



ANNUAL REPORT ON ACTIVITIES - 2010



Submitted to the Government of Mongolia

by



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THE WORLD BANK



INTRODUCTION

The goal of all Mercy Corps activities in Mongolia is to support rural communities to mobilize resources to meet their economic and social needs. Mercy Corps takes a community-led and market-driven approach to facilitate lasting systemic change, supporting the establishment and growth of sustainable mechanisms for improving access to information, training, financial services, business services and markets.

Mercy Corps Mongolia works to achieve sustainable change in three key areas: Economic Development, Civil Society Development and Natural Resource Management.

Mercy Corps implemented eight major projects in Mongolia during 2010. Four of the eight projects supported rural economic development in seventeen aimags across the country. Three projects supported strengthening of local civil society efforts in nine aimags, and one natural resource management project operated in all 21 aimags of Mongolia.

Table 1: Financial Summary and Projects 2010

Types of programs	Donors	MNT	Beneficiaries
Economic Development Programs			
Rural Agribusiness Support Program (RASP)	United States Department of Agriculture (USDA)	2,296,804,520	45,063
Market Opportunities for Rural Entrepreneurs (MORE)	Swiss Agency for Development and Cooperation (SDC)	1,255,919,883	9,641
Farmer to Farmer (Assessment Stage)	US Agency for International Development (USAID)	10,320,290	0
Support To Rural Business Expansion And Market Linkage Projects (Mongol Derby)	Adventurists	59,839,301	55
Civil Society Programs			
Fostering An Inclusive Environment For Local Disabled Project (FIELD)	US Agency for International Development (USAID)	182,396,070	3,702
Mongol Rally	Adventurists	313,228,623	3,505
Building Rural Institutions Through Civil Society Project (BRICS II)	British Embassy	45,963,983	45,750
Natural Resource Management			
Livestock Early Warning System (LEWS)	World Bank	344,302,053	4,000
Totals		4,508,774,723	111,716

Mercy Corps Mongolia received MNT 4,508,774,723 in grants and assistance during 2010. Through our combined program activities, these funds leveraged MNT 20,093,055,949 (\$15,946,869) in economic activity that same year. In short, for every dollar MCM receives, together with our rural clients that sum is more than quadrupled through the value of secured loans, sales, cost sharing, contracts and investment pledges.

Chart 1: Rural Economic Activity Leveraged with Mercy Corps Funds

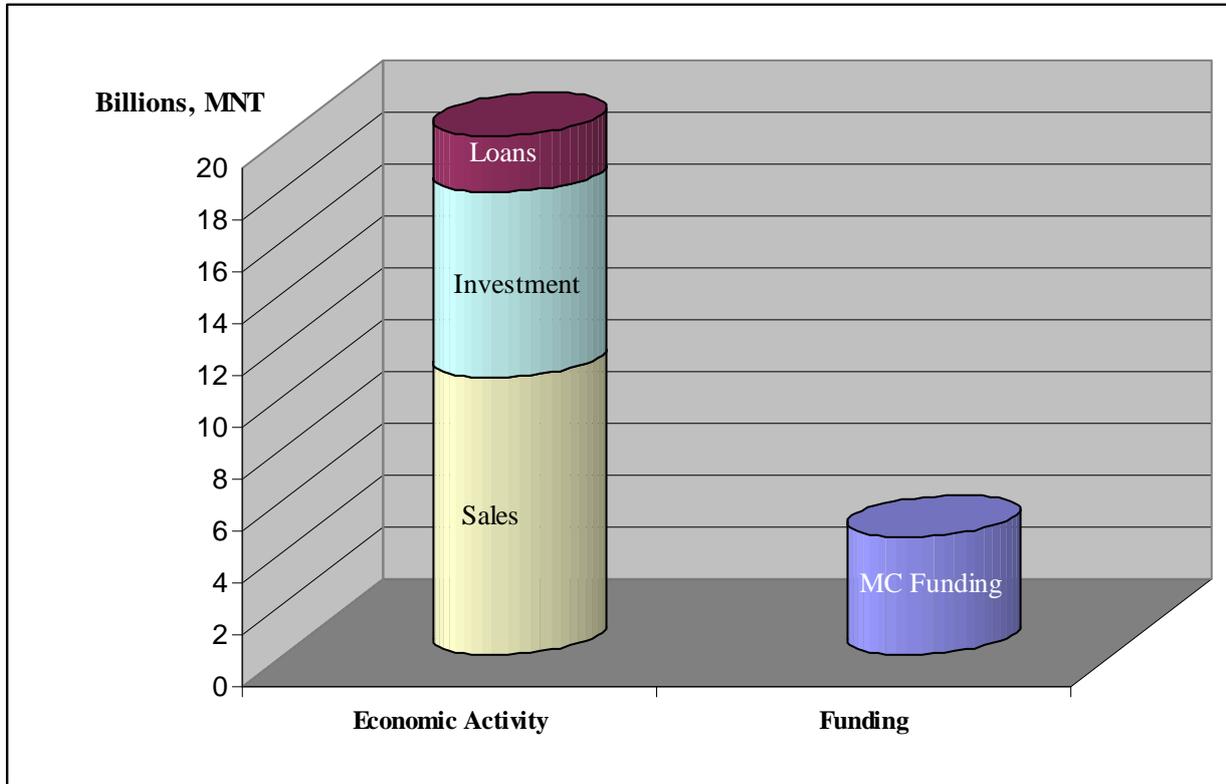
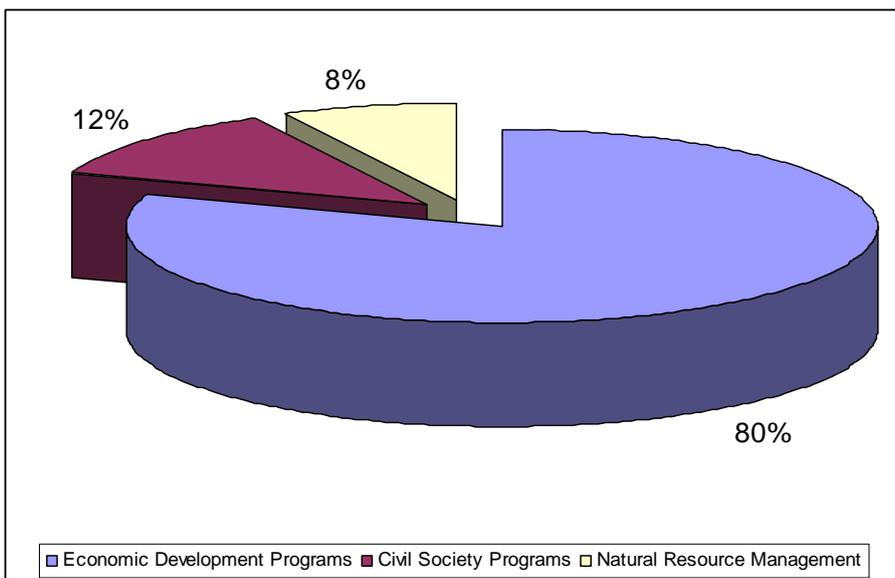


Chart 2: 2010 Program Areas by Allocation of Funding



Economic Development

Four projects made up the **Economic Development Program** which combined were implemented in 17 aimags: Arhangai, Bayanhongor, Bayan-Ulgii, Dornod, Dornogovi, Dundgovi, Govi-Altai, Govi-Sumber, Hentii, Hovd, Huvsgul, Suhbaatar, Tuv, Umnugovi, Uvs, Uvurhangai, and Zavhan including:

- Rural Agribusiness Support Program (RASP) funded by USDA Food for Progress 2008;
- Market Opportunities for Rural Entrepreneurs (MORE) funded by the Swiss Agency for Development and Cooperation;
- Mongol Derby funded by the UK-based Adventurists; and
- Farmer to Farmer funded by USAID.



As a whole, the Economic Development Program has the following goal, objectives and overall focus:

Program Goal:

- To develop and strengthen rural business and increase their income

Program Objectives:

- An increase in the number of new and strengthened productive rural businesses
- An increase in the production and sale of marketable animal products and crops
- An increase in availability, access to and use of business information by rural entrepreneurs

Program Focus:

- Supporting the establishment and growth of rural and agricultural enterprises;
- Raising the safety, quality and value of products and services offered for sale by herder and non-herder producers in response to effective demand for those products;
- Developing and strengthening agricultural production-processing-sales linkages crucial to rural development in Mongolia;
- Establishing and strengthening efficient and sustainable market systems and increasing competitiveness of the agricultural economy in both domestic and export markets;
- Enhancing the capacity of local consultants and trainers to deliver commercially viable business development services to local entrepreneurs;
- Assisting rural businesses to access information, technology, financial and non-financial services; and

- Encouraging broad participation of businesses, communities and government in local economic development.

The Economic Development program serves the following target groups:

- **Herder Groups, Cooperatives and Extended Producer Groups** that are expanding, consolidating as member owned business, diversifying their operations in response to market signals, and serving as an integral part of overall market supply chains;
- **Rural Businesses** that add value to commodities produced by farmers and herders and link them to markets;
- **Business Development Service Providers** that provide consulting services for rural businesses to build their capacity and link them to the market; and
- **Local Governments** that support rural business development and engage in active and participative dialogue and activity regarding issues critical to business development.

Specifically, the Economic Development program undertakes a range of activities, including:

- **Agriculture and business training and technical assistance** for herder groups, cooperatives and rural enterprises to expand and/or diversify their businesses;
- **Targeted "one-on-one" technical assistance** for non-herder businesses to increase sales, profit margins and/or market share and add new, demanded and profitable products and services;
- **Production input and market linkage support** for all new/expanding businesses to ensure that they can access production inputs and secure markets;
- **Loan guarantees** for small producers to support their access to commercial finance to diversify and "scale up" their businesses;
- **Capacity-building** of local training and technical assistance providers, including private consultants, associations, NGOs, institutions and government offices;
- **Training and capacity building** for rural veterinarians vet technicians and private and public veterinarian service providers for increased animal health prevention and diagnostic capacity;
- **Development and institutionalization** of key rural business support mechanisms including forage forecasting, animal nutrition monitoring, and dairy product quality assurance systems.

Civil Society

Mercy Corps Mongolia implemented two **Civil Society projects** in 2010 including:

- Fostering an Inclusive Environment for Local Disabled in Mongolia (FIELD) funded by USAID; and
- BRICS II, funded by the British Embassy.



Civil society programs were implemented in 12 aimags: Arhangai, Bayanhongor, Dornogovi, Dundgovi, Govi-Altai, Govi-Sumber, Hovd, Suhbaatar, Umnugovi, Uvs, Uvurhangai, and Zavhan.

The **Civil Society program** has the following goal, objectives and overall focus:

Program Goal:

- To increase development of an active civil society in rural Mongolia

Program Objectives:

- Establish and/or energize local civil society
- Assist Civil Society Organizations to build their capacity
- Strengthen productive relationships between government, civil society and businesses

Program Focus:

- Participatory local assessment, project planning, implementation, monitoring and evaluation;
- Supporting implementation of small projects by civil society organizations and community groups;
- Building the capacity of civil society organizations to improve their ability to deliver services to communities and to work more effectively with local government;
- Formation of Tripartite Partnership committees including representation of civil society, the private sector and government to discuss issues of common concern regarding local development;
- Advocacy to improve mechanisms for citizens' participation in local government decision-making, policy formation and local governance issues;
- Transparent and competitive outsourcing of government goods and services;
- Social audits conducted by civil society organizations that are intended to improve participation, quality and efficiency of public service delivery; and
- Public education and awareness raising on priority local issues.

Mercy Corps Mongolia's Civil Society program serves the following target groups:

- **Civil Society Organizations (CSOs)** that have been active and are beginning to expand and/or diversify their outreach activities in response to their community's political and social needs while, in the process, mobilizing more community resources;
- **Local communities** that are pro-active in taking action to address their priority issues with the support of government and CSOs; and
- **Local Government Departments** that partner with CSOs for addressing social and economic needs of communities.

And undertakes the following activities:

- **Technical assistance and small grants** to assist: (a) civic sector associations in target geographic areas to address sectoral needs (b) baghs to identify, prioritize, monitor, and address community needs (c) CSOs to publish and disseminate reports and studies on civic sector-specific issues;
- **Capacity building** for: (a) CSOs to improve service quality (b) local experts to improve training skills and to market their training services locally (c) government, civil society organizations, and businesses to establish pro-development procurement mechanisms; and
- **Consultation and training** to local government representatives and CSOs to improve the mechanisms for public involvement in policy decision-making.

Natural Resource Management

The **Natural Resource Management program** was implemented in all 21 aimags of Mongolia under a single project, the Livestock Early Warning System (LEWS). In 2010 the LEWS project was funded by the Sustainable Livelihoods Project of the World Bank. It has the following goal, objectives and overall focus:



Program Goal:

- To develop risk management technologies to provide drought and winter disaster Livestock Early Warning System (LEWS) to improve rural business in the livestock sector of the all regions in Mongolia

Program Objectives:

- Develop a forage monitoring system that provides near-real time spatial and temporal assessment of current and forecasted forage conditions for Mongolia livestock producers;
- Develop a nutritional monitoring system for sheep, goats, cattle, camels and horses that provides an assessment of the nutritional balance, changes in body conditions and optimal fodder interventions for Gobi livestock producers; and
- Develop appropriate information and communication infrastructure and analysis delivery system to provide herders, and local/regional government officials with information on current and forecasted forage conditions and animal nutrition that will assist them to make timely and specific management decisions.

