



European
Commission

Partners for a better future

The EU and its Member States'
cooperation with Mongolia

*International
Cooperation and
Development*

**PARTNERS FOR A BETTER FUTURE:
The EU and its Member States' cooperation with Mongolia**

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I am delighted to present this overview of the strong cooperative partnerships that have developed between the European Union (EU), its Member States and Mongolia. This brochure provides an insight into the relationships and connections that have been formed at all levels of society and across multiple sectors.

Mongolia is one of the few established democracies in Central Asia. On the back of the development of its vast natural resources, it has undergone a rapid transformation in the last decades. The country plays a constructive role in numerous multilateral organisations, with the capital, Ulaanbaatar, being the host of the 2016 Asia-Europe Meeting (ASEM) summit.

Through forging partnerships with the EU and its Member States, Mongolia will be better equipped to face new challenges, while at the same time prospering through the transfer of know-how and skills. A diversified and value-added Mongolian economy is also good news for European businesses looking to export their goods and services to dynamic new markets. EU-Mongolia development cooperation for the period 2014-2020 aims at ensuring that the opportunities coming out of the country's mining boom are translated into wider efforts of diversifying the economy and ensuring sustainable and inclusive development.

Partnership with the EU and its Member States is also about protecting and sharing cultural diversity and supporting Mongolia's emergence as a stable democratic nation. This has opened up enormous possibilities for cooperation across many different fields and at all levels, as you will see from some of the diverse projects highlighted in this brochure.

I hope that this publication gives you a flavour of how cooperation with the EU and its Member States is working with this unique country to achieve its long-term ambitions.

HANS DIETMAR SCHWEISGUT

Ambassador of the European Union to Mongolia



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EU-Mongolia

Partnerships



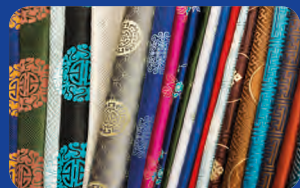
EU relations with Mongolia

The EU and its Member States are seeking an increasingly closer relationship with Mongolia that goes beyond traditional cooperation in order to encompass economic diversification, governance and the strengthening of cultural ties. Most of the Member States present in Mongolia established diplomatic relations more than 50 years ago, and these relations have been boosted through the Partnership and Cooperation Agreement signed in 2013. In addition, Mongolia, eligible since 2006 for the specific General Preferential Scheme for sustainable development and good governance (GSP+), aims to fully utilise lower tariffs on a wide range of methods to further increase exports to the EU. The EU is now Mongolia's third-largest trading partner.

EU relations with Mongolia have been evolving since 1989. European Commission development assistance amounts to EUR85 million in pure grants for the period 2014-2020.

Several EU Member States also have particular areas of bilateral cooperation with specific structures and financial instruments such as grants and loans. For example, Germany, as the largest European donor, has various ongoing projects that mix both modalities. Six Member States have established their embassies in the capital Ulaanbaatar – Bulgaria, Czech Republic, France, Germany, Hungary and the United Kingdom. Other Member States maintain their relations with Ulaanbaatar from Beijing. Member States are involved in numerous bilateral actions, such as cultural exchanges, that have positive impacts at both grassroots and government levels.

European businesses play a crucial role in bringing in investment, expertise and transferrable skills, helping to build capacity in education, health and science. Foreign direct investment (FDI) has also enabled Mongolia to unlock its natural wealth, while projects implemented by European non-governmental organisations (NGOs) and agencies have created new export markets for traditional products such as cashmere.



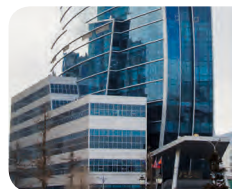
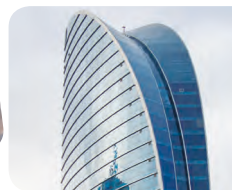
Ongoing development cooperation projects in Mongolia funded by the EU and its Member States – constituting a blend of grants and loans – currently exceed EUR190 million (in 2015). In addition, the EU and all the Member States contribute significantly to development cooperation in Mongolia through multilateral financial institutions. The European Bank for Reconstruction and Development has provided loans for more than EUR1.4 billion since 2006 and the European Investment Bank has just provided finance for the development of Ulaanbaatar.

Mongolia's vision of a **sustainable future**

Mongolia, the land of the blue sky, is a country with its eye on the horizon, eager to forge new global partnerships, and its 'third neighbour' foreign policy allows boosting bilateral and multilateral diplomatic relations with countries around the world. As a result, the EU and its Member States have become increasingly important partners. For example, Mongolia has started introducing European norms and standards and is in the process of putting these in place in sectors such as industry and construction.

