

Country strategy for development co-operation with Mongolia, 2002-2006

This country strategy concerns the orientation of Swedish development co-operation with Mongolia during the period from 2002 to 2006.

1. Summary observations on Mongolia

Mongolia is undergoing an extensive political and economic transition process, which has led to profound changes in terms of culture and ways of living and thinking. In order for this process to lead to an improved living standard and a more developed democracy, Mongolia will need the support of the outside world. Sweden is able to support the transition process by providing support for the reform work itself, as well as supporting programs that aid those groups that are particularly vulnerable to the transition phase.

Mongolia occupies an area almost four times that of Sweden, but with a population of only 2.5 million people, nearly half of whom are herders. Mongolia has an average altitude of 1600 metres above sea level, with a typical continental climate with low precipitation and great fluctuations in temperature throughout the year as well as during the day. During the last few years, Mongolia has been hit hard by harsh hail- and snowstorms during the winter and severe drought during the summer.

Since the early 1990's, Mongolia has initiated a political transformation from a centrally planned authoritarian system to a parliamentary democracy with a market economy. The country has adopted a new and modern constitution. So far, three democratic parliamentary elections have been held, all of which resulted in a change of government. In the most recent election, in July 2001, the reformed former communist party (MPRP) reclaimed power from the Democratic coalition. President Natsagiin Bagabandi, former leader of the MPRP, was re-elected in May 2001 for a second consecutive four year period.

Despite seventy years of totalitarian rule and a lack of democratic tradition, the parliamentary system of today is well established among the general public and politicians alike, and the political transformation has occurred with the broad support of the population. The process has been rapid, yet also smooth and thorough.

Since the introduction of democracy, the objective has been to create an adequate protection for human rights in the country. The transgressions that have been

reported have, however, included domestic violence and inadequate conditions in the country's prisons.

Mongolia has freedom of the press and a relatively free and lively political debate. All newspapers, television and radio stations are however committed to political parties and outside the capital there is no media other than that loyal to the government. Religious freedom is respected and lamaistic Buddhism has experienced a revival, while the right of affiliation to other religions is respected.

Mongolia has good relations with its two neighbours, China to the south and Russia to the north. International trade has been reoriented and Japan, China, Korea and the United States have all become important trade partners. Mongolia actively seeks to widen its contacts with Western Europe and Asia. The country is a member of the World Bank, IMF and ADB and aims to participate actively in international and multilateral for a, such as the UN and the ASEAN Regional Forum.

Until 1990, Mongolia was both politically and economically highly dependent upon the Soviet Union, from where significant assistance in the form of gifts, advantageous loans and inexpensive energy was granted. The sudden withdrawal of all Soviet aid necessitated an extensive and painful restructuring of the economy. At the pinnacle of the crisis, Mongolia was only saved from a total collapse by its natural assets (copper, coal and gold) and foreign development assistance. To date, the largest donors have been the Asian Development Bank and Japan, but the World Bank, IMF and USAID have also contributed significantly. Total development assistance increased from 21 million US dollar to 322 million US dollar between 1991 and 1997. At the Consultative Group (CG) meeting of international donors in May 2001, 330 million US dollar was granted for 2001.

The economic transition from a planned economy heavily dependent upon the Soviet Union to an open market economy based on the animal husbandry industry has necessarily entailed enormous difficulties. Between 1990 and 1995, the country was in recession and GDP per capita decreased approximately 20%, leading to deep poverty while the social security system disappeared. Since 1995, growth has resumed, but was diminished again in the aftermath of harsh winter storms (the dzud) and summer drought. Increased production in the country originates in the mining and agricultural industries. The manufacturing industry has almost completely ceased and the productivity within enterprises has decreased. Natural assets are, however, expected to continue to play a central role in the country's economic development, though a major problem is that the mining industry does not generate a significant number of new jobs. The country is over-dependent on foreign development assistance and additionally has a heavy debt burden.

