



PARLIAMENTARY NETWORK ON THE WORLD BANK

Good Governance, Transparency and Participation: Meeting Development Challenges in Mongolia



Mission Report

Parliamentarians in the field program

Ulaanbaatar, Mongolia
26-30 October 2009

Good Governance, Transparency and Participation: Meeting Development Challenges in Mongolia

A Parliamentarians in the Field mission report



Note to readers: This report does not use a chronological structure, instead, it provides a one-page visit orientation (section I) in preparation for the main content of the report (section II), which is divided into four thematic focuses: mining; good governance and civil society; parliamentary/World Bank relations and development cooperation; and economic and financial reform. Each thematic focus is discussed in four pieces: 1) background; 2) main issues; 3) delegation recommendations; and 4) follow-up. We hope you will find this structure both intuitive and helpful.

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I. ORIENTATION



Introduction to Mongolia and the World Bank country office

Mongolia has seen many changes in the past 15 years, including transitions from:

- a planned economy to a market-based economy;
- a socialist governance model to a democratic model;
- a member of an economic bloc to independence.

Mongolia is increasingly interested in applying a “3rd neighbor” concept in its foreign policy and is looking for close trade and investment partners outside China and Russia. The

country currently has a population of approximately three million people, roughly 900,000 of who live below the poverty line-- 45% of them in rural areas. GDP is US\$1375 – 80% of which is produced by the private sector. Unemployment stands at roughly 20% and annual inflation is approximately 10%. From 2003 until 2008, the country’s economy grew at a steady rate of 8% to 9%. As a result of the global financial crisis, economic growth stagnated at about 1% in 2009.

The government of Mongolia currently faces three main challenges:

- Making mining sustainable and ensuring that the associated financial benefits reach the people of Mongolia.
- Preserving peoples’ traditional nomadic way of life and providing services to such a dispersed population.
- Handling increased demand for services (schools, housing, transportation, power) resulting from the rapid internal movement of economic migrants to Ulaan Baatar, the country’s capital city.

Mongolia joined the World Bank group in 1991 and is classified as a low income country; Bank funds account for roughly 11% of the country’s Official Development Assistance (ODA). At present, Mongolia is eligible for International Development Association (IDA) funds only. However, the country is looking at possibly implementing International Bank for Reconstruction and Development (IBRD) enclave projects, which are typically infrastructure projects regarded as important for economic growth.

The World Bank’s Mongolia country office partners with the government to work in the following areas:

- Strengthening fiscal sustainability
- Bolstering confidence in the banking sector
- Reducing vulnerabilities of rural populations
- Aiding vulnerable populations in Ulaan Baatar
- Encouraging sustainable, efficient mining investments
- Managing large investments in support of infrastructure



Introduction to the Parliamentarians in the Field Program

Parliamentarians in the Field is jointly organized by the Parliamentary Network on the World Bank (PNoWB) and the World Bank. The program aims to involve MPs from donor and borrowing countries in the work of the World Bank and its dialogue with development partners. For donor country parliamentarians, it presents an opportunity to see development cooperation in practice. Borrowing country MPs can use field visits as benchmarking exercises and opportunities to exchange views and experiences. At the conclusion of a visit, the delegation shares

its observations and recommendations on the development program of the host country in a report.

Parliamentarians in the Field is funded by the Finnish Government; more than 175 MPs from over 50 countries have participated in 20 country visits to Africa, Asia, the Balkans, Latin America and the Middle East since the program began in 2001.

II. THEMATIC FOCUSES and RESULTING RECOMMENDATIONS

A. The Mining Sector and Extractive Industries Revenue Management

[Relevant agenda items: Briefing at the World Bank Office; Working session with the Parliament: extractive industry based economy management; Call on Chairman of the State Great Ikh Khural; visit to the Parliamentary research center; Day 2 working lunch with key ministers.]



BACKGROUND

Mongolia has approximately 1000 identified mineral deposits and 8000 identified “mineral occurrences.” Of the 15 deposits identified as being of strategic importance, half of them are currently being exploited, largely by foreign-owned firms licensed to operate in Mongolia. At the current licensing rate, nearly one third of the country could be exploited for mining purposes.

The Mongolian government plans to base the country’s future economy on the mineral sector. In early 2009, a parliamentary working group on the mineral sector was set up in an effort to ensure that Mongolia does not repeat the mistakes of other resource-rich countries in its mining program and that expansion of the mining sector is taken forward on principles of transparency. The government plans to develop an integrated policy on geology, mining, heavy industry and oil.

MAIN ISSUES

- Establishing national standards for extraction technologies.
- Regulating “artisanal mining” (informal and unregulated mining, mostly for gold) and how to turn groups of unregistered artisanal miners into small enterprises. Currently, approximately 100,000 “artisanal” gold miners extract roughly one ton of gold annually, most of which is smuggled across international borders.
- Preventing further artisanal mining once more infrastructure (i.e. roads) is in place.
- Managing internal migration and providing infrastructure needs associated with mining (transportation, settlements and social sector services including health and education in mining communities).
- Ensuring that revenue earned from mining benefits the entire population of Mongolia via investment in education, health and improved infrastructure.
- Injecting capital earned from mining to develop future revenue streams.

