



Australian Government

Department of Foreign Affairs and Trade



Aid Program Performance Report 2013-14

Mongolia

September 2014

Key Messages

The Aid Program Performance Report for Mongolia reports on progress towards the objectives of the Australia Mongolia Country Strategy (2012–16) and the associated end-of initiative outcomes from the Performance Assessment Framework. Overall progress in 2013–14 towards achieving objectives is satisfactory. Two out of three ratings are green—the same as last year.

2013–14 has seen solid progress on long-standing investments as well as the design of major new interventions in the extractives sector. Key achievements during 2013–14 include:

- The visit by Foreign Minister Luvsanvandan Bold to Australia in 2014, during which we announced the Australia-Mongolia Extractives Program (AMEP) and an increase in the annual Australia Awards Mongolia (AAM) scholarships from 38 to 43.
- Finalisation of the design and tender selection for AMEP—which will help Mongolia achieve equitable and sustainable economic growth through its extractives sector.
 - As part of AMEP we signed an agreement with the German aid agency to collaborate on technical and vocational education (TVET) programs to help local people gain employment in the mining industry.
- Implementation, from July 2013, of the redesigned Australia Awards Mongolia program and successful management of an unexpected increase in scholarship numbers.
- Australian funding to UNICEF's Water and Sanitation and Hygiene (WASH) in schools and kindergartens project allowed 25 000 school children to receive information on sanitation and hygiene. 4180 children will benefit from newly-built indoor facilities.

The new aid office in Ulaanbaatar has proven instrumental in promoting Australia's interests in Mongolia and building strong operational relationships with the Mongolian government, other donors and Australia's implementing partners.

Key challenges for 2014–15 include:

- Successful commencement of AMEP and engagement with the new Implementation Service Provider.
- Consolidation of all extractives activities into AMEP management and reporting arrangements.
- Smooth transfer of Mongolia aid responsibilities from Beijing Post to Seoul Post.

The Mongolia Aid Investment Plan will be drafted by March 2015 to replace the current country strategy. The program is well placed to draw on the synergies between our aid, trade and foreign policy objectives in Mongolia. This will be further strengthened when Seoul Post takes over management and supervision of the Mongolia aid program in 2014–15. Australia's investments will draw on our strengths as a mining nation and the strong people-to-people links built through our scholarships and volunteers programs.

Context

The Mongolian economy relies heavily on mining, which makes up 80 per cent of exports and 40 per cent of government revenue. The Mongolian economy has grown rapidly in recent years, expanding by 12.4 per cent in 2012 and 11.7 per cent in 2013. However, both the International

Monetary Fund and World Bank estimate that 2014 GDP may decline to 9.5 per cent. Mongolia's medium term prospects remain strong but the economy is vulnerable to poor policy decisions and external shocks. The Mongolian economy suffers from a combination of low prices for its minerals and an unpredictable investment climate. Foreign direct investment is falling¹ and has led to balance of payments pressure. Public debt has been rising rapidly and inflation was 14.6 per cent in April 2014 according to the National Statistics Office of Mongolia.

Mongolia is ranked towards the bottom of the United Nation's Human Development Index - 103 out of 186 countries². Mongolia is either on-track or has already achieved one-third of the MDG targets, and is expected to achieve 71 per cent of the MDG targets by 2015. Targets relating to environmental sustainability, the effects of rapid urbanisation and women's participation in politics will be difficult to achieve by 2015³. Although Mongolia compares well in terms of narrowing gender equality gaps⁴ (e.g. parity in secondary education), and gender equality legislation has been in place since 2011, there is work to be done on political participation, combatting gender-based violence and reducing wage gaps and discrimination in employment.

Despite overall reductions in poverty from 38.7 per cent in 2010 to 27.4 per cent in 2012, inequality persists and rural poverty is much higher than urban poverty. In 2012, poverty rates were 35.5 per cent in rural areas compared to 23.2 per cent in urban areas⁵. Remoteness, low income and employment opportunities coupled with a lack of industrial infrastructure, and environmental degradation are the major causes for higher rural poverty.

With the re-election of President Elbegdorj in 2013, the government has instituted a number of reforms, including the October 2013 Investment Law and the January 2014 Mining Sector Policy. If implemented well, these laws could help Mongolia move towards an open, stable and more predictable environment for foreign direct investment.