Very few new jobs have been created in the "modern" sector. It has not been possible to utilise educated labour and unemployment and underemployment have seen a marked increase. Those rendered unemployed have often been compelled to return to animal husbandry to make a living- a trade which hardly attracts young people. In the larger cities, the "informal" sector is often the only choice. New employment needs to be created in the private sector in areas where Mongolia has a comparative advantage, such as for example the textile industry and cattle-related industries. The country needs a more efficient agriculture and a more developed domestic market in which indigenous consumption and production are stimulated.

The economic difficulties are also reflected in the UNDP Human Development Index, where Mongolia plummeted to 117th place out of 174 in 2000. (In 1990, the country was in 70th place and in 1994 in 102nd place.) Poverty is a serious problem. According to the poverty survey of 2001, just over one third of the population (36%) exists below the poverty line and though this is roughly the same figure as in 1995, the depth of the poverty has increased. A greater number of people are poor and the income disparities have widened. Those with the most severe predicament are certain herding families in rural areas, as well as the urban poor (elderly people, single income families, disabled people, unemployed and street children). Poverty is greater in the provincial cities (45%) than in the capital Ulaanbaatar (34%). Prostitution has increased dramatically.

The Mongolian government has initiated very far-reaching market-economic reforms. The reform process encompasses privatisation of state-owned enterprises, a liberalisation of foreign trade and membership of the WTO. Private sector contribution to GDP is expected to increase during the coming year. Though the reform programme has been very ambitious, several structural problems remain. Discussions have been held with the IMF and the World Bank regarding measures for poverty alleviation within the framework of the preparation of a poverty reduction strategy paper (PRSP- see section 4.) The sale of several of the country's largest companies to foreign investors are entering their final stages.

The financial sector is one example of the reform effort. There have been consecutive crises that have impacted all of the country's major banks, exemplified by the insolvency of the country's largest bank due to bad debts. Far-reaching reforms are necessary within the banking system, such as for example efficiency of the central bank, modern jurisdiction, improved regulation and compliance, education and improved conditions for granting loans, and improved discipline in repayment of loans on time. Non-performing loans must be lifted from the balance sheets of the banks and competition for credits needs to be introduced. The political will to carry out these reforms has, however, been limited so far.

The maintenance of infrastructure is deficient- roads and bridges need repair and air transport has become unsafe due to lack of maintenance. The cost of transport is on the increase and while the railway is the only truly functioning means of transport, it only covers a small part of the country. In the capital Ulaanbaatar, transport and communications work, while the rest of the country is slipping back to self-sufficiency.

Local administrations play a central role when it comes to carrying out reforms on the local level. They are also the point of contact between the population and the government when large-scale changes are implemented. The ability of these administrations to turn political decisions into concrete plans for action is limited. The administrations lack both the resources and the administrative experience to carry out this task. Education and better resources are necessary to improve this capacity.

Prior to 1990, the educational level was high for both women and men and the general health level was satisfactory, even in the countryside. Today, education and health care is still free in theory but in practice people have to pay for both medicine

and hospital care. One in four children suffers from malnutrition, general health has deteriorated, the maternal death rate has increased and HIV/Aids has gained a foothold.

Education has been scaled back and literacy has decreased. The inadequacies of the basic social services could potentially lead to a serious deterioration in living conditions.

The privatisation of herding collectives has meant that the entire previous system, where education, health care, pensions, veterinary services, animal protection and transports were organised by the collectives, has ceased to function. In 2000, animal husbandry was almost completely privatised, but deficient infrastructure, high cost of transportation and poor market conditions are serious obstacles to the development of the countryside. For example, only live cattle can be sold on the market as opposed to meat and milk products. This can lead to stagnation and isolation of certain parts of the country and population. In the long term, this may threaten continued economic and democratic development. To avoid such a turn of events, policies need to be adopted to create employment and income throughout the country.