The country has enjoyed impressive growth, driven largely by the mining sector, and is keen to diversify its economy in order to develop high quality value-added products. Mongolia also aims to create new markets and develop a skilled workforce that is responsive to global demand.

Importantly, Mongolia is thinking long term. A sovereign fund to protect the economy from external risk is being established, and the country has put in place the development concept – Mongolia Sustainable Development Vision 2030, with a focus on sustainable economic development, social development, green development and governance. The EU and its Member States strive to support Mongolia in implementing its Sustainable Development Goals (SDGs).



The EU in brief

The EU is a union of 28 democratic countries with a set of common institutions working together to foster peace, stability and prosperity. Since its establishment in 1958, the EU has furthered its integration which has resulted in its unique institutional structure. The EU is governed by the principle of representative democracy, with citizens directly represented at Union level in the European Parliament and Member States represented in the European Council. The European Commission is the EU's executive body. It is a body independent of EU governments that upholds the collective European interest. The European External Action Service (EEAS) is the EU diplomatic corps in global affairs.

An EU institution, the European Investment Bank (EIB), based in Luxembourg, provides loans and guarantees to help the EU's less developed regions and to help make businesses more competitive.

The EU and its Member States together represent the world's largest aid donor. This is most effectively accomplished by working in partnership with national and local governments, and with communities, civil society organisations and other donors on issues of shared concern.

Mongolia at a glance

Mongolia has a proud, long history and has played a role in influencing the development of Europe. Today it is one of the world's most vibrant young democracies. In a region where democracy is less prevalent, Mongolia stands out as an example.

With an ancient nomadic cultural heritage, Mongolia is the second-largest landlocked country with 3 million people living in diverse and undisturbed landscapes. The exploitation of natural resources is important to the national economy. Mongolia is also a young country with around 59% of the population under the age of 30; at present, over half the population lives in the capital, Ulaanbaatar.

'Mongolia is a country of rich and ancient heritage, unique culture and astounding natural beauty. It is a land of free and brave, peace-loving and hard-working people.'

Mongolian President
TSAKHIAGIIN ELBEGDORJ
addressing the Central European
University on 20 October 2014



A permanent presence in Mongolia

Six EU Member States currently have embassies in the Mongolian capital, Ulaanbaatar.

> Bulgaria

Bulgaria and Mongolia celebrated 65 years of diplomatic relations in 2015. During the state visit to Mongolia by the Bulgarian President, Rosen Plevneliev, in May 2015, bilateral agreements for scholarships and technical assistance in the field of agriculture were signed.

> Czech Republic

The Czech Republic and Mongolia celebrated 65 years of diplomatic relations in 2015. Since 1996, the Czech Republic has spent some EUR 43 million on development cooperation in Mongolia.

> France

France celebrated 50 years of diplomatic relations with Mongolia in 2015, with energy and agribusiness being two key fields for partnership. The Embassy opened an economic department in 2012 to further strengthen bilateral cooperation.

> Other EU Member States

Most of the other EU Member States, along with the EU, have diplomatic relations with Mongolia based from Beijing. **Poland** recently appointed a Warsaw-based Ambassador to the country. **The Netherlands** has a Trade and Economic Officer for Mongolia in Ulaanbaatar, and **Italy** considers to open an Embassy in the coming months.

> Germany

German-Mongolian relations date back to 1974 and the country has since become one of Mongolia's leading development cooperation partners. Since 1992, over EUR 620 million in official development cooperation has been pledged. In the three priority areas of sustainable resource management, energy efficiency and biodiversity, current projects have a volume of EUR 127 million.

> Hungary

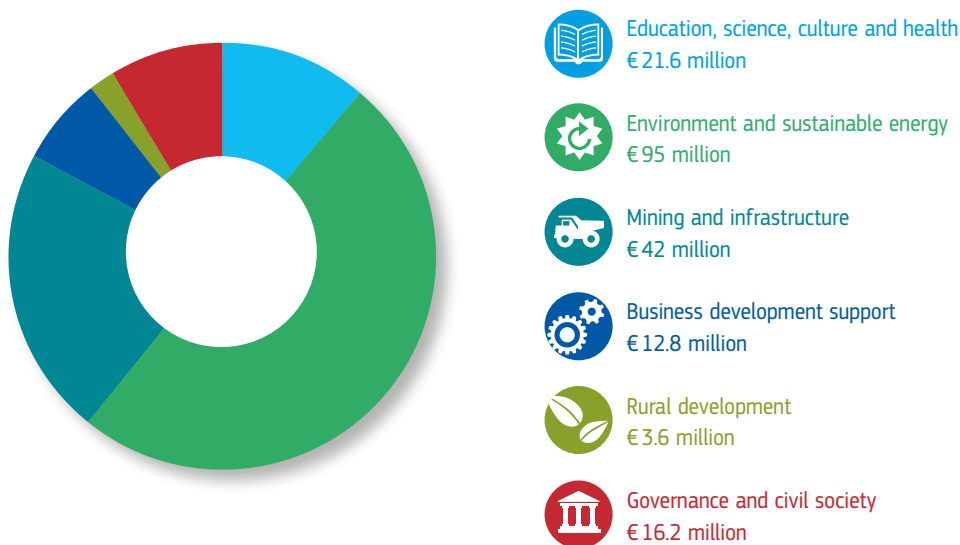
Hungary reopened its Embassy in 2015. Relations between the two countries were consolidated with an official visit by the Hungarian Prime Minister in January 2016.