DELEGATION RECOMMENDATIONS

- Mongolia should fully implement and follow the Extractive Industries Transparency Initiative (EITI), which sets global standards for transparency in mining, oil and gas and holds companies to account for publishing what they pay and governments to account for disclosing what they receive for mining contracts.
- In developing an integrated policy on geology, mining, heavy industry and oil, the government must ensure full, transparent civil society consultation and participation and should be open to regular monitoring by civil society organizations and NGOs. The policy should:
 - Specify that funds earned from the above activities are to benefit all people of Mongolia via investment in social services and infrastructure;
 - Include a section that governs external investment;
 - Promote efficient mining institutions and build local capacity;
 - Include a comprehensive system to prevent corruption at the local, regional and national level.
- It is vital that the Mongolian government prioritizes the creation of a comprehensive mining policy to ensure that tax revenue is not lost and to give it full legal control over its own resources. Mongolia must keep the well-being of future generations in mind, now is the time to protect the country's national interests, dependence on foreign investment is not the way.
- In view of the growing mining sector, parliament should adapt labor law to protect workers' rights and working conditions.
- Good governance and ending corruption must be addressed. Parliamentary systems can go a long way to meeting these goals, for example, having parliamentary committees composed of members from the ruling party and the opposition and openly discussing transparency in relation to any mining contract.
- Parliament should commission the parliamentary research center to undertake a study on fiscal management practices in countries with resource-extraction based economies. This study should include environmental considerations and could be done in cooperation with parliamentary research organizations in other PNoWB countries. Make the findings available not only to Mongolian parliament, but also to the executive branch of government and civil society.
- The parliamentary research center should also undertake a best practices study on environmental legislation, with a focus on mining. Mongolian parliament should then introduce legislation based on this research.
- Involve the country's private sector in the responsible creation of infrastructure.

FOLLOW-UP

- To support parliamentarians from all countries with extractive industries to collectively advocate with their governments to "publish what they pay" for resource contracts, PNoWB secretariat will conduct a brief follow-up case study report on the implementation of EITI standards in several countries.
- The World Bank country office in Mongolia will monitor the development of country's integrated policy on geology, mining, heavy industry and oil and will report back to PNoWB.
- PNoWB secretariat will follow up with delegation members who offered cooperation with the Mongolian parliamentary research center, namely Hon. Thomas Sangma, Member of Parliament in India and Hon. Laode Ida, Member of Parliament in Indonesia.
- PNoWB secretariat will send network policy papers, newsletters and publications to the Mongolian parliamentary research center.

- PNoWB secretariat will follow up with visit participants for information on the following programs in their countries:
 - Mining technologies
 - Renewable energy programs
 - Programs to increase tourism cooperation
 - Management of diminishing water resources (ex: via low-use water irrigation systems)
- PNoWB secretariat will then provide this information to the World Bank country office in Mongolia, who will pass it on to the Ministry of Tourism and the environment and the Ministry of Food and Agriculture.

B. Good Governance, Social Accountability and Parliamentary Cooperation with Civil Society and NGOs

[Relevant agenda items: Visit to the parliamentary research center; Working session with CSOs and MPs: Governance: Public hearing for policy decisions at the Parliament; Visit to the National Legal Institute]



BACKGROUND

At present, there are two ways that Non-Governmental Organizations (NGOs) and Community-Based Organizations (CBOs) can participate in the law-making process: by joining a group to aid in the drafting of a specific law, or by special invitation (which is fairly rare). Additionally, a “citizens hall” process was issued by the president in August 2009 for the public’s input into the law-making process. Altogether, there is fairly limited opportunity for civil society participation in the law-making process and citizens often find it difficult to access draft versions of legislation before it is passed.

The situation for the private sector is rather different as there are already mechanisms in place to ensure representation in various Parliamentary standing committees. In addition, a further initiative to improve the participation of the private sector in law making is currently underway.

Mongolia’s National Legal Institute (NLI) –which is affiliated with the Ministry of Home Affairs and Justice— makes all approved legislation available online. The NLI also inputs into the legislative process largely by researching existing and proposed laws and by introducing new laws to the general public. The NLI cooperates with the Mongolian parliament by exchanging information directly with the parliamentary research center, although some parliamentary research center products are censored.

MAIN ISSUES

- How to increase civil society participation in the legislative process: in 2007, a CSO coalition proposed amendments to the law-making process; parliament has tabled this agenda for the past two years.
- How to introduce public hearings for bills in Mongolia.
- Lack of a clear, legislated mechanism by which civil society can petition parliament (an ad-hoc process is in place, but mostly as a result of CSO efforts).
- Conflict of interest inherent for parliament members with active business interests. The Mongolian government has promised to introduce a new law to regulate this; however, CSOs have asked that it be included as part of several existing laws.
- Mining has challenged both civil society and the government in Mongolia. The process of addressing mining expansion and regulation in the country presents new opportunities to Mongolian civil society.
- Capacity building of CSOs and local NGOs.

DELEGATION RECOMMENDATIONS

- Mongolian parliament should adopt a formal, written procedure on engaging with civil society. This formal procedure should be drawn up, adopted, implemented and monitored in full and transparent consultation with civil society.
- Mongolian parliament should develop and implement a leadership code of conduct in cooperation with civil society that will promote transparency and good governance. Civil society should then be in charge of monitoring adherence to the code.
- Citizens must have public access to public business, CSOs should advocate for a Right to Information requiring that people wishing to run for government declare their assets and interests.
- The media plays an important role in the process of government accountability and transparency, CSOs and NGOs in Mongolia should prioritize working with the media effectively. A strong national media will help to ensure that all views are spoken and taken into account in the policy process.
- The World Bank country office in Mongolia should engage all branches of government (Executive, parliamentary and judicial) on issues of good governance with a special focus on civil society and youth participation.
- The World Bank country office in Mongolia should focus on strengthening local NGOs and CBOs by supporting them in capacity-building efforts, including providing training on:
 - The funding-proposal writing process
 - Finding qualified volunteers
 - Ensuring the latest academic research informs their work
 - Choosing partner organizations and writing partnership strategies

FOLLOW-UP

- PNoWB secretariat to follow up on forthcoming legislation (CSO input into the law-making process, government/business conflict of interest law(s), public hearings for pending legislation) and inform delegates.
- PNoWB secretariat to follow up on civil society involvement in the creation of mining legislation and the transparency of this process.

- PNoWB delegates and secretariat to follow up directly with local NGOs and CBOs on capacity building while keeping the World Bank country office in Mongolia informed of progress and development.
- PNoWB secretariat to follow-up with delegates who offered cooperation between parliamentary research centers.