It is estimated that on average, a herding family owns between 100 and 200 heads of cattle - though there are considerable regional variations - and herding is often their only source of income. The number of cattle grew significantly during the 1990s and was estimated at 30 million heads by 1999. Consequently, overgrazing and erosion has become a problem, as has conflicts over use of the best grazing areas. Poverty has led people to try to breed even greater numbers of cattle and to even more felling in order to create grazing areas, both of which aggravate the situation.

During the years of 2000 and 2001, Mongolia was the victim of severe winters with blizzards, cyclones and temperatures of minus 50 degrees centigrade. These have been the harshest winters in fifty years and at least 10% of cattle (approximately 4 million heads) are thought to have perished. The following summer saw significant drought while locusts destroyed a large share of the harvest. Thousands of herding families were struck hard both economically and socially and the country received considerable humanitarian assistance.

Mongolia has had major deforestation and little new afforestation. Air pollution is serious in certain areas where coal mills are located. Four power stations consume approximately 5 million tonnes of coal per year, while 40 000 vehicles and 60 000 households burn 200 000 tonnes of coal and 160 million cubic metres of wood. These problems are most serious in the capital Ulaanbaatar, where they have led to health issues. There is no system for waste and garbage disposal in Mongolia.

2. Conclusions from the country analysis

In 1999, Sida commissioned a country analysis of Mongolia which was then carried out by NIAS (Nordic Institute of Asian Studies). Among other things, the analysis identifies the following problem areas which are all important questions in the future development of Mongolia.

- A centralisation of power at the expense of the local authorities has occurred as a consequence of the reform process. The earlier soviet system, where collectives provided schools, healthcare and other social services has not been replaced by any other system to finance common endeavours locally. In order to sustain even the most basic service, local authorities have become increasingly dependant on central Government support.
- Education, healthcare and other fundamental social services have deteriorated considerably and led to great suffering and a debilitation in terms of the country's human resources.
- In the longer term, the country's development is threatened by a number of factors:
 - sectoral imbalances in the economy as the exploitation of natural resources, animal husbandry and the services sector constitute the only growth industries while all other sectors, including the manufacturing industry, have all but ceased to function.
 - the inability of the economy to create new employment
 - regional imbalances in development. The service sector is almost completely concentrated to the capital Ulaanbaatar.
- The crisis in the financial sector remains and hampers economic restructuring and recovery. The emergence of small and medium-sized enterprises is inhibited due to the lack of long-term credits and high interest rates.
- There is a major economic and fiscal vulnerability, which derives from fluctuations in the world market price of copper, the country's most important export commodity.
- Corruption, along with the emergence of a class of newly wealthy people inside the power elite who are able to avail themselves of the commercial opportunities, is not yet a serious problem but one watched closely by the media.

3. Mongolia's development policy

At the CG meeting in May 2001, the Mongolian government presented its plans and programmes for development for the period 2000-2004. An annual growth of 6% is assumed and the government will prioritise far-reaching structural reforms and alleviation of poverty. Given the current situation, such a forecast must however be seen as highly optimistic. The government is prioritising a rehabilitation of industry in order to create new employment and to boost exports. The government's program is extremely ambitious and to an extent it must be seen as a vision rather than a set of realistic goals. At the CG meeting, the government was given strong support from the donors for the continued reform process.

Mongolia has recently reached an agreement with the IMF regarding measures to reduce poverty through a Poverty Reduction Growth Facility (PRGF). The government has also presented the outline of a Poverty Reduction Strategy Paper (PRSP) which has been developed after consultations with the private sector, NGO's, international development agencies and others. The PRSP will be submitted in the near future. An Interim Poverty Reduction Strategy paper has already been

published. Macroeconomic stability and increased growth will be reached through a balanced budget, low inflation and boosted trade. The tax basis will be widened and tax collection will be made more efficient.

