

# Summary Performance Information

## Mongolia Aid Program 2014–15


### Summary


Australia's aid program to Mongolia promotes a well-governed, efficient public and private sector that supports Mongolian communities to benefit from resource-driven growth. Our areas of investment—human resource development and extractives—are where Australia has a comparative advantage and are aligned with the development objectives identified by the Government of Mongolia. In 2014–15 the bilateral aid program supported three investment areas: the Australia Awards Mongolia scholarships program; Extractives Program activities; and the UNICEF-led Water, Sanitation and Hygiene (WASH) project (ended June 2015). From June 2015 the bilateral program consolidated to two sector areas—human resource development (through the scholarships program) and a modest investment in the extractives sector. This sector focus aligns with the priorities of the 2014 Australian aid policy and the Economic Diplomacy strategy for Mongolia. By budget Australia ranks 8th among OECD Development Assistance Committee donors, and is one of the largest grant donors to Mongolia. Mongolia's donor landscape includes large credit and grant donors such as China, Japan, the US, Korea, and the Asian Development Bank.


### Performance Against Strategic Objectives

Objective	Previous Rating	Current Rating
Objective 1 Through post graduate scholarships, Mongolia's government, civil society and private sector deliver better services.	Green	Green
Objective 2 Mongolians are benefitting from a sustainably-managed mining sector.	Amber	Green
Objective 3 School communities are accessing improved water and sanitation and have improved hygiene practices.	Green	Green

Note:

 Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

 Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

 Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Reporting period:

### Objective 1: Through postgraduate scholarships, Mongolia's government, civil society and private sector deliver better services.

The Australia Awards Mongolia (AAM) program is highly regarded by the Mongolian government and public. The green rating for this objective reflects the strong implementation of the program against the 2015 annual plan, after successfully resolving some teething problems in 2014. In 2014–15, scholarships were provided to 45 awardees in the public sector (23) and private sector/civil society (22). Significant changes were made to the program's guidelines and procedures to improve the transparency and equity of the selection

process. A priority during 2014–15 was reforming the English language training courses. Attendance rates, results and awardee feedback show the new model is proving successful. 96 per cent of students achieved the required minimum score of 6.5—up from 48 per cent in 2013. Increasing applicants from rural areas and ensuring adequate English language ability is expected to remain an ongoing challenge. During 2014–15 awareness and interest in the AAM program rose and the number of applications overall continues to increase. However, just under half of the applications made for the 2015 intake were ineligible despite efforts to address this. The re-employment of graduates on return to Mongolia remains stable. Of the 38 graduates who returned between December 2014 and March 2015, 79 per cent were re-employed. Of the total graduates, 20 per cent work in senior positions, including Members of Parliament, State Secretary, Directors General of Ministries and Executive Directors of private companies and NGOs. 2014 saw the first awardee with a mobility disability—she graduated in 2015 with an MA in Law.

### **Objective 2: Mongolians are benefitting from a sustainably-managed mining sector**

*Contributing activities: Australia Mongolia Extractives Program (new); World Bank Groundwater Management Project (ongoing); Technical and Vocational Education and Training (TVET) in the Mineral Resource Sector Project (ongoing)*

The Australia Mongolia Extractives Program (AMEP) mobilised in April 2015. The green rating for this objective reflects that the two pre-existing partnership activities have progressed as expected towards their objectives, and that the international service provider for the new elements of AMEP mobilised efficiently.

During 2014–15 the rate of progress improved for the Australian-funded component of the World Bank-implemented Groundwater Management activity. With support from the project, three River Basin Authorities in South Gobi province engaged with local water-users, and provided professional services to increase awareness and promote efficient water management. Installation of 200 water level monitoring points will be complete by July 2015, including the use of innovative mobile-phone technology to record and report water levels from remote sites.

