

Mongolia
The SCD-CPF Engagement meeting with Umnugovi Civil Society Organizations
September 14, 2017

This is a brief, informal summary of the issues raised during the meeting. If you were present and wish to make a correction or provide further information, please email Indra Baatarkhuu at ibaatarkhuu@worldbank.org.

The World Bank Group (WBG) met with 20 local civil society organizations in Umnugovi province on September 15, 2017 to exchange views and perceptions on Mongolia's development opportunities and challenges as well as possible WBG support.

The discussions focused on three guiding questions:

- 1) What do you see as Mongolia's biggest opportunities as well as challenges to end extreme poverty and promote shared prosperity?
- 2) What are the development priorities for Mongolia in the next 4-6 years?
- 3) How do you think the WBG (World Bank, IFC, MIGA) could support Mongolia in the next 4-6 years to end poverty and promote shared prosperity in a sustainable manner?

Category	Comments from Stakeholders
Inputs on country diagnostic (opportunities, challenges, and pathways to end poverty & promote shared prosperity)	<p>Opportunities</p> <ul style="list-style-type: none"> • One of Gobi region advantages is enormous potential to develop renewable energy, e.g. Mongolia ranks second on its wind power resources. • Tourism is also a major opportunity for the country and Gobi region. Development of tourism brands, such as dinosaur sites and museums could be pursued. • Agriculture sector has enormous opportunity for development and creating jobs. • Mining sector has been one important factor for the country's growth in the past. • Another factor for development has been support of international organizations. Many successful projects have been implemented in education, health sectors. • Vegetables and fruits in greenhouses and berries should be supported. Gobi region has great capacity to growing vegetables and fruits and is often excluded from other projects. The sector will create jobs. <p>Challenges</p> <p>Governance:</p> <ul style="list-style-type: none"> • A majority of participants noted the government instability and short-term policies as major issues. Due to political interests, there is no equitable distribution of revenues. Corruption is rising, especially in the mining sector, causing little positive impact from the sector on overall economy. To address this, broader governance issues need to be addressed. • Some participants noted that the mining sector caused instability in the government. Better management of mining resources following Norwegian example should be pursued.

- On the other hand, human development should be prioritized to address governance issues. The more people are developed and have more capacity, governance issues will be solved naturally. Educated people will also take care of the environment.
- Although there are many programs implemented by the government, few of them reach vulnerable communities. For example, disabled people in Umnugovi receive little or no support, nor financing from the government or various projects. Government policy does not reach to those in need. In addition, parts of the funding provided by donor projects do not reach intended beneficiaries due to corruption and governance issues.
- Lack of accountability mechanisms in the government which impedes development.
- Welfare programs initiated and promised during election campaigns drag the country's development behind. It is a burden for the economy and also makes people reliant on welfare support.
- There needs to be more CSO involvement and monitoring of government projects.

Human development:

- Need to prioritize human development. In the past, a lot of investment has been provided to the education sector, but it focused more on equipment purchasing, leaving out the important capacity building part. Need to support life-long education of people.
- People's mindsets are deteriorating as witnessed by growing environmental and social problems. Need to change people's attitude and mindset, e.g. major programs to change people's attitude and mindset should be implemented similar to the cultural revolution of 1960s.
- Start from early childhood education in human development.
- Need to increase knowledge and build capacity of teachers who are the backbone of the education sector. Teacher development has been left out from education sector development.
- Need to focus on changing people's mindsets – due to lack of job values, people are not willing to take up long-term jobs; rather, they pursue short term jobs, a problem for development.
- Social protection programs - elderly are left out, improve social protection of the elderly – WBG support.

Renewable energy:

- Proper policies and support to use renewable natural resources such as wind and solar energy are absent. There is enormous opportunity to develop this sector based on the existing resources. Need to provide more funding.

Environment:

- Environmental protection should be prioritized for sustainable development of the country. Mongolian people lack education in environment protection area in general, so need to improve people's knowledge and awareness.

- Major banks should not fund projects with high carbon emission following Mongolia's commitment to Paris agreement, such as projects involving coal, power plants, high emission cars, etc.
- Pasture degradation due to climate change is a growing issue. Lack of precipitation, rising temperatures affect pastures so programs to reduce climate change impact should be implemented.