The private sector will play an important role in the country's development. Infrastructure, but also parts of the social services, will be privatised and jurisdiction to this effect is being drafted in parliament. The proceeds from the privatisations will be reinvested and particular efforts will be made to promote the export industry. One example is the plan to establish special "free economic zones" at the Chinese and Russian borders with preferential conditions for the establishment of small industry. Foreign investors in privatised companies are offered customs exemption for technical equipment and an initial three years of tax relief.

The government has also presented a thirty year project to develop the country by building a 2400 km "Millennium Road" across the country from east to west. The road will be an investment of hundreds of millions of dollars, and one which the country cannot afford to undertake at its own expense. The Government's vision is that cities will mushroom along the road and act as centres for regional development and growth and that, in the process, the traditional rural herding communities and the nomadic lifestyle will be abandoned. The Government considers the herding society to be economically unsustainable in the long term.

The short term priorities for development of the rural areas are to improve animal health, watering holes and grazing areas, as well as the quality in the trading of food. Education and basic healthcare should also be improved, while unemployment will be reduced by 50% and poverty should be decreased.

Investigations have been made into how local NGO's can contribute more extensively to development. The organisations are encouraged to work primarily with competence-building and knowledge transfer. There are some 1600 registered local NGO's in Mongolia, most of which work with education and health. The government agrees that foreign organisations have played an important part in the development of the country and that they can continue to do so in the future.

The government is working towards finding a balance between economic development and a good environment, but so far the impact on the environment has been detrimental. Exploitation has led to degradation of large areas of land surrounding the mines. Several projects have been initiated to improve and protect the environment in the areas close to mines where copper, gold, silver and coal are mined.

As a consequence of the severe natural disasters that have struck Mongolia the last few years due to a combination of difficult weather conditions and overgrazing due to excessive numbers of cattle in certain areas, the authorities are aware that long-term measures need to be adopted in order to create a sustainable development. Suggestions for measures are being developed in consultation with the UN organs.

The largest donors to Mongolia are Japan, the Asian Development Bank, the World Bank, IMF, USAID, Germany and the UNDP. Local co-ordination is accomplished through quarterly and semi-annual meetings between the donors and the

government. Sectoral meetings regarding energy, poverty and reform of the public sector are being planned.

4. Development co-operation with Mongolia

4.1 Swedish-Mongolian relations

Relations between Sweden and Mongolia are good but relatively undeveloped. Diplomatic relations were established in 1964, though cultural contacts have existed for a long time. The Swedish Ambassador to Beijing is also accredited in Ulaanbaatar and Mongolia is part of the responsibilities of the embassy. Although the exchange of visits remains limited, it has seen an increase during the 1990s.

Trade between Sweden and Mongolia is limited. The export stood at SEK 5.2 million and SEK 4.3 million in 1999 and 2000 respectively, while import for the same years stood at SEK 0.5 million and SEK 0.3 million.

Increased contacts could lead to increased trade and investment. There is potential for trade, and one example is that Swedish technology designed for a cold climate could also be of interest to Mongolia.

During the spring of 2001, the Mongolia-Sweden Development Co-operation Centre was established with the purpose to further Mongolian-Swedish relations. The centre was initiated by a businessman and former parliamentarian, Mr. Nyamaagiyn Tuvshintugs.

4.2. Swedish-Mongolian development co-operation and conclusions from the performance report

During the period 1997-1999, the Swedish-Mongolian co-operation has been concentrated to support for the reform process and contributions to a national poverty alleviation programme. Projects have included public administration, banking, healthcare, water, sanitation and democracy and human rights. Sweden has also contributed to disaster relief through the Swedish Red Cross. Total payments during the period 1997-1999 amounted to SEK 39.23 million (see table below).

