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Investing in rural people

Mongolia Rural Poverty-Reduction Programme Project performance assessment

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For: Review

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Currency equivalent, weights and measures

Currency equivalent

Currency unit = Mongolia Tugrik (MNT)
US\$1 = MNT 1372,0
(1 Sep 2012)

Weights and measures

1 kilometre = 0.62 miles
1 hectare = 10,000 m² (0.01 km²)

Abbreviations, acronyms and glossary

IGA	income-generating activity
IOE	Independent Office of Evaluation of IFAD
PCR	project completion report
PCR/V	project completion report validation
PIU	Programme implementation unit
PMD	Programme Management Department (IFAD)
PPA	project performance assessment
RIMS	Results and Impact Management System (IFAD)
RMMC	rangeland management and monitoring committees
RPRP	Rural Poverty-Reduction Programme

Glossary

<i>aimag</i>	Territorial administrative division, corresponding to province
<i>bag</i>	Territorial administrative division, below <i>soum</i>
<i>dzud</i>	Winter disaster characterized by deep snow, severe cold, ice cover, or other conditions that render forage unavailable and lead to high livestock mortality
<i>khural</i>	Popular assembly
<i>otor</i>	Rapid long distance movement of herders with their livestock undertaken to avoid drought or <i>dzud</i> , or to fatten animals in autumn
<i>soum</i>	Territorial administrative division, corresponding to district

Map of the programme area

Mongolia

Rural Poverty-Reduction Programme

Project performance assessment



27-07-2012



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

Executive summary

1. The objective of the project performance assessment of the Rural Poverty-Reduction Programme (RPRP) in Mongolia was to determine the programme's overall results, and to generate findings and recommendations for the implementation of ongoing IFAD-funded operations in the country and the design of future operations. This assessment builds on the previous project completion report validation and adds findings from a mission to Mongolia conducted in May 2012.
2. RPRP started in 2003 and ended in 2011, eight months later than originally foreseen. The total programme cost was US\$17.1 million. The programme's overall goal was to achieve sustainable and equitable eradication of poverty for about 80,000 vulnerable rural households living in an increasingly degraded environment. Specifically, RPRP sought to increase the productive capacity of herders and cultivators, and to improve service delivery in four *aimags* (provinces), inhabited principally by nomadic herders.
3. In striving to achieve these goals, the programme scored a number of successes. RPRP is considered to have effectively provided remote herders with key services such as hospitals, school dormitories, kindergartens and literacy training. It supported income diversification, and vegetable and crop growing were particularly successful. There was substantial growth in commercial farming. Training in income generation and business skills, especially for women, was also successful.
4. In terms of increasing herders' productive capacity, results are more uncertain. The reasons for this relate to the key assumptions on which the programme was built, chiefly that declining productivity and environmental degradation were the result of overgrazing, principally around towns; that the remedy was to balance livestock numbers with environmental carrying capacity; and that this could be achieved by building new pasture management institutions. Current ecological research has shown that, especially in highly variable environments (non-equilibrium systems), carrying capacity has little meaning since pasture production is largely determined by random events such as *dzud* (a severe winter), which are a major influence on livestock numbers and productivity. Overly optimistic estimates were made of the impact of the new rangeland management and monitoring committees (RMMCs) on livestock productivity.
5. It was also assumed that the programme could target benefits to poor herding households while convincing better-off households to participate in necessary collective action, such as pasture management, without commensurate benefits. These assumptions are open to doubt. The programme attempted to reach 90-95 per cent of the total population while focusing on the poorest households. In the opinion of the evaluators, this was an unrealistic expectation.
6. Perhaps as a consequence of these assumptions, the performance of the RMMCs was mixed. Some did a good job and started to bridge the gap between traditional (and remnant socialist) mechanisms and modern resource management institutions. Excellent maps were made of local resources. Most RMMCs, however, were formed in a top-down manner and lacked local ownership. Government played a substantial role in such organizations. Local organizations allowed some herder participation in decisions about resource management and service delivery, but they have not yet become the mechanisms through which herders manage local resources or resolve local conflicts, and they have been discontinued in the IFAD follow-on project.
7. So while herder incomes grew rapidly during the programme's life, it is dangerous to attribute this to programme activities, since it was a period of rapid general economic growth in Mongolia. The evaluation found little evidence of increases in the productivity of herding and subsequent income growth as a result of the

activities of the RMMCs. A concrete example relates to the maps and plans that were produced on behalf of the RMMCs but were not being used. Similarly, there was no evidence that grazing management had improved.

8. The above programme results reflected a similar pattern in terms of sustainability. Improvements in the health and education services were the most likely to be sustainable since the improved services were taken over by the Ministry of Education and Health. However, maintenance of infrastructure such as wells was more uncertain as arrangements were informal and no system for collecting fees and regular contributions from water users was in place. Extension services continued to depend on programme funding. The remaining RMMCs were fragile and repayment arrangements for microcredit institutions were not clear. Herders remained vulnerable, especially to *dzud*.
9. The following broad recommendations need to be taken into consideration when developing future IFAD-funded operations in Mongolia:
 - **Recommendation 1: Underlying assumptions.** IFAD should clarify the issues around grazing ecosystem functioning – for example, carrying capacity and overgrazing – that are relevant to project/programme design and objectives.
 - **Recommendation 2: Herder institutions.** The RMMCs created by the programme are still weak. Their status needs to be clarified and plans for future institutional development decided and discussed with herders.
 - **Recommendation 3: Targeting.** The nature and methods of targeting in a pastoral environment need to be clarified.
 - **Recommendation 4: Risk management.** In future operations in the pastoral domain, IFAD should ensure that a comprehensive risk management strategy is included as a key project/programme component.
 - **Recommendation 5: Monitoring and evaluation.** Greater attention should be paid in future operations to the design and use of a monitoring system, including improved sampling methods and analysis.

Mongolia

Rural Poverty-Reduction Programme

Project Performance Assessment

Main Report

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I. Objectives, methodology and process

1. **Background.** Project performance assessments (PPAs), conducted by the Independent Office of Evaluation of IFAD (IOE) are project-level evaluations that are undertaken on a selected number of projects for which project completion reports (PCRs) have been validated. The PPA is undertaken shortly after the project completion report validation (PCRVR)¹ and involves field visits. The Rural Poverty-Reduction Programme in Mongolia was selected for a PPA.
2. **Objectives.** The main objectives of this PPA are to: i) assess the results of the operation under consideration; and ii) generate findings and recommendations that can serve for the design and implementation of future IFAD funded operations in the country.
3. **Methodology.**² The PPA followed the methodological fundamentals stipulated in the IOE Evaluation Manual³ and the guidelines for PCRVR and PPA.⁴ A six point rating scale is applied to all evaluation criteria as described in annex 5.
4. The PPA relied on extensive desk review of available documents. Particular attention was paid to previous IFAD documents, including especially the appraisal report, progress reviews, Results and Impact Management System (RIMS) surveys, supervision reports, a previous IOE evaluation and the PCRs. Two PCRs were produced, the first by project staff/government, the second by an IFAD appointed consultant. This evaluation refers to the consultant's report and in a few selected cases supplements with data from the project staff/government completion report. Other surveys also provided useful information.⁵ These data provide the basis for most of the evaluation's assessment, and are supplemented with data from mission interviews and visits.
5. The project's logical framework was revised in 2009. The revision of the logframe targets, as well as inconsistencies in the terminology of project objectives has posed some challenges in identifying which objectives and targets to evaluate the project against for the purpose of this evaluation. For example, the overall objective in the text of the President's Report 2002 is different in the logframe of the appendix of the same report (see annex 13 