Australian aid to Mongolia

A stable and prosperous Mongolia is in Australia's national interest, and our aid program promotes a well-governed, economically resilient and equitable Mongolia. Our areas of investment are where Australia has a comparative advantage and are aligned with the development objectives identified by the Government of Mongolia.

The mining sector has propelled Mongolia to a lower-middle income country. A well-governed, environmentally and socially-responsible mining sector can reduce poverty and promote equitable economic growth. Australia's significant expertise and experience is helping promote a stable regulatory environment in the mining sector.

The rapid development of Mongolia's mining sector has placed significant demands on human resources and skilled employment in the public and private sectors. Australia has a long-standing highly-regarded scholarship program in Mongolia and our engagement is growing.

¹ The Bank of Mongolia reported that between January and May 2014 foreign direct investment declined 64 per cent compared to a year before (from USD1.1 billion to USD402.3 million).

² <http://hdr.undp.org/en/content/human-development-index-hdi-table>

³ <http://www.mn.undp.org/content/mongolia/en/home/library/National-MDG-reports/TheFifthNationalMDGReport/>

⁴ 54 out of 187 countries on the gender inequality index: <http://hdr.undp.org/en/content/table-4-gender-inequality-index>

⁵ Ibid.

The current Mongolia Country Strategy has three pillars: Human Resource Development; Extractives; and Supporting Vulnerable Communities. In 2013–14, the bilateral program supported these pillars through three main programs: the long-standing AAM scholarships program; the World Bank-led Groundwater Management project; and the UNICEF-led Water, Sanitation and Hygiene (WASH) project.

The new Mongolia Aid Investment Plan will focus on sectors where Australia has a strong track record, and ensure alignment with the priorities of the new Australian aid policy released in 2014⁶ and Economic Diplomacy strategy for Mongolia. Australian investments in Mongolia's resources sector are experiencing major delays in the uncertain regulatory environment. Advocacy for transparent and predictable regulation, and targeted development assistance, will increase Mongolia's prosperity and broaden opportunities for Australian companies.

Mongolia's donor landscape includes large credit and grant donors such as China, the Japan International Cooperation Agency, the US Millennium Challenge Corporation, Korea International Cooperation Agency and Asian Development Bank. By budget Australia ranks 8th among OECD Development Assistance Committee donors⁷, but is one of the largest grant donors. Donor coordination by the Mongolian Government is limited. Australia is a leader in donor coordination activities for the extractives sector. Our involvement will increase with the mobilisation of AMEP.

Expenditure

In 2013–14, Australia's bilateral aid to Mongolia totalled \$9.6 million, up from \$6.7 million in 2012–13. The budget reprioritisation process in late 2013 saw a decrease in the original bilateral allocation from \$11 million to \$9.6 million. This was accommodated through a small reduction in expenditure on the AAM and ending the WASH project one year early. Even so, the Mongolia program overall received a marked increase in expenditure for 2012–13 on previous years, reflecting Australia's stronger aid presence in Mongolia.

Australia's bilateral financial expenditure for FY 2013–14 is reported below.

Table 1: Expenditure in FY 2013–14

Objective	A\$ million	% of bilateral program
Objective 1: Through post graduate scholarships, Mongolia's government, civil society and private sector deliver better services.	\$4.845	51%
Objective 2: Mongolians are benefitting from a sustainably-managed mining sector.	\$3.831	40%
Objective 3: School communities are accessing improved water and sanitation and have improved hygiene practices.	\$0.80	9%

Other assistance through Australia's regional and global programs and through whole-of-government partners brought Australia's total official development assistance to an estimated \$16.7 million in 2013–14. This is up from \$14.6 million in 2012–13. Non-bilateral activities

⁶ *Australian aid: promoting prosperity, reducing poverty, enhancing stability*

<http://aid.dfat.gov.au/aidpolicy/Pages/home.aspx>

⁷ 2011-12 average of gross ODA. <http://www.oecd.org/dac/stats/documentupload/MNG.JPG>

include centrally-funded scholarships and fellowships, Australian Volunteers for International Development, Government Partnerships for Development, training through the International Mining for Development Centre, the Australian Development Research Awards Scheme, regional funding for the Asia Foundation, the Direct Aid Program, and the NGO Cooperation Program.

