

Japan's Assistance to Mongolia



Embassy of Japan in Mongolia

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Through assistance to developing countries (Official Development Assistance (ODA)), Japan has contributed to the resolution of many evolving challenges which Japan and international community face. Japan's assistance to Mongolia is implemented from a viewpoint that economic development and humanitarian assistance in Mongolia will contribute to peace and prosperity in the region and the world.

Diplomatic relations between Japan and Mongolia were established in 1972. In 1977, Japan granted aid for the construction of the Gobi Cashmere Factory (state-owned), which was privatized in 2007. However, due to socialist system in Mongolia, until Mongolia started the process of democratization and the transition to a market economy in 1990, Japan's assistance to Mongolia was limited to mostly technical cooperation relating to the Gobi Cashmere Factory.

When Mongolia moved towards systematic transformation in 1990, prospects for sharing values such as freedom, democracy and market economy brightened. Japan started extensive bilateral assistance hoping that the success of systematic transformation and economic development in Mongolia would contribute to peace and stability in Asia and the world and that Mongolia would become a friendly nation of Japan. Also, Japan has played a leadership role in the international community by initiating and co-chairing the "Consultative Group Meeting on Mongolia".

Japan has been one of the main sources of aid for Mongolia since 1990, during which time Mongolia overcame the confusion of its transition period and began to develop the foundations for stable economic development. People in Mongolia often express gratitude for Japan's assistance by quoting a Mongolian saying "A friend in need is a friend indeed." Groups such as the Japan Overseas Cooperation Volunteers (JOCVs) have actively participated in the implementation of Japan's assistance to Mongolia. The outcome of past assistance involving Japanese nationals including JOCVs has built a strong foundation of trust towards Japan. In 1997, the two countries announced the building of a "comprehensive partnership" as their diplomatic goal. In February 2007, when President Enkhbayar paid an official visit to Japan, Japan and Mongolia adopted "The Basic Action Plan for Japan and Mongolia over the Next Ten Years" in order to develop the "comprehensive partnership" into a new phase.

Japan's ODA to Mongolia

Grant Aid Disbursements by Fiscal Year

unit: ¥100 million	
FY	Amount
2000	65.68
2001	55.12
2002	40.60
2003	30.85
2004	18.80
2005	40.06
2006	43.30
Total	790.24

Technical Cooperation (Acceptance of Trainees, Dispatch of Experts and Dispatch of Study Teams)

unit: person			
Fiscal Year	Trainees	Experts	Study Teams
2000	124	38	176
2001	266	128	197
2002	325	82	153
2003	300	48	122
2004	397	74	172
2005	158	55	57
2006	256	113	64
Total	1957	712	2478

Technical Cooperation (Equipment Supply)

unit : ¥ million	
FY	Amount
2000	173.01
2001	211.59
2002	128.28
2003	64.6
2004	108.26
2005	71.83
2006	132.03
Total	2348.94

Loan Aid (1991~2005)

unit : ¥100 million			
	Project	FY	Amount
1	Commodity Loan (I)	1991	48.36
2	Commodity Loan (II)	1992	24.59
3	Railway Transportation Rehabilitation Project (I)	1993	33.21
4	Railway Transportation Rehabilitation Project (II)	1994	47.53
5	Rehabilitation Project of the 4th Thermal Power Plant in Ulaanbaatar (I)	1995	44.93
6	Baganuur and Shivee-ovoo Coal Mine Development Project (I)	1996	58.27
7	Baganuur and Shivee-ovoo Coal Mine Development Project (II)	1997	42.98
8	Rehabilitation Project of the 4th Thermal Power Plant in Ulaanbaatar (II)	2000	61.39
9	Two-Step-Loan Project for Small and Medium-Scaled Enterprises Development and Environmental Protection	2005	29.81
Total			391.07

Reference 1: Amount of DAC Countries' ODA Disbursements

ODA Net Disbursements, unit: \$ million					
Year	2001	2002	2003	2004	2005
1	Japan	Japan	Japan	Japan	Japan
	81.46	79.01	67.27	65.57	56.48
2	Germany	Germany	Germany	Germany	Germany
	24.93	23.19	29.94	26.54	28.17
3	USA	USA	USA	USA	USA
	12.74	20.43	16.08	25.90	18.14
4	Norway	Norway	Sweden	Netherlands	Netherlands
	5.67	2.64	10.61	9.51	7.49
5	Sweden	Netherlands	Spain	UK	France
	2.64	2.55	6.52	7.37	6.79
Others	13.65	13.47	17.57	19.53	14.8
Total	141.09	141.29	147.99	154.42	131.87