Economic development, jobs, unemployment:

- Economic diversification programs need to be implemented.
- We talk about tourism development a lot, but there is no overall policy to develop the sector. The sector development should be looked at more systematically, such as starting from overall sector goal, providing necessary infrastructure, and linkages with neighboring countries, etc.
- Unemployment is a big issue and is the cause of poverty. Mining sector creates few jobs so developing SMEs which create jobs should be prioritized.
- On the other hand, people are not willing to take up jobs or look for a job with high salary which is not available on the market. People also quit jobs very often and are not willing to work long term, quit often, preferring short-term jobs in unofficial sectors, e.g., illegal mines or working abroad.
- Skills of workers have deteriorated compared to previous times, people are not educated enough. Technical specialists in various areas are in high demand, but TVET graduates are not well prepared for jobs.
- Need to review unemployment registration methodology. Some unemployed people are registered, some are not. Those who are registered need to re-register every month, otherwise they get out of system, so the numbers do not really reflect unemployment on the ground.
- Need to develop market access and value chain for SMEs. People produce some products but due to undeveloped marketing and market access, the sector is not developing.
- SMEs should be diversified. At the moment, government provides some funding to SMEs but no broader policy and market research for developing SMEs is available. Funding is distributed to many small enterprises which don't have sustainable operations. Instead, larger amounts of funding amount should be provided to few entities for more sustainable and tangible results.
- Cooperatives and extensions should be developed more in Mongolia. It should start with raising awareness and building support among policy makers.

Agriculture:

- Mining sector has been factor of growth in the past but not in the future. Mining resources are exhaustible and are also environmentally unsustainable. Therefore, there is need to develop processing factories of agriculture commodities to support Umnugovi local economy and livelihoods.

	<ul style="list-style-type: none"> • Livestock husbandry should be supported more comprehensively because it accounts for major share of the rural economy. <p>Mining:</p> <ul style="list-style-type: none"> • Sustainable artisanal mining policy is not available at province level. It affects people's livelihoods and jobs so should be given more attention. • Mining sector takes away pasture from herders, therefore affecting their livelihoods. • Herders are drawn out of their pastureland due to mining licenses being given out to companies without notification and consultation at province and soum level. Need to improve land management.
<p>Inputs on WBG strategy and partnerships</p>	<p>Approach and implementation:</p> <ul style="list-style-type: none"> • WBG projects are usually implemented through the government. WBG should change its management and operation approach and work directly with CSOs, private sector, and others. WBG should also set up more robust results framework before implementation of the projects and evaluate the project success against this framework. Evaluation should be based on beneficiary feedback rather than government officials feedback. • WBG should provide more detailed requirements on which part of its financing goes to which agency, such as specifying the percentage of funds to be provided to CSOs, direct beneficiaries, government, private sector, etc. This is because most of the funding is usually used by the government without reaching people. • WBG also needs to improve monitoring and evaluation of project results. • Sustainable Livelihoods Project has been a major success because its implementation was evaluated by external party, such as CSO network in Umnugovi and other provinces. <p>Sectors</p> <ul style="list-style-type: none"> • Majority of participants commented that WBG should focus its support to agriculture, human development, industrial development, and governance sectors. • Milk collection system and processing of dairy products is a major opportunity. WBG can implement a major project to develop milk collection system and dairy factory. • WBG should support CSO capacity building and human development. No need to provide more equipment as Mongolia has resources to purchase equipment itself. • WBG could work on improving Mongolia's legal environment for labor and employment as current laws are based on old laws from socialist times. Potential to cooperate with trade union which has branches in each province. • WBG could provide more support to rural development to address migration to cities and other issues arising because of this.

	<ul style="list-style-type: none"> • WBG support should be provided on providing external oversight and monitoring of investment agreements. Investment agreements with foreign investors serve more the investors rather than Mongolia's needs.
Others	<ul style="list-style-type: none"> • Some participants noted that WBG projects can be commended for their success and high contribution to Mongolia's development.

Results of the survey taken during the meeting:

1. In your view, what are the crucial development areas for Mongolia to focus actions aimed at ending poverty and shared prosperity throughout the country over the next decade? * (please select up to 5 options)

—	Public sector governance/reform	12	60%
—	Job creation/employment	11	55%
—	Anti corruption	7	35%
—	Private sector development	7	35%
—	Food security	7	35%
—	Education	6	30%
—	Agriculture, livestock, and forestry	6	30%
—	Rural development	6	30%
—	Health	6	30%
—	Economic growth	6	30%
—	Environmental protection and pollution control	5	25%
—	Equality of opportunity	5	25%
—	Social protection	5	25%
—	Water and sanitation	5	25%
—	Financial markets	3	15%
—	Foreign investment	3	15%
—	Road and transport	3	15%
—	Energy	3	15%
—	Natural resource management	2	10%
—	Trade and exports	2	10%
—	Urban development	1	5%
—	Disaster risk management	0	0%
—	Climate change	0	0%
—	Other	0	0%

2. How do you think the World Bank Group can have the most impact on its assistance to Mongolia? In which areas do you believe the WBG should focus in the next 4-6 years? (please select up to 3 options)

—	Supporting human development	16	80%
—	Supporting natural resource management and environmental protection	13	65%
—	Supporting investment in infrastructure	7	35%
—	Supporting the business environment	6	30%
—	Supporting public sector governance	6	30%
—	All are equally important	5	25%