Progress towards objectives

Table 2: Rating of the program's progress towards Australia's aid 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	Amber
Objective 3: School communities are accessing improved water and sanitation and have improved hygiene practices.	Green	Green

Note:

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected for this point in time 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 for this point in time 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.

Contributing initiative: Australia Awards in Mongolia Program

End of Initiative outcome: Returned postgraduate qualified scholars are contributing to priority development sectors.

The Australia Awards program is the longest-standing Australian aid program to Mongolia and is highly regarded by the Mongolian government. Over 399 scholarships have been awarded since the program began in the 1990s. The 'Mozzies' alumni association is active in promoting Australia and the Australia Awards. In 2013–14 there were 18 alumni events with almost all receiving high-level representation from Australian and Mongolian government officials.

In 2013–14, scholarships were provided to 43 Mongolians—55 per cent to the public sector and 45 per cent to civil society and the private sector. The **green rating for this objective** reflects the successful implementation of the new phase of the AAM program.

The new phase of the program commenced from 1 July 2013 and built on past strengths while also implementing improvements based on lessons learnt. This phase: introduced new priority sectors for study; improved merit-based selection processes; reformed the English language training; introduced new activities to support alumni and women's professional development; and focused on increasing participation and applications from provincial areas.

In 2013, the implementation service provider (ISP) undertook a Human Resource Needs Analysis. The analysis identified priority sectors for support to ensure the alumni's qualifications contribute to the development of Mongolia, and provide support to economic sectors other than

mining to help diversify Mongolia's economy. The priority sectors were endorsed by the Government of Mongolia⁸ and guided the selection process for 2015 scholars.

A new selection process was introduced in 2013 which introduced a single, transparent, merit-based process for candidates from the public sector, private sector and civil society, using an on-line application process for all candidates and with interviews at final selection stage. Successful candidates for the 2015 intake have been identified. A strengthened approach to communications and regional awareness-raising resulted in the number of applicants in 2014 increasing by 163 per cent compared to 2013⁹. However, there were a high proportion of ineligible applications (just under half) and some concerns from unsuccessful applicants about the transparency of the process. These are significant issues. As they occurred after the end of the reporting period they do not detract from an overall green rating, but rectifying these is a high priority for DFAT. The ISP is working to iron out problems in the online application format.

The new phase also applies new and streamlined English language training modules (mainstream, intensive and academic preparation courses) depending on each individual's level of English proficiency. In 2013, only 48 per cent of students (10 out of 21) achieved the required minimum score of 6.5 within the timeframe – and this is in a context where universities now prefer scores higher than this. The more targeted support should improve the scores. However, a full cohort has not yet graduated from the new courses and results will need to be tracked over time.

The reemployment of graduates on return to Mongolia is consistently increasing, and was 89 per cent in the first quarter of 2013–14. There are 20 alumni who are working in senior positions in the government (director general, director, and two members of the Mongolian Parliament), the private sector and civil society organisations.

Gender equality is a challenge which the program is working to address. Seventy-nine per cent of awardees mobilised in 2013–14 were female and 21 per cent were male. Of the 426 applications for the 2015 intake (held in 2014), 67 per cent (290) are female and 33 per cent (136) are male. The high level of female participation in the scholarships program reflects the situation in Mongolia's higher education institutions generally. However, in spite of this, Mongolian women hold few leadership positions in the workplace¹⁰. To address this, a new Women's Leadership Program (\$300,000 over three years) has been designed as part of AAM and will commence soon. The scholarships program is also working to increase the number of quality male applicants for the Australia Awards.

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

Contributing initiative: World Bank Groundwater Management Project

End of Initiative outcome: Ministry of Environment and Green Development of Mongolia (MEGD) is establishing, supporting and coordinating representative River Basin Authorities and Councils that sustainably manage groundwater resources.

⁸ At the Program Coordination Committee and Annual Strategic Review meetings in November 2013.

⁹ The large increase in applications is in the context of the opening up of eligibility and lay-offs of mining sector employees.

¹⁰ AAM Women's Leadership Program Design Document, p3.