Reference 2 : Amount of International Organizations' ODA Disbursements

ODA Net Disbursements, unit: \$ million					
Year	2001	2002	2003	2004	2005
1	ADB	ADB	ADB	IDA	ADB
	30.54	26.13	38.50	47.19	25.82
2	IDA	IDA	IDA	ADB	IDA
	23.47	13.26	27.88	36.98	12.06
3	CEC	CEC	IMF	CEC	CEC
	3.66	3.08	2.85	4.04	6.36
4	UNTA	UNTA	CEC	UNTA	EBRD
	3.09	3.02	2.74	2.74	3.45
5	UNFPA	UNFPA	-	UNTA	UNTA
	2.17	1.99	-	2.29	3.2
Others	1.05	-2.72	11.91	1.73	3.1
Total	63.98	44.76	86.62	95.68	53.98

“Basic Policy for Japan’s ODA to Mongolia” Country Assistance Program for Mongolia

Development challenges in Mongolia are broad and varied and therefore they cannot be overcome solely by Japan’s assistance. In November 2004, Japan adopted the country assistance program for Mongolia for the next five years. This aims to realize the Mongolian Government’s development program and strategy that focuses on the achievement of Millennium Development Goals and to efficiently utilize our ODA budget through aid coordination with other donor countries and international organizations. Under this program, with a viewpoint of “Selection and Concentration”, Japan has implemented assistance to Mongolia focusing on the following four priority areas.

- Support for institution building and human resource development necessary for promoting a market economy
- Support for rural development
- Support for environmental protection
- Support for development of infrastructure to promote economic activity

The Governments of Japan and Mongolia hold an economic cooperation policy consultation meeting every year and discuss issues in implementation of the country assistance program for Mongolia.

Current Cooperation in Priority Areas

(a) Support for Institution Building and Human Resource Development Necessary for Promoting a Market Economy

Cooperation through the Mongolia-Japan Center (grant aid, technical cooperation)

The Mongolia-Japan Center” was built on a premise of the Mongolian National University by Japan’s grant aid in order to develop human resources required for promoting a market economy in Mongolia as well as to deepen mutual understanding between our countries. Since its opening in June 2002, we have identified the Center as “a center for human resources development for small and medium businesses” as well as “a center for mutual exchange between Japan and Mongolia” and have assisted the management of the Center through technical cooperation by Japan International Cooperation Agency (JICA). Total number of visitors reached 650 thousand in August 2007.



Picture 1. The Mongolia-Japan Center

The Center offers “business courses”, a “Japanese language course” and a “mutual cultural understanding program”. Business courses offer small and medium-sized enterprise managers and entrepreneurs practical training such as the introduction of Japanese management methods, training in factories and shops as well as seminars on business diagnostics. An NGO called “Kaizen Association” for improvement of business management was established by Mongolian entrepreneurs who completed the business courses. Activities by the Centre are highly recognized in Mongolia.

Project for improvement of primary education facilities (grant aid)

In Mongolia, due to rapid population inflow from countryside to urban areas since the democratization in 1990 and as a result of phased transition from 10 year to 12 year general education as part of the education system reforms since 2006, the deficiency of primary education facilities is serious. This is particularly the case in urban area where some schools give classes on a three-shift basis. Japan recognizes that general education forms the foundation for human resource development for a market economy and has implemented the first to third “Project for Improvement of Primary Education Facilities” since 1999 and until March 2007, Japan has assisted in the improvement of the educational environment in Mongolia by extending facilities of primary education for 35 schools in Ulaanbaatar city, Orkhon aimag and Darkhan-Uul aimag.



Picture 2. School built by project for improvement of primary education facilities

Examples of other cooperation

Japan has actively supported institution building and human resource development necessary for promoting a market economy through “The Project for the Enforcement of Tax Administration” (technical cooperation), “The Project for Enforcement of Bar Association” (technical cooperation) and “The Human Resource Development Scholarship” (grant aid).