C. Parliamentary/World Bank Relations and Development Cooperation in Mongolia (with a focus on World Bank-assisted projects)

[Relevant agenda items: READ/FTI project visit to school #84; Working session with the Parliament: cooperation between Parliament and the World Bank; Visit Ger area project: UBSIP II; Project site visit in Erdene soum, Tuv aimag]



BACKGROUND

The World Bank country office in Mongolia and the Mongolian parliament currently cooperate on two main initiatives: a treasury management system- a public financial management information system providing information about how World Bank funds are spent in the country; and towards the realization of EITI principles. The Bank also supports capacity building in Mongolia's parliamentary research center.

In addition, the Bank works directly with civil society via knowledge sharing and alerting CSOs to cooperation opportunities in programs implemented in partnership with the Bank. The World Bank country office in Mongolia is also helping to strengthen civil society's monitoring function in development cooperation.

The World Bank Mongolia country office currently partners with the government and other development actors to:

- Support study tours to look at mining practices in other countries.
- Fund school improvement programs.
- Improve living conditions in 22 Ger areas (informal settlements comprised largely of internal economic migrants). During Ger area improvement projects, communities define their own needs and write a project plan, partners including the World Bank help them to revise these plans and provide technical and funding assistance. The improvement work is most often done by locals, who receive wages for their time. Ten percent of the project is paid for by in-kind labor contributions from the community, 10% is paid for by the government and 80% is covered by a World Bank grant. Projects often include community information centers complete with

computers; water supply improvement programs; latrine improvement programs; shower houses and road improvement.

- Fund sustainable livelihoods programs at the “sum” level- a regional administrative unit- in partnership with the Mongolian government. Projects most often include animal husbandry, well digging and improving pastoral management. The local government pays 5% of project costs and the beneficiaries pay another 5%.
- Provide small business loans via the International Finance Corporation (IFC) arm of the World Bank.

MAIN ISSUES

- Developing projects and programs to meet the many challenges that come with rapid urbanization.
- Increasing sustainability of World Bank-funded projects and developing the capacity of implementing partners.
- Increasing the development-cooperation monitoring role of parliament.
- Engaging local governments in development-cooperation initiatives.
- Providing timely information to donor nations about where their development funding is going and educating donor country MPs about development cooperation.
- Increasing transparency around the business development loan process, especially with regards to providing better loan conditions to small and medium enterprises (SMEs) in Mongolia. After some investigation, the delegation uncovered some questionable lending practices, especially with regards to SME loans, which are meant to encourage the development of local businesses by providing entrepreneurs with access to low-interest capital. The World Bank (via an IFC program) supplies these funds to the Central Bank of Mongolia at an annual interest rate of 0.75%. The Central Bank of Mongolia then charges the commercial banks 9.0% annually. The delegation discovered that the IFC loan-funded family dairy cooperative we visited pays an annual interest rate of 31.6% on their SME loan from the regional commercial bank. Additionally, the commercial banks require borrowers to secure the SME funds with collateral – often their own houses. This lending system puts undue risk and strain on SME borrowers while ensuring that the central bank and the commercial banks make a profit.

DELEGATION RECOMMENDATIONS

- The World Bank office in Mongolia should work with the Central Bank of Mongolia and the commercial banks to ensure that SME loan programs benefit end-users without burdening them with high interest rates and collateral requirements. As part of this initiative, the World Bank should help Mongolia act quickly to replicate India’s third-party lender system, in which the government acts as a guarantor for up to a US\$100,000 loan, thus helping to eliminate some of the risk for SMEs. A pilot project to test the program in Mongolia began in April 2009, this should be scaled up.
- The Mongolian government should work with the World Bank country office in Mongolia and other development partners to prioritize programs addressing youth unemployment, capacity and skills building and entrepreneurship in young people (especially in rural areas) with the goal of turning unemployed youth into job creators, not job seekers.
- Parliamentarians in Mongolia should work with the World Bank country office to better understand how development funds are spent.

- The World Bank country office in Mongolia should work to increase the awareness of Mongolian citizens about development cooperation.
- The World Bank country office in Mongolia should balance their engagement with MPs to include more local government MPs.
- Grey waste water in the Ger areas can and should be re-used. The Mongolian government and the World Bank country office in Mongolia can request technical assistance from organizations already working on water systems in the country, such as Action Contre la Faim, for more information on multiple-use water systems.

FOLLOW-UP

- The World Bank country office in Mongolia to follow up with Water and Sanitation NGOs to secure technical assistance for waste water re-use technologies in Bank-funded water and sanitation programs in Ger areas.
- PNoWB secretariat to follow-up with the World Bank country office in Mongolia concerning changes in the loan process for SMEs, most importantly rates charged by the commercial banks. PNoWB secretariat will then report back to the delegates.
- Delegates from India to share lessons learned from the third-party lender system in order to speed up the roll-out of this program in Mongolia.
- PNoWB secretariat to work with the World Bank country office in Mongolia to investigate the possibility of involving Mongolia in the World Bank's Global Youth Economic Empowerment initiative.
- PNoWB secretariat to work with Mongolian parliament and the World Bank country office on the founding of the PNoWB Mongolia chapter.

D. Economic / Financial Reform and the Impact of the Global Financial Crisis

[Relevant agenda items: Briefing at the World Bank office; Day 2 working lunch with key ministers; Mongolia Economic Policy Conference.]



BACKGROUND

The country's current financial challenges began with a currency collapse in the beginning of the global recession. Mongolia's banking "system" could more accurately be described as a collection of individual banks and there is a need for fewer, stronger, more transparent institutions. Bad loans and loan defaults have exerted major pressure on the banks as borrowers are unable to pay back their loans on time, leading to poor loan performance. Similarly, corporate banking standards in Mongolia remain good on paper, but poor in practice.

The government of Mongolia has a three-point plan for easing the impacts of the global financial crisis:

1. Instituting independent, external audits for banks and financial organizations
2. Creating a commercial banking plan to eliminate the burden of toxic assets and loans
3. Instituting bank mergers-- both voluntary and involuntary-- to create fewer, stronger banks

Currently, a law to create a credit information bureau is pending in parliament which should help to prevent the accumulation of further toxic assets.

