

**Mongolia**  
**The SCD-CPF Engagement meeting with civil society organizations in Khovd province**  
**September 20, 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](mailto:ibaatarkhuu@worldbank.org).*

The World Bank Group (WBG) met with 13 civil society organizations in Khovd province on September 20, 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  |
|--|---|
| <b>Inputs on country diagnostic (opportunities, challenges, and pathways to end poverty &amp; promote shared prosperity)</b> | <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Construction boom during 2011-2013 largely due to mortgage loan policies created many jobs and contributed to the economy.</li> <li>• Mining sector boom played important role for the country's economy thanks to rising commodity prices.</li> <li>• Agriculture commodities prices were also higher earlier so herders had more cash and purchased more housings which helped construction sector boom from one point. Now due to plummeting commodity prices, herders have no cash and at the same time we see the construction sector is going down. Favorable weather conditions since 2009 gave opportunity to increase livestock number.</li> <li>• Since 2009 donor organizations started enhancing their cooperation with the government, bringing good development results for the country.</li> <li>• Local development fund operation brought positive changes to the local level</li> <li>• Our young democracy is still at its learning phase and there is considerable progress – people are learning from one election to the other, trying to improve their choices.</li> <li>• Western aimag's tourism is increasing and this is opening some opportunities to Khovd province.</li> <li>• Labor programs implemented by the government gave good support to SMEs operating in the province.</li> </ul> |

**Challenges:****Governance**

- Lack of civic education. Citizen participation and monitoring of government is insufficient.
- High interference of the government in the private sector.
- Government and government policies are unstable leading to unsustainable development path. There is no continuation of strategies and programs from one government to another.
- Sustainable economic policy is lacking
- Political appointments in civil service lead to appointment of unqualified staff. Politicians are heavily involved in civil service appointments even at provincial level. This also affects human rights of civil servants. Civil service staff capacity has reduced.
- Public trust in the government is very low. Individuals and communities can't raise their voices because they don't trust in actions from the government side. On the other hand, civil servants are afraid of losing their jobs and prefer to fulfil orders from the management even though they don't agree with it.
- Government has become too bulky and is involved in all areas.
- Government officials' behavior need to be changed and higher requirements for government officials should be requested.
- Lack of long term national development vision and mission for Mongolia. Every company or organization has their own mission while this is not available in Mongolia.

**Others:**

- Bank loans have high interest rates but these are only source of financing available so people depend on bank loans due to lack of cash.
- Poverty rate is high in Khovd province because of the its remoteness, geographical location, and lack of information.
- Climate change impact is increasing, winters become more and more harsh causing high livestock losses.
- Still many information and communication technology issues at province and soum levels.
- Sector policies are not aligned with overall long-term development vision of the country, e.g. education sector policies and its implementation are not aligned with what is stated in the 2030 sustainable development vision of Mongolia.
- Agricultural sector – Khovd province used to have meat processing factory but it is closed now. Lack of market access and high transportation costs is one reason. In addition, herders don't work together as cooperatives losing many opportunities.
- Need to develop export-oriented SMEs and provide loans to them.
- Human development remains an important issue.
- Financial sector policies need to be clearly defined.

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|  | <ul style="list-style-type: none"><li>• There are many challenges associated with Mongolia's landlocked location.</li><li>• Need for stronger and better CSOs in the country. CSOs do receive lots of support in terms of capacity building but still not much change.</li><li>• Continuation and sustainability of already implemented projects and good practices of donor organizations are lacking.</li><li>• Need to bring in more advanced technologies, e.g. for meat and agriculture products processing.</li></ul> |
|--|---|

|  |   |
|--|---|
| <b>Inputs on WBG strategy and partnerships</b> | <p><b>Sectors:</b></p> <ul style="list-style-type: none"> <li>Participants prioritized following sectors for possible WBG support in the next 10 years: (i) agriculture (focusing on livestock husbandry); (ii) human development; (iii) infrastructure development; (iv) governance (improving civil service); (v) financial sector; (vi) manufacturing (small scale, household-based manufacturing); (v) improving employment opportunities and jobs.</li> </ul>                    |
|  | <p><b>Approach and implementation:</b></p> <ul style="list-style-type: none"> <li>WBG should implement its projects through CSOs.</li> <li>WBG should continue implementing those projects which had good impact on people's livelihood and had good results.<br/>Mongolian economy is fully depended from the government – government has money but people and private sector have no money. WBG should work to balance this out.</li> </ul>   |
| <b>Others</b>                                  | <ul style="list-style-type: none"> <li>Donor organizations programs – people have more trust in donor organizations' projects. Bids announced by donor-supported projects select their suppliers/contractors on fair basis according to their guidelines. But the opposite is true for public tendering.</li> <li>Export development project financed by the World Bank is the greatest news heard lately, many Khovd organizations are really interested in this project.</li> </ul> |

Results of the survey taken during the meeting:

- 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)

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|---|--|---|-----|
| — | Public sector governance/reform                | 6 | 46% |
| — | Job creation/employment                        | 4 | 31% |
| — | Agriculture, livestock, and forestry           | 3 | 23% |
| — | Health   | 3 | 23% |
| — | Environmental protection and pollution control | 3 | 23% |
| — | Education                                      | 2 | 15% |
| — | Anti corruption                                | 2 | 15% |
| — | Private sector development                     | 2 | 15% |
| — | Rural development                              | 2 | 15% |
| — | Economic growth                                | 2 | 15% |
| — | Natural resource management                    | 1 | 8%  |
| — | Food security                                  | 1 | 8%  |
| — | Social protection                              | 1 | 8%  |
| — | Water and sanitation                           | 1 | 8%  |

|   |                          |   |    |
|---|--------------------------|---|----|
| — | Climate change           | 1 | 8% |
| — | Disaster risk management | 0 | 0% |
| — | Equality of opportunity  | 0 | 0% |
| — | Financial markets        | 0 | 0% |
| — | Foreign investment       | 0 | 0% |
| — | Road and transport       | 0 | 0% |
| — | Trade and exports        | 0 | 0% |
| — | Urban development        | 0 | 0% |
| — | Energy                   | 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)

|                          |   |   |     |
|--------------------------|---|---|-----|
| <input type="checkbox"/> | Supporting human development  | 4 | 33% |
| <input type="checkbox"/> | Supporting the business environment                                 | 4 | 33% |
| <input type="checkbox"/> | Supporting natural resource management and environmental protection | 3 | 25% |
| <input type="checkbox"/> | Supporting public sector governance                                 | 2 | 17% |
| <input type="checkbox"/> | All are equally important   | 2 | 17% |
| <input type="checkbox"/> | Supporting investment in infrastructure                             | 1 | 8%  |