(b) Support for Rural Development

Support for the Development of Comprehensive Crop-Livestock Management Model

The Mongolian climate is characterized by dry weather, short summer and long, severe winter. In order to practice sustainable agriculture and stock raising under such severe climate conditions, improvement of production engineering appropriate for the natural environment is necessary and the diversification of risk from unforeseen natural disasters is important. One of the measures of diversification of risk is the “comprehensive crop-livestock” management model, which tries to incorporate agriculture and livestock farming to bring mutual benefit.



Picture 3. Introduction of high-producing breed

Under the project for support for the development of the comprehensive crop-livestock management model begun in 2006 through technical assistance by Japan (JICA), modeling from production to distribution will be developed in 24 rural areas (8 sums in 3 aimags) by 2009. It is hoped that good model of comprehensive crop-livestock management becomes widely used in Mongolia and that the incomes of crop-livestock producers stabilize contributing to the sustainable development of rural areas.

Grassroots Human Security Grant Aid

Grassroots Human Security Grant Aid assists “development projects by nonprofit organizations such as NGOs, local governments, hospitals and primary schools. Each year, approximately 80% of all projects (20-30 projects) are aimed for rural areas and these projects include repair of kindergartens and primary and secondary schools, repair or construction of school dormitories, extension or reconstruction of hospitals and improvement of water supply system centering on repair of wells. In FY2006, 25 out of 28 projects were targeted at rural development.



Picture 4. Project of repair of the fifth kindergarten in Darkhan sum, Darkhan-Uul aimag (2007): Kindergarten pupils in a renovated classroom

Examples of projects

- The Project for Repairing the 10-Year school in Bayangol sum of Uvurkhangai

aimag (2004)

- The Project for Introducing the emergency communication and emergency power supply system in Orkhon Aimag General Hospital (2005)
- The Project for Improving the water supply in Mungunmort sum of Tuv aimag (2005)
- The Project for Construction of dormitory of year 11 school in Baruunburen sum, Selenge aimag (2006)

Other Examples of Cooperation for Rural Development

Japan supports improvement of education and medical sectors in rural areas utilizing “Grant Assistance for Japanese NGO Projects”, which assists Japanese NGOs’ activities in Mongolia.

Picture 5: Introduction of emergency communication and emergency power supply system in Orkhon Aimag General Hospital (2005): Contacting an ambulance Emergency center in Orkhon Aimag



(c) Support for Environmental Protection

The River Basin Management Model Project for the Conservation of Wetland and Ecosystem and its Sustainable Use (technical cooperation)

Approximately 3000 lakes (including wetlands) scattered in Mongolia are valuable sources of clean water for residents involved in stock farming and lakes and ambient surroundings are biodiversity areas where a number of wildlife including fish and avian species inhabit. Currently, 11 wetlands are designated as a registered wetland under the Ramsar Convention (“The Convention on Wetlands of International Importance especially as Waterfowl Habitat”). However, two sites have already dried up due to climate change and they are no longer waterfowl habitats.

Unfortunately, no effective measures are currently taken in Mongolia for the conservation of wetland and ecosystems under the Convention. Therefore, Japan (JICA) conducts technical cooperation and implements “The River Basin Management Model Project for the Conservation of Wetland and Ecosystem and its Sustainable Use” in the Ugi Lake and with the cooperation of the local community it aims to conserve the natural environment and promotes sustainable use appropriate for the region.



Picture 6. Wild birds inhabiting in Ugi Lake

The Project for Improvement of Waste Management in Ulaanbaatar City (development research, grant aid)

The amount of garbage in Ulaanbaatar city for the year 2006 is estimated as 151 thousand tons and 60 thousand tons of garbage is illegally dumped without being collected. If the

current situation continues till 2020, as much as 1.14 million tons (2.86 million m³) will be discarded and Ulaanbaatar City will be buried in garbage. With this situation in mind, Japan (JICA) conducted “The Study on Waste Management Plan for Ulaanbaatar City” for three years from 2004 and adopted “The Master Plan for Improvement of Waste Management Plan in Ulaanbaatar City”, which aims at the establishment of waste management capacity as of 2020. According to the Master Plan, Japan decided to implement “The Project for Improvement of Waste Management in Ulaanbaatar City”, which includes construction of a disposal site in Narangiin Enger, Northwest of Ulaanbaatar city, one kilometer away from the current plant and provision of equipments for garbage collection and transportation. In June 2007, the Government of Japan exchanged notes with the Government of Mongolia in regard to the granting of approximately 1 billion yen for the project.