> United Kingdom

The UK established diplomatic relations with Mongolia in 1963 and is currently engaged in a range of bilateral projects that include wild camel breeding, tackling illegal wildlife trade and developing the capacities of environmental NGOs.

Ongoing **EU** development cooperation in **Mongolia**

Overall portfolio (grants and loans) from the EU and its Member States for ongoing development cooperation in Mongolia in 2015 exceeded EUR 190 million.



The following chapter presents examples of development cooperation projects that have been undertaken by the EU and its Member States, and through multilateral financial institutions such as the European Investment Bank (EIB). The projects featured here reflect the vitality and success of EU-Mongolian cooperation, and serve as examples of how the EU, its Member States and Mongolia have worked together to find synergies and complementarities in order to maximise impact. Projects are organised in six thematic areas in line with the Mongolian national development plans.



The EU and its Member States

Areas of
development
cooperation





Education, science, culture and health

Latest data shows that Mongolia's literacy rate stands at 98.3 %, one of the highest in Asia. In terms of healthcare, life expectancy has been steadily increasing, though a number of issues – most notably the prevalence of liver cancer – need to be tackled. In addition, doctors and healthcare facilities tend to be concentrated in urban areas; and the country's sparse population shows that meeting demand for specialised skills and expertise in education, science and healthcare can be a challenge. The country is also striving to achieve a balance between embracing modernity and change, keeping its unique nomadic heritage alive, and establishing itself as a key site for archaeological exploration.

'Education is the ground for our future success. I went from a family of herdsmen to Harvard. I want other young people to have the same opportunity.'

Mongolian President
TSAKHIAGIIN ELBEGDORJ
addressing the European
Parliament on 16 June 2015

FRANCE | Health cooperation



Provincial links between France and Mongolia have helped to foster mutually beneficial cooperation. A good example of this has been the partnership that has developed between two rural areas – Uvurkhangai and Allier (Auvergne region) – through which more than 10 Mongolian surgeons have been invited to France for training in gynaecological laparoscopy. Three have since graduated with European qualifications. With the support of the French government, the World Health Organisation (WHO) and the local government in Allier, these surgeons will now train more surgeons and nurses back in Mongolia, improving prenatal and postnatal care in Ulaanbaatar and more remote regions such as Uvurkhangai. In addition, France has supported the emergency traumatology service at Ulaanbaatar's main hospital.

UNITED KINGDOM

Educational and cultural links



The UK has launched a range of health, educational and cultural projects, with government-funded bilateral initiatives totalling around EUR2.2 million between 2013 and 2016. The prestigious Chevening scholarship programme, for example, continues to provide opportunities for about 15 Mongolians each year to study in the UK at post-graduate level for one year, all expenses paid. A health study visit to the UK has been organised recently, aimed at modernising and improving the delivery of Mongolian mental health services.

On the cultural side, members of the British Army Polo Team recently spent a week in eastern Mongolia in order to train the Mongolian Army Polo Team in the principles of European-style polo. Shortly afterwards the Mongolian team paid a visit to the UK for a week's polo training at Sandhurst.

BELGIUM | Strengthening diagnosis & treatment

Belgium is collaborating with Mongolia in the development of regional healthcare. Through a project that started in 2015, the Belgian government is providing financial assistance of EUR3.8 million for medical equipment and training at the regional hospital of Khovd in western Mongolia, following an earlier project in the east of the country.

LUXEMBOURG | Boosting heart health

A cardiovascular telemedicine network has been established throughout Mongolia thanks to a major Luxembourg-funded project. The network connects public hospitals in all 21 provinces to the cardiovascular reference centre in the capital, thus bringing cutting-edge healthcare to the remotest parts of the country. At Shastin Central Hospital in Ulaanbaatar, cardiac surgery is now available to one patient a day, 250 days per year. The EUR8.3 million project has also improved maternal and infant healthcare through the introduction of new services such as prenatal diagnostics and advanced surgical skills in provincial centres.

'The telemedicine network connecting all general public hospitals throughout the country has enabled the timely delivery of quality consultations from the reference centre to doctors practicing in the remotest areas.'