MAIN ISSUES

- How to strengthen the country's banks and whether existing models in other countries should be considered.
- Financial/banking freedom of information: the central bank's lack of transparency in its reporting to the public.
- The questionable readiness and ability of the Mongolian banking sector to service the needs of the mining sector.
- Lack of accountability of banks' executive directors to their boards.
- Lack of accountability indicators against which bank executives and bank boards are held to account.
- Lack of public trust in regulatory authorities to be independent from political influences.

DELEGATION RECOMMENDATIONS

- Mongolia should focus on good fiscal management and maintaining serviceable debt levels.
- The banking sector in Mongolia requires much greater transparency, the World Bank office in Mongolia should facilitate this by bringing in experts and other stakeholders to work with the government.
- Members of the Mongolian parliament's economic and financial committees should increase collaboration with the CSO/NGO community with a view towards balancing relations between the private/business sector and the public/CSO sector.
- The Mongolian government should work with the World Bank country office to create an economic policy environment that will bring the interest rate down, allowing loans to benefit end users without burdening them with high interest rates and collateral requirements.

FOLLOW-UP

- PNoWB delegation recommends that future *Parliamentarians in the Field* delegations should meet with the parliamentary economic/finance committee. PNoWB secretariat to take action on this recommendation for the next field visit to Burkina Faso.

III. REPORTING REQUIREMENTS and ACTIONS FOR FUTURE VISITS

- PNoWB secretariat to share delegation visit report and individual delegate reports with the World Bank country office in Mongolia in November 2009.
- World Bank Mongolia country office to provide a brief follow-up report to PNoWB delegates in 18 months time.
- Prior to the start of future field visits, the *Parliamentarians in the Field* program will provide delegates with information on:
 - The World Bank's role in the donor community in the country to be visited
 - The country office's engagement with civil society and local governments
- On future visits, PNoWB to strive for greater balance between donor and recipient countries in the delegation, as well as for an improved gender balance.
- On future visits, PNoWB will involve delegates in the planning of the field visit program as much as possible and will seek information on delegates' backgrounds and interests prior to the visit to ensure that they are best suited to participate.
- On future visits, PNoWB will consider splitting the delegation into smaller groups for certain meetings according to participants' experience, background and interest. Smaller groups also provide more time for focused, meaningful discussion.



IV. ANNEXES

Annex 1: Mongolia and the Millennium Development Goals

<p>Goal 1: Eradicate extreme poverty and hunger</p> 	<p>Possible to achieve if some changes are made</p> 
<p>Goal 2: Achieve universal primary education</p> 	<p>Possible to achieve if some changes are made</p> 
<p>Goal 3: Promote gender equality and empower women</p> 	<p>Possible to achieve if some changes are made</p> 
<p>Goal 4: Reduce child mortality</p> 	<p>Achieved</p> 
<p>Goal 5: Improve maternal health</p> 	<p>Very likely to be achieved, on track</p> 
<p>Goal 6: Combat HIV/AIDS, malaria and other diseases</p> 	<p>Possible to achieve if some changes are made</p> 
<p>Goal 7: Ensure environmental sustainability</p> 	<p>Possible to achieve if some changes are made</p> 
<p>Goal 8: Develop a global partnership for development</p> 	<p>Insufficient information</p> 

Source: MDG Monitor, UNDP, updated August, 2008

Annex 2: Agenda

Schedule	Event	Location
Day 1 – Monday, October 26, 2009		
9:00-10:30	Briefing at the World Bank Office	World Bank Mongolia Office
11:00-12:30	Site visit to Education Project (READ/FTI) Project visit at school n° 84	School #84
01:00-2:30	Lunch with external partners, including the United Nations Resident Representative and Country Team	Seoul Restaurant
02:30-05:30	Working session with the Parliament Members : Topics: a/Managing Extractive industry based economy and b/Cooperation between Parliament and the World Bank	Government House, Conference Room “B”
05:30-06:30	Call on Chairman of Great Ikh Khural	Government House
07:00-07:30	Reception hosted by the Speaker	Elite Restaurant
Day 2 – Tuesday, October 27, 2009		
11:00-12:00	Visit at the Parliament Research Center	Government House
01:00-02:30	Lunch with key ministers	Khangan Restaurant
02:30-05:30	Working session with CSOs and the MPs : Governance - Public hearing for policy decisions at the Parliament	6th Floor -Ulaanbaatar Hotel
07:00-07:30	Dinner	Modern Nomads

Day 3 – Wednesday, October 28, 2009		
09:00-11:00	Visit to Ger Area Project Ulaanbaatar Service Improvement ProjectII (UBSIP)	
11:00-12:00	Visit to National Legal Institute	Legal Center/ACA
01:00-02:30	Lunch time	
02:30-07:00	Project site visit to Erdene soum, Tuv aimag	Ederne soum, Tuv aimag
07:00-08:00	Dinner with cultural performance	Tsonjin Boldog
Day 4 –Thursday, October 29, 2009		
9:00-01:00	Economic Policy Conference (EPC)	Cultural Palace, Ulaanbaatar
01:00-02:00	Lunch with Deputy Speaker	
02:00-03:00	Drive to Terelj natural park	Terelj natural park
03:00-06:00	Debriefing session & wrap up	
06:00-07:00	Dinner	
07:00-08:00	Back to Ulaanbaatar	Ulaanbaatar

Annex 3: Delegation list

Members of Parliament (13)

Bangladesh

Hon. Mr. Nurul Majid Mahmud Humayun
Member of Parliament, Bangladesh

Finland

Hon. Mr. Ilkka Kantola
Member of Parliament, Eduskunta, Finland

France

Hon. Mr. Michel Guerry
Senator, Senate, France

India

Hon. Mr. Shri Tarachand Bhagora
Member of Parliament, India National Congress (INC), India

Hon. Mr. Lalhming Liana
Member of Parliament

Hon. Mr. Thomas Sangma
Member of Parliament

Indonesia

Hon. Mr. Ida Laode
Deputy Speaker of the Senate, Indonesia
Head of PNoWB delegation to Mongolia

Hon. Mr. Atte Sugandi
Member of Parliament, Indonesian House of Regional Representatives, Indonesia

