI), a regional cooperation mechanism joined by five countries including the People's Republic of China, Democratic People's Republic of Korea, Mongolia, Republic of Korea and Russian Federation, and the following sectors such as energy, trade, investment, road and transportation and tourism were determined as development cooperation priorities. The sectoral policy councils were established to hold permanent business meetings to discuss trade facilitation issues.

The MCCI organized trainings and seminars for establishing a single electronic window meeting in September and December 2009, by sponsoring United Nation Economic and Social Commission for Asia and the Pacific (ESCAP), United Nation Economic Commission to Europe and Asian Development Bank.

Following the abovementioned recommendations, in order to facilitate Mongolia's foreign trade conditions, a draft Master Plan to implement the Single Window initiative in Mongolia was developed with the help of experts from UN Network of Experts for Paperless Trade (UN NExT), UNESCAP and ADB. Furthermore, the draft Master Plan was discussed at the Trade Facilitation Forum of Asia-Pacific countries held in October 2010 in Kuala-Lumpur, Malaysia and was updated upon remarks and suggestions rose at the forum and presented again to foreign experts.

Table 28. Proportion of Official Development Assistance (ODA) provided To help build trade capacity (Share in GDP, million USD)

	2009	2010
GDP	4 586.5	6 079.3
ODA	170.83	49.18
Proportion	3.72	0.81

Source: Ministry of Finance, 2011

Financial sector

The structure of the financial sector in Mongolia is rather simple, however, in recent times it has been rapidly developing together with the economic upsurge. The financial sector in Mongolia consists of the following institutions:

- Banking sector;
- Non-bank financial institutions;
- Savings and credit cooperatives;
- Stock market (specialized securities companies and brokers), and
- Insurance companies.

Table 29. Asset structure in financial sector, 2010

Nº	Classification of financial sector	Numbers	Asset (MNT, billion)	Asset share, percent
1	Banks	14	6245.6	95.9
2	Non-bank financial institutions	182	128.6	2.0
3	Insurance companies	16	56.8	0.9
4	Savings and credit cooperatives	179	48.8	0.7
5	Stock market	336	32.7	0.5

Source: Bank of Mongolia, 2010

Banking

Financial sector in Mongolia is led by the banking industry as in other developing countries. By the end of 2010, the total banking sector assets occupied about 96 percent of the total assets of the Mongolian financial sector. In the same period, there were 14 commercial banks in Mongolia with the total assets of MNT 6.2 trillion, which constitutes 76 percent of GDP. It demonstrates a lopsided structure of the Mongolia's financial sector dominated by banks. Development of other financial institutions remains weak. Financial deepening which was only 23 percent of GDP in 2000 multiplied by more than three times (3.3 percent) in the last 10 years.

Today, banks in Mongolia render multiple kinds of services with high quality and the scope of bank customers and financing/credits to the private sector have increased together with the growth of the banking industry. For example, if the worth of the total credits allocated in 2000 were MNT 67.7 billion, as of the 4th trimester of 2010, the total number of creditors was about 500 thousand, the total number of depositors and current account holders reached 1.4 million and 2.7 million, respectively and the total outstanding loan stood at MNT 3.3 trillion.

The outstanding loan of MNT 3.3 trillion was greater than the one in 2009 and 2008 by MNT 609.8 billion and MNT 629.2 billion, respectively. As of December 31, 2010, the share of nonperforming loans in the total credit balance was 11.5 percent which represents a decrease of MNT 87.9 billion (17.4 percent) compared with 2009 and an increase of MNT 185.7 billion (7.2 percent) compared with 2008.

In 2010, out of the total banking sector liabilities worth of MNT 4.2 trillion, around 71 percent

were deposits (64 percent) and current accounts (36 percent). The deposit balance consisted of FX accounts (27.8 percent), MNT accounts (72.2 percent), time deposits (66.4 percent) and sight deposits (33.6 percent).

Non-bank financial institutions

In 2010, there were 182 non-bank financial institutions with assets of MNT 128.6 billion which shared 2.1 percent of the total assets of the financial sector. Non-bank financial institutions with 63 branches employed 880 people, and the number of their customers and stockholders reached 158.5 thousand and 582, respectively. Moreover, the amount of nonperforming loans in the total loan outstanding of non-bank financial institutions was MNT 78.1 billion which occupied 2.4 percent of the nonperforming loans in the total outstanding loans of banks. The size of required capital of non-bank financial institutions was MNT 80.0 billion which comprised around 33.0 percent of the bank statutory funds.

Savings and credit cooperatives

In 2010, 179 savings and credit cooperatives were counted with 25,990 members and with assets worth MNT 48.8 billion, which made 0.8 percent of the total banking sector assets. Out of the total outstanding loan of savings and credit cooperatives of MNT 34.9 billion. Moreover, MNT 3.5 billion was classified as nonperforming loans. As of 2010, 74 savings and credit cooperatives were located in Ulaanbaatar and 105 in countryside. The profit of the whole system of savings and credit cooperatives totaled in MNT 1.5 billion.

Insurance companies and reinsurance activities

In December 2010, the insurance sector consisted of 16 insurance companies collected premiums totaling to MNT 2.8 billion which was MNT 546.8 million higher than 2009. By the same token, insurance benefits worth MNT 588.7 million showed an increase of MNT 33.3 million and reinsurance premiums decreased by MNT 84.4 million.

Stock market

In 2010, the 336 shareholding companies listed on the Stock Exchange distributed dividends worth MNT 361.7 million, which was a decrease of 31 percent compared with 2009.

As of the year of 2010, the Stock Exchange had registration of 2.7 billion shares of the 336 shareholding companies, out of which 1.8 billion were shares of the state owned shareholding companies, and 353 thousand company bonds of 4 companies. With regard to 2009, 17 companies which were registered at the stock market changed their ownership type to companies with limited liability.

Current measures

- The “blanket guarantee law” covering deposit and current accounts at banks for 4 years has been issued in order to ensure sustainability of the financial market and maintain confidence of people in the banking sector.
- The Law on Central Bank of Mongolia was amended in order to create conditions for implementing “Basel Core Principles for Effective Banking Supervision” issued by the Basel Committee on Bank Supervision (BCBS), introduce international best practices into banking, and expand financial intermediary services in the national economy.
- Following the bankruptcy of some banks, the government took a measure to re-organize the bank into State Bank according to the principle of “bridge bank” in order to maintain its credit quality (or performance) and to avoid damage its depository and current account holders.
- Mongolia is implementing a classic form of deposit insurance which consists of fees paid by banks in order to prevent “abuses or incidents of taking opportunities” following the “blanket guarantee law” covering deposit and current accounts at banks and protect taxpayers’ money from risk.

- Subsequent to the Law on the Development Bank of Mongolia, the Bank itself was established with a mandate to deliver financial services to the strategically important infrastructure sectors which will define perspectives of the national development, support an economy based on export revenues and use mining revenues as an investment source to the strategically important national production.
 - In order to moderate crisis factors and support liquidity of banks, the Government of Mongolia placed some of the Government revenues from securities trading, special funds and open sources into the commercial banks in the forms of deposits and current accounts. For example: at international financial market, the Government of Mongolia traded bonds worth at nominal prices USD 75.0 million at depreciated value of USD 66.24 million, some of which were placed in Trade and Development Bank, Zoos, Golomt, Capitron and Chinggis Khaan banks to be lent to gold miners in order to support the national gold industry, which enables to increase foreign reserve in the Bank of Mongolia.
 - In order to improve housing conditions of public servants and assist the construction sector with its slowing down, the Government launched programs on 4000 and 40000 apartments to be implemented jointly with relevant organizations. The government bonds issued to finance the apartment programs were traded in 2010 and 2011 by stages.
- The Government of Mongolia has been implementing necessary policies and measures to ensure the sustainable environment for financial sector with cooperation with relevant agencies and organizations at the particular time. For example,
- With an aim to determine the risk level of banks' financial capacity, improve the risk management system, implement international best practices and to prevent from any feasible risks from the global credit crunch, the Mongol Bank Governor and Minister of Finance passed a joint resolution on "Asset classification and establishment of asset risk fund and allocation regulation" 475/182 in 11 August, 2010.
 - In relation to the amended Law of Bank, the regulation to nominate, select and discharge an independent board member of Bank was passed in 20th of July 2010 via a joint resolution 434/113/167 of Minister of Finance, Governor of Mongol Bank and Director of Financial Regulatory Committee in order to create conducive legal environment to ensure independent operations of the Bank of Mongolia Board and its members. At the same time these provisions enable independent operations of the central bank as well.
 - The Government Bond which has 7,8 percent floating interest rate and total value of MNT 30.0 billion, was issued to support commercial banks which provided loans to the construction sector and generate sources for the long-term mortgage to be issued to the public servants to buy apartments. With the Government bond resource, 926 people made contracts and received mortgage loans.
 - Create a legal environment for the secondary market for housing financing and to issue mortgage loans through banks in the market, the proposal for amendment of the "Security-backed capital", and other regulations was drafted and adopted by the State Great Khural on 23 April, 2010. In stock related law, the following regulations are mentioned which are to create the legal basis for the housing financing and identify the main housing market terms. Moreover, the law states defines the main roles of the particular stock, its registry with the relevant agencies, issue the stock, trade stocks, determine the legal environment of market participants, recognize the uniqueness of stock market participants from others, protect the rights of stock market investors, and organize the close-down of stock issued party and bankruptcy.

Table 30. Share of money supply in GDP

	1990	2000	2006	2009	2010	2015*
M2/GDP	18.5 (1995)	25.4	41.4	43.7	56.7	65.0

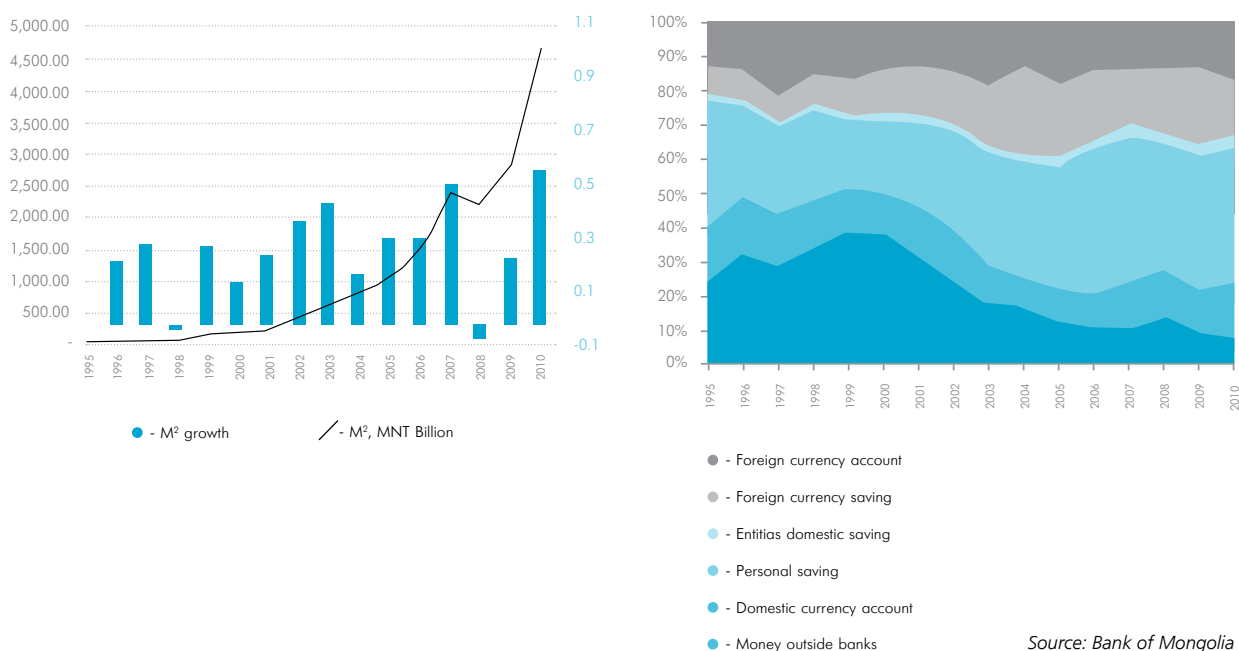
*-Target

Source: Bank of Mongolia

- In 2010, share of money supply in GDP was 56.7 percent which was 2.2 times higher than 2000 and 1.4 times higher than 2006.
- Money supply of Mongolia which totaled MNT 0.1 trillion in 1995 reached MNT 4.7 trillion in 2010 representing growth of 45 times. During

the period until of 2007, the money supply has been grown continuously with an exception of 5-percent decline in 2008 due to sudden high inflationary pressures. Afterward, it demonstrated consecutive growth of 27 and 62 percent in 2009 and 2010, respectively.

Figure 27. Money Supply Structure and Dynamics



Source: Bank of Mongolia

- The structure of M² demonstrates that since 1995, share of non-bank money in M2 has significantly decreased and in contrary, share of citizens' deposits and current accounts have considerably increased. It testifies the increased confidence of the public in banks and public preference of non-cash payments over cash transactions.
- If this trend continues, by 2015, ratio of M2 to GDP will reach 65 percent

Current measures

Particular measures were undertaken to ensure sustainability of the financial sector, secure citizens' deposits, and support liquidity of commercial banks and increase amount of concession loans and assistances from international banks and international financing institutions and other donor countries.

In addition, activities aimed at supporting real economic sectors through the Development Bank, optimizing utilization of some government revenues through the same bank and providing SMEs with low-rate and long-term credits are being implemented. Fund raising activities through trading of company securities at international stock exchange are in progress, as well. Through enhancing stock exchange operations and introducing foreign management the stock exchange legal environment and regulations have been improved, and enhance transparency and oversight over the participating agents and their coordination.

On 3rd November 2010, the Minister of Finance and the Governor of Mongol Bank passed a joint resolution 640/239 to establish a working group to draft the law on "Citizens' money deposit insurance" aimed to creating legal environment for a gradual transition from the general guarantee of the state for money savings deposits in banks to the money savings deposit insurance. The working group was composed of the representatives from the Ministry of Finance, Mongol Bank, Financial Regulatory Committee and other relevant agencies. By introducing the standard insurance system to our country, it is viewed that the legal environment to

ensure the sustainability of bank and financial sector will become more competent. At the meantime, it is a necessary step of the Government of Mongolia to protect the economic security of its citizens.

With an aim to create a proficient economic environment to decrease the loan interest rates, in 01 November, 2010, the open forum "Creating a market environment to decrease the loan interest rate" was organized for the Government of Mongolia, commercial banks, financial organizations, business companies and public. In this forum 150 representatives from 15 organizations. During the forum representatives from the Ministry of Finance, Mongol Bank, National Development and Innovation Committee, commercial banks, universities, private companies made presentations about the main influencing factors for the loan interest rate, exchanged their opinions and agreed on several main assumptions. In addition, during the session of the committee on financial regulations the issue of establishing a working group which is composed of representatives from the Ministry of Finance, the Mongol Bank, and Financial Regulatory Committee was finalized. The proposal is completed and submitted for the Cabinet discussions and its approval.

Challenges

a. Trade industry:

It is necessary to establish trade and exchange networks, which will facilitate sales of products from SMEs and family/private enterprises at local and international markets. The SME stock exchange is very important for business development.

A business environment for SMEs and suppliers chain services needs to be created in mining areas to take advantage of the growth in the mining sector. Introduction of web-based manifests for cross-border freights and vehicles has been a step forward to facilitate trade and save time.

The legal management for following issues and problems are missing. The introduction and alignment of concepts in commerce relationship, their forms, varieties, methods to conduct the

businesses, is still inadequate. The state policy and management to support the social and economic development, protection methods for the external trade within the scope of international legal system, general requirement for external and internal trade and duties and responsibilities of seller have not been established yet.

The following conclusions are drawn from the research on trade and inspection, conducted by the government agency: (i) in Mongolia, 45.7 percent of commercial spaces do not meet the general commercial facility requirements, (ii) 39.8 percent of commercial companies do not own storing facilities for the certain types of commodities, which require special storing standards, (iii) 26.0 percent of commercial entities sell foods in Fast Service Center, container and open space, (iv) 50.5 percent of commercial entities do not transport goods and foods properly, which affect negatively the quality and safety of products and foods. Also, it is still hard to curb the food trade of individuals because 30.0 percent of imported foods undermine food quality and safety standards.

The lack of information and statistical data on tradesector creates an environment undermines the policy formulation and decision-making process. Therefore, it is necessary to classify the trade records, classify data, analyze and integrate information, create an electronic database, conduct research and survey and use this information for evidence-based policy-making.

Inevitably, the condition to customize foreign trade related concepts, understanding and regulating it in line with the international treaties and regulations made between International Trade Organizations and Mongolia, with the main law shall be streamlined. In addition, joining the international trade agreements require streamlining trade relations internally, which is essential to reach a common understanding regarding trade and commerce.

In this ever globalizing world, there is a great need to create the proper legal environment to conduct trade activities acceptable to in the certain international levels, protect its domestic economy, and develop domestic trade for Mongolia.

Moreover, it is important to disseminate the disadvantages of land-locked location, to develop the border customs and the infrastructure within the scope of external trade policy.

b. Financial sector

In the future, it is crucial to decrease the amount of non-performing loans resulting from the global economic downturn, strengthen assets and liability management and enhance governance of financial institutions.