(d) Support for Development of Infrastructure to Promote Economic Activity

Revision of Master Plan for Urban Development of Ulaanbaatar City

Ulaanbaatar city, the capital where more than half an entire population of Mongolia resides, has many problems such as burgeoning population, expansion of ger (nomad portable dwelling) districts, escalation of air pollution and haphazard land privatization and land use. In order to resolve these problems, it is important to adopt comprehensive and inclusive urban planning. Although the Master Plan for Urban Planning in Ulaanbaatar City was adopted in 2002, the social environment has drastically changed since that time and the existing master plan is no longer operative. Therefore, the existing master plan needs to be urgently revised according to current situation and future prospects.

Based on this situation and as a result of the request for assistance by the Government of Mongolia, the Government of Japan, through JICA, has conducted “The Study on City Master Plan and Urban Development Program of Ulaanbaatar City” (development research) since March 2007. Through this project, it is planned that (1) clear vision and strategy for urban development of Ulaanbaatar City, (2) prioritized short-term action plan and (3) urban development program with clear scenario for achieving short to medium term development goals will be adopted around October 2008.

The Project for Construction of the Eastern Arterial Road and Improvement of the Related Equipments (grant aid)

In Mongolia, road traffic network has not been well developed and this has been one of the biggest obstacles for economic development and rural development. Also, it is pointed out that vehicles freely running around grasslands have an adverse effect on the environment.

The Government of Mongolia is currently constructing the eastern arterial road of approximately 260 kilometers between Erdenet and Undurkhaan and Japan assists in the construction of part of the road and bridge through grant aid. Once the eastern arterial road is completed, approximately 350 kilometers between Ulaanbaatar and Undurkhaan will be paved and access from the capital to eastern regions will be



Picture 7. Part of road under construction

greatly improved. Moreover, under this project, equipment necessary for construction, maintenance and management of roads will be equipped and the technology will be transferred from Japan to Mongolia, which will eventually enable Mongolia to construct, maintain and manage high quality roads in the future.

Assistance to Mongolia through International Organizations

(a) Human Security Fund

"Human security" means focusing on individual people and building societies in which everyone can live with dignity by protecting and empowering individuals and communities that are exposed to actual or potential threats. The perspective of "human security" was clearly established as an important position of Japanese diplomacy and reflected in the basic principles of the Japan's ODA Charter. For the implementation of "human security" through international organizations, Japan established the Trust Fund for Human Security under the UN in March 1999.

As of December 2007, Japan's contributions to this fund have totaled ¥35.4 billion. Projects implemented in Mongolia utilizing this fund include "Sustainable Primary Health Care in Mongolia" by UNICEF, "Rehabilitation of Boarding Schools and Provision of Refresher Training Course for Headmasters and Teachers in the Dzud Affected Gobi Desert Provinces" by UNESCO and "Project for Reducing Socio-Economic Vulnerabilities of Selected Peri-Urban and Informal Mining Communities in Mongolia" by UNFPA.



Picture 8. Project for Reducing Socio-Economic Vulnerabilities of Selected Peri-Urban and Informal Mining Communities in Mongolia: Project team staff consults with a mining worker regarding entitlement of social service

(b) Japan Trust Fund

The Japan Trust Fund is established with funding from Japan in the World Bank, the Asia Development Bank (ADB), UNESCO and other international organizations. Japan has provided over ¥10 billion for more than 100 projects through Japan Fund for Policy and Human Resources Development (PHRD) and Japan Social Development Fund (JSDF) by the World Bank and Japan Special Fund (JSF) and Japan Special Fund for Poverty Reduction (JFPR) by the ADB. Projects implemented in Mongolia utilizing Japan Trust Fund include "Information and Communications (ICT) Infrastructure Development Project" by the World Bank, "Improving Access to Health Services for Vulnerable Groups in Ulaanbaatar" by the ADB and "TurnAround Management (TAM) Programme" by the European Bank for Reconstruction and Development (EBRD) . (Assistance through UNESCO is mentioned in page 11.)

Japan's Role in Donor Coordination

(a) Mongolian Government and External Partners' Technical Meeting

The tenth “Consultative Group Meeting on Mongolia” was held in Tokyo in November 2003 and the eleventh meeting was planned to be held in Ulaanbaatar. However, considering the situation which donors constantly provide certain amount of fund every year without committing the amount at the meeting, the first Mongolian Government and External Partners' Technical Meeting was jointly held by the Mongolian Government and the World Bank in Ulaanbaatar in February 2006 in order to exchange frank views on implementation of effective assistance in Mongolia. The second and the third meetings were held in Ulaanbaatar in October 2006 and April 2007 respectively. Japan supports the establishment of the meeting and has been actively participating in the meetings.