Hon. Mr M. Zulfahri
Member of Senate, Indonesia

Hon. Mr. Elnino M. Husein Mohi
Member of Senate, Indonesia

Hon. Mr. I Kadek Arimbawa,
Member of Senate, Indonesia

Uganda

Hon. Mr. Henry Banyenzaki
Member of Parliament Uganda and Vice Chair of the PNoWB-Uganda chapter, Uganda

Hon. Ms. Nabilah Naggayi Sempala
Member of Parliament, Uganda

Other Participants

Arshad Sayed, Country Manager, World Bank Country Office, Mongolia
Jakob Kopperud, Head of Parliamentary Relations Team, World Bank
Marie-Noelle Tixeront, Parliamentary Relations, World Bank
Sunjidmaa Jamba, Communications Officer, World Bank Country Office, Mongolia
Jerome Evrard, Head of Secretariat, PNoWB
Amy Dietterich, Policy Officer and delegation rapporteur, PNoWB
Genius Umar, Parliamentary Staff, Senate of Indonesia

Annex 4: Contacts

World Bank Mongolia country office

Mr. Arshad Sayed, Country Manager
Mr. Graeme Hancock, Senior Mining Specialist
Ms. Gerelgua Tserendagva, Procurement Specialist
Mr. James Reichart, Infrastructure Specialist
Mr. Tumentsogt Tsevegmid, Energy Specialist
Mr. Erdene-Ochir Badarch, Rural Environmental Officer
Ms. Altantsetseg Shiilegmaa, Economist
Ms. Lkhagvasuren Ochir, Portfolio Operations Officer
Ms. Sunjidmaa Jamba, EXT and Partnership Officer
Ms. Tungalag Chuluun, Human Developments Officer
Ms. Maya Razat, Program assistant

External partners

Adrian Ruthenberg, Country Director, ADB
Parmeshwar Ramlogan, Resident Representative, IMF
Philip ter Woort, Country Director, EBRD
Sugar Ochir, EU technical office
Felix Fellmann, Country Director, SDC
Debora Comini, Resident Coordinator, UN
Jean Paul Dumont, Ambassador, Embassy of France
L.Negi, Acting Ambassador, Embassy of India
Nicholas Hill, Deputy chief of Mission
Fernando Bertoli, USAID

Mongolian Members of Parliament

Mr. D. Demberel, Chairman of the State Great Ikh Khural
Mr. D. Davaasambu, Advisor to the Chairman
Mr. Ts. Bayarsaikhan, MP, Chairman, Economic Policy Standing Committee
Mr. Ch. Khurelbaatar, MP, Chairman, Budget Standing Committee
Mr. Z. Enkhbold, MP, Securities and Foreign Affairs Standing Committee

Mr. O.Nyamdavaa, Advisor, Foreign Relations & Co-operation Department, Secretariat
Mr. M.Batbold, Officer, Foreign Relations & Co-operation Department, Secretariat

Parliamentary research center

Mr. Ts. Sharavdorj, Head of the Parliament Secretariat
Ms. Dondogdulam, Head, Research and PR center at the Parliament

Mongolian Ministers

S.Bayartsogt, Minister for Finance
T.Gandi, Minister for Social welfare and labor
D. Zorigt, Minister for Mineral Resources and Energy
L. Gansukh, Minister for Nature and Environment
T. Badamjunai, Minister for Food, Agriculture and Light Industry
S. Batbold, Minister for Foreign Relations

Meeting with CSOs and local NGOs

Ms. G. Undral, Director, DEMO
Ms. G. Urantsooj, Head, Human Rights Center
Mr. D. Ganbat, Director, Political Education Academy
Ms. Kh. Naranjargal, President, Globe International NGO
Ms. T. Undarya, Coordinator, MONES National NGO Network
Ms. Chinchuluun, Director, MONES Fund
Ms. Ts. Ariunaa, Executive Director, Mongolian Arts Council
Ms. M. Munkhmandakh, Director, Mongolian Press Institute
Mr. Kh. Batsaikhan, Dy. President, Mongolian Students Association
Mr. D. Tserenjav, Transparency Fund
Ms. J. Zanaa, Alliance
Mr. U. Mandal, Director, Mercy Corps International Social Program
Munkhjargal, Executive Director, National Center Against AIDS
Ms. B. Oyundari, Executive Director, Zorig Foundation
T. Amgalan, Executive Director, Appropriate Development Gender Center
Mr. J. Batbold, Environmental Civil Council
Ms. Undral, Responsible Mining Initiative
Mr. S. Ganbaatar, President, Confederation of Mongolian Trade Union
Ms. B. Altanchimeg, Human Development NGOs Network
Ms. B. Serjmaa, President, Development Solution NGO
Ms. D. Enkhtuya, Education Partnership Association
Ms. B. Munkhjargal, President, Mongolian Schools Social staff Association
Ms. R. Burmaa, Voters Education Center
Ms. Tsetseg-Ulzii, Mongolian Development Gateway
Ms. Ch. Altantuya, Emnesty International Mongolia
Ms. Ts. Ariuntungalag, “Tegsh Mor” Center
D. Jargalsaikhan
Mr. S. Nergui, Chamber of Commerce and Industry

Ger Improvement Project

Mr. L. Badamkhorol, Coordinator, PIU

National Legal Institute

Mr. Myagmar, Director of the National legal institute

Site visit to Erdene soum, Tuv aimag

Project implementation unit staff

Ms. Undraa, SLPO/CIF Component operations officer

Aimag Representatives

Mr. Shurenbat, Tuv aimag SLP coordinator

Ms. Uranbileg, Soum Coordinator

Ms. Altanchimeg, Deputy Governor, Soum

Annex 5: Portfolio overview of World Bank Mongolia programs 2009

World Bank Portfolio in Mongolia- A presentation by the World Bank country office in Mongolia

- Mongolia's portfolio is the smallest in EAP region in terms of Net Commitments and ranks the seventh by the number of active operations.
- Mongolia as a low income country was eligible to receive up to 94% of total assistance on credit basis. Starting in FY09, as a result of improved debt sustainability, Mongolia became a "green light" country, eligible for IDA credits only which may lead to become a member of IBRD