DR DAGVA MUNGUNCHIMEG
Head of the Cardiovascular Centre,
Shastin Central Hospital

AUSTRIA | Modernising social sectors

Austria has been supporting public infrastructure development in Mongolia since 2011. Via the first tranche of this facility, public sector projects worth EUR 40 million are being realised in cooperation with various Mongolian partners. In the health sector, a total of four projects are currently set to improve the quality of equipment of the National Centre for Maternal and Child Health, the National Cancer Centre, the First Central Hospital and the Public Service Hospital.

EU | A skills-based economy



Investment in Mongolia's technical and vocational education and training (TVET) system presents a golden opportunity to address both youth underemployment and the skills shortfall in sectors ranging from mining to construction. This would ease Mongolia's over-reliance on imported foreign expertise and help to establish a diversified skills-based economy driven by Mongolians themselves.



The EU is currently funding two coordinated projects in this field to the tune of EUR 6.5 million. The TVET I project is working closely with the Mongolian government to ensure that modern vocational training curricula are consistent with current labour demands, and that students graduating at the end of the process will be well equipped for available skilled work.

TVET II, meanwhile, aims to ensure that Mongolia's vitally important agricultural sector is not neglected, and that skills essential to rural development – especially in the vegetable and livestock sectors – are taught and practised.

FRANCE | Archaeological partnerships

France has supported numerous Mongolian archaeological excavations since 1994, many of which have successfully uncovered artefacts from various periods of prehistory and history. Impressive findings include an imperial necropolis in Gol Mod, a painted cave in Altai and a 28 000-year-old skull on the border with Siberia, the oldest human fossil to have been discovered in Mongolia. Over 20 years of fruitful cooperation between French and Mongolian experts have helped to strengthen scientific, and indeed cultural, ties between the two countries.





Environment and sustainable energy

Mongolia faces a number of environmental and energy challenges. Deforestation and overgrazing have exacerbated problems related to climate change, such as desertification. The annual mean temperature has increased by 2.14 °C over the past 70 years and precipitation has decreased in most regions. Demand for energy in Mongolia is rising by around 8% every year. Adaptation and moves towards sustainable energy are thus essential. Key Mongolian priorities include providing up to 75 % of herders (and all households) with a reliable electricity source by 2030, improving the water supply, strengthening the country's capacity for resilience towards climate change and introducing new green technologies across numerous sectors, as well as protecting their fragile ecosystems and unique biodiversity.

GERMANY | Energy efficiency for all

Mongolia's coal-based power stations are struggling to keep up with increased demand and contribute to severe pollution, especially in winter. The German-funded 'Efficiency of grid-based energy supply schemes' (ENEV) project (EUR 3.9 million) supports Mongolia in developing an energy-efficiency strategy by analysing the entire electricity network and advising on appropriate tariffs, which can set incentives to save energy. It also supports the training of energy managers and auditors. Co-financed by Switzerland (EUR 3.8 million), this cooperation also focuses on improving the energy efficiency of selected public buildings.

Along with Official Development Assistance (ODA) loans, the power plant in the city of Darkhan (EUR 10.5 million) and Power Plant 4 of Ulaanbaatar (EUR 8.5 million) are being modernised in order to extend their lifespan and to contribute to a more environmentally friendly, uninterrupted and safer provision of power and heat.

'Thanks to the support of the German government, we are able to significantly modernise the energy and heat generation processes in an environmentally friendly manner within the power plant in Darkhan. This will enable an undisrupted and safe provision of electricity and heat for around 90 000 inhabitants living in the Darkhan region.'

MR NYAMDAAVA

General Director of the power plant in Darkhan



EU AND CZECH REPUBLIC

Viable, sustainable construction

An EU and Czech co-funded project implemented by Caritas Czech has helped to put in place a viable domestic market for construction materials made from ash, a waste product produced in vast quantities by Mongolia's power plants. Some 20 local small- and medium-sized enterprises (SMEs) are currently operating legally in this field. Certain production standards have been put in place and vocational training has been adapted to include sustainable practices. The next step is to demonstrate the benefits of sustainable construction to all the actors along the value chain – from power plants to the construction sector.

'Using fly ash allowed us to skip one whole procedure in the production process of autoclave aerated concrete block. It is very cost effective and a good support for resource efficiency.'

Ms DAVAASUREN

General Technician at Dulguun Bars LLC, Ulaanbaatar, Mongolia, who participated in a pilot production project

Mongolia's burgeoning construction industry uses vast amounts of concrete, conventionally made of a mix of cement, water and aggregates. By substituting aggregates with fly ash and cinder, SMEs in the construction sector can reduce the cost of concrete production, improve the insulation capacity of building materials and alleviate the financial burden on power plants by reducing the need for them to dispose of fly ash in landfills. Some 300 000 tonnes of fly ash are produced per plant each year in Mongolia, constituting an ever-growing environmental threat. Many of the plants surrounding Ulaanbaatar are situated close to the river basin. To this end, the EU has provided a grant of EUR 1.4 million through the SWITCH-Asia programme.



