

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities¹

1. **Agriculture, natural resources, and rural development.** Development partner assistance in the agriculture, natural resources, and rural development sector is diverse as it covers a wide range of activities and vast geographic areas. The assistance focuses on management of livestock and pastureland for rural livelihood improvement. Major donors in this area include the Asian Development Bank (ADB), the World Bank, the European Commission, the Swiss Agency for Development and Cooperation (SDC), and the Food and Agriculture Organization of the United Nations (FAO). ADB has assisted Mongolia with three grant projects financed by the Japan Fund for Poverty Reduction. ADB also provided an emergency assistance grant to help the rural population during the *dzud* (severe winter) of 2009–2010.² The World Bank has provided loans for the Nationwide Sustainable Livelihoods Project to support livestock production, pasture management, and community development. The European Commission assistance covers livestock health, production and marketing, and rural livelihoods and poverty reduction. The SDC is known for its long-lasting assistance in livestock and pasture management in Mongolia. The International Fund for Agricultural Development provided assistance for general interventions in rural poverty reduction. The FAO provided small-scale yet effective technical assistance (TA) for the livestock sector, particularly livestock breeding and health, dairy production, and disaster preparedness.

2. **Private sector development.** Development partner assistance in private sector development has focused on small and medium-sized enterprise (SME) development. There are two types of development partners in this thematic area: (i) international financial institutions such as ADB, the European Bank for Reconstruction and Development, the International Finance Corporation, and the Japan International Cooperation Agency; and (ii) other organizations such as the United Nations Development Programme (UNDP), the United States Department of Agriculture, and the SDC. The first group has assisted relatively well established SMEs, mostly through lending projects and programs, while the second has assisted small and micro enterprises through grants and TA. ADB's Agriculture and Rural Development Project³ has been assisting for SME development through a grant and TA. The main strategy of the European Bank for Reconstruction and Development is to support national entrepreneurship by providing access to long-term finance and helping enterprises raise corporate standards to international levels. The International Finance Corporation supports enterprises with high growth potential for employment generation, and provides advice on best governance practices and international social and environmental standards to increase competitiveness. The Japan International Cooperation Agency supports private sector development and environmental protection through the provision of long-term finance to SMEs. UNDP focuses on improving the livelihoods of poor and marginalized people through job creation in rural areas.⁴ The United States Department of Agriculture has supported

¹ The additional financing project is classified in the agriculture, natural resources, and rural development sector, and private sector development in ADB's drivers of change. This linked document contains information relevant to the sector, particularly agriculture, and drivers of change.

² The *dzud* during 2009–2010 killed about 9.7 million livestock and affected the means of livelihood for a large number of herder households.

³ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant and Technical Assistance Grant to Mongolia for the Agriculture and Rural Development Project*. Manila.

⁴ The UNDP project strengthens the capacity of small and micro enterprises to produce more value-added products with established markets, especially among the rural poor, herders, youth, women, and farmers, through assistance in business startups, product development, access to micro credit, and branding and marketing of locally produced products.

agriculture-related enterprises operating in target *aimags* (provinces) by strengthening and enhancing marketing techniques and developing links among suppliers, producers, and processors. A list of projects is in the following table.

Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
Agriculture, Natural Resources, and Rural Development			
ADB	Poverty Reduction through Community-Based Natural Resource Management	2008–2013	\$2.00 (G)
	Water Point and Extension Station Establishment for Poor Herding Families	2008–2012	\$2.00 (G)
	Dzud Project	2010	\$2.50 (G)
	Strengthening Carbon Financing for Regional Grassland Management in Northeast Asia	2010–2012	\$1.00 (G)
World Bank	Establishment of Climate-Resilient Rural Livelihoods	2012–2016	\$2.50 (G)
	Sustainable Livelihood Project (Phase 2)	2007–2013	\$49.00 (L)
	Sustainable Livelihood Project (Phase 3)	2014–2018	\$24.80 (L)
	Index-Based Livestock Insurance Project (with additional financing)	2005–2010	\$10.70 (L)
	Livestock and Agricultural Marketing project	2013–2017	\$11.49 (G)
IFAD	Rural Poverty Reduction Program	2003–2011	\$19.10 (L)
IFAD/GEF	Market and Pasture Management	2011–2016	\$13.00 (L/G)
FAO	Strengthening Early Warning for Transboundary Animal Disease Diagnosis	2006–2010	\$0.37 (G)
	Modernizing and Upgrading the National Animal Breeding Program	2008–2011	\$0.40 (G)
	Emergency Rehabilitation and Coordination Unit	2010–2011	\$1.37 (G)
GEF	Sustainable Land Management for Combating Desertification Project	2008–2012	\$4.15 (G)
European Commission	Improving Livelihood Security of Livestock Owners in Two Provinces	2008–2010	€0.61 (G)
	Animal Health and Livestock Marketing Project	2008–2012	€9.30 (G)
	Sustainable Poverty Reduction through Agricultural Development Project	2008–2013	€1.20 (G)
	Enhancing Food and Nutrition Security for Vulnerable Segments of the Population of Mongolia through Capacity Building in Small-Scale Vegetable Production Project	2010–2013	€1.20 (G)
	Food Security and Sustainable Farming Approaches in Mongolia	2010–2013	€0.92 (G)
	Sustainable Development of the Pasture Resource and its Users through Evidence-Based Conservation of Biodiversity	2010–2014	€0.30 (G)
	Support to the Modernization of Mongolia's Standardization System	2014–2017	€3.70 (G)
MCA	Peri-Urban Rangeland Project	2008–2013	\$5.90 (G)
SDC	"Green Gold" Pasture Ecosystem Management Project (Phases 1–3)	2004–2012	SwF11.10 (G)
	"Green Gold" Pasture Ecosystem Management Project (Phase 4)	2013–2016	SwF9.88 (G)
	Livestock Project	2009–2011	SwF4.90 (G)
JICA	Enhancing Extension System for Comprehensive Crop-Livestock Management	2010–2013	¥177.00 (G)
KOICA	Development of Safety Control System for Mongolian Animal Products Project	2008–2010	\$1.60 (G)
CIDA	Training for Rural Development Project	2004–2010	Can\$4.10 (G)
Private Sector Development (SME Development)			
ADB	Loan to Khan Bank	2007–2009	\$10.00 (L)
	Loan to Xac Bank (SME Development)	2013–2018	\$30.00 (L)
	Loan to Khan Bank (MSME Development)	2014–2019	\$40.00 (L)
	Agriculture and Rural Development Project	2009–2016	\$14.70 (G)
	Agricultural Marketing and Brand Development	2011–2013	\$2.00 (G)
EBRD	Production Expansion Loan to Gobi JSC	2011	\$5.00 (L)
	Production Expansion Loan to VitaFit Group	2011	\$6.50 (L)
	Debt and Equity Financing to Monos Group	2011	\$9.00 (L)
IFC	Loan to Suu Dairy JSC	2010	\$2.00 (L)
UNDP	Enterprise Mongolia Project (Phase 1)	2005–2008	\$1.40 (G)
	Enterprise Mongolia Project (Phase 2)	2008–2012	\$1.20 (G)

Development Partner	Project Name	Duration	Amount (million)
JBIC/JICA	Two-Step Loan Project (Phase 1)	2006–2010	¥2,980.00 (L)
	Two-Step Loan Project (Phase 2)	2011–2014	¥600.00 (L)
USDA	Mongolia Agribusiness Support Program	2005–2010	\$3.00 (G)
SDC	Market Opportunity for Rural Entrepreneurs Project	2010–2011	SwF3.50 (G)

ADB = Asian Development Bank, CIDA = Canadian International Development Agency, EBRD = European Bank for Reconstruction and Development, FAO = Food and Agriculture Organization of the United Nations, G = grant, GEF = Global Environment Facility, IFAD = International Fund for Agricultural Development, IFC = International Finance Corporation, JBIC = Japan Bank for International Cooperation, JICA = Japan International Cooperation Agency, JSC = joint stock company, KOICA = Korean International Cooperation Agency, L = loan, MCA = Millennium Challenge Account, SDC = Swiss Agency for Development Cooperation, SMEs = small and medium-sized enterprises, UNDP = United Nations Development Programme, USDA = United States Department of Agriculture.

Sources: Various agencies.

B. Institutional Arrangements and Processes for Development Coordination

3. The Ministry of Food and Agriculture (MOFA) executed agriculture and most rural sector development projects. The MOFA, in coordination with other ministries such as the Ministry of Industry and Ministry of Environment, Green Development and Tourism will lead regular coordination to ensure that the projects are aligned with sector policies and strategies. No specific institutional arrangements exist for private sector development but concerned development partners engage in regular communication on their operations in general and on private sector development when and as needed. For the current project, the project management unit (PMU) coordinated with development partners for both agriculture and rural sector development and private sector development, and will continue to do so for the additional financing. The project steering committee and the implementing agencies (MOFA and Ministry of Industry) will oversee smooth coordination among involved line ministries, agencies, and stakeholders.

C. Achievements and Issues

4. Since the government stopped its support in the early 1990s, development partners have assisted the government in the agriculture, natural resources, and rural development sector since the mid-1990s to address crucial gaps in livestock production. However, production alone is not sufficient for livestock sector development; marketing and value addition also require attention from development partners. Livestock and pastureland management will likely remain a core area of assistance in the sector since sustainable livestock and pasture management is a long-term challenge that directly concerns rural livelihoods. Assistance in private sector development has provided financing for private enterprises with no or limited access to finance, especially SMEs.

D. Summary and Recommendations

5. The current project has shown the effectiveness of the holistic approach, which covers the value chains of agro-processing enterprises from raw material production, processing, and marketing of the processed products. With the additional financing the project will deepen its impact by strengthening interventions on marketing and value addition. It is recommended that the executing agency and the PMU disseminate the approach and lessons learned from the project implementation. The PMU will maintain regular contact with involved development partners for better coordination.