Partnership Strategy for Mongolia

Country Partnership Strategy (CPS) is the Bank's main document presenting the key areas in which Bank Group support can best assist the country to achieve its sustainable development and poverty reduction goals. Since 1994, the Bank has successfully implemented four CPRs. Given the uncertainties about the length and depth of the downturn as the impact of the global financial and economic crisis and about Bank programming in outer years, Bank management in consultation with the Government has prepared an Interim Strategy Note (ISN), outlining a series of operations over the coming 18months, instead of proceeding with the full Country Partnership Strategy. ISN was approved in May 2009 by the Board of Directors

During the interim period, the Bank deployed programs via:

- IDA credit with a series of Development Policy Credit (DPCs) assisting the Government to deal with the immediate economic crisis and new high-priority investment operations that focusing on protecting the poor, managing critical infrastructure, and building capacity to manage the crisis;
- Ongoing IDA portfolio which was re-directed and scaled up to address current vulnerabilities and encourage employment generating investments;
- IFC program which addresses weakness in the financial markets and real sectors through investment and advisory services; and
- Knowledge program providing real-time policy notes and advice to respond to the economic crisis and underpin the DPCs.

Current Partnership Strategy:

1. Enhance Macro & Fiscal Sustainability in a mining-based economy
 - Strengthen fiscal sustainability The Bank supports the Government's fiscal response to the crisis with budget support (DPC) and support for policy reforms to continue critical infrastructure maintenance, improve efficiency of existing social transfers, and cut investment projects without adequate feasibility studies. The Bank also continues to provide real-time crisis management advice through its ongoing policy dialogue with the Government and stakeholders.
 - Bolster confidence in the banking sector. The severe terms-of-trade shock has exposed vulnerabilities in Mongolia's banking system, exacerbated by rapid credit expansion that occurred during the recent commodity boom. *In the short-term*, the DPC and an ongoing private sector development credits are supporting immediate response measures to address bank failures and strengthen the banking system through strengthen BOM day-to-day monitoring of banks

2. Protect Poor and Vulnerable Groups *The World Bank Group is intensifying support to the Government to help poor and vulnerable groups weather the crisis, while also strengthening policies and building institutional capacity to reduce future vulnerability.*
 - Reduce rural vulnerability. Implementation of ongoing World Bank -financed initiatives to expand access to rural services (including access to information and communications technology, renewable energy, and primary school reading programs) and financial services through expanding access to microcredit and other financial services
 - Help vulnerable populations in Ulaanbaatar with an emphasis on peri-urban ger area residents. The Bank supports (i) continued development of water kiosks that provide clean water to peri-urban residents; (ii) additional financing for an ongoing energy project to support urgent, staged upgrading of Ulaanbaatar's antiquated electricity distribution infrastructure, a priority that is highly complex and especially needed given deep cuts in the 2009 public investment program; (iii) formulation of a ger area development strategy.

3. Encourage mining investments and medium-term competitiveness
 - Encourage sustainable, efficient mining investments. The Bank supports policy reforms that position Mongolia to benefit from and effectively manage any upturn in mining exploration and development.
 - Manage large investments in supporting infrastructure. The Government is also seeking support to manage and catalyze the large infrastructure investments needed to develop major mining deposits. The World Bank has drafted a review of key infrastructure options and trade-offs linked with planned mining developments in southern Mongolia, including environmental and social risks and mitigation measures.

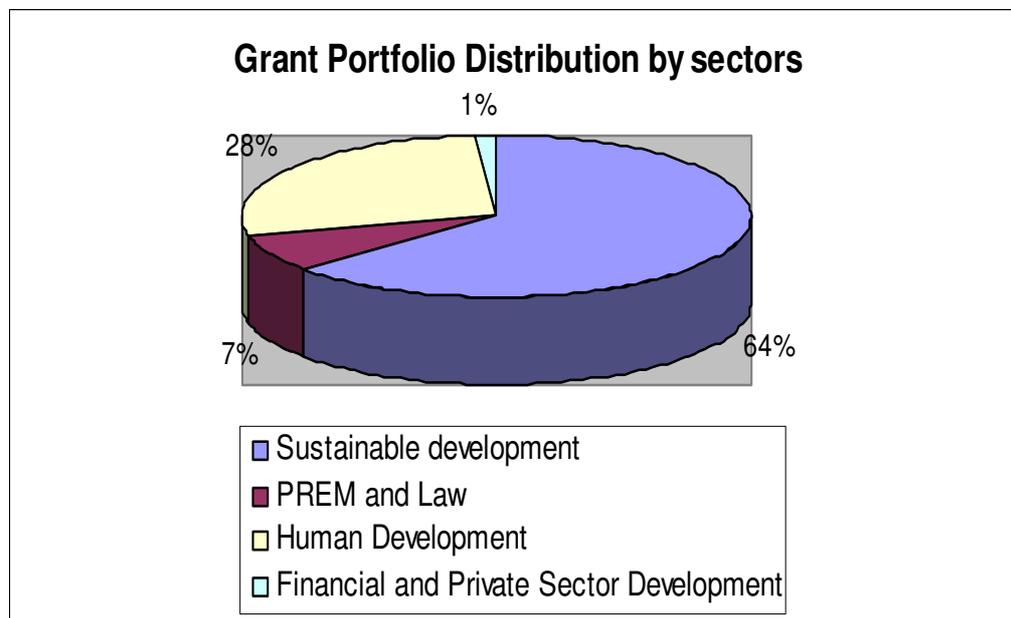
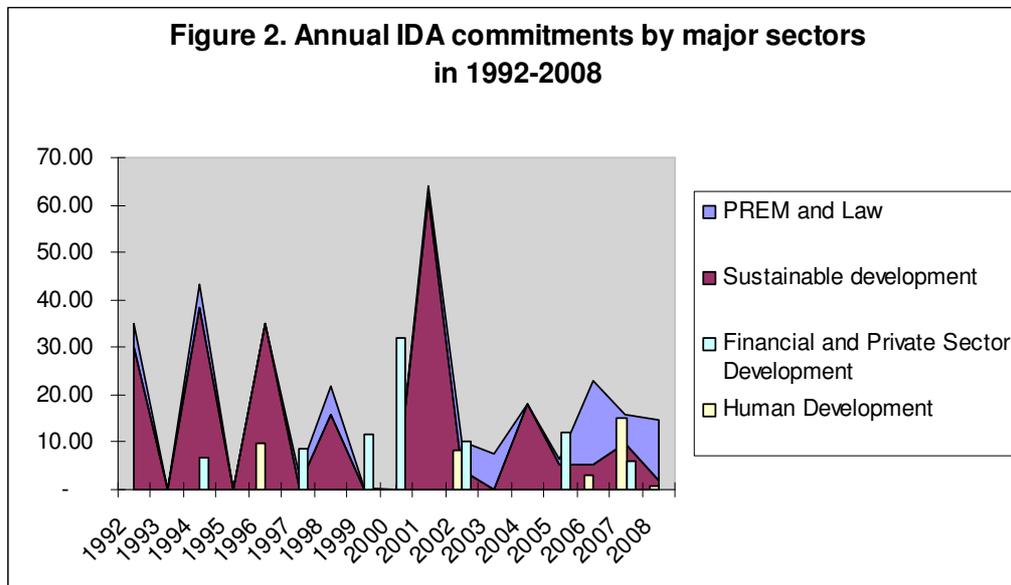
Active Portfolio in Mongolia