Program Focus:

- Creating and developing a comprehensive livestock early warning system that can forecast pastureland capacity and natural hazards;
- Reducing risks in the animal husbandry sector by combining the livestock early warning system with changes in pastureland and forage management;
- Developing an appropriate information and communication infrastructure and analysis delivery system to provide herders and local/regional government officials with information on current and forecast forage conditions that will enable them to make accurate and timely management decisions;

- Supporting development and use of appropriate natural resource management mechanisms;
- Encouraging businesses to adopt and expand environmentally sustainable practices; and
- Supporting the broad participation of businesses, communities, local government and civil society organizations in collaboration on improvement of natural resource management practices.

This program serves the following target groups:

- **Herders** that use LEWS maps to enhance their knowledge and ability to cope with natural disasters, and other shocks through risk forecasting;
- **Rural businesses** engaged in agricultural production;
- **Academic institutions, organizations and pasture management projects;** and
- **Local Government Departments.**

2010 PROGRAM CONTEXT

The rural areas of Mongolia were severely hit by the 2009/10 *zud*, a natural disaster consisting of a summer drought resulting in inadequate pasture and production of hay, followed by very heavy winter snow, winds and lower-than-normal temperatures. This disaster caused the loss of 10.3 million animals or 23.4% of the national herd. This significant loss of productive assets to the rural economy has ongoing consequences for many families in rural Mongolia, 49.6% of which are officially classified as poor.

Mongolia was one of those countries that suffered heavily from economic recession and commodity price volatility in 2009. As a result of the deteriorating economic environment, prices of raw materials sold by the local agriculture sector plunged. However Mongolia bounced back in 2010. Preliminary estimates suggest that real GDP grew by 6.1 percent year-on-year in 2010, following a downturn of 1.3 percent in 2009 (Statistical Bulletin, December 2010).

KEY ACHIEVEMENTS IN 2010

Mercy Corps Mongolia projects had a significant positive impact in rural Mongolia in 2010. Key achievements for economic development, civil society and natural resource management include the following:

Economic Development

Increased Market Access. Mercy Corps Mongolia clients boosted their sales to MNT 1.7 billion during the 27 market fairs organized in 12 target aimags and at the regional and national level. Local businesses also presented their products models and organized business meetings resulting in making 305 initial contracts with wholesalers and urban retailers with a total estimated value of MNT 474.5 million. The events included Autumn Market Days, Tsagaan Sar Market Days in Ulaanbaatar, Partnership Trade Fair, Sunday Market, Mercy Corps clients' market day, Handicraft Market Day, Market day of remote businesses (Bulgan Partnership event in Hovd aimag) and others. Many of these events were organized in partnership with local business development service (BDS) providers, government agencies and professional agricultural organizations. More than 1,400 rural business operators sold 40 types of goods to 150,460 local residents, wholesalers and retailers who attended these events. The market days are turning into financially sustainable sales events and recognized marketing and sales venues, increasingly attracting larger number of visitors and the attention of local and national officials.

Loan Guarantee Mechanism (LGM). Established with USDA Food for Progress 2004 funding, the LGM is a crucial component for supporting rural business diversification activities. In 2010, Mercy Corps provided MNT 744.0 million in loan guarantees, enabling 54 herders and 583 rural enterprises to secure MNT 2.21 billion in commercial loans. The resulting economic activity created 850 full and part-time jobs in 2010 alone. Since the inception of the LGM in 2004, 2,381 loans totaling MNT 8,466,002,668 have been disbursed by commercial banks in 12 aimags, for facilitating of which MNT 3,247,995,812, or 38% were provided by Mercy Corps in the form of additional cash collateral. The outstanding loan portfolio is currently 719 loans with a total value of MNT 1,791,465,483 (\$1.43 million) of which MNT 912,603,541 (\$730,083) or 50.9% of the principal loan value has been provided by Mercy Corps as additional cash collateral. Of these 2,381 businesses, 1,642 have fully repaid their loans, the total value of these loans was MNT 5,847,116,668 (\$4.7 million) and the value of loan collateral for fully repaid loans was MNT 2,363,663,716 (\$1.9 million) or 40.4%.

Extended Producers Groups (EPGs). Within the MORE project, Mercy Corps worked with 19 EPGs in 12 aimags to build their capacity and link rural producers with urban processing factories. Combined, these EPGs bring together 950 households with 4,646 individuals. Driven by the principle that new EPGs should be formed based on sound market opportunities, willingness and genuine interest from existing herders and other rural producer groups, the MORE team held meetings and group promotion trainings in order to raise awareness on the importance and benefits of working in groups and making group sales and procurement agreements to stimulate ideas. During 2010, the MORE team implemented 177 activities to

support rural businesses. Numerous meetings and trade fairs linking rural producers and urban processing factories were organized, assisting rural producers to sell goods with a total value of MNT 821.5 million (\$657,180) of which MNT 82.2 million or 10% of total sales was made by MORE clients.

Business Development Services (BDS). During 2010, Mercy Corps and BDS providers conducted 962 trainings and consultancies to Mercy Corps clients with a total of 23,217 participants, 58.5% of whom were women. Local BDS providers implemented 50.6% of all the trainings and 73.2% of all the technical assistance interventions. Through the BDS providers, 637 rural businesses, including 54 herder and 583 non-herder businesses, secured loans using the LGM. Mercy Corps Mongolia believes that this is a significant, as the increasing capacity of BDS providers to support local economic activities and provide for fee services to local entrepreneurs will continue well beyond the life of RASP and MORE.

Greater Economic Activity. Mercy Corps uses sales generated from new business activities outlined in the formal business plans developed under the RASP project as an indicator of success of the targeted enterprises. Total sales for 2010 reached MNT 7.2 billion (\$5.8 million). Total sales generated by business clients under the RASP project alone from January 2005 to date is MNT 18.2 billion (\$ 14.4 million).

Table 2: Sales RASP clients during 2005-2010

Years	Total Sales, MNT	Total Sales, \$	MNT/\$
2005	436,732,725	363,943	1200
2006	888,133,035	740,111	1200
2007	1,427,829,790	1,189,858	1200
2008	1,857,903,630	1,548,253	1200
2009	6,379,166,656	4,556,548	1400
2010	7,218,240,959	5,268,789	1370
Total	18,208,006,795	14,427,876	1,262

Additional activities and results of the Economic Development program follow this section of the Annual Report.

Civil Society

FIELD Action Secures New Standards. Mercy Corps Mongolia implemented the Fostering an Inclusive Environment for Local Disabled in Mongolia (FIELD) project from January 2009 through December 2010 in Ulaanbaatar and three aimags and reached more than 13,000 people with disabilities (PWDs). FIELD advocacy efforts contributed to the Government of Mongolia approving the Standard MNS 6055 on Accessibility of Civil Buildings, and Standard MNS 6056 on Accessibility of Walkways. Following the approval of these two standards in February 2010, the UB Municipality Urban Planning Department estimates that 579 square meters of public space has been renovated and improved, while 8360 apartments had been approved in Ulaanbaatar in 2010 alone. The impact of these wider pedestrian paths with wheel cuts not only assists PWDs in mobility, but improves anyone who uses a stroller, a rolling bag, or an elderly person who finds stepping up difficult.

Civil Society Serves Rural Communities. In 2010, Mercy Corps' Mongol Rally project took place in 12 aimags. Following a public call for proposals, 121 CSOs aimags submitted their project proposals for a total of 270 community group projects. Mercy Corps assessed the proposals in two stages: first the quality of written proposals was evaluated and then Mercy Corps staff met with the short-listed CSOs and community groups to see if the applicants fully understand their goals, proposal, and are able to work as a team. In total, 46 CSOs and 82 community groups were awarded with project grants totalling MNT 107.8 million in 12 aimags and one in Ulaanbaatar city.

Awareness Leads to Action. As part of the FIELD project Mercy Corps conducted two awareness raising campaigns: the Columbia Campaign for Equal Opportunities for PWDs and the Inclusive Education Campaign. These campaigns involved 8,897 people who started changing their attitudes towards PWDs and seeing them as equal members of society rather than objects for charity. As part of the campaigns, 23 organizations constructed accessible ramps and toilets and made arrangements to ease access for PWDs through flexible arrangements and more friendly staff attitudes.

A full discussion of Civil Society programming follows in the sections below.

Natural Resource Management

During 2010, the Livestock Early Warning System (LEWS) project established 135 new monitoring sites: 32 in Bayan-Ulgii, 50 in Uvs, 42 in Hovd, 6 in the Greater Gobi protected area of Govi-Altai, and 5 in Ulaanbaatar, bringing the total number of monitoring points to 803 across Mongolia. These sites were chosen randomly using ArcGIS software to choose suitable, representative pasture sites in different CMORPH grid cells. The location of these sites was modified slightly in the field to account for geographical variation at a scale that was not able to be detected remotely. It estimated that 4,000 people benefitted from listening to radio broadcasts and attending trainings on LEWS mapping products.

The LEWS program suffered a technical setback in February 2010 when the satellite NOAA19 lost its orbit and the quality of data transmitted was compromised.

Further details of the LEWS program follow in the report below.

ECONOMIC DEVELOPMENT ACTIVITIES—2010

Mercy Corps' economic development programming included Rural Agribusiness Support Program (RASP), Market Opportunities for Rural Entrepreneurs (MORE), Farmer to Farmer, and Support To Rural Business Expansion And Market Linkage Projects (Mongol Derby). The RASP and MORE projects were designed as complementary activities. While RASP activities focus primarily on the supply (production and processing) side, the MORE project is focused on the demand (marketing and market linkages) side.

These economic development activities are implemented in 17 aimags including: Arhangai, Bayanhongor, Bayan-Ulgii, Dundgovi, Dornogovi, Dornod, Govi-Altai, Govi-Sumber, Hentii, Hovd, Huvsgul, Suhbaatar, Tuv, Uvurhangai, Umnugovi, Uvs, and Zavhan.

Activity 1: Building Capacity of Business Associations and Extended Producer Groups

Beneficiaries of the MORE project: herders, rural entrepreneurs, and producers are spread across 12 aimags. Supported by the Swiss Agency for Development and Cooperation, the MORE project continued to form Extended Producer Groups (EPGs) in 2010 to allow vulnerable rural producers to negotiate better purchase and sales agreements. These groups also facilitate more efficient and reliable supply chains for buyers, providing an incentive for them to negotiate favorable terms with these groups.

Stages of EPG development. EPGs are groups of producers with an average 100 households. Variations across the EPGs are due to the differences in climate, infrastructure, road, economy and natural resources as well as varying levels of mutual trust and willingness to cooperate. The MORE project staff built EPGs through three main development stages:

1. Work with herders and producers to evolve into Extended Producer Groups;
2. Increase participation of members in newly established EPGs, to agree on appropriate structure and arrangement for EPGs, elect Governing Boards, Inspection Boards and Executive Managers, build their competence and strengthen members' trust; and
3. Clarify internal policies of EPGs, agree on joint policy and procurement forms, increase the potential of EPGs for engaging in market linkage activities, and deliver benefits to members.

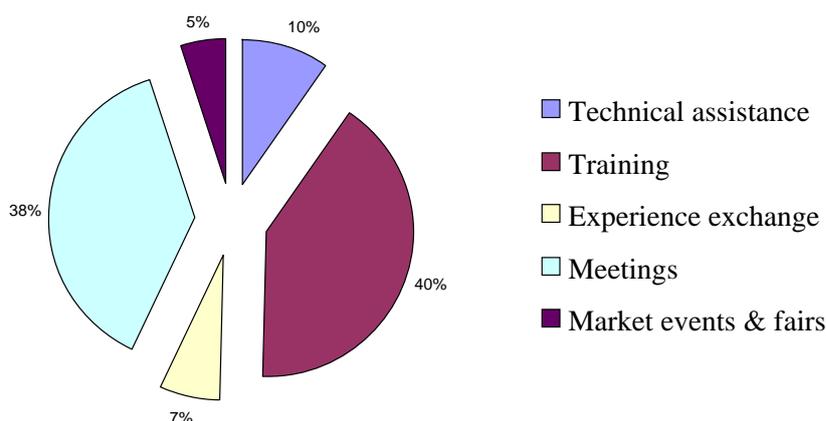
As a result of this, EPGs start working more efficiently and have a constructive structure in compliance with their organization's development status, through participatory planning and strategic business plans.

Capacity building of EPGs. During 2010, the MORE team implemented 177 activities to support rural businesses; an increase of 79% from the last year. Numerous meetings and trade fairs linking rural producers and urban processing factories were organized, assisting rural producers to sell goods with a total value of MNT 821,475,000. Trade fairs in aimags and soums have proven to be an effective way to cut transaction costs for buyers and sellers and to enable rural producers to advertise and market their produce, make wholesale agreements and expand their market.