Area	Allowance MSEK	Result 1997	Result 1998	Result 1999	Result 1997-99
Public Administration	13	0,6	5,6	3,3	9,5
Banking	2		0,6	1,2	1,8
Water & sanitation	8	3,1	2,2	1,5	6,8
Democracy/Human rights	0,4			0,3	0,3
Sida intl. courses	5,1	0,8	2,1	2,2	5,1
Other courses	0,03	0,03			0,03
Poverty programme	15,7	2	13,7		15,7
Total	44,23	6,53	24,2	8,5	39,23

Most projects have been small but complex. They are carried out as contract-financed technical co-operation, often in the form of education. The objective,

achievements and results of the projects are displayed in a matrix format in the performance report.

Support for knowledge- and competence-building within public administration at a central level has involved the education of civil servants in the cabinet secretariat. This education is considered to be highly important for the reform process. Many civil servants have a high workload and has had difficulty finding the time for the necessary education. Despite this fact, the participants have shown great enthusiasm and interest in the education.

An independent evaluation of a project supporting competence-building for local self-governance has been carried out during the period 1997-1999. The project was deemed to be very successful and the educational materials are now included in the national process for the construction of local self-governance. A second phase of the support for this capacity-building is under discussion.

In the banking sector, projects have consisted of basic education in banking in the market economy. Initially, a course for bankers was carried out in Sweden. Interest in this kind of basic education was great and in 2001, a more extensive programme for basic education has been launched and successfully implemented.

One of the largest projects has been water and sanitation. In 1990, it was estimated that 25% of the country's population had access to central water supply, while 30% received water from public water tanks and 36% received water directly from a water source. The remaining 9% received water from a water source and from melted snow. During the 1990s, the supply of drinking water has diminished. Thermal power stations, public baths and rural water supply have ceased to function due to a poor economy, lack of fuel or lack of spare parts for outdated Russian-made equipment. There has been return to traditional sources of water. Consequently, the quality of water has deteriorated with worsened health as a further consequence. The price of water has increased and those living in rural areas pay significantly more for their water than residents of the capital Ulaanbaatar.

Sida's project was part of a national programme where the both the World Bank and the UNDP co-operated together with the government. Swedish experts have educated a Mongolian well-drilling team to perform investigations, drill water holes and install manual pumps in the countryside. The development of capacity and competence of the Mongolian team is considered to have been excellent and their work extremely effective.

Projects for democracy and human rights. The vulnerability of the individual has increased in a variety of ways during the 1990s. The protection networks that were previously in place have disappeared without being replaced by new structures. Unemployment has increased, as has poverty. Increased alcoholism, domestic violence, prostitution and children running away to become street children have been some of the consequences. Sida has financed study trips to Sweden for members of a network that fights domestic violence by increasing public awareness and introduce education, as well as offer protection for women and children in danger. A decision has been made to support this activity and more projects can be initiated.

An independent international evaluation of the poverty fund was carried out in October 1999. The fund is part of a national programme co-ordinated by the UNDP, which was given an overall positive assessment in the evaluation. These efforts have led to an increase in the living standards for poor households albeit not to a reduction in the absolute number of poor. The beneficiaries of the efforts have been the very poorest and in particular women. Some of the micro-credit projects have been deemed suitable for conversion to revolving funds due to a high repayment rate. Criticism concerned ambiguous guidelines and regulations within the administration. The experiences from the development co-operation are good. The contract-financed technical co-operation has meant that several Swedish authorities and organisations have been present in Mongolia, such as for example Sweroad, Swedsurvey, Swedavia, SIPU, the Swedish Association for Local Authorities and the Swedish Association for Sexual Education. Co-operation has been initiated between the Örebro college in Sweden and the University of Ulaanbaator regarding ethical questions pertaining to local self-governance.

The only Swedish non-governmental organisation present in Mongolia is the church and missions movement InterAct, which operates in the areas of education, healthcare and poverty alleviation.