In order to support business development, legislation needs to build database of credit information and credit guarantee. There is a demand for developing the stock market, invoking all kinds of institutional investors and introducing long-term financial mechanisms into the secondary market. Above all, it is urgent to set up investment funds and institute a legal framework for them.

Insurance system should be advanced and invite bigger companies (foreign invested) into the market and create re-insurance systems as well.

Further activities

a. Trade sector

- Develop policies to support SMEs;
- Create market conditions for trading products of SMEs and family/private enterprises;
- Facilitate export of outputs of SMEs and family/private enterprises to international markets;
- Approve the draft Law on trade by the Parliament, which was produced by the Ministry of Foreign Affairs and the Ministry of Food, Agriculture and Light Industry aimed at facilitating the trade operations, streamlining and simplifying the trade related concepts and regulations;

- Approve the Law of the foreign trade protective measures by the Parliament, which will enable to protect the domestic manufacturers from the possible external trade and export damages and to improve the legal environment that supports the appropriate balance between export and import;
- Approve the draft government policy towards foreign trade of Mongolia, which is aimed to coordinate trade policies and increase the benefit of foreign trade to the domestic economy;
- Approve the Export Support Programme, which was produced by the Ministry of Foreign Affairs and the Mongolian Chamber of Trade and Industry by the Cabinet;
- Conduct research studies and survey and provide recommendations on maintaining economic partnership and free trade agreements between Mongolia and other strategic partner countries;
- Delist Mongolia from “The list of countries with non-market economy” of the European Union;
- Accelerate the development of country in the medium term through enhancing economic aspects and tools of the foreign relations and improve its efficiency;

b. Financial sector

- Develop stock exchange and build the secondary market;
- Setup a legislation for building a database of credit information and credit guarantee;
- Carry out surveys for mobilizing different financial sources;
- Create legal basis for the adopting re-insurance system.

In total of MNT 5,8 billion is required to implement the MDG eight and related targets for 2015.

TARGET 19: ADDRESS SPECIAL NEEDS OF MONGOLIA AS A LANDLOCKED COUNTRY THROUGH-NEGOTIATION FOR FAVORABLE TERMS FOR ACCESS TO THE SEA, IMPROVE THE EFFICIENCY OF TRANSIT TRANSPORTATION THROUGH THE TERRITORIES OF FOREIGN COUNTRIES AND INCREASE TRANSIT TRANSPORTATION THROUGH THE TERRITORY OF MONGOLIA

CURRENT STATUS

In Mongolia, railways carry 90 percent of all freight transport of the country. In 2010, railways carried 16.8 million tons freight out of which 4.6 million

tons were export, 1.5 million tons import, and 2.3 million tons transit freight. In 2010, transit freight (Russian Federation-People’s Republic of China and People’s Republic of China-Russian Federation) amounted in 2314.6 million tons of freight.

Table 31: Transit Freight 2003-2010 (thousands tons)

Year	2003	2004	2005	2006	2007	2008	2009	2010
Russia to China	3 453	4 643	5 028	4 003	2 944	1 964	1 959	1797
China to Russia	191	176	360	465	529	367	337	517.6
Total	3 644.8	4 824.6	5 388.4	4 468.9	3 473.3	2 331.0	2296.6	2314.6

Source: Ministry of Road, Transport, Construction and Urban Development.

In relation to the mining sector development in Mongolia, in 2010, auto transportation carried 16.9 million tons of export freight and 0.99 million tons of import freight.

In recent times, share of transit transportation in the total railway transportation has been constantly declining and in 2010, it dropped to 13.8 percent.

The negotiations on transit transportation through territories of Russian Federation, Mongolia and People's Republic of China, which had started some ten years ago with support of the UN Trade and Transportation Facilitation Council, have not reached yet an agreement. Upon conclusion of this agreement, as a landlocked country, Mongolia should enjoy transportation tariff concessions.

Transport goods and products, our country is paying high tariff and transportation fee whereas to transport goods to South Asia and European countries, the goods are going 4000 km over the Russian territory and to transport goods to South East Asia and other countries, the goods going 1700 km to reach Tianjin port.

Table 32. Share of transit shipments in railway transportation (2007-2010)

Indicators	2007	2008	2009	2010*	2015**
Share of transit shipments by railway transportation	24.7	16.0	16.2	13.8	40.0

**-Target

Source: Ministry of Finance and ICTPA; * Preliminary performance

Due to the limited variety of goods and products to be transported from Asia to Europe, it is hard to organize railway transportation on regular basis. In 2008, railway companies of 6 different countries organized a 14-day express railway trip from Germany to Beijing and vice versa. As a result, this express trip proved to be cost and time efficient because the transportation time period was 30 days less than that of costal shipment.

Current measures

In May 2008, the Government of Mongolia adopted Resolution No. 183 and approved the national programme "Transit Mongolia" to increase transit transportation using the country's favorable geographic location. This programme is aimed at (using its geographic privileges) developing transit transportation and logistics sectors in Mongolia with active engagement of the private sector and foreign investors.

In June 2009, Mongolia organized a national workshop on "Opportunity for Mongolia to join APTA" in cooperation with UN ESCAP and its feasibility study is underway. A meeting was organized with the Embassy of Republic of Korea to discuss opportunities for establishing a free trade zone.

In September 2009, Mongolia exchanged views with Japan about signing an Economic Partnership Agreement (EPA) between the two countries and agreed to arrange a joint research team to explore opportunities for the Agreement.

The issue of acceding to conventions on international transportation and logistics service is presently being surveyed. Mongolia joined the Inter-governmental Agreement on the Trans-Asian Railway Network under the UN ESCAP, and the Agreement has been enforced since June 2009.

Challenges

Freight transportation between Europe and Asia is burdened by tariffs, which need to be removed. The improvement of customs services is very important for increasing transit transportation.

Besides, it is important to conclude contracts and negotiations with transit countries and provide freight security. It is also important to improve railway capacity of transportation and related logistics.

Further activities

- Support activities of the International Think Tank for Landlocked Developing Countries which was established in Ulaanbaatar;
 - Make efforts to implement Ulaanbaatar Declaration of landlocked countries;
 - Intensify processes of trilateral agreement on transit transportation;
 - Realize goals stated in the national programme "Transit Mongolia";
 - Complete construction of AH-3, AH-4 highways that are part of the Asian Highway Network;
 - Improve capacity of railway between Sukhbaatar-Zamyn-Uud and work toward building of the second railway;
 - "Combine the first and second stages of building railway road within the scope of "State policy of the railway transportation";
 - Renew the joint agreement of the Mongolian railway company, which is established in 1949
- made between People's Republic Mongolia and the former Federation of Soviet Socialist Republic /Russian Federation/, and convert the Mongolian railway company as joint venture with Mongolian ownership 51 percent and Russian as 49 percent. The agreement shall be amended accordingly;
 - Reform the construction of railroads and technologies of "Mongolian Railway Company", increase the capacity and efficiency of railroads by improving mobile park ability,
 - Make a management restructuring in "Mongolian Railway Company" and separate the railway into infrastructure owner and transportation provider;
 - Speed-up research work on increasing freight volume, moving through Mongolian territory and start initiative to start international negotiations and agreements.
 - Establish a treaty about the terms of railway transit, which carries Mongolian exporting goods through Russian territory and their transportation. The treaty should be made by and between the Government of Russian Federation and the Government of Mongolia.

TARGET 20: *DEVELOP A DEBT STRATEGY TO ENSURE SUSTAINABILITY OF EXTERNAL AND INTERNAL DEBT FOR LONG TERM, STUDY METHODS APPLIED NATIONALLY AND STUDY METHODS APPLIED NATIONALLY AND INTERNATIONALLY TO COORDINATE AND RESOLVE DEBT ISSUES WITHOUT NEGATIVE EFFECTS ON THE STATE BUDGET AND ECONOMY OF MONGOLIA*

CURRENT STATUS

In 2010, the Government of Mongolia obtained loans totaling MNT 91.2 billion from the donor countries and international financial institutions. The total foreign outstanding debts by Government of

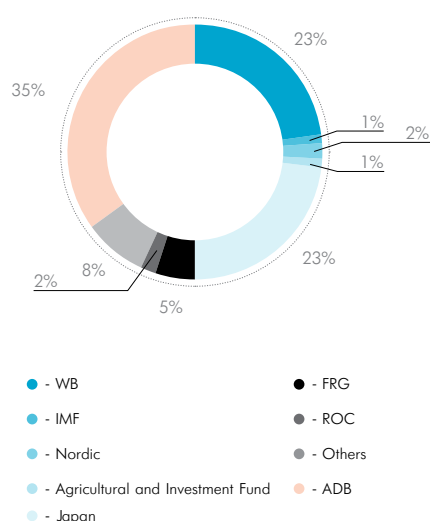
Mongolia by the end of 2010 stood at MNT 2209.6 billion, while MNT 157.8 billion were repaid. The total foreign outstanding debts equaled to 20.3 percent of GDP (at current value).

Table 33. Total Foreign Outstanding Loans (2010, MNT billion)

Classification of foreign debts	Beginning balance of 2010	Amortization	Repayment	Interest change	Share in the total debt outstanding, percent	Ending balance of 2010
Project loans	1,683.3	74.4	47.8	-265.2	65.1%	1,444.7
Road loans	294.2	16.8	5.1	-53.3	11.4%	252.6
Financial loans	512.0	0.0	7.3	-2.6	23.0%	502.1
IMF loans	19.8	0.0	6.5	-3.1	0.5%	10.2
Foreign bonds	95.6		91.1	-4.4	-	-
TOTAL LOANS	2,604.9	91.2	157.8	-328.6	100%	2,209.6

Source: Ministry of Finance, 2010

Loans outstanding owed to ADB are 35.0 percent, WB 23 percent, Japan 23 percent and other international organizations and donor countries 6.7 percent respectively. The structure of foreign loans consists of special drawing rights (SDR) comprising 62 percent, Japanese yen - 19 percent, Euro – 10 percent and other currencies hold the remaining 9 percent.

Figure 28. Government Foreign Loan Sources

The debt sustainability indicators are computed according to the IMF and WB methodology and results for Mongolia as of 2010 are shown in the below table.

Table 34. Debt Sustainability Indicators

Indicators	2010	Thresholds**	Comments
Debt/GDP	20.3	40.0	Sustainable
Debt/Export	57.7	150.0	Sustainable
Debt/Government revenue	55.2	250.0	Sustainable
Debt service/export	6.3	20.0	Sustainable
Debt service/Government revenue	6.1	30.0	Sustainable

Source: Ministry of Finance

Mongolia's foreign debt equal to 20.3 percent of GDP (at current value), and according to the WB and IMF debt sensitivity indicators Mongolia falls under "low risk nation".

Within the framework of the "blanket guarantee law", the State Great Khural Resolution No.97/2009 and the Government Resolution No.378/2009 were issued, which authorizes the Government to issue and trade bonds worth MNT 100 billion. Consequently, the government sold bonds worth MNT 67 billion to the State Bank on January 12, 2010 and bonds worth MNT 33 billion to the Bank of Mongolia on March 25, 2010, respectively.

As indicated in The State Great Khural Resolution No.77/2009 and the Government Resolution No.372/2009, out of bonds trading worth MNT 250 billion authorized by the State Great Khural, MNT 170 billion were planned to cover for the fiscal deficit and MNT 80 billion to be allocated for mortgage for civil servants. As a result, between March 31, 2010 and September 17, 2010, the Government of Mongolia issued and sold bonds with interest rates of 7.2-7.8 percent for the term of 1-5 years to the public through the Bank of Mongolia, State Authority for Social Insurance and Stock Exchange. Bond revenues were credited to the Housing Financing Corporation through re-crediting contracts.

Within the scope of the Stand-by Arrangements signed by the Government of Mongolia with IMF on April 1, 2009, in March of 2010, as the fifth tranche of financing of the programme, the Government bonds worth MNT 32.7 billion equal to 15.3 million Special Drawing Rights (SDR) were placed in IMF account at the Bank of Mongolia for the purpose of currency exchange.

Table 35. The Government Bond Trading /2006-2010/

Years	Amount authorized by the Parliament (MNT, billion)	Sold amount (MNT, billion)	Average interest, percent
2006	80	49.4	1.43%
2007	150	40.8	6.61%
2008	0	1.4	9.48%
2009	2,380	732.8	5.47%
2010	0	212.7	6.06%

Source: Ministry of Finance, 2010

Since the government current account is in surplus, it allows maintaining sustainability of domestic debt. By the end of 2010, there were no any gaps in current expenditures. In 2010, there was overall budget surplus of MNT 5.5 billion, which means that there is no pressures of domestic debt.

Current measures

The first ever mid-term debt strategy (2007-2009) was endorsed by order No. 144 dated May 24, 2007

of the Minister for Finance. Further, based on Notes of the Cabinet Meeting No.51, the mid-term debt strategy was updated for 2010-2012 by order No. 219 dated October 1, 2010, of the Minister for Finance. The strategy document is a policy document that aligned and supports the Main Socio-Economic Development Guidelines and 2011-2013 Fiscal Framework Statement.

The Government of Mongolia has been implementing Stand-by programme with the IMF due to the global financial and economic recession of 2008-2009. Repayment of currency debts under the Stand-by programme, which will start in 2012-2014, may cause a sudden growth of repayment costs.

Further activities

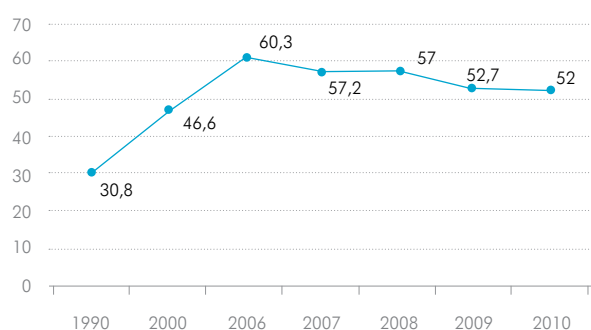
- Upgrade financial analysis system of debt management, which is a debt management registration system;
- Publish the Government Debt Management Review for 2010 (according to international standards) and inform the public about the Government debt;
- Goal of the Mid-term Government Debt Strategy is to meet the Government financial needs at lower cost and in a timely manner based on adequate risk assessments and develop the Government's domestic debt market.

TARGET 21. DEVELOPMENT OF NEW INFORMATION COMMUNICATION TECHNOLOGIES AND BUILDING AN INFORMATION SOCIETY

CURRENT STATUS

Landline phone penetration is still developing at the capital, aimag and soum levels along with introducing new techniques and technologies.

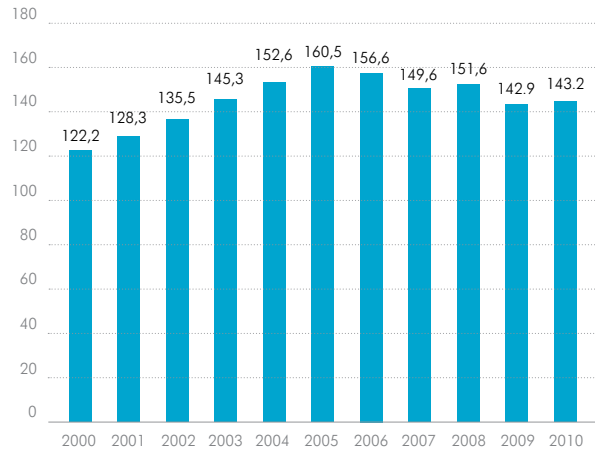
Figure 29. Number of Landline Phone Points (per 1000 population)



Source: National Statistical Office of Mongolia

With the steady increase in the number of cellular phone users in the world, the number of landline phone users has been continuously declining. Since 2006, Mongolia has also experienced a declining tendency in the number of landline phone users and as of 2010, the number of landline telephone service points was 143.2 or 52 per 1000 population.

Figure 30. Number of landline phones

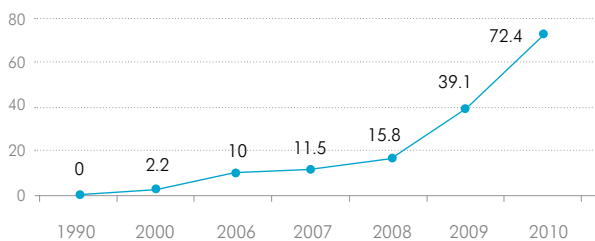


Source: National Statistical Office of Mongolia

Despite this fact, with the outstanding Broadband Network Programme and Triple Play technology, the number of users is more likely to grow in the future.

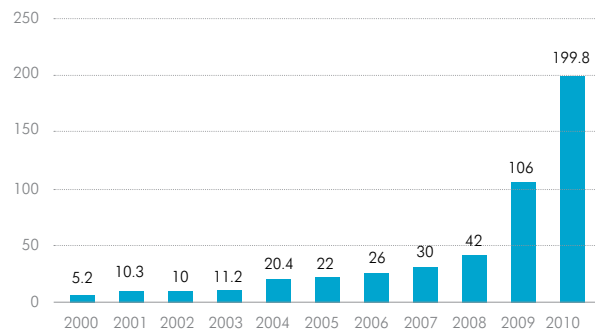
In terms of internet use, the speed and capacity of Mongolia's internet flow have increased by 14 times in comparison with 2004. For example, till 2004, Mongolia had only one Internet outlet with capacity of 78 Mbps while today, there are 6 outlets with capacity of 11.2 Gbps for accessing international high-speed Internet flow.