Table 3: Capacity building activities by type

#	Indicators	Consulting	Training	Study Tour	Meeting	Trade Fair	Total
1	Number of activities	17	72	12	67	9	177
2	Number of participants	318	1460	365	2187	354	4684
3	Number of female participants	117	566	195	869	123	1870
4	Number of participating EPGs	13	46	24	46	26	155
5	Number of EPG member participants	829	1,432	110	2524	204	5,099
6	Average female participation (%)	36.8%	38.8%	53.4%	39.7%	34.7%	39.9%

Chart 3: Ratio of MORE Program Activities



Forming legal entities—EPG institutionalization. During the initial stages of implementation, the project gave priority to the establishment of new EPGs and herder groups joining EPGs, while activities during this reporting period mainly focused on capacity building of EPGs. Nineteen EPGs are now operational as a result of project activities that have improved their organizational structure, assisted them in becoming legal entities, and provided them with training and consultancy services. Most of these EPGs (63%) are registered as cooperatives, which is consistent with the objective of herders working together to sell and procure raw materials and production inputs.

Table 4: EPG distribution by aimag and legal type

Type of entity	AR	BH	DG	GA	GS	HO	SU	UG	UH	UV	ZA	Total
NGO					1		2					3
Cooperative	1	1	1	2	1	2		1	1	1	1	12
Herder groups	1		1									2
Partnership	1									1		2
Total	3	1	2	2	2	2	2	1	1	2	1	19

Capacity building activities and technical assistance helped EPGs develop their organization and strategic plans to serve as the basis for future business and marketing activities and enable them to forecast their future viability and financial situation. As a consequence of these planning processes, EPG members took active participation in their EPG operation. All 19 EPGs now have a management structure, and two cooperatives already have a self-financing mechanism in place.

Sales and purchasing agreements. One of the remarkable strides made during 2010 was the intensification of EPG activities on market linkages, business agreements and joint sales, resulting in increased income for EPG members. According to EPG representatives, their members have improved mutual trust, increased their participation in EPG activities and more new applicants are seeking membership. In addition to this, EPGs improved their skills and capacity for negotiating wholesale contracts. Joint sales efforts of EPG members enabled them to have more power in contracting and negotiation and attracted large scale buyers. As members realize the increased income and reduced expenditure potential of EPG membership, the organizations are becoming more cooperative and efficient.

Table 5: Sales and purchasing agreements of EPGs

Indicators	2010
Number of Market Linkage Events organized	13
Number of exhibitors at Market Linkage Events	518
Number of sales agreements at better-than-market terms	33
Number of EPG purchasing agreements that are better than-market terms	11
Sales at Market Linkage Events (MNT)	507,848,880

The traditional independent mentality of nomadic living is reflected in the business approach of herders and in their competition over pasture and water resources. This made establishment of EPGs difficult at first as it involves some level of trust and collaboration. To overcome these obstacles, the MORE project undertook a variety of activities including training and consultations on group formation to increase interest, and raise awareness of the value of joint business activities. The project also provided trainings on cooperative operations, cooperative management, marketing, business plan development, cooperative development planning and financial management to more than 550 people. According to pre and post training tests, the participants scored 57% higher following these training sessions. The MORE team organized market linkage activities such as dairy, meat, wool and yak wool market days in response to initiatives from local producers. These efforts enabled the EPGs to expand their market and improve their business partnerships, making sales of MNT 507,848,880 (USD 384,734) during these events.

Activity 2: Business Training and Technical Assistance

During 2010 Mercy Corps supported 35 BDS providers in 15 aimags which were able to increase their capacity and earn income through provision of training and technical assistance as well as loan facilitation and loan monitoring with commercial banks. The BDS providers earned income from their training and consulting while Mercy Corps cost shared the provision of their services to local enterprises. The total income the BDS providers generated from services was MNT 69.4 million in 2010. Mercy Corps cost shared the provision of their training and technical assistance services to users with MNT 106.8 million and in addition assisted them to increase their capacity to deliver business development services further.

Training and technical assistance. Mercy Corps offers training and technical assistance interventions to BDS providers so they can become fully commercialized and sustainable. For this purpose, the program announced the call for project proposals in March 2010 among the local BDS providers to develop high-value training and consulting services to local businesses. In all, 962 training and technical assistance interventions were provided in response to demand from rural businesses in 12 program aimags. These interventions directly benefitted 23,217 herders and businesspeople and increased their knowledge by 39.6% as evidenced by pre- and post-test results. Local BDS providers implemented 50.6% of all the trainings and 73.2% of all the technical assistance interventions, which is a major step toward building long-term local operational sustainability of these actions. These activities were offered and conducted on a fee-for-service basis enabling the BDS providers to establish fee based services and move toward financial sustainability at the local level.

Capacity building for BDS. Ninety activities including training, technical assistance and study tours aimed at building BDS providers' ability to serve local client needs more effectively were organized in accordance with the BDS providers' capacity building plans. The project brought new skills and capacity to 628 local trainers (411 female) affiliated with the various BDS providers. This enabled local BDS consultants and trainers from 15 aimags to deliver improved quality of service to their client businesses.

Table 6: Number of capacity building activities for BDS providers

Period	2009	2010
# of capacity building activities	27	90
# of participants	219	628
# of female participants	148	411

The National Consultant Conference was held in Ulaanbaatar on 29 January 2010. Mercy Corps Mongolia and GTZ co-sponsored the event while "Tugs Shiidel", a Mongolian NGO, was the main organizer. The conference was attended by over 100 consultants, organizations and universities which provide a wide range of consultancy services from Ulaanbaatar and 15 aimags. The need for an association of consultants was identified first during a GTZ-organized consultancy meeting in July 2009. At the 2010 conference, consultants went one step further and agreed to establish an association. They discussed the nature and structure of the organisation, approved its rules and selected board members. The association is now a registered NGO, the Mongolian National Consultants Association. Of the 65 founding members, 17 are BDS providers from within Mercy Corps program activities.

Mercy Corps Mongolia supported the "First International Forum of Business Incubators", organized by the National Association of Business Incubators to support innovative new businesses and build the capacity of business incubator services. The event took place on 1-2 June 2010 and was attended by 75 rural and urban businesses looking to improve their marketing knowledge and share their best practices through the workshops and trainings organized during the forum.

Marketing Survey Methodology trainings were organized in Ulaanbaatar, Govi-Sumber and Hovd aimags for local trainers. Forty-four trainers from 31 BDS providers in 12 aimags participated in these events and learned the importance of conducting marketing surveys, methodologies to use, how to process data, and how to assess business plans.

During the reporting period, 24 local BDS professionals took part in a Training-of-Trainers on business investment and business plan assessment in Ulaanbaatar to explore the following themes: business investment facilitation service, business plan assessment, business investment facilitation service, and facilitation planning. An advanced level Training of Trainers is planned for 2011.

Zavhan Wool Capacity Center BDS (NGO): Felt Handicrafts Training Center

Zavhan Wool Capacity Center NGO was established in 2010 to support wool value chain stakeholders such as herders, informal groups, wool processing factories, legal entities by providing step-by-step trainings, information and market linkage services. The NGO was granted MNT 2.16 million by the MORE project to establish a felt crafting unit and to train trainers in felt crafts. The NGO has now established a production unit and installed the equipment. The newly-trained trainers have delivered trainings for a total of 64 people on the basics of felt crafting. The Center hired two more people and now employs four full time workers and pays them an average of MNT 260,000 per month. They made MNT 623,000 of income in 2010. Later, the trainees established an informal group called Sartuul Brand and they plan to start commercial operations in the near future.

UB-based consultants and local BDS providers trained 49 local professionals from Dundgovi, Suhbaatar, Bayan-Ulgii and Huvsgul aimags to improve their ability to develop and evaluate business plans and projects. In addition, BDS consultants from Bayan-Ulgii, Huvsgul and Dornod received training on the Mercy Corps implemented Loan Guarantee Mechanism (LGM), documentation and client selection. Mercy Corps signed agreements with two BDS providers each in Huvsgul and Dornod aimags, to implement the LGM. Negotiations with a BDS provider in Bayan-Ulgii aimag on LGM will be concluded in 2011.

The MORE project introduced a new national online BDS network (www.zuvluh.mn / www.advisor.mn) in partnership with InfoCon Company in May 2010. The network allows BDS providers to share their experience and to link with businesses so that their services can be delivered more efficiently and to a higher standard. The network contains consultants' contact information, an online library for consultants,

new business related information, a discussion forum, lists of investment opportunities and other related links. Currently, 100 rural and urban consultants including individuals and entities have joined the online network.

Grants for BDS providers. A small grants program was announced among local BDS providers with the objective of improving their competitiveness, developing their necessary business and technology skills, increasing access to information, and developing business services for marketing and management. The MORE project received 40 proposals, from which eight were selected from Dundgovi, Bayanhongor, Govi-Altai, Umnugovi, Hovd and Zavhan aimags. The small grants of MNT 14.8 million were given on a cost share basis—total activity costs including the BDS share was MNT 39.1 million. By implementing these projects, local BDS providers increased their ability to deliver a wider range of quality and timely services.

Table 7: Grants given to BDS providers

Aimags	Name of BDS provider	Name of project	MC grant amount MNT	Own funding MNT	Total funding MNT
Hovd	Hovd-Bat-Itgel NGO	Distance learning on Value Chain	2,700,000	1,100,000	3,800,000
Bayanhongor	Agricultural Cooperatives Association	Improved training service for businesses	420,000	595,000	1,015,000
Bayanhongor	Women's Council	Improved training service for businesses	420,000	335,000	755,000
Dundgovi	Bayantsagaan Herder Association	Training and information center	2,030,000	1,086,000	3,116,000
Dundgovi	Tehnoj LLC	Exhibition center	3,500,000	16,264,350	19,764,350
Govi-Altai	Mongolian Certified Public Accountants Institute	Taxation advisory service	1,896,000	2,694,000	4,590,000
Umnugovi	Success formula NGO	Improved training service for businesses	1,656,000	710,000	2,366,000
Zavhan	Zavhan Wool Capacity Center	Felt and handicraft training and production center	2,160,000	1,570,000	3,730,000
Total			14,782,000	24,354,350	39,136,350

Young business training program. RASP has been implementing a comprehensive young business training program in order to support the businesses run by rural youth. In 2010, the training program was extended to 10 aimags where Mercy Corps is working by provision of two-phased young business training through the contracted local BDS providers. A total of 175 young business operators attended the training sessions and 75.2% of them (132) developed their business plan and expanded their businesses by taking a loan through the Loan Guarantee Mechanism (LGM). A direct result of this new business activity was the creation of 160 jobs.

Activity 3: Value Chain Development

RASP carried out value chain analyses of important agricultural products to identify constraints, development opportunities and identify strategies to improve competitiveness in several sectors.

Table 8: Sub-sectors and Value Chain Products—Survey and Action

Sub-sectors and value chain	Survey aimags	Activities undertaken in response to survey findings
Cashmere sub-sector analyses	Suhbaatar, Zavhan, Hovd	<ul style="list-style-type: none"> • Project on linking super-fine cashmere producers to potential buyers for selling at incentivized prices
Beef	Suhbaatar, Arhangai, Hovd	<ul style="list-style-type: none"> • Meetings to link the herder groups with local and regional meat processors • Printing and distribution of posters on beef sorting and grading • Training and consultancies on beef product development • Project on young cattle feeding technology transfer • Supporting the construction and purchase of ice-refrigerated storage and refrigerated vehicles through loans and grants • Market days and Trade fairs
Mutton	Uvs, Hovd	<ul style="list-style-type: none"> • Meetings to link the herder groups with local and regional meat processors • Project on lamb feeding technology transfer • Printing and distribution of posters on mutton sorting, grading and value adding • Stock-show (trading) of elite breeding sheep • Market days and trade fairs
Barley flour	Govi-Altai	<ul style="list-style-type: none"> • Training, consultancies and loan guarantee program • Marketing of barley flour through regional and national trade fairs • Domestic and foreign trips and study tours
Camel milk	Govi-Altai, Umnugovi, Dundgovi	<ul style="list-style-type: none"> • Trainings and consultancies on camel wool processing and product development • Regional and local trade fair and market day events • Domestic and foreign trips and study tours • Marketing and sales events for camel milk and dairy products
Yak wool	Zavhan, Arhangai, Uvurhangai, Bayanhongor	<ul style="list-style-type: none"> • Training on yak wool combing • Supporting yak wool comb production • Yak wool trade fair • High quality yak wool marketing project
Sea-buckthorn	Uvs, Hovd	<ul style="list-style-type: none"> • Training, consultancies and loan guarantee for sea-buckthorn planting and parasite control • Regional and national trade fairs and market day events • Product development technical assistance and grants

Table 9: Training and technical assistance in 2010 on value chain development

Type of training and technical assistances	Training interventions		Consulting interventions	
	Number	Participants	Number	Participants
Business skills development, business planning, marketing and management	160	3,641	213	597
Technology and product development for agricultural processing businesses	224	3,826	26	59
Strengthening capacities of local businesses	248	14,020	55	1074
Total	632	21,487	294	1,730

Activity 4: Loan Guarantee Mechanism

During 2010, collateral equal to MNT 744.0 million was provided for loans valued at MNT 2.21 billion taken by 54 herder and 583 non-herder business in 12 program aimags. The business activity generated by these loans helped to create 850 full and part time jobs across Mercy Corps' program area. The Loan Guarantee Mechanism (LGM) continues to be implemented as an important component of program activities aimed at expanding access to credit, facilitating the establishment and growth of small rural enterprises and increasing the competitiveness of rural businesses and herder enterprise. In 2010 Mercy Corps expanded the LGM in collaboration with 5 commercial banks: XacBank, Khan Bank, Savings Bank, Golomt Bank, and Capital Bank.