Australia partners with the German aid program (GiZ) in a vocational training project to provide young people in South Gobi with skills that meet the needs of the mining industry and increase their chances of employment. An evaluation by GiZ in May 2015 found the project is on track to achieve its objectives. Australia's contribution includes a twinning arrangement between Melbourne Polytechnic and the Dalanzadgad TVET College to develop and implement competency-based curricula and assist the Ministry of Labour on TVET sector reform. There is strong collaboration with the private sector. Gender-targeted activities aim to increase the proportion of women in traditionally 'male courses' such as mechanical engineering, electrics and construction. The project has identified vocational education and employment opportunities for people with a disability, and how to mainstream disability issues into the course curricula.

### **Objective 3: School communities are accessing improved water and sanitation and have improved hygiene practices.**

The green rating for Objective 3 reflects that at the end of the UNICEF Water, Sanitation and Hygiene (WASH) project (June 2015) the outcomes and objectives were fully met. The investment received the highest rating for effectiveness and efficiency in its final Aid Quality Check report—in spite of a shortened implementation period and reduced budget following

the 2013–14 Australian aid budget cuts. The project exceeded its target number of beneficiaries of improved WASH facilities in schools. Activities reached 25,000 people including 9000 children (original target 7800) and 840 staff from the target 12 schools and 12 kindergartens. The enrolment rate at target schools is 97 per cent— up from 90 per cent in 2012—and the occurrence of diarrhoea and hepatitis A is zero compared to 29 cases in 2012. School doctors and teachers link these results to improved WASH facilities, better awareness and hygiene behaviour. About 90 per cent of children at target schools are now observed to wash hands at critical times (2012 baseline was 43 per cent). With the Ministry of Education, Ministry of Health and other stakeholders, the project drafted a national WASH Standard for schools and kindergartens. The Standard was approved by the Government and obliges all schools and kindergartens to budget for and implement the WASH Standard's requirements. There are special considerations for adolescent girls—in access to WASH education, menstrual hygiene and privacy requirements.

## Progress towards Performance Benchmarks in 2014-15

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
Through post-graduate scholarships, Mongolia's Government, civil society and private sector deliver better services.	Mobilise 43 scholarships targeted at priority sectors for the Mongolian Government.	Achieved	Exceeded. 45 scholars were mobilised in 2014–15 with additional funding received from the global scholarships budget.
Mongolians are benefitting from a sustainably managed mining sector.	Effectively mobilise the Australia Mongolia Extractives Program - To be staffed and operational in 4 <sup>th</sup> quarter of 2014 - One pilot program underway in an agreed priority area by June 2015 - Staff from an Australian TAFE college develop curriculum and provide training to students in the Dalanzadgad TVET college by June 2015.	Partly achieved	The mobilisation of the new Australia Mongolia Extractives Program was not achieved as scheduled due to factors outside our control. The change of government in Mongolia in late 2014 caused delays in agreeing the Subsidiary Arrangement for implementation of the program, and the contract with the international service provider was not able to be signed until the first quarter of 2015. One of the elements of the benchmark was achieved as planned—mobilising the twinning arrangement with an Australian TAFE.
School communities are accessing improved water and sanitation and have improved hygiene practices.	Complete 28 improved water and sanitation facilities, benefitting 4180 people (data to be sex disaggregated). Mongolia finalises a national minimum requirement for WASH standards at schools and kindergartens.	Achieved	This benchmark was fully met and some results exceeded their targets by a significant factor.

Of the three performance benchmark targets for 2014–15, only the benchmark relating to mobilisation of the AMEP ISP by end of 2014 was not fully met.

## Mutual Obligations

In December 2014 Mongolia formed a new coalition government. Led by Prime Minister Saikhanbileg the new government is focused on improving Mongolia's economy and attracting foreign investment through creating an open welcoming business environment, supporting the private sector and addressing barriers to mining sector expansion. A key outcome of these efforts was the May 2015 agreement between the government and Rio Tinto to resume the second phase of the Oyu Tolgoi (OT) mining project— the largest single foreign investment in Mongolia—following two years of suspension. At full capacity the project is expected to boost Mongolia's economy by a third. Australia's support through the new AMEP will assist mining-related government agencies to improve regulation, governance and stakeholder engagement, which supports both governments' policy interests.

