



## Japan's Assistance to Mongolia



---

**Embassy of Japan in Mongolia**

---

## Japan's Assistance to Mongolia

Through its assistance to developing countries (Official Development Assistance (ODA)), Japan has contributed to the managing of many evolving challenges which Japan and the 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 that 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 the limitations of the socialist system in Mongolia, until the process of democratization and the transition to a market economy began 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 friend-nation of Japan. Furthermore, 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 turmoil 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 bring the "comprehensive partnership" into a new phase. A wide range of projects is currently being implemented based on the Plan.

## **“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. Its aims are to implement the Mongolian Government’s development program and a strategy that focuses on meeting the Millennium Development Goals, and to efficiently coordinate Japan’s ODA budget with other donor countries and international organizations. Under this program, with the motto of “Selection and Concentration”, Japan has provided 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. Total number of visitors since its opening in June 2002 reached 900 thousand as of the end of 2008. Through a technical cooperation scheme, the Center offers “business courses”, a “Japanese language course” and a “mutual cultural understanding program”. Business courses offer practical training to small and medium-sized enterprise managers and entrepreneurs. An NGO called “Kaizen Association” for improvement of business management was established by entrepreneurs who completed the business courses.



*The Mongolia-Japan Center*

#### *Project for Improvement of Primary Education Facilities (Grant Aid)*

In Mongolia, due to rapid population inflow from the countryside to urban areas, and, as a result of the transition from 10 year to 12 year general education, the deficiency of primary education facilities is serious and some schools are compelled to 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” and constructed a total of 40 schools in Ulaanbaatar city and other areas by March 2008. Construction of another three schools in Ulaanbaatar city is expected to be completed in March 2009.



*School built by project for improvement of primary education facilities*

#### *Two-Step-Loan Project for Small and Medium-scale Enterprises Development and Environmental Protection (Loan Aid)*

Through supplying long-term finance to small and medium-scale enterprises (SMEs) in Mongolia and supporting the capacity building of SMEs and the intermediary banks, the project aims at private sector development and promotion of environmental programs such as control of environmental pollutants.

#### *Examples of Other Cooperation for Institution Building and Human Resource Development Necessary for Promoting a Market Economy*

Through “The Project for the Enforcement of Tax Administration” (technical cooperation), Japan has assisted enforcement of tax collection capacity and improvement of services for tax payers for over the past 10 years. In the area of development of the legal system, we have been enforcing the bar association by dispatching experts and offering training since 2004. Also, through “The Human Resource Development Scholarship” (grant aid), graduate schools in Japan have accepted a total of 139 promising youth from 2001-2008 and have cultivated human resources with high expertise.

## (b) Support for Rural Development

### ***Support for the Development of Comprehensive Crop-Livestock Management Model (Technical Cooperation)***

Under the project for support for the development of the comprehensive crop-livestock management model begun in 2006, modeling of comprehensive crop-livestock management has been implemented in 24 rural areas (8 soms in 3 aimags) with an intention to overlook production to distribution, incorporate agriculture and livestock farming, and bring mutual benefit. It is hoped that good model becomes widely used in Mongolia and that risk from severe climate conditions will be limited through diversification and therefore the incomes of crop-livestock producers stabilize contributing to the sustainable development of rural areas.



*Introduction of high-producing breed*

### ***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, repair and extension or reconstruction of hospitals and improvement of water supply system centering on repair of wells. In FY2007, 20 out of 23 projects were targeted at rural development. (Map is available on Page 10.)



*The Project for Transporting Ambulances to the National Trauma and Orthopedics Research Center in Ulaanbaatar*

#### ***Examples of projects***

- The Project for Introducing Ambulance Communication and Emergency Power Supply System at the General Hospital of Orkhon Aimag (2005)
- The Project for Improving Water Supply in Mungunmorit Som of Tuv Aimag (2005)
- The Project for Construction of a Dormitory Building of the 11-Year School in Baruunburen Som of Selenge Aimag (2006)
- The Project for Construction of the Educational Development Center Building in Bayangol District of Ulaanbaatar City (2007)
- The Project for Constructing Sanitary Facility of the 11-Year School No.11 in Kherlen Som of Dornod Aimag (2008)
- The Project for Repairing the Kindergarten No.1 in Baruun-Urt Som of Sukhbaatar Aimag (2008)

### ***Other Examples of Cooperation for Rural Development***

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



### **(c) Support for Environmental Protection**

#### ***The River Basin Management Model Project for the Conservation of Wetlands and Ecosystem and its Sustainable Use (Technical Cooperation)***

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, no effective measures were taken in Mongolia for the conservation of ecosystems in the registered wetland. Therefore, Japan is implementing “The River Basin Management Model Project for the Conservation of Wetland and Ecosystem and its Sustainable Use” in the Ugii Lake and it aims to conserve the natural environment and promotes sustainable use appropriate for the region.