Figure 31. Number of Permanent Internet Users (per 1000 persons)



Source: National Statistic Office of Mongolia

Figure 32. Number of Permanent Internet Users (thousand units)



Source: National Statistical Office of Mongolia

By the end of 2010, there were 77 Internet service providers, and the number of permanent internet users reached 199.8 thousand.

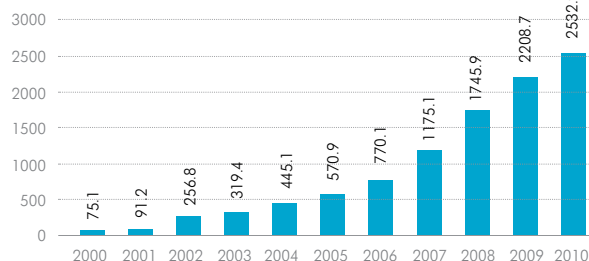
An abrupt growth in the number of permanent Internet users in 2009-2010 (72.4 per 1000 population) was influenced by the expansion of the speed and capacity of Internet networks, decline in service prices and tariffs, and extension of Internet services to rural areas. As a result, the MDG target was successfully achieved in 2009 and the growth in number of permanent Internet users is likely to continue.

The number of cellular phone users has been continuously growing. Currently, all soum centers and settlements are connected to cellular phone network, and 70 percent of the Mongolia's population use cell phones.

At the end of the year of 2010, the number of cellular phone users reached 2.5 million. As cell phone operators have been constantly working on their technology innovation and network expansion, 3G technologies was introduced to 31 soums and settlements, and the number of end users reached 171 thousand.

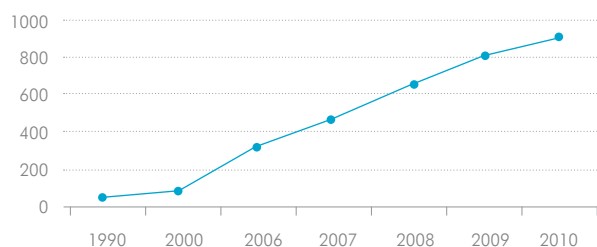
Due to strong competition at the cellular phone market, new services, such as "Card PLUS", "Be brand", "3,5G", "and Doping", "ID", "My Phone and G10", were introduced and prices and tariffs have been continually decreasing.

Figure 33. The number of cellular phone users (thousand units)



Source: National Statistical Office of Mongolia

Figure 34. The number of cellular phone users (per 1000 population)



Source: National Statistical Office of Mongolia

Intense competition between the four cell phone operators in terms of price and range of services means that this indicator has already surpassed its target.

Current measures

Within the framework of the Government policy on improving accessibility of ICT services to herders, the “Rural Telecommunication Project” was implemented with the support of the World Bank. The project financed the establishment of telegraph service points in 184 baghs of 82 soums and in the result, 114 thousand herders have obtained access to telegraph services, and the number of their monthly calls stands at 34,645.

Within the scope of the sectoral price and tariffs policy, in 2010, a flat rate policy was introduced for telephone conversations. Consequently, the conversation rate for domestic long distance calls for cell phone users decreased 1.7-2.1 times and for landline phone users it reduced 1.6-2 times.

In order to develop the information and communication infrastructure, a 8400-km long digital cable network was installed covering 265 soums and settlements /in double count/ along with a 13762 km long fiber cable network covering 160 soums and settlements. Now, 48.3 percent of all soums are connected to the high speed optical fiber network.

Information technology has become vital for the development of all sectors. Thus, as a part of the e-government initiative, currently being implemented, registration and paper records at taxation and customs authorities have been fully digitalized.

There is a project named “Creating infrastructure for public service information exchange” with aims to refine the national system of information classification and coding, design an integrated information system, create conditions for public service information exchange and improve accessibility and openness of public services.

The project, based in the National Portal Data Center, is experimenting with creating connections between the Civil Registration and Information Center, the Authority for Labour and Social Welfare Services as well as banks.

A state-funded programme to develop external outsourcing of IT and develop a professional workforce has been underway since 2010. Some 20 applications developed by Mongolian software engineers have been downloaded over 2 million times via Android Market and the Apple App Store.

The Information, Communication, Post, and Technology Agency (ICPTA) has proceeded establish an IT cluster or “Silicon Valley” together with the National Development and Innovation Committee and Ministry of Education, Culture and Sciences. Within the framework of the project on “Improving Internet Connections in Mongolia” executed by the National Portal Data Center, in 2010, domestic internet providers were interconnected. As a result, capacity of the domestic Internet flow increased 10-100 times and domestic internet providers upgraded flow, reliability and security of their connections

through 1G or 10G connections to the National Portal Data Center.

Mongolia's connectivity to the Internet has been greatly improved due to private sector investment in two connections from Ulaanbaatar to Asia (10Gb) and Europe (5Gb). Speed, capacity and reliability of Internet connections have been increased significantly.

As a result of the abovementioned projects, the number of Internet users has increased and until 2016, the Government will continue to fund the establishment of One Stop services for high-tech post, communications and Internet services in aimags and soums. It will create favorable conditions for increasing the number of Internet users and promote declining prices and tariffs in countryside.

In 2010, substantial policy and regulatory documents were issued in order to develop the radio and TV sector. Transfer of television programming into the Q frequency range provided a technical solution to broadcast and receive 6-18 television channels.

The Information, Communication, Post, and Technology Agency (ICPTA) has approved and been implementing the "Guidelines for Introducing Mobile Television Service in Mongolia" and "Guidelines for Introducing Mobile Television and Television based on Internet Protocols" respectively.

Implementation of the national programme on "Transferring Radio and TV Broadcasting into Digital Technology" (approved by the Government Resolution No. 275/2010) started. Prior to the programmer's endorsement, a feasibility study for the project "Transfer of the Mongolian Radio and TV Broadcasting from Analogue System to Digital System" was carried out and the transfer will be fully undertaken by 2015. Mongolia intends to launch a satellite in 2015 and is carrying out surveys and cooperating with foreign countries including China and Japan on this matter.

Challenges

Landline telephone service points need to be increased twofold in the upcoming four years in order to achieve the 2015 target. To achieve this goal, the following issues need to be considered.

- Establish high speed broadband networks at soum and bagh levels and expand them (introduce the triple play technology and service);
- Develop a flexible concept adjusted to today's development pace and changing environment for the separation of ICT networks and services;
- Remove network overlaps;
- Facilitate redemption and re-lending of foreign aid and assistances.

Further activities

Activities reflected in the MDG-based National Development Strategy and sectoral development programs/projects of the Government, such as establishing a high-tech innovation cluster (Silicon Valley), enhancing capacity of human resources in IT sector, improving herders' access to telecommunications, creating a broadband network for strategically important settlements (larger mines, border points and free trade zones) and providing it with an integrated management and monitoring system and shifting radio and TV to digital technology, are in full swing to be completed in mid-term (2010-2015).

More time and effort is required to put the final touches on infrastructure related goals and activities that are being carried out under various National Programmes. The 'Building an Integrated Civil Registration Database' and the 'Government Action Plan' will need more attention to deliver goals such as creating a database for addresses and codes

based on distance, establishing One Stop services in the countryside, setting up a network for transfer and distribution of files based on internet protocols in soums, connect remaining soums to fiber optic network and launching the high speed networks of public organizations as well as the metropolitan network of Ulaanbaatar.

Four World Partnership Development Policies of eighth Millennium Development Goals' implementations are mutually different. Thus, consider the implementation progress according to the performance parameter which approved by Parliament and organize the activities such as affirming the goals that are willing to be implemented and intensifying implementations that are lagging behind.



GOAL NINE

*STRENGTHEN HUMAN RIGHTS AND
FOSTER DEMOCRATIC GOVERNANCE*



GOAL 9

STRENGTHEN HUMAN RIGHTS AND FOSTER DEMOCRATIC GOVERNANCE

TARGET 22. FULLY RESPECT AND UPHOLD THE UNIVERSAL DECLARATION OF HUMAN RIGHTS, ENSURE THE FREEDOM OF MEDIA AND PROVIDE THE PUBLIC WITH FREE ACCESS TO INFORMATION

CURRENT STATUS

Eight years have been passed since Mongolia has approved the national Action Plan on Promoting the Human Rights. Every year, the report on Human Rights Status is disclosed by National Human Rights Commission for public reference. Independent bodies have vital responsibility in cooperating and consulting in area of monitoring and oversight with the government agencies. According to the various researches and speeches the implementation of the national Action Plan on Promoting the Human Rights has remained challenging.

The MDG particular target contains 6 sets of indicators aligned with the Universal Declaration of Human Rights that are shown in the next table.

Until 2008, MNT 15 million was spent for legal assistance to the citizens who are unable to pay for legal services from the state budget, and in 2012, this amount was increased to MNT 240 million.

The national Action Plan on Promoting the Human Rights consist of 243 objectives, and out of them 71 objectives are devoted to creation of human rights promotion and protection mechanism, 43 objectives are aimed at promoting human rights and freedom, 36 objectives – on political rights and freedom, 20 objectives – on economic rights, 43 objectives - on social and cultural rights, 20 objectives - on ratification and implementation of international human rights treaties, and 36 objectives - on labor relations, organization and financing, respectively

Table 36. MDG Monitoring Indicators

Indicators	2007	2008	2009	2010	2015*
Human Development Index	0.737	0.745	0.750	0.763	0.83
Expert evaluation of conformity of Mongolian laws and regulations with international human rights treaties and conventions (percentage)	...	3.4	...	...	...
Percentage of implementation/enforcement of judicial decisions	68.2	73.4	70.8	51.9	64.5
Number of attorneys that provide services to citizens who are not able to pay for such services	518	431	340	471	...
Public perception of political, economic, and financial independence of mass media	...	28.5	28.5	...	...
Number of state organizations that regularly place reports of their budgets and expenditures on their websites	...	70	83	88	...

*-Target

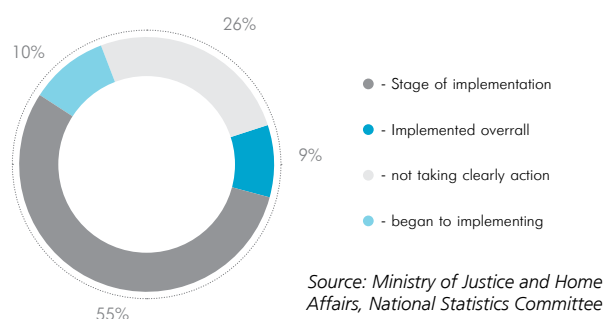
Source: Ministry of Justice and Home Affairs, National Statistics Committee

In general, 9 percent of the total objectives within the Programme have been implemented, and as a result of certain measures to accelerate the program for 55 percent of objectives there was some progress. Further, 10 percent of activities are at earlier stages of implementation, and for remaining 26 percent

the works has not been started yet. Overall, the 74 percent of objectives are progressing.

In Mongolia, the Human development index has been continuously increasing year by year at the national and regional level, but at the international arena the

Figure 35. Target implementation statement (percent)



country's the level falls under the "average" country. This low rank is mainly associated with the low level of the Gross Domestic Product per capita.

In 2010, out of population of age 6 – 22 years old the share of the students of secondary education school, the Technical and Vocational Training Centers, and universities increased by 1.1 percentage points compared to 2009, and GDP per capita also increased by USD 907.9, which will enable to surge the human development index by 0.13 points and reach 0.763 by the end of 2010.

While HDI measures progress in human development of a population as a whole, the two separate indices are used to measure more specifically the progress in ensuring gender equality. One is the Gender Development Index (GDI), which measures development along the same three dimensions as

the HDI, but allows monitoring the progress for women in comparison with men. The other indicator is the Gender Empowerment Index (GEM), which measures women's status in society relative to men.

Looking separately at the three components that together constitute the GDI, one finds that women are disadvantaged in some areas. For example, in 2010, the proportion of children and youth aged 6-22 attending school was 86.3 percent for males compared to 77.2 percent for females. The PPP-adjusted per capita incomes of men and women were USD 5680.4 and USD 4061.6 respectively. However, compared to male life expectancy of 64.93 years, female life expectancy in Mongolia was 72.26 years in 2010.

In 2010, GEM was 0.395 in Mongolia, and it shows that women lag behind significantly in economic and political spheres and at decision-making level.

The percentage of implementation or enforcement of judicial decisions which stood at 73.4 percent in 2005-2008 dropped to 70.8 percent in 2009 and to 51.9 percent in 2010. In 2009, the number of attorneys that provide free services to citizens who are not able to pay for such services was 340, and this number increased to 471 in 2010.

The below table demonstrates the main facts from the Expert evaluation of conformity of Mongolian laws and regulations with international human rights treaties and conventions.

Table 37. Expert Evaluation Findings of Conformity of Mongolian Laws and Regulations with International Human Rights Treaties and Conventions

No	International treaties and conventions	Score
1	Convention on child rights	3.3
2	The Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict	4.1
3	Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography	2.9
4	The UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the UN Convention Against Transnational Organized Crime	4.2
5	Convention against torture and other cruel, inhuman or degrading	2.8
6	International covenant on civil and political rights	4.4
7	International covenant of economic, social and cultural rights	4.4
8	International convention on elimination of all forms of racial discrimination	4.4
9	Convention on the Rights of Persons with Disabilities	4.2
10	Convention on elimination of all forms of discrimination against women	4.3
	Total	39
	Average score	3.9

Source: Ministry of Justice and Domestic Affairs, NSO

An expert evaluation of conformity of Mongolian laws and regulations with international human rights treaties and conventions concluded that Mongolia obtained 3.9 score out of 5. Although the evaluation score is about satisfactory" or "average", it indicates that there are some rooms for improvements.

The 2010 evaluation score is higher than the 2008 data by 0.5 score, and it shows a gradual progress in the conformity of Mongolian laws and regulations with international human rights treaties and conventions. Moreover, in two years, Mongolia has ratified the United Nation's Convention on the Rights of Persons with Disabilities, Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, and Optional Protocol to the International Covenant on Economic, Social and Cultural Rights.

As of December 1, 2010, 439 national laws and 145 international treaties have been approved by Mongolia, or to which Mongolia is a party, and are in force. The surveys of 2008 and 2010 indicate that knowledge and understanding of the general public about basic laws has slightly improved. For example, knowledge indicator for the Constitution which is the basis for human rights legislation increased by 5.5 points, and indicator for the Elections Law increased by 1.0 point, respectively.³³

The Mongolian Law on Alien Residents has been amended in 2009-2010. The Law on Gender Equality and the Law on regulation to addition and amendments to the Constitution were passed. The social discrimination is considered to be a main type of human rights infringement. Discrimination on the grounds of residential location - rural or urban settlement, age, poor and rich, party membership, workposition and gender has increased compared to the previous years. Discrimination is evident in state administration department (2.63 percent), education sector (2.64 percent), and health sector (2.73 percent).³⁴

³³ *Changes in the State of Democratic Governance Survey Report 2009-2010*

³⁴ *Ibid.*, pp.14-15

The expert evaluation report demonstrates that scoring for conformity with the economic, social and cultural rights is improving, while evaluation on protocols on Children's right convention and other additional reports such as against the trafficking of children, inducement into prostitution or hiring them as prostitutes and inducement into armed conflict has been worsened.

The National Human Rights Commission (NHRC) conducts assessment, analysis on human rights protection, policy formulation, international human rights treaties implementation, conformity of the legislation and decision made by State Great Khural, the government, the ministries and agencies and local administrative offices with the human rights norms and international treaties and submits the results to State Great Khural on the annual basis. Moreover, it receives complaints from the public regarding the human rights violation, provides recommendations to the relevant organizations, and continues monitoring over its execution. In 2009, NHRC provided six demanding statements and five recommendations, while these actions were increased six statements and eight recommendations, at the same time NHCR received 218 complaints from the citizens, against 169 cases in 2009.

The human trafficking cases are detected mostly in the form of sexual exploitation and sale of human organs. Recent increase in the number of human trafficking crimes in Mongolia requires more robust policy interventions in this area.

In 2010, 300 cases of human trafficking were recorded and investigated whereas only 2 cases were recorded in 2001. According to police investigations, more than 1000 Mongolian women engaged in prostitution in Macao, Singapore, Beijing and Korea. Out of them 300-500 work in saunas or night clubs, and about 70 percent of them are the victims of any kind violence. As surveyed, 9.7 percent of victims are under-age girls, 50 percent aged 18-21 years women, 34 percent aged 21-26 years women and 6.3 percent aged 26-30 years women³⁵. The main reasons for becoming victims of human trafficking were explained by "deceived by others - 63.4 percent", "forced by others - 24.3 percent" and "believed in commercials - 7.3 percent."

³⁵ *Ibid.*, pp.29-30

The court decision execution rate was reduced in 2010 compared to the previous year.

At this time, there is no legal provision on protecting the media and journalists from undue influence and intimidation. In this regard, the draft Law on Media Independence which is under hearing by the State Great Khural needs to ratify this protection. The government pressure on the mass media in one form or another has been obviously reduced, but on contrary a professionally sound critique of government policies and actions is being

accompanied by a rising negative phenomenon of derision, slander and gossip directed at public bodies and officials. This phenomenon increases especially in pre-election times³⁶.

According to the Table 37 indicates that government intervenes the media activities. Only 17 percent of people responded that the state does not influence the media. Moreover, 40 percent of the respondents perceive that financial situation of the media is dependent of a thirdparty. The following table³⁷ describes the public trust and confidence to the media.