Australian aid has limited influence in achieving Objective 2 in 2013–14 as it is currently broadly framed and our wider-reaching AMEP program is yet to mobilise. Under objective 2, reporting for 2013–14 is focused on Australia’s contribution to the World Bank Mining Infrastructure Investment Support Project for the groundwater management component¹¹. The **amber rating for Objective 2** reflects that progress was slower than anticipated early in the year. A monitoring visit by DFAT in August 2014 confirmed that the project is on track. Poor ‘Quality at Implementation’ ratings are partly explained by a lack of information at the time (March 2014).

The Ground Water Management Project is delivered in collaboration with the Ministry of Environment and Green Development of Mongolia (MEGD). It is in its third year of implementation, supporting improved ground water management in mining regions. The establishment and operation of River Basin Authorities (RBAs) has improved access to data to inform decision-making on integrated water use. The RBAs are changing the dynamics of decision-making between provincial and national government. The potential implications of this are monitored by DFAT.

The project made slow progress in 2013 due to machinery-of-government changes in Mongolia following their national elections. The formal agreement between the World Bank and MEGD to expedite implementation was delayed, but signed in early-2014. Establishment of the RBAs and recruitment of staff began in early 2014. Despite the delays the program is well placed to deliver strong outcomes in 2014–15.

To date, the project has established a Ground Water Management Unit with four staff in the MEGD, and three RBAs with 36 staff in three provinces functioning under the supervision of a Ground Water Management Unit. Training is provided for central and local staff on water management issues, including 25 officers from MEGD.

With the design of AMEP, a larger suite of assistance to the extractives sector will begin in 2014–15. A key challenge will be to integrate the Groundwater Management Project’s reporting mechanisms into AMEP. This was taken into account in the AMEP design and has been discussed with the World Bank.

Australia’s support to the mining sector in Mongolia includes funding from global and regional programs. The International Mining for Development Centre’s (IMDC) global and in-country training supports Mongolia’s human resource development through access to Australian mining expertise. Approximately 250 people from the Ministry of Mining, Mineral Resources Agency, Generalized Inspection Agency and the National Mining Association participated in training in 2013–14. The demand for IMDC training is high among Mongolian mining communities.

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

Contributing initiative: UNICEF Water, Sanitation and Hygiene (WASH) project

End of Initiative outcome: MES has developed a national plan for WASH in schools and is resourcing its implementation.

The **green rating for Objective 3** reflects that the UNICEF WASH project is on track to deliver a water and sanitation pilot that will be a model for the Government of Mongolia to implement a

¹¹ Australia contributes \$5m to this component— approximately two-thirds of the total component value (USD7.43m).

national plan for WASH in schools. The major outputs in 2013–14 are indoor WASH facilities at schools and kindergartens, hygiene promotion and advocacy, and development of national standards for school and kindergarten WASH facilities. Australia's support of \$2.8 million is 59 per cent of the total project funding, covering all program activities in Khuvsgul province.

The Mongolian government is highly supportive of this project, and it will form the basis of the Government of Mongolia's national WASH framework for schools and kindergartens, to be rolled out across the country. UNICEF support covers four areas:

i. *Minimum Requirement for WASH in Schools, Dormitories and Kindergartens.* Under the authority of the Minister, the WASH in Schools Working Group provides guidance and support to develop Minimum Requirements for WASH in Schools and Kindergartens. Chaired by the Deputy Education Minister, this group is functioning well to facilitate and supervise the drafting of the national standards. Representatives from the Ministry of Health actively participate to ensure that health standards are incorporated into the draft.

ii. *Guidelines on Education Management Information System (EMIS), Survey and Children's Monitoring Modules for Mongolia.* The EMIS is currently under development.

iii. *Hygiene promotion and education manual.* The manual was presented to the Ministry of Education and Science (MES) in early 2014.

iv. *Standard design of outdoor latrines for schools and kindergartens.* The standard designs are currently under development and will include budgets for ongoing maintenance costs.

The project has been very successful in raising awareness of WASH in schools and among policy-makers. The WASH advocacy programs reached 25 000 school children in Khuvsgul province (including all the target children from 12 schools and 12 kindergartens), 48 school officials, 30 teachers and 10 government officials at central and local levels. A total of 160 packages of WASH manuals and advocacy tools were distributed.

