



Gobi Regional Economic Growth Initiative

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Year Three – Fourth Quarter Report
October 8, 2006 - January 7, 2006
Cooperative Agreement
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GOBI INITIATIVE PHASE II – YEAR THREE - FOURTH QUARTER REPORT

INTRODUCTION:

The Gobi Regional Economic Growth Initiative-Phase II (Gobi II) project began on January 8, 2004, funded under Cooperative Agreement #438-A-00-04-00002-00. The project is being implemented by Mercy Corps in partnership with Pact, Inc.

THIRD YEAR SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Overall, Mercy Corps/Mongolia believes that Gobi Initiative (Phase II) had a very successful third year. A key component of the Phase II strategy is herder business diversification and expansion. Results from the third year of business plan implementation by the herder groups revealed that the majority of groups successfully implemented their business plans and generated significant sales. Another important result was that profitability and marketability of production continues not to be a problem; whatever was produced was sold, and at prices that generated profits for the business. The challenge as the program moves forward will be to facilitate market linkages for clients with regional opportunities at the larger Aimag centers and Ulaanbaatar. Inherent with this expansion in the market chain will be the need for continued improvement in quality of the products produced and the packaging and marketing, in order that the products can compete in the more competitive environment of these larger markets.

As a result, **MC/Mongolia remains committed to its diversification/expansion strategy**, and will work with approximately 321 (246 herder and 75 non-herder) business clients in Year Four of the program. The majority of these clients have already developed their business plans and the program staff has begun reviewing and approving the plans.

Gobi Initiative (GI) uses sales generated from new business activities outlined in the formal business plans developed under the project as an indicator of success. During the year ended December 31, 2006, Total sales worth MNT 1,426,032,602 (1,213,650 USD) have been generated by the 171 GI supported herder businesses, against a total plan of MNT 1,414,892,727 (1,204,164 USD). These sales were directly related to the activities noted in the business plans. In addition, the program worked with a number of non-herder businesses during the year, and the business client selection and planning process was better streamlined with a total of fifty one businesses successfully implementing their plans. By the end of December, the 51 non-herder businesses generated total sales worth MNT 1,284,831,307 (\$1,093,473.45), against a total plan of MNT 1,513,885,624 (\$1,288,413.30).

Total new/expanded business activity sales, generated as a result of GI-provided assistance during 2006, were MNT 2,716,023,409 (\$2,331,351) as of December 31, 2006, bringing total sales for the first three years of Gobi II to MNT 4,563,979,756, or \$3,917,579. Against cumulative Cooperative Agreement spending of \$4.0 million (net of PACT project sub-component) for 2004-2006. MC/Mongolia believes that this is a significant accomplishment, particularly since these businesses should continue to earn revenue from these business activities in 2006 and well beyond, with or without GI assistance.

In total in Year Three, 525 trainings and consultancies have been provided to the herder and non-herder clients over the course of the year, with a total of 4,651 participants, 56% of whom were women. Of the total trainings and consultancies provided 333 were for herder clients and 192 for non-herder clients. Over the three years of the program there has been a steady increase in the numbers of training and consultancies provided, in 2004 a total of 258 and in 2005 a total of 392 trainings and consultancies were provided. Capacity building of local aimag-based training and technical assistance providers has been an area to which GI program staff has committed both significant time and resources. As in Years One and Two of the program, the majority (59%) of trainings and consultancies were provided by local consultants in Year Three as well. As part of the process of ensuring the quality of training and technical assistance provided by aimag-based consultants the program continued with the "aimag-based consultant certification" process. As a result, thirty nine aimag-based consultants have now been certified by the program and have continued to provide technical assistance to program clients. In addition to the certification, forty one training workshops have been organized to build the technical skills and capacities of the aimag-based consultants

and program officers. Training workshops covered included the following main topics: dairy safety training, dairy production, veterinary training, financial management and accounting, dairy processing, vegetable cultivation, veterinary and animal health, cooperative development, marketing and promotion, training of trainers, business start up and business planning.

In Year Three, one of the highlights was the major market events that took place during September in all GI aimags. The events this year were a great success attracting large crowds from across the aimags. The USAID Mission Director attended the official opening of the market event in Gobi Altai and Mr. Enhsaihan Deputy Prime Minister, Mr. Terbishdagva Minister of Food and Agriculture attended the official opening of the Dundgovi market event held in Ulaanbaatar on the 18th of September and visited the market stalls talking to exhibitors and tasting the products. Also the Members of Parliament and Aimag Governors attended the market events in their respective Aimags. This year the market fairs again grew in size from previous years and more importantly there was active involvement and participation in the organization and financing of the events by local government, other organizations and businesses in the aimags. The involvement of other organizations and local government is an important step forward towards ensuring that these events become a sustainable annual event long after the program ends. The six events in 2006 generated grand total sales of MNT 330 million (\$282,000). In 2005 the six trade fairs generated grand total sales of MNT 225 Million (\$200,000) and in 2004 total sales were MNT 123.7 million (\$103,000). Local products offered included dairy goods; bread, cookies and pastries; vegetables; wool and cashmere; hides and leather products; felt and felt products; wood/metal products; several types of handicrafts; wicker items; and construction material. The dairy and vegetable products had the highest demand and all exhibitors of these products were sold out within the first days of the events. At the six events a total 1,196 exhibitors participated. All of the GI cooperating clients participated, promoting and selling their goods and services to the general public, as well as other herder and non-herder businesses in the aimags.

The loan guarantee mechanism (USDA funding) continues to be a crucial component of the overall strategy for supporting the herder diversification activities. Through Year Three the program has assisted 151 businesses in obtaining commercial financing of MNT 509,243,874 (\$433,399), of which MNT 249,311,412 (\$212,180) has been guaranteed through the USDA-funded "Rural Agribusiness Support Program". Since the beginning of Gobi II, Mercy Corps has assisted 351 businesses in obtaining commercial financing of MNT 1,078,302,874 (\$917,705), of which MNT 673,964,512 (\$573,587) has been guaranteed through the USDA-funded "Rural Agribusiness Support Program". Of these 351 businesses, 233 have fully repaid their loans, the total value of the repaid loans was MNT 593,936,874 (\$505,478). Over the past three years the loan guarantee mechanism has encouraged banks to lend to rural businesses, decrease their reliance on collateral, decrease their interest rates as risk is reduced and lengthen tenure. As a direct result the two main rural banks¹ lowered their annual interest rates from 42% to 18-24% for rural businesses, and increased the average loan tenure from 8 to 15 months and decreased their reliance on loan guarantee mechanism collateral from 82% (May 2004) to 40.58% (present).

The Gobi Forage component has been active during the year with the development of an information and communication infrastructure and analysis delivery system to provide herders with information on current and forecasted forage conditions that will assist them to make timely and specific management decisions. The products developed over the summer growing season and the fall include maps and explanation keys, radio bulletins and training manuals. The maps and radio bulletins have been reviewed and tested with aimag and soum government officials and herders. In the last quarter of 2006, the Gobi Forage aired the first radio bulletin for the overall winter 06/07 forage condition of the six Gobi aimags through the Mongolian National Radio (Mongol Radio) twice on December 15, 2006. Starting from 2007, the radio bulletins will be aired via Mongol Radio every month covering essential topics related to the rangeland issues and practices and to deliver the forage condition information (current and forecasted). The corresponding trainings on the efficient use of the maps and other products will be organized by the project team for herders and local government officials starting from May 2007. The Gobi Forage project has a website with a detailed explanation of the project, the scientific technology and the information products developed and disseminated, the website can be found at the following link: <http://glews.tamu.edu/mongolia/>.

¹ Xac Bank and Khaan Bank

The increased focus on alternative business information dissemination channels, beyond the RBN magazine, has been a successful strategy followed in Year Three. The increase in RBN radio and television programming, combined with a fine-tuning of message content and the way in which those messages are delivered, has shown results in terms of listener/viewer recognition and awareness, and acceptability and interest on the part of mainstream media. During Year Three the production of the 24-part TV drama, "Final destination", was completed and launched in December. The series, set in the Gobi, focuses on a rural vet business, offering the viewer technical veterinary information, best business practices and beneficial animal husbandry tips and advice through an entertaining and educational medium. RBN launched the new radio drama series, "Directions" that has replaced the long running radio series, "Herder from the future". Both the TV and radio series were produced by Mongolian production companies, with the RBN staff providing capacity building and technical assistance to the production company as part of the ongoing efforts of the program to build the capacity of local production companies.

With the successful implementation of the first three years of the program, in addition to current work which will extend into 2007, plans for Year Four and into Year Five, can be summarized as follows: Gobi II will:

- Seek to increase the total number of program clients, continuing to focus program efforts between adding new clients and focusing on the remaining steps needed to "graduate" the Year 2 and Year 3 clients;
- Focus greater efforts on cooperative institutional development, including internal management and "succession planning", this will also include a focus on young herder / businessmen training curriculum development, key to ensuring sustainable businesses that will continue beyond the end of Gobi II;
- Continue to increase efforts to enhance the skills and marketability of local training and technical assistance providers and work with the commercial banks to build the skills of bank staff to provide business advice to clients, key to ensuring some degree of sustainable business development services (BDS) beyond the end of Gobi II;
- Increase efforts to develop local production input and equipment suppliers, critical for continued new business development and existing business growth;
- Explore opportunities to work with national stakeholders to establish 'organic certification standards for Mongolia'. This will include the identification of potential national stakeholders, identification of products with organic potential and market opportunities and working with international experts to establish relevant certification standards for Mongolia.
- Establish in collaboration with herder clients, economically viable demonstrations of appropriate technology for improved vegetable production and animal fodder and hay. This will include greenhouse design and construction, drip irrigation systems and trials of seed varieties for vegetables and animal fodder adapted to Mongolian conditions.
- Focus on more targeted local government capacity-building - at the soum level related to land use issues and at the aimag level related to tax reporting, particularly by new businesses, and with the professional inspection agency related to meeting food and safety standards;
- Bring the Gobi Forage forecasting activity fully on-line, including the critical information dissemination component, maps, radio bulletins and training manuals (carried forward from 2006). Begin the process of institutionalizing the Gobi Forage component within a suitable Mongolian entity, such as the Research Institute for Animal Husbandry;
- Pact and the Gobi Forage project will explore ways of incorporating the Market Watch information into the package of information and products developed under the Gobi Forage component. This will include the use of advanced computer software and servers to automate the collection of price information and the generation of price commodity reports; and
- Pact will work with local production companies to outsource the production of RBN TV and Radio programs and will work with the companies to build their technical capacities and skills in developing media products, production techniques and key message identification. The overall objective being to build the skill and capacity of Mongolian production companies that can continue to produce high quality, effective message based business information and educational media products beyond the end of Gobi II.

Annex 4 provides an overview of the Gobi Initiative program performance in the three years from 2004 to 2006.

Program Highlights during this reporting period October - December:

- It has been another productive year for Gobi Initiative supported herders and business clients. By the end of December, some 171 herder groups and cooperatives, have successfully implemented their business plans with the technical assistance and training provided by the program and the MC loan guarantee fund. Total sales worth MNT 1,426,032,602 (\$1,213,650) have been generated by these GI supported herder businesses, against a total plan of MNT 1,414,892,727 (\$1,204,164).
- Program officers have been busy with the selection of potential clients who will develop business plans for CY2007 in October. A total of 488 applications were received, 364 from herder clients and 124 from Non-herder clients. The program officers have selected a total of 321 clients (246 herder and 75 non-herder) and has begun the process of assisting the clients to develop their business plans with formal training sessions and one on one assistance. The clients will begin implementation of their plans at the start of CY2007. GI staff worked hard over the quarter on helping the clients to develop and finalize their 2007 business plans. GI will be supporting over 246 herder clients and 75 non-herder business in 2007. GI Aimag-based program officers provided the initial technical assistance to the herder clients as they developed their business plans with UB-based program officers reviewing completed plans.
- Ten herder clients that are engaged in vegetable cultivation participated in a week long training in Ulaanbaatar held at the facilities of Green City LLC. Green City is the first organization in Mongolia to grow organic vegetables and uses the latest technology in greenhouse production. The participants were introduced to appropriate greenhouse production of vegetables under Mongolian conditions and learnt about composting, natural weed and pest control methods. Green City LLC also supplies complete greenhouse kits for installation in Mongolia and the program will be exploring opportunities to establish economically viable demonstration greenhouses in cooperation with GI clients next year.
- Seven Soum Government Master Plans (5 & 10 Year) were developed Gobi Sumber Aimag - Shivee Gobi soum, Bayanhongor Aimag - Bayan Unduur soum, Gobi-Altai Aimag - Delger soum, Dundgobi Aimag - Saikhaan Ovoo soum and Uvurhangai Aimag - Tugrug and Yuzenzuil soums through a participatory process involving a total of 110 soum government employees. The participants included local government employees, members of the soum Khural (local parliament), business owners and local residents. These Master Plans will be debated by the soum Khural in December and, if approved, begin to be implemented in 2007.
- The Mongolian Farm Management Notebook was completed and translated into Mongolian. This publication gives guidelines for livestock and crop production and agriculture input values for Mongolia. The technical book will be distributed to all program herder clients and local consultants and will be used as a reference when producing business plans to ensure that the plans have realistic production figures and accurate input and production costs. The program staff will use the reference book when reviewing business plans to make sure they are economically viable.
- A directory of agricultural input suppliers has been compiled, translated and distributed to Aimag offices. This will be available to clients wishing to invest in new machinery and equipment and obtain vegetable and fodder crop seeds and packaging as part of their diversified business plans. In all, over 50 suppliers are listed, with the directory being updated annually.
- CNN broadcasted an article entitled "Nomadic herders go high-tech" on 01 Dec 2006. This focused on the work of Texas A&M University who is developing Gobi Forage and similar products in Afghanistan and East Africa. The article can be found on the link below:
http://www.cnn.com/2006/TECH/12/01/hightechherders/index.html?section=cnn_latest
- In the last quarter of 2006, the Gobi Forage aired a radio bulletin for the overall winter 06/07 forage condition of the six Gobi aimags through the Mongolian National Radio (Mongol Radio) twice in December, 2006. This was the start of an information and communication infrastructure and

analysis delivery system of the project to provide herders with information on current and forecasted forage conditions that will assist them to make timely and specific management decisions. Starting from 2007, the radio bulletins will be aired via Mongol Radio every month to cover essential topics related to the rangeland issues and practices and to deliver the forage condition information (current and forecasted).

- The Buy Mongolian Campaign has been developed in conjunction with CHF, the campaign includes TV advertisements, posters and newspaper adverts. The TV adverts were aired through early December on UBS and MNB TV channels. The campaign reinforces the message that buying Mongolian products is good for you and your country, which is particularly pertinent in the run up to Tsaagan Sar.
- RBN / Pact organized a Market Watchers' Training seminar which was held in early October. Market Watchers from 18 aimags as well as UB attended the 3 day workshop. The workshop was designed to improve the skills and capacity of the Market Watchers, to better investigate alternative commodity prices for collection, and to explore alternative geographical locations for price commodity collection. A consultant from the University of Finance and Economics also worked with the participants, to improve the skills of the participants in data collection methodology.
- The premiere of the new Pact/RBN 26-part educational TV drama series, entitled "Final Destination" was launched in mid December at the Tengis Cinema. The launch was followed up by an extensive advertisement and public awareness campaign. The series, set in the Gobi, focuses on a rural vet business, offering the viewer technical veterinary information, best business practices and beneficial animal husbandry tips and advice through an entertaining and educational medium. The series is broadcast bi-weekly on TV9.
- RBN's Fourth Quarter December issue magazine was published with a circulation of 6,500 copies. Preliminary negotiations aimed at creating a long term sustainable mechanism to support the continuation of RBN magazine were held with potential local partners.

INTERMEDIATE RESULT 1.3-1 Increase in Number of New and Strengthened Businesses

Activity One: Business Plan Development and Implementation

Targets:

- 171 Herder Businesses implement business plans in 2006 with total sales of 1.4 B'n MNT
- 40 Non-herder businesses implement their business plans in 2006 with sales of 1.4 B'n MNT

Indicators	Progress during reporting period	Progress to date
Number of Business Plans Developed		222
Value of sales	1,113,181,714	2,716,023,409
Value of fixed assets / Net worth of clients business	N/A	N/A
Number of Business Plans implemented	222	222
Number of Applications received for CY2007 requesting business plan development assistance	488 (HB-364, NHB-124) selected business -322 Herder business-249 Non-herder business-73	488 (HB-364, NHB-124) selected business -322 Herder business-249 Non-herder business-73

Sales figures continue to be the main indicator that the program tracks. Gobi Initiative clients performed well in the 4th quarter of 2006, bringing their total sales for the whole year up to MNT 2,716,023,409 (\$2,331,351). This, when compared to the annual target of MNT 2,931,983,351 (\$2,495,304) means that GI clients have achieved 93% of the target for sales.

Table 1: Total GI Planned versus Actual sales for Herder and Non-Herder clients in Year Three

Business sectors	# of clients	Total Planned Annual sales MNT	Actual Herder Business MNT	Actual Non-Herder Business MNT	Total Sales MNT
Animal breeding	3	8,830,000	7,229,000	0	7,229,000
Dairy	38	298,179,449	204,953,165	79,182,500	284,135,665
Felt	24	148,042,400	125,581,500	26,590,000	152,171,500
Meat	19	345,345,220	212,344,886	112,153,750	324,498,636
Other production	59	1,618,936,974	373,781,520	1,033,475,754	1,407,257,274
Tourism	8	57,960,000	25,039,400	20,950,000	45,989,400
Vegetable/fodder	45	250,338,420	248,460,600	12,479,303	260,939,903
Veterinary	26	204,350,888	233,802,031	0	233,802,031
Total	222	2,931,983,351	1,431,192,102	1,284,831,307	2,716,023,409

Herder Businesses

By the end of December, some 171 herder groups and cooperatives, have successfully implemented their business plans with the technical assistance and training provided by the program and the MC loan guarantee fund. Total sales worth MNT 1,431,192,102 (\$1,228,491) have been generated by these GI supported herder businesses, against a total plan of MNT 1,414,892,727 (\$1,204,164). The following tables and figures provide a graphical representation of the results achieved during Year Three for herder business plan implementation.

Table 2: Herder Business Sales (MNT) Planned versus Actual by Aimag

Aimags	Total Planned Sales Income MNT	October Sales, MNT	November Sales, MNT	December Sales, MNT	Cumulative total sales for 4th quarter, MNT	Cumulative total sales for 2006, MNT	%
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Bayanhongor	220,570,085	39,302,686	38,184,830	21,665,000	99,152,516	219,483,279	100%
Dundgovi	246,760,860	49,006,000	29,360,273	10,583,000	88,949,273	233,303,983	95%
Govi-Altai	277,967,619	55,665,400	61,295,210	19,053,000	136,013,610	283,573,990	102%
Govi-Sumber	149,803,760	33,414,310	23,848,000	14,648,046	71,910,356	152,540,086	102%
Umnugovi	119,634,450	28,521,980	15,017,150	6,894,400	50,433,530	104,102,600	87%
Uvurhangai	403,360,953	70,276,100	66,440,200	19,642,300	156,358,600	434,188,164	107.6%
TOTAL	1,418,097,727	276,186,476	234,145,663	92,485,746	602,817,885	1,431,192,102	100.90%

Figure 1: Herder Business Sales by Aimag:

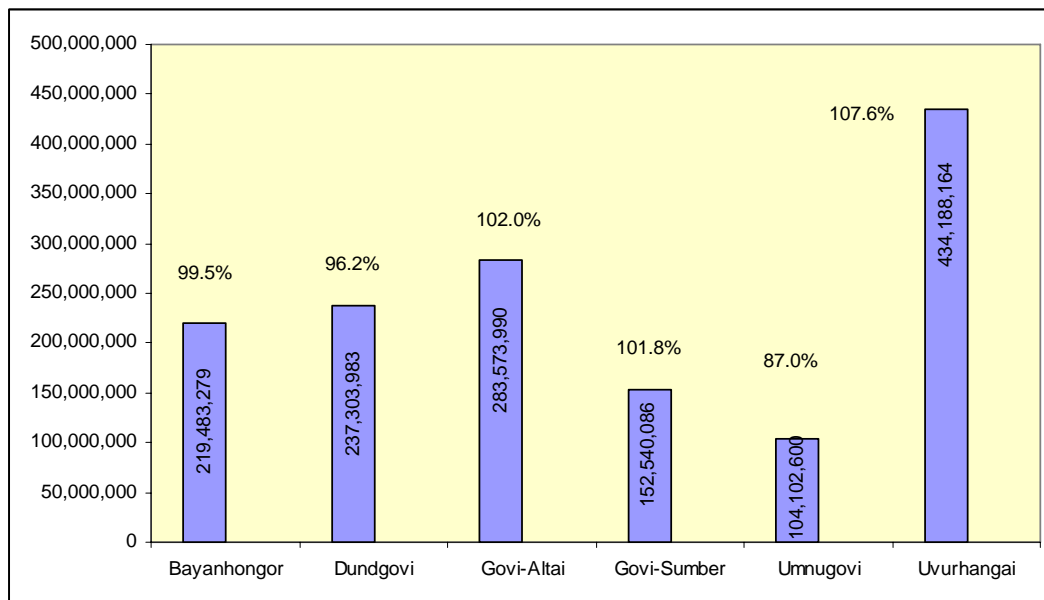
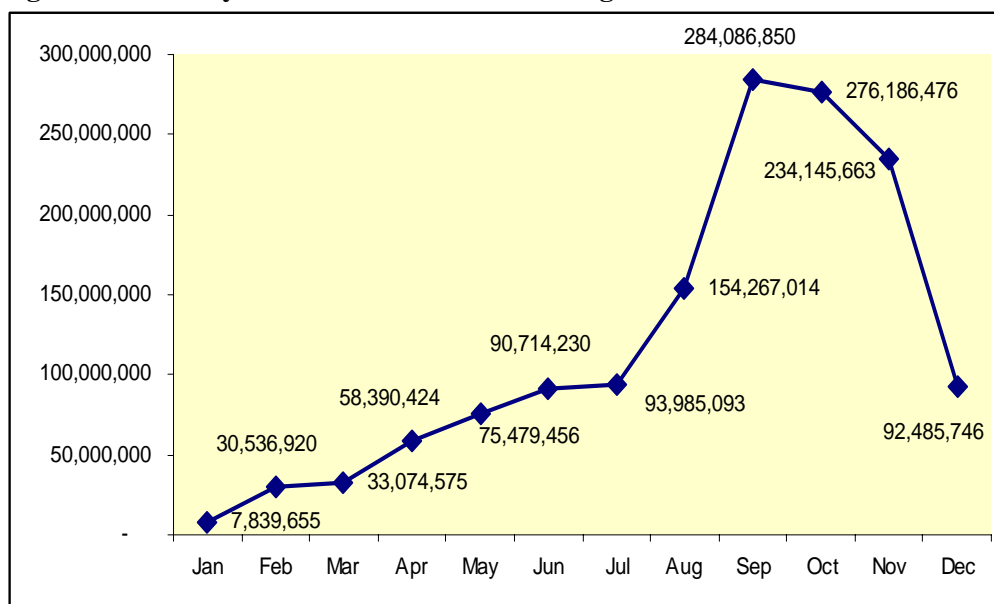


Figure 2: Monthly Herder Business Sales during 2006



Sectoral Trends

On average a herder business makes MNT 8.4 Million (\$7,200) in sales, however there are some major sectoral differences. The "other" businesses make more on average and are comprised of businesses such as petrol stations, carpentry, fuel making and block making. This clearly demonstrates the value of diversified herder businesses. Meat businesses are the top performers from the traditional herding sector, and vet business plans also fare well in individual terms. However, in over all sales amount, the vegetable and fodder businesses contribute the most of any individual sector and have the most clients.