Table 38. The public perception of the media's political, economic and financial independence (national average, percent)

Indicators	Totally dependent		Generally dependent		Average		Generally independent		Totally independent		Don't know	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
1 The media's political independence	10.5	9.35	30.9	39.94	21.7	24.56	15.8	11.92	1.1	0.72	20.0	25.28
2 The media's economic and financial independence	8.5	8.77	29.3	31.75	21.8	22.43	13.8	11.12	1.0	0.66	25.6	25.28
3 Mongolians have freedom of speech	5.3	6.0	18.5	17.12	31.0	29.15	35.0	38.66	6.7	3.82	3.6	5.25

Source: *Changes in the State of Democratic Governance, 2009-2010.*

The survey participants responded that there is strong trend that public media tools have come under the

influence of certain political or economic groups, big private companies and wealthy individuals.

Table 39. Public trust in press and media (national average, percent)

Press and Media	Don't trust at all	In general, don't trust	Average	In general, trust	Completely trust	Don't know
1 National radio	1.11	4.37	21.13	52.99	10.48	9.93
2 FM radio (short wave)	1.71	8.74	29.42	29.56	3.87	26.69
3 Mongolian National Public Television	0.83	2.82	17.06	56.8	20.11	2.38
4 Private Television	0.97	7.16	32.8	45.13	6.44	7.49
5 Local Television	1.0	5.09	23.51	35.87	4.73	27.81
6 Daily newspapers	2.41	11.92	32.52	30.56	3.84	18.75
7 Yellow press	8.88	24.36	29.26	12.64	1.69	23.17

Changes in the State of Democratic Governance, 2009-2010.

The table depicts that public continues to rely on the National Broadcasting television and National Radio station rather than other enterprising and multimedia tools. The low trust to other means is associated with the perception that they are under the hidden economic and political influence

³⁶ *Ibid.*, p.137

³⁷ *Ibid.*, p.138

Challenges

- In the process of drafting and endorsing laws, there is a lack of aligning the content and legal terms with international treaties and conventions. In addition, research institutions and researchers are not involved and their opinions and conclusions are not reflected.
- There are conflicting cases of decisions of the ministries, agencies and local administrative organizations with the national human rights legislation and international human rights treaties and conventions. In such cases the relevant bodies need to correct and amend the processes, and the capacity of these appointees needs to be developed.
- The Constitution of Mongolia reflects the content and concepts stipulated in the international treaty. However, some sectoral laws such as Criminal Code and Criminal Procedure Code do not adequately reflect the concepts and contents of international treaties and conventions, which affects on weak execution of the respective conventions.
- It is necessary to introduce the certain the law and procedures related to human rights and freedom. For example, it is important to coordinate legal efforts to fight discrimination on political backgrounds and protect the national minority rights.
- Legal regulations on trafficking, violence, intermediation for cross-border marriages, child rights protection and sexual exploitation need to be enacted.
- Although Mongolia has become a party to the international convention on rights of vulnerable groups, the country has not carried out its obligations due to the absence of specialized legislation to protect their dignity and privacy.
- There is a need to eliminate all types of media dependency, and enhance freedom of obtaining information. These provisions shall be legalized in certain legal documents.

Further activities

- Involve research institutions and researchers in activities to align national legislation with international treaties and conventions and incorporate their opinions and conclusions into national legislation;
- Submit reports on international treaties and conventions fulfillment on timely manner, and address recommendations provided by UN Committees;
- Establish a system to carry out systemic public awareness regarding the international treaties and conventions, and conduct regular training programs for public service executives and public servants working at central and local governments; Create and access to public an integrated database for international treaties and conventions;
- It has been only one year since the Government of Mongolia ratified the United Nations Convention on the Rights of Persons with Disabilities. It is noticeable that according to the experts' evaluation the basic rights of persons with disabilities have already been validated within the national legal framework. On one hand, this is a positive move towards protecting the rights of persons with disabilities in Mongolia, but in order to ensure that this group of vulnerable groups might be left outside of the overall assistance for the vulnerable population the related legislation needs to be reviewed carefully.
- Develop national legislation against slavery and sale of slaves (although this phenomenon does not exist in Mongolia);
- Incorporate Article 16 of the International convention on elimination of all forms of racial discrimination into the national legal documents and amend the Laws of Mongolia on Administrative Accountability, Education and Family Violence;
- Adjust the content of national legal provisions according the definition of "torture" accepted in

the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment;

- To incorporate provisions 16, 19 of the Convention on Child Rights into the amended Law on Family, this enables conformity with the international treaties and conventions.
- Build up a legal environment for ensuring media independence and information freedom.
- The provision of right to decent living for everyone is a concern for Mongolia. The number of unemployment, poverty along with poor people with employment still not decreasing and salary they earned is not sufficient to maintain sufficient livelihood. These facts result in infringement of basic rights which is approved by Universal Declaration on Human rights. Especially, in the present times of rapid economic growth, there is a need to carry out robust interventions to ensure decent living for its citizens. .
- In November of 2010, the UN Human Rights Commission discussed the Mongolian National Human Rights Status and made recommendation with 126 provisions. Now there is a need to ensure implementation of the follow up activities included in the plan and allocate adequate resources to reach the objectives.
- Strengthen the oversight and monitoring of the human rights promotion by the third party such as the National Human Rights Committee, NGOs, etc.
- Establish Translation Bureau for International Treaties and conventions
- Develop volume series of International Treaties and conventions
- Expand in use of International Treaties and conventions into practical experience justice

TARGET 23. MAINSTREAM DEMOCRATIC PRINCIPLES AND PRACTICES INTO LIFE

CURRENT STATUS

During the last 20 years, a number of surveys and studies have been conducted to evaluate the state of democracy and social development in Mongolia.

According to the study on State of Democracy in Mongolia conducted by the Institute of Philosophy, Sociology and Law (IPSL) under the Mongolian Academy of Sciences in 2010, it was concluded that Mongolia had already passed the most challenging and fragile period of democracy, and now shifted to the most important and difficult time of nurturing and strengthening the democratic society.

Implementation of one of the main democratic principles “The people hold democratic governance right” in a representative democracy is measured by performance of democratic governance institutions, their accountability and maturity of civil service organizations. In 2008, the module on Democratic

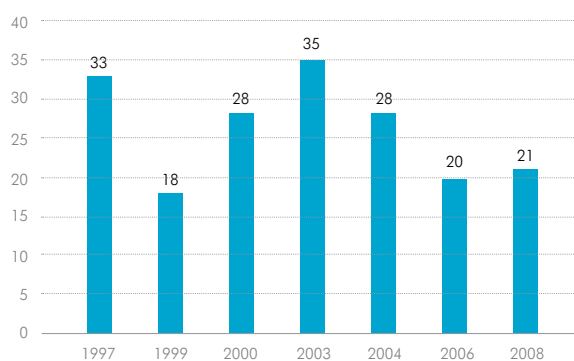
Governance was included in the regular Household Socio-Economic Survey which is conducted by the National Statistical Office, and 3,477 households are covered by the survey on annual basis. This module reveals the public perceptions regarding governmental organizations performance. According to the first survey on the democratic principles and their customization into daily lifestyle the citizens have expressed their satisfaction with the social security and welfare organizations, but they were unsatisfied with performance of the political organizations, and civil representative offices. The survey of 2009 and 2010 also collected more data on people’s perception regarding public organizations functioning.

The report revealed that scoring for the political executives and some public service organizations services was low or average. According to the report, in future there is a risk of diminishing trust and confidence for the public organizations.

Another main criterion to measure state of democracy is the maturity of political parties. "In the last 20 years, Mongolian political parties have learned a lot from their political activities and their successes and failures. As a result, political parties have probably matured to a certain extent, but, as institutions functioning like a living organism, they have not reached yet maturity. Today, in Mongolia, there are no political parties yet similar to the world-ranked (classical) political parties; our parties have grown into Mongolia-specific political forces"³⁸.

In recent times, there is a dominant trend of decreasing public trust in political parties. Reasons for this might be the inability of political parties to conduct activities that meet public expectation and the failure of some government policies regarding development, security, natural environment and poverty reduction initiated by political parties.

Figure 36. Public trust in political parties³⁹ (percent)



The survey on public trust in political parties has not been carried out since 2008, but the scoring of political parties demonstrates a continuous trend of declining of the trust to the political forces.

The global experience demonstrates that civil society and popular participation is a core democratic principle. There are a number of reports and surveys on civil society; however, there are great differences in collected data and information. Thus, this report is mainly based on conclusions drawn from the survey on the State of Democracy in Mongolia carried out by the Institute of Philosophy, Sociology and Law. If the state protects social interests, the civil society protects individual interests. Thus, interoperability

³⁸ Academy of Sciences of Mongolia, *State of Democracy in Mongolia*, p.95

³⁹ *Ibid.*, p.102

of the state and civil society is a major leading force for democratic development. The state builds environment for civil society development. Accordingly, cooperation between the government and the civil society organizations is now regulated by a procedure approved by the Government and as of 2010, there are 8,329 NGOs registered at the Ministry of Justice and Home Affairs. More than 80 percent of NGOs are in Ulaanbaatar, and about 90 percent of NGO funding is generated from international organizations. The government of Mongolia supports a limited number of NGOs due to its funding constraints. The government funding of NGOs is mostly allocated through research grants. Currently, there is a progress in terms of utilizing the NGOs as resource for performing some public functions.

Table 40. Public Perception about NGO Activities,⁴⁰ (percent)

Indicators	2005	2008	2010
1 Very good	3.3	2.4	2.2
2 Good	7.9	8.2	9.5
3 Average	35.2	33.8	34.6
4 Poor	17.6	25.2	21.1
5 Very poor	11.3	0.0	9.9
6 Don't know	23.0	30.4	22.8
7 No answers	1.7	0.0	0.0
Total	100.0	100.0	100.0

Although most types of popular participation are stated in the Constitution of Mongolia, legal regulations and mechanisms for mainstreaming them into practice are needed. The below table depicts public perception about NGO activities.

Table 41. Have NGOs been capable to carry out their roles and duties in the society? (Percent, years)⁴¹

Answers	Yes		
	2005	2008	2010
1 Expression of citizens' voice	25.0	28.3	34.1
2 Influence on government decisions	17.1	22.6	25.2
3 Influence on decisions of local government	17.7	13.5	21.6
4 Protection of public interests	19.9	24.7	26.3
5 Protection of member interests	31.4	22.7	26.2
6 Way of benefiting from foreign aid	28.0	13.7	24.7

⁴⁰ UNDP, *Changes in the State of Democratic Governance Survey Report 2009-2010*, p.105

⁴¹ *Ibid.*, p.106

As to the above table, the public evaluates the NGO activities as being unsatisfactory. This scoring might be exacerbated by too much NGO centralization in the capital city following the overall population migration trend. This is one of evidences of the situation that there are no NGOs with management and structure suited to nomadic lifestyles and adequate financial resources. The next table illustrates public perception about the roles of NGOs in the society.

The development of political culture within individuals and organization is a key indicator of the accomplishment of democratic principles. There is a lack of recent studies about the formation of political culture in Mongolia. Moreover, this issue has not been sufficiently discussed among citizens and political parties. Obviously, culture itself is heavily embedded in individuals, but for political culture state and political parties influence utmost. Therefore, ethics and political culture of the high ranking politicians combined with the maturity of political parties provide general landscape of the country's political culture.

In April 2009, the Code of Ethics of the State Great Khural members was adopted. The Code articulates the purpose of this Code of Ethics, and it is aimed at assisting the members of the State Great Khural (Parliament) of Mongolia in the performing their principles and ethical norms in the public service, creating conditions in fulfilling their parliamentary and public duties within the legislation framework, shielding them from pressures of personal interests and reinforcing the public confidence in the State." The emergence of this Code of Ethics has become an important milestone for developing and encouraging healthy political culture and a decent attitude among Parliamentarians.

The State of Democracy survey emphasizes that formation of political culture in Mongolia has been encountering thorny and longstanding problems. There were incidences when we regressed from what we have achieved and they were caused by the abovementioned factors.

Political culture and public ethics depend on the level of social development and specifics of social relations. Political culture and public ethics depend on features of the level of social development and social

communication. For Mongolia, general valuation of politics and democracy is weak, consolidated policy of economic development that reached every citizen's living is inadequate. All these factors affect negatively on political cultural formation.

Challenges.

- Surveys 2010 confirm that the mean score of the democratic governance indicators in Mongolia is only 3.0
- A number of big development projects are about to start, and their implementation requires special attention to ensure national sovereignty and security;
- There is no comprehensive policy to train public servants and reforms in public services;
- It is important to formulate and implement strategies to strengthen political and civil culture in a society, and improve collaboration between the government and non-governmental institutions;
- Implement independent policy for actual education and legislation for enhancement of political and civilian education.
- Capability of local administrative organizations is weak with no actual authority over financial resources, the shifting power to the local authorities and process of reducing the centralization is slow.

Further activities

- Improve balance of activities of state and government organizations through reforms in the legal basis; amend some laws, including the law on political parties and election. ;
- Encourage civil society and popular participation in law-making and administrative decision-making processes; strengthen capacity of civil society organizations;

- Enhance freedom of information, and improve legal basis for the obtaining information by the citizens and for ensuring free and independent media;
- Build a legal framework for involving the private sector in the public activities by developing public-private partnerships and enable to delegate

some roles of the state and government to civil society organizations;

- Intensify processes of civil service reform;
- Undertake measures aimed at building capacity of local government organizations;

TARGET 24: DEVELOP A ZERO-TOLERANCE ENVIRONMENT TO CORRUPTION IN ALL SPHERES OF SOCIETY

CURRENT STATUS

A corruption disturbs Mongolian development and becomes hindrance for democratic reforms and changes. According to the surveys conducted for long time, it is evident that corruption persists in Mongolia.

During the recent years the assessment and studies on corruption of Mongolia have become regular and, and the reporting system has improved as well. Since 2008, the National Statistical Office incorporated the module on Democracy which into their Household Socio-Economic Survey and included indicators on corruption perceptions among the employed in the public administrative and service organizations.

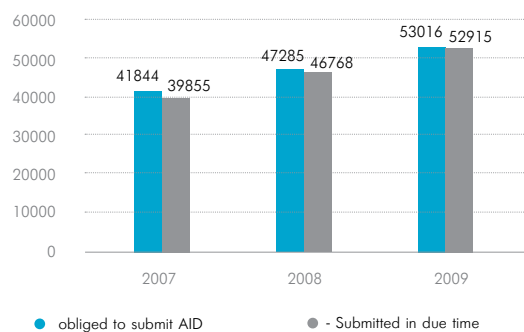
The Article 7 of the Banking Law of Mongolia, which has been causing impediments for instigating legal proceedings and conducting investigations for corruption cases, was amended.

According to the provision of the Law on Anti-Corruption the national level awareness building and education shall be carried out under the consolidated programme on anti-corruption and its prevention. The program was adopted by the Prime Minister Resolutions No. 9/2008 and 14/2009, which oblige the public organizations to set joint task forces with the Independent Authority against Corruption (IAAC) and develop and implement their respective "Action Plans for Corruption Prevention and Education Activities." As of 2009, 55 state organizations have developed their Actions Plans.

One of the effective measures to combat corruption is the collection of assets and income statements of public servants, and to impose legal responsibilities on law-breakers.

The consolidated data base with income statements was established, and cases with fall statements or their delayed submission are penalized according to the legal regulations,

Figure 37. Registry of assets and income declarations



Source: *The Result of the Mongolian Corruption Index, IAAC, 2009*

In 2009, 16 cases with 36 culprits arising out of criminal investigations conducted by IAAC were prosecuted in court, and 12 cases with 15 culprits were convicted and 17 defendants received pardon by the Free Pardon (excusatory) Law of July 9, 2009. In 2010, 20 cases with 56 culprits arising out of criminal investigations conducted by IAAC were prosecuted at the court and 19 defendants were convicted to serve in jail, 6 were bound over, 6 were fined and 13 received pardon.

In 2010, 39 cases of criminal investigations were conducted, and out of 39 cases with prosecutors 16 were executed by the court, and 36 culprits were convicted. Out of these cases pardon was issued for 12 cases under the Law on Pardon (July 09, 2009), 16 prosecutors were jailed, 7 were fined and 1 was bound over.

Mongolian Corruption Index

In 2009, according to the State Great Khural's Resolution No. 13 of 2008 and the Article 18 and 18.1.3 of the Anti-Corruption Law of Mongolia, in 2009, IAAC developed a corruption index and disseminated to the public.⁴²

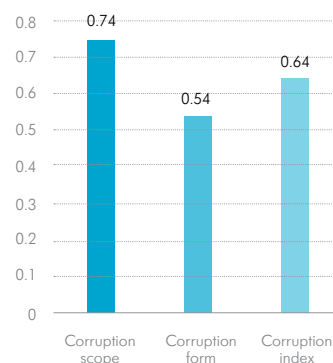
The Mongolian Corruption Index equals to 0.64⁴³ at the national level. In other words, it is possible to interpret that there is a corruption risk of 36 percent in the Mongolian state and local administrative organizations, state and local public representative bodies and their branches. The composite indicators of scope and forms of corruption and as an integral part of the corruption index are 0.74 and 0.54 respectively. It means that in Mongolia, corruption forms are far more reaching than corruption magnitude.