GERMANY | Protecting Mongolia's unique biodiversity

Habitat loss, deforestation, the unregulated overuse of pasture areas and climate change pose an existential threat to fragile ecosystems in Mongolia. German development cooperation has contributed to the protection of Mongolia's unique biodiversity for almost 25 years. Germany combines policy advice on climate change adaptation, biodiversity and environmental protection with technical and organisational innovation at the regional level (approx. EUR6 million). This includes helping the Mongolian forestry sector to adopt more sustainable forest management practices and offering vocational training for forest workers in order to strengthen forest ecosystems, while at the same time generating sustainable sources of income.



Since 2011 Germany has supported the effective management of protected areas with a EUR 11.5 million fund. Relevant institutions can apply for funding in order to carry out management plans for protected areas. This innovative approach strengthens Mongolia's protected areas' system, protects biodiversity in significant ecosystems and improves the livelihood of the people living in the adjacent regions.

EU MEMBER STATES | Complementary actions

EU Members States may also combine efforts and develop synergies. For instance, another project, Development of Forest and the Gene Pool of Local Forest Tree Ecotypes, is funded by the **Czech Republic** to stop depletion of overall forest areas and ensure reforestation of damaged areas and lands affected by desertification.

EIB | Improving the urban environment

The European Investment Bank (EIB) is part-financing, to the tune of EUR 50 million, a water, wastewater and sanitation investment programme in the Ger (tent) areas surrounding Ulaanbaatar as part of an overall priority urban services development project identified and prepared by the Asian Development Bank (ADB). A general environmental assessment has already been prepared for the project and accepted by the Ministry of Environment and Green Development. The project will benefit the environment and public health by providing better drinking water to the population, improving the efficiency of treatment and distribution facilities, and by collecting and treating waste water before it is discharged into receiving water bodies. This is an example of how multilateral funding can have sizeable impacts on development.



Mining and infrastructure

Mongolia became one of the world's fastest-growing economies in 2010 as a result of the mining boom, though this growth – which exceeded 15% in 2011 and 2012 – has since significantly cooled. Mongolia moved from a lower to an upper-middle income country in 2015, but it still faces significant infrastructure challenges. Long-term prospects nonetheless remain positive. Two major mining projects, involving some of the biggest copper deposits in the world, could eventually provide a third of the state revenue. The International Monetary Fund (IMF), Asian Development Bank and World Bank have all stated that unlocking Mongolia's natural resources will positively impact the country's development.



CZECH REPUBLIC

Urban access to safe water



A Czech-funded project has helped to upgrade the water supply system in the northern city of Murun in Khuvsgul Province, improving safety standards and ensuring that the infrastructure will cope with the expected population growth. The project involved repairing the water supply network, introducing automated pumping and water distribution controls, and building up the capacity of the local water and sewage facilities. Exploratory works for new water sources have also taken place.

This initiative, which received a Czech government grant of EUR845 000, is very much in line with Mongolian national development objectives. The country achieved its Millennium Development Goal (MDG) target for drinking water in 2011, with over 85% of the overall population having access to an improved water source. Mongolia now aims to provide at least minimum water, sanitation and hygiene (WASH) standards, as defined by the United Nations, to every single citizen by 2030.

GERMANY

Mineral resources for sustainable development



While Mongolia is one of the world's richest countries in terms of mineral wealth, not everyone has been in a position to benefit. The country needs technical expertise and resources in order to translate this untapped potential into more inclusive growth, and to encourage foreign direct investment flows that will also support sustainable growth outside of the mining sector.

In order to achieve this, Germany recently launched the Integrated Mineral Resources Initiative (IMRI) with current funding of EUR 4.9 million. The IMRI is helping Mongolia to create an enabling environment for mineral-based, sustainable, inclusive economic and social development that will generate more jobs and income for the Mongolian people. The project supports sustainable regional development in mining regions and macro-economic management of a resource-based market economy.

At the local level, the integrated community development partnership concept has brought together different stakeholders – local communities, regional governments, local SMEs and locally operating mining companies – in order to form dialogue platforms and engage in economic, social and political discourse. German and international consultants are involved in coaching the staff of Mongolian partner institutions, particularly with a focus on advice on complex extractive resource contracts. Mongolian mining companies have also been made aware of the importance of corporate social responsibility (CSR), occupational health and safety (OHS), and gender and human rights aspects.