Table 2: Herder Business Sales by Sector (MNT)

#	Business sectors	# of clients	Total Planned Annual sales MNT	Sales income IV quarter	Cumulative total sales for 2006, MNT	% of total projected sales
1	Animal breeding	3	8,830,000	2,061,900	7,229,000	81.9%
2	Dairy	34	208,786,749	90,449,110	204,953,165	98.2%
3	Felt	23	122,896,400	52,652,500	125,581,500	102.2%
4	Meat	17	219,679,220	117,520,178	212,344,886	96.7%
5	Other production	19	387,632,050	127,041,800	373,781,520	96.4%
6	Tourism	6	24,960,000	7,949,000	25,039,400	100.3%
7	Vegetable/fodder	43	240,962,420	138,473,850	248,460,600	103.1%
8	Veterinary	26	204,350,888	66,669,547	233,802,031	114.4%
	Total	171	1,418,097,727	602,817,885	1,431,192,102	100.9%

Figure 3: Contribution of sector to sales

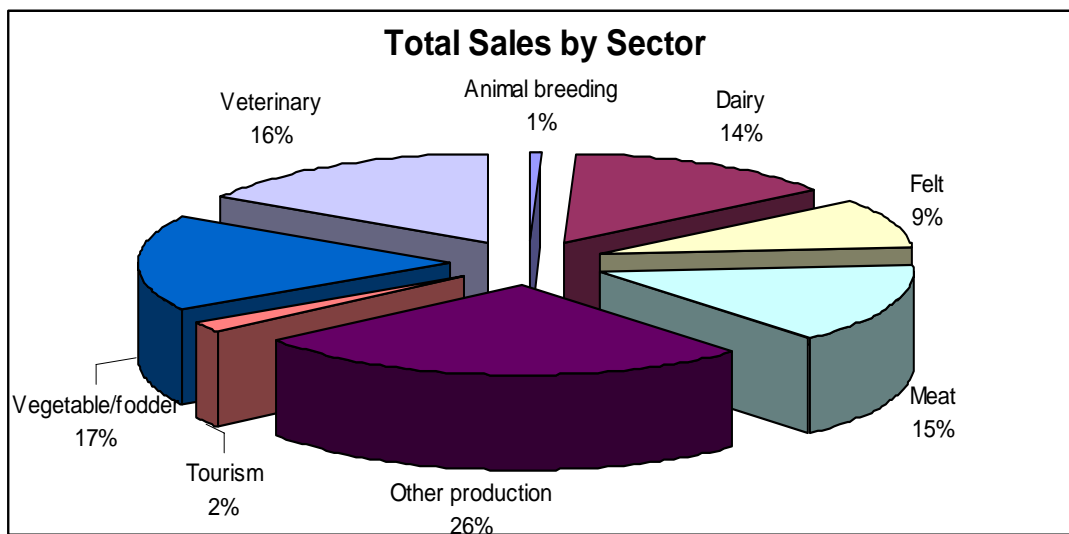


Figure 4: Monthly sectoral sales

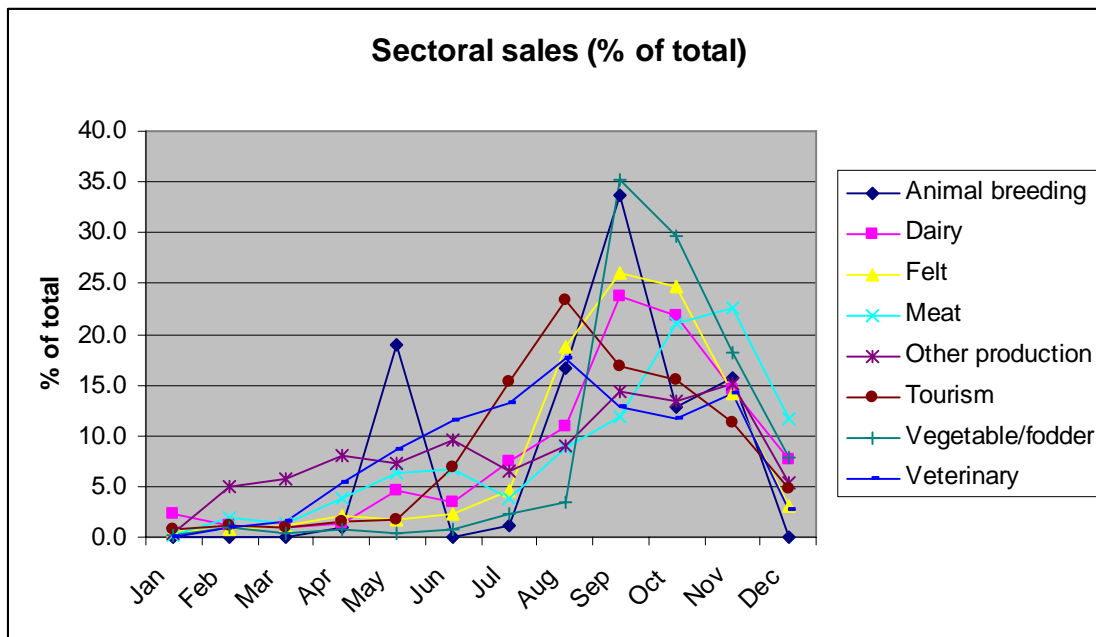
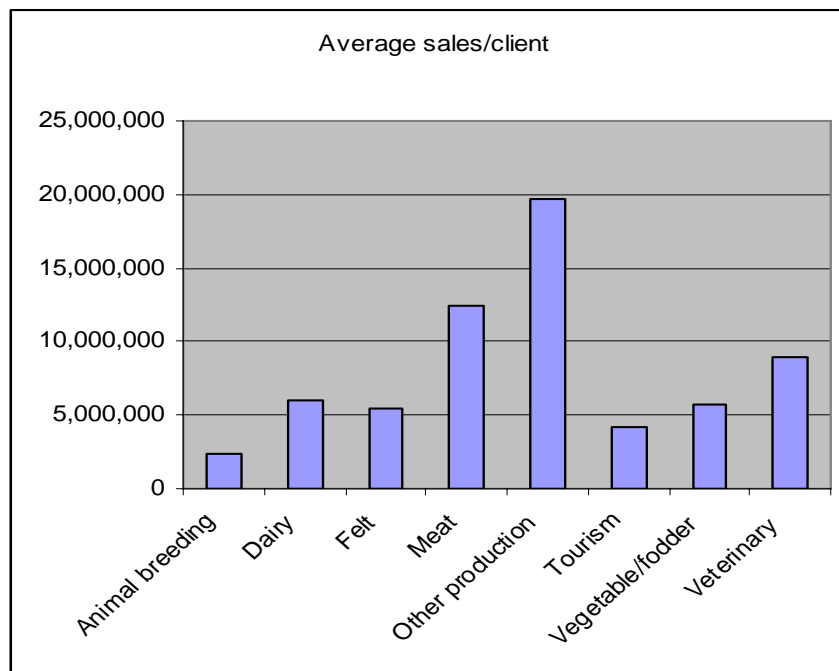


Figure 5: Average client sales by sector



Two areas that have seen successful business plan implementation in Year Three with the herder clients has been vegetable and fodder production and dairy production.

Vegetable and Fodder production:

The program organized regional round-table forums including the agricultural program officers and aimag-based agricultural consultants of the Gobi aimags in Bayankhongor and Umnugovi aimags. During the meetings, the duties of herder clients, agricultural program officers and aimag-based consultants were defined in detail building upon the lessons of agricultural production in Years One and Two. The aimag representative offices signed contracts with 11 aimag-based agricultural consultants to provide continuing technical assistance to GI Herder clients. The aimag-based consultants worked with the herder clients over the course of the year and developed 40 recommendations on how to improve vegetable and fodder production. In addition to the tailor made technical assistance for each client, the program facilitated the supply of good quality potato and vegetable seeds to the clients. In October, a 3-day training for greenhouse operating clients was conducted at the vegetable greenhouse farm of "Green City" LLC in Gachuurt village, Ulaanbaatar, involving 10 clients. The process of allocating individual consultants to work with herder clients over an extended period of time, coupled with assistance to source good quality inputs contributed to the success of the vegetable and fodder production activities in 2006. In total, 41 herder clients planted vegetables and animal fodder plants in a total area of 116.3 hectares harvesting 1455.1 tons (543.4 tons of vegetable, 35.8 tons of fodder and 876 tons of hay).

Dairy Production:

In Year Three, 35 herder clients implemented dairy business plans in the six Gobi aimags. The dairy business clients encountered considerable constraints this year. In April, strong sand and dust storms occurred across the majority of the Gobi aimags. In May and June, due to the drought conditions in Umnugovi, Dundgovi and Govi-Sumber aimags, many herding clients were forced to move to remote pastures to find feed for their livestock. The movement of members of the herd groups and the livestock resulted in a shortage in both labor and working capital. However, in July, it rained over most of the Gobi region enabling the herder groups/cooperatives to start implementing their dairy business plans, although with some delay. As a result of the efforts of the herder clients and the training and technical assistance provided by the program the clients were able to achieve their projected sales figures.

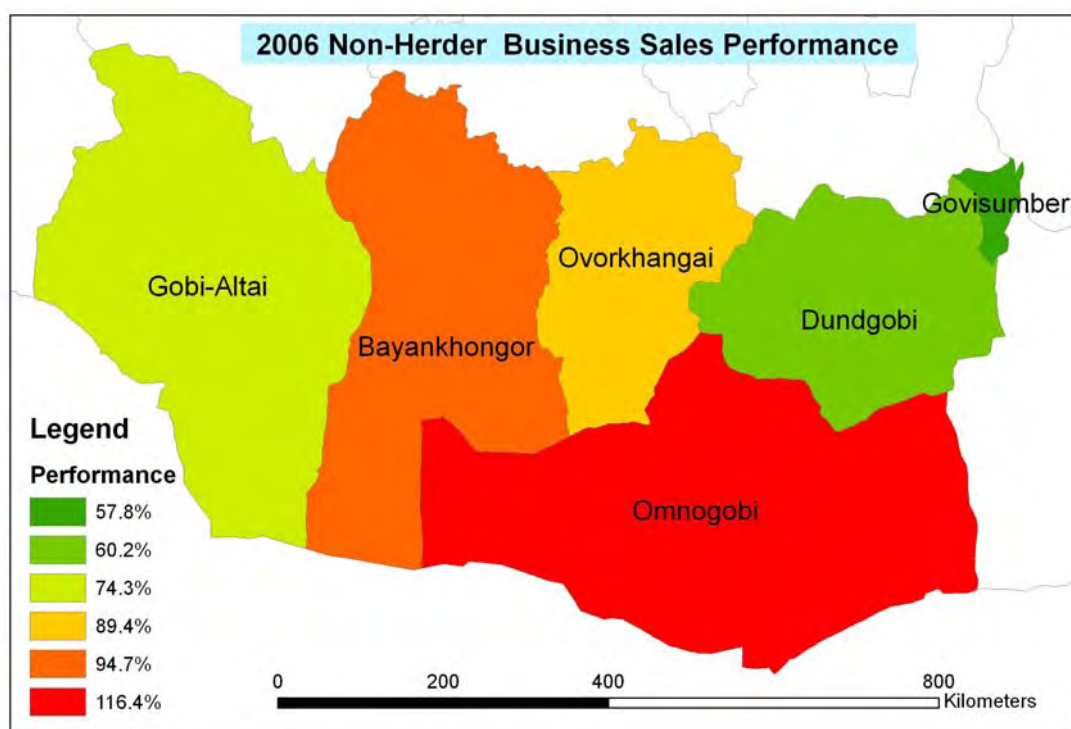
Non-Herder Business Plan Implementation

Non-Herder Businesses also performed well over the course of the year and successfully implemented their business plans. By the end of December, some 51 non-herder businesses, have successfully implemented their business plans with the technical assistance and training provided by the program and the MC loan guarantee fund. Total sales worth MNT 1,284,831,307 (\$1,093,473.45) have been generated by these GI supported non-herder businesses, against a total plan of MNT 1,513,885,624 (\$1,288,413.30). The figures in Table 4 are obscured by the fact that many of the non-herder businesses did not commence operations until later in the year.

Table 4: Non-Herder Business Sales (MNT) planned versus actual

Aimags	Total Planned Annual sales MNT	October Sales MNT	November Sales MNT	December Sales MNT	Cumulative total sales for 4th quarter, MNT	Cumulative total sales for 2006, MNT	%
Bayanhongor	390,676,432	58,330,266	43,394,750	67,677,450	169,402,466	370,051,566	94.72%
Dundgovi	336,293,200	16,728,700	19,061,800	28,004,100	63,794,600	202,333,690	60.17%
Govi-Altai	146,270,921	22,234,850	6,714,350	23,955,600	52,904,800	108,743,500	74.34%
Govi Sumber	101,940,075	5,817,350	15,822,410	16,780,793	38,420,553	58,923,601	57.80%
Umnugovi	233,876,896	28,908,080	39,857,840	30,739,040	99,504,960	272,173,370	116.37%
Uvurhangai	304,828,100	24,022,800	21,704,600	40,609,050	86,336,450	272,605,580	89.43%
TOTAL	1,513,885,624	156,042,046	146,555,750	207,766,033	510,363,829	1,284,831,307	84.87%

Figure 6: 2006 Non-Herder Business Sales Performance



2007 Business Plan Development

During the fourth quarter, program staff initiated the selection process of new herder groups and cooperatives that will participate in the program in CY2007. This involved a publicity campaign with posters and a radio announcement to inform rural herders and small and medium sized businesses of the program and the assistance available. Interested clients completed an application form and the Aimag-based program officers then completed preliminary selection of potential clients based on pre determined

criteria. Herder households, groups, cooperatives and 'Myangat' (1000 head animal herders) were initially selected, based on the following criteria:

- Previous experience in working together,
- A formal or informal leader, acknowledged, respected and supported by fellow group members,
- Ability to reach collective agreement on a business activity to be implemented with GI support,
- Agreement within the group that workload and business profits need to be shared,
- No less than six households comprising the group,
- No less than 800 animals owned by group members, and
- A willingness to become a formal legal entity if not one already.

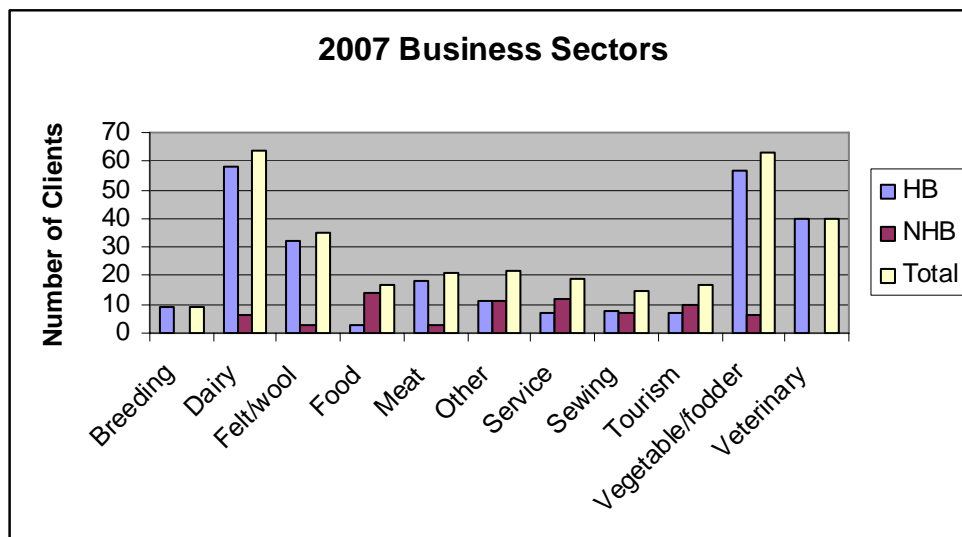
Each aimag office has since conducted intensive business plan training for two representatives from each of the newly selected herder and non-herder clients and, at the end of the training; the participants prepared their first draft business plans. Of the 488 applications from potential herder and non-herder clients, 321 met the criteria of the program and went on to develop business plans. By the end of December, all the business plans of MNT 3 million and under had been approved and the 71 over MNT 3 Million were in the process of being approved by senior management in Ulaanbaatar and will be approved by the end of the of January 2007.

Despite the 30% increase in the number of clients for 2007, the business plan development process has been expedited by the new business plan format, and the collaborative process that went into developing it which meant that it was accepted by all the program officers.

Over view of 2007 business type

Of the 321 clients selected for 2007, 164 are new and have not previously been GI clients. Agribusinesses still feature strongly in the GI portfolio; of the 232 agribusinesses, 18 are Non-Herder businesses which are adding value to products produced by local herders thus strengthening the value chain and adding value locally.

Figure 7: 2007 Business Sectors in which program clients have developed business plans



Veterinary Business Plan Development

The new veterinary business plan template developed alongside the herder business plan template greatly improved the process of developing veterinary business plans. Throughout 2007, a total of 39 veterinary clinics will implement their business plans in the GI assisted Aimags. These veterinary businesses have projected sales of approximately MNT 400 million, of which 32% would be earned from vaccination and remaining 68% from elective veterinary services. The rise in income from elective services can partly be attributed to the government's decision to withdraw subsidies on parasite control, and partly on the success of the training program implemented by V.E.T. Net funded under the RASP/ USDA program.

Activity Two: Cooperative Formation and Development

Target: All clients registered as legal entities by 10 months after BP implementation

Indicators	Progress during reporting period	Progress to date
Total number of groups registered as legal entity	5	153
Number of clients registered by 10 months after commencing implementation of Business Plan		27
Average time taken to register	16-24 working hours	16-24 working hours
Number of clients having annual meetings	N/A	N/A
Number of clients keeping formal records		171

Table 5: Total Numbers of Herder Groups and Cooperatives/Registered Businesses

	BH	DG	GA	GS	UG	UH	Jan	Mar	Jun	Sep	Dec
Number of Co-ops / Registered Businesses	33	27	31	11	16	35	126	134	147	148	153
Number of Herder Groups (Unregistered)	0	5	0	1	12	0	45	37	24	23	18
Total	33	32	31	12	28	35	171	171	171	171	171

Of the original 171 groups that developed business plans during 2006, 126 were existing legally registered business entities (cooperatives, limited liability companies and partnerships) and the remaining 45 were herder groups. During this reporting period, a total of five herder groups became formal cooperatives/partnerships, completing their registration with the government authorities. This was accomplished through assistance provided by GI aimag staff and 13 organized training events covering essential cooperative-related topics such as: cooperative management, structure and leadership, operations and marketing, record keeping and reporting, and taxation and regulatory compliance. It must be noted, however, that the drought in the first half of the year necessitated more widespread and frequent movements of the herders, meaning that the group as a whole had fewer opportunities to discuss and agree on the legal entity they wished to form, registration and completion of the necessary documentation. This was particularly so in Dundgobi and Umnugobi aimags and as a result these two aimags still have clients that have not registered as legal entities.

At the end of the year a total of 153 clients have registered as formal entities and 18 remain as herder groups. In Year Four the program will continue to work hard to ensure that all clients register as legal entities as part of the process of developing a business plan and engaging in business activities. In year Four the program will also focus greater efforts on cooperative institutional development, including internal management and "succession planning", key to ensuring sustainable businesses that will continue beyond the end of Gobi II.

Activity Three: Training and Technical Assistance for Herder Businesses

Gobi Initiative organized a total of 53 trainings and consultancies during the fourth quarter with the strongest focus on: cooperative development and helping the existing registered cooperatives build their institutional capacity in relation to day to day management, basic veterinary education for herders, financial management and basic business skills and joint decision making. In total in Year Three, 333 trainings and consultancies have been provided to the herder clients over the course of the year with a total of 2,253 participants, 56% of whom were women. As in Years One and Two of the program, the majority (59%) of trainings and consultancies were provided by aimag-based consultants in Year Three as well.

Figure 8: Technical Assistance Providers to Herder Businesses, 2006

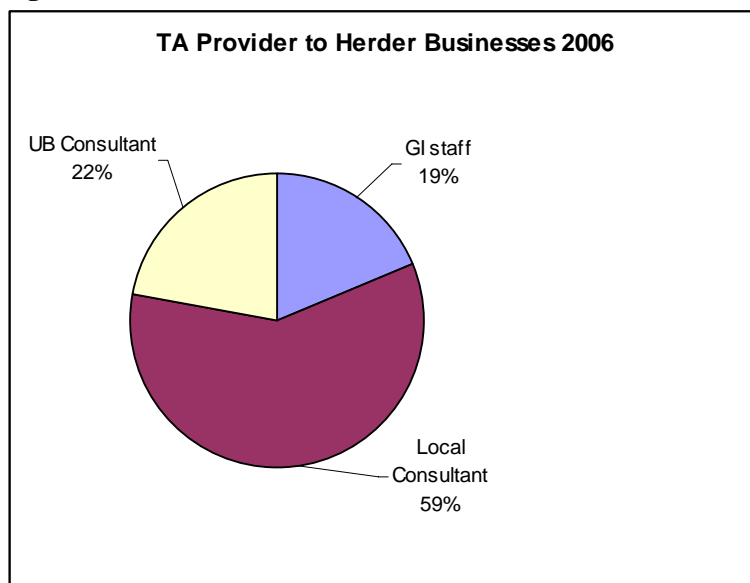


Table 6: Summary of Training and Technical Assistance provided to Herder Clients in the 4th Quarter

Training subject	Consultants			Grand Total
	GI	Aimag	UB	
Bakery/food processing		1		1
Business training	6	1		7
Cooperative development	8	5		13
Dairy/milk processing		1		1
Financial management	7	3		10
Land	1			1
Meat			4	4
Sales and Marketing	1			1
Specialized TA		1	1	2
Vegetable/crop production		2	1	3
Veterinary training	1	5	1	7
Boot/garment production		1	1	2
Handicraft			1	1
Grand Total	24	20	9	53

Activity Four: Acquiring Critical Inputs

Target:

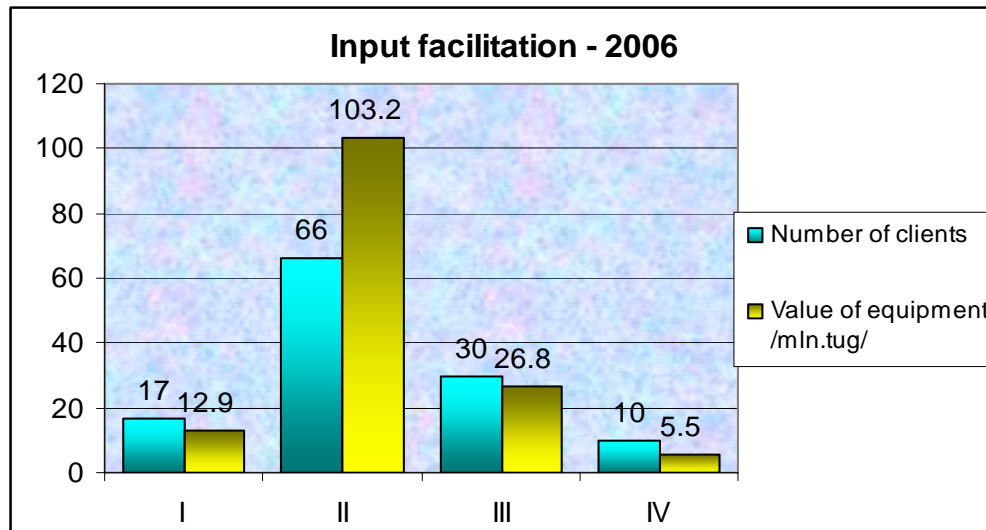
- 151 Loans disbursed with a value of MNT 420,245,500
- All clients receive critical inputs required for BP implementation (subject to plan)

Indicators	Progress during reporting period	Progress to date
Number Loans Disbursed	6	151
Value of loans disbursed MNT	13,000,000	509,243,874
Default rates	0	0
% collateral provided by LGM	57%	68
Number of loan repaid in full	45	131
Number & value of loans <3M MNT	5 (MNT 8,000,000)	109 (MNT 221,633,874)
Value of equipment purchased	5,500,000	90,803,050
Number of Herder clients that purchased equipment	10	107
Type of equipment by sector	6	80 /by double counting/

Equipment Facilitation

In December Gobi Initiative assisted 3 clients in purchasing equipment worth MNT 2,870,000 bringing the total value of equipment purchased by clients during Year Three to MNT 90,803,050 (\$78,278).