During implementation of the LGM program, efforts have been made to increase the interest of commercial banks in lending to rural businesses, reduce amount of the required collateral, decrease loan interest rates and lengthen maturity all aiming to increase the accessibility to business finance at more favorable lending terms for rural businesses. As an outcome, two banks operating in rural areas, XacBank and Khan Bank lowered their annual interest rates from 26.4-24.0% to 11.6-16.0%, lengthened average loan maturity from 8 months to 36 months, brought down the amount of collateral under the loan guarantee program from 82% to the present 38.37%. 35% of all borrowers using the LGM were new businesses and for 51% of this was a first business loan they have taken. The table below presents some of the indicators related to the success of the LGM.

Table 10: Loan Guarantee Program

Type of loan	2004-2010			2010		
	Amount of loans (MNT)	Number of loans	MC collateral (MNT)	Amount of loans (MNT)	Number of loans	MC collateral (MNT)
Herder	2,640,015,400	849	1,180,522,781	209,750,000	54	63,409,000
Non-herder	5,852,987,268	1,532	2,067,473,031	2,003,111,000	583	680,661,596
Total	8,466,002,668	2,381	3,247,995,812	2,212,861,000	637	744,070,596

BDS Loan Facilitation. Agreements have been signed with 29 BDS providers from the Mercy Corps' RASP and MORE program aimags to assist in identifying potential LGM clients. These BDS providers offer assistance in business plan development, monitoring the implementation of the business plans, loan utilization and repayment. The goal of this activity is to expand program activities and lay the foundations for sustainable implementation in rural areas well into the future. The contracted local BDS providers organized training and technical assistance for the program clients on a commercial basis in response to their demand, monitored loan use and repayment. This methodology had favorable impact on building national capacity to put up loan collateral, attract investment to rural areas, and deliver services comprehensively to improve business competitiveness. During the reporting period, local BDS providers facilitated a total of 627 loans worth of 2,184,761,200 MNT (1,680,585 USD) under the LGM and received commission fees worth 75,508 USD from Mercy Corps.

Table 11: Number and value of loans by BDS providers

	2009	2010	Total
No. of loans facilitated by BDS providers	528	627	1,155
MNT Value of loans facilitated by BDS providers	1,858,000,000	2,184,761,200	4,042,761,200

Sales. The foundation for the work that Mercy Corps undertakes with its program clients is the Business Plan. Each plan clearly articulates the objectives of the business, the specific activities that need to be implemented to realize these objectives, the expected profitability of the business and other results of expansion/diversification, and the anticipated need for external resources, including training, technical assistance, and financing. During 2010, a total of 637 clients prepared and implemented formal business plans. Total sales for new business activity alone during 2010 reached MNT 7.2 billion (\$5.8 million). Total sales generated by business clients under RASP project from January 2005 to date is MNT 18.2 billion (\$ 14.5 million).

Activity 5: Market Development

Market Day Events. Mercy Corps has long worked to link rural producers with buyers and to expand their markets in concert with supporting the business and product development of rural enterprises. Throughout 2010, 27 Market Day events were organized in 12 target aimags and at the regional level in partnership with local BDS providers, local government agencies and professional agricultural organizations. The 1,406 rural businesses that participated in these events made sales estimated at MNT 81.7 billion. More than 150,000 visitors came to these events, including Autumn Market Days, Tsagaan Sar Market Days in Ulaanbaatar, Partnership Trade Fair, Sunday Market, Mercy Corps clients' market day, handicraft market day, market day of remote businesses (Bulgan Partnership event in Hovd aimag) and others. Local businesses were able to link with business partners and concluded more than 300 initial contracts with a total value of MNT 474.5 million.

Table 12: Market days and trade fairs

Years	# of Market Days	Sales income (MNT)	# of businesses
2004	6	125,000,000	628
2005	6	241,467,265	1,048
2006	10	485,470,720	1,656
2007	29	537,372,705	1,327
2008	23	1,499,356,197	1,778
2009	36	1,385,372,613	2,560
2010	27	1,704,357,367	1,406
Total	129	5,978,396,867	10,403

Examples of some specific market day events organized during the reporting period include:

Bulgan Partnership 2010. The RASP project organized the Bulgan Partnership event, on 14-15 September 2010, to help businesses improve market access in their region. Ninety-four local businesses of southern soums of Bayan-Ulgii aimag, Altai, Uyenich and Bulgan soums of Hovd aimag as well as Govi-Altai, Zavhan and Uvs aimags displayed 16 types of products and sold MNT 28.4 million during two day event. Compared to previous year, businesses increased their sales revenue by 57%.

Yak festival—handicraft trade fair in Uvurhangai. With the purpose of promoting the handicraft sales and advertising locally made products during the peak tourism season, RASP organized the second annual Yak Festival Handicraft Market Day on 23-24 June 2010 at Orhon waterfall in Uvurhangai

aimag's Bat-Ulzii soum. During this half-day event, 15 local handcrafting businesses (12 of them women-led) sold MNT 1.2 million worth of products, a 20% increase over the previous year's sales.

Tsagaan Sar Market Days in Ulaanbaatar. Mercy Corps organized the fourth annual "Tsagaan Sar-2010" trade fair in collaboration with the Governor's Office of Ulaanbaatar city and "Denjiin 1000" trade center on 29-31 January 2010. Sixty-three businesses from 10 aimags—Arhangai, Bayankhongor, Dundgovi, Hovd, Govi-Altai, Govi-Sumber, Suhbaatar, Uvurhangai, Uvs and Zavhan—participated. Combined, they generated sales of MNT 302.7 million during the trade fair. 52 businesses (83%) were Mercy Corps clients. Dairy products constituted 39% of total sales, meat and meat products 57%, fruits, juice and jams 5%, barley 1% and other products 3%.

Annual Yak Wool 2010 Fairs. Mercy Corps collaborated with Mongol Yak Association and Mongolian National Chamber of Commerce and Industry to organize trade fairs in four aimags—Arhangai, Bayanhongor, Uvurhangai and Zavhan. The 73 herders attending sold 32.7 tons of products with a value of MNT 109.2 million. Sor Cashmere, Goyo, Mongol Nekhmel, Sanjaaz, Natural Alfa and other local companies took part in the yak wool auction and paid an average of MNT 4000 for 1 kg of 1st grade yak wool and 630 for sheared wool. 84% of all yak wool was 1st grade wool and the rest was sheared wool. These prices were higher than the market price. (The market price was MNT 3,500 for the 1st grade wool and 500 for sheared in summer).

Rural Business Expansion and Market Linkage Projects. Mercy Corps partnered with The Adventurists group from the United Kingdom to implement the Mongol Rally Rural Business Expansion and Market Linkage Project in Hentii, Tuv and Uvurhangai aimags. The project focused on Mongolian rural small and medium size enterprises involved in the following value chains: milk and processed milk, meat and processed meat, wool and processed wool, processed vegetables and fruit, animal skins and hides, rural tourism and handicrafts. The activities created 37 new full-time jobs, more than twice the initial objective. On average, sales increased 76% as a result of these nine investment and business expansion projects.

Table 13: Summary of Mongol Derby projects

Activity	Company (owner and location)	Activity Detail	Results
Increasing capacity and quality of tourism services	Baljkhai LLC <u>Mr. G. Munkhbileg</u> Binder soum, Hentii aimag	The Gur Khan Jamukha Ger Camp received Mongol Derby support to improve the quality of the services by adding new accommodation facilities, improving camp infrastructure, utilizing solar energy collectors, renovating the toilets and bathrooms and facilitate internet service to clients.	Sales up 36% 2 full-time jobs created
Expansion of a Ger Camp	Yaviin Bulag Cooperative <u>Mrs. Ts. Narantsetseg</u> Umnudelger soum, Hentii aimag	Owned by nine women, all former herders, Yaviin Bulag cooperative was established in 2003 and has a hotel and a restaurant. With the support from Mongol Derby, the coop established an additional seasonal ger camp close to Baldanbereeven monastery, the main tourist attraction in the area.	Sales up 36% 4 full-time jobs created
Processing plant for sea-buckthorn and berries	Sergeehui Partnership <u>Mr. Dorjsuren</u> Dadal soum, Hentii aimag	The Sergeehui Partnership operates a plantation with 1,000 sea-buckthorn trees since 2005. With support from Mongol Derby the partnership established freezing and packaging plant that enables them to add value to the products locally and expand their access the lucrative Ulaanbaatar market.	Sales up 150% 2 full-time jobs created
Improve Tourism Services at Avarga Toson	Mergen Dal LLC <u>Mrs. Ts. Oyun-Erdene</u> Delgerhaan soum,	Mrs. Oyun-Erdene operates a ger camp. With support from Mongol Derby she improved service quality and competitiveness. The	Sales up 330% 5 full-time jobs created

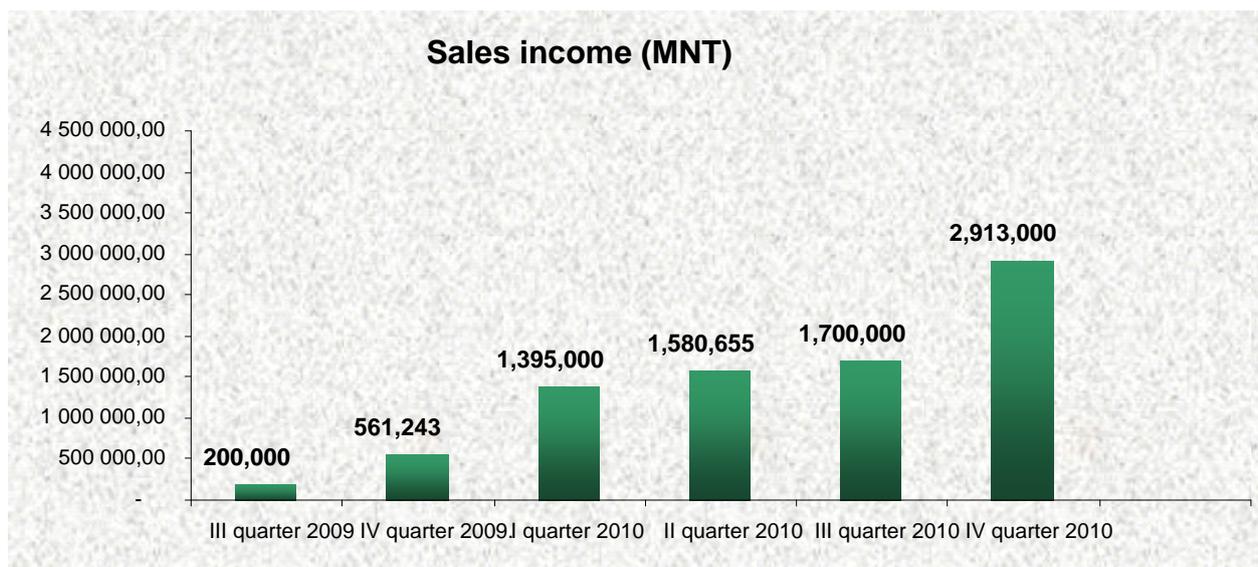
Spa	Hentii aimag	activity consisted of fencing the tourist establishment, building and equipping five accommodation cottages and a toilet.	
Establishing a milk processing plant	Undrashed LLC <u>Mr. B. Buyanhishig</u> Erdenesant soum, Tuv aimag	Undrashed LLC is a family business which operates a bakery and a food store. With Mongol Derby support the company expanded in 2010, initiated purchasing milk from local herders and started selling diversified products to the soum institutional buyers (primary school, hospital) and other consumers.	Sales up 46% 1 full-time job created
Market access and tourism service expansion at Arburd Sand Dunes	Mongol Shine Tuv LLC <u>Mr. Ch. Batbadrah</u> Bayanunjuul soum, Tuv aimag	With Mongol Derby support, this 15 year old family business created a new website to promote its services internationally, purchased 15 new saddles and five new camel carts for horse and camel track programs. The company also improved quality of their services by purchasing and installing sunbath arm chairs, traditional ger belts, new bed linen and pillows.	Sales up 6% 12 full-time jobs created
Expanding capacity and increasing quality of felt making	Bayasgalant Tuv LLC <u>Mr G. Byambadorj</u> Bayanjargalan soum, Tuv aimag	Bayasgalant Tuv LLC company opened up its felt processing factory in 2003. Due to the small capacity and old equipment, the production did not meet demand. The objective of the business expansion, supported by Mongol Derby was to use the full capacity of the facility, ensure better occupational safety, increase the production and meet local demand for high quality felt.	Sales up 15% 2 full-time jobs created
Expansion of production of felt handicrafts	Zuulun Suvd Coop <u>Mrs. Dumaa</u> Harkhorin soum, Uvurhangai aimag	This co-op employs handicapped people to make felt handicrafts. Their goal was to double the production capacity and increase sales to respond to market demand. The Mongol Derby helped them purchase new processing equipment which was housed in the additional facility rented and renovated by the coop.	Sales up 19% 3 full-time jobs created
Expansion of vegetable production and improvement of post harvest handling	<u>Mr. B. Choijinjav</u> , vegetable grower Burd soum, Uvurhangai aimag	Mr. Choijinjav he has been growing and selling vegetables in Uvurhangai for many years. With Mongol Derby support, he increased production of vegetables by improving irrigation and improved the post harvest handling (storage) of vegetables by building a vegetable storage cellar in Burd soum.	Sales up 50% 5 jobs created

Access to market information. In order to facilitate market information access needed by project clients to assure efficient sales of agricultural commodities, Mercy Corps signed a contract in 2009 with local Mongolian NGO Media for Business (MfB) to implement the Market Watch System. The Market Watch System collects, analyzes and disseminates daily prices on 28 agricultural commodities and inputs from 21 aimags. MfB also continued market information dissemination to rural population through SMS service, national radio, and *Rural Business News* magazine to provide market information to its target clients along with intensive promotional activities to attract both current and future clients to diversifying its income sources. Market Watch offers a demand driven commodity price service and started delivering commodity price information to Mongol Makh Expo LLC, DataCom LLC, Hun-Od LLC, Khan Huns LLC and to private subscribers. In delivering commodity price information, Market Watch pursued a differentiated price policy reflecting the sophistication of data requested by clients, offering low prices to users requesting information on the "traditional" 28 commodities and charging MNT 80,000-100,000 for specific price information tailored to the needs of clients.