The Federal Institute for Geosciences and Natural Resources (BGR) has provided additional assistance. Total funding of EUR 2.8 million has been dedicated mainly to specialised capacity development programmes to improve business performance, quality infrastructure, mining inspection and mining-related environmental protection.

CZECH REPUBLIC | Mapping mineral potential

A Czech government-funded project to map some of the sparsely inhabited West Mongol Altai Mountains in Mongolia's Khovd Province has provided a more accurate assessment of the region's mineral potential. This will help attract both outside investment and local business to the region, and reflects the Czech Republic's long history of cooperation with Mongolia in the field of geoscience.

The project, funded with a EUR570 000 Czech government grant and carried out by the Czech Geological Survey, also builds on key Mongolian priorities to support economic growth and reduce rural poverty. The project has also strengthened local capacities through training exercises conducted in both Mongolia and the Czech Republic.



GERMANY | Developing mining skills



At least 40 000 additional technical staff will be required to service Mongolia's mineral resource sector by 2018. Meeting this requirement for new skilled workers – both in terms of quality and quantity – represents a challenge. While there are around 170 000 university students in the country at present, only 45 000 are registered at vocational schools.



For this reason, Germany has supported cooperative vocational training in the mineral resource sector to the tune of EUR 10.25 million, with co-financing from Switzerland and Australia adding up to EUR 21.55 million. New vocational training curricula have been developed that strongly emphasise practical skills. This has been successfully implemented at several partner schools to train technicians in the fields of electronics, industrial mechanics, heating, ventilating and building construction. A system of in-company training has been introduced to ensure that the lessons learned through this project are fully sustainable. Integrating women and people with disabilities has also been an important aspect of the project.



Germany has also provided EUR 4 million to support the newly established German-Mongolian Institute for Resources and Technology (GMIT), which aims to meet demand for highly qualified engineers and technology experts from Mongolia's mineral resources sector and downstream industries. Since September 2014, three bachelor programmes have been made available in mineral resources engineering, mechanical engineering and environmental engineering.



Business development support

Mongolia aims to create employment opportunities – specifically in the non-mining sector – through fostering a better skilled labour force, and establishing markets and production know-how for making more value-added products. This will help to lessen the country's exposure to commodity price fluctuations and create new jobs outside the cities. In addition, the country's geographic location means that it faces challenges in exporting to third countries. The EU and its Member States – constituting Mongolia's third-largest trading partner today – play a key role in transferring expertise and experience, and providing potential new markets. Mongolian goods can enter the EU practically tariff-free under the current Generalised System of Preferences (GSP+).



EU | Supporting small businesses

A competitive SME sector in Mongolia will contribute significantly to establishing a vibrant, productive and diversified economy, which is why an ambitious project implemented by the European Bank for Reconstruction and Development (EBRD) has sought to provide assistance. The 60-month Support to Small and Medium Enterprise Development project, which began in August 2011, has supported SMEs across many levels, providing SMEs with business advice and training, as well as building the capacity of business organisations to better serve their SME members and, on a macro level, establishing a database for SMEs that provides them with access to procurement opportunities, donor maps and information on investment opportunities. In 2015, the EU approved EUR 9.3 million for the Support to Mongolian Economic Diversification project through the SME Access to Finance programme. This will build upon this project's approach in the next stage, with a focus on helping SMEs access both finance and advice.



EU | Sustainable skilled jobs



In recent years, an absence of decent work options has pushed many people – especially youth and women – towards vulnerable employment, underemployment and labour migration. Creating new jobs and providing a boost to enterprise will improve living conditions and social protections, and help to halt the unsustainable exodus towards urban centres. This is the central goal of an EU-funded, Food and Agriculture Organisation (FAO)-run project entitled Support to Employment Creation in Mongolia (SECiM).

The project, which has received an EU grant of some EUR8.2 million, is working closely with the Mongolian government to put in place policies that encourage private-sector innovation and help to create new job opportunities outside the cities. This ambitious 4-year project – which began in June 2015 – is very much in tune with the Mongolian government's National Employment Policy, which aims to ensure that rural communities across Mongolia have a viable economic future.

HUNGARY Advanced technology investment

Hungary and Mongolia signed a financial framework agreement in January 2016, which includes a EUR22 million credit line to finance the reconstruction of the Songino Biocombinat bio-plant. This will help establish modern biotechnology production in the country in accordance with European good manufacturing practice, and reflects Hungary's long history of cooperation. The plant, which was originally built in 1974 with Hungarian financial and technical assistance, produces bacterial and viral vaccines and other bio-products for veterinary use, hugely important in a country with approximately 55 million head of livestock.