Figure 9: Details of the number of clients in Year Three that purchased equipment and the value of the equipment, with assistance from the aimag-based program officers



In the fourth quarter, a directory of agricultural input suppliers has been compiled, translated and distributed to Aimag offices. This will be available to all clients wishing to invest in new machinery and equipment, obtain vegetable and fodder crop seeds and packaging as part of their diversified business plans. In all, over 50 suppliers are listed, with the directory being updated annually.

Aimag State Veterinary Laboratories

The support to the Aimag State Veterinary Laboratories has been completed, culminating in the final importation of equipment and the development of full inventories. In total, support to the four laboratories in BH, UH, UG and DG totaled MNT 287,478,987 (\$246,975). Twelve laboratory staff were trained in advanced diagnostic techniques, and the laboratories upgraded to international standards. Today they are fully functional and are able to carry out their mission of safeguarding animal and human health in their

communities and make connections with local veterinarians to provide continuing education in the surveillance, identification and eradication of zoonotic diseases that are common in Mongolia.

Loan Facilitation

As part of the program's technical assistance component, the Aimag-based program officers have provided loan facilitation assistance to those herder groups/cooperatives with approved business plans. During the quarter, 6 herder groups/cooperatives have received loans totaling MNT 13,000,000 (\$11,060). Mercy Corps has provided a total of MNT 5,300,000 (\$4,500) as cash collateral through the loan guarantee fund to GI clients, which constitutes 41 % of collateral. During Year Three the program has assisted 151 businesses in obtaining commercial financing of MNT 509,243,874 (\$433,399), of which MNT 249,311,412 (\$212,180) has been guaranteed through the USDA-funded "Rural Agribusiness Support Program."

Since the beginning of Gobi II, Mercy Corps has assisted 351 businesses in obtaining commercial financing of MNT 1,078,302,874 (\$917,705), of which MNT 673,964,512 (\$573,587) has been guaranteed through the USDA-funded "Rural Agribusiness Support Program". Of these 351 businesses, 233 have fully repaid their loans, the total value of the repaid loans was MNT 593,936,874 (\$505,478).

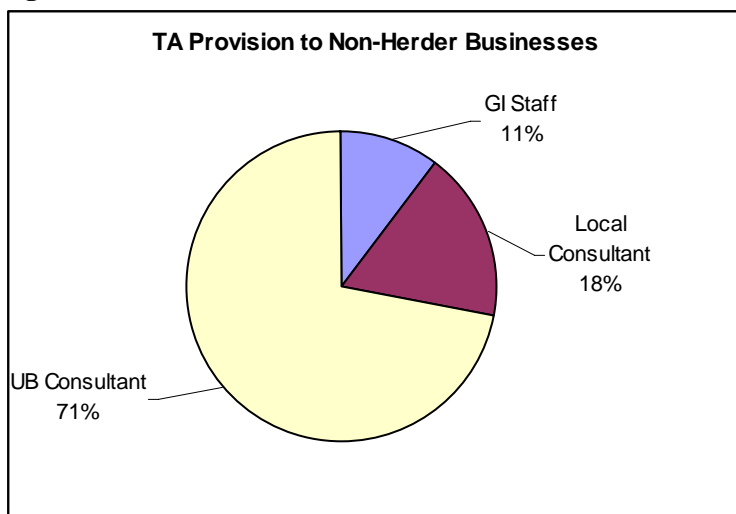
Activity Five: Technical Assistance and Training for Non-herder Businesses

Targets: 40 long term clients and 50 short term clients receive technical training and consultancies in 2006 with 45% of costs covered by LT clients

Indicators	Progress during reporting period	Progress to date
Training and Consultancies provided to clients	8 Long term clients and 7 short term clients	LTTA: 79 trainings to 103 clients STTA: 35 trainings to 69 clients
% of local consultant provision	0	18
% cost share		Long term clients: 46% Short term clients: 48%

Delivery of training and technical assistance to both long and short-term clients exceeded the annual target in Year Three. The following tables and figures provide information on the numbers of training activities, subjects covered and providers.

Figure 10: TA Providers to Non-Herder Businesses



Technical Assistance Provided to Long-Term Clients

The program continues to work with the 51 long term non-herder business clients and provide training and technical assistance as requested by the clients. During the quarter a total of 8 technical assistance interventions were provided to the clients. All clients were also responsible for covering part of the costs of the technical assistance fees. On average the businesses paid 39% of the total consultant fee, this is just short of the program target which is 45%. The details of the training and technical assistance provided can be seen in Table 7.

Table 7: Training and technical assistance provided to long term non-herder businesses

Aimag	Client Name & Consultancy Topic	Number of Consultants			Client Payment
		UB	Local	GI Officer	
October					
GS	Emeeliin Hishig Hond (GS)– Green House training	1			N/A
BH	Nomin Huh (BH) – accounting, record keeping	1			25,000 MNT – 32%
BH	Borgiot (BH)- accounting, record keeping	1			25,000 MNT – 32%
BH	New non-herder businesses (BH)– BP development			1	N/A
November					
UH	TEBBE (UH)– wood processing technology	1			36,000 MNT – 45%
GS	Lucky Dent (GS) – accounting	1			30,000 MNT – 39%
UH	Suun Dalai travel (UH) – bakery training	1			20,250 MNT – 45%
December					
BH	Munhiin Huch (BH) - accounting, record keeping	1			36,000 MNT – 30%
UH	Suun Dalai Travel (UH) – public food technology		1		13,500 MNT – 45%

A table of all the training and consultancies provided to Long-Term non-herder clients in Year Three can be found in Annex 1.

Technical Assistance Provided to Short-Term Clients

During the quarter the GI program facilitated training or technical assistance for nine businesses. All clients also covered part of the consulting fees as cost share towards the overall costs of the training or technical assistance. The Table below provides the details of the businesses and the specifications of the assistance provided.

Table 8: Details of Short Term technical Assistance provided by GI

№	Aimag	Client Name & Consultancy Topic	Number of Consultants			Client Payment (MNT)
			UB	Local	GI Officer	
1	DG	Shop owners - Sales and marketing			1	N/A provided by Peace Corps Volunteer
2	UG	Interested businesses – Business start-Up		1		45,000 – 100%
3	UG	Hairdressers - Hair dressing training	1			90,000-45%
4	DG	Erdene-Uhaa LLC Burhant Shashir LLC - Community tourism	1			
5	BH	Hairdressers- Hair dressing training	1			36,000-100%
6	UG	Sansariin Luu - Food making technology	1			40,650-53%
7	UG	Cooks – Cooking training	1			81,300-53%

8	UG	Saruul Od patent holder– bakery	1		22,275-32%
9	UG	Dal Huudas LLC - bakery	1		22,275-32%

Activity Six: Local Capacity Building for Training & Technical Assistance

Target: All aimag-based consultants certified

Indicators	Reporting period	Progress to date
Number of capacity building training activities	0	28
Number of study tours	0	3
Number of aimag-based consultants certified	1	37
Number of TOT training courses	1	12

As part of the GI efforts to continue to build the technical skills of Aimag-based consultants during the quarter a local consultant capacity building training was organized in October for four aimag-based consultants (A. Oyuntuya, E. Ganchimeg, D. Tsetsegdelger and J. Givaamaa) from Umnugovi aimag. The consultants participated in a "training of trainers session" for the new developed "Young Businessmen" training curriculum that will be rolled out in Year Four of the program. The training covered the content of the curriculum and training methodologies for young participants.

In the fourth quarter Program Officer Ms. Oyunbileg worked in Umnugovi aimag in November 18-20, 2006 and evaluated and certified one aimag-based veterinary trainer. The certification ensured that the consultant is able to deliver veterinary training to the herders, has the appropriate technical experience, is locally well-reputed and is keenly aware of local conditions and animal diseases in the aimag. Once certified the veterinary trainer was provided with GI developed additional training materials including; pre- and post-training test materials, a veterinary training video, and veterinary brochures on the most common animal diseases in the Gobi region.

The program has spent a lot of time and effort in building the capacity of the Aimag-based consultants and program officers, building their technical skills, knowledge and training skills. The result of this work is beginning to be seen with more and more trainings and consultancies being provided by aimag based experts. Out of a total of 71 training/consultancies delivered to the herder and non-herder businesses during the quarter, 22 were provided by the Aimag-based consultants and 26 were delivered by aimag-based program officers. Over the course of the year a total of 525 training and consultancies were provided to program clients. Of these 525 training and consultancies, 328 (62.5%) were provided by aimag-based consultants and program officers, in Year Four the program expects this percentage to continue to increase.

In the last quarter of the year the program planned to provide a "training of trainers" workshop for all certified aimag-based consultants. Due to the work load and travel of the Aimag program officers to select new clients for Year Four and business plan development of these new clients the training of trainers activity will be conducted in the first quarter of Year Four. The training will aim to improve the practical teaching skills of the consultants and will include the following topics: Education management, Psychology of training of adults, Modern theories of teaching psychology, Motivation of participants, Teaching methodology, Improving teaching skills, Methodology of writing guidelines, Modern theory of teaching, Training methods and Education management.

Activity Seven: Market Development

Targets:

- 77,000 people attend with sales of over 242 million MTN

Indicators	Progress during reporting period	Progress to date
Organizational status	N/A	Completed; 6 market days held
Attendance of market day events	N/A	107,400
Number of exhibitors	N/A	1,833
Sales at market day events MNT	N/A	399,200,000
Number & value of new market linkages formed MNT	4 new market linkages worth 4,237,650 MNT (\$3,531)	6 new market linkages worth 11,517,600 MNT (\$9,895)

The following are the main market linkages which have either been developed in Year Three, or will be pursued in Year Four:

Establishing market linkages

The new position of Marketing Program Officer was created in November and the Program Officer has been working to establish market linkages for super fine cashmere, felt slippers, camel dairy products and, yak and camel wool hand spun yarns. Under this activity the following steps have been taken: collection of production information and samples from clients, identification and contact with potential buyers, and sending product information and samples to potential buyers. In the first quarter of 2007 the program officer will follow up with the potential buyers and continue to facilitate securing contracts between buyers and program clients.

Super fine cashmere support

Gobi Initiative has established, with the assistance of EPRC, contact with a reputable supplier of highest quality cashmere fabrics for the designer apparel and interior design market in Europe. Gobi Initiative will facilitate the purchase of 15 metric tonnes of super-fine cashmere (<14.9 microns) from 33 GI and RASP clients in 5 Aimags, worth in total MNT 585,000,000 (\$504,000). Cashmere will be purchased at market price and tested. If the batch is found to be super-fine the producer will be paid a premium of 25-30% above market price which would be worth up to an additional MNT 135,000,000 (\$114,750) to the producers. Negotiations are ongoing with the buyer, with assistance being provided by the EPRC project.

Niche fiber support

Gobi Initiative sent a speculative enquiry to 24 independent suppliers of hand spun yarns in the US and European markets in order to ascertain demand for camel and yak wool and yarns: three positive replies were received. A process of identifying the top GI producers is currently underway, and samples are being collected to send along with detailed product information.

Vegetable sales to Ivanhoe Mines

During the quarter, sales of vegetables to Ivanhoe Mines in Umnugobi totaled MNT 4,237,650 (\$3,606) from four clients. In the year a total of 17.6 metric tonnes of vegetables were sold with a total value of MNT 9,960,600 (\$8,587). In Year Four the program will continue to facilitate this market linkage for herder clients producing vegetables in the south Gobi region. The lessons learnt from this year include; the need to work with the herders to improve the size and quality of the vegetables, specifically the potatoes, the need to ensure that production figures are realistic and that herders deliver the agreed amounts of vegetables to the company.

Catalogue distribution

The Ulaanbaatar distribution of the Mercy Corps Client Product Catalogue was completed in November, the table below provides details of where and to whom the catalogue was distributed. In 2007, an updated catalogue will be developed on a cost-share basis with the clients.

Table 9: Mercy Corps Client Product Catalogue Distribution

Aimag	Total Number	Type of organization						
		MC clients	Government	NGOs	Businesses	International organizations & projects	Other	Remaining
Arhangai	200	170	3			13		14
Bayanhongor	200	56	55		44		40	5
Dundgovi	150	95			40			15
Govi-Altai	113	50	25	5	15	2	6	10
Govisumber	190	80	30		65			15
Umnugovi	200	92	16	5	40	7	20	20
Uvurhangai	200	20	64	20	73	3		20
Ulaanbaatar	180		9	9	88	54		20
Total	1433	563	202	39	365	119	25	119

Tsagaan Sar market fair

The GI and RASP aimag teams have agreed to organize a "Tsagaan Sar market fair" in order to provide marketing opportunities for the clients to sell their products and to develop contacts with larger Ulaanbaatar based buyers and traders; this will be held in Ulaanbaatar on 9-11th of February 2007. Mercy Corps will share the costs of transportation and cover the costs for promoting the fair to the general public. The venue for the fair has yet to be identified, but the Ulaanbaatar-based program officers are looking for a suitable central location. The table below provides details of the clients who have decided to participate, the types of products that will be sold and the quantities.

Table 10: Details on the numbers of clients and types of products to be sold at the Tsagaan Sar Market Fair

Aimag	Number of clients	Product name	Quantity
UG	1	camel airag	2000 litre
		worm curd	500 boxes with 100 grams
		camel aarts	100 kg
GA	4	barley	1 MT
		camel drink	300 litre
		pickled vegetables	200 can
		packaged dried vegetables /spice/	300-400 pieces
DG	10	meat	
		dairy products	
		Mongolian garments	
		bread and cookies	
AH	4	dairy products	
		Holland cheese	8 Metric tonnes
UH	2	dairy products	3.2 Metric tonnes
		fast horse cover blanket	
Total	21		

Activity Eight: Local Government Support for Business

Targets:

- 6 aimag and 30 soum government offices deliver improved services for business
- 13 soum Master Plans developed, approved by Khural and implemented

Indicators	Progress during reporting period	Progress to date
No & type of local government officials trained (tax, land, other)	456	879
No of trainings held	21	45
No of Aimags	6	6
Master Plans developed, approved & implemented	6	6
No of participants in Master Plan development	91	91

GI conducted almost half of the annual government trainings and related activities during this quarter and provided training to 879 local government officials over the course of Year Three. Table 11 provides a summary of the training topics provided to local government employees and the number of participants in Year Three. Annex 2 attached provides complete details of all trainings provided to local government officials in Year Three.

Table 11: Summary of training workshops provided to government employees 2006

Type of training	Number of trainings	No of participants
Business start-up, the basics of business; generating a business idea, registering a business, basic marketing skills, and several "how to's" - conducting market research and writing business plans	3	60
Team and time management, what government services are and how best to provide these services, as well as how local government employees can support local business development	3	44
Land law: Government land use laws and regulations and the implementation of these laws in relation to herder business diversification	5	107
How does Government support the development of rural businesses and encourage the participation of citizens in Khural meetings and debates.	4	129
Government procurement regulations and policies, Government tendering processes	2	30
Communication skills	7	190
Project development - design, budget development, monitoring and evaluation	7	126
Master plan development training	6	91
Cooperative support training for tax officers	1	25
Action plan development and how to make labor contracts	1	25
Transfer of Gov duties to NGOs	1	52
TOTAL	40	879

One new and very successful activity that has been implemented in the fourth quarter has been the facilitation of Soum Socio-Economic Master Plan Development workshops at soum level in the target Aimags. A total of 6 master plans were developed in 6 soums of 5 Aimags by 110 participants. The participants included local government employees, members of the soum Khural (local parliament), business owners and local residents. These master plans will be debated and approved by the soum Khural in the first quarter of 2007. Aimag-based program officers have facilitated the development of the plans and once approved they will then assist the soum governments and Khural to implement the socio-economic plans.

INTERMEDIATE RESULT 1.3-2 Increase in Availability, Access to and Use of Information

Activity One: CRSP Forage Forecasting

Forage data collection and other activities:

During the reporting period, the Gobi Forage team continued the verification of the PHYGROW computer model and checking the data loaded into the database from the 2006 field trips. In order to verify the accuracy and confidence of the maps produced for the winter season, the team plans to make winter field trips to randomly selected Gobi aimags in January and February 2007. During the field trips the geo-referenced monitoring sites will be visited and field data collected to compare against the maps and the forecasts produced by the computer model.

Forage Monitoring Information Delivery and Outreach:

The Gobi Forage team has been producing the rangeland condition and forecast maps, and editing and verifying the maps to ensure that the information is provided in an accessible and accurate format for the end users. It is expected that all the information products will be finalized over the winter months and will be distributed from the start of the growing season in 2007. As of the end of December 2006, the project has developed maps and corresponding explanation keys, radio bulletins and training manuals in English and Mongolian that incorporate and explain information shown on the maps. The corresponding trainings on the efficient use of the maps and other products will be organized by the project team for herders and local officials in 2007. Considering that the number of younger herders is increasing and animal husbandry systems are in a state of change, Gobi Forage is also planning to produce a visual or simple version of the training manual with eye-catching and easy-to understand pictures. This material is designed for a target group with non-rangeland background such as younger herders and local government officials. In addition, as part of the effort to raise the awareness of the Gobi Forage rangeland products and information the team is planning to publish the information brochures and calendars in the first quarter of 2007 that will be distributed to stakeholders and end users in the target aimags.

In the last quarter of 2006, the Gobi Forage aired a radio bulletin for the overall winter 06/07 forage condition for the Gobi Six aimags through the Mongolian National Radio (Mongol Radio) twice on December 15, 2006. This was a start of an information and communication infrastructure and analysis delivery system of the project to provide herders with information on current and forecasted forage conditions that will assist them to make timely and specific management decisions. Starting from 2007, the radio bulletins will be aired via Mongol Radio every month to deliver the forage condition information (current and forecasted) and covering essential topics related to the rangeland issues and practices. The bulletins have been developed with technical assistance from RBN staff specifically with editing and recording at both Mongol Radio studios and in-house at the RBN studio.

In addition, the program is producing forage monitoring site books containing all the data collected from every monitoring site established in the six Gobi Aimags. These books will help not only the team but also any outside parties (herders, local officials, scientific institutes, development projects, young researchers, students) interested in rangeland monitoring by providing a comprehensive summary of the data collected, site geo reference and pictures.

The Gobi Forage will continue to regularly update the website in both Mongolian and English. The website will serve as a source of information for the current and forecasted forage conditions in the target Gobi Aimags for herders, local officials and scientific researchers, see <http://glews.tamu.edu/mongolia/>.

Activity One: Rural Business News (RBN) Products and Business Information

Production and Dissemination of RBN Mongolian Magazine

Targets:

- 6500 copies of RBN are distributed quarterly
- 6500 people read the magazine
- 25 000 people benefit directly and indirectly from use of the information provided.

Indicators:

- Number of subscriptions
- Number of readers
- Usage of RBN magazine for businesses

Throughout 2006, Pact/RBN produced four quarterly editions of the magazine, each consisting of 28 pages. With these four print editions (assisted by other cross cutting media products) RBN reached over 25,000 members of the target beneficiaries in Mongolia, of which approximately 70 percent reside in the Gobi. Coverage of information relevant to business operators abounded, and included topics ranging from herding practices to best business skills, from weather info to forage mapping, from seed selection to harvest processing, small scale pilot planting to green house organic farming, from simple milk selling to advanced dairy making, from new business ideas to profit making, small business star-ups to diversified business practices and from business rules to reality, were included, amongst others

During the reporting period, Pact/RBN produced its 52nd issue of the Rural Business News magazine. Coinciding with seasonal specifications and user demand, RBN magazine provided information regarding winter herding and risk mitigation as well other business skills and hints. Topics for the Fourth Quarter edition were identified through meetings, which included representatives from Gobi Initiative, field based officers and partners. The main emphasis of the last 28-page Rural Business News magazine edition lay on cooperative formation, business research, winter herding tips successfully collaborating with projects and other agencies, best business practices and information required for successful decision making. In addition to the aforementioned topics, RBN also highlighted new business practices like winter greenhouse management and organic farming, irrigation options, new tax law highlights, elite breeding, advanced dairy production and dairy equipment maintenance. Along with a total of 27 stories, we also provided side-bars, graphs and relevant photos in a format that is easy to understand as well as practical for herder and non-herder business practitioners.

Pact/RBN kept the main messages and content identification demand-driven through seasonal monitoring and evaluation surveys, regular reader feedbacks, monthly key message meetings and permanent on -site trips/meetings with the clients.

Pact conducted a monitoring trip in the Fourth Quarter to three of the target aimags - Umnugovi, Dundgobi and Uvurhangai. Feedback on information absorption and usage in the aimags was received from 119 respondents (Indicator #3. See above). When asked which RBN product they found most useful, 29% of respondents replied that they use the RBN magazine most, and 17% replied that this was so as they could re-read the magazine, thereby accessing the information at will. Respondents stated that they used the information obtained from RBN products in many different ways including selling produce at higher market prices (28%), better managing their herds based on the weather information supplied (15%), and planting vegetables based on the information supplied in the "Farmers' Tips" segment (8%). A number of respondents from both Dundgobi and Uvurhangai also stated that they learned to make felt products, thereby increasing their incomes and allowing them to make goods for use in their households. 65% of those participating in the survey agreed that RBN products "help me make sound decisions regarding the management of my livestock", and 61% of those surveyed agreed with the statement that "I use the information that I receive from RBN products in my daily life". The full report is attached as annex 5.

To increase the involvement of local organizations in business information dissemination, as well as assisting in building the capacity of these local organizations, Pact concluded a series of meetings with Mongol Farmer newspaper and began to explore ways in which collaboration could occur. Other possible contacts have included the Institute of Livestock Sciences, Rural Development Initiative NGO, Mongolian Info Network NGO, Institute of Finance and Economics, Training Center of Mongolian Cooperatives, Private Sector Development Project, Mongolian University of Agriculture, local newspapers, local branches of journalism and media associations, individual consultants and freelancers.

Production and Broadcast of RBN Daily Radio Programming

Targets:

- 200 hours broadcast weekly
- 25,000 listeners per week in the Gobi region
- 75,000 listeners per week in other areas

Indicators:

- Number of listeners
- Number of hours on air
- Level of effective and useful usage of information for business operation

RBN continued to broadcast 200 minutes of radio programs per week during the last quarter, produced in-house at the RBN radio studio. With the aim to build more local capacity, Pact initiated a process whereby the programs are produced by local radio stations. Examples include programs produced by Gobi Wave radio in Umnugovi and Orhon Radio of Darhan Uul aimags. As usual, all programs were run as series with episodes lasting between 7 and 15 minutes, but Pact decreased the total series length as many of the listeners were unable to catch all the episodes. With this concise but very informative series, Pact continued to disseminate information to rural listeners through the radio. The series included the following regular segments:

- Daily "Market Watch" - commodity prices to eliminate price differentials and ensure more equitable trading conditions for rural business operators, as well as a weekly price review consisting of in-depth analyses of price movements and forecasts of specific products widely produced by rural business operators.
- "Weather Watch" - weather forecasts for the coming two days specifically and exclusively processed for Gobi
- "Business ABCs" - providing basic business marketing skills, bringing rural examples and expert interviews.
- "Business Guide" - A-Z business tips such as tax tips, registering a business, record keeping etc, for example.
- "Animal Husbandry Management" - herding techniques and practices coupled with expert interviews.