In connection with the MORE project’s objective of rural access to market information, 200 Mercy Corps clients in rural Mongolia received seasonal and selected pricing information on a weekly basis through their cell phone and total of 4,000 people accessed to the SMS Service 155-668 in 2010.

Market Watch project currently offers two different products and services, SMS 155-668 service and Weekly Price Update product. In 2010, more than 10 entities and individuals signed sales agreements with Media for Business. The SMS 155-668 service was extended from Mobicom users to all cell phone subscribers in Mongolia. The information sales income from Market Watch system has grown to MNT 2.9 million in the last quarter of 2010.

Chart 4: Market Watch Sales 2009-2010



In order to assist local producers to make informed decisions by making timely market information accessible to them and encouraging its use for decision-making, Mercy Corps conducted two types of survey under a sub-grant to Media for Business. The surveys' topics were: 1) Identifying consumer demand for commodity information; and 2) Potential users of commodity price information.

These surveys covered EPGs and BDS providers in eight aimags (Arhangai, Bayanhongor, Dundgovi, Govi-Altai, Hovd, Uvs, Umnugovi, and Zavhan) where the MORE project is currently being implemented. Based on the survey findings, Market Watch now sends the prevailing market prices of cashmere, cow hide, sheep skin and goat skin to 172 users in an SMS format once weekly effective from September 2010. This enables EPG members and local BDS providers access to information on commodity prices so that they make informed decisions on selling and buying.

Activity 6: Agriculture Sector Development Assistance

Local Economic Development Plans (LED Plans). Under the Rural Agribusiness Support Program (RASP) in 2010 Mercy Corps supported the development of Local Economic Development (LED) Plans through direct assistance to 25 soums in 11 aimags. A five-day training on Participatory Local Economic Development Planning was organized in 15 soums to strengthen capacity of members of soum planning committees and task force. A total of 406 representatives of government, community based organizations and NGOs participated in the training. In addition to the training sessions, RASP consultants provided 42 sessions in the process of local economic development planning serving 760 people (overlapping number) who are actively involved with developing the local development plans. Of the 25 soums that completed LED plans in 2010, only the soum hurals of Undur-Ulaan of Arhangai and Tes of Uvs had yet to ratify their respective plans. In addition to this, Mercy Corps helped 17 soums to print and distribute their plans.

Table 14: Soum LED plans

Aimags	Soums with LED plans	Aimags	Soums with LED plans
Arhangai	Ugiinuur, Undur-Ulaan, Hashaat	Suhbaatar	Dariganga
Bayanhongor	Baatsagaan, Hureemeral, Bogd	Umnugovi	Nomgon, Bayan-Ovoo
Govi-Altai	Darvi, Bayan-Uul, Erdene	Uvurhangai	Guchin-Uus
Dornogovi	Urgon, Ihhet	Uvs	Tes, Baruun-Turuun, Turgen, Buhmurun
Dundgovi	Luus, Delgertsogt	Zavhan	Aldarhaan
Hovd	Manhan, Altai, Munhairhan		

The mid-term plan for soum LED implementation and building capacity of local government staff, Mercy Corps organized a total of 113 training sessions on the following subjects: project proposal development, communications management, citizen's participation in local governance and organizations internal network. These trainings were attended by 1,269 government employees of 29 soums, which included four soums that had prepared LEDs during 2009.

Investors' Forums. During 2010, Mercy Corps organized Investors' Forums in partnership with governments of 9 soums from 9 aimags to raise funds required for implementation of the LED plans. In total, 475 representatives, including Members of Parliament and the Cabinet, senior officers of government agencies and aimag administration, local residents, scientists, herders, CSO representatives and businesses participated in the Forums. Not only did they discuss the development plans, importantly they raised MNT 7.1 billion for financing 188 projects within the framework of the specific LED plans.

Table 15: Funds Raised during Investors Forums

#	Aimags	Soums	# of Projects Funded	Value of Funds Raised, MNT	Date of the Forum
1.	Bayanhongor	Galuut	17	1,081,950,000	Feb 2010
2.	Dundgovi	Ulziit	21	733,163,300	Apr 2010
3.	Dornogovi	Sainshand	6	231,000,000	May 2010
4.	Uvurhangai	Nariinteel	24	730,000,000	Jun 2010
5.	Uvs	Kyargas	38	2,299,000,000	Jun 2010
6.	Govi-Altai	Yesonbulag	11	890,200,000	Sept 2010
7.	Hovd	Uyench	29	614,566,000	Sept 2010
8.	Dundgovi	Saintsagaan	28	416,500,000	Nov 2010
9.	Zavhan	Uliastai	14	79,000,000	Dec 2010
	Total		188	7,075,379,300	

Investors Forum of Nariinteel soum, Uvurhangai aimag

Government of Nariinteel soum from Uvurhangai aimag and the Nariinteel soum Council in Ulaanbaatar with the support from Mercy Corps organized an Investors Forum in Ulaanbaatar city on 5 June 2010. The forum presented the Socio-Economic Development of Nariinteel soum for 2009-2019 to government representatives, investors, donors and business operators. The objective of the Forum was to raise sufficient funds to implement projects reflected in this Local Economic Development Plan.

The event was attended by 53 representatives including officials from the aimag and soum Khural and Governor's Office, Members of National Parliament, businesses persons originating from Nariinteel soum and celebrities. The representatives also included Members of Parliament G.Bathuu, Z.Enhbold and D.Zorigt. The participants highly valued the efforts of Nariinteel soum government and expressed their willingness to support the implementation of the Local Economic Development Plan. The event was broadcast through Mongolian National TV and NTV.

A total of MNT 730 million was raised to fund 24 projects such as construction of hospital, provision of school equipment, establishing bagh centers, creating fodder-making factory, supporting crop farming and establishing SMEs.

Participation of Youth in Business Environment Reform Forum. Mercy Corps, in cooperation with Dundgovi aimag Governor's Office, international organizations, Khan Bank and Mongolian Youth Association, organized a Forum on Participation of Youth in Business Environment Reform on 23-24 November 2010. A total of 126 representatives including 87 young business operators, 13 government representatives and 11 BDS providers from 15 soums, attended the Forum, including the Governor of Dundgovi aimag Chandmani and Members of Parliament S.Erdene and H.Naranhuu. The Forum raised awareness on government policies on business environment, identifying obstacles and difficulties that the young business operators encounter, and defining ways to address those issues. The participants analyzed the business environment for each sector, developing specific recommendations which they submitted to local governments at the close of the Forum.

Micro-project for production of corn silage. RASP implemented a demonstration project on making corn silage in partnership with Munh Nagoon Mandal partnership and Agricultural Extension Center of Nariinteel soum of Uvurhangai aimag in 2010. One hectare of land was fenced off, cultivated with mixed corn and barley crops and irrigated in accordance with the proper technology. Mercy Corps provided MNT 1.7 million in financial assistance to buy fences, poles, equipment and raw materials. It also organized a technological training on silage making.

During the harvest, 17 farmers from Uvurhangai, Arhangai and Bayanhongor aimags participated in training on silage plant and silage/silo making technology. These farmers are planning to plant 12.5 hectares of silage plant in 2011, with some anticipating a 100% increase in yield. The entire training was filmed by the Information and Communication Initiative NGO and the DVDs are distributed to farmers through 12 Mercy Corps aimag offices, with further distribution planned in 2011.

Activity 7: Food Safety

Food Safety Campaign. In partnership with Ministry of Food, Agriculture and Light Industry, Mercy Corps organized the Food Safety Campaign in 12 aimags from 11 July until 20 November 2010. The goal of the campaign was to raise awareness of herders, children and consumers on food-borne diseases, symptoms of food poisoning, selecting correct foodstuff, food storage, and healthy lifestyle choices. As part of the campaign, 19,800 copies of brochures ("*Selecting appropriate foodstuff*", "*Prevention of food-borne diseases*", "*Healthy food*"), 3000 leaflets (Healthy food—healthy child", "Selecting proper foodstuff", "Consuming healthy food") and 5 types of posters (1200 posters) were designed, printed and distributed. Food processors in 12 aimags received training on specific measures they could use to produce safer, more hygienic goods and also received free copies of "Producing safe food". The campaign

covered 22,803 people of 12 aimags (including 6,436 herders, 8,274 school children, 6,238 aimag center residents, 1,106 food producers and 749 government officers).

Strengthening capacity of food laboratories. A call for project proposals for improving capacity of food market laboratories was announced in 12 RASP aimags in 2010. Proposals were submitted from Arhangai, Zavhan, Uvs, Dornogovi, Hovd, Govi-Altai and Bayanhongor aimags. Proposals from Govi-Altai, Uvs and Bayanhongor aimags were selected and the winners received grants for purchasing necessary equipment for food market testing laboratories. Under the grant program, Mercy Corps provided microscopes, dryers, refrigerators and PH meters with a total value of MNT 9 million to food markets in these aimags and offered technical safety, maintenance and use instructions. Laboratories of food markets in the three selected aimags also invested MNT 40.4 million of their own funds to purchase other necessary additional equipment, connect to water supply and renovate the laboratory rooms.

Better Testing Protects Consumers

Oyun-Erdene of Bayanhongor aimag had been running Ochir-Od veterinary service for four years. In 2010 she went to the 3-day training on testing capacity of food laboratories organized by Mercy Corps. After the training she negotiated with market owners and government officers to establish a testing laboratory at the local food market. Then Oyun-Erdene persuaded the market owners to invest MNT 2.7 million for renovation of the laboratory room and building a clean water pipeline and sewage system. Ochir-Od veterinary clinic invested MNT 5.7 million in the new laboratory equipment.

The laboratory works together with local Professional Inspection Department, aimag administration and food market management. Since her laboratory was renovated and equipped, she and her staff have sampled more than 1,400 food products. Of those, they have caught 20 samples of contaminated milk and 27 samples of contaminated meat. These products were pulled from the market, preventing them from entering the consumer chain.

Training for food market laboratory experts. A training to enhance skills of laboratory experts of aimag food markets was organized in 29-31 July 2010 in partnership with the Institute of Veterinary Sciences. The training improved skills of laboratory staff, taught testing methods for food markets and instructed how to use equipment, devices, standards and reagents. Laboratory experts of 13 food markets in Zavhan, Govi-Altai, Arhangai, Bayanhongor, Hovd and Suhbaatar aimags participated in this training.

Demo training on best model food market. A two days demo training for food market laboratory staff and market owners was organized in Govi-Altai aimag on 4-5 November 2010. Owners of 21 food markets, their laboratory staff, officers of aimag Food and Agriculture Department, inspectors from Professional Inspection Agency, veterinary doctors and laboratory technicians from Zavhan, Hovd, Uvs, Bayanhongor and Govi-Altai aimags all took part. The participants learned a wide variety of topics such as legal requirements for food market, hygiene and sanitary requirements, working with government agencies, laboratory testing, equipment, legal standards, methodology for testing meat products and laboratory record keeping. This event also enabled the market owners and laboratory experts to share experience and best practices with each other. Improved food safety in these aimags alone will impact the health and lives of an estimated 98,000 citizens.

Activity 8: Veterinary Sector Development

Scholarship program for veterinary students. A strong rural economy needs a supply of well-trained vets. Since 2009 Mercy Corps and the Mongolian Veterinary Association, in partnership with the National Agricultural University of Mongolia, initiated the scholarship program for students majoring in veterinary science in order to motivate youth for seeking further education and to improve the qualification of veterinary students. For the academic year 2010-2011, 40 veterinary students were awarded merit based scholarships, adding to the 23 students who received the support in 2009-2010. In addition, 207 new students were admitted to major veterinary courses for 2011 academic year showing a 72% increase compared to previous years.

