

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: EAAE

TA 4359-MON: Agriculture Sector Strategy Study			Amount Approved: \$350,000	
			Revised Amount: \$350,000	
Executing Agency: Ministry of Food and Agriculture		Source of Funding: Japan Special Fund	Amount Undisbursed: \$15,719.27	Amount Utilized: \$334,280.73
TA Approval Date: 12 July 2004	TA Signing Date: 29 July 2004	Fielding of First Consultant: 13 November 2004	TA Completion Date Original: 31 Jul 2005 Actual: 30 Nov 2007	
			Account Closing Date Original: 31 Oct 2005 Actual: 31 Dec 2007	
<p>Description: The continued high incidence of poverty and rising environmental problems in Mongolia's countryside are key challenges for its future economic and social development. These problems have been attributed to the country's continuing high dependence on agriculture, particularly on extensive livestock production, for the livelihoods of great majority of its people. Agriculture sector endured severe winters (<i>zuuds</i>) in 2000–2001 and continues to face challenges associated with the transition from a centrally planned to a market-based economy. ADB has worked with the Ministry of Food and Agriculture (MoFA) since the mid-1990s, and developed and implemented an agricultural policy framework.^a The main thrust of this framework included (i) strengthening competition and market efficiency in agricultural markets, (ii) supporting the development of private agro-enterprises, and (iii) sector development plan to raise rural livelihoods that are socially and environmentally sustainable. However, a strategy was needed to (i) identify developmental needs to generate livelihood opportunities for the country's growing population, and (ii) provide guidance to the government on how best to structure its policies to move the sector forward. This TA was also intended to provide inputs into ADB's preparation of a new country partnership strategy for Mongolia (2005–2006).</p>				
<p>Expected Impact, Outcome, and Outputs: The TA was to prepare an agriculture sector development strategy for the government with associated policy recommendations. The strategy identified and analyzed opportunities and constraints facing the future development of Mongolia's agriculture sector. It was also intended to pave the way to the development of a program of investments for use by the government in attracting and coordinating development agencies' support for projects and programs in the agriculture sector. During implementation, TA outputs were reviewed and adjusted in line with resource and time constraints. The intended preparation of a policy framework, as a separate TA output, was dropped in favor of identifying key policy changes within the context of investment programs as proposed in the strategy.</p>				
<p>Delivery of Inputs and Conduct of Activities: Significant difficulties emerged during the first year of implementation. Although consultants were fielded on schedule in November 2004, the deliverables were increasingly behind schedule. A key member of the consultant team experienced personal problems and had to be replaced. Team members were mobilized to disparate locations, which reduced collaboration between team members and adversely affected delivery of project outputs. The TA's implementation also initially suffered from poor cooperation by the government, which was reflected in the government's slow response to the initial draft strategy paper, submitted in March 2005. The government provided its comments on the draft strategy after almost 6 months, and comments were generally unfavorable. As a result, changes were made in the implementation of the TA. This led to consultations between ADB and the consultant team that ultimately resulted in the suspension of work in September 2005. Work resumed in February 2006, when oversight responsibility for the TA was assigned to another ADB staff, and a new consultant team leader was recruited. This consultant had considerable work experience in Mongolia, and had a history of successfully working with government officials. With revised consultant's terms of reference, the TA progressed well thereafter. There were four contract variations made in response to the difficulties experienced during the first year of implementation. The consultants maintained that they provided inputs considerably in excess of what was specified under the contract and that they had to cover the associated costs. In May 2006, a new TA working committee was formed with the participation of key experts and policymakers from the government, and under its guidance through meetings and workshops examined various agricultural subsectors including policy and strategy. The appointment of a government affiliated expert, experienced in Mongolian agricultural policy, to act as the main point of contact between the government and the consultant team was a key positive step. This arrangement proved successful in gaining government support for a significantly revised version of the draft strategy paper that reflected working group suggestions, outcomes of the workshops, and meetings with other key stakeholders.</p>				
<p>Evaluation of Outputs and Achievement of Outcome: The revised outputs agreed upon during TA implementation were achieved. A draft strategy was prepared in full consultation with the government, which eventually embraced the Study. Measures adopted after the first year of TA implementation were successful in fostering a sense of ownership of the strategy by the government. Senior officials from MoFA, including the Minister himself, used the Study to express MoFA's policy goals to donors and other government ministries. The strategy has been translated into Mongolian and printed for wider dissemination to government and other stakeholders.</p>				

including academicians and researchers. To develop ownership over the strategy by the government, considerable discussions on policy options were undertaken. The strategy succeeded in inculcating market-orientation to senior and mid-level policymakers at MoFA to undertake a market approach to sector development. Interventions to assist herders with emergency fodder during winter and the urgency for land tenure reform were noted as key priorities in the sector. At the conclusion of the TA, MoFA organized a final workshop widely attended by representatives of various ministries, major development partners, representatives of foreign embassies, NGO representatives, and the media. A program of investments to address constraints to sustainable agricultural growth identified in the strategy was prepared. New investments and sequencing of proposed policy reforms defined in the strategy will need further study. During implementation of the TA, there appeared to be insufficient resources to provide the direction necessary for the strategy to progress in these areas. But the strategy's recommendation for a greater market orientation and reduced role of the government in the sector were widely supported by the development partners. The TA's significant achievement was that it was able to strengthen the understanding among policymakers about appropriate roles for the government in a market-based economy.

Overall Assessment and Rating: The TA is rated as successful. This rating is based on the TA's ultimate achievements in terms of development of a well-researched strategy that the key government policymakers embraced, despite shortcomings in TA implementation in terms of timeliness and initial government dissatisfaction. Ultimately, the timely action taken by ADB on TA implementation was highly effective and its output was successful in terms of 'buy in' by the government and the broader international community. In spite of the difficulties encountered in implementing the TA during its first year, which contributed to delays to execute the Study, the TA finally yielded a substantive report that formed the basis for development activities in the sector.

Major Lessons:

- Changes in staffing both at the consulting team and ADB are sometimes essential to ensure delivery of TA outputs.
- Obtaining the active participation of government officials in strategy development was difficult and required continuous dialogue, willingness to compromise, and relationship-building over extended periods of time.
- Assignment of consultants with limited previous in-country experience (despite strong technical skills) for short inputs in disparate locations should be avoided to the extent possible.
- Regular communication and prompt response to the policy working group decisions proved to be an effective means to foster dialogue with the government. Project implementation proceeded more successfully once an effective working group was formed.
- Development of a sector strategy should be understood to be a process of gradual consensus building and incremental improvements rather than a final outcome. This process could involve considerable compromise in terms of adoption of policy options, but is essential in order to develop the ownership by the government.

Recommendations and Follow-Up Actions:

- Maintain regular policy dialogue on critical issues addressed in the strategy.
- Provide resources for ongoing training in public finance including software applications to government staff to complement the Strategy.

^a ADB. 1995. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Mongolia for Agriculture Sector Program*. Manila.