The model WASH systems in Khuvsgul are well entrenched in local systems. Twenty-five committees facilitate the project activities. Project Steering Committee meetings are held biannually and WASH monitoring teams and Child Development Centres are working at the schools and kindergartens to ensure that awareness-raising activities are regularly conducted and monitored. Designs for WASH facilities have been completed for all 12 schools and kindergartens. Seven schools and five kindergartens in six soums (districts) have plans for indoor WASH facilities. This means 4180 children in these schools and kindergartens will be able to access the indoor facilities from the first quarter of 2014.

With reductions in the aid budget the funding to UNICEF was reduced from \$3.4 million to \$2.8 million and the end date will be brought forward by a year to June 2015. The scope of the construction work will be reduced, but all schools and kindergartens will still receive improved facilities. Remaining funds are sufficient to deliver sustainable outcomes, but will reduce the efficiency of the program as some designed facilities will not go ahead.

Cross-sectoral activities

There are a number of other projects which contribute to the Mongolia program's objectives.

Volunteers are placed in priority sectors and in host organisations that receive funds from DFAT. Four Australian Youth Ambassadors for Development (AYAD) volunteers have worked with the

Asia Foundation and UNICEF this year on DFAT-funded projects to improve water, sanitation and hygiene. The volunteer with the UNICEF WASH project has helped install innovative technological solutions that are appropriate for the harsh climate, and are hygienic, low cost and simple to maintain. In Tarialan School the results are evident. With new indoor facilities the dormitory students can now shower regularly even in winter and the children do not have to use frosty and dangerous toilets that are “cold, dark and scary!”¹²

In 2013–14, there were 25 new AYAD volunteers placed in ten local NGOs, six international NGOs, five government organisations, three UN agencies and one private company. In the next Mongolia Aid Investment Plan we will explore opportunities for strengthening engagement of volunteers with the private sector. There are also eight Red Cross volunteers in three government organisations, four NGOs and one UN agency. Volunteers with the Mongolian Red Cross and UNICEF are strengthening the cooperation and capacity of organisations working with communities to improve disaster preparedness¹³.

Australia funds the Asia Foundation to deliver two projects in Ulaanbaatar; one on improving urban services in the ger districts (tent settlements) and one on economic policy planning. In 2013–14 the urban services project consulted with residents in 87 neighbourhoods to develop community maps which are now available online and are being used by the Mayor’s Office for budget planning in 2014. The Economic Policy Planning project supports the newly-established Economic Development Agency of the Mayor’s Office to design an economic development strategy for the city, and effectively engage with the private sector and the general public including through regular sharing of economic data.

The Development Assistance Projects (DAP) are a small grants scheme, managed through DFAT Seoul Post, to support Mongolian civil society projects. DAPs provide the opportunity to work with Mongolian NGOs and communities in vulnerable rural and urban areas of Mongolia. Current projects are helping vulnerable communities, including poor women and people with disabilities, to generate income and job opportunities, improve social and health services and participate in the decisions which affect them. DAPs also help strengthen the capacity of Mongolian NGOs to become active participants in social and economic development.

Mutual Obligations

The Government of Mongolia is an active and constructive partner in achieving the objectives outlined above. DFAT has long-standing good relations with our partner on the aid program, the Ministry of Economic Development. The AAM, WASH and Ground Water Management projects all rely on Mongolian Government-led program coordination mechanisms for effective delivery.

A number of current projects include elements of mutual obligation. Under AAM, government staff who receive scholarships are funded by their agency while they undertake English language training in Mongolia. The government agencies work with AAM to reintegrate staff on their return from Australia. Under the Groundwater Management Project, the Government of Mongolia has committed to take over funding of the remaining three RBAs, currently funded by Australia, until they are fully funding the system.

¹² Comment made to the Australian volunteer by 13 year old school girl from Tarialan School in northern Mongolia.

¹³ Formal reporting of volunteer program outcomes achieved during 2013–14 was not available at the time of writing.

On mining, the Government of Mongolia is an active partner—working closely with Australia, and other donors, to ensure support is coordinated. The Ministry of Mining (MoM) and the Ministry of Economic Development were actively involved in the finalisation of AMEP. MoM senior officials participated in the selection process for an implementation service provider for AMEP.

In January 2014, the Mongolian Parliament approved a new State Policy on the Mineral Sector (2014–2025). The Policy provides a comprehensive framework for mining-related legislation and long-term guidance for the development of the sector. This policy paves the way for valuable work to be done under AMEP in support of the Government of Mongolia's priorities. There is scope to discuss mutual obligations in this space under the new Aid Investment Plan.