As of September 2009 WB has approved:

- 27 IDA loans at \$422.25 million
- 6 IDA grant projects amounting to \$41.75 million
- 52 grants (TAs and TFs) amounting to \$81.85 million of which \$59.94 million disbursed

Active portfolio as of September 2009:

- 14 loans for a net total of \$198.6 million, including 11 IDA loans and 4 IDA grants of which \$68.1 million disbursed
- 18 grant projects for a net total of \$60.55 million of which \$29.7 million disbursed



Sustainable development network attracts the largest portion (64%). The second largest recipient of TFs is the human development sector (28%) due to larger amount (\$29 mln) of Fast-track catalytic fund for education sector.

Some results/performance of the Portfolio

- The rural programs build capacities to reduce the vulnerability of herders by strengthening systems that reduce pastoral risk as well as to protect and extend gains made to extend climate emergency, microfinance, telecommunications, and social services to rural residents.
- The new livestock insurance regime is being scaled up to nation-wide to protect the herders from the vulnerability of natural and environmental risks and improve the country's risk management system.
- To enhance livelihood security and sustainability, a wide range of environmentally sustainable, socially inclusive and economically viable project activities are being implemented to preserve the ecological conditions and improve rural people's livelihood in a sustainable manner.
- In the *energy sector*, the amount of overall system losses for electricity distribution companies continues to decline. Overall system losses have been reduced to 25%, revenue collection ratio at aiming utilities has been increased to 94.5% while the targets are 20% and 90% respectively.
- In the *ICT sector*, there has been a significant increase in the coverage and use of relevant ICT services among the rural population through an incentive program supported by the Bank's project. All soum centers in Mongolia now have access to modern mobile telephony services and several rural soums centers have also access to Internet.
- In the *urban development* area, The Bank programs support the construction of water systems for ger areas. As a result, number of persons per water kiosk has been decreased to 892 while the baseline was 1492 person per kiosk.
- In the economic management and governance areas, the efficiency and effectiveness of governance processes in the management of public finances have been significantly improved by establishing Treasury management system and connection of GFMS to all Aimags and UB districts.
- On the *financial sector*, the focus has been strengthened on establishment and implementation of new risk management framework in participating banks, ensuring of safe and efficient online transactions between end-users and their banks, improvement of access to new sectors/markets/business activities , increasing of term lending to support the private sector entities
- The basic *education system* has benefited from support provided under several Bank's grant funds (Global Education for All - Fast Track Initiative) through (i) upgrading education quality at all levels of schooling; (ii) providing education services that can be accessed by children in all parts of the country, including rural areas, and by poor and vulnerable groups; and (iii) improving the management capacity of central and local educational institutions at all levels.

Annex 6: About The Parliamentary Network on the World Bank

About the Parliamentary Network on the World Bank

"We're not fans of the World Bank. We're critics when necessary, supporters when necessary. PNoWB promotes the role of parliamentarians in fighting poverty. We're a hands-on implementation group," Bert Koenders, Dutch Minister for Cooperation and former PNoWB Chair.

The Parliamentary Network on the World Bank (PNoWB) was founded in May 2000 as an informal network of individual parliamentarians, to strengthen accountability and transparency in international

financial institutions in general and in the Bank, in particular, as the largest donor of development programs throughout the world. Since then, PNoWB has grown to include more than 1100 parliamentarians from 110 countries. PNoWB mobilizes parliamentarians to address global governance and poverty challenges, to promote transparency and accountability of international development and offers a unique platform of dialogue between parliamentarians and the World Bank.

Directed by a twelve-member Board elected by their peers, PNoWB is an independent non-governmental organization regulated by the French Law of 1901 and employs staff in Paris, Nairobi, Casablanca, Dakar and New Delhi. The organization is open to parliamentarians from World Bank member states. PNoWB members represent themselves and their constituents, not their countries, parliaments and governments.

Key objectives

Accountability - To facilitate and encourage direct dialogue between parliamentarians and multilateral development institutions in order to promote greater transparency of the policies and practices in particular of the World Bank;

Advocacy - To provide PNoWB members with a platform for coordinated parliamentary advocacy on international development issues;

Networking - To encourage concerted action, early debate and exchange of information among parliamentarians on international development and global issues;

Partnerships - To take initiatives to further cooperate and encourage partnerships among parliamentarians and policy makers, the academic community, the business sector and non-governmental organizations on development issues;

Progress Review - To promote the development of parliamentary mechanisms and practices for the effective democratic control of development assistance in all its phases.

Funding

In addition to support from the World Bank, PNoWB receives funding from the governments of the Netherlands, Finland and the United Kingdom. PNoWB Annual Conferences have been funded by the government of the Netherlands, the British government, the Swiss government, the Greek government, the French government and the South African government.