Content planning was carried out on a monthly basis with input from the experts, GI officers and other stakeholders. According to responses garnered from participants in Pact's latest monitoring surveys conducted in three Gobi aimags, 50% of participants replied that the radio programming is the RBN product they use most often, with radio securing 45% of vote with regards to the most useful of the RBN products. The full report on the monitoring and evaluation of the RBN products conducted in the fourth quarter is attached as annex 5.

New Educational Documentary Radio Series "Direction"

Targets:

- Completion of airing of first 26 episodes
- 25,000 listeners per week in Gobi aimags
- Increased business capacity of 15,000 listeners
- Increased crisis management/change management capacity of 10,000 listeners

Indicators:

- *# of listeners per week*
- *% of listeners who use the information when making future business decisions*
- *% of listeners who cite the series as having increased their capacity to respond to seasonal/sudden changes effectively*

The new RBN radio show was developed in close conjunction with GI and other consultants. Entitled "Directions", the drama series follows the format of the long-running, popular BBC radio serial, "The Archers". The first episode of the drama was aired in October and the series finished broadcasting at the end of December. Content and key messages were identified through regular meetings with GI staff.

In keeping with the practice of capacity development, the drama was recorded at both Mongol Radio studio and in-house at the Pact studio, bringing actors and producers working on business development radio productions into contact. This joint venture allowed the Voice of Nomads radio studio to benefit from the vast experience of Pact, as well as receive knowledge regarding rural business development and content planning.

A total of 26, 25-minute long episodes were aired. The series, which combined both timely and prerequisite issues regarding rural business and veterinary matters, included topics such as

- Culling season and herd management,
- Breeding season- livestock health, vet services,
- Winter hardships and fodder know-how
- Best herding practices
- Business skills and business law
- Slaughter season information
- Cooperative development
- Herder education

The impact assessment is due to be carried out in the first quarter of CY 2007

Production and Dissemination of "Market Watch"

Targets:

- *50,000 rural herding and non-herding businesses*
- *80% of business operators demonstrate an increase in their skills to produce, sell and plan accordingly based on price movement and demand/supply.*

Indicators:

- *# of listeners per week*
- *# broadcasts per week*
- *# of viewers per week*
- *% of listeners who use the information when making future business decisions*
- *# of RBN509 users*

RBN continues to gather daily commodity price information in Ulaanbaatar and 21 aimags markets across Mongolia, and disseminates this to GI clients and other herding and non-herding businesses nationwide. This information was made accessible through the following channels:

- Through RBN-509 (Mobicom SMS service), with 530 hits from urban and rural areas in quarter four.
- Daily RBN Radio as the "Market Watch" segment. Each day, specific commodities were emphasized with price differentials from the previous week, month and year examined. A total of 52 segments were produced during the reporting period, thereby delivering timely information to rural business operators.
- RBN magazine contained a 2 page summary of market price information and analyses on a quarterly basis. The main focuses lay on the primary raw materials that rural herders market during the last quarter of each year, namely cashmere, skin/hide, wool, milk and meat.

- Market Watch TV, a segment of the Learning Business Program, airs bi-monthly for 5-7 minutes on TV9. The program includes price summaries, trends, interviews and analyses. A total of 7 TV programs also supported the radio and print Market Watch products, strengthening outreach to rural business operators.

Throughout 2006, Pact produced more than 200 segments of MW radio, 26 segments of Market Watch TV segment, and four full market watch reports in RBN magazine and received over 2000 hits by cell phone users.

In order to expand on the range of information currently disseminated, changes to the database management of Market Watch came into effect. Pact is currently seeking database software to automate the data input process, which will take effect in CY 2007. Market Watch remains the key source by which a number of the target audience is able to access comprehensive price information. The recent monitoring carried out in the above mentioned three aimags asked participants whether "Market Watch has increased [their] abilities to bargain/ negotiate", and 61% of respondents agreed that it had. A further 28% responded that "I get and use Market Watch information daily and this empowers me to sell my products for better prices", when asked how they have utilized the information received from any of the RBN products. The full report on the monitoring and evaluation is attached as annex 5.

In October, Pact conducted a training workshop for its rural based Market Watchers in order to increase their current capacities and understanding of the system, as well as to review, analyze and make any changes required to current forms and procedure. The two day training focused on topics such as data collection methodology, simple analyses and processing, and use of information by business operators, among others. The full report of the training workshop is attached as annex 6.

RBN WEBSITE

Targets:

- *1000 hits per quarter are received*

Indicators:

- *# of hits per quarter*

RBN's website was kept up to date with quarterly updates and uploads of the magazine and radio programs (www.rbn.mn). The website pulls together all Rural Business News features reported elsewhere under a single medium. Hits to the website totaled 3,125 as of the end of the quarter and the year. RBN received feedback through email mainly from Mongolians residing abroad. Limited online feedback arrived from local users, who received replies with the required information immediately.

Production and Broadcast of RBN TV Programming and 26-Part TV Drama Series

Targets:

- *Increase the number of rural business people accessing relevant information*
- *50,000 viewers increase their business knowledge*
- *30 000 viewers increase interaction with vet services*

Indicators:

- *# of listeners per week*
- *# broadcasts per week*
- *% of listeners who use the information when making future business decisions*
- *% of viewers who report increased vet interaction as a result of the program*
- *% of viewers who report increased better business activities as a result of the programming*

RBN TV programs aired as per the set schedule; twice monthly on odd Mondays with a repeat the next day. A large portion of the programs focused on best business practices and success stories of Gobi Initiative clients. The programs explored marketing, cooperative development, rural marketing, tourism, and new business ideas. October programs followed up on the Trade fair events and the successes, while the last programs were all local based.

In total, 6 TV programs were aired in the fourth quarter. Each TV program consisted of two segments; a 10-12 minute segment focusing on business and another 3-5 minutes on "Market Watch". The entire production of the programs including scripting, shooting, directing, editing were carried out by RBN staff, with plans to shift to local production companies in Year Four as part of Pact's practice to build local capacity. RBN staff will provide training and technical assistance to the local production companies and will conduct final edits of all programs.

In addition, RBN/Pact in partnership with a Mongolian production company GE Entertainment completed the production of a 26-part educational TV series called "Final Destination", which focuses on both business and veterinary issues. The series aims to increase awareness regarding business problem-solving techniques and to teach sound methods of business operation in a market economy, as well as exploring the use of veterinary services for herders. The official launch was held on December 14th at the Tengis cinema, and airing commenced on TV-9 twice a week following the launch. Monitoring of the series will be conducted, with results reported in the first quarter of Year Four.

Production of Video Training Materials

No major activities were undertaken this quarter. Training videos that were previously produced by Pact were largely distributed to local business operators. A Business planning video for newly established businesses and new herder groups expected to work with Gobi Initiative was displayed at the aimag center. A total of 260 vets received a VCD copy of the veterinary training video.

Pact, in collaboration with Mercy Corps, identified future topics for training videos to be covered in the months ahead. Possible topics include electrical fencing, organic farming, green house management and seed selection. As part of the Annual content planning process, scheduled to be held in February 2007, Pact will finalize planning for production and distribution.

Activity Two: Local Capacity for Information Dissemination and Communications

Targets:

- *Increase access of public to government authorities*
- *Increase access of the public to information*
- *Stimulate and increase interaction between rural business owners and herder, and gov't officials*
- *At least 1000 aimag center based business operators receive useful information*

Indicators:

- *#shows hosted*
- *# calls received*
- *# questions asked*
- *Number of positive decisions made by government/ problems solved*

Pact engaged the services of an experienced international consultant to develop a curriculum for a workshop aimed at building the capacities of local government employees. This curriculum will be combined with the results of a large scale assessment of the local government situation and soum master plans, and it will be effective from March 2007 at soum level.

Aimed at drawing the attention of local business operators and the local government to the support required for local businesses, Pact's radio call-in shows were organized in three aimags. In total Pact facilitated the organization of 6 radio call-in shows in Bayanhongor (27 questions received), Umnugovi (9), and Gobi-Altai (14) aimags. Topics covered locally pertinent issues such as new tax laws and support of businesses, winter preparation and the local business environment. The public call-in shows attracted the attention of local business operators and enabled them to interact with the government and urge for action towards business growth. Guests on the show included local government authorities and representatives of business. An average of 17 live questions was asked per show raising crucial issues, with additional questions provided to the government for later response. Further radio call-in shows will be planned based upon

requests from local business operators and civil society organizations. These activities will continue throughout CY 2007, bridging the gap between the business community and the government. As a result of the call-in shows, some land related bureaucracies were diminished, local heating systems suitable for businesses were put into use and residence and business operators became aware of local government actions towards business development.

COLLABORATION WITH GOVERNMENT OF MONGOLIA AND OTHER PROJECTS

Collaboration with Research Institute of Animal Husbandry and other national institutes

The GI Program and the Gobi Forage component have been collaborating with the Research Institute for Animal Husbandry (RIAH) in the development of materials and training manuals related to the pasture land management and the forage forecasting. In the coming year, the Gobi Forage team is planning to discuss with the national scientific institutes such as the Research Institute for Animal Husbandry and the Institute of Meteorology and Hydrology regarding long-term cooperation and institutionalization of the project beyond the term of Gobi Initiative Phase II (due to finish in December, 2008).

Collaboration with Swiss Development Cooperation

Gobi Initiative and Swiss Development Cooperation (SDC) have continued to cooperate in marketing and promoting Camelact, a brand of cosmetic products made out of camel milk with support from SDC and Mon Crem LLC², a local manufacturer. Dundgobi camel herders are now selling camel milk to MonCrem, the second biggest cosmetic producer in Mongolia, based in UB. GI has been working with an Ulaanbaatar consultant and the director of Mon Crem to complete a market assessment for the camel cosmetics. Based on the results of the study the program is currently assisting in developing a business plan for Mon Crem LLC. The business plan will expand the current production and identify the opportunities to link GI camel herders producing camel milk with the company. The business plan has been finalized in the November and the company is currently negotiating with the commercial banks for financing of the new equipment and working capital.

The program also cooperated with SDC to rehabilitate the irrigation system in Mazar bagh, Tugrug Soum, Uvurhangai Aimag. SDC funded the installation of new pipes and control taps and cleaning of the header dam. In total 55 families including GI clients will be able to cultivate vegetables in the irrigated area in CY2007.

Collaboration with Mongolian Alternatives Centre, Ger to Ger Project

During the quarter of Ger to Ger's implementation works, the Project has entered into its planning, training, product and service development, public-private partnerships and domestic/international marketing promotion for 2007 season. In October, based on the herder/traveler feedbacks, the project carried out a Dundgovi regional workshop that included herder and community stakeholders from 5 soums.

The regional workshops heavily focused on SWOT Analysis and production quality management & development planning, also covered many other critical subjects including spin-off SME development, importance of re-investment, loan opportunities (Xas Bank Representatives gave lesson on this topic), etc. An important outcome of the workshop was the further development services of the existing routes as well as the development of a travel route that includes all herder and local communities into the first regional Dundgovi travel product. Hence, as proposed by the Ger to Ger Project, Dundgovi is systematically developing into a travel destination rather than remaining a transit aimag.

Community information and ticketing centers' officers from Mandalgovi, Gurvansaihan, Olziit and Sihan Ovoo soums had the opportunities to share experiences and lessons learned from the 2006 season as well as discuss further means of supporting each other initiatives (handicraft producers & sales, contracting local

² Mon Crem is currently making eight types of products under the name of "Camelact" using camel milk such as: hand cream, cleansing and face lotion, day and night cream, shair and body shampoo, and hair cream. The compnay having been engaged in the cosmetic industry for a decade, showed an interest to expand the production into the nationwide market and create a successful domestic brand.

drivers & other service providers, etc.). The project has planned a training workshop to be held in February 2007 (UB) for all Community information and ticketing centers' officers to enhance their knowledge, skills and transfer certain responsibilities to the officers for the 2007 tourism season.

Lessons learned from Dundgovi's Community information and ticketing centers and locally contracted service providers and producers, herders and their communities – provided a wealth of experiences and valuable knowledge sharing with Arhangai and Terej National Park stakeholders for their initiatives. In November, Stakeholders from these regions greatly benefited from Dundgovi's successes and lessons learned for their regional development of products and service for 2007.

A detailed report from Mongolian Alternatives Center is attached as Annex 3.

Mercy Corps launched an education campaign with USDA funding to increase public awareness on animal related/ zoonotic diseases starting on the 1st of September 2006 and has run the campaign through out the quarter. The campaign aims to educate primarily vets, herders and children in the countryside on the risks associated with diseases that transmit from animals to humans. The diseases selected to include in our education campaign are: Avian Influenza (AI), Foot and Mouth Disease (FMD), Anthrax, Rabies and Echinococcus. These diseases have been chosen because of the potential risk they pose for significant human and economic loss in Mongolia. All these diseases can be transmitted to humans through interaction with animals, through poor animal health and human hygiene practices when keeping and working with animals and their products, and when consuming animal products. The whole education campaign aims to reach and effectively educate approximately 80% of herders, vets and children in the bags and soums, and 50% of children in the aimag centers in the Aimags of; Uvurhangai, Arhangai, Bayanhongor, Govi-Altai, Gobi-Sumber, Khovd, Dundgobi, Umnugobi, Zavhan and Sukhbaatar. The campaigns impact on the target audience and outreach is currently being evaluated and the final report will be published in the first quarter of 2007.

PROGRAM/FINANCIAL MANAGEMENT

Gobi Initiative was involved in the annual USAID Portfolio Review in November. Decisions reached during that meeting were summarized in a memo prepared by the CTO, and circulated to all parties.

At this point in time, Mercy Corps and Pact have no recommendations for any material changes to the GI Phase II program.

This concludes the Year Three Fourth Quarter Report.

Attachments to this Report are:

- Appendix 1: Details of Training and Consultancies provided to Herder and Non-Herder Business clients in 2006
- Appendix 2: Details of All Government trainings provided by Gobi Initiative in 2006
- Appendix 3: Detailed report from Mongolian Alternatives Center - Ger to Ger project
- Appendix 4: Overview of Gobi Initiative Performance 2004-2006
- Appendix 5: Monitoring and Evaluation of Rural Business News Magazine, Radio and Television, as well as Market Watch products
- Appendix 6: Pact/RBN Market Watch Seminar Report

Appendix 1: Details of Training and Consultancies provided to Herder and Non-Herder Business clients in 2006

Table 1: Details of Training and Technical Assistance provided to Herder Clients in 2006

Training subject	Consultants			Grand Total
	GI	local	UB	
Animal breeding		2		2
Bakery/food processing		5		5
Business training	6	2		8
Cooperative development	25	32	12	69
Dairy/milk processing		14	9	23
Financial management	24	11	3	38
Intensified animal production			9	9
Land	1		1	2
Meat			4	4
Sales and Marketing	1		6	7
Semi-settled livestock production		1	1	2
Specialized TA		3	6	9
Tourism operations			4	4
Vegetable/crop production	2	83	3	88
Veterinary training	3	30	7	40
Boot/garment production		2	2	4
Felt/wool technology		11	5	16
Handicraft		1	2	3
Grand Total	62	197	74	333

Table 2: Details of Training and Technical Assistance provided to Long-Term Non-Herder Business Clients in 2006

Training subject	Consultants			Grand Total
	GI	local	UB	
Bakery/food processing	1	5	6	12
Business training	7		3	10
Cooperative development	1			1
Dairy/milk processing		2	2	4
Financial management		2	11	13
General management		1	2	3
Meat			1	1
Sales and Marketing	1	2	9	12
Specialized TA		1	10	11
Tourism operations			3	3
Vegetable/crop production	1	2	1	4
Boot/garment production			3	3
Felt/wool technology			1	1
Handicraft			1	1
Grand Total	11	15	53	79

Table 3: Details of Training and Technical Assistance provided to Short-Term Non-Herder Business Clients in 2006

Training subject	Consultants			Grand Total
	GI	local	UB	
Bakery/food processing		1	10	11
Business training	1	1	3	5
Dairy/milk processing			3	3
Financial management		1		1
General management		1	2	3
Intensified animal production			1	1
Specialized TA			1	1
Tourism operations			5	5
Vegetable/crop production		1		1
Boot/garment production			2	2
Felt/wool technology			2	2
Grand Total	1	5	29	35

Appendix 2: Details of All Government trainings provided by Gobi Initiative in 2006

Type of training	No of participants	Aimags	Dates
Business start-up, the basics of business; generating a business idea, registering a business, basic marketing skills, and several "how to's" - conducting market research and writing business plans	15	UG	5-6 Jan
Business start-up, the basics of business; generating a business idea, registering a business, basic marketing skills, and several "how to's" - conducting market research and writing business plans	20	UG	9-10 Jan
Business start-up, the basics of business; generating a business idea, registering a business, basic marketing skills, and several "how to's" - conducting market research and writing business plans	25	UG	15-16 Jan
3	60		
Team and time management, what government services are and how best to provide these services, as well as how local government employees can support local business development	14	UH	14-16 March
Team and time management, what government services are and how best to provide these services, as well as how local government employees can support local business development	13	UH	21-22 Nov
Team and time management, what government services are and how best to provide these services, as well as how local government employees can support local business development	17	UG	7-9 Aug
3	44		
Land law: Government land use laws and regulations and the implementation of these laws in relation to herder business diversification	29	GA	25-27 Apr
Land law: Government land use laws and regulations and the implementation of these laws in relation to herder business diversification	18	UG	11-12 May
Land law: Government land use laws and regulations and the implementation of these laws in relation to herder business diversification	25	BH	10-11 Oct
Land law: Government land use laws and regulations and the implementation of these laws in relation to herder business diversification	17	DG	14-15 Nov
Land law: Government land use laws and regulations and the implementation of these laws in relation to herder business diversification	18	DG	16-17 Nov
5	107		
How does Government support the development of rural businesses and encourage the participation of citizens in Khural meetings and debates.	28	GS	27-28 Apr
How does Government support the development of rural businesses and encourage the participation of citizens in Khural meetings and debates.	72	DG	18-19 May
How does Government support the development of rural businesses and encourage the participation of citizens in Khural meetings and debates.	14	DG	22-24 Aug
How does Government support the development of rural businesses and encourage the participation of citizens in Khural meetings and debates.	15	UH	26-28 Sep
4	129		
Government procurement regulations and policies, Government tendering processes	15	GA	23-24 May
Government procurement regulations and policies, Government tendering processes	15	UG	20-21 July
2	30		
Communication skills	25	GA	14-16 June
Communication skills	24	GA	12-13 Oct
Communication skills	51	GA	15-16 Oct
Communication skills	25	BH	16-18 Oct
Communication skills	21	UG	23-24 Oct

Communication skills	18	GA	21-22 Nov
Communication skills	26	GA	26-27 Nov
7	190		
Project development - design, budget development, monitoring and evaluation	13	UH	3-4 May
Project development - design, budget development, monitoring and evaluation	20	BH	25-26 May
Project development - design, budget development, monitoring and evaluation	27	DG	06-07 June
Project development - design, budget development, monitoring and evaluation	16	UG	21-23 Aug
Project development - design, budget development, monitoring and evaluation	21	DG	18-19 Oct
Project development - design, budget development, monitoring and evaluation	9	UH	26-27 Oct
Project development - design, budget development, monitoring and evaluation	20	GS	30-31 Oct
7	126		
Master plan development training	12	DG	8-9 Nov
Master plan development training	10	UH	14-16 Nov
Master plan development training	30	GA	21-23 Nov
Master plan development training	11	UH	1-3 Dec
Master plan development training	16	GS	22-23 Dec
Master plan development training	12	BH	24-25 Dec
6	91		
Cooperative support training for tax officers	25	UH	19-20 Sep
1	25		
Action plan development and how to make labor contracts	25	BH	14-15 Dec
1	25		
Transfer of Gov duties to NGOs	52	DG	18-19 Dec
1	52		
40	879		

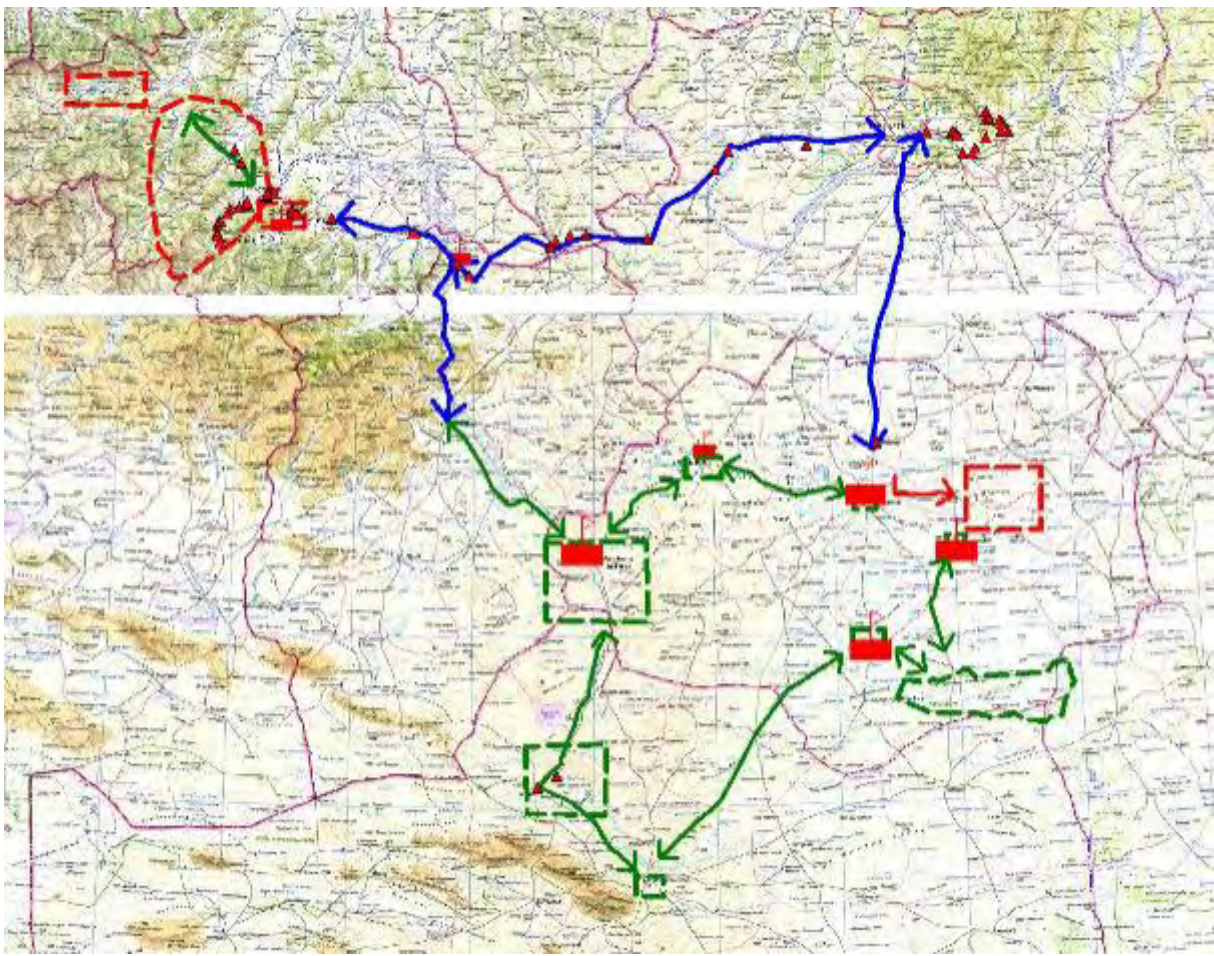


GER TO GER PROJECT
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Developed & Managed by:
Mongolian Alternatives Center NGO and Associates

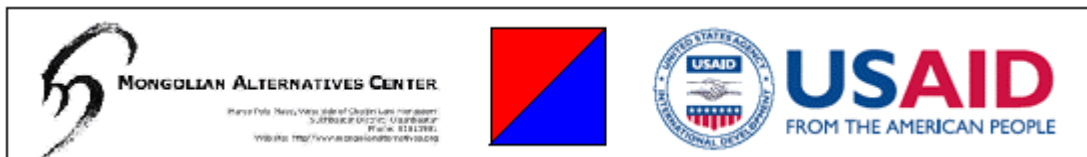
Regional social economic growth and new rural SME job markets

DUNDGOVI AIMAG



QUARTERLY REPORT

October 12th – January 12th



EXECUTIVE SUMMARY

Regional social economic growth and new SME job markets

In the third quarter of Ger to Ger's implementation works, the Project has entered into its planning, training, product and service development, public-private partnerships and domestic/international marketing promotion for 2007 season. In October, based on the herder/traveler feedbacks, the project carried out a Dundgovi regional workshop that included herder and community stakeholders from 5 soums.