The disaggregated data shows that scope of corruption, the indicator of the public and experts' perception on the scope of corruption is 0.75. In other words, social public view and experts' perception regarding corruption is that it is widespread in Mongolia.

⁴² The Mongolian Corruption Index is a composite index that reflects forms, magnitude/scope, and causes of corrupt practices and shows the corruption variance over time. Scale between 0 to 1 (1-being the highest positive value and "0" being the lowest value).

⁴³ The Result of the Mongolian Corruption Index, IAAC, 2010.

Figure 38. Corruption Index and its component indicators



Source: The Result of the Mongolian Corruption Index, IAAC, 2009

Table 42.Scope of Corruption

Indicators	Value
Public and Experts' perception on the scope of corruption	0.75
Public/Experts' perception on the scope of corruption	0.03
Percentage of corruption according to Experts' perceptions	0.10
Average percentage of bribes paid by public to public servants	0.15
Composite indicator of the scope of corruption	0.74

Source: The Result of the Mongolian Corruption Index, IAAC, 2009

The value of 0.03 of the indicator of economic consequence of corruption equal to 2.7 percent loss in the annual national budget expenditure. The experts value the corruption percentage as 0.10.

The indicator of the types of corruption is 0.54 and, as for its components, the percentage of multiple objects corruption crime is 0.31, percentage of recurred corruption crime is 0.30, percentage of organized corruption crime is 0.42, the indicator of classification of corruption crime is 0.37 and the indicator of corruption crime motivated greed is 0.91.

Table 43. Indicators of the forms of corruption

Indicators	Content
Percentage of multiple objects corruption crime	0.31
Percentage of recurred corruption crime	0.30
Percentage of organized corruption crime	0.42
Indicator of classification of corruption crime	0.37
The indicator of corruption motivated by greed	0.91
Composite indicator of the types of corruption	0.54

Source: *The Result of the Mongolian Corruption Index, IAAC, 2009*

In addition to the nationwide corruption index, the corruption indices for sectors and aimags/capital city were calculated. Using these indices, it is possible to compare corruption risks by sectors and aimags/capital city.

The corruption indices by aimags and capital vary between 0.47-0.71

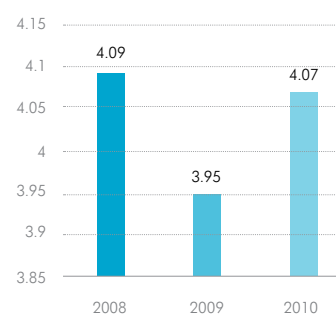
Table 44. Corruption Index, aimag/capital

No	Aimag, capital	Corruption Index
1	Tuv	0.71
2	Govi-Sumber	0.67
3	Dundgovi	0.66
4	Dornogovi	0.66
5	Bulgan	0.66
6	Zavkhan	0.64
7	Selenge	0.64
8	Ulaanbaatar	0.60
9	Uvurkhangai	0.60
10	Darkhan-Uul	0.60
11	Dornod	0.59
12	Govi-Altai	0.59
13	Sukhbaatar	0.58
14	Bayankhongor	0.58
15	Khentii	0.56
16	Khuvsgul	0.55
17	Umnugovi	0.55
18	Bayan-Ulgii	0.54
19	Uvs	0.54
20	Orkhon	0.49
21	Khovd	0.49
22	Arkhangai	0.47

Source: *The Result of the Mongolian Corruption Index, IAAC, 2009*

There is a need to investigate in more details indices with low values or most likely sectors or locations to fall into corruption risks. Therefore, the decomposition of factors affecting the composite index is needed and based on it develop measures to prevent corruption.

Corruption Perception in Political, Judicial and Law Enforcement Institutions

Figure 39. Perception of corruption in political, judicial and law enforcement institutions

Source: *Perception of corruption in political, judicial and law enforcement institutions 2010, IAAC*

The corruption indicator at the political sphere indicator was 4.13, and for the judiciary institutions it stood at 3.98.

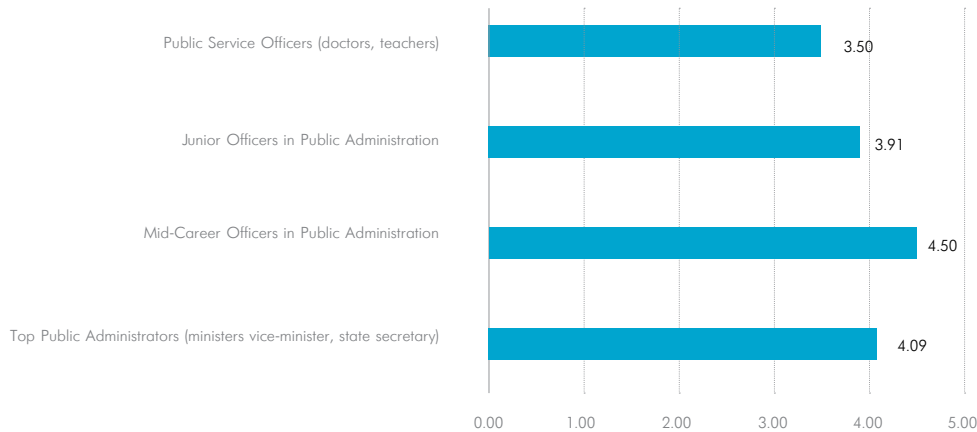
The following factors have had an adverse effect on the corruption score.

- Duplication in activities of the judiciary institutions, bureaucracy, inefficiency and lack of monitoring, ethics of public servants; Lack of tools to ensure accountability; Lack of legal basis for procedures; Conflict of interest among the judiciary staff.

In 2010, corruption score in political organizations was evaluated with a high score of 4.50 or "very common", but, it decreased by 0.04 points from the score of 2009.

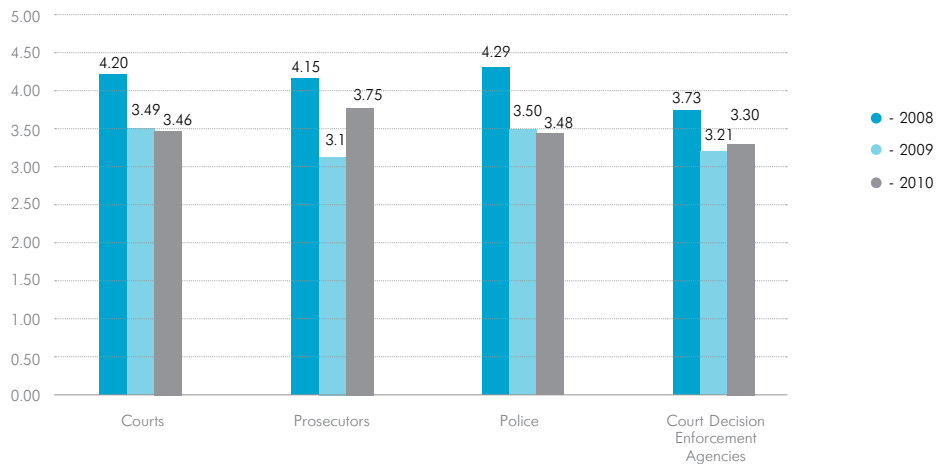
The average susceptibility to corruption is 3.87.

Figure 40. Susceptibility to corruption of public officials in state administrative organizations



Source: Perception of corruption in political, judicial and law enforcement institutions 2010, IAAC

Figure 41. Factors influencing the corruption risk in judicial and law enforcement organizations (by sectors)



Source: Perception of corruption in political, judicial and law enforcement institutions, IAAC

Among judicial organizations, corruption susceptibility is high at supervising (3.75) and causational courts (3.67) while aimag/capital prosecutor offices (3.92) and soum (inter-soum)/district prosecutor offices (3.75) are given higher

scores among prosecutor offices. In terms of police, experts gave higher susceptibility scores to road traffic police (3.83) and detectives (3.75). Out of court decision enforcing offices, susceptibility to corruption is high at aimag/capital level (3.70).

Table 45. Susceptibility to corruption judicial organizations (by levels)

Level	2009	2010	Variance (2010-2009)
Court of original jurisdiction (Trial Court)	3.64	3.58	-0.06
Supervising court	3.45	3.75	0.30
Causational court	3.44	3.67	0.23
Supreme court	3.44	2.85	-0.59
Court Average	3.49	3.46	-0.03
Soum /inter-soum/, district prosecutor	3.18	3.75	0.57
Aimag, capital prosecutor	3.27	3.92	0.65
General prosecutor	2.91	3.58	0.67
Prosecutor Average	3.12	3.75	0.63
Inspector	3.82	3.75	-0.07
Case recorder	3.55	3.50	-0.05
Criminal police	3.82	3.50	-0.32
Civil/public order police	2.91	3.45	0.54
Traffic police	3.82	3.83	0.01
General police authority	3.09	2.82	-0.27
Police Average	3.50	3.48	-0.03
Aimag/Capital City Court Decision Enforcing Office	3.45	3.70	0.25
Imprisonment Office	3.36	3.20	-0.16
General Authority of Court Decision Enforcement	2.82	3.00	0.18
Average evaluation of Court Decision Enforcement Offices	3.21	3.30	0.09

Source: Perception of corruption in political, judicial and law enforcement institutions 2010, IAAC

The dominant factors for corruption in judicial and law enforcement organizations are overlaps in activities, red tape, inefficiency, low salary and compensation of judicial officers, bad working

conditions and lack of accountability and ethical mechanisms in the sector. Influences of those factors were evaluated with 4.00 scores.

Table 46. Evaluation of factors influencing the corruption in judicial and law enforcement organizations

Factors / influence	2008	2009	2010	Variance (2010-2009)
Conflict of interests in decision making processes of judicial and law enforcement organizations	-	3.64	3.75	0.11
Lack of regulation of decision making processes in judicial and law enforcement organizations	-	3.42	3.64	0.22
Overlaps, red tape, inefficiency and lack of controlling mechanisms in judicial and law enforcement organizations	-	3.67	4.00	0.33
Low salary and bad work conditions in judicial and law enforcement organizations	3.64	4.00	4.00	0.00
Absence of ethics and accountability mechanism in judicial and law enforcement organizations	4.20	3.73	4.00	0.27
Average score	3.92	3.69	3.88	0.19

Source: Perception of corruption in political, judicial and law enforcement institutions, IAAC

Corruption among public administration and public service organizations

Survey respondents were asked whether they have received any kind of public service(s) within the last

12 months and if so, whether they have suspected corruption or not⁴⁴. About 15.7 percent of the survey population accessed the following listed 22 public services within the last 12 months and nearly 3.0 percent of them observed corruption while receiving services.

Table 47 . Public perception about the corruption in public administration and public service organizations

No	Services	Answer, percent		Ratio of observed cases of corruption/ non-observed cases of corruption ⁴⁵
		Percent of citizens who approached to public services within the last 12 months	Percent of citizens who observed corruption while accessing public services	
1	Civil service employment (respondent her/himself or others)	17.4	6.9	0.2
2	Child school admission	24.2	4.6	0.3
3	Enrollment in courses or training programs for qualification improvement	12.1	2.0	0.1
4	Grading (training/education)	10.1	3.4	0.1
5	Vehicle-related issues (Vehicle inspection, diagnosis etc.)	22.0	4.9	0.3
6	Hospital services	57.3	10.2	1.3
7	Getting reference from bagh/khoroo governor	50.6	2.9	1.0
8	Getting off (released) from army service	8.5	2.5	0.1
9	Getting social care/assistance/service	34.1	3.9	0.5
10	Getting enrolled in projects, loan and assistance	13.2	3.0	0.2
11	Obtaining bank loan	30.4	3.1	0.4
12	Obtaining land permission	16.7	4.9	0.2
13	Tax deductions or exemptions	2.6	1.2	0.0
14	Tax deductions or exemptions /except customs duties/	2.9	0.9	0.0
15	Court trials	4.2	1.8	0.0
16	Importing or exporting of a big amount of goods	2.7	1.2	0.0
17	Passport service /national or foreign/	16.4	1.8	0.2
18	Visa service	4.4	1.1	0.0
19	Discarding a case at any level	2.6	1.3	0.0
20	Special permission or licensing	3.3	1.2	0.0
21	Bid selection	2.2	0.9	0.0
22	Registration and evaluation of immovable properties	8.0	1.8	0.1
	Average score	15.7	3.0	0.2

Source: Democratic Governance Module of Household Socio-Economic Survey, NSO, 2009

According to the above table, corruption was observed less in services of customs duty deduction or exemption, tax deduction or exemption, court trials, cross-border export and import of a big amount of goods, condoning of a case at any level of the judiciary, special permission or licensing and competitive bid selection.

On the opposite side, the proportion of citizens who observed corruption during health services (10.2) and enrollment of public service (6.9). For example, 57.3 percent of the respondents received

the health services and 10.2 percent acknowledged that corruption had influenced on their services.

“Decline in the Mongolian Corruption Index and drop of public confidence in IAAC have been partially influenced by the limited capacity of IAAC to instigate legal proceedings and conduct criminal investigations.

⁴⁴ Democratic Governance Module, Annual Household Socio-Economic Survey, 2009, NSO

⁴⁵ This is a ratio of 0-2 in ascending order.

For example:

1. Slow progress in the activities to conform the national legislation to the UN Anti-Corruption Convention.
2. IAAC is not entitled to conduct preliminary investigations and investigate all corruption-related crimes.
3. Corpus delictus of IAAC-mandated crimes has material compositions. In other words, incidences which caused damages equal to or above of MNT 540001 are subject to criminal liability. Incidences which caused intangible damages (violation of laws, granting to somebody the privilege) and which caused damages below the fixed amount shall not be subject to criminal liability.
4. In terms of classification of corruption crimes, an official who received money or asset in return of discharging any action specified within the scope of his/her official duties shall not be subject to criminal liability.
5. There is no legal framework on subjecting to criminal liability in the case where an official requested a bribe during completion of his/her official duties.
6. There is no legislation on accusing suspects and culprits of crimes which are released by Pardon Law (Amnesty Act) or at instances of preliminary investigations and investigations. Thus, it was impossible to request them to recompense damages or to prohibit them to return to the public service".⁴⁶

Current measures

The main activities of 2009-2010 for preventing and combating corruption are described below.

Corruption prevention and education/enlightenment activities

1. In order to realize the state policy on corruption prevention, IAAC and the Cabinet Secretariat jointly implemented a multiple-stage comprehensive measure "Development, Implementation and Monitoring of the Corruption Prevention Plan" among all-level state organizations and state-owned companies. As a result, 74 state organizations have developed their own corruption prevention plans. Activities were carried out to support corruption combating capacities of local NGOs. Fittingly, capacity of the local NGO network has improved.
2. In order to remove standardization-related obstacles in business relations, a public consultation was organized with involvement of related government and non-government organizations. Recommendations resulting from the consultation were taken into consideration by the government and other related organizations.
3. Following the recommendations, representatives of professional associations and private sector entities working in relevant fields were included in the composition of the 43 technical committees of the State Standardization and Measurement Agency. Altogether 173 standards were annulled and the procedure to take probes from every 50 products was changed to take probes from every 100 products. As such, some state duties were delegated to NGOs and private sector.
4. In 2009-2010, 11367 civil servants and citizens were involved in IAAC training programs on corruption education training. The training programs had positive impacts on increasing public awareness of social harms caused by corruption, building a zero-tolerance environment to corruption, developing public service ethics, ensuring integrity and healthy lifestyle in society and preventing conflict of interests.
5. Every year, on the occasion of the International Anti-corruption Day, it has become customary to organize painting, essay, presentation and article competitions on integrity topics.

⁴⁶ *Changes in the State of Democratic Governance Survey Report 2009-2010*, pp. 81-82

6. In order provide youth with anti-corruption education, measures were implemented to train trainers and develop curriculum and handbooks. This has become a starting point of educational works for youth aimed at developing honest behavior and zero-tolerance to corruption.
7. In 2009-2010, as a result of processing corruption and abuse of power/office-related complaints and information, 41 inspector allegations and 52 official letters were delivered to related organizations and officials and worked on follow-up actions: received the feedback and monitored the implementation.

Collection and Monitoring of Income and Assets Declarations

1. In the reporting period, 6716 public officials attended 113 training programs teaching them how to submit the Income and Assets Declarations in a timely manner. In total 70 officials, who had failed to submit their Income and Assets Declarations on time were dismissed, reminded and had wage cut fine. As a result of the monitoring activity, 4441 Income and Assets Declarations were reviewed and 68 officials, who had failed to declare their assets and income in duly manner, were charged for their irresponsibility. In 2009-2010, 99.8 percent of public officials specified in the Anti-Corruption Law submitted their Income and Assets Declarations on time. It should be noted that the ability of all specified public officials to prepare correctly and submit in time their Declarations has improved.
2. Activities to update sheets/blank of the Income and Assets Declaration and mobilize ICT achievements in the collection of Declarations started in 2009. An updated form of the blank was discussed at the Standing Committee on Legal Affairs and submitted to the State Great Khural session. Development of portals and software for processing Income and Assets Declarations (entering data, integrating and analyzing them) is being supported by the World Bank Governance Assistance Project (GAP).

Table 48. IAAC Budget and Budget Disbursement, million tugrugs

Budget / years	2009	2010
Approved budget	2 837.2	3 014.5
Budget performance	2 651.4	2 753.9

Source: IAAC data

Corruption combat and control of corruption crimes and offences

In 2009-2010, were received initiated in 1148 felonious complaints and 25 information and totally 1173 complaints and information were investigated. As a special independent government body charged with functions to raise anti-corruption public awareness and education and corruption prevention activities, the IAAC budget disbursement was 2651.4 million in 2009 and 2753.9 million in 2010.