Since 1997, Mongolia is part of a global project including seven Asian countries organised by the Swedish Trade Union Confederation and the Confederation of Professional Employees and supported by Sida. The project "Integrating Gender Perspectives in Trade Union Work" works toward gender equality in central trade union organisations. A 'Gender Perspective Team' (GPT), consisting of men and women in leading positions has been appointed in each participating country to cover gender issues in all union-related areas. The financing concerns the specific education that the GPT have received for this task. An evaluation shows that the GPT have been successful as a model for integrating gender questions in the policy and work of the different organisations. The two Swedish confederations have decided to continue the support for this project in 2001 and 2002.

77 people from Mongolia, 40 of whom are female, have participated in Sida's international courses during the period 1997 to 2000. During the year 2000, 24 persons participated in the courses. Examples of courses that are in particular demand include energy, management, roads/railways, environment and human rights and democracy.

The overall assessment of the projects is that the execution is functioning according to plan and that the recipients are committed, positive and interested. The co-operations with Mongolian partners has functioned well.

5. Considerations

To Mongolia, broadened contacts and exchange of experiences with the outside world is of great importance. Whether or not the reform process in Mongolia is successful will to a great extent depend on the government's ability to carry out its extensive reforms and the support that it can receive from the outside world for the process. The Mongolians are open for ideas from the outside world in their work to

deepen democracy and the market economy and to develop public administration, social sectors and the labour market.

International development assistance is of high importance for Mongolia. During the last few years, development assistance has equated to 60-70% of the government budget, a proportion that needs to be reduced over time. Sweden can support the transition process through assistance to capacity-building and institutional development, including programmes to assist those groups who have been particularly vulnerable to the transition phase and reforms in the area of social insurance.

The most important priority is to fight poverty and to create employment. Despite efforts by the Mongolian government through various programmes, approximately one third of the population exists below the official poverty line, many of whom are particularly sensitive to external difficulties such as adverse weather conditions. Together with the UNDP and others, Sida has contributed to two national programmes for poverty reduction since 1998; the first being a fund for micro-credits and advice and the second being a new programme for capacity- and competence building efforts that commenced in 2001.

One important task is to increase the knowledge and capacity within public administration and to build capacity for local self-governance. Central as well as local public administration will need to conduct their work in an entirely different way than before, and Sweden is well suited to contribute knowledge to that process. Part of this capacity building effort has been financed by Sida and implemented by Swedish experts and consultants. The Mongolian government has declared its satisfaction with the education and expressed its interest in a continuation.

Another important area for economic development is the banking and financial system. Most bankers have not been educated in the workings of a market economy and fundamental education in this area will be vital for the banks in building confidence among both the population at large and among potential investors. Relevant Swedish competence can play an active role in this effort and Sida's courses offer one way to meet these needs.

Gender equality is stipulated in the Mongolian law and women are generally more educated than men. However, according to Amnesty International, one of Mongolia's shortcomings in the human rights area is the insufficient protection against domestic violence against women and children. Domestic violence, often as a consequence of alcohol abuse, is increasingly acknowledged as a serious problem in society. The National Centre Against Violence (NCAV) looks after abused women and children, while simultaneously conducting an educational programme for men. The NCAV has entered into co-operation with the Swedish Association for Sexual Education, the purpose of which is to publicise and create an opinion against domestic violence.

Mongolia has requested concrete information regarding the Swedish democratic system and how to a welfare societies are established and how they change. Public administration, local democracy, the social sector and the labour market are examples of areas where Swedish know-how and experience can play a role in the development

of Mongolia. The development co-operation may also contribute to the establishment of further valuable relations on a local level.

In several sectors, such as the energy sector, new investments are required as existing equipment in power plants and grids to a great extent are considered to be below an acceptable standard. The frequency of error is high, while reliability and quality of the supply is low. The transmission system is deficient and in need of rehabilitation. Heating and electrical systems form critical elements of the basic infrastructure. Roads, railways and bridges are also in need of restoration. Financing of investments in infrastructure through development credits may be initiated and Mongolia is open to accepting credits.