#### ***The Project for Improvement of Waste Management in Ulaanbaatar City (Development Research, Grant Aid)***

“The Study on Waste Management Plan for Ulaanbaatar City” was conducted for three years beginning in 2004 and “The Master Plan for Improvement of Waste Management Plan in Ulaanbaatar City” was adopted aimed at establishing further waste management capacity by 2020. According to the Master Plan, Japan implemented “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 such as garbage collection vehicles. Approximately ¥1 billion was granted for this project.



*The Project for Improvement of Waste Management in Ulaanbaatar City*

### **(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 nearly half an entire population of Mongolia resides, has many problems such as a population upsurge, expansion of ger (nomad portable dwelling) districts, escalation of air pollution and disputes over land privatization and land use. Although the Master Plan for Urban Planning in Ulaanbaatar City was adopted in 2002, the social environment has drastically changed since then and the existing master plan is no longer operative. Under these circumstances, “The Study on City Master Plan and Urban Development Program of Ulaanbaatar City” (development research) has been conducted since March 2007. Through this research project, (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 March 2009.

#### ***New Ulaanbaatar International Airport Construction Project (Loan Aid)***

With the marketization-led growth of the service industry, demand for airports in Mongolia, in particular for international airlines, has been rapidly increasing. However, the conventional Chinggis-Khaan International Airport cannot deal with the rapidly increasing demand for air services because of its geographical constraints. Therefore, the construction of the new international airport is a pressing issue for landlocked-Mongolia in striving for stable economic development. The project is intended to build a new airport on a site with no geographical restrictions utilizing Japan's advanced technology and know-how, and to raise the credibility and safety of air transportation. Special Terms for Economic Partnership (STEP), which aim at promoting technology transfer from Japan, are applied to this project and the loan conditions include interest rate of 0.2% per annum (0.01% for consulting service) and a repayment period of 40 years (including a 10-year grace period) which are extremely advantageous to Mongolia.

### ***Other examples of cooperation for Development of Infrastructure to Promote Economic Activity***

Japan has assisted the road and railway transportation sectors through repairing “Sun Road (Narnii Zam)” through “The Project for Improvement of Roads in Ulaanbaatar” (grant aid) and assisting the repair of the road towards Undurkhaan of Khentii Aimag under “The Project for Construction of the Eastern Arterial Road and Improvement of the Related Equipments” (grant aid), and “Railway Transportation Rehabilitation Project” (loan aid). We have been extending assistance to the 4th Thermal Power Plant in Ulaanbaatar, the biggest power plant in Mongolia, through several grant aids and loan aids as well as dispatching senior volunteers who offer know-how and experience. We also extended our assistance to the information and telecommunication sector through “The Project for Improvement of Shortwave Radio Broadcasting Network” (grant aid) and “The Project for Improvement of Meteorological Information Network”. Further, we twice assisted improvement of water supply facilities. In this way, Japan has greatly contributed to the infrastructure sector in Mongolia.

## **Assistance to Mongolia through International Organizations**

### **(a) Human Security Fund**

“Human security” is a comprehensive notion of protecting individuals from threat to their existence, life and dignity by empowering not only the nation but also individuals and communities. This notion has been established as an important perspective in Japanese diplomacy. 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 FY2008, Japan’s contributions to this fund have totaled ¥35.4 billion. Projects related to Mongolia utilizing this fund have been implemented by UNICEF, UNESCO and UNFPA.



*“The Project for Reducing Socio-Economic Vulnerabilities of Selected Peri-Urban and Informal Mining Communities in Mongolia” by UNFPA*

### **(c) Japan Trust Fund**

The Japan Trust Fund is established with funding from Japan in the World Bank (WB), the Asia Development Bank (ADB), UNESCO and other international organizations. Japan has provided over ¥14 billion for more than 120 projects through the Japan Fund for Policy and Human Resources Development (PHRD) and the Japan Social Development Fund (JSDF) by the WB and Japan Special Fund (JSF) and the Japan Special Fund for Poverty Reduction (JFPR) by the ADB. Projects implemented in Mongolia utilizing the Japan Trust Fund include “Information and Communications Infrastructure Development Project” by the WB, “Improving Access to Health Services for Vulnerable Groups in Ulaanbaatar” by the ADB.



*Sustainable Livelihoods Projects by the World Bank: Installing a well for herders*

## 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 that donors constantly provide certain amounts of funds 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, third and fourth meetings were held in Ulaanbaatar in October 2006, April 2007 and January 2008 respectively. Japan supported the establishment of the meeting and has been actively participating in the meetings.