Challenges

There is a need to resolve the following issues that stemmed from the indicators and progress surveys of the MDG Target 24 on developing a zero-tolerance environment to corruption in all spheres of Mongolian society.

- Citizens and entrepreneurs believe that corruption is widespread at the top or in political and state administrative organizations and judicial and law enforcement organizations while civil servants, especially low-level civil servants, perceive that political institutions are corruption-ridden. Therefore, further studies are needed to clarify perception of citizens and entrepreneurs and in the meantime the validity of surveys should be ensured.

- Red tape serves as basis for corruption and incompetence of public servants serves as basis for unfriendly customer service. Citizens bribe public officials because they do not possess sufficient information or knowledge about public services and they are unaware of rules and procedures of decision processes in the public service. Hence, accessibility of such information must be of great importance for preventing red tape and corruption.
- A reason for high corruption in public administration and public service might be its high dependence on politics. Thus, political parties influence on appointment of incompetent people in administrative positions and those officials fail to carry out their duties and are often subject to red tape and corruption. It eventually entails sectoral inefficiency and failure of corruption prevention activities in the public sector. However, this issue needs to be studied further and elucidated in details.
- Foreign invested companies and joint ventures tend to support or invest into state administrative and local administrative organizations. However, as corruption and bribes might be hiding behind it, disclosure of this kind of information needs to be ensured.
- There are executives of state-owned enterprises who are interested to sponsor politicians with public money and in return, ensure their incumbency. For that reason, executives and board members of state-owned enterprises need to be selected carefully and it is necessary to create conditions to keep them away from this kind of interests and activities.
- The actuality that foreign invested companies operating in Mongolia bribe and corrupt public officials and politicians quite often needs to be analyzed. Likewise, the public perception that mining and construction companies bribe and corrupt public officials more often should be well grounded, as well.
- Although some sectors had corruption prevention strategic plans, experts ignored them. It highlights the low publicity of the plans and secondly the poor quality of the plans. Inefficiency of sectoral corruption strategies are rationalized by experts as purely symbolic; executives show weak willingness to support the plans; mission and contents of the plans are not publicized; absence of performance benchmarks; no budgeted funding; no responsible persons; employees' opinions are not reflected; planning of unattainable (beyond their capacity) activities; some plans do not reach bottom of the pyramid; plans do not succeed due to wrong tactics. It shows a need to make substantial changes in planning and implementation processes.
- Experts perceive that conflicts of interest are rampant among sectoral executives and there is no legislation to reveal and prevent this from happening. It should be highlighted that ethical codes of sectors and organizations do not have sufficient clauses about employees' corruption and bribes and state organizations should include corruption issues into contracts with business and other entities. Also, issues like gifts, double employment and personal relations with partnering organizations and customers must be regulated.
- There are issues stemming from deficiencies of the Law of Mongolia on Government Special Funds, such as no legal clause on internal financial audit and an absence of precise rules and procedures on fund disbursement and no governing and controlling boards in some funds. Due to these and other issues, payments/ fines and income from the Funds' measures are not fully centralized, debt collection is bad and there are cases of over-disbursement and disbursement not for designated purposes. Hence, the Government Special Funds-related issues need to be reviewed and fixed accordingly.
- There is a lack of interrelations between the state organizations and budgetary disciplines. For example, as budgets are not based on thorough calculations and analyses, budget surplus or deficit regularly occur and in such cases, there are no sophisticated legal provisions to register and report surpluses/deficits. This condition entails issues harmful to budget efficiency.

- Due to a weak budget control over government agencies and centers, the latter plan their budget revenues less than expected and at the end of the year it appears they have fulfilled budgetary goals or saved costs. By doing so, heads of agencies or entities are having opportunities to spend the extra revenues almost without control for procuring cars and equipment for the organization, for social wellbeing of employees and for anything under the title of strengthening the organizational capability. This practice, when some expenditure of ministries is funded by its agencies or centers, should be eliminated.
- Some practices entailing corruption in procurement processes (delaying of some procurement activities over years due to late announcement of bids and making changes in bid selection rules and procedures) needs to be abolished. In many cases, performances of contracts are uneven due to improper quality of signed contracts and bad controls over contract performance and fulfillment of contractual duties. Additionally, it is difficult to lay burdens on contractors as contractual duties and responsibilities are detailed in too broad a manner.
- Inappropriate financial accounting and monitoring mechanisms in budgetary organizations entail negative consequences, such as bad controlling over budget disbursements, illicit disbursements/transactions and mishandling of budget funds, which need to be confiscated.
- There is a need to build a database of bid participants and a list of contractors that have previously failed to carry out contractual duties and charge them with legal responsibilities and exclude them from the next selection process. Otherwise, there is no possibility to hinder participation of companies with previous cases of corruption or duty failures in tenders.
- The main factors for the corruption in political organizations are election and party financing systems and political appointments in political parties and the public service. Corruption in political parties - the main political players is also influenced by these factors. Thus, it is required to make changes in political and election systems.
- Some activities of legal and law enforcement organizations (such as dismissal of crimes by prosecutor offices, release on probation, demotion of treatment, allowing prosecutor offices to investigate crimes, refusal to initiate criminal proceedings, and debt settlement) which entail high corruption risks need to be reconsidered.
- It is necessary to hasten activities to comply the national legislation with principles of the UN Anti-Corruption Convention. The national anti-corruption legal documents need to be refined. There is an urgency to amend some laws conflicting with the national anti-corruption legislation.

Further activities

It is necessary to take the following measures in order to develop a zero-tolerance environment to corruption in all spheres of society and prevent corruption.

- Accelerate activities to make sure the national legislation complies with the UN Anti-Corruption Convention, using the implementation report of the UN Anti-Corruption Convention in Mongolia as a basis;
- Evaluate implementation of the National Anti-Corruption Programme endorsed by the State Great Khural in 2002 and approve and enforce a new National Anti-Corruption Strategy;
- Support IAAC through activities, such as collaborating in strategy development, improving legal environment, guaranteeing independence, enhancing activities' impacts and creating conditions to cooperate with other legal and law enforcement institutions;
- Nurture developing corruption prevention plans based on research results and improve monitoring of their implementation;
- Establish and enforce legislation for preventing conflicts of interest;

- Create and implement legal environment to prevent personal interest infringement and control structure of election and political parties' financing.
- Enhance capacity of civil society organizations and encourage their participation; Delegate some state obligations, such as issuing, extending and withdrawing special permissions, to professional associations and establish a legal environment in order to create conditions for their independent and loyal activity
- Support initiatives on ethical codes and corporate governance in business entities and cooperate with them;

The above mentioned measures should be essential for developing a zero-tolerance environment to corruption in all spheres of society.

Table 49. MDG Target 24: Current State and Target

Indicators / years	2009	2010	2015*
Corruption index	0.64	-	0.70
Corruption perception in political and legal and law enforcement organizations	3.95	4.07	3.90
Corruption perception in public administrative and public service organizations	3.0	-	2.70

* - Target

Source: IAAC estimation. Notes:

The following table demonstrates amount of financing needed from the state budget or foreign aids to achieve the MDG target 24 on building an environment against corruption in all level of society.

Table 50. MDG Target 24: Estimation of required funding, billion tugrugs

Funding sources / years	2012	2013	2014	2015*
State and local budget	42.0	50.0	58.0	66.0
Foreign technical assistance	55.0	50.0	45.0	35.0
Total	97.0	100.0	103.0	101.0

* - Target

It is considered that three out of nine objectives of Millennium Development Goals on ensuring the human rights and strengthening democratic governance are likely to be achieved. However, it is required to establish more systemic and institutionalized system of reporting through more detailed analysis of the indicators, their decomposition.

CHAPTER 2

MDG IMPLEMENTATION: ADVOCACY AND PUBLIC PARTICIPATION

CURRENT STATUS

The World Summit convened by the United Nations in 2000 adopted the Millennium Declaration that set forth Millennium Development Goals (MDGs) aimed at respecting the most vulnerable and creating an environment conducive to human development.⁴⁷ The declaration urged all states to strive to free all men, women, and children from the abject and dehumanize conditions of extreme poverty, in addition to respecting human dignity and securing equality through peace, development and environmental sustainability.

The Millennium Development Goals (MDGs), which are derived from the Millennium Declaration, are the world's time-bound and quantified targets for addressing extreme poverty in its many dimensions: income poverty, hunger, disease, lack of adequate shelter, and exclusion, while promoting gender equality, education, and environmental sustainability. They are also basic human rights: the rights of each person on the planet to health, education, shelter, and security. Since 2000, MDGs have been a major international policy framework, which have given millions people around the world who live in extreme poverty hope for the future and all nations of the world a vision for peace. The significance of MDGs for the world community has been growing from year to year.

As have many other countries which endorsed the Millennium Declaration, Mongolia has defined its national MDGs and targets that reflect the country's needs and priorities. In April, 2005, The State Great Khural (Parliament) of Mongolia adopted the Mongolia-specific MDGs with an additional 9th MDG on human rights: democratic governance, and anti-corruption (Resolution No.25/2005)⁴⁸.

Despite efforts undertaken to sensitize the MDGs in the policies and practices, the public awareness of MDGs-related activities has not always been satisfactory, especially at a local level. For Mongolia, the major steps toward achieving MDGs should be focused on democratic consolidation, governance building, and strengthening of an open government that encourages popular participation. In that sense, we should be aspiring toward building a human, civil and democratic society that allows freedom of speech to its citizens and implements policies and plans based upon the people's need.

MDGs and governance issues are interrelated or have direct and indirect relationships. Firstly, the direct relationship is expressed in governance elements which provide income sources (public and private investment) for both government activities and MDGs implementation. Secondly, in terms of the indirect relationship, a successful achievement of MDGs will entail accumulation of human resource capital which is the main preconditions for good governance and national prosperity. In brief, in order to achieve MDGs, a broad-scoped strategy encompassing issues of putting good governance principles into practice (direct) and investing into human resource and infrastructure development (indirect) must be designed.

Processes to achieve MDGs or relationships between economic and political governance are conveyed through another feature of good governance or through pro-poor policy, public service and administration, decentralization and service delivery. Features relevant to all indicators are transparency, rule of law, human rights and role of civil society. Overall, the most important steps toward achieving MDGs should be reform of economic institutions and decentralization and enhancement of service delivery. Issues related to combating corruption will emerge themselves together with issues of transparency, accountability, pro-poor policy framework, and improvement of public service and administration. Then, particular importance should

⁴⁷ MDG-9 Project, UNDP, *Millennium development goal-9 indicators and the State of Democracy in Mongolia*. p.14. Ulaanbaatar, 2009.; www.mdg9.mn

⁴⁸ www.legalinfo.mn

be attached to transparency, rule of law, human rights and support to civil society that have impact on all other issues.

From the experience, issues that required reform to provide MDGs success is the steps toward to perfection of economic institutions, decentralization and service providing sectors.

Anti-corruption issues gradually come to light when strengthen public capacity, specialize certain frame to reduce poverty in the form of mutual interactive responsible governance that is transparent. For this, public participation and control is very important. To work effectively to support social obligation of citizen, strengthen and respect law and human rights which influence all the issues that related to implementing MDG will be the vital trend.

It is still the urgent goal to extend public participation into all level of operation to implement MDG, make propaganda about above mentioned main goals and intensify advertisement.

EXPERIENCE-BASED INITIATIVES

It needs to expand activities aimed at MDGs implementation in countryside. Especially, development issues addressed in the MDG-based Comprehensive National Development Strategy are concerning fundamentals of local development, human development and human rights. Subsequently, it is possible to consider that, indeed, MDGs are the short-term vision of human development and progress. In other words, considering the fact that people are the core and main stakeholders of development, implementation of MDGs should be evened in urban and rural areas and allocate budget and other resources to each activity within the framework of goals.

Best practices are a useful tool for sharing knowledge and experience. Best practices emphasize some universal challenges of reforms, relationships between the components of public service reforms and factors with systematic nature, such as a high level of political support and country's wealth. Furthermore, knowledge of best practices will assist national and local practitioners in nurturing critical thinking about their conditions and possible

alternatives for decisions. Good practices shall precise innovational common issue and high level of political supports, resources and systematical factors governmental innovational among components interrelationships. Especially, good practices of MDG implemented countries and best practices knowledge can assist to concern critically on current conditions and optional versions for national and local employees.

In the reporting period, aimags and districts have been developing local specific MDGs, i.e., regional or district/aimag development policies based on MDGs and implementing these through programs and action plans. It has been enormously helpful in resolving local challenges, determining local development gateways, ensuring independence of local self-government institutions, engaging local citizens into public consultations on local specific MDGs and establishing an evaluation and monitoring system for MDG implementation.

In the course development of the Third National Report: Millennium Development Goals Implementation, a UNDP "Pilot project to support the National Poverty and MDG Monitoring and Assessment System" assisted in producing and disseminating the first report "MDG implementation and challenges" capturing 4 pilot aimags⁴⁹ (Dundgovi, Dornod, Govi-Altai and Huvsgul) and 2 districts (Songinokhairkhan and Nalaikh District) of Ulaanbaatar city. MDG awareness raising and advocacy activities have been organized for local people and policy- and decision-makers in 2009-2010. It was a valuable exercise as other aimags and districts have followed this initiative and attempted to implement and evaluate their respective activities in the MDG-based NDS, and conduct a comprehensive analysis of regional development gateways.

"Development Policy" which is an efficient MDG-based local development policy paper should foster on the "horizontal" coordination between local organizations and stakeholders. A comprehensive approach to the development and implementation of local Development Policies will ensure the

⁴⁹ Please refer to <http://cabinet.gov.mn/files/ldp/LDPdornod1.pdf> -for more information on "Development Policies" of Govi-Altai, Dornod, Dornogovi, and Khuvsgul developed within the framework of MDG-based Comprehensive National Development Strategy.

democratic principle of governance. In other words, from the viewpoint of local governance, MDG strategy is directly related to local development strategy, planning, policies and activities, and is also focused on improving governance, effectiveness of public services at local level, and relationships between development documents.

An example might be development of Ulaanbaatar MDGs, which was preceded by a pilot project on Nalaikh and Songinokhairkhan districts. A working group to support implementation of Ulaanbaatar MDGs and manage development of district-level MDGs has been established by Ordinance No.189 of the Governor of the Ulaanbaatar city dated as of March, 12, 2010. This ordinance, which was issued in order to support enforcement of The State Great Khural Resolution No. 13/2008 and Ulaanbaatar Citizens' Representatives Khural Resolution No.83/2009, ensures effective working conditions for the working group to implement Ulaanbaatar MDGs, collect data and issue recommendations for the 2011 MDGs Implementation Report.

In accordance with the Ordinance No.189/2010 of the Ulaanbaatar Mayor and Governor, sub-working groups on "Ensuring MDGs Implementation and Developing Report" led by Vice-Governors and Heads of Governors' Offices have been established in 7 Districts of Ulaanbaatar, and a training on "Methodology for Defining District-level MDGs" and "Discussions on Third National Report: MDGs Implementation and District-Level MDGs" have been organized. As a result of these discussions, the sub-working groups in districts have gained experience on defining their respective MDGs and have had consultations on their district-specific features and further goals.

TRAINING, ADVOCACY

There are success factors behind every effective initiative. It might be an effective partnership or a simple implementation methodology. Recognition of such supporting factors is crucial for disseminating them in other places. In order to build an effective knowledge pool, it is important to reveal those best practices and learn from them. As MDGs will facilitate public consultations and increase public

solicitation, it will result in the state leaders taking necessary measures toward the implementation of MDGs. MDGs should be a practical issue for the country engaging all key stakeholders including the people and the government. Therefore, since the Third National Report on MDG Implementation, public awareness activities on MDG implementation have been regularly carried out at the local level in order to support engagement and initiatives of professional and non-governmental organizations and citizens. In August 2009, during the launch of the Third National Report on MDG Implementation, Mr. AjayChhibber, Director of UNDP's Regional Bureau for Asia and the Pacific paid a visit to Mongolia. This was a significant event, highlighting the MDG's ability to secure human development and human rights at global and national levels.

As mentioned earlier, during the development of the Fourth National Report on MDG Implementation, public consultations on MDGs have been combined with the first-phase evaluation of the MDG-based Comprehensive National Development Strategy and organized among local, inter-sectoral, civil society and non-governmental organizations and the public. In order to increase accessibility of local discussions to the general public, speeches and terms have been simplified and events have been organized mostly in the form of lectures, discussions and meetings.

CIVIL SOCIETY AND PRIVATE SECTOR PARTICIPATION

It is very important to support and engage stakeholders in the implementation of the MDG activities. For example, stakeholder involvement should be encouraged for planning, developing, implementing, and monitoring and evaluation activities of the public-led (civil society, public and local organizations, interest groups, private sector, media, human rights organizations etc.) initiatives and programs. The engagements of experienced "non-governmental" that are close to grassroots into policy making are very helpful to speed up policy implementation and improve policy impacts.

Civil society plays a critical role in disclosing obscure issues in any society and bringing them into the government's attention. It also expresses citizens'

interests concerning human rights, politics, and environment, social and local issues and conveys citizens' voices to relevant institutions or officials. In addition to its political and policy roles, civil society "manifests" interests of different groups of the society such as art, culture, religion, ethnical minorities and professional associations which makes civil society "a social capital." In this way, civil society is a leading force for MDG implementation along with the economic and human capitals because civil society with its own value is a basis for good governance, economic development and a healthy society.