Improving training facilities of the School of Veterinary and Bio-Technology Sciences. The School of Veterinary and Bio-technology Sciences is the only academic training institution providing formal veterinary education in Mongolia. The school's training equipment and facilities are obsolete and they had not been renovated for 15 years. Because of this, the school has difficulties in providing adequate training. In response to this need, Mercy Corps has implemented a project “Improving the training facilities of surgery and reproductive department”. Within the framework of the project, Mercy Corps provided lab equipment and books worth MNT 27.5 million (\$22,000) while the school administration provided funds for classroom repair and furniture.

Improving diagnostic capacity of regional and aimag based vet clinics. There is a need for aimag based vet clinics to operate according to international standards and use internationally recognized laboratory-testing methodology in order to increase diagnostic capacity , improve animal health and qualify for disease free status. With this in mind, the program announced a call for proposals on improving the capacity of aimag based vet clinics in 12 target aimags. In total, eight proposals were received from which two (Gobi-Altai and Hovd aimags) were selected based on proposal quality and the degree to which the concept was tied to the government’s strategy for ‘Mongolian Livestock’ program. In 2011, selected veterinary laboratories will receive equipment and training to complete their projects.

Training for vet technicians. At the request of local vet clinics, Mercy Corps supported the Aimag Veterinary Department and National Agricultural University in a 30 day training session was organized in June of 2010 in Suhbaatar aimag in order to strengthen the technical capacity of rural veterinarians. A total of 24 veterinarians from 12 soums participated in the training. The participants covered 15 subjects followed by 24 hour field practice in Asgat soum. As a result 50% of veterinarians who attended the training were employed by veterinary services.

Activity 9: Competitive Outsourcing of Government Services

In 2010 six aimags joined the initial six to implement the Competitive Outsourcing of Government Services (COGS) activity which now includes Zavhan, Uvurhangai, Dornogovi, Suhbaatar, Hovd, Uvs, Umnugovi, Govi-Sumber, Govi-Altai, Bayanhongor, and Dundgovi. During 2010, the 12 aimags issued nine types of tenders; 275 local businesses and CSOs submitted bids for these tenders. Of the bidders, 188 businesses were chosen to supply goods and services and they concluded 281 contracts and agreements with a value of MNT 1.53 billion. This compares to just 58 tendered contracts concluded in 2009 that totaled MNT 251,400,000. In short, 2010 saw a six-fold increase in the value of openly tendered contracts.

Tripartite Partnership agreements were signed between the government, civil society and private sector in 7 aimags: Bayanhongor, Suhbaatar and Umnugovi, Hovd, Arhangai, Govi-Sumber, and Uvs. The agreements serve as legal binding documents establishing Councils for one or two-year terms that mandate annual review forums. In the reporting period 78 training sessions on 19 topics were conducted in 12 target aimags on competitive public procurement topics. In total 2,649 people attended these training and 70.8% were women. Nine local CSOs in 6 aimags received small grants on making public procurement more open and transparent.

Table 16: Procurement details

Aimags	Procurement type	# of contracts	Contract amount (MNT)
Zavhan	<ul style="list-style-type: none"> Food for School tea break 	17	10,000,000
Uvurhangai	<ul style="list-style-type: none"> Food for School tea break Soft items and uniforms Community based care service Food for kindergartens and school dormitory 	83	367,423,560
Dornogovi	<ul style="list-style-type: none"> Food for School tea break Soft items and uniforms 	23	44,772,670
Suhbaatar	<ul style="list-style-type: none"> Food for School tea break 	5	305,456,000
Hovd	<ul style="list-style-type: none"> Food for School tea break Anti-corruption training Disinfection materials Furniture for schools Environment conservation 	52	278,005,800
Uvs	<ul style="list-style-type: none"> Food for School tea break Soft items and uniforms Community based care service Food for kindergartens and school dormitory 	40	148,892,000
Umnugovi	<ul style="list-style-type: none"> Customers satisfaction survey Food for School tea break 	17	225,431,150
Govi-Sumber	<ul style="list-style-type: none"> Soft items and uniforms Food for kindergartens and school dormitory Food for School tea break 	6	125,400,000
Govi-Altai	<ul style="list-style-type: none"> Soft items and uniforms 	1	3,867,000
Bayanhongor	<ul style="list-style-type: none"> Community based care service 	3	6,202,000
Dundgovi	<ul style="list-style-type: none"> Food for kindergartens and school dormitory 	34	13,258,000
Total			1,528,708,180

In February 2009, Mercy Corps' MORE team developed a set of criteria named the COGS Index to measure the openness, transparency and competitiveness of the public procurement. Based on 10 standard questions, an answer of "yes" to all ten resulting in a COGS Index of 100%, each tender process is assessed.

Table 17: COGS Index

Procurement type	COGS Index
Foodstuff for school tea break program	85.0
Soft items and uniforms	92.0
Community based care service	86.0
Environment conservation	98.0
Foodstuff for kindergartens and school dormitory	77.0
Anti-corruption training	100.0
Disinfection materials and school furniture	92.3

Table 18: COGS activities in 2010

#	Aimags	Trainings, meetings, study tours	# of participants	# of female participants	# of tenders announced	# of orgs selected	# of contracts signed	Total value of contracts (MNT)
1	Arhangai*	14	235	145	1			
2	Bayanhongor	16	889	525	1	3	3	6,202,000
3	Govi-Altai	26	589	264	1	20	1	3,867,000
4	Govi-Sumber	9	1,851	1,259	7	11	6	125,400,000
5	Dundgovi	19	739	460	1	9	34	13,258,000
6	Dornogovi	8	211	152	2	16	23	44,772,670
7	Hovd	36	1,058	495	7	20	52	278,005,800
8	Suhbaatar	28	2,264	1,390	1	10	5	305,456,000
9	Uvurhangai	29	509	411	11	46	83	367,423,560
10	Umnugovi	9	133	106	2	18	17	225,431,150
11	Uvs	19	517	337	3	29	40	148,892,000
12	Zavhan	25	568	421	1	6	17	10,000,000
	Total	238	9,563	5,965	38	188	281	1,528,708,180

* The Arhangai tender was announced in 2010 but the selection of organizations was postponed until 2011

Local partner CSOs were selected and awarded sub-grants under this component to monitor school tea break programs for the 1st to 5th grade school children. CSOs presented their monitoring findings to parents, children and administrations of schools and kindergartens and local education authorities. Recommendations were submitted to improve food quality. This resulted in effective changes and improvements in food quality and nutrition at 38 schools and 7 kindergartens in 8 aimags.

Members of the Tripartite Partnership Councils in Hovd and Govi-Altai, Zavhan, Dundgovi, Arhangai aimags conducted a study tour to Umnugovi and Uvurhangai aimags to learn how to promote and strengthen the participation of civil society and private sectors in public procurement. The representatives also met with their counterparts and attended training on partnership and social accountability. After their study tour, each of the aimags initiated tender processes consistent with open and transparent methods.

Competitive Outsourcing: Tailoring in Uvurhangai Aimag

Local governments have budgets ranging from MNT 50-150 million for staff uniforms. Managers and accountants often buy such items from China or Ulaanbaatar even as local tailors and sewing factories struggle to survive due to weak local demand and have difficulties upgrading their technology. Under a sub-grant with the MORE project, the Local Initiative NGO in Uvurhangai aimag initiated a discussion on procurement of local products at the Tripartite Partnership Forum. All stakeholders worked together to find a solution to this and twice organized open procurement from local producers.

During the Forum, participants agreed on how to make procurements open and competitive. They developed technical specifications for uniforms for which eight local agencies placed orders for more than 500 uniform items totally MNT 9 million. The aimag governor ordered the establishment of a bid evaluation committee with 10 members, including one CSO. The committee developed procurement documentation, announced tenders and disseminated information through local media. Special training was offered to 21 local sewing companies and tailors on sewing technology and bid proposal developing. Finally, the local government selected six tailors and sewing businesses to supply goods for MNT 8.4 million.

Activity 10: Farmer to Farmer project

The Farmer to Farmer project is a one year program which started in October of 2010 is funded by USAID. The project works to improve domestic market access of small and medium sized milk and meat processing enterprises in rural area of Mongolia. The activities include provision of training and technical assistance by qualified US short term volunteers, as well as promotion of BDS providers through capacity building and strengthening of linkages with business sector and provision of outreach and training materials on dairy and meat production techniques.

2010 activities consisted of preparing scopes of work for six US volunteers scheduled to conduct on average 21 days assignments in Mongolia. The project team met with 28 milk and 20 meat processing enterprises to assess the needs for assistance. The Farmer to Farmer team visited milk and meat processors in Ulaanbaatar and 12 aimags including Dornod, Tuv, Hovd, Uvs, Arhangai, Uvurhangai, Umnugovi, Dundgovi, Bayanhongor, Huvsgul and Zavhan aimag.

As a result eight meat processing and five milk processing enterprises have been selected as hosts to receive qualified technical expertise. The technical assistance and competitiveness enhancement trainings such as the production line, new technology and new recipes with demonstrations, development of new marketable products, possible solutions for the packing/storing and branding/marketing process will be conducted and offered to the target groups during the project period with the help of US volunteers in 2011.

CIVIL SOCIETY ACTIVITIES—2010

Mercy Corps' civil society programming during 2010 focused largely on the capacity and impact of rural civil society organizations (CSOs) engaged in improving the livelihood of rural communities and the legal, social and physical environment of people with disabilities (PWDs) and other vulnerable groups. These activities generated a large degree of interaction and improved collaboration between CSOs with local government officials and agencies. Mercy Corps also specifically supported and trained disabled people's organizations (DPOs) in advocacy efforts, leading to the adoption of new standards of construction and walkway accessibility in Mongolia. The excellence of these projects was recognized in the 2010 Interaction Disability Inclusion award and a feature story in USAID's Frontlines September 2010 publication.

Activity One: Establish and/or Energize Local Civil Society

Community development project proposals. With funding from the Adventurists' Mongol Rally, Mercy Corps called for proposals to activate CSOs and community groups. In total, 121 CSOs of 12 aimags submitted their project proposals which included 270 community group projects. Mercy Corps selected 46 CSOs and 82 community groups' proposals based on two criteria: the quality of written proposals and the assessed programmatic capacity of the organizations. There were 975 individual household members who directly benefitted from the projects and 4000 people benefitted indirectly. Among the direct beneficiaries, women represent 60% and people with disabilities constitute 53%.

Table 19: Grants funded by Mongol Rally in 2010

Aimags	# of CSOs	# of community groups	Total project amount (MNT)	Mongol Rally funding (MNT)	LSWD Funding (MNT)
Hovd	7	12	16,253,420	7,361,820	8,891,600
Bayanhongor	3	9	11,403,395	9,903,395	1,500,000
Uvs	4	9	15,487,500	15,487,500	
Zavhan	3	6	8,681,000	8,681,000	
Govi-Altai	4	9	14,090,400	8,090,400	6,000,000
Umnugovi	3	8	13,305,500	9,572,100	3,733,400
Uvurhangai	7	12	15,976,150	13,823,860	2,152,290
Dundgovi	2		3,898,721	3,898,721	
Arhangai	4	2	14,343,570	14,343,570	
Suhbaatar	4	7	9,800,000	9,800,000	
Govi-Sumber	2	3	10,227,200	8,227,200	2,000,000
Dornogovi	2	3	16,251,900	8,826,300	7,425,600
Tahilt /UB/	1	2	5,000,000	5,000,000	
Total	46	82	154,718,756	123,015,866	31,702,890

Note: LSWD - Labor and Social Welfare Department

A number of LSWDs responded quickly to the opportunity that Mongol Rally projects offered in their communities. Those aimags (Hovd, Bayanhongor, Govi-Altai, Umnugovi, Uvurhangai, Govi-Sumber and Dornogovi) allocated significant funds from their own budgets, totalling MNT 31.7 million.

Table 20: Impact of Community Activities funded by Mongol Rally

Core Impact	Scale and scope of impact
Improved access to education for children with disabilities	22 children with disabilities enrolled at primary school in 2 aimags
Small business activities for rural vulnerable groups	44 community groups started businesses in 8 aimags
	228 new full time jobs created—73% for women
	70% of group members newly generated their income
	Total sales income reached MNT 115,786,700
Improved better skills of vulnerable groups	472 community group members trained in six areas: Group formation; Business plan development; Technology (green house farming, agriculture, sewing, pickling vegetables, felt craft, processing felt and wool, block and boot making); Accounting; Project management; Care giving skills; and the UN Convention on the Rights PWDs
Greater access to medical service	176 people received Home-based care; Physical therapy for children with disabilities; Children attended health resort; Free medical check-ups; Rehabilitation therapy
Improved social services by local organizations	375 people Consultation on work performance, production, marketing, accountancy; Counselling service for children who live in difficult circumstances; Informal education on literacy and math training, handcrafting, sign language in English, Braille reading, writing and counting for children with disabilities
Extended social support network	100% of participants (975) said they felt less isolated, more valued, more confident, more connected into the community, and better able to communicate as a result of taking part in activities.

