



Chair's Summary of Meeting of the Board Directors

14 October 2005

MONGOLIA: COUNTRY STRATEGY AND PROGRAM (2006–2008)

1. Directors endorsed the Mongolia Country Strategy and Program (CSP) for (2006–2008). They noted that the well prepared CSP is based on a sound analysis. They agreed with the general thrust of the CSP and recognized Mongolia's achievements in reforms and macroeconomic management. They acknowledged the need to (i) ensure the sustainability of the country's recent economic achievements, and (ii) widen the growth base. Directors stressed the need to (i) support Mongolia's efforts to reduce poverty, and (ii) continue refining ADB's focus on the results-based approach.
2. Directors appreciated the CSP's results-based approach and, in this regard, stressed the importance of refining the CSP's policy and outcome indicators. Some Directors favored a better link between the CSP's outcome indicators and poverty reduction. They acknowledged the evolving nature of the results matrix and noted that the Government's ownership of the results-based approach would be ensured. Directors called for a more substantial involvement of the Results Management Unit in CSP preparation.
3. While appreciating the difficulties related to focusing ADB's operations in small countries and, particularly, those that are in transition, Directors welcomed the CSP's efforts towards greater selectivity. They stressed the need to continue refining ADB's focus in these countries through (i) better coordination with other external funding agencies, (ii) careful consideration of the value added of ADB operations, and (iii) identifying opportunities for PSOD involvement in some sectors.
4. Directors appreciated that the CSP reflected the opportunities for PSOD operations in Mongolia. They stressed the importance of further improving the enabling environment for private sector development, and called for greater PSOD involvement in CSP preparation, and a more rigorous diagnosis of private sector opportunities.
5. The need for continuing capacity building in Mongolia was considered essential, particularly in managing for development results and in implementing an effective legal and regulatory framework. It was suggested that capacity building indicators be incorporated in the results matrix.
6. Directors valued the CSP's approach to providing support to governance in Mongolia. They stressed the need to pay more attention to the effective implementation of laws and regulations, particularly those relating to anticorruption. Directors suggested incorporating governance indicators in the results matrix. Institutional capacity and behavioral changes within Mongolia's community were identified as key elements of the proposed administrative reform agenda of the Government.
7. Directors stressed the need for a careful economic analysis of infrastructure improvement options, particularly in view of Mongolia's large land area and low population density.
8. Directors encouraged staff to continue to be actively involved in donor coordination at the sector level and to assist in further improving the process.