AUSTRIA | Credit for small businesses

Mongolian SMEs often face difficulties in accessing financing, which can hamper business development. In order to address this, the Development Bank of Austria (OeEB) has provided a preferential credit line of more than EUR13 million to the XacBank in Mongolia, in order to facilitate investments and boost productivity. This will help to secure jobs and support the Mongolian economy.

EU | Setting international standards

Mongolia's global ambitions can be seen in its commitment to putting in place European principles, norms and standards relating to the free movement of goods. This will help the country to economically diversify, better target new market opportunities and boost confidence in Mongolian business practices abroad. Through the 5-year EU-funded Support for Modernisation of Mongolia Standardisation System (SMMSS) project – implemented by the British Standards Institute (BSI) in a consortium with other specialised institutions from EU Member States (Czech Republic, Spain and Malta) – valuable assistance is being provided in terms of transfer of knowledge and best practice. Through this project, the Mongolian Agency for Standardisation and Measurement (MASM) has also been able to create long-term relationships with EU Member States.

A National Quality Working Group has been established to bring together government, businesses, employers and academia in order to identify priority products for export and to formulate a viable export strategy. The project has also worked closely with government officials to draft a new law on standardisation, which would harmonise national legislation with key EU regulations on issues such as product certification. Introducing EU principles in consumer protection and product safety laws will guarantee the rights and health of Mongolian citizens. Furthermore, over 1 500 government staff have been trained on subjects ranging from responding to World Trade Organisation (WTO) enquiries to border quarantine inspections. The SMMSS project, which has received nearly EUR 4 million in EU funding, is due for completion in April 2017.



'This project is about instilling confidence in buyers. If a South Korean, say, wants to buy organic Mongolian meat, he needs to be certain that it is organic and does not contain pesticides. What we are doing is enabling Mongolians to test and certify products themselves in a manner that instils trade confidence and also of course benefits consumers.'

HENK DE PAUW

SMMSS project team leader



Rural development

Agriculture is Mongolia's second most important economic sector after mining; animal husbandry accounts for almost 10 % of total export earnings and employs 35 % of the country's total workforce. Mongolian rural development priorities include intensifying farming production based on market demand and increasing the manufacture of meat and dairy products. The government is keen for local communities to take a more proactive role in their own economic and social development. Creating more rural jobs will slow migration to urban centres – especially acute after harsh winters – and help further diversify the economy, a key Mongolian objective.



FRANCE | Making a mark



France has used its experience of using geographical indications (GIs) since 1935 to protect traditional products to help Mongolia do the same. GIs are distinctive signs that associate products of quality and reputation with their place or area of production, thereby helping to identify and distinguish such products on the market. A good example of this cooperation has been French help in registering Mongolian Uvs Seabuckthorn in the EU. The wild berry, grown in the severe climate of Uvs Province, is highly valued by Mongolians for its high levels of Omega 3, Omega 6 and vitamins.

GIs are a tool for local development; production cannot be relocated as the product has specific qualities related to its geographical area. The French Ministry of Agriculture organises annual training sessions in Europe for those working with Mongolian intellectual property, together with regular GI seminars across the country. Along with energy, agri-business is one of the main areas of cooperation between these two countries.

CZECH REPUBLIC

Increasing rural productivity



A Czech government-funded project designed to improve the quality of Mongolia's cattle stock could help increase incomes in rural areas and achieve greater security for farmers. This EUR 340 000 project, a continuation of two previous projects, has introduced rural communities to new breeding techniques and supported an effective system of distributing insemination doses in order to strengthen the quality of livestock. The 2-year project, entitled Increasing the Efficiency of the Artificial Insemination of Cattle in Mongolia, has focused in particular on farmers involved in dairy production who supply the three biggest Mongolian cities (Ulaanbaatar, Darchan and Erdenet).

Animal husbandry is hugely important to Mongolia, accounting for almost 10% of export earnings and employing some 35% of the country's total workforce. Achieving greater productivity through modernising certain farming techniques could therefore have a significant positive impact on a large section of the population. Furthermore, modernising certain aspects of rural life could also help to mitigate the substantial environmental damage that has been caused through overgrazing and subsequent land degradation, along with the annual high mortality rates of cattle during the long, harsh winters.



BULGARIA

Technical cooperation in agriculture

In 2015, Bulgaria signed two agreements with Mongolia for official development assistance in the field of agriculture, totalling EUR 1.8 million: one agreement is for providing scholarships to Mongolian students to study agrarian sciences in Bulgarian universities, and the second is for developing technical assistance to construct a greenhouse. The agreements aim to promote the development of Mongolia's agricultural sector through capacity building and diversification of its production.