In order to justify importance of governance for achieving MGDs, issues of the government transparency, accountability, policy impacts, sensitivity toward citizens' initiatives/efforts and civil society fairness, and competition in private sector should be studied further in depth. It is therefore, this the Forth National Report incorporated in large extent views and findings of independent researchers and NGOs.

CHAPTER 3 LOCAL DEVELOPMENT INDEX

The local development index was introduced for providing equality for local development, refining local budget allocation, and improving budget planning based on local needs and features has been approved by the Government of Mongolia Resolution No.88/2010.

The world countries define and measure their local development in different ways and indicators. However, the most up to date trend of local development measurement is based upon multi-variable and broad-scoped factors such as human development, access to infrastructure, natural environment, development opportunities and advantages, and poverty.

- Latvia- Territory development index;
- People's Republic of China – Regional Development Index;
- Turkey – Social and Economic Development Index,
- Korea– Regional Underdevelopment Index.

The above countries compute their indices in two ways: (i) standardizing indicators above 0 and (ii) indexing all indicators within the scale of 0-1. More developed countries with smaller territories tend to use standardization with a fewer number of indicators whereas developing countries prefer to index through multiple indicators.

Mongolia is measuring its local development index through 65 indicators belonging to 9 groups and is using the method of coding between 0-1. The 9 groups are listed below:

- Infrastructure access;
- Education access and quality;
- State of art and culture;
- Health services access;
- Natural environment;
- Social and economic conditions;
- Financial situation;

- Development resources and advantages;
- Agriculture.

OUTCOMES OF DEVELOPMENT INDEX

Based upon 2009 statistical data, Local Development Index – 2009 for Ulaanbaatar and 21 aimags has calculated according to 65 indicators. Data for 2010 have not been released yet and therefore it is not covered by the current report.

In 2009, Umnugovi, Orkhon, Darkhan-Uul, Govi-Sumber and Tuv aimags and the capital city Ulaanbaatar, are leading the list. The reasons for their leadership are mining development, comparative advantage of infrastructure, access to markets and others.

The national average index is 0.39057 and indices for Arkhangai, Khentii, Zavkhan, Dornogovi, Khuvsgul, Dornod, Govi-Altai, Khovd, Uvs, Uvurkhongai, Bayankhongor and Bayan-Ulgii are below the national average. Following this fact, it is possible to conclude that most aimags in the Western region are underdeveloped. Therefore, there is a pressing need to increase the public investment into infrastructure development of the Western region that is reaffirmed by the results of the local development index. Weak infrastructure development is becoming hurdle for many aimags to develop their production, attract investment and expand business operations.

As indicated by 2009 indices, net enrollment in primary education is lower in Bayan-Ulgii, Khovd, and Bulgan aimags; there is a shortage of secondary school teachers in Bayan-Ulgii, Khuvsgul, Bulgan, Khentii, Uvurkhongai, and Selenge aimags; in Khuvsgul aimag, infant mortality is high, life expectancy is low, and hospital beds are in shortage; coverage of preventative check-ups is low in Orkhon aimag; mother mortality is high in Dundgovi, Dornogovi, Bayankhongor, Dornod, Bayan-Ulgii and Zavkhan; infant mortality is high in Govi-Altai, Bayankhongor and Dornogovi; supply of medical equipment is low in Uvs aimag; and mortality from tuberculosis is high

in Dornod aimag. These results should be taken into consideration for further policy making, investment and budget planning.

Although the capital city of Ulaanbaatar is leading in terms of infrastructure, education and social and economic development, its indicators for natural environment and health are low down. Hence, for Ulaanbaatar, attention needs to be paid to the issues of building a new maternity house and decreasing air pollution.

DEVELOPMENT INDEX FOR HUVSGUL AIMAG

MDGs executions at national and regional level define the processing of implementation specifically on health and educational level and their allotment, allowance given from state and investment. For doing it based on human development index, local development index and child development index, which are released from the UN Children Fund has issued recommendation from the Government should pay more attention on that particular contexts in worse scored aimags. Since the fourth report by the core indicators of development when comparing with other aimags concern specifically aimags under the average level, real reasons of development weakness of such aimags and further focused issues are stated in the report. Huvsgul aimag is the under the level of health and education at Human Development Index even the aimag listed under the average level at Children Development Index.

Huvsgul aimag has 125 thousand population, remote from center and has many soums it means approximately aimag has ten times population than Gobisumber aimag and three times than Bulgan aimag and one of the big aimags. Although, before 1990, aimags had strategic development plan to develop based on phosphorus ore cause of transferred to market economy the aimag has rested out from development policies. Work results of Government and the UN delegations, who worked in the Khuvsgul aimag reveal that west and Khangai region aimags of our country shows very low indicators for MDGs education, health, infant mortality and poverty line and among them especially, Huvsgul aimag requires specific attention.

When introducing real situation at the particular aimag health and educational accessibility is poor in order to infant mortality, population sickness increased in recent years such images are looked in Murun, Tsagaannuur, Alag-Erdene soums. Especially, remote citizens of Tsagaannuur soum health situation are indicated. According to the monitoring main reasons of it at the place following factors are found:

- Tsagaannuur soum is remote and located in high ground thus among citizens blood pressure sudden up and down problems are much.
- Due to there has no household water hole and Tsagaan Nuur lake polluted in recent years among citizens intestine disease, stomach inflammation and tooth sickness are much.
- Some of citizens are living remotely is faced difficulties to take hospital emergency service it has impacted the average ageing is under than other aimags.
- The access of hospital is insufficient to its patients and small rooms are not able to accumulate sufficient air due to have no working techniques and tools to diagnose breath related illness infants has been mortared.
- Due to insufficient of diagnose laboratory equipment, early detection of illness and exact diagnose are impossible even in some cases tried to treat sickness blindly.

Education sufficiency and provisions are poor in the soum. Such as:

- Due to the norm of dormitory contains, four pupils have to live in each room nevertheless ten pupils living in each room, and it loses their comfort and violates the standard of education as a result influence the quality of education.
- Cause of not being sufficient pure and hot water in dormitory, pupils have shower at one time in 14 days. Their pupils sanitary and health conditions are very poor.

Except remote soums, even in center of aimag Murun access of education is poor. If kindergarten of Murun has exceeded number of children than its capability

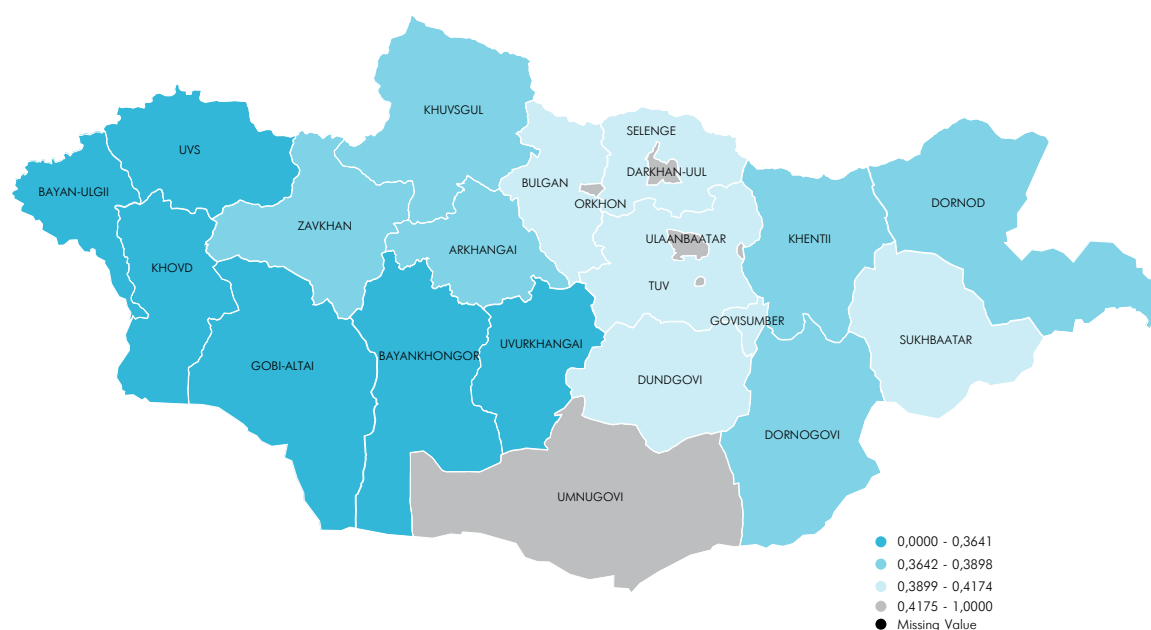
and the building was built in 1931. Although General Authority for Specialized Inspection closed to operate in this building, still children are grown up there. It is per child space is too small and other provisions are not provided even threaten to lives of children.

The teenagers involving in criminal cases are too much in the center of aimag. It is relevant to unemployment, alcoholism and the lack of taking care from parents to their children and is resulted in less developed

industries and rare of workplace. The lacks of child inspector at Police office of the aimag is inefficient to face down children, who are involved in crime, guide them to the right way, rehabilitation and give advises.

When introducing central hospital of Murun, no decrease of maternal mortality ratio is relevant to the high level of maternal chronic. Because of the lack of bed and hospital equipment and tools, early detection of disease is not performed there.

Figure 42. Differences in Indices of Aimag and Capital City Development



Aimag	Local Development Index
Umnugovi	0.51601
Orkhon	0.48252
Darkhan-Uul	0.46537
Ulaanbaatar	0.41875
Gobisumber	0.41745
Tuv	0.40823
Dundgovi	0.40279
Bulgan	0.40216

Aimag	Local Development Index
Selenge	0.40191
Sukhbaatar	0.39789
Arkhangai	0.38977
Khentii	0.38919
Zavkhan	0.38166
Dornogovi	0.37820
Khuvsgul	0.37429

Aimag	Local Development Index
Dornod	0.36623
Govi-Altai	0.36413
Khovd	0.35413
Uvs	0.33956
Uvurkhangai	0.31923
Bayankhongor	0.31282
Bayan-Ulgii	0.31034