Despite commitments from the new government, there remain challenges for business working in the extractives sector, including the arbitrary revocation of mining licences, resource nationalism, corruption, and difficulties with the exit visa system which sees foreigners detained in Mongolia over tax issues. The challenge for Mongolia is to manage its resource dependency in a way that stabilises the economy and transfers the wealth equitably. Australia's support to human resource development through our scholarships program and TVET assistance aims to ensure more Mongolians are appropriately skilled to contribute to the development of their community and the country.

## Program Quality and Partner Performance

Aid Quality Checks for 2014–15 rated all investments as highly relevant. The Australia Mongolia Extractives Program (AMEP) is particularly relevant to Australia's economic diplomacy objectives of support for trade, investment, growth and business.

Effectiveness has increased in all investments during 2014–15, and particularly so for AMEP. Efficiency scores also increased for WASH and AMEP, and were maintained at a high level (5) for AAM. The portfolio of investments under the Mongolia aid program during 2014–15 can be considered good to very good value-for-money.

There are no unsatisfactory scores for any quality criteria for any of the investments. Although scores are satisfactory for gender equality, more can still be done to support gender equality outcomes in our scholarships and extractives programs. AAM can also work to further improve its monitoring and evaluation score.

No independent evaluations were undertaken in 2014–15.

Coffey International has efficiently implemented AAM scholarships program while managing an increased number of scholarship applications. AAM engaged well with government, civil society and private sector counterpart agencies to maintain their strong engagement in program planning and priority setting. DFAT and Coffey are working closely in 2015 to ensure continued positive relationships as government counterparts changed in early 2015 and the AAM governance mechanisms are being streamlined.

During 2014–15 the World Bank has efficiently managed the Ground Water Management activity and made up for the time lost to delays in previous years. The World Bank has an excellent partnership with national government, and cooperation is increasing with sub-national governments, private companies and communities. The World Bank country program is coordinating with the International Finance Corporation which is carrying out water initiatives with the private sector, and will share experiences and harmonize their activities.

UNICEF effectively managed the 2014 decision to reduce the budget and timeframe of the WASH project. UNICEF quickly adjusted its plans and there were no negative effects on the timely delivery of activities. DFAT and UNICEF developed a communication strategy to reduce reputational risk, and strong partnerships with national and provincial authorities, and the schools and kindergarten communities were helpful.

## Management Responses

### Manage communication around budget reductions to the Mongolia aid program

DFAT officials will continue to convey to partners that the Mongolia-Australia relationship remains strong and important—as evidenced by the announcement to open an embassy, Australia’s continued investment in Mongolia’s human resource development and extractives sectors, and the strong bilateral trade and investment relationships. The aid program will continue to work closely with Mongolian counterparts to refine the focus and priorities of Australian aid assistance in line with agreed development goals.

### Manage reduction in scale of AMEP

WB and GiZ partnerships will continue as planned. DFAT staff will monitor progress, including through field visits, and maintain regular contact about project implementation, risk and results.

DFAT Canberra will negotiate a revised scope for the AMEP contract to fit the reduced funding envelope while still contributing outcomes that meet our goals in the extractives sector and broader economic diplomacy objectives.

### Provide a highly regarded quality scholarships program while reducing management costs

DFAT Canberra will renegotiate the existing AAM contract to obtain savings on the management of the program, while maintaining program quality, for the remainder of the contract to July 2016. DFAT Canberra staff will work with DFAT’s global scholarships area to ensure the maximum number of scholarships can be awarded for the coming academic intakes.

### Prepare for transition of management responsibility from Seoul post to the new embassy in Ulaanbaatar

The timeframe for the opening of the embassy is expected to be early 2016. Seoul and Canberra staff will lead discussion on roles and responsibilities for aid program management. Roles and responsibilities between Canberra and Seoul staff will continue until further clarity on embassy opening.