### (b) Education and Urban Development Sectors (Contribution as a Co-chair)

Japan has adopted human resources development as one of the priority areas of the “Country Assistance Program for Mongolia”. Japan, together with the ADB, co-chairs the Education Donor Consultative Mechanism (EDCM), in which the Mongolian Government (Ministry of Education, Culture and Science) and donors in education sector discuss issues of assistance concerning education. Japan, together with Germany, also co-chairs the Urban Development Working Group (UDWG). Its focus on Ulaanbaatar's city function enhancement program is one of the development agendas of the “Country Assistance Program for Mongolia”. In order to tackle challenges faced by cities, Ulaanbaatar city in particular, we, in collaboration with “The Study on City Master Plan and Urban Development Program of Ulaanbaatar City” (UBMPS), have been actively consulting with the Mongolian government (Ministry of Road, Transportation, Construction and Urban Development) and major donors in urban development sector.



## 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 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), and for the promotion of culture and higher education. In Mongolia, 19 cooperation projects amounting to a total of ¥1 billion 50.8 million have been implemented by FY2007. 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 of Opera and Ballet (1994), TV programs to 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).



*Project for supply of musical instruments to the Music and Dance College of Mongolia:  
A concert was held on the occasion of the donation of equipment*

### (b) Grant Assistance for Cultural Grassroots Projects

Grant Assistance for Cultural Grassroots Projects aims at the implementation of detailed assistance by providing direct assistance to grassroots organizations such as local public bodies and NGOs. In Mongolia, four cooperation projects were implemented by FY2007 totaling US\$235,863. Projects implemented thus far are: the Project for the Improvement of Sound Equipment of the Central Palace of Culture (2005), the Project for the Construction of the Protection Fence of Avraga Ruins in Khentii Aimag (2006), the Project for the Improvement of Japanese Language Learning Equipment of Soyol-Erdem University (2007), and the Project for the Improvement of Lighting and Sound Equipments of the Mongolian Children's Palace (2007).