Figure 43. Access to Educational Services

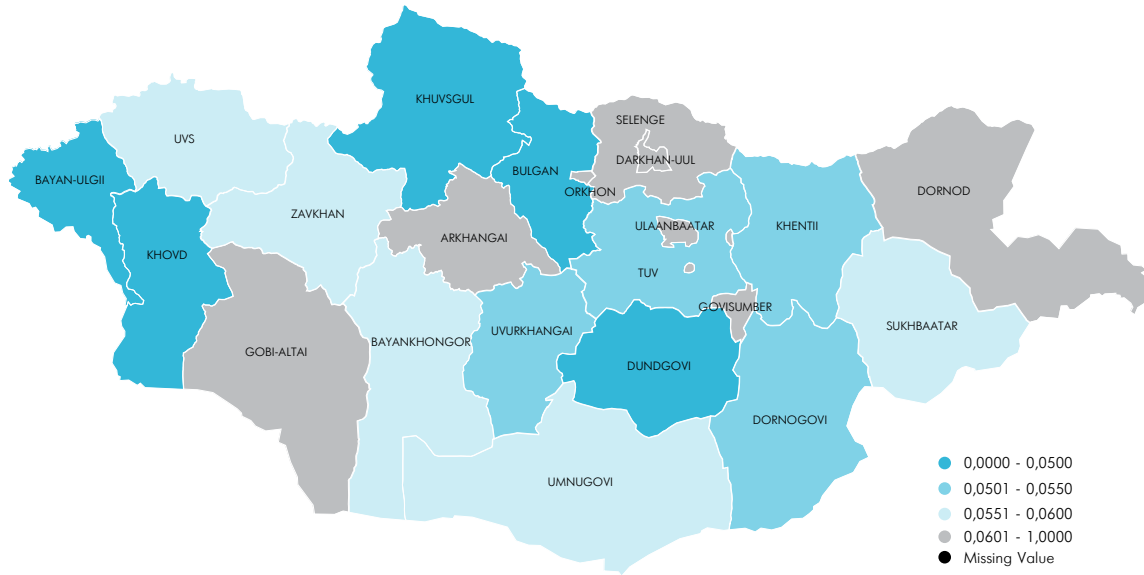


Figure 44. Culture and Art

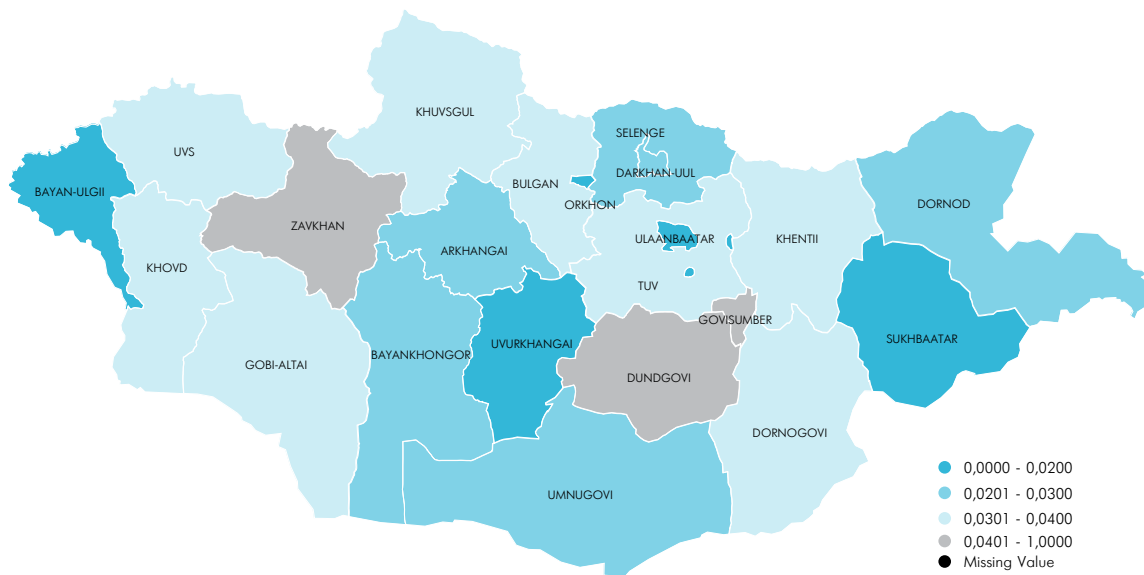


Figure 45. Access to Health Services

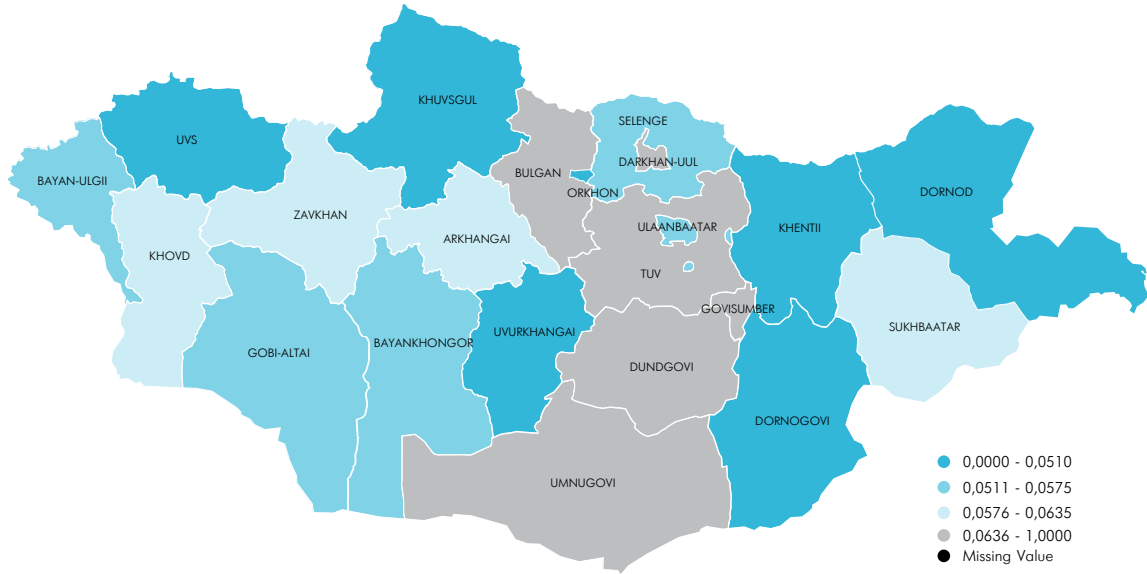


Figure 46. Environmental Sustainability



Figure 47. Social and Economic Development

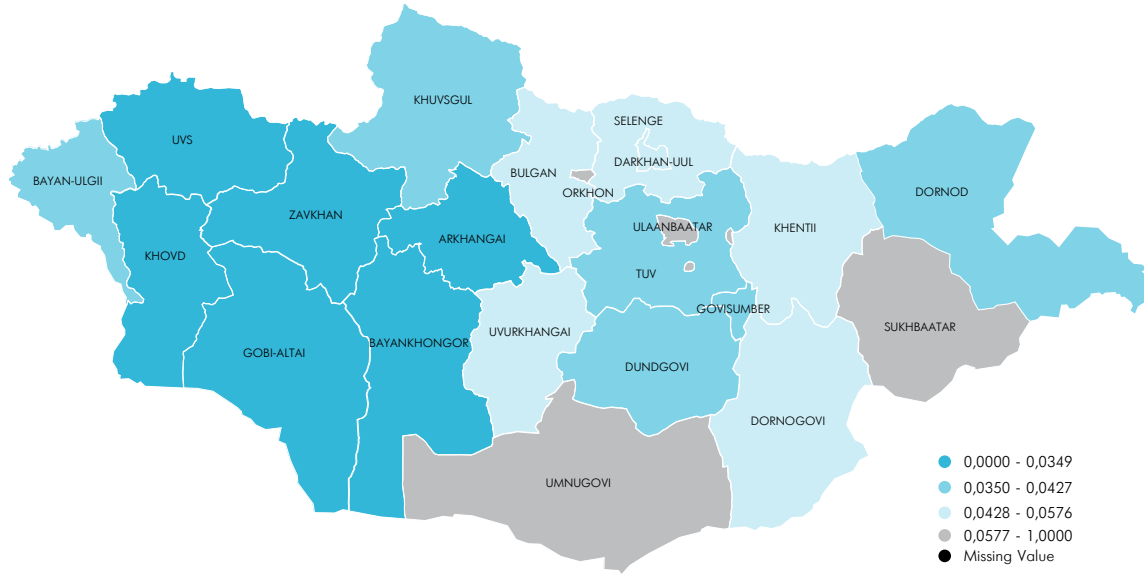
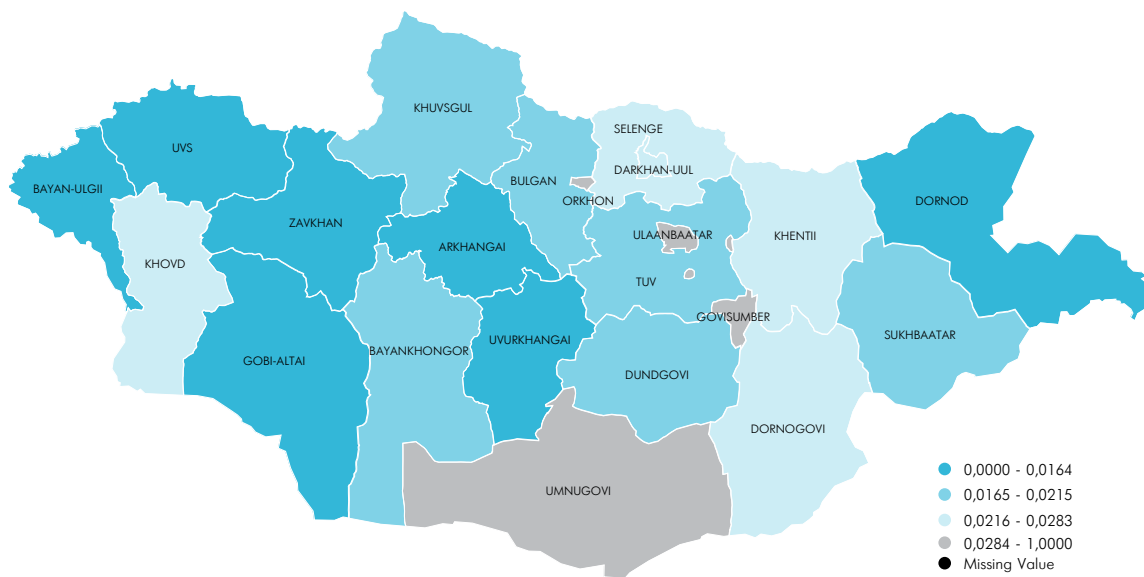


Figure 48. Financial Situation



CHAPTER 4

MDG MONITORING AND EVALUATION

CURRENT STATUS

The National Development and Innovation Committee (NDIC) was established in 2009 (Prime-Minister Resolution No.8/2009) and its main functions are to ensure the monitoring framework of the implementation of MDGs and MDG-based Comprehensive National Development Strategy (CNDS) analyze their outcomes and carry out necessary research works.

In other words, NDIC has been established following the recommendation of the previous MDGs implementation report on establishing an independent MDG monitoring and evaluation system along with a research and analysis structure.

BOX 5. The MDG-based comprehensive strategy

A policy shall be pursued to fully achieve the Millennium Development Goals and reach human development index of 0.83 by 2015, continuously improve the “Quality of life of Mongolians” through creating favorable conditions to live healthy, long and peaceful lives, respect their history and culture, work creatively, uncover and develop their intellectual abilities, talents and skills, enjoy ample choices and opportunities. The achievement of the Millennium Development Goals shall be ensured through policy actions to provide support for employment and entrepreneurship of Mongolian citizens, increase jobs places, strengthen families, develop capacities to improve their livelihood, and enhance social security and social welfare system.

MDG monitoring framework

In order to implement the State Great Khural Resolution No. 13/2008 “About Amending MDGs”

along the lines of the UN recommendations and evaluation methodology, a working group consisting of representatives of ministries, agencies, and researchers has been organized by the Order No. 53/2010 of the NDIC Chairman and worked on the following issues.

In 2003, Millennium Declaration approved eight goals, eight objectives and forty-eight indicators to estimate them. In 2007 MDG was approved by the 62nd session of the UN General Assembly as the broad of eight goals twenty-one objectives measured by sixty indicators. It has pursued since January 2008.

The State Great Khural Resolution No.25, 2005 has been updated and as of now Mongolia is implementing a total of 9 goals, 24 targets and 67 indicators which were endorsed by the State Great Khural Resolution No. 13, January 2008

Out of total 67 indicators to monitor the MDG achievement 32 were recommended by the international agencies, while remaining 35 are the local indicators.

Out of all 60 UN recommended indicators only 37 or 61.7 percent are computed in Mongolia based on official statistical data. Moreover, 23 out of 60 indicators are not calculated in Mongolia because 9 are irrelevant to our country and other 14 are not computed because of lack of data or an absence of the appropriate methodology.

As of now, it is possible to estimate 7 more new indicators (since 2008) that are listed below:

- Growth of GDP per capita;
- Employment-to-population ratio;
- Proportion of self-employed and contributing family workers in total employment;
- Adolescent birth rate;
- Antenatal care coverage;

- Unmet need for family planning;
- Cellular subscriptions per 100 inhabitants.

According to the matrix analysis implementation of all objectives in our country are as follows.

Out of total targets 11.1 percent have achieved in advance, 38.9 percent supposed to achieve if current trend continued, and 50 percent overall implementation is slow.

According to the Socio-Economic Guidelines of the Government implementation report, MDGs achievement rate will be over 77.9 percent.

The Comprehensive National Development Strategy of Mongolia adopted by The State Great Khural Resolution No.12/2008 envisaged reaching the full achievement of MDGs by 2015.

The Government Resolution No 95 of 2010 approved a framework to conduct the first-stage evaluation of the CNDS and operationalize the CNDS by specifying actions to be undertaken toward accomplishing each strategic objective as well as time lines and benchmark indicators.

The evaluation was carried out by the state administrative organizations⁵⁰, researchers and NGOs, with the assistance of UNDP and it was mainly performance based⁵² in addition to traditional monitoring and evaluation techniques⁵¹.

The fact that all of Mongolia's aimags as well as the capital city have developed their respective MDG-based National Development Strategies and been implementing them, has become a significant step toward achieving the MDGs.

Current activities

A number of training programs on MDG-based CNDS evaluation have been organized in order to strengthen capacity of human resource (desk officers) in responsible ministries and agencies and provide them with a consolidated methodology.

The Cabinet discussed the First-Stage Evaluation Report on MDG-based CNDS on March 31, 2011, and the document has been submitted to The State Great Khural.

The short-term and mid-term priorities specified in the third National Report have been aligned with the Annual Socio-Economic Guidelines and incorporated into draft of the Mongolia's Economic and Social Development Priorities for 2012-2016.

Challenges

The State Great Khural Resolution No. 13/2008, which endorsed Mongolia's, MDGs ought to be amended without delay in accordance with the UN recommended MDG indicators, standards and methodology.

Pending discussion of the First-Stage Evaluation Report on MDG-based CNDS at The State Great Khural needs to be conducted.

Further activities

- Amend the State Great Khural Resolution No. 13/2008 with relevant changes in concordance with the UN recommended MDG indicators, standards and methodology;
- Maintain and update p DevInfo database on regular basis;
- Solve issue of processing soum-level MDG indicators immediately.

⁵⁰ Prime-Minister Resolution No.72 dated as of September 15, 2010 and Order No.90 of the Chairman of the National Development and Innovation Committee dated as of October 10, 2010

⁵¹ The Government of Mongolia, Resolution Nov 2011 (monitoring and assessment of implementation)

⁵² Planning, implementation and outcomes of projects and programs are evaluated.

ANNEX

Annex 1. Trends analysis of the MDGs implementation in Mongolia

Goals/Targets/Indicators	Target			
	2008	2009	2010	2015
Goal One. Reduce poverty and hunger				
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is below the minimum living standard				
1. Poverty headcount ratio (percent)	35.2	38.7	39.2	18.0
2. Poverty gap ratio (percent)	10.1	10.6	11.3	6.0
3. Share of the poorest quintile in national consumption	7.2	8.5	7.8	11.0
4. Per capita GDP (at current prices, thousand MNT)	2,305.2	2,432.2	2,992.8	6800.0
Target 2: Reduce by six times, between 1990 and 2015, the proportion of people who suffer from malnutrition				
5. Prevalence of underweight children under age five	6.3	...	...	2.0
6. Prevalence of stunting (height for age) children under five	21.0	...	...	13.0
7. Prevalence of wasting (weight for height) children under five wasting	2.2	...	...	1.0
Target 3: Increase employment rate of population, reduce unemployment rate who are newly entering to the labour market				
8. Labour force participation rate (percent)	63.5	66.8	61.6	70.0
9. Unemployment rate of 15-24 year-old (percent)	3.0	22.0	19.5	2.5
Target 4: Reduce negative effects of population concentration and migration, provide migrants with basic social services				
10. Proportion of unregistered people in urban population	м6			
Goal Two. Achieve universal primary education				
Target 5: Provide primary education to all children by 2015				
11. Net enrolment ratio in primary education	91.5	94.3	94.7	100.0
12. Proportion of pupils starting grade 1 who reach grade 5	92.8	89.9	92.9	100.0
13. Literacy rate of 15-24 year-old	97.7			100.0
Goal Three. Promote gender equality and empower women				
Target 6: Achieve appropriate sex ratio in primary and secondary education preferably by 2009 and in all levels of education institutions by 2015				
14. Ratio of girls to boys in primary education	0.97	0.96	0.96	1.0
15. Ratio of girls to boys in secondary education	1.08	1.07	1.07	1.0
16. Ratio of female to male students in tertiary education	1.54	1.52	1.48	1.0
Target 7: Ensure gender equality in wage employment				

17. Share of women in wage employment in the non-agricultural sector	53.0	48.8	48.4	50.0
Target 8. Increase participation of women in politics and decision making level				
18. Proportion of seats held by women in the State Great Khural (Parliament)	3.9	3.9	3.9	30.0
19. Proportion of women candidates in Parliamentary election	18.5	-	-	30.0
Goal Four. Reduce child mortality				
Target 9. Reduce by 4 times, between 1990 and 2015, the under five mortality rate				
20. Under five mortality rate (per 1000 live births)	23.2	23.5	25.6	21.0
21. Infant mortality rate (per 1000 live births)	19.4	20.0	20.2	15.0
22. Proportion of children immunization against measles	96.9	96.5	96.9	99.0
Goal Five. Improve maternal health				
Target 10. Provide access to all individuals of appropriate ages to required RH services and reduce by 4 times, between 1990 and 2015, the maternal mortality ratio				
23. Maternal mortality rate (per 100.000 live births)	48.6	81.0	47.4	50.0
24. Proportion of birth attended by skilled health personnel	99.8	99.8	99.8	99.8
Goal Six. Combat sexually transmitted infections, Human immunodeficiency virus (HIV) Acquired Immune Deficiency Syndrome (AIDS), Tuberculosis and reverse others disease				
Target 11. Limit and prevent the spread of human Immunodeficiency Virus (HIV) Acquired Immune Deficiency Syndrome (AIDS) 2015				
25. HIV prevalence among pregnant mothers (percent)	0	-	0.003	<0.1
26. HIV prevalence among population aged 15-24 years (percent)	0.0005	0.0005	0.0012	<0.1
Target 12. Reverse the spread of tuberculosis by 2015				
27. Prevalence of tuberculosis (per 100.000 population)	72.0	70.0	65.0	82.0
28. Incidence rate of tuberculosis (per 100.000 population)	158.8	156.0	153.0	100.0
29. Death rate associated with tuberculosis (per 100.000 population)	2.7	2	3	2.0
30. Proportion on tuberculosis cases diagnostic and treated with international standard diagnostic and treatment methods (DOTS)	85.0	82.4	84.5	100.0
Target 13. Reverse the spread of dental caries among children				
31. Prevalence of caries among children of 5-6 years	80.1	...	...	75.0
Goal Seven. Ensure environmental sustainability				
Target 14. Integrate the principles of sustainable development into country policies and programmes, eliminate air pollution in urban areas, especially in Ulaanbaatar				
32. Proportion of forest areas	7.7	7.7	7.7	9.0
33. Proportion of specially protected areas	13.4	13.4	13.4	30.0
34. Carbon dioxide emission per capita (ton/Person)	6.6	6.05	...	4.0
35. Average daily concentration of nitrogen dioxide in the atmosphere in Ulaanbaatar (mkg/m ³)	34.0	39.0	52.0	30.0

36. Average concentration of sculpture dioxide in the atmosphere in Ulaanbaatar (mkg/m ³)	26.0	34.0	63.0	20.0
Target 15. Reduce the shrinking process of rivers and streams by protecting and rehabilitating their sources				
37. Proportion of protected and rehabilitated water sources	44	77	90.6	80.0
38. Number of protected and rehabilitated water sources	163	167	145	1000.0
Target 16. Reduce the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015				
39. Proportion of population without access to safe drinking water sources	МБ			40
40. Proportion of population without access to improved sanitation facilities	МБ			60
Target 17. Improve the housing condition of population by 2015				
41. Proportion of population living in houses and apartments with connection to engineering services networks (electricity, water, sewage and heat)	МБ			30
Goal Eight. Develop a global partnership for development				
Target 18. Create favorable condition for achieving MDG through developing trade and financial system				
42. Proportion of Official Development Assistance (ODA) provided to help build trade capacity	0.006	0.053	0.029	10.0
43. Proportion of ODA to basic social services	32.5	54.0	19.5	5.0
44. Percentage of export in Gross Domestic Product (GDP)	48.3	50.4	55.7	70.0
45. Financial deepening: (Ratio of money supply to GDP)	37.2	43.7	56.7	65.0
Target 19. Address special needs of Mongolia as landlocked country through negotiation for favorable terms for access to the sea, improve the efficiency of transit transportation through the territories of foreign countries and increase transit transportation through the territory of Mongolia				
46. Proportion of ODA in Gross National Income	3.6	4.8	2.8	20.0
47. Proportion of Transit freight in railway transportation	16.0	16.2	13.8	40.0
Target 20. Develop a debt strategy to ensure sustainability of external and internal debts for long time, study methods applied nationally and internationally to coordinate and resolve debt issues without negative effects on the state budget and economy of Mongolia.				
48. Proportion of Government external debt in GDP	33.3	39.6	28.0	30.0
49. Proportion of Government external debt in export	80.3	78.7	49.3	40.0
50. Proportion of external debt in government revenue	102.1	132.3	76.3	60.0
51. Government external debt services as a percentage of exports of goods and services	2.8	3.7	3.9	3.9
52. Proportion external debt services in government revenue	3.3	6.3	6.1	7.5
Target 21. Development of new information communications technologies and build of an information society				
53. Telephone lines (per 1000 population)	57.0	53.0	52.0	100.0
54. Internet users (per 1000 population)	15.8	39.0	72.0	30.0
55. Cellular subscribers (per 1000 population)	656.5	815.1	918.4	350.0

Goal Nine. Strengthen human rights and foster democratic governance				
Target 22. Fully respect and uphold the Universal Declaration of Human Rights, ensure freedom of media, and provide the public with free access to information				
56. Human Development Index	0.745	0.750	0.763*	0.8
57. Expert evaluation of the conformity of Mongolian laws and regulations with the international human rights treaties and conventions (percent)	мб	...	...	–
58. Percentage of implementation/enforcement of judicial decisions	73.4	70.8	51.9	–
59. Number of attorneys that provide services to citizens who are not able to pay such service	293	340	471	–
60. Public perception about activities of state organizations and law enforcement institutions	–	28.5	...	–
61. Number of state organizations that have officially expressed their views in the process of developing and approving the state budget	–	83.0	88.0	–
Target 23. Mainstream democratic principles and practices into life				
62. Public perception of activities of state organizations	–			–
63. Number of civil society organizations that have officially expressed their views in the process of developing and approving the state budget	2	2	1	–
64. Percentage of voters that have participated in nominating governors of soums and baghs	–			–
Target 24. Develop a zero tolerance environment to corruption in all spheres of society				
65. Index of Corruption	...	0.64		–
66. Perception of corruption in political organizations, judicial and law enforcement institutions	4.09	3.95	4.07	–
67. Public perception of corruption in public administration and public services	–			–

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