(b) Education Donor Consultative Mechanism (EDCM)

Japan adopts human resources development as one of the pillars of the “Country Assistance Program for Mongolia” and considering the importance of role played by education Japan, together with the ADB, co-chairs the EDCM, where the Mongolian Government (Ministry of Education, Culture and Science) and donors in education areas discuss issues of assistance. Through assistance and cooperation by related donors reflecting discussions at the EDCM, Mongolia adopted “Education Master Plan from 2006 to 2015” and also, Mongolia was approved to be appropriate for Fast Track Initiative (FTI was established by the World Bank's initiative in April 2004 as an international assistance framework aiming achievement of primary education for all) Catalytic Fund and is supposed to receive grant aid from the Fund for three years from 2007.

Cultural Cooperation

Cultural Grant Aid was established as part of ODA in order to deepen mutual understanding and friendship and goodwill through assistance to nation-building including cultural aspects as well as economic aspects.

(a) Cultural Grant Aid

Cultural Grant Aid provides material support and financial support for improvement of facilities (construction and repair of facilities) for the promotion of culture and higher education. In Mongolia, 19 cooperation projects amounting total of ¥1050.8 million have been implemented by FY 2007. Such projects include supply of language laboratory equipment (1984) and printing equipment (2000) to the National University of Mongolia, lighting and sound equipment to the Mongolian National Theater

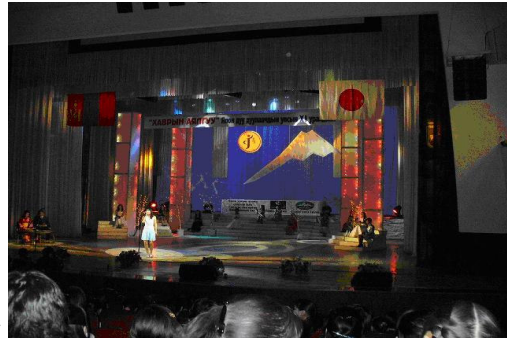


Picture 9. Project for supply of musical instruments to the Music and Dance College of Mongolia: A mini concert was held on the occasion of handover of equipments

of Opera and Ballet (1994), TV programs to the Mongolian National Television (the present Mongolian Public Television, 2002), lighting and sound equipment to the Mongolian National Academic Theater of Drama (2003), musical instruments to the Music and Dance College of Mongolia (2005), and exhibitory and audio-visual equipment to Natural History Museum of Mongolia (2007).

(b) Grant Assistance for Cultural Grassroots Projects

Grant Assistance for Cultural Grassroots Projects aim at implementation of detailed assistance through providing direct assistance to so-called grassroots organizations such as local public bodies and NGOs. In Mongolia, two cooperation projects were implemented by FY 2006 totaling approximately US\$151,574 such as supply of sound equipment to the Central Palace of Culture and the protection fence of Avraga Ruins in Khentii aimag.



Picture 10. The project for the improvement of sound equipment of the Central Palace of Culture: A contest of Japanese songs is held at the Central Palace of Culture

(c) Cooperation through UNESCO

Through UNESCO, Japan has actively supported protection of cultural heritage, conservation of traditional culture and cultural activities in developing countries. Projects conducted in Mongolia include survey of ancient ruins of Kharkhorin and surrounding areas for mapping from 1995 to 1998 through UNESCO/Japan Funds-in-Trust for the Preservation of Cultural Heritage, audiovisual documentation of the oral heritage of Mongolia from 1999 to 2000 and safeguarding of traditional Morin Khuur music of Mongolia from 2004 to 2007 through UNESCO/ Japan Funds-in-Trust Fund for the Preservation and Promotion of Intangible Cultural Heritage.

Useful Websites for Information and Data for Economic Cooperation

Ministry of Foreign Affairs of Japan
<http://www.mofa.jp/policy/oda/index.html>

Embassy of Japan in Mongolia
http://www.mn.emb-japan.go.jp/index_j.htm

Japan International Cooperation Agency
<http://www.jica.go.jp/english/index.html>

Japan Bank for International Cooperation
<http://www.jbic.go.jp/english/index.php>

(Cooperation by JICA Mongolia Office)



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