Activities

The **PNoWB Annual Conference** is organized in partnership with the Parliament of the host country and the World Bank. It offers MPs and World Bank staff the opportunity to meet, discuss and debate a wide range of development issues ranging from parliamentary involvement in Poverty Reduction Strategy Papers (PRSPs) to tackling HIV/AIDS. In 2008 in Paris, the Conference will be oriented toward the response to financial, fuel and food crises as well as the climate change. Up to 200 parliamentarians participate in the Annual Conferences. Previous conferences were held in The Hague, London, Bern, Athens, Paris, Helsinki and Cape Town.

MPs participate in **consultations with the World Bank and other International Financial Institutions** regarding their projects, programs and research activities.

The PNoWB produces a **quarterly review** and maintains a regularly updated **Website**.

Working directly with World Bank staff, PNoWB maintains **working groups on specific topics** of interest to PNoWB members.

PNoWB field visits enable parliamentarians to gain firsthand experience of the work of the World Bank in developing countries. During the visits, delegates are briefed by World Bank country representative on the activities of the World Bank in the country concerned. They then visit World Bank programs and projects in progress and talk with the managers responsible for implementation, as well as the local staff engaged on the projects. Delegates also have the opportunity to meet local parliamentarians, as well as other key stakeholders (NGOs, bilateral donors and the media), to review and discuss the country's poverty reduction strategy. Field visits were already held in Kenya, Uganda, Burundi, Serbia, Ethiopia, Yemen, Nicaragua, Vietnam, Madagascar, Ghana and Laos.

Local and regional chapters enabled PNoWB to act as a policy-oriented global network. PNoWB has also developed activities at the operational level in specific regions and countries. There are currently local and regional chapters in India, Japan, West Africa, East Africa, the Middle East and North Africa. France should open a formal chapter at the time of the Annual Conference 2008 in Paris.

Annex 7: Parliamentarians and the World Bank Group

Parliamentarians can be powerful advocates for development. They set laws, debate and approve foreign aid budgets, review development policies, and hold governments accountable for World Bank financed programs. The World Bank Group, in turn, is an important focus of parliamentary interest as it channels around one-fifth of all aid to the poorest countries. It is also an important source of knowledge and information on poverty reduction.

In our work with parliamentarians, we always keep in mind that our official counterparts are the Governments of 185 member countries. Their Ministers of Finance, Economy, Development or Foreign Affairs sit on our Board of Governors. According to the mandate given by our Board of Governors, the World Bank cannot get directly involved in the domestic political affairs of a country. This means that except in very exceptional cases, World Bank staff cannot testify before a legislative body. However, there are a lot of things that we do and will continue to do with parliamentarians, a vital constituency with major role to play in contributing to sustainable development.

How does the World Bank engage with parliamentarians?

We provide information on development cooperation

The World Bank is a knowledge bank and publishes development related research on for example poverty reduction, the financial crisis, climate change, health and education. It also looks into the functioning of parliaments in a broader governance context and into ways to improve governance by strengthening parliaments. Parliamentarians can benefit from this research through the World Bank website (with a special webpage for parliamentarians) and publications.

We help to strengthen the capacity of parliaments

Over the past ten years, through capacity building courses of the World Bank Institute (WBI), the Bank has trained over 10,000 Members of Parliament in partnership with parliamentary organizations. Acting both as a knowledge broker and a centre for action research, we work with development partners around the globe to strengthen the capacity of institutions and individual parliamentarians, and deliver training for parliamentary staff. Our aim is to enhance parliaments' capacity to effectively fulfill their responsibilities, particularly with regard to oversight of the budget as well as implementation and performance of government policies and programs. Consistent with the Bank's mandate, the Parliamentary Strengthening Program focuses on issues related to the budget cycle and parliamentary administration, as well as the role of parliament in curbing corruption, in poverty reduction and in conflict-affected countries.

We discuss World Bank research, policies and work with parliamentarians

The World Bank interacts with parliamentarians through conversations, informal briefing sessions, seminars and video conferences. The Bank may ask Members of Parliament to contribute to open consultations on World Bank policies and Country Assistance Strategies. Our Washington office regularly receives parliamentary delegations. The World Bank also organizes events together with parliamentary organizations. This way we help to link up parliamentarians with experts from not only within the World Bank Group but also from within our extensive network. Examples are the Annual Conference of the Parliamentary Network on the World Bank (PNoWB) and the field visit program, through which the World Bank and PNoWB bring together MPs from different countries, members of government, Bank staff and donors to discuss poverty reduction strategy processes of individual countries, visit project sites and interact face-to-face with stakeholders. Another example is the global issues platform created by GLOBE and the Alliance of Communicators for Sustainable Development (COM+, of which the World Bank is a partner). Through this platform legislators and others discuss environmental and sustainable development issues.

Who works with parliamentarians at the World Bank?

The Parliamentary Relations Team is the starting point for parliamentarians to contact the World Bank. The team acts a facilitator, connecting parliamentarians and parliamentary organizations with relevant Bank units and its Country Offices. Through joint activities with for example PNoWB, we create a platform for mutually-beneficial dialogue between the Bank and parliamentarians.

Country offices and country teams are another entry point to the World Bank Group. World Bank country office staff can help connect parliamentarians to relevant parties at Bank headquarters in Washington DC.

Many country offices have Public Information Centers (PICs) where documentation on Bank-financed projects and other key publications can be found.

The World Bank Institute (WBI), the Bank's knowledge-sharing arm, strengthens the capacity of parliaments in developing countries through structured learning, knowledge exchanges and support of parliamentary networks so that parliaments can contribute to better development results.

The Poverty Reduction and Economic Management Network (PREM) aims to integrate the Bank's poverty reduction efforts at the country level. Regarding parliamentarians, it strengthens the Bank's

operational and analytical knowledge to support country teams that wish to engage with parliamentarians in the context of broader governance activities.

More Information

Please visit the World Bank's website for parliamentarians (www.worldbank.org/parliamentarians) or contact the people below for more information.

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