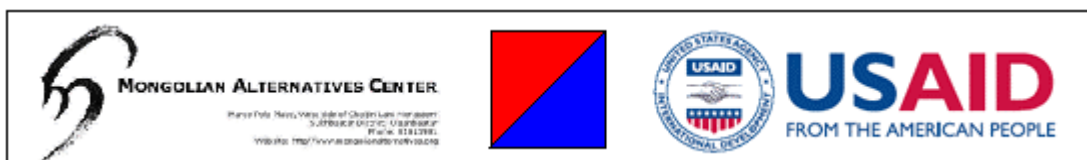
Our regional workshops heavily focused on SWOT Analysis and production quality management & development planning, also covered many other critical subjects including spin-off SME development, importance of re-investment, loan opportunities (Xas Bank Representatives gave lesson on this topic), etc. An important outcome of the workshop was the further development services of the existing routes as well as the development of a travel route that includes all herder and local communities into the first regional Dundgovi travel product. Hence, as proposed by the Ger to Ger Project, Dundgovi is systematically developing into a travel destination rather than remaining a transit aimag.

Community information and ticketing centers' officers from Mandalgovi, Gurvansaihan, Olziit and Sihan Ovoo soums had the opportunities to share experiences and lessons learned from the 2006 season as well as discuss further means of supporting each other initiatives (handicraft producers & sales, contracting local drivers & other service providers, etc.). The project has planned a training workshop to be held in February 2007 (UB) for all Community information and ticketing centers' officers to enhance their knowledge, skills and transfer certain responsibilities to the officers for the 2007 tourism season.

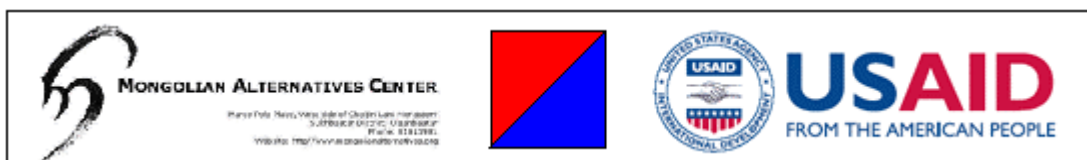
Lessons learned from Dundgovi's Community information and ticketing centers and locally contracted service providers & producers, herders and their communities – provided a wealth of experiences and valuable knowledge sharing with Arhangai and Terelj National Park stakeholders for their initiatives. In November, Stakeholders from these regions greatly benefited from Dundgovi's successes and lessons learned for their regional development of products and service for 2007.

In December, and in preparation for the 2007 trainings and season, the project has:

- planned future workshops for 2007
- prepared outlines for the development of the first Ger to Ger Project Handbooks for Community information center officers, community members, drivers, herders, etc.
- produced and presenting pilot project findings to it domestic and international public-private sector partners



- developed its domestic and international marketing strategy and is carrying out the works
- enhanced SEO (Search Engine Optimization) for better web presence on key search engines (google, live search, etc.)
- designed new layout for its 2007 season marketing leaflet
- signed partnership agreements with numerous Ulaanbaatar-based service providers (cafes, internet centers, guesthouses, tour operators, etc.) that are marketing the project's winter routes and summer 2007 routes within their establishments.
- visited the Shanghai, China International Tourism Fair (paid own way) to promote Ger to Ger Project to USA and European agencies searching for Asian partners.
- Made contact with Indian clinic research project. We are discussing how to cooperate on pressing rural health issues and communications to increase the local demand for greater outreach services in Dundgovi. Health and safety are paramount concerns in the tourism industry and are a strong focus of the project to ensure the future sustainability of Dundgovi's tourism development and securing the rural health & safety of nomadic herders and for travelers visiting remote these areas.
- participated in the MoRTT's "Discussion of medium strategy to develop tourism in Mongolia" workshops, which resulted in the Ministry wishing to cooperate with Ger to Ger Project in its implementation.
- participated and actively supported all of Mercy Corps "Responsible Tourism and Labeling" weekly meetings and activities.
- Etc.



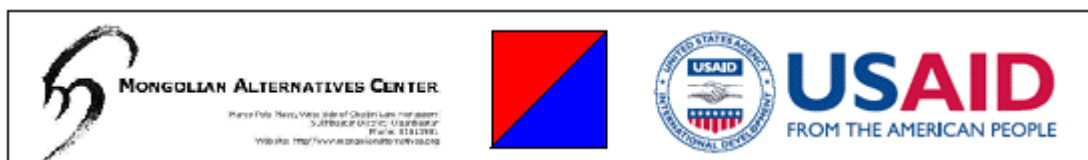
Planning, Training, Product and Service Development

Training materials (October 2006)

- All closing season training materials were further developed based on herders and travelers' 2006 season feedback analysis for Arhangai, Dundgovi and Terej National Park.
 - SWOT analysis and planning
 - Human resource management
 - Quality management
 - Tourism law and responsibilities
 - Travel product and service development
 - Travel product and service pricing
 - Importance of route development and re-investment
 - SME identification & new job development opportunities
 - Loan application and facilitation
 - 2007 monitor and evaluation: Community information and ticketing center officers and their new roles
 - Financial reports and Q&A
 - 2007 herder and partnership agreements
 - English language

Training workshops (October-November: Arhangai, Dundgovi & Terej)

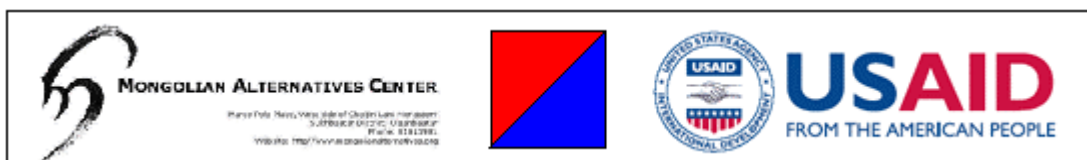
- **Dundgovi:** Organized training with 7 herders, 4 ticketing officers/local facilitators, 2 bag governors and 1 local driver representative in Mandalgovi town from 16-17 of October. During the training, many localized and regional items were discussed. Some notable items were:
 - One new additional family at Ih Gazriin Chuluu has been selected by herders' own initiative to enhance the travel experience and to include addition nomadic families within the region.
 - 2007 summer route developments, based on herder and travelers' suggestions and market needs, have been developed for all 4 main routes in Dundgovi as well as the two non-project community routes in Saihan Ovoo.
 - Herders and local communities have created new regional tour (12 days Ikh gazriin chuluu-Uush sand dune-Ongi monastery) that is inclusive off all stakeholders and communities.



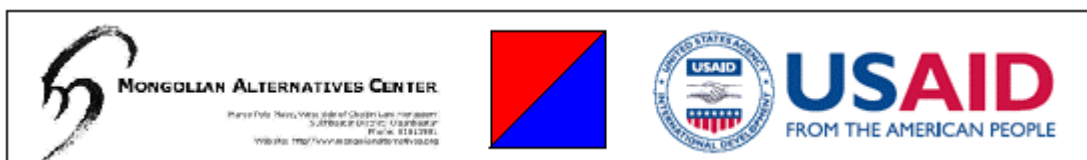
- Community fees have been discussed and have been increased according to tourism market potential and herders/community costs and future re-investment plans for 2008 to enhance local facilities.
- Xas Bank representative and loan officers were invited to give a presentation at our workshops. They gave good information on how to obtain a loan to improve small and medium business initiatives.
 - Saihan Ovoo's Bag Governor, Mr. Adilbish (project partner), planned to open his own small scale ger camp with the support of Gobi Initiative's loan facilitation – Ger to Ger is supporting the development of his business as it is included into local and regional travel itineraries for 2007.
 - Ih Gazriin Chuluu's Chimegdorj (project herder), planned to open his own small scale ger camp and the project recommended for him to go to Gobi Initiative for loan facilitation.
- Responsible tourism and tourism law were the strong sub-themes of the workshop to increase greater understanding and local liability. As a result, herders and communities have promised to enhance the management of their product and service quality in 2007.

Travel Product Materials (November-December: Arhangai, Dundgovi & Terelj)

- Translated all herder and community travel itineraries for:
 - Leaflets (winter and summer routes)
 - Tour operators and other service providers (signed partnership agreements)
 - Website, Etc.
- Finalized and distributed the official Ger to Ger Pilot Project Factsheet
 - Translated into Mongolian
 - Distributed it to both domestically and internationally to public and private sectors and partners.
- CD-kit for tour operators' social marketing (travel fairs, to partner companies, etc.)
 - Itineraries, photos for web usage, and a film
 - Ger to Ger "Partner" Logo for websites – promoting responsible community tourism
- Ger to Ger Website Improvements
 - SEO (Search Engine Optimization) works on Ger to Ger website

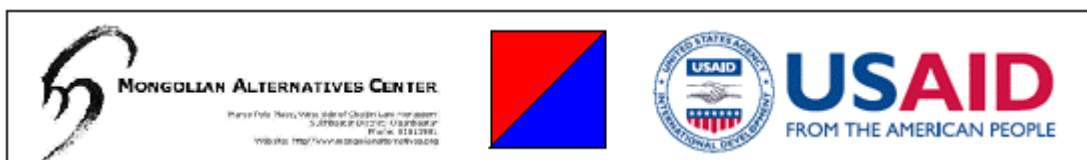


- Re-wrote HTML for higher search engine placements
 - Result: excellent placement achieved, refer to next page's table
- 2007 summer itineraries uploaded
- 2007 winter itineraries uploaded
- Currently working on new design for Ger to Ger website

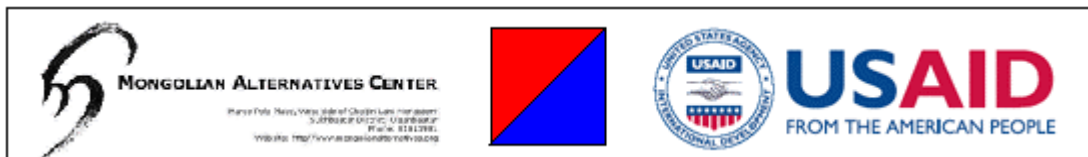


Ger to Ger's Responsible CBT Development Handbooks and Rural RT-CBT Education Institutional Development Initiative (December-2010)

- Based on Ger to Ger tested and tried methodologies, approaches, lessons learned, etc., the project has discussed and is finalizing an outline to develop a "Responsible Nomad Centered CBT Development" curriculum with handbooks for institutional development.
- Ger to Ger Project is designing education frameworks, so that it's Community Information and Ticketing Centers can fulfill their future role as rural Responsible Tourism/Community Based Tourism (RT-CBT) education institutions and possible future monitors to assist RT development activities in Mongolia rurally.
- For this reason, current Community Information and Ticketing Center (CITC) officers will start to be trained from February 2007 in many critical subjects in order to fully and effectively carryout this new role over the next 3 years.
 - Curriculums will cover many important subjects, some include the following:
 - SWOT analysis and appropriate planning: discovering community assets (human, community, livestock, environment, etc.)
 - Tourism education and vocational skills
 - Turning assets into viable economic products and services
 - Route and service verification:
 - Assessing safety and security
 - Environmental awareness and resource management, etc.
 - Cooperating with local authorities to deal with human and livestock disease outbreaks and other rural disasters:
 - Ger to Ger Case Studies: Arhangai's 2006 anthrax outbreak and how the project cooperated with Ih Tamir authorities in herder coordination, education and quarantine implementation measures.
 - Linking products and services to the markets
 - Managing resources
 - Cultural and human
 - Natural and environmental, etc.
 - M & E: Quality management
 - Tourism law and responsibilities
 - Travel product and service development



- Travel product and service pricing
- Importance of route development and re-investment
- SME identification & new job development opportunities,
- Financial system development between Aimags, etc.



Google Web Ratings 1/ 09/ 07- Results of Ger to Ger Project's SEO (Search Engine Optimization) works

#	Description (keywords)	Result of SEO (page #, # from top)	Excellent SEO Results	Additional Notes
1	mongolia community based tourism	1,1	x	
2	travel with nomadic herders	1,1	x	No mention of 'mongolia' which is excellent international placing
3	travel mongolia with herders	1,1		
4	mongolia community tourism	1,1	x	
5	overnight at nomadic ger	1,1	x	
6	travel mongolia like a nomad	1,1	x	
7	visit mongolia's nomadic communities	1,1	x	
8	visit mongolia nomadic communities	1,1	x	
9	visit a nomadic mongolian ger	1,2	x	
10	visit nomadic herders	1,2	x	No mention of 'mongolia' which is excellent international placing
11	stay in nomadic ger in mongolia	1,3	x	
12	travel mongolia with nomads	1,3	x	
13	travel with nomadic families	1,3	x	No mention of 'mongolia' which is excellent international placing
14	Visit Mongolian nomads	1,4	x	
15	mongolia winter travel	1,5	x	
16	Visit Mongolian communities	1,5	x	
17	horse hire in mongolia	1,6	x	
18	Jeep hire in mongolia	1,6	x	
19	Mongolia responsible tourism	1,6	x	
20	mongolia nomadic travel	1,7	x	
21	visit nomadic families	1,7	x	No mention of 'mongolia' which is excellent international placing
22	overnight with mongolian herders	1,8	x	
23	camel hire in mongolia	1,9	x	
24	visit mongolian ger	1,9	x	
25	visit mongolia's nomadic families	1,9	x	
26	overnight in mongolian ger	1,10	x	
27	experience mongolian nomadic culture	2,10		

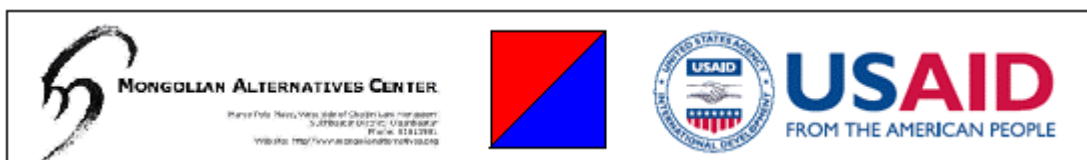
Public-Private Partnerships

Arhangai and Dundgovi Aimag and Soum Governors (November-December)

- As a result of presenting the works of Ger to Ger Project:
 - Both Aimag Governors of Arhangai and Dundgovi expressed their gratitude to the project “being an extremely viable project that’s outcome is so prompt”.
 - Arhangai Aimag Governor wishes the project to expand further and include an additional 100 families.
 - Governors of Dundgovi province and Saihan Ovoo soum officially request that Ger to Ger Project would continue its future works in their Aimag.
 - Official letters from Aimag Governors are attached.

Dundgovi rural health care situation – research and partnerships (November)

- Gathered statistic data about health issues in countryside and in Mongolia from national statistical office.
- Contact has been made with York Town University’s “InterEd Faculty of Clinical Research’s” (IFCR-India) Clinical Research Project.
 - Discussions on how to tackle rural health issues that are facing nomadic herders in Mongolia. As a result of discussions, IFCR-India is discussing to send Dr. Kareem, Director of Projects, to research and evaluate current situation and make recommendations. In the future, it could be possible for two or three doctors to make a study trip to IFCR-India’s Rural Clinical Research Project.
 - Areas that we are concerned with are:
 1. The number of aimag and soum hospital was decreased by 4-9% (compare 2001 with 2004)
 2. There is rapid increase in private hospital by 16.81% (compare 2001 with 2004)
 3. The number of Physicians dropped gradually by 6.46% in west region, 4.59% in Khangai region, 8.97% in Central region and 6.77% in East region. Owing to this, the number of persons per physician has been increasing steadily.
 4. Year by year, there is steady rise in the number of patients hospitalized.



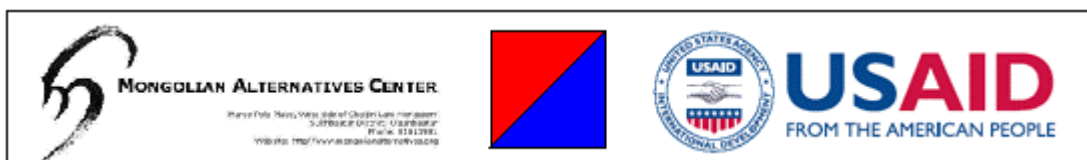
5. Most reasons of death depended by Neoplasm, Injury, poisoning, certain infectious and parasitic diseases and certain conditions originating in the prenatal period.
6. Lack of outreach information and communication services
 - o It is clear that the quantity of hospitals is declining rapidly when there is gradual rise of the number of patients being hospitalized. It is critical for basic outreach programs (communication and information sharing) to be developed to combat preventable illness and diseases like Hepatitis, HIV, etc.

Shanghai Tourism Fair (November)

- Ger to Ger Project's Ms. Bayarsuren had visited the Shanghai Tourism Fair to present Ger to Ger Project to USA and European companies searching for Asian partners and new products.

Launch of Ger to Ger's Domestic & International Marketing (November-May)

- As of today, Ger to Ger has met with numerous guesthouses (i.e. UB Guesthouse, etc.) and has been signing partnership agreements.
 - o The project and Terelj Community has launched three new services (cost effective prices are being developed and tested) to pilot a concept of developing a local Mongolian travel market for winter travel as a result in December 4 Mongolian families with children between the ages of 1 and 10 traveled.
 - "Fresh Air for Families" (Day Trip) approx 20,000 per parent and children between the ages 1-10 for free and 11-18 for 10,000
 - "Nomadic Winter Games for All" (ice bowling, etc. - Overnight) approx 40,000 per parent and same prices for children as mentioned above.
 - "Winter Getaway" (3 Day Trip) approx 60,000 per adult and same prices for children as mentioned above.
 - o 22 Ulaanbaatar businesses (11 restaurants, 2 salons, 2 internet cafes, 2 air ticketing offices, 2 service organizations, 1 NGO, 1 financial institution and 1 souvenir house) all agree to cooperate with Ger to Ger and allow the project to place its promotion materials within their establishments.
 - o Project is currently presenting the community itineraries to locally based tour operators (Nomads Tours and Expeditions, Destination Mongolia, etc.)
 - Referral method



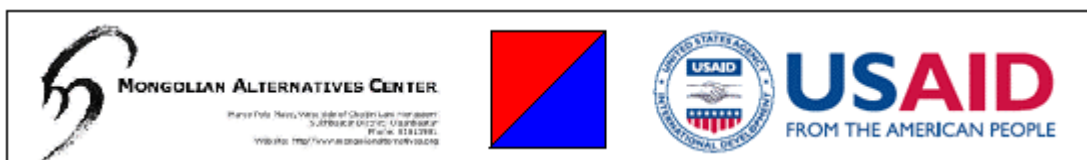
- Include Ger to Ger Community Routes into existing itineraries, etc.
- Collected data on 22 Universities with Asian Studies (15 USA, 3 UK, 2 Australia, 1 Canada, and ACMS Ulaanbaatar office) and will be presenting the project to these institutions. Ger to Ger will be establishing partnership programs, internships, student study trips and exchange programs for those that are studying Mongolia culture, history and language.
- Collecting data to contribute towards Ulaanbaatar based Ger to Ger Information Center (project office)
 - 33 Guesthouses
 - 58 Star rated hotels
 - 143 Ger camps
 - 12 Internet cafes

Ministry of Road, Transportation and Tourism (December)

- Ger to Ger Project had participated in several workshops organized by the Ministry in regards to the “Medium strategy to develop tourism in Mongolia”. As a result:
 - A presentation about Ger to Ger Project was given to Dr. Yondongombo, Director of the Tourism Department, and to Ms. Burmaa.
 - The Ministry was very thankful to Ger to Ger and the works that are being carried out by the project.
 - The Ministry is officially supportive of the project’s initiative towards Mongolia’s herders’ livelihoods, local and regional economic development, and country tourism product and image development.
 - The Ministry would like to further explore means of cooperating to implement their medium strategies to develop Mongolia’s tourism sector.
 - Attached is the official letter from MoRTT supporting Ger to Ger project.

Mongolian Tourism Association (December)

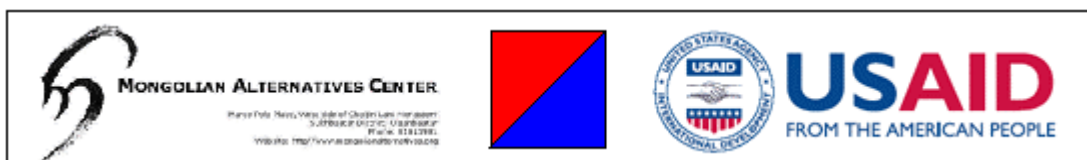
- Ger to Ger Project had presented the project to Mr. Erdenebat, Deputy President of MTA . As a result:



- MTA is very thankful and supportive of Ger to Ger's initiative to develop the first rural/community based information centers and train the local inhabitant on many industry-critical subjects.
- Attached is the official letter from MTA supporting Ger to Ger Project.

Arhangai's Fairfield Cafe (December)

- Based on the successes of Dundgovi's Community information and ticketing centers, the project in cooperation with its long-term partner Fairfield Café will jointly open a Community information and ticketing center in Tsetserleg in 2007 season within their establishment.
 - February 2007 their officers will participate in our training workshop with the project's Dundgovi's CITCs' officers.
 - Train Ms. Saraa, manager, as she requested to improve her knowledge about tourism laws and liabilities, contracts and agreements (drivers, tour operators, herders, handicraft producers, etc.), ticketing process, financial systems, taxation, etc.
 - Resell Arhangai, Dundgovi and possibly Terelj tickets.

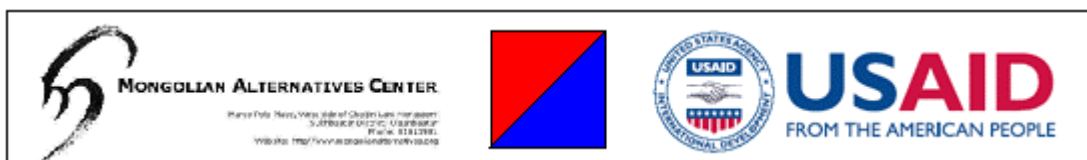


Mercy Corps' Responsible Tourism (December-January)

- Ger to Ger Project has actively attended and supported all the weekly workshops:
 - Made a presentation on the South African Grading Council.
 - Developed the Responsible Tourism Group's automated email list.
 - Developed the Responsible Tourism Group's automated open forum blog.
 - Developing a proposed framework on how the RT-Group and CBT Group can cooperate.