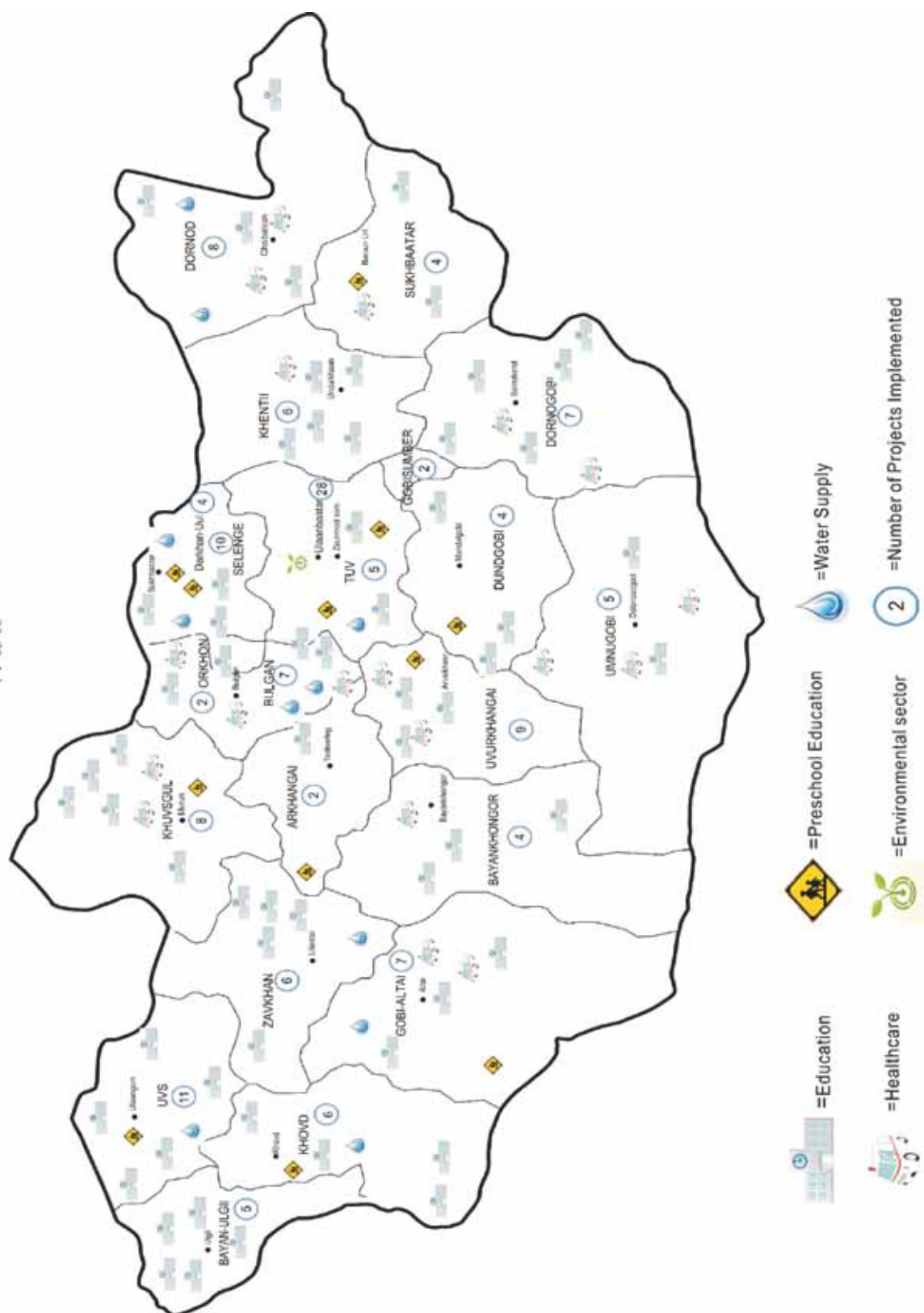


*A contest of Japanese songs hosted by the Embassy of Japan was held at the Central Palace of Culture*

### (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 the 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.

## FY-03-08



## Japan's ODA to Mongolia

Grant Aid Disbursements by Fiscal Year  
*unit: ¥100 million*

FY	Amount
2001	55.12
2002	40.60
2003	30.85
2004	18.80
2005	40.06
2006	43.30
2007	41.34
<b>Total</b>	<b>831.60</b>

Technical Cooperation (Acceptance of Trainees, Dispatch of Experts and Dispatch of Study Teams)  
*unit: person*

Fiscal Year	Trainees	Experts	Study Teams
2001	266	128	197
2002	325	82	153
2003	300	48	122
2004	397	74	172
2005	158	55	57
2006	256	113	64
2007	345	109	100
<b>Total</b>	<b>2302</b>	<b>821</b>	<b>2578</b>

Technical Cooperation (Equipment Supply)  
*unit: ¥ million*

FY	Amount
2001	211.59
2002	128.28
2003	64.6
2004	108.26
2005	71.83
2006	132.03
2007	225.89
<b>Total</b>	<b>2574.82</b>

Loan Aid (1991-2007)  
*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
10	New Ulaanbaatar International Airport Construction Project	2007	288.07
<b>Total</b>			<b>679.14</b>

Reference 1:

### Amount of DAC Countries' ODA Disbursement

ODA Net Disbursements, *unit: \$ million*

Year	2002	2003	2004	2005	2006
1	Japan	Japan	Japan	Japan	Japan
	79.01	67.27	65.57	56.48	46.92
2	Germany	Germany	Germany	Germany	Germany
	23.19	29.94	26.54	28.17	29.73
3	USA	USA	USA	USA	Italy
	20.43	16.08	25.90	18.14	14.00
4	Norway	Sweden	Netherlands	Netherlands	USA
	2.64	10.61	9.51	7.49	12.42
5	Netherlands	Spain	UK	France	Netherlands
	2.55	6.52	7.37	6.79	8.02
Others	13.47	17.57	19.53	14.8	15.53
Total	141.29	147.99	154.42	131.87	126.62

Reference 2:

### Organizations' ODA Disbursements

ODA Net Disbursements, *unit: \$ million*

Year	2002	2003	2004	2005	2006
1	ADB	ADB	IDA	ADB	ADB
	26.13	38.50	47.19	25.82	23.35
2	IDA	IDA	ADB	IDA	IDA
	13.26	27.88	36.98	12.06	11.48
3	CEC	IMF	CEC	CEC	CEC
	3.08	2.85	4.04	6.36	3.11
4	UNTA	CEC	UNTA	EBRD	IFAD
	3.02	2.74	2.74	3.45	3.44
5	UNFPA	-	UNTA	UNTA	IFAD
	1.99	-	2.29	3.2	2.08
Others	-2.72	11.91	1.73	3.1	3.8
Total	44.76	86.62	95.68	53.98	46.20

## Useful Websites for Information and Data for Economic Cooperation

Ministry of Foreign Affairs of Japan (Japan's ODA)  
<http://www.mofa.go.jp/mofaj/gaiko/ODA/index.html>

Embassy of Japan in Mongolia  
[http://www.mn.emb-japan.go.jp/index\\_j.htm](http://www.mn.emb-japan.go.jp/index_j.htm)

Japan International Cooperation Agency  
<http://www.jica.go.jp/Index-j.html>

(Cooperation by JICA Mongolia Office)



### Embassy of Japan in Mongolia

**C.P.O.BOX 1011  
Olympic Street  
Sukhbaatar District  
Ulaanbaatar, Mongolia**

Tel: 11-320777

Fax: 11-313332

E-mail: [jpemb@mongol.net](mailto:jpemb@mongol.net)

Home Page: <http://www.mn.emb-japan.go.jp>