Initiative Leads to Poverty Reduction

Ms.Saranchimeg was an unemployed mother living in Selenge aimag. Her husband died and she was left with three small children. She herded other people's livestock to feed her family. Then, a few years ago, she moved to Dornogovi aimag in search for better opportunities, but life was hard. Her family was on the list of the poorest in the aimag. Her ger was in terrible conditions. The floor was often wet and wind would sweep through the broken door.

Last year she attended a home care practice training course at LSWD and she learned about the Mongol Rally project. An active woman, Saranchimeg persuaded four other unemployed women to form a group. They submitted a proposal to the Mongol Rally and won. The group received a grant from Mercy Corps Mongolia.

Since then her life has changed. She used her first salary to fix the ger door. Then she bought a wooden ger floor with her second salary. Now she is not afraid of leaving her children at home. Her family was removed from the poorest list. "If I am employed, I can reduce the poverty by myself" says Saranchimeg.

Impact on People with Disability. For two years, Mercy Corps implemented the Fostering an Inclusive Environment for Local Disabled (FIELD) project in which more than 13,000 people in rural Mongolia benefitted. Some beneficiaries were those who received information related to accessibility or employment issues for PWD while others directly benefitted from small-scale projects implemented by DPOs aimed at improving accessibility and educational opportunities for PWDs. Indirect beneficiaries were those people who changed their attitudes to PWDs as a result of public awareness raising activities.

One notable achievement of the FIELD program was the increase in PWDs who improved their knowledge about available health services in rural aimags. For example, the Arhangai branch of the National Federation of Disabled People organized rehabilitation training for people with spinal cord injuries, allowing three patients who previously used wheelchairs to start walking on crutches. The Association of Parents of Disabled Children of Arhangai aimag organized training for 60 parents of disabled children on basic rehabilitation skills for their children and better understanding of their various needs. Uvurhangai Regional Hospital built accessible restroom, two accessible ramps at the Hospital's clinical and ambulatory service sections and established psychosocial rehabilitation room for PWDs and their caretakers. The Arhangai branch of the National Federation of Disabled People helped the aimag general hospital to build two ramps at the hospital that resulted in greater opportunities for local PWDs to receive six types of essential medical services which were not available before

Besides infrastructure accessibility, Mercy Corps also paid attention to access to information for PWDs: The Blind Union of Uvurhangai aimag established an office equipped with information resources such as Braille and audio books. The room is open from 9.00-18.00 and operated by the two full time staff. 15 blind people were trained in Braille writing and reading.

Activities promoting access to employment for PWDs were also successful. During the “Businesses, NGOs and Disabled People Collaboration Expansion” project, Mercy Corps organized a Generosity Day TV program twice a month, promoting the employment potential of PWDs. The program has promoted the capacity of PWDs by providing them with the opportunity to work at a company that may be a potential employer. Two PWDs received employment at the featured company as a direct result of the program broadcast. Uvurhangai aimag Blind People's Union established a small workshop on paper bag production, creating job places for 7 blind people. The Union also received funds for establishing local FM radio station which employs 4 blind people.

Activity Two: Capacity Building of Civil Society Organizations

Training for rural CSOs. Based on an internal assessment, Mercy Corps worked closely with 15-20 social Civil Society Organizations (CSOs) in twelve aimags during 2010, beginning with capacity building exercises and training. Mercy Corps provided training on six broad topics were covered which varied according to target audience. The topics included fundraising; group formation; inclusive education principles; working with children with disabilities; advocacy and disability rights for DPOs; and disability rights for social workers. Mercy Corps conducted a total of 69 capacity building sessions which were attended by 3,231 participants of which 70% were women.

Table 21: Capacity building trainings for CSOs

Projects	Mongol Rally	FIELD	BRICS II	Total
# of training	41	16	12	69
# of participants	1,788	347	1,096	3,231
# of female participants	1,251	255	767	2,273
# of PWDs	929	242	201	1,372

Project management and financial management trainings. Mercy Corps provided project and financial management training to potential clients of CSOs and community groups in 12 target aimags. The participants learned about project management and financial management which covered topics such as budgeting, cash and bank statements, and Mercy Corps procurement policy. As a result, participants were able to improve their project proposals including logical framework and budget. Mercy Corps recommended that CSOs work within a network to help community groups learn from each other and extend their social relationship beyond just trainings and consultations. Most of the 2010 groups are newly formed and had little knowledge on group dynamics. During the training they developed rules and job descriptions to aid their overall project management.

Multi-sector partnerships benefit whole communities. Throughout 2010, Mercy Corps continued its training, capacity building activities, public awareness campaigns, and the implementation of small scale

projects to improve the reputation and capacity of participating DPOs. They are now seen as respectable local organizations that can provide trainings on health and disability for members and public, as well as trustworthy partners for government organizations on small projects. For instance, DPOs in three aimags organized trainings at the request of government agencies, cooperated on small projects, and received grants to support local PWDs.

- The Uvurhangai branch of the Free Trade Union of PWDs and the aimag Children's Department jointly worked on providing literacy skills training to 30 children with disabilities who never attended any school, as well as improving social skills and self-esteem of children with disabilities through classroom teaching and greater involvement of parents.
- The Arhangai branch of the National Federation of Disabled People organized 21 days of rehabilitation training for hospital nurses, people with spinal cord injuries and their care takers upon the request of the General Hospital. The training was a great success and helped to improve the skills of local medical staff.
- The Dundgovi branch of the National Federation of Disabled People was given an office room at the soum governor's building and office furniture by the Dundgovi Governor's Office.

Improved in-country Knowledge and Action. As a result of the organized capacity building activities by Mercy Corps, DPOs now pass on their newly gained skills and knowledge to their staff, members, other agencies and disabled community. Three project teams conducted training on national legislation, rights of children as well as the United Nations Convention for the Rights of Persons with Disabilities (UNCRPD) for bank and educational staff, two project teams organized training on Braille, reading and writing as well as effective usage of white cane and four project teams conducted activities on enhancement of literacy skills of children with disabilities. Another good sign of the DPOs capacity improvement was that three project teams supported PWDs to form self-help groups and assist them through serial trainings on team working, effective usage of sources and the basics of management of non government organization.

Other evidence of growing in-country capacity was revealed in a study tour of 12 DPOs from Arhangai, Dundgovi and Uvurhangai to Umnugovi. The 23 participants visited local DPOs, the Labor and Social Welfare Department and Mercy Corps office to explore existing and planned activities related to securing social assistance, improving vocational training and job placement opportunities, better caring for and educating children with disabilities, and networking parents and caregivers of PWDs. After returning to their home aimags, the study tour participants began applying the best practices they saw in Umnugovi.

Market Days for community groups. Mercy Corps worked with community groups to help them raise their income and strengthen their sustainability. In 12 aimags, 44 community groups were engaged in income generation activities last year and made total sales of MNT 115,786,700 during the project period. In September, Mercy Corps supported CSOs in nine aimags (Umnugovi, Arhangai, Bayanhongor, Govi-Altai, Govi-Sumber, Hovd, Uvurhangai, Uvs, Zavhan) took part in Market Day events.

For example, with support from Mercy Corps in Zavhan aimag, "A Neat Weaving" community group of CSO CEDAW WATCH participated in "Arts suuri - School" trade fair on 18-22 Aug 2010 close to the Russian border. Mongolian and Russian vendors participated in the events. The community group exhibited its products to Mongolian and Tuva visitors and was awarded with "Best promotion" certificate for their materials. They earned MNT 120,000 from the trade fair.

Educating the public through media campaigns. Media, both national and at the local level played an important role in communicating key messages to the public regarding required changes in the law and appropriate procedures and attitudes towards people with disabilities. As part of the media campaign, four posters and four short videos were produced for Mercy Corps by Namuun Zet studio. The videos and posters highlighted: 1) the equal rights of PWDs; 2) the right to employment of PWDs; 3) the right to education of PWDs; 4) the right to accessible infrastructure.

The videos were broadcast on national MNB TV eight times by aimag TV channels. 1500 copies of posters were published, and distributed to government departments, local enterprises, schools, marketplaces, and service providing agencies. In addition, nine TV channels informed about the newly approved standards on infrastructure accessibility and challenges facing PWDs. The local TV channels in three aimags broadcast reports and news about the Inclusive Education campaign in 2010.

Activity Three: Strengthen Productive Relationships Between Government, Civil Society And Businesses

Advocacy Improves Policy Implementation. As a result of FIELD activities, the Government of Mongolia approved the Standard MNS 6055 on Accessibility of Civil Buildings, and Standard MNS 6056 on Accessibility of Walkways. Following the approval of these two standards in February 2010, the UB Municipality Urban Planning Department estimates that 579 square meters of public space has been renovated and improved, while 8360 apartments had been approved in Ulaanbaatar in 2010 alone.

Mercy Corps announced a competitive call for proposals in June 2010 to implement advocacy campaigns to promote Accessible Construction and Walkway standards to policy-makers and to increase awareness about the standards among the public. In August, 2010 the Wheelchair Users' Association was awarded with the grant. In the period between August and December of 2010 the Wheelchair Users' Association completed a series of activities and achieved important results to enforce the standards MNS 6056, MNS 5682, MNS 6055. The Association assessed 6.7 km of the main Ulaanbaatar roads, Chinghis Khaan airport, and the railway station by a team of 15 wheelchair users and their assistants. The assessment revealed many cases of divergences from the standards such as lack of special wheelchairs at the airport, inaccessible walkways, big holes on walkways, and improperly placed traffic signs and poles. A UBS TV crew brought the team's efforts and the issue of accessibility to a broader audience.

Meetings with the Ulaanbaatar city municipality resulted in establishment of a consultative team consisting of 23 people and including the Ulaanbaatar city Chief Architect, the Head of the Labor and Social Welfare Department, the Head of the Department of Land Affairs, Construction and Geodesy (DLACG) of the Ministry of Road, Transportation, Construction and Urban Development, specialists of the City Institute of Design and Blueprints, members of the Wheelchair Users' Association, and others.

A joint conference organized with the State Center of Standardization and Metrology was held on 14 October 2010 to introduce standards for city developers, engineers, and teachers of the engineering departments of higher educational institutions. Agreements were made with the Ministry of Road, Transportation, Construction and Urban Development, City Department of the Construction and Urban Development to include the observance of standards in all planned and ongoing infrastructure works.

Inclusive Education Campaign. During 2010, the FIELD project addressed the challenge of access to education for children with disabilities from several directions, including policy research, competitive grant rounds, and community mobilization efforts to promote inclusive environments.

Policy research. The FIELD Task Force of 11 agencies conducted a study on the rights of PWDs to employment, education, and accessible infrastructure, which produced two reports: *On the Rights of PWDs to Education*, and *Accessible Infrastructure*. Apart from the DPOs who led the research, experts of the Ministry of Social Welfare and Labor, heads of the Social Welfare and Labor and Education departments of Ulaanbaatar, Uvurhangai and Arhangai, staff of the Children's Department, school teachers, social workers, special education teachers, other NGOs, and persons with disabilities, children with disabilities, and parents and family members were brought into the analysis.

The Task Force distributed 800 copies of both sets of research findings to government officials, Parliamentarians, national and international NGOs, and DPOs. The Human Rights Commission presented the first report on the rights of PWDs to education to the State Great Hural's Spring 2010 session, highlighting the need to increase enrollment of PWDs at all levels of education as a precondition for the equality of development, community participation and employment.

The report, *Accessible Infrastructure*, informed policy and decision-makers of the need to introduce universal design and accessibility measures at design, planning, construction, and utilization stages of infrastructure projects.

Competitive grants. Following a call for proposals, five projects were implemented focusing on Inclusive Education at the pre-school, primary school, and vocational & technical schools levels. The projects were implemented by DPOs in partnership with local schools, kindergartens, and a Teacher Training College. In Dundgovi aimag 5 children were admitted to kindergarten and 6 children at the secondary schools were

actively included in all school activities, increasing their role within student councils and raising awareness about children with disabilities among all students. In Arhangai aimag, the Teacher Training College worked to provide summer training for 16 children with disabilities who were then successfully integrated into mainstream primary school in September 2010. In Uvurhangai aimag, the special education class for hearing impaired children was given additional training during the summer season for better preparation for the next school year.

Community mobilization. In May 2010, Mercy Corps announced the six month Inclusive Education Campaign among all educational institutions of Arhangai, Dundgovi, and Uvurhangai to create more inclusive physical, teaching, and attitudinal environment for children with disabilities. More than 3,022 people participated in the campaign. A number of institutions provided staff training on inclusive education principles and methodology to work with disabled children: 5 schools and kindergartens modified their entrances; 5 improved toilets and washrooms; 4 put sensitive lights and hand bars in the halls; one moved its classroom for CWD from the 3rd floor to the first floor; and one other improved its sports yard with the participation of parents for better comfort and exercise for students with disabilities. Five schools and four kindergartens organized sports and cultural activities involving children with disabilities. Sixty eight parents joined training session on topics such as “Understanding your disabled child,” “Early prevention of children,” “Importance of the right nutrition for children,” “Mongolian Laws for your child,” and “Inclusive Education and its importance to CWDs.”