Ger to Ger 10% Community Development Account (All Year)

- Ger to Ger 10% Development Account is mainly focused on community development initiatives in the areas of health, education and environmental awareness, etc.
 - In extreme cases when project herder/community members have a health crises and cannot afford medical attention the project releases a small loans at 1.5% interest rate to cover medical examinations, hospital bills, etc.
 - Ih Gazriin Chuluu Route – In the first week of January 2007, Govinsamboo 's wife was provided a small loan to cover the cost of her medical examination and expenses while in Ulaanbaatar as her family doesn't have the finances.





АМЕРИКИЙН НЭГДСЭН УЛСЫН ОЛОН УЛСЫН
ХӨГЖЛИЙН АГЕНТЛАГИЙН СУУРИН
ТӨЛӨӨЛӨГЧ БЕРИ ПРИМД ТАНАА

**МОНГОЛ УЛСЫН
ЗАМ, ТЭЭВЭР, АЯЛАЛ ЖУУЛЧЛАЛЫН
ЯАМ**

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Нэгдсэн үндэстний гудамж 5/1, Засгийн газрын II байр
Утас: 32-64-06, Факс: 31-06-12

E-mail: info@msa.gov.mn, http://www.msa.gov.mn

2006.12.05 № 6/3435

Тайлбар _____ -ийн № _____ -Т

"Айлаас айлд" төсөл нь 2005 оноос эхлэн Архангай, Төв, Дундговь аймгуудын малчин ерхийн амьжиргааг дээшлүүлэх зорилгоор малчдад түшиглэсэн аялал жуулчлалын үйл ажиллагаа явуулж байгаа билээ.

Өнгөрсөн хугацаанд 70 гаруй сая төгрөгийг орон нутгийн эдийн засагт оруулсан нь хөдөөгийн тогтвортой амьжиргааг тэтгэхэд чухал ач холбогдолтой гэж үзэж байгаа тул энэхүү "Айлаас айлд" төслийн үйл ажиллагааг манай яамнаас дэмжиж байна.



АЯЛАЛ ЖУУЛЧЛАЛЫН ГАЗРЫН
ДАРГА
Г.ЕНДОНГОМБО

08 · 2624

Letter from the Ministry of Road, Transport, and Tourism

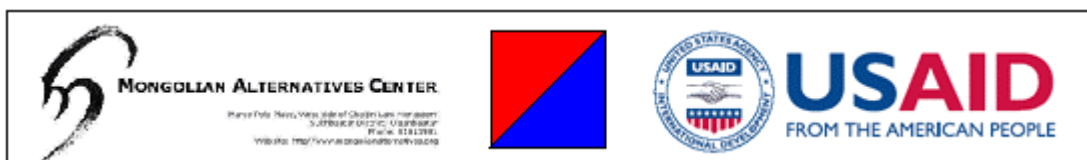
To the Representative of USAID to Mongolia, Mr. Barry Primm

Since 2005 "Ger to Ger" Project has started its community based tourism activities in Arkhangai, Dundgovi and Tuv provinces to improve the livelihood of local herders.

The Ministry is supporting the activity of Ger to Ger project and highly evaluating the importance of the project in the improvement of rural sustainable livelihood as it has contributed more than 70 million MNT to the local economy.

Director of Tourism Department of the Ministry of
Road, Transport and Tourism

G. Yondongombo





2006 оны 12 дугаар сарын 12

№ 46/06

Улаанбаатар хийс

АМЕРИКНИЙ ОЛОН УЛСЫН ХӨГЖЛИЙН АГЕНТЛАГИЙН СУУРИН
ТӨЛӨӨЛӨГЧ ИЙН БЭРИ ПРИМ ТАНАА

Айлаас айлуудад төслийг тэмжих тухай

Айлаас айлуудад нүүдэлчдэд түшиглэсэн аялал жуулчлалын төсөл нь аялал жуулчлалаар дамжуулан ядуурлыг тогтвортойгоор бууруулахад өндөр хувь нэмрээ оруулж байгаа бөгөөд орон нутаг, малчин иргэдэд шууд эдийн засгийн үр ашгийг өгөхөөс гадна орон нутгийн иргэдийг сургалт, мэдээллээр ханган аялал жуулчлалын зах зээлд бие даан ажиллах чадварыг суулгаж, тогтвортой орлогын эх үүсвэрийг аялал жуулчлалын салбараас олдог болгох, орон нутагт аялал жуулчлалын мэдээллийн төвүүдийг байгуулах, орон нутгийн аялал жуулчлалын бүтээгдэхүүн, үйлчилгээг Дэлхийн зах зээлтэй холбож өгөх, орон нутагт холбоо харилцаа, эрүүл мэнд боловсролын үйлчилгээг сайжруулахаар олон ажилуудыг хийж байгаа нь цаг үеэ олсон чухал үйл ажиллагаа юм.

Дэлхийн аялал жуулчлалд соёлын аялал нь томоохон байр суурийг эзэлдэг бөгөөд улс үндэстний соёлын ялгаа нь өөрөө аялал хийх сэдэл нь болдог юм. Тиймгээс Монгол орны хувьд ч аялагчид зэрлэг онгон байгалиар аялахаас гадна нүүдэлчдийн соёл, ёс заншлаас суралцан, малчин, орон нутгийн иргэдтэй хамт аялах нь тэдний хувьд хэзээ ч мартагдахааргүй дурсамжийг үлдээдэг.

Айлаас айлуудад төсөл нь Монгол орны өвөрмөц давуу тал бүхий нүүдэлчин ард түмний соёлд түшиглэсэн аялалуудыг зохион байгуулж, эргэлд малчин ард түмэнд орон нутагт үр ашгийг нь шууд өгч байгаагаараа үр ашинтай төсөл юм.

Тиймээс энэ төслийн үр өгөөжийг олон аймаг, сумдад хүргэх, үр өгөөжийг тогтворжуулах үүднээс цаашид үргэлжлүүлэх зайлшгүй шаардлага байгааг Танд энэхүү захидлаар уламжилж байна.



ТӨЛӨӨЛӨГЧ

Н.Эрдэнэбат

Н.ЭРДЭНЭБАТ

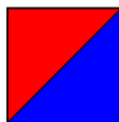
МҮЭ Холбоогийн байр
3-р давхар, Өрөө 316
Улаанбаатар-11, Монгол улс
Утас: (976-11) 323026
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info@travelmongolia.org
Вэб сайт: www.travelmongolia.org

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The Mongolian Trade Unions'
Confederation building
Ulaanbaatar-11, Mongolia
Tel: (976-11) 323026
Fax: (976-11) 327820
E-mail: tourismasc@magicnet.mn
info@travelmongolia.org
Web site: www.travelmongolia.org



MONGOLIAN ALTERNATIVES CENTER

Нэрлэлт Нэгж, Улаанбаатар
Утас: 32000000
Факс: 3212000
Вэбсайт: http://www.mongolianalternatives.org



USAID
FROM THE AMERICAN PEOPLE

Mongolian Tourism Association

To the Representative of USAID to Mongolia, Mr. Barry Primm

Support for Ger to Ger Project

Nomad center Ger to Ger Tourism Project is making huge contribution to lessen the poverty using tourism as a tool of their implementation and providing direct economic outcome to the herders and local communities by facilitating them with information, education and skills to operate independently in the tourism market allowing them to create alternative incomes from tourism. The Project has established local ticketing and information offices, linked local tourism products and services with the global tourism market, and carried out programs on communication, health and education which all are important up to date activities.

Cultural tourism encompasses the significant part in the global tourism market and the very aspect of cultural differences of nationalities is the main motivation for people to travel. Hence, traveling through pristine wild nature of Mongolia, learning nomadic culture and heritage, traveling with herders and local people would create an unforgettable experience for the travelers.

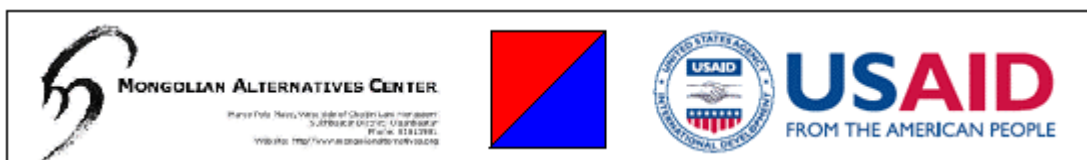
Ger to Ger is very fruitful project as it directly provides its outcome/benefits to the local herders and communities by effectively organizing nomadic Mongolian culture based trips, using the unique cultural advantages of Mongolia.

Therefore, taking this opportunity I would like to make you aware that the Project vitally needs to be continued in order to make available the benefits of the project to many provinces, soums and to build the sustainable benefit for the local communities.

Sincerely Yours,

Vice President

N. Erdenebat





ДУНДГОВЬ АЙМГИЙН
ЗАСАГ ДАРГЫН ТАМГЫН ГАЗАР

212700 Мандалгай, Дундговь аймаг,
Утас: (01-582) 2-24-94, Факс: (01-582) 2-25-98

2006.11.30 № 1/1189
гатай - ны № -Т

АМЕРИКИЙН ОЛОН УЛСЫН
ХӨГЖЛИЙН АГЕНТЛАГИЙН
СУУРИН ТӨЛӨӨЛӨГЧ
БЭРИ ПРИМ ТАНАА

Санжүүгийн дэмжлэг хүсэх тухай

"Гэрээс Гэрт" төсөл нь Дундговь аймагт 2006 оны 6-р сараас 10-р сар хүртэлх хугацаанд 4 сумын малчидтай хамтран амжилттай ажиллаа. Энэ хугацаанд тус аймгийн нутагт дэлгэрт төслийн маршрутаар аялсан жуулчдаас малчдын олсон орлогыг авч үзвэл нэг малчин өрх 342000-1250000 төгрөгийг жуулчдад үйлчилснийхээ хөлсөнд авсан байна. Энэ нь энэхүү төслийн үр өгөөж орон нутгийн аялал жуулчлалыг хөгжүүлэхэд томоохон хувь нэмэр болж байгаалийн дээр малчин иргэдийн өрхийн орлогыг нэмэгдүүлэхэд ач тус өгч байгааг дурдсаар гайтай байна.

Иймд орон нутгийн засаг захиргаанаас "Гэрээс Гэрт" төслийг цаашид үргэлжлүүлэн ажиллуулах саналыг үүгээр хүргүүлнэ!

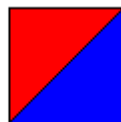
Бидний энэхүү саналыг хүлээн авч хамтран ажиллана гэдэгт итгэж байна.

ҮЙЛДВЭРЛЭЛ, ДЭД БҮТЭЦ, БАЙГАЛЬ
ОРЧНЫ БОДЛОГО ЗОХИРУУЛАЛТЫН
ХЭЛТСИЙН ДАРГА-г *С.Буджав* С.БУДЖАВ



MONGOLIAN ALTERNATIVES CENTER

Нэрлэх Нэр: Улаанбаатарын Улаанбаатар
Улаанбаатарын Улаанбаатар
Улаанбаатарын Улаанбаатар
Улаанбаатарын Улаанбаатар



USAID
FROM THE AMERICAN PEOPLE

Letter from the Governor of Dundgovi Aimag

To the Representative of USAID to Mongolia, Mr. Barry Primm

Request for financial support

Ger to Ger Project has successfully operated in Dundgovi province from June to October 2006 and worked together with the herders of four soums.

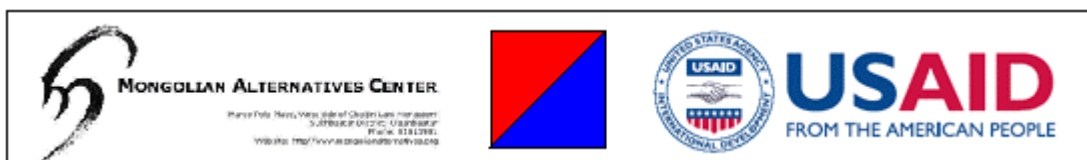
Herder families of Ger to Ger travel route earned between 342,200 to 1,250,000MNT respectively during this period. I am very glad to mention here the enormous contribution of the project made to the development of the tourism in the province and the facilitation of increase of herder families' income.

Therefore, the local government of the Dundgovi province is asking for the further continuation of the Project.

We believe that you will consider the above and would cooperate with us.

Industry, Infrastructure, Environment
Policy Regulation Department Director

S. Budjav





МОНГОЛ УЛС
АРХАНГАЙ АЙМГИЙН ЗАСАГ ДАРГА

212000 Цэцэрлэг, Архангай аймаг
Утас: (01-332) 2-26-07, Факс: (01-332) 2-12-08

2006.11.21 № 1/2072
Танай _____ -им № _____ -т

АМЕРИКИЙН ОЛОН УЛСЫН
ХӨГЖЛИЙН АГЕНТЛАГИЙН СУУРИН
ТӨЛӨӨЛӨГЧ БЭРИ ПРИМ ТАНАА

Гэрээс гэрт төслийг дэмжих тухай

Танд энэ өдрийн мэндийг хүргэе!

Манай аймагт гэрээс гэрт төсөл хэрэгжиж эхэлснээс хойшхи 15 сарын хугацаанд хэд хэдэн аялал жуулчлалын маршрут шинээр нээж, малчид орон нутгийн иргэдийг төсөлд хамруулан аялал жуулчлалаар дамжуулан тэдний амьжиргааг сайжруулахад чухал хувь нэмэр оруулж байгаад гүн талархлаа илэрхийлье.

Бид энэхүү төслийг цаашид үргэлжлүүлэн хэрэгжүүлж орон нутгийн иргэд, малчдыг сургалт мэдээллээр хангах, мөн аялал жуулчлалын зах зээлд бие даан ажиллах чадвар суулгах, тэдэнд тогтвортой орлогын эх үүсвэрийг аялал жуулчлалын салбараас олдог болгоход чиглүүлэн ажиллах саналтай байна.

Өнгөрсөн хугацаанд та бидний хамтын хүчин чармайлтын үр дүнд Ихтамир сумын Хөхнуур, Хан-Өндөр баг, Чулуут, Өндөр-Улаан сумын зарим малчид хамрагдан уг төслийг амжилттай хэрэгжүүлсэн билээ.

Иймд дээр дурдсан сум, багийн малчдад төслөө үргэлжлүүлэн хэрэгжүүлэхийн зэрэгцээ Жаргалант, Цэцэрлэг, Эрдэнэмандал сумдын чиглэлээр нийтдээ 100-гаас доошгүй малчин өрхийг төсөлд нэмж хамруулах санал тавьж байгааг хүлээн авч санхүүгийн дэмжлэг үзүүлнэ гэдэгт найдаж байна.

Хүндэтгэсэн:



(Handwritten signature)
Ж.ХҮРЭЛСҮХ

0000546

Letter from the Governor of Arkhangai Aimag

To the Representative of USAID to Mongolia, Mr. Barry Primm

Nov 21, 2006

Support letter for Ger to Ger Project

I would like to express my sincere gratitude to Ger to Ger Project team for the essential contribution made towards improvement of **sustainable livelihoods** of our herders and community using tourism as a tool of their implementation. Within fifteen months of its operation in Arkhangai aimag Ger to Ger Project has successfully launched several community based travel routes, actively involving herders and communities of our aimag into its travel network.

Here I would like to ask your continual support for Ger to Ger Project as through the Project we are aiming to facilitate the herders and local community with appropriate knowledge of tourism and provide skills and abilities to work independently in the tourism market allowing them to create alternative incomes from tourism.

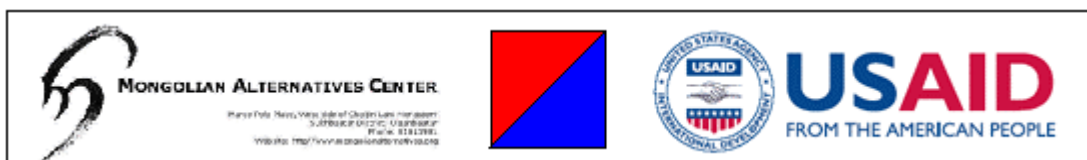
Through our joint efforts the Project has been successfully implemented with herders of Khuh Nuur, Khan-Undur 'bags' (small administrative unit) of Ih Tamir, Chuluut and Undur Ulaan soums.

Therefore, I am asking USAID to continue the Project and expand its activities not only in above soums and bags but also open routes in Jargalant, Tsetserleg, Erdenemandal soums respectively involving not less than hundred families into the network. I believe that you will consider the above request and would financially support Ger to Ger Project.

Sincerely,

Arkhangai Aimag Governor

J. Khurelsukh





АРХАНГАЙ АЙМАГ
ИХТАМИР СУМЫН ЗАСАГ ДАРГА

212005 Заанкошуу, Ихтэмнэ сум
Утас: (01-332) 2-85-04

2006-11-20 - № 93

танай _____-ны № _____-т

Гэрээс гэрт төслийг дэмжих тухай

АМЕРИКИЙН ОЛОН УЛСЫН ХӨГЖ
ЛИЙН АГЕНТЛАГИЙН СУУРИН ТӨ
ЛӨӨЛӨГЧ БЭРИ ПРИМ ТАНАА

Гэрээс гэрт төсөл нь 2005 оны 5-р сараас үйл ажиллагаагаа явуулж, сумын нийт 8 малчин айл өрх хамрагдсан юм.

Төсөл нь богино хугацаанд орон нутгийн иргэд малчдын мэдлэг боловсрол, амьжиргааг дээшлүүлэхэд их хувь нэмэр оруулж байна.

2005 онд 1 малчин айл өрх төслийн 3 сарын хугацаанд 520,0-560,0 мян төгрөг, 2006 онд 1 малчин айл өрх 540,0-570,0 мян төгрөгийн орлого олсон юм.

Иймд энэ төслийг цаашид орон нутгийн хэмжээнд үргэлжлүүлэх зайлшгүй шаардлага байгааг танд уламжилъя.

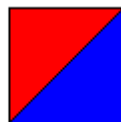
ДАРГА

З.ИЧИНХОРЛОО



MONGOLIAN ALTERNATIVES CENTER

Phone: (976) 7311-1111
Fax: (976) 7311-1111
Website: http://www.mongolianalternatives.org



USAID
FROM THE AMERICAN PEOPLE

Letter from the Governor of Ih Tamir soum of Arkhangai aimag

To the Representative of USAID to Mongolia, Mr. Barry Primm

Support for Ger to Ger Project

Ger to Ger Project has launched its activities in May 2005 and involved eight herder families of our soum into its network.

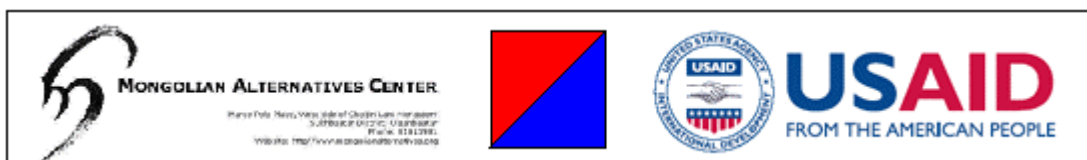
Within a short period of time the Project made the essential contributions in education and improvement of sustainable livelihood of our herder families and community.

In 2005 one herder family earned within three months of the Project activity 520,000-560,000MNT, in 2006 one herder family earned ¥540,000-570,000 in the same period of time.

Taking this opportunity I would like to make you aware that Ger to Ger Project is an important Project that essentially needed to be continued in our local community.

Ih Tamir soum Governor

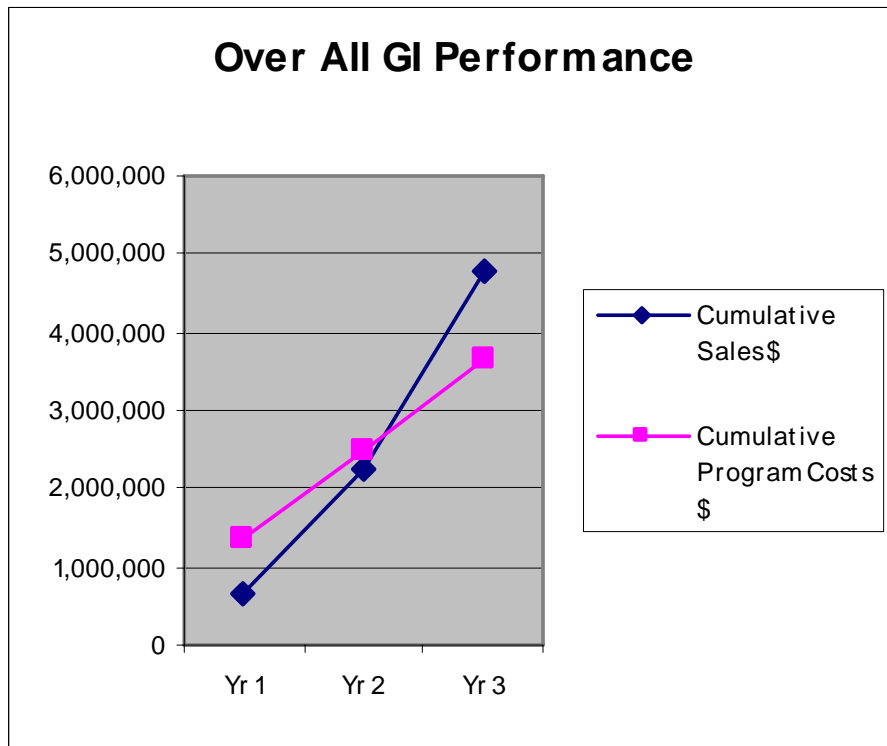
Z. Ichinkhorloo



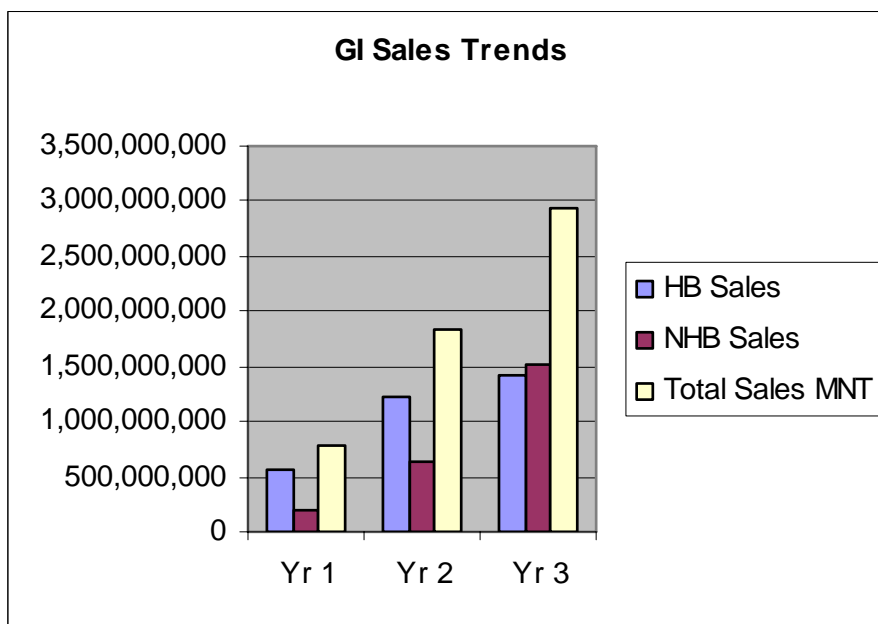
Appendix 4: Overview of Gobi Initiative Performance 2004-2006

Year Three, 2006 was an exceptional year for Gobi Initiative which drew on three years of experience to provide innovations which enabled the program to become more efficient at providing Business Development Services to its clients.