EU AND FRANCE | Sustainable cashmere

Cashmere is a vitally important economic and cultural product, providing nomadic farmers with a viable income and way of life while raising Mongolia's reputation abroad for high-quality goods. Nonetheless, rural communities face a number of challenges. Some 70% of pastureland has been degraded through overgrazing; herd numbers have been increasing unsustainably; and raw agricultural products, such as cashmere wool, are exported at a low price – mostly to China – where the raw material is then processed. In order to address this, an EU-funded project has connected isolated rural communities with new export markets and introduced sustainable concepts, such as collective land management and better genetic selection.

With an EU grant of EUR 450 000, this project, implemented by Agronomes et Vétérinaires Sans Frontières (AVSF), has worked with federations of herders, cooperatives and pasture user groups in two sub-regions to improve the final product's quality, reduce unsustainable herd sizes and encourage the treatment of cashmere before it is exported. These practices will give herders better market prospects. Cooperative members have also been trained in issues such as governance, quality control and marketing, and storage buildings for the cashmere have been built.

A business plan for each cooperative is being developed. With luxury European manufacturers responding positively to the possibility of buying quality, de-haired Mongolian cashmere, the project might also help improve the perception of Mongolian cashmere abroad. It is hoped that this 'value chain' concept could be replicated elsewhere in Mongolia.



Governance and civil society

Mongolia has become a role model in a region where few democracies have taken root. Since transitioning to democracy over two decades ago, the country has since been accepted as a member of the Organisation for Security and Cooperation in Europe (OSCE) and conducted a successful two-year Chair of the Community of Democracies. The country aims to further stabilise its democratic system, adapt to relevant European norms and standards, and transfer best practice in governance. This will have an impact on social policies and contribute towards a sound and predictable business and investment environment. Strong NGOs are also essential for encouraging transparency and public participation in decision-making.



THE NETHERLANDS Diplomatic cooperation

The Netherlands has been running training courses for Mongolian diplomats at its Clingendael Diplomatic Academy for a number of years. A total of 80 Mongolians have so far participated in this bilateral programme, providing future diplomats with the opportunity to learn about good governance from leading researchers, experts and opinion-makers. Recent courses have focused on three key themes central to Mongolia's long-term ambitions: diplomacy, stability and prosperity.

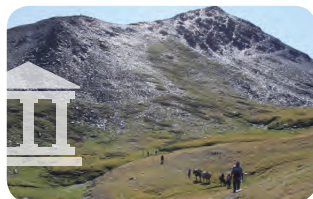




EU | Growth through good governance

In order to ensure that all Mongolians benefit from the country's vast mineral resources, accurate revenue and taxation forecasts need to be put in place, along with the means to more equitably distribute wealth. This is the key objective of the EU-funded Economic Governance for Equitable Growth (EG4EG) project, which aims to help Mongolian policy-makers move the country away from a boom-and-bust model to one in which sustainable growth benefits everyone, including those most vulnerable.

Launched in February 2015, the project, which has received an EU grant of EUR 3.5 million, is working very closely with the Mongolian Ministry of Finance to strengthen policy development and strategic planning skills in order to put in place the necessary policies and infrastructure. EG4EG project partners are also working closely with the Ministry of Population and Social Protection (MoPDSP) in order to ensure that the capacity is there to deliver social services effectively. For example, when a harsh Mongolian winter – known as a *dzud* – strikes, farmers and herders are at risk of losing their livelihoods. It is vital therefore that effective social protection is available to everyone. This project is fundamentally about helping Mongolia realise one of its key aspirations: sustainable and equitable growth.



EU | Combatting human trafficking

Mining communities in southern Mongolia have attracted significant flows of internal migrants, including women, who are vulnerable to human trafficking, sexual exploitation and gender-based violence. In order to put in place effective counter-trafficking measures, the International Organisation for Migration (IOM) has worked on an EU-funded project with two local civil society organisations to encourage women to start their own businesses and provide direct assistance to identified victims of trafficking.

To date, a total of 50 migrant women have been trained in business plan development, with the most promising ideas shortlisted. Some 20 migrant women were then provided with a settlement support grant to implement their business plans. The project has also provided support for victims of human trafficking through counselling services, legal support and medical check-ups. Furthermore, some 50 government officials in Ömnögovi Province have been trained in strengthening social services for migrant needs.































UNITED KINGDOM Bilateral ties to boost governance



The UK has launched a number of bilateral projects designed to strengthen governance and boost the role of civil society. One initiative, for example, aims to help Mongolian authorities and NGOs increase oversight and transparency during electoral campaigns in the build-up to the 2016 and 2017 elections. Another aims to raise awareness of democracy among young Mongolians in order to increase electoral participation. The British Embassy also recently ran an initiative to strengthen the capacities of the Press Institute of Mongolia by involving trainers in hands-on training at the Global Investigative Journalism Conference in October 2015 in Lillehammer, Norway.



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