Building Rural Institutions Through Civil Society. The Building Rural Institutions Through Civil Society Project II (BRICS II) project was implemented in Uvurhangai and Umnugovi aimags over six months from October 2009 through March 2010. The goal of the project was to foster open, transparent and productive relationship among government, private sector and civil society organizations. There were three main components in the project: 1) promoting open, transparent and competitive outsourcing through the School Tea Break Program; 2) demonstrating how to improve health service accessibility and quality through customers satisfaction surveys and by updating IT facilities; 3) increasing the impact of community based social welfare service provision for people with disabilities.

The project modelled new approaches on open, competitive procurement of government goods and services, participatory monitoring of public expenditures, health and education services and partnership approaches in the delivery of welfare services for vulnerable groups. The procurement processes are now being applied in the School Team Break program in Hovd, Gobi Altai, Uvs, Suhbaatar, Zavhan and Govi-Sumber. Competitive outsourcing (COGS) has already created new opportunities for local businesses to expand their market and to create new jobs. The approach proved so valuable, that Mercy Corps built this COGS activity into the MORE economic development program, described in detail earlier in this report.

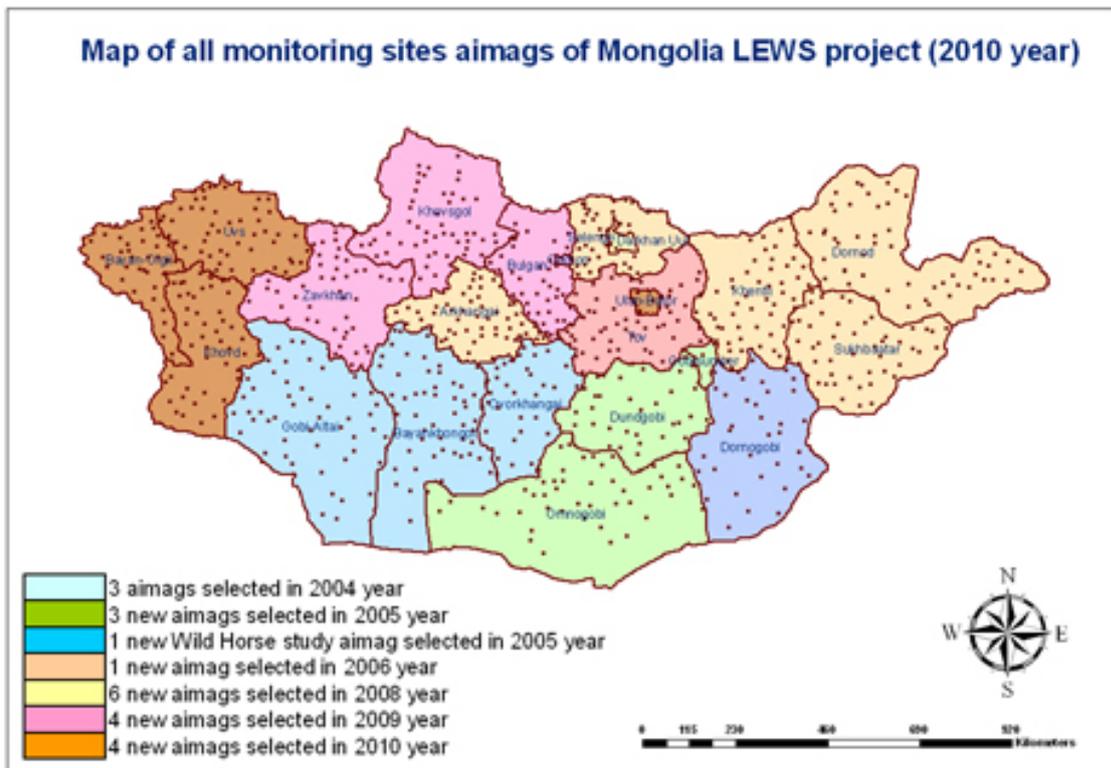
In Uvurhangai Aimag, an electronic registration system was introduced for the first time to aid the delivery of rural health care. This improved the effectiveness of existing health service delivery. Customer satisfaction studies and Quality Management Teams have been established in both Umnugovi and Uvurhangai aimags. At least 39,800 people have benefited from these efficiency improvements in health care service delivery in the two aimags.

The project helped to nurture a partnership approach between CSOs and the Social Welfare Departments in Uvurhangai and Umnugovi aimags helped enhance the scope of Community Based Social Welfare (CBSW) services for Disabled People in those areas. In all, 132 people from vulnerable and low income population groups, benefitted from project activities focused on income generation, home-based care and vocational training. The project's best practices are already being replicated in other aimags, including Dornogovi, Govi-Altai, Hovd and Uvs.

NATURAL RESOURCE MANAGEMENT ACTIVITIES—2010

In September 2009 Mercy Corps entered into an agreement with the World Bank funded Sustainable Livelihoods Project: Phase II (SLP2) to expand the Mercy Corps Livestock Early Warning System (LEWS). The LEWS information assists herders and decision makers (local government officials, land/pasture managers, environmental and livestock officers) to strengthen local capacity to plan for and respond to risk.

LEWS project in partnership with Texas AgriLife Research, covered all territory of Mongolia and established 803 monitoring points. The system effectively delivered early warning to respective *aimags*, *soums* and herders in those areas. The national, *aimag* and *soum* capacity to respond to warnings and mitigate risk from very low forage and extreme drought conditions are being developed. Updated maps and information are available at <http://glews.tamu.edu/mongolia/>.



With funding from the US Department of Agriculture, Mercy Corps began expansion of the mapping and forage forecasting technology into new aimags: Hovd, Uvs and Bayan-Ulgii during 2010. This was done in anticipation of follow-on funding from the World Bank that would enable Mercy Corps to upscale this to a national project.

During 2010, LEWS project established 135 new monitoring sites: in Bayan-Ulgii (32 sites), Uvs (50 sites), Hovd (42 sites), Govi-Altai (Great Gobi protected area - 6 sites) and Ulaanbaatar region (5 sites). These sites were chosen randomly using ArcGIS software to choose suitable, representative pasture sites in different CMORPH grid cells. The location of these sites was modified slightly in the field to account for geographical variation at a scale that was not able to be detected remotely.

In 2010, an additional 373 verification sites were established in 18 aimags such as Umnugovi (15 sites), Arhangai (22 sites), Selenge (15 sites), Hentii (48 sites), Darhan-Uul (2 sites), Suhbaatar (27 sites), Dornod (40 sites), Bulgan (35), Zavhan (41 sites), Dornogovi (15 sites), Dundgovi (10 sites), Govi-Sumber (2

sites), Huvsgul (50 sites), Orhon (2 sites), Uvurhangai (13 sites), Tuv (14 sites), Govi-Altai (9 sites), and Bayanhongor (15 sites).

Mercy Corps conducted training on LEWS technology to introduce our activities and products to clients of the new selected 13 aimags including Zavhan, Hovd, Huvsgul, Hentii, Arhangai, Suhbaatar, Selenge, Darhan-uul, Dornogovi, Govi-Sumber, Orhon, Bulgan, and Dornod from 14 January to 26 February 2010. We worked with the Center of Public Research which organized training on how to make rangeland management plan for the decision-making people of the aimag and soum. Five people from each soum including soum governor, land officer, environmental inspector, agricultural specialist and representatives of SLP-II participated in the training. A similar training was held 23-31 October 2010 to introduce LEWS technology and products to clients in Bayanhongor, Bayan-Ulgii, Hovd and Uvs.

The sampling protocol to collect data for each monitoring 135 sites is presented in the Site book of new sites. The collected field data for monitoring sites is complete, regular, continuous, consistent and done in a timeliness manner. The collected data from 803 monitoring sites used for parameterization of PHYGROW model can be used later and can be a part of a larger database including data on regional scale for rangeland health monitoring. The collecting data along the selected transect can provide necessary baseline information about changes happened on plants composition and abundance over the time.

The feeding trials have been conducted between 30 Aug-18 Sept 2010, in the experimental station of RIAH of the Bayamchandmani soum of the Tuv aimag. An eight sheep with 34.6 kg, eight goats with 29.2 kg, and seven cattle with 296.8 kg average life weight, healthy and nearby ages were selected for trials. Chemical and NIRS analyses of diet and fecal samples are still running.

Cooperation ensures sustainability. Mercy Corps is working with a number of Mongolian Agencies and international organizations to ensure the long-term relevance and sustainability of the LEWS. On 30 April 2010, a Memorandum of Understanding (MoU) was signed by the World Bank's Sustainable Livelihoods Project-II Office, the National Agency for Meteorology, the Hydrology and Environment Monitoring, Mercy Corps, the Institute of Botany and the Research Institute of Animal Husbandry about areas of cooperation in development and institutionalization of the LEWS. On 2 November 2010, a Cooperative Agreement on the Institutionalization of Livestock Early Warning System was signed on 2 November 2010 by Ms. A. Khashtsetseg on behalf of Sustainable Livelihoods-II, Mr. Dominic Graham on behalf of Mercy Corps International, and the Director, Mr. S. Enkhtuvshin on behalf of the National Agency for Meteorology, the Hydrology and Environment Monitoring to ensure the implementation of the April MoU.

Mercy Corps signed a second MoU with the Research Institute of Animal Husbandry and RIAH to perform consulting duties of feeding trials to develop appropriate ration on the ruminant and usage of Near Infrared Spectroscopy. A third MoU was signed on 17 September, 2010 between Mercy Corps, the Research Institute of Animal Husbandry and the National Agency for Meteorology, Hydrology and Environment Monitoring to implement the Activity "Developing a Nutritive Quality Map of Mongolian Pastures."

COLLABORATION WITH MONGOLIA GOVERNMENT AND AGENCIES

Mercy Corps seeks to build and benefits from the strong collaboration our program activities have with every layer of the Mongolian government and its agencies from rural Bagh and Soum up to and including ministerial dialogue in our mutual goal of promoting greater economic activity and social engagement.

Ministries

Mercy Corps Mongolia appreciates the direct and frank communication with the following Ministries (listed in English alphabetical order) to develop and implement specific program ideas that support official government development priorities such as job creation, greater equity, and economic growth.

Ministry of Education

Primary and Secondary Education Department

Ministry of Finance

Policy and Coordination for Loans and Aid Department

Development Financing and Cooperation Department

Procurement Policy Coordination Department

Ministry of Food, Agriculture and Light Industry

Agency for Small and Medium Enterprises

Food Production, Trade and Service Department

External Cooperation Department

Livestock Husbandry Policy Implementation and Coordination Department

Veterinary and Breeding Service Agency

Ministry of Social Welfare and Labor

Central Labor and Social Welfare Agency

Ministry of Nature, Environment and Tourism

Department of Environment and Natural Resources

Ministry of Roads, Transportation, Construction and Town Planning

Agencies and Institutions

Mercy Corps program implementation requires cooperating and coordinating with a variety of State, local and non-state institutions and agencies. Among our partners in 2010 were the following (in English alphabetical order):

Metropolitan (Ulaanbaatar) Tax Authority

Mongolian Immigration Agency

Mongolian National Chamber of Commerce

Mongolian National Cooperatives Association

Mongolia Veterinary Medical Association

National Association of Mongolian Agricultural Cooperatives

National Development and Innovation Committee

National Tax Authority

National Agency for Meteorology, Hydrology and Environment Monitoring

Research Institute of Animal Husbandry, Institute of Botany

School of Veterinary Science and Biotechnology

Social Insurance Office of Bayanzurkh District

State Agency of Standardization and Metrology

State Central Veterinary Laboratory

State Professional Inspection Agency

Statistical Office of Bayanzurkh District

State Technical and Vocational Education Training Agency

Aimags and Soum

Mercy Corps program staff and stakeholders enjoy good program cooperation and implementation with a variety of aimag and soum-level officials and agencies. In addition to governor's offices, our coordination includes the Department of Development Policy, the Department of Food, Agriculture, SME, the Labor and Social Welfare Department, various tax departments, and more across the following aimags:.

Arhangai	Govi-Altai	Tuv
Bayanhongor	Govi-Sumber	Uvurhangai
Bayan-Ulgii	Hentii	Umnugovi
Dundgovi	Hovd	Uvs
Dornogovi	Huvsgul	Zavhan
Dornod	Suhbaatar	

SUMMARY FINANCIAL STATEMENT

Donor	Name of project	Amount of funding MNT
USDA	Rural Agribusiness Support Program (RASP)	2,296,804,520
USAID	Fostering an Inclusive Environment For Local Disabled (FIELD)	182,396,070
World Bank	Livestock Early Warning System (LEWS)	344,302,053
Adventurists	Mongol Rally	313,228,623
USAID	Farmer to Farmer	10,320,290
SDC	Marketing Opportunities for Rural Entrepreneurs (MORE)	1,255,919,883
British Embassy	Building Rural Institutions through Civil Society -2 (BRICS 2)	45,963,983
Adventurists	Mongol Derby	59,839,301
GRAND TOTAL		4,508,774,723