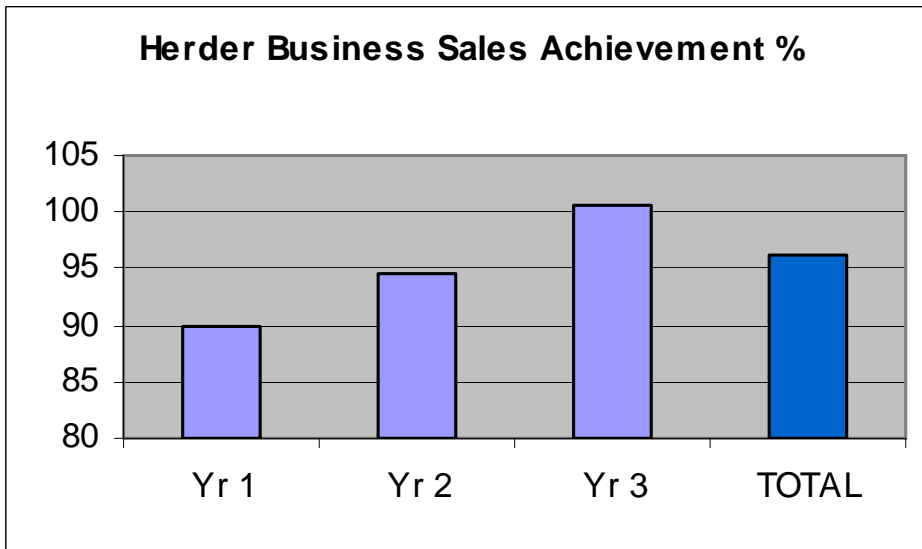
Gobi Initiative achieved its aim of exceeding its program expenses through client sales during 2006: total client sales reached \$4,793,399 against (estimated) program expenses of \$3,650,000.



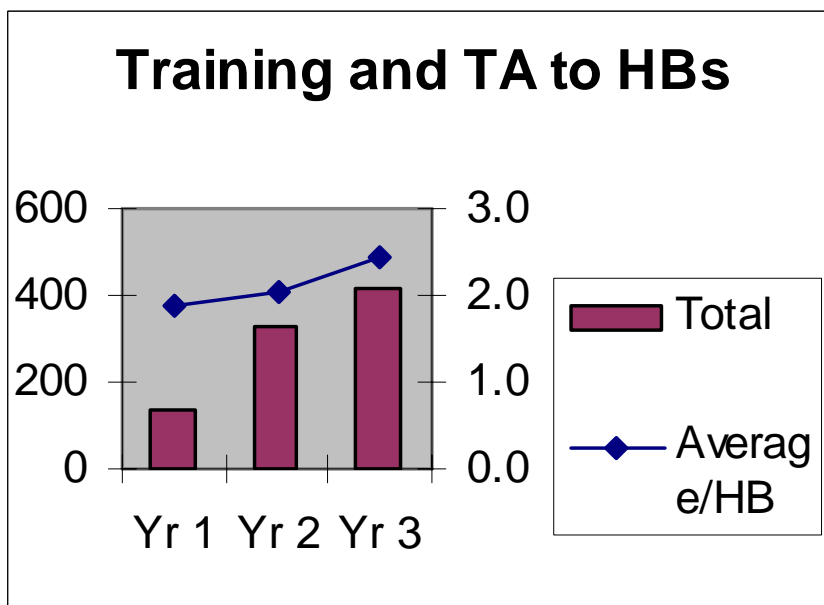
During 2006, sales grew for both the herding and non-herding sector.



Herder businesses performed very well and exceeded the sales target for the first time in the 3 year history of the program (101%). Average sales per herder client have also risen to MNT 8,339,373 (\$7,200).

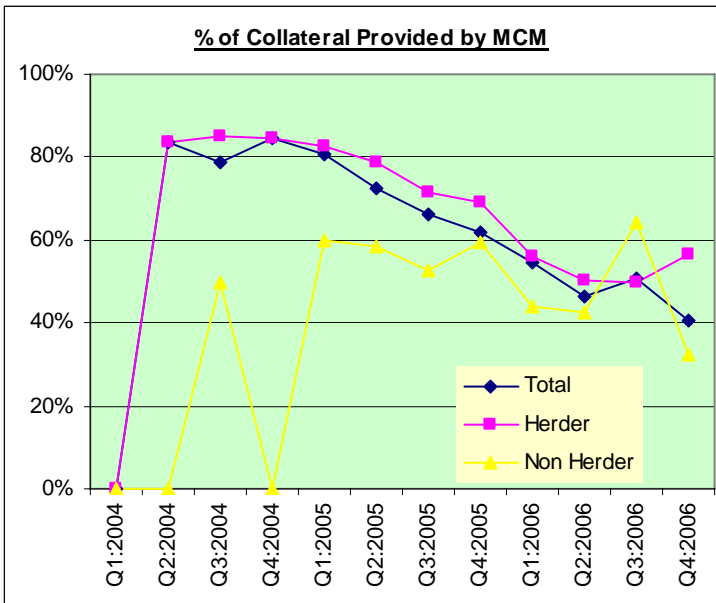
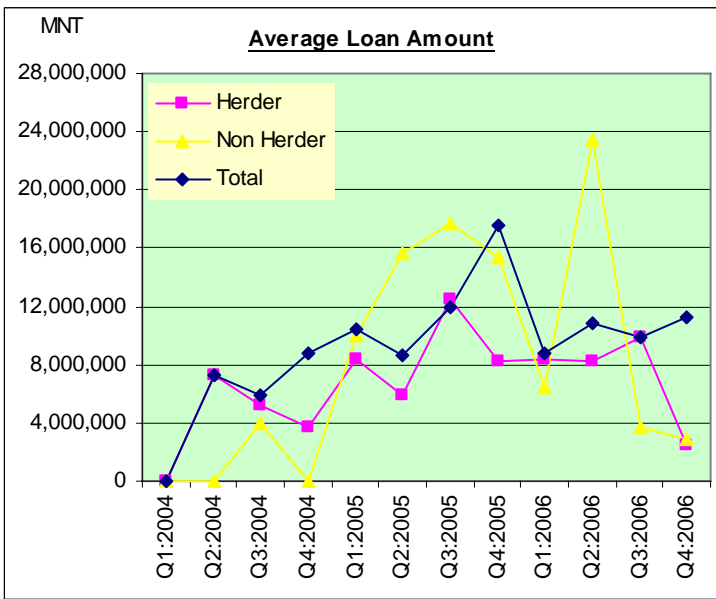


Gobi Initiative provided more trainings per client than in previous years, and exceeded the target of providing each client with two trainings in addition to their business plan development training. In total in Year Three, 525 trainings and consultancies have been provided to the herder and non-herder clients over the course of the year with a total of 4,651 participants, 56% of whom were women. Of the total trainings and consultancies provided 333 were for herder clients and 192 for non-herder clients. Over the three years of the progra there has been a steady increase in the numbers of training and consultancies provided, in 2004 a total of 258 and in 2005 a total of 392 trainings and consultancies were provided. Capacity building of local aimag-based training and technical assistance providers has been an area to which GI program staff has committed both significant time and resources. As in Years One and Two of the program, the majority (59%) of trainings and consultancies were provided by local consultants in Year Three as well.



The loan guarantee mechanism (USDA funding) continues to be a crucial component of the overall strategy for supporting the herder diversification activities. Through the end of Year Three, the provision of "additional cash collateral" for client loans has enabled a total of 462 businesses to secure loans with a been guarantee provided by the program, 279 of these businesses have been fully repaid their loans. The total value of the loans is 1,486,152,874 MNT (\$1,264,810) and MC has provided 863,742,892 MNT (\$735,100) as collateral guarantee which is 58.12 % of total loan value. Over the course of the three year period the

percentage of cash collateral guaranteed by MC has also decreased from 84% down to 54%, and it is expected that this will continue to decrease in Year Four of the program.



Appendix 5

Monitoring and Evaluation of Rural Business News Magazine, Radio and Television, as well as Market Watch products



November 20th - 30th 2006

Dundgobi, Omnogobi and Ovorkhangai

Background:

The monitoring was conducted over a period of 10 days in three Gobi aimags - Dundgobi, Omnogobi and Ovorkhangai. Information was collected in the aimag centers, soums, baghs and ails passed along the way. In total, 3 aimag centers and 19 soums/baghs were visited.

The aims of the monitoring exercise were as follows:

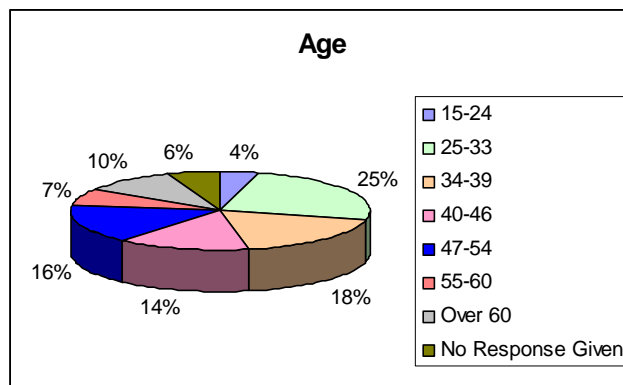
1. To determine the usage and absorption of information disseminate through various RBN products;
2. to assess the impact and usage of Market Watch information
3. To monitor the information dissemination process, and,
4. To gather general information regarding television, radio and print media among the target audiences;

The tool employed was a questionnaire administrated by a Pact moderator, which allowed for straight data to be collected, as well as for observations to be noted. The tool contained both open and close-ended questions. Participants were also more willing to participate in an exercise in which they themselves were not required to write, but simply to talk.

The survey included random participants from markets and trade centers where people gather, government (veterinary service department, etc.) and non-government organization employees, business owners and citizens of the aimags, as well as herders, traders and changers. In order to meet with herders and residents of soums and baghs, different families were visited, as well as pastures and points where contact herders could be found during 'working' hours, e.g. potential water sources. Staff members at the local Gobi offices were also met and contacts were supplied.

Demographics:

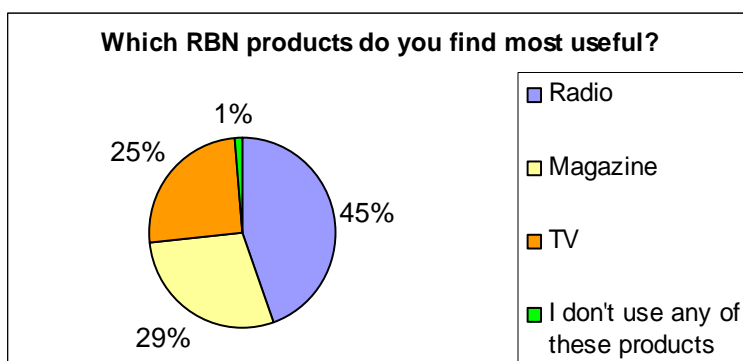
- 119 people were interviewed - 39 in Dundgobi, 17 in Omnogobi and 63 in Ovorkhangai.
- 50% of those participating in the exercise were male, and 48% female.



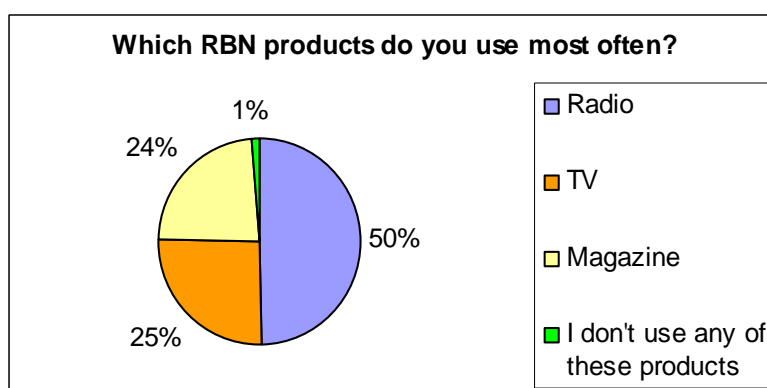
- The majority of those interviewed were herders, with other occupations including co-operative representatives, business people, vets, market vendors and food technologists, amongst others.
- 88% of respondents reported that they had an electrical source of some sort, with 25% of them attesting to 24 hours of electricity per day. In total, 64% of those we spoke with reported less than 8 hours of electricity per day,

Please note that the information herein represents all data collected from all participants in all aimags unless otherwise stated.

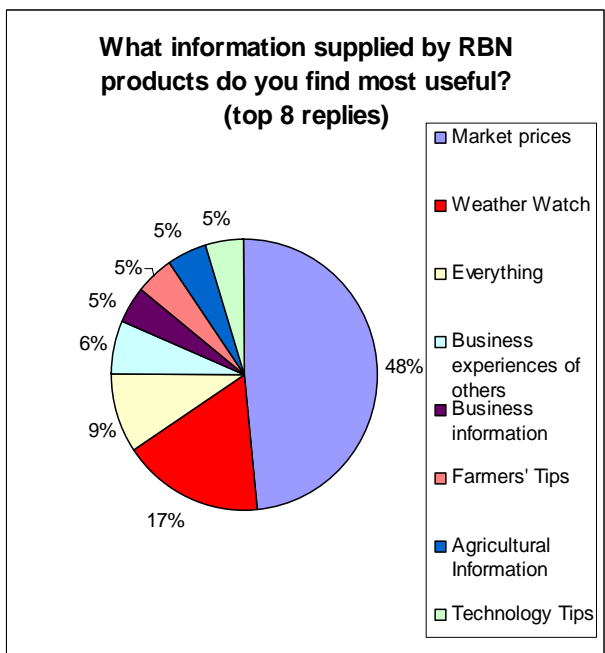
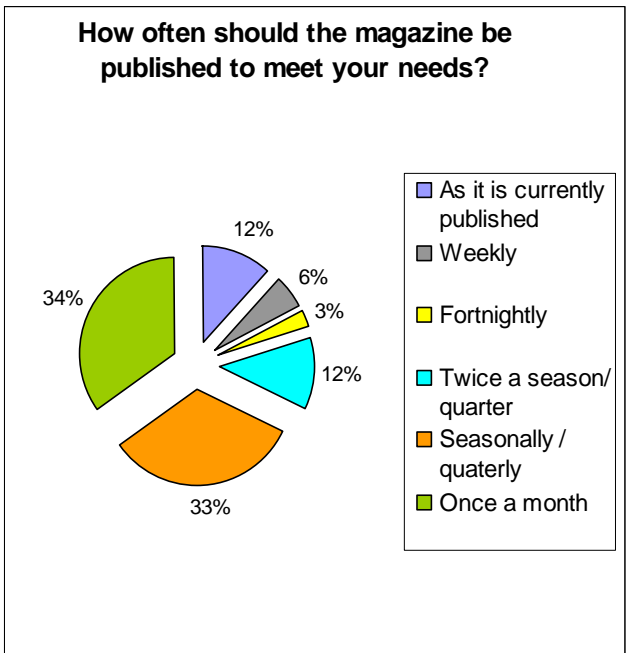
RBN Products



Which RBN product do you find to be the most useful - why? (top 8 responses)	%
Radio is accessible to everyone / easy to access	24
I can re-read the magazine	17
Magazine provides more detailed, useful information	8
I get good, timely information on radio	7
It suits me to watch TV	6
TV provides a good mixture of information	4
All types of media are important	4
Radio provides market watch info daily	3



"RBN radio provides me with fodder and water information for my animals, and gave me advice on how to fatten them up" - Dundgobi

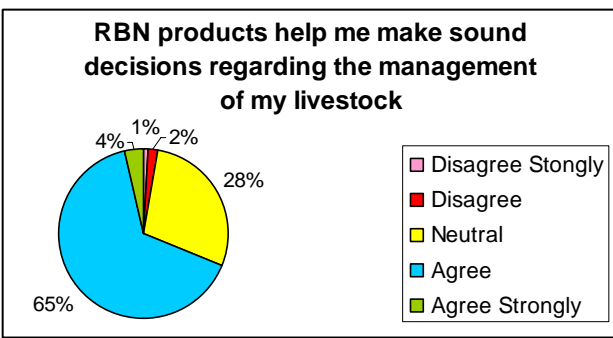
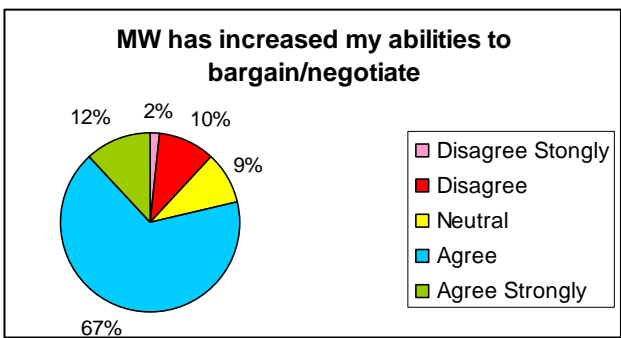


"I learned how to make felt products, which has helped me get money and I make things for my family to use" - Dundgobi and Ovorkhangai (8 participants)

"I receive and use Market Watch information daily, and this empowers me to sell my products for better prices" - Dundgobi, Omnogobi and Ovorkhangai (37 participants)

"From the information I got from RBN, I have been able to improve my herding knowledge as well as my herding management skills, and this has helped me become a better herder with stronger animals" - Dundgobi, Omnogobi and Ovorkhangai (6 participants)

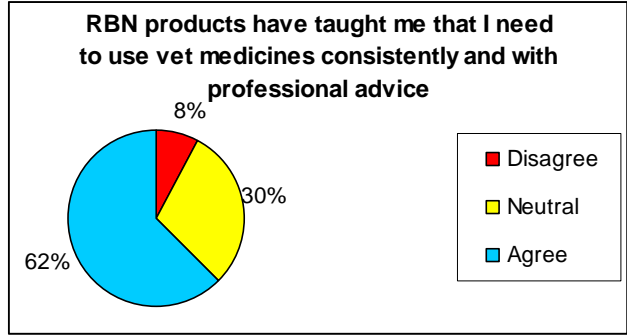
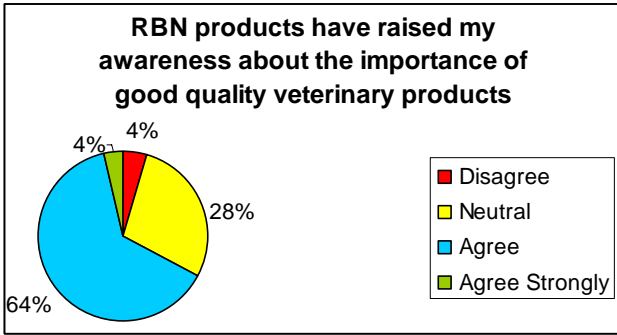
"I now produce and sell dairy products" - Ovorkhangai (3 participants)



"I have more negotiating power with the changers thanks to Market Watch information, so I can sell my goods for higher prices" - Dundgobi

"I listen to Market Watch and I can then pick the right time to sell my products, when prices are higher, so I make more money" - Dundgobi, Omnogobi

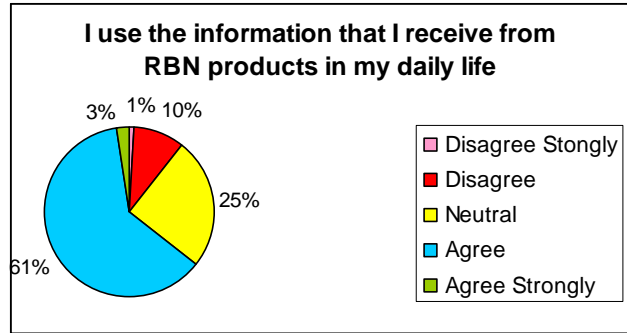
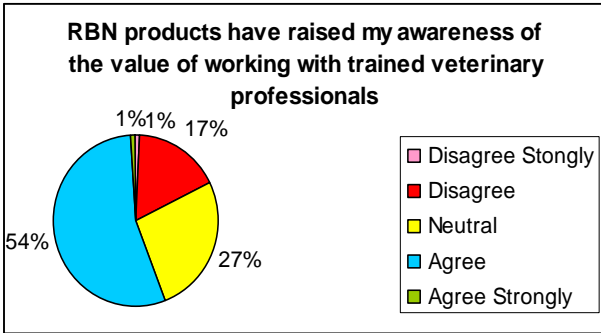
"The magazine has helped me to understand what the right composition of my herds should be" - Dundgobi



"I use the veterinary information supplied by RBN to conform to standards so that I can sell my meat" - Omnogobi

"I learned about elite breed and animals from RBN" - Noen Soum, Omnogobi

"I learned from RBN about quality breeding animals and so bought a bull from Hentii aimag as a stud to breed good quality animals in my herd" - Olziit soum, Dundgobi



"I have learned that herders should be concerned about the health of their animals and do regular dipping and de-worming" - Bayangol soum, Ovorkhangai

"RBN is an intellectual investment" - Dalanzadgad, Omnogobi

Appendix 6

MARKET WATCH SEMINAR REPORT



OCTOBER 3-4, 2006

UNDRUUL HOTEL, ULAANBAATAR

Contents
Pg

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4. Commodities and Products.....	5
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Report Attachments:

Attachment 1 - Current Weekly Instant Message Form.

Attachment 2 - New Proposed Weekly Instant Message Form.

Attachment 3 - Current Monthly Instant Message Form.

Attachment 4 - New Proposed Monthly Instant Message Form.

Attachment 5 - Current Quarterly Instant Message Form.

Attachment 6 - New Proposed Quarterly Instant Message Form.

Attachment 7 - New Instant Message Form for Live Stock and Elite Animals.

1. Background

Market Watch has been in place since 1999 and is reliant upon agents in all aimags for the collection and receipt of vital market information. These Market Watchers (MWs), as they are called, are instrumental in the success of the program, and continually building their capacity provides much-needed support. All MWs were invited to attend the seminar, held in Ulaanbaatar on 3rd and 4th October 2006. Of the total 22 MWs, participants from 17 aimags and one location in Ulaanbaatar city (Nalaikh) took part in the workshop. Market Watchers from Khuvsgul, Gobisumber, Sukhbaatar and Emeelt in Ulaanbaatar city were unable to attend. 12 Market Watchers, or 55% of the workforce, were new to the program, and were able to draw on the experience of the older MWs.

The seminar sessions were facilitated by N. Erdentsogt, Market Watch Analyst, Ondine Ullman, Technical Advisor for Education, and B. Nandin-Erdene, Professor at the University of Finance and Economics. Translation was supplied by T. Bayartsetseg and support by D. Jargalbayar.

The seminar had 3 main objectives:

1. To determine current data collections practices and identify the gaps therein.
2. To investigate alternative data collection processes, commodities and methods and to examine new information dissemination routes.
3. To provide support to the market watchers and to assist them in increasing their capacity.

Expected outputs included the following:

1. A list of new commodities to include in MW.
2. A list of new information dissemination routes within the aimags.
3. A compilation of possible new areas to be included e.g. border points.
4. Better trained Market Watchers.

2. Seminar Methodology

Seminar sessions were facilitated in a number of ways, including participatory exercises, group work, group discussions, case studies, and classroom work. The facilitators made use of a number of media

including PowerPoint presentations, flipcharts, and handouts. Using these methodologies, a number of conclusions were reached:

3. Collection methods

When asked how they collected their information, most of the MWs responded that they actively visited the markets, met with vendors/sellers and also with changers. Many of the older MWs also responded that they had a number of 'contacts' from whom they were guaranteed good information, as they are very often faced with people reluctant to share information that may have financial consequences for them, perceived or actual. They also stressed that it was difficult to get reliable information from the changers, and that the changers very often refused to discuss prices with them. Information was also collected from a number of venues, such as petrol stations, wholesale centers and shops.