The natural disasters of the last few years have been devastating to the economy and the people starve as their animals perish. The UN agencies in Mongolia and the government have jointly suggested efforts to protect and replace the cattle and to provide animal fodder, healthcare, water and sanitation as well as for nutrition. Sida contributed SEK 7 million in 2001 for efforts in healthcare, water and sanitation for those worst afflicted (children, pregnant women and breast-feeding mothers) as well as food and shelter for the survival of the livestock (distribution of fodder, veterinary efforts and shelter from the wind). There should be continued readiness for both humanitarian assistance and preventive measures, such as for example education in ecologically sustainable agriculture.

The most important forms of development co-operation have been contract-financed technical co-operation and international courses. There are similarities between Mongolia and Sweden that contribute to mutual understanding and facilitate co-operation. Both countries are relatively large and sparsely populated and the climate is harsh. Values and ways of thinking have some similarities. In the *Sami* culture, Sweden has a direct parallel to the herding culture of Mongolia. Contract-financed technical co-operation works particularly well since the Mongolian partners are very competent. They have a clear understanding of their needs and take responsibility for the implementation of their projects. The demand for support has been directed towards areas where Sweden has special competence.

The problems experienced in the co-operation with Mongolia are related to the lack of funds in the ministries and local administrations. This has meant that the demand for shared costs in contract-financed technical co-operation has been adapted to the extent to which authorities have access to funds of their own. Consequently, the Mongolian share of the financing is often limited to the payments of trips to Sweden during study visits and to the costs incurred by visiting Swedish experts (excluding hotel and expenses). Sida funds the trips to Sweden for Mongolian participants in Sida's international courses.

At present, there is only one Swedish non-governmental organisation in active in Mongolia. There should be room to expand the contacts between Mongolian and Swedish non-governmental organisations.

6. Objectives of development co-operation

6.1 Objectives and volume

The over-arching objective for the development co-operation with Mongolia during the period 2002-2006 shall be to contribute to poverty alleviation through support for reform processes and development of institutions that promote a democratic development of society and human rights.

The projects should be directed towards the following areas:

- ❑ support for the reform process, a democratic development of society, respect for human rights and gender equality through capacity-building and institutional development within, for example, central and local administration and other important functions in society, e.g. banking and finance.
- ❑ support for vulnerable groups in society as well as groups who have been negatively affected by the reform process, through, for example, projects for employment creation
- ❑ infrastructure projects, through investments and capacity support (development credits), may be initiated, primarily within the environmental sector

The volume of development co-operation for the period is estimated to be between SEK 15 million and SEK 30 million annually, exclusive of any credits and humanitarian aid.

6.2 Forms of co-operation

Efforts should be made to achieve increased concentration in the development co-operation.

Contract-financed technical co-operation and international courses are the most important forms of co-operation.

Development credits is one possible form of co-operation for the financing of infrastructure projects. This instrument should be used on a case-by-case basis and without geographical or sectoral limitations. Particular priority should be assigned to environmentally related projects.

The conditions for support for the balance of payments may be investigated during the period.

Granting of funds in support of programmes for poverty alleviation or vulnerable groups in society through the UN (e.g. UNDP) may continue.

Humanitarian assistance may be given in the event of severe natural disasters, for example through the Swedish Red Cross.

Continued, and if possible increased, support through Swedish NGO's may be given.

Contacts between Sweden and Mongolia may be financed within the framework of the Swedish Institute's Sida-financed expert exchange programme.

Mongolia is also open for "StartSyd" activity (promotion of small Swedish businesses in countries in Africa, Asia and Latin America by providing financing support in the form of loans to the Swedish company) and co-operation initiated by researchers.

6.3 Administrative consequences

Thus far, the development co-operation has on average employed the equivalent of one full-time position at Sida in Stockholm and the embassy in Beijing. The development co-operation should be developed so as not to increase the demand for capacity.

The person responsible for development co-operation at the embassy in Beijing uses a smaller part of their time for the planning and monitoring of the projects in Mongolia, including visits to Mongolia a couple of times per year.