Program Quality and Management

Improvement of the program's quality reporting was a focus of 2013–14. No independent evaluations were held in 2013–14. The Performance Assessment Framework (PAF) was used to engage with implementing partners to elicit stronger results-reporting. To maximise the utility of the PAF in assessing program performance more work will be done to identify baseline data and expected outcomes for each year of delivery. This will form part of the analytical, program logic and preparatory work in 2014–15 to inform the Aid Investment Plan.

Analysis of Quality at Implementation (QAI) Reports

All initiatives remain highly relevant and sustainability is strong. Monitoring and Evaluation is highlighted as an ongoing area for development (see above).

Although scores are satisfactory for gender equality, more will be done to support gender equality outcomes in our scholarships (see page 5) and extractives programs. AMEP will implement gender-specific activities¹⁴ and will mainstream gender by requiring funded activities to demonstrate and measure gender equality and social inclusion principles¹⁵.

The QAI process was used to discuss performance with partners and prompt discussions on priorities for the year ahead. This was particularly useful for the World Bank Groundwater Project, and we expect the effectiveness and efficiency ratings to increase in 2014–15.

Performance of key delivery partners

Coffey International has efficiently and reliably implemented the new AAM design, despite some teething problems with the new selection process. In 2014–15 AAM will strengthen communications and relationships with Government of Mongolia stakeholders who are affected by the changes to the program.

In 2013–14 DFAT had a permanent staff presence in Mongolia for the first time, increasing our visibility and improving our partners' engagement and understanding of the program. Staff undertook regular monitoring missions, visits to project offices and meetings with counterparts.

¹⁴ AMEP implementation will be informed by the findings of the DFAT-funded Australian Development Research Award (2013–15) "Supporting Women During Mongolia's Mining Boom": <https://www.csr.uq.edu.au/research/a-gender-sensitive-approach-to-mongolia-s-mineral-development-path-applying-socio-ecological-metrics-to-evaluate-and-track-livelihood-transitions-in-a-nomadic-society>

¹⁵ AMEP Investment Design Document

Risks

Table 3: Management of key risks to achieving objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?
The Government of Mongolia (GoM) decreases political support for Australia Awards, resulting in a decline in the quality of candidates.	The program maintains a strong and open relationship with the GoM, including through the Annual Strategic Review and Program Coordinating Committee Meetings. We discuss updates to the program as they occur. The program has promotion campaigns to highlight the benefits of studying in Australia and the strengths of the Australia Awards in Mongolia program.	Increase GoM representation in program activities such as interview panels, promotion activities, and other meetings. Establish an annual aid consultation to set tighter direction for the program each year, and align expectations.
Mongolia's economic conditions deteriorate, reducing the relevance of Australian assistance in the extractives sector.	The AMEP program is designed to be flexible and respond to the new Government of Mongolia's policies and expectations.	Maintain the current engagement with GoM to check program alignment with their priorities. Ensure AMEP is active in donor coordination.

Management Responses

- DFAT Canberra to manage the risks associated with the transition in program management arrangements from Beijing to Seoul post by December 2014.
 - New Australian and local staff positions in Seoul to manage the Mongolia aid program to be filled by December 2014.
 - Day-to-day management and support to staff in Ulaanbaatar is provided by DFAT Canberra from July to December 2014, until Seoul staff are recruited.
- DFAT Canberra and Seoul (from December 2014) support the establishment of AMEP.
 - Close oversight of and guidance to the new implementation service provider.
 - Incorporation of existing mining sector activities under the AMEP umbrella.
 - Active engagement with the Mongolian Government and other donors on AMEP.
- Australia Awards guidelines and selection processes reviewed by DFAT and Coffey International.
 - Information sessions held and IT systems enhanced to reduce high rates of non-conforming applications.
- A high-level consultative forum for the aid program will be established and led by DFAT Canberra to provide a forum for policy discussion and risk management, including the elevation of serious aid-program-related relationship issues.
- A new Aid Investment Plan will be completed by June 2015 that focuses the Mongolian aid program on the new aid-policy priorities, identifies opportunities for innovation in existing and new initiatives, and strengthens private sector engagement.

Annex A

Progress in addressing 2012-13 management responses

Management consequences identified in 2012-13 APPR	Rating	Progress made in 2013-14
Strengthen policy dialogue with the Ministry of Economic Development, Ministry of Mining and other development partners.	Achieved	The level of engagement with partners increased over 2013–14. MoM and MED participated in the AMEP design and MoM took part in the selection process for the implementation service provider. Regular meetings and monitoring visits were held at the project site and offices of delivery partners. DFAT is active member of the mining donor coordination community.
Mongolia program staff will deliver an AMEP design that has broad endorsement across DFAT, including consistency with the relevant thematic strategies, the Government of Mongolia and Australian whole-of-government partners.	Achieved	AMEP design was finalised and funding was approved in 2013–14. Thematic areas and whole of government partners participated in the Peer Review of the design document.
Ensure that new Mongolia local staff have adequate skills and information to manage current and future engagements, and sufficient knowledge of corporate policy and requirements to deliver the program effectively.	Partially Achieved	Mongolia-based staff undertook training in Canberra in June 2013 and in Bangkok in June 2014. The training has improved the knowledge and skills of the local staff on aid programming. Further training opportunities will be sourced in 2014–15.
Staff will ensure that transition from the first to the second phase of Australia Awards in Mongolia is smooth.	Achieved	The new phase has been successfully implemented by Coffey International in 2013–14.
Use the performance assessment framework to elicit better activity-level data from partners. Ensure that enhanced performance reporting is integrated into the design of AMEP and that future APPRs are more analytical.	Partially achieved	Communicated PAF and reporting requirements to partners which resulted in solid data for headline results reporting. There is more work to be done to identify and compile baseline data.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

Annex B

Quality at Implementation ratings

Investment name	Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
UNICEF WASH		2013	4	5	4	4	5	5
		2012	6	4	4	4	4	5
Australia Awards Mongolia		2013	5	5	5	4	4	4
		2012	5	5	5	4	4	5
Strengthen Groundwater Management in Southern Mongolia		2013	6	3	3	3	4	4
		2012	6	4	3	4	4	5

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very high quality

5 = Good quality

4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

3 = Less than adequate quality; needs significant work

2 = Poor quality; needs major work to improve

1 = Very poor quality; needs major overhaul

Annex C

Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	Aldworks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into Aldworks	Date Management response uploaded Into Aldworks	Published on website
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No evaluations were undertaken during 2013-14

List of evaluations planned in the next 12 months

Name of Investment	Aldworks number	Type of evaluation	Purpose of evaluation	Expected completion date
Australia Awards in Mongolia program	INK950	Independent Progress Review	To collect data to decide whether to support an extension of the program for two more years or to conclude the current phase of the program.	The program current phase completes as of 30 June 2016. The review is scheduled for the first quarter of 2015.

Annex D

Performance Benchmarks 2014 -15

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
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.	The rapid development of Mongolia's mining sector has placed significant demands on human resources and skilled employment in the public and private sectors. While basic educational achievement is high, there is a gap between the educational qualifications and skills being delivered in the secondary and tertiary sectors and the human resource needs of the public and private sectors. Private companies, local and foreign, as well as the public sector are finding it difficult to source suitable staff, which highlights the need for ongoing targeted assistance in education and training. Many alumni from our scholarships program have made important contributions to Mongolia's development, including through holding senior positions in government, the civil service and private enterprise. This strong reputation in education, combined with the current human resource challenges confronting the public and private sectors in Mongolia, makes education an obvious choice for our ongoing engagement.
Mongolians are benefitting from a sustainably managed mining sector.	Effectively mobilise the Australia Mongolia Extractives Program - To be staffed and operational in 4 th 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.	The Government of Mongolia has identified sustainable development of the mining sector as a key objective, and Australia can share significant expertise and experience in promoting a stable regulatory environment in the mining sector. Further, when benefits from the mining sector are shared with the broader community, through employment and investment in social services, mining contributes to poverty reduction, economic growth and national self-reliance. AMEP will build relationships in the mining sector, coordinate donor assistance, manage Australia's suite of mining related activities in a comprehensive manner and seek out new and innovative opportunities for Australian support.
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.	More than 50 per cent of the rural population has no access to safe water, and nearly 70 per cent has no access to adequate sanitation. Lack of proper water and sanitation in rural schools and dormitories, where many children spend up to nine months of the year, remains a critical area of concern.