4. Commodities and Products

4.1 It was suggested by the participants that the following products and commodities be **removed** from the form:

- Russian radio transmitter WEF-206, no longer sold in the markets
- Cotton /very rare in the market/
- Different types of leather / not sold in the rural markets/
- Chinese black and white TV set, 14 inch /not supplied to the markets anymore/

4.2 It was suggested that the **reporting periods** for the following commodities **change**:

- To take out fire wood and coal from the quarterly report but to include them in the monthly report
- To change the daily hay and fodder report into a monthly report /because they are rarely sold and the price rarely fluctuates/

4.3 It was suggested that the following commodities be **adapted** within the form:

- Malaysian soap /better to generalize as soap/
- Selecting the most commonly sold oils, preserves and pickles, which were produced locally. For example, vegetable preserves were named and listed by brand such as "Urbanek"
- Generalize sugar as one category and delete "other" types of sugar
- Euro /not sold in the rural markets/

- Various types of wool and hair from animals (excluding goat) / sold seasonally/

4.4 It was suggested by the participants that the following products and commodities be **added** into the form, with the reporting periods that were suggested included alongside:

- Solar and wind generators /quarterly/
- Tractors with different capacities and different functions /quarterly/
- Construction materials - main items. These include local and imported cement, various types of bricks, and steel frameworks /quarterly/ Cement will be measured by pack and the other items will be measured by piece.
- Cost of purchasing a 'Porter', a lorry produced by KIA motors, for transportation /quarterly/
- Carpets - the two most common types - 1.70x2.4m and 2 x 3m.
Note: carpet producing companies have increased the price of 1m² from between 14000 and 15 500MNT to 18000MNT /quarterly/
- Bank interest rates /quarterly/
- Transportation of goods and passengers - costs by hiring of vehicle /quarterly/
- Locally produced salads. These will be differentiated by label /quarterly/
- Locally produced eggs, bread, sausages and other products /monthly or quarterly/. Eggs and bread will be counted by piece, i.e. one egg and one loaf, and sausages will be measured by kilogram. The highest and the lowest price of each product will be collected.
- Used materials such as cans, bottles, copper, brass, steel, and aluminium /quarterly/
- Timber from pine and other trees - width of 3cm and 5cm /monthly or quarterly/
- Railway Sleeper -15cm /monthly or quarterly/
- Animal fur procured by hunting /monthly/
- Gold - To be measured according to the locally adopted measurement. E.g.: gold is measured by the quantity represented by a bottle of intravenous penicillin, which is 10 grams, while in other aimags it's measured by the gram.

5. Border Areas



Following discussions, participants managed to identify the main border areas in their aimags. In total, 21 major border sites were identified in 13 aimags. In order to gain a clearer picture of the border point activities, the participants compiled a list of imported and exported products and commodities that pass through each of the border points in each aimag. Please see appendix A.

MWs mentioned that some of the border points were far from the aimag centers, where they were based (Zavkhan aimag has a round trip total distance of 770km to Arts Suuriin border point), and so traveling there on a regular basis may prove to be difficult. Furthermore, some aimags have multiple border points, such as Dornod, which has 4, making collection of information by one person incredibly difficult and somewhat irregular. Other factors identified by the participants that might influence the collection of information included current laws and regulations about what may be traded legally, difficult officials, and difficulties that may be encountered in accessing accurate and truthful information.

6. Additional dissemination routes

Participants were asked to identify sources from which they received information in their lives, and also to list where in their town information was disseminated. Most of the MWs were strongly in favor of television as the number one source of information. In an exercise aimed at gaining a clearer picture of the average market watch user, participants were asked to create a portfolio of who they thought the average market watcher user is. According to them, he (overwhelmingly male - only 2 females were put forward) is 39.4 years old, a herder (changer as a possible occupation followed closely behind), with a monthly income of approximately 378 000 tugrugs, 2.52 kids and some form of transportation, be it a car or a motorbike. Such a person would definitely have television access, and be more receptive to increasingly technology based dissemination routes.

MWs were not overly receptive to the idea of using the post office or government building information boards, although they could not clearly define why they felt these would not be successful information dissemination routes. They did, however, express that they felt the need to get more of the Market Watch information into the soum and bagh centers, but were unable to offer concrete suggestions as to how to do this. It was suggested by both participants and facilitators that the Market Watchers distribute more information in their respective aimags about what MW does in order to improve public awareness. This could be done by talking to people and disseminating promotional materials such as brochures if possible.

However, participants stated that they felt that television was a valuable medium for information dissemination and reception, and that, in their experience, it has proven itself to be highly effective. They also stressed the greatly expanding reach of cell phone reception, and the fact that it was now available in a number of soums in the Gobi aimags. A well-targeted brochure could clearly explain the workings of this system and the benefits for the users. The New instant message form-4, which was designed for 'on the hoof' animal prices and elite animals, was explored and explained.

7. Problems faced by Market Watchers

When asked what the biggest problems facing them were, the 18 participating MWs gave the following replies :

Problem	Total responses
Low salary	10
Difficulty in promoting RBN magazine subscriptions	10
Difficulty in selling the RBN magazine	10
Delay in salary and phone units	7
High transportation costs	6
No additional allowance to advertise the RBN magazine given	5
Too few activities to improve skills and capacities of MW	5
Difficulty in the collection of accurate information	3
Difficulty in communicating with "changers"	2
Sending too many copies of the magazine to sell	2

Paying for the magazine from my own pocket if I can't sell some copies	2
The magazine is too expensive	2
No internet connection	1
Delay in sending promotional materials and handouts	1
Difficulty in collecting information from soums	1
Difficult to work between two agencies	1

Note: multiple responses were received from participants

The participants felt that the following suggestions would help to remedy a number of the problems mentioned above:

- Providing an additional amount to promote RBN subscription through local radio, TV and newspapers. Alternatively, for Pact to take care of the promotion of RBN subscriptions altogether.
- To stop asking MWs to take care of the RBN magazine subscription.
- To stop providing free copies of the RBN magazine at XAC bank branches, as people assume that MWs sell the product while other places provide it for free.
- To make financial allowances for postage costs to remote soums. Soum residents/organizations would like to subscribe, but, unfortunately, they can't pay the postage costs that would be incurred.
- To stop using Market Watchers to promote RBN television series and other products.
- To decrease the price of the RBN magazine
- To increase the training provided to Market Watchers, and to organize this type of seminar at least once a year.
- To make sure that cell phone units are provided at the beginning of the month, and to look at providing the monthly salary at the start of the month also.
- To offer incentives or a lottery for people subscribing to RBN magazine.

A number of MWs approached facilitators following the seminar and stressed that the salary has remained unchanged for the past 5 years, regardless of length of employment. They also stated that there are a number of issues that are arising over the units that are supplied. Some of the MWs have phones that do not allow them to send a large amount of text per message, and so they use up more units on a monthly basis than are supplied, and these they pay for themselves. The request that identical phones be provided to all MWs was made, or, alternatively, that units supplied take into account the type of phone and its sending capacity. They also re-iterated a number of times that the units are often not sent on time, and this interferes with their service delivery performance.

5. Recommendations

- To conduct regular capacity building workshops
- It was agreed to update and renew quarterly market information.
- Using participatory methods in the seminar was effective. It is suggested that trainings using similar methodology are organized regionally on a regular basis.
- Promotion of RBN magazine subscriptions is problematic in some aimags. Participants strongly recommend that the magazine subscription is promoted through daily newspapers, TV and radio, rather than by the MWs themselves.
- To begin collecting commodity and product information using the new forms
- That follow up investigations into the border areas mentioned are undertaken, including contacting MWs who were not at the seminar to assess their border area information (Khuvsgul)
- To carefully explore the possibility of establishing separate MWs for major border points (e.g. Zamin -Uud), with one aimag possibly having 2 Market Watchers

- Using the internet as a means of sending and collecting information to and from MWs in the field is still problematic. Even though internet is available in most aimags, usage cost is still high and availability of PCs is limited. Furthermore, computers are often offline and usage may be sporadic. There are very few MWs in the larger cities who use the internet to send and receive information related to MW activities
- To compile and distribute a brochure that outlines and explains the benefits of using Market Watch products, as well as other related information, for distribution in soum centers and baghs, and especially in those soums now able to receive cell phone reception.
- To continue regular television broadcasts, and also to advertise for products and events regularly on television.
- To address issues raised by some of the Market Watchers, as many have worked for 5 years without an increase in remuneration

Appendix A: Major Border Points as identified by MWs - including imported and exported commodities

Aimag	Border point	Imported commodities	Exported commodities	Exported to...	Distance from aimag center (return)
Selenge	a) Altanbulag	Everyday Food Items, Household Goods, Clothing, Beauty products, Fuel, Construction materials, Furniture, Cars	Various Chinese products, Meat	Russia	52 kms
	b) Sukhbaatar	Everyday Food Items, Beauty products, Fuel, Construction materials	Various Chinese products, Meat	Russia	(distance not known) by train
Khovd	Yarant	Everyday Food Items, Cloth (silk, cotton), Electronic Goods, Household Goods, Clothing, Generators (solar and electric), Tools and Equipment, Gas, Construction materials, Spare parts for different equipment, Carpets, Motorcycles	Animal Raw Materials	China	720 kms
Gobi-Altai	Busgastai	Everyday Food Items, Clothing, Construction materials, Tools and Equipment			680 kms
Bayan-Ulgii	Ulaanbaishint	Everyday Food Items, Fuel, Cloth, Russian cars and spare parts	Meat, Wool, Coal	China	220 kms
Erdenet	a) Zamiin Uud	All sorts of goods			
	b) Sukhbaatar	All sorts of goods	Meat, Animal Raw materials	Russia	
Zavkhan	Arts Suuriin	Everyday Food Items, Electronic Goods, Cloth, Russian Jeeps			770 kms
Bulgan	Baga-Ilenkh	Everyday Food Items	Chinese Clothing and Household Items	Russia	700 kms
Dornod	a) Khavirga Ar Khashaat	Everyday Food Items, Household Goods, Construction materials	Fish, Animal Raw Materials, Wood, Used raw materials	China	280 kms

			(cans, bottlers, jars...etc)		
	b) Uvdug Bayan Khoshuu	Everyday Household Goods	Fish, Fuel, Used raw materials (cans, bottlers, jars...etc)	China	760 kms
Sukhbaatar	Bichigt	Fuel, Everyday food and Household Goods			700 kms
Bayankhongor	a) Gashuun Sukhait	Everyday Food Items, Motorcycles	Animal Raw Materials	China	
	b) Burgastai	Everyday Food Items, Motorcycles	Animal Raw Materials	China	
Uvs	Borshoo	Everyday Food Items, Fuel			310 kms
Uvurkhangai	Gashuun Sukhait	Everyday Food and Household Items, Electronic Goods, Clothing, Plastic Goods, Construction materials, Stationary, Carpets	Animal Raw Materials	China	
Dundgobi	a) Gashuun Sukhait	Everyday Food Items, Construction materials	Animal Raw Materials	China	
	b) Zamiin Uud	Everyday Food and Household Items, Electronic Goods, Clothing, Construction materials			
Umnogobi	a) Gashuun Sukhait	Everyday Food Items, Construction materials, Motorcycles	Animal Raw Materials, Coal	China	700 kms
	b) Shivee Khuren	Everyday Food Items, Construction materials, Motorcycles	Animal Raw Materials, Coal	China	700 kms
Darkhan-Uul	a) Altanbulag	Everyday Food and Household Items, Clothing, Cloth, Beauty Products, Construction materials, Fuel, Furniture			
	b) Sukhbaatar	Everyday Food and Household Items, Clothing, Cloth, Beauty Products, Construction materials, Fuel, Furniture			
Khentii	Dadal	Everyday Food Items, Construction materials, Tools	Animal Raw Materials	Russia	700 kms

		and Equipment			
Dornogobi	Zamiin Uud	Various types of products and commodities	Steel	China	235 kms

Attachment 1

Instant Message-1 _____ **Aimag** _____ **Date** _____

Cashmere

TypesMarket		
Price Level	Highest	Lowest	Price for producers
Light			
Brown, Black			
Mixed or with 60% hair			
Other information related to cashmere:			

Wool

Types	In Detail	Unit	Central Market	In Detail	Unit	Central Market
Camel Wool	Beard	1kg		Sheep offal	1pc	
Camel Wool	Wool (Female)	1kg		Goat offal	1pc	
	Wool (Male)	1kg		Horse mane	1pc	
Sheep Wool	Long Wool	1kg		Horse mane and tail	1pc	
Shed Hair	Horse and cattle shed hair	1kg				

Meat

Types	In Detail	Unit	Wholesale price (central Market)	Retail Price
Beef	Carcass	1kg		
Mutton	Carcass	1kg		
Goat	Carcass	1kg		
Horse	Carcass	1kg		
Camel	Carcass	1kg		

Skin

Types	In Detail	Unit	Central Market
Sheep skin		1pc	
Sheep skin and offal		1pc	
Goat skin		1pc	
Goat dried skin		1pc	
Cattle hide /2.3/ ▲		1pc	
Cattle hide /2.0 / ▲		1pc	
Yak hide	With belly hair and tail	1pc	
Horse hide	With mane and tail	1pc	
Camel hide	With foot	1pc	
Marmot skin		1pc	

Exchange Rate

Types	Bank	Sellers
USD		
Yuan		
Ruble		
Euro		

Fuel

Types	NIK	Petrovis	Other
A-76-80			
AI-92-93			
AI-95			
Diesel			

Hay

Types	In Detail	Unit	Price
Hay			
Bran			

Attachment 2

Instant Message-1
Cashmere

Aimag _____

Date _____

TypesMarket		
Price Level	Highest	Lowest	Price for producers
Light			
Brown, Black			
Mixed or with 60% hair			
Other information related to cashmere:			

Wool

Types	In Detail	Unit	Central Market	In Detail	Unit	Central Market
Camel Wool	Beard	1kg		Sheep offal	1pc	
Camel Wool	Wool (Female)	1kg		Goat offal	1pc	
	Wool (Male)	1kg		Horse mane	1pc	
Sheep Wool	Long Wool	1kg		Horse mane and tail	1pc	
Shed Hair	Horse and cattle shed hair	1kg				

Meat

Types	In Detail	Unit	Wholesale price (central Market)	Retail Price
Beef	Carcass	1kg		
Mutton	Carcass	1kg		
Goat	Carcass	1kg		
Horse	Carcass	1kg		
Camel	Carcass	1kg		

Skin

Types	In Detail	Unit	Central Market
Sheep skin		1pc	
Sheep skin and offal		1pc	
Goat skin		1pc	
Goat dried skin		1pc	
Cattle hide /2.3/ ▲		1pc	
Cattle hide /2.0 / ▲		1pc	
Yak hide	With belly hair and tail	1pc	
Horse hide	With mane and tail	1pc	
Camel hide	With foot	1pc	
Marmot skin		1pc	

Exchange Rate

Types	Bank	Sellers
USD		
Yuan		
Ruble		
Euro		

Fuel

Types	ÍIK	Petrovis	Other
A-76-80			
AI-92-93			
AI-95			
Diesel			

Hay

Types	In Detail	Unit	Price
Hay			
Bran			
Fodder and granules			
Oat			
Feed wheat			
Salt			

Attachment- 3

Form- SHM- 2

..... aimag

Monthly commodity price report

Date

Item	Description	Price/ kg		Unit	Bag/ sacks		
		Superior	1 2		Superior	1 2	
Flour	Stock						
Altan Taria				1 kg			
Ulaanbaatar				1 kg			
Selenge				1 kg			
Russian made				1 kg			
Chinese made				1 kg			
Altan Taria		Superior quality		1 kg			
Altan Taria		Premium quality		1 kg			
Item	Description			Unit	Price	Bag/ sacks	Stock
Sugar	China			1 kg			
	Other			1 kg			
Rice	China			1 kg			
	Other			1 kg			
Tea blocks	Georgia			1 bag			
	China			1 bag			
Salt	Iodated (Mongolian)			1 kg			
	Iodated (Russian)			1 kg			
Vegetable oil	German			1 liter			
	Dutch			1 liter			
Canned fish	Sprats			160 gr			
				160 gr			
Pickled cucumber	Poland			1 bott			
Vegetable salad	German			1 bott			
	Poland & Russia			1 bott			
Lemonade				1.5 liter			
				0.5 liter			
Best selling beer				1 bott			
				1 bott			
Cigarette	Loose			1 bag			
	Cheap, 200- 400 MNT			1 box			
	Middle, 400- 800 MNT			1 box			
	Expensive, 800 MNT and more			1 box			

Dairy

Item	Description	Unit	Retail price	Wholesale price
Milk	Cow milk	1 liter		
Yogurt	Home- made	1 liter		
Airag (Camel milk)	Home- made	1 liter		
Airag (Horse milk)	Home- made	1 liter		

Vegetable

Item	Description	Unit	Retail price	Wholesale price	Stock
Potato	Mongolia	1 kg			
	China	1 kg			
Carrot	Mongolia	1 kg			
	China	1 kg			
Cabbage	Mongolia	1 kg			
	China	1 kg			
Onion	Mongolia	1 kg			
	China	1 kg			
Turnips	Mongolia	1 kg			

Attachment- 4
Instant Message Form - 2

..... aimag

Commodities by month **Date.....** **Name of the market.....**

Item	Description	Price/ kg		Unit	Bag/ sacks		
		Superior	1 2		Superior	1 2	
Flour	Stock						
Altan Taria				1 kg			
Ulaanbaatar				1 kg			
Selenge				1 kg			
Russian made				1 kg			
Chinese made				1 kg			
Altan Taria		Superior quality		1 kg			
Altan Taria		Premium quality		1 kg			
Item	Description			Unit	Price	Bag/ sacks	Stock
Sugar	China			1 kg			
	Other			1 kg			
Rice	China			1 kg			
	Other			1 kg			
Tea blocks	Georgia			1 pc			
	China			1 pc			
Salt	Iodized (Mongolian)			1 kg			
	Iodized (Russian)			1 kg			
Bread	Local (lowest and highest price)			1 pc			
Vegetable oil	The lowest price			1 liter			
	The highest price			1 liter			
Canned fish	The lowest price			160 gr			
	The highest price			160 gr			
Pickled cucumber	The lowest price			1 bott			
	The highest price			1 bott			
Local vegetable salad	The lowest price			1 bott			
	The highest price			1 bott			
Lemonade with plastic package	The lowest price			1.5 liter			
	The highest price			0.5 liter			
Best selling beer				1 bott			
				1 bott			
Cigarette	Loose			1 bag			
	Cheap, 200- 500 MNT			1 box			
	Middle, 500- 950 MNT			1 box			
	Expensive, 1000MNT			1 box			

Dairy Products **Name of the Market**

Item	Description	Unit	Retail price	Wholesale price
Milk	Cow and Camel milk	1 liter		
Yogurt	Home- made	1 liter		
Gee Butter	Home- made	1 liter		
Sour Cream	Home- made	1 liter		
Dried curds	Home- made	1 kg		
Airag (Camel milk)	Home- made	1 liter		
Airag (Horse milk)	Home- made	1 liter		

Vegetable **Name of the Market**

Item	Description	Unit	Retail price	Wholesale price	Stock
Potato	Mongolia	1 kg			
	China	1 kg			
Carrot	Mongolia	1 kg			
	China	1 kg			

Cabbage	Mongolia	1 kg		
	China	1 kg		
Onion	Mongolia	1 kg		
	China	1 kg		
Turnips	Mongolia	1 kg		

Attachment - 5

SHM- 3 Form

Quarter

Date

Name of the province

Item	Description	Unit	Name of market and price
TV set	China, Black and white	1	
Radio receiver	VEF Russian	1	
Matches	Russian	1 box	
Candles	Mongolian	5	
Soap	Malayasian/Chinese	1	
Ger dwelling covering	For middle size ger	1	
Ger felt	For middle size ger	6- 7 items	
Ger wooden frame	For middle size ger	1	
Cloth	Russian	1	
	China	1	
	China	1	
Del dressing	Women's	1	
	Men's	1	
Shoes	Mongolian	1 pair	
	Russian	1 pair	
Battery	AA battery (China)	1	
	China R-20	1	
	Mongolian AA	1	
Leather	Sheep leather	1 square decimeter	
	Goat leather	1 square decimeter	
	Processed cow hide	1 kg	
	Suede	1 square decimeter	
Timber	Firewood	1 cubic meter	
Coal	Firecoal	1 tonne	
Vehicle	Jeep	1	
	Mini van	1	
Motorcycle	Russian	1	

Attachment - 6

Instant Message Form- 3

Quarter

Date

Name of the province

Item	Description	Unit	Name of market and price
Matches	Russian with 60pcs	1 box	

Candles	Mongolian	5pcs with 20cm length	
Soap	The most cheapest	1 pc	
	The most expensive	1 pc	
Ger dwelling covering	For middle size ger	1 pc	
Ger felt	For middle size ger	6- 7 items	
Ger wooden frame	For middle size ger	1 pc	
	Women's	1 pc	
Del dressing	Men's	1 pc	
	Mongolian traditional	1 pair	
Shoes	Russian	1 pair	
	Fire wood	1 cubic meter	
Wood	Fire wood	1 sack	
	Coal	Firecoal	1 full of car
Construction Material	Firecoal	1 sack	
	Sand	1 pc	
	Cement	1 pc	
	Brick (for constructing)	1 pc	
	Brick (decorative)	1 pc	
	Iron Pillar	1 pc	
	Generator	Solar	1 pc
Generator	Wind	1 pc	
	Other	1 pc	
	UAZ 469	1 pc	
Vehicle	Mini Van	1 pc	
	Porter (lorry by KIA motors)	1 pc	
	Motorcycle	IJ Planeta -5	1 pc
Small size Tractor	Chinese (lowest and highest price)	1 pc	
	Thud thud- Chinese	1 pc	
	Other	1 pc	
Carpet	2x3 m	1 pc	
	1.7x2.4 m	1 pc	
Timber from pine tree	With 3cm width	1 cubic meter	
	With 5 cm width	1 cubic meter	
Timber from	With 3cm width	1 cubic meter	
	With 5 cm width	1 cubic meter	
Palk	With 15cm width	1 cubic meter	
Gold	Without certain carat	1 gr	
	With carat	1 gr	
	Sold by "ninjas"	1gr	
Animal Fur and Skin from Hunting	Wolf	1 pc	
	Fox	1 pc	
	Marmot	1pc	

Attachment - 7

Instant Message- 4

... Month.....Day....Year.....

..... Aimag

Market Watch Information

Price of animal on the hoof

Cattle

Types	Lowest	Highest
Calf		
2 year-old		
3 year-old		
4 year-old		
5 year-old		
Bull, Ox		
Cow		
Cow with calf		

Sheep

Types	Lowest	Highest
Lamb		
2 year-old		
Fattened male Sheep		
Female sheep		
Sheep with lamb		

Goat

Types	Lowest	Highest
Kid		
2 year-old		
Fattened male goat		
Female goat		
Goat with a kid		

Horse

Types	Lowest	Highest
Foal		
2 year-old		
3 year-old		
4 year-old		
5 year-old		
Fattened horse		
Mare		
Mare with foal		

Camel

Types	Lowest	Highest
Camel calf		
2 year-old		
Fattened camel		
Female camel		
Camel with calf		

Yak

Types	Lowest	Highest
Calf		
2 year-old		
Bull, Ox		
Cow		
Cow with calf		

Elite Cattle

Breed	Sex	Lowest	Highest

Elite Sheep

Breed	Sex	Lowest	Highest

Elite Goat

Breed	Sex	Lowest	Highest

Elite Horse

Breed	Sex	Lowest	Highest

Elite Camel

Breed	Sex	Lowest	Highest

Breed	Sex	Lowest	Highest