

MONGOLIA CAPE PLANNING MATRIX (BY SECTOR)

Sectors	Past Programs (1997-2006)	Planned Intervention (2007-2010)	Sector Challenges for ADB and Government (preliminary)	CAPE Team Inputs	CAPE Resources
1. Transport (including regional connectivity, trade)	Total lending: \$67 mil <ul style="list-style-type: none"> ▪ Second Roads Project (\$25m, approved in 99) ▪ Regional Road Development (\$37m, 04) ▪ Customs Modernization (\$5m, 06) 	Total lending/grant pipelined: \$77 mil <ul style="list-style-type: none"> ▪ Western Regional Road Corridor Development I (\$37m, planned to be approved in 08) ▪ Western Regional Road Corridor Development II (\$40m, 10) 	<ul style="list-style-type: none"> ▪ Mainstreaming regional cooperation in project design and project selection. ▪ Value addition through Innovations in Project Design and TA Projects. ▪ Formulation and timely adoption of national transport policy. ▪ Lack of maintenance regimes based on needs, achieving a balance distribution of public funds, alternative financing sources including the private sector, and improving cost recovery. ▪ Lack of institutional capacities on a sustainable basis. 	<ul style="list-style-type: none"> ▪ Rapid SAPE on transport ▪ A PPER ▪ Supplementary assessment on cross-border trade facilitation 	OED staff; International consultant–economist; domestic consultants–technical, traffic, socio-economic, policy and trade survey
2. Urban development (water supply, heating, urban environment)	Total lending: \$95 mil <ul style="list-style-type: none"> ▪ UB Heat Efficiency (\$40m, 97) ▪ Provincial Towns Basic Urban Services (\$7m, 97) ▪ Integrated Development of Basic Urban Services in Provincial Towns (\$20m, 02) ▪ Urban Development Sector (\$28, 06) 	Total lending pipelined: \$29 mil <ul style="list-style-type: none"> ▪ Sustainable Urban Development (\$29m, 09) ▪ JFPR for Community-Based Heating Supply in Rural Remote Areas (\$2 million approved 29 June 2007) 	<ul style="list-style-type: none"> ▪ Poor institutional capacity. ▪ High levels of poverty and low living standards. ▪ Low urban service productivity and efficiency. ▪ Need to improve urban service operation and management. ▪ Need to improve financial resource mobilization, particularly by expanding cost-recovery and cost-sharing mechanisms including tariff adjustments. ▪ Excessive interference by provincial governments in the business activities of water agencies, particularly in tariff setting. 	<ul style="list-style-type: none"> ▪ Rapid urban development sector SAPE 	OED staff; international consultant; 2 domestic consultants
3. Social sector (education, health)	Total lending: \$56 mil <ul style="list-style-type: none"> ▪ Second Education Development (\$14m, 02) ▪ Health Sector Development (\$16m, 97) ▪ Social Security Sector Development (\$12m, 01) ▪ Health Sector Development II (\$14, 03) ▪ JFICT in Health (\$1m, 05) 	Total lending/grant pipelined: \$41 mil <ul style="list-style-type: none"> ▪ Health Sector Development Reform Program III (\$10m, 07) ▪ Education sector Reform (\$10m, 08) ▪ Health Sector Development (\$19m, 10) ▪ JFPR in Health (\$2m, 07) 	<ul style="list-style-type: none"> ▪ Poor education infrastructure. ▪ Rationalization of higher education. ▪ Private sector linked vocational education. ▪ Address large non-formal education needs in rural areas. ▪ Poor health care system. ▪ Poor social security, pension system. 	<ul style="list-style-type: none"> ▪ Rapid SAPE on social sector to be prepared ▪ PPERs on education and health sector programs 	OED staff; international consultant; domestic consultants

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4. Finance (including private sector promotion)	Total lending: \$49 mil <ul style="list-style-type: none"> ▪ Financial Sector Program II (\$15m, 00) ▪ Financial Regulation and Governance Program (\$10mil, 00) ▪ Housing Finance (\$15m, 01) ▪ Rural Finance (\$9m, 01) 	No lending pipelined, only ADTA: Capital Markets Development (\$0.5m, 08)	<ul style="list-style-type: none"> ▪ Lagging NBFIs and capital markets. ▪ Need for institutional capacity building of FRC. ▪ Private sector participation in financial sector (mortgage, MSE). ▪ Still high capital cost. ▪ Distortionary tax system. ▪ Weak legal environment for business. 	<ul style="list-style-type: none"> ▪ Rapid SAPE on Financial Sector ▪ PPER on FSP II ▪ A short assessment on private sector promotion 	Completed for finance sector by OED staff international consultant; local consultant On private sector, national consultant input to be used
5. Agriculture and Rural development (including rural environment)	Total lending: \$27 mil <ul style="list-style-type: none"> ▪ Cadastral Survey and Land Registration (\$10m, 00) ▪ Agriculture Sector Development Program (\$7m, 00) ▪ Agriculture Sector Development Project (\$10m, 00) 	Total lending/grant pipelined: \$28 mil <ul style="list-style-type: none"> ▪ Agriculture and Rural Development (\$14m, 08) ▪ Environmentally Sustainable Rural Development (\$10m, 2009) ▪ JFPR: Poverty Reduction through Community-Based Natural Resources Management (\$2m, 07) ▪ JFPR: Water Point and Extension Systems Establishment for Poor Herding Families (\$2m, 07) 	<ul style="list-style-type: none"> ▪ Vulnerable crops and livestock production due to harsh climate and diseases ▪ Poor market access and unfair pricing of products. ▪ Poor agro-processing, market niche and value chain. ▪ Lack of technical skills at farm level. ▪ Lack of appropriate machinery and tools. ▪ Environment degradation in soil and water point. ▪ Lack of rural finance. 	<ul style="list-style-type: none"> ▪ A brief assessment on ADB performance in agriculture sector assistance 	A national consultant supervised by CAPE mission leader
6. Governance	Total lending: \$41 mil <ul style="list-style-type: none"> ▪ Governance Reform Program (\$27m, 99) ▪ Governance Reform Program II (\$16m, 03) 	No lending pipelined, only ADTA: Institutional Strengthening for MfDR (\$0.4m, 07)	<ul style="list-style-type: none"> ▪ Good governance and capacity development are an important crosscutting issue. There is a need to further improve governance and capacity building in the financial sector. ▪ Government has recently put more emphasis in governance (e.g. It established a Financial Intelligence Unit and Governance Regulation Unit at Central Bank and an Anticorruption Agency; Mongolia's corruption perception index improved to 3.0 in 2007 from 2.8 in 2006). ▪ Whether core reform modalities that were introduced under governance programs (e.g. New Zealand modality for contract-based system) have been effective? 	<ul style="list-style-type: none"> ▪ Assessment of ADB Support to Law and Justice Reform ▪ A PPER for two program loans (Governance Reform Program I & II) ▪ Overall review of governance issues by CAPE mission in March/April 	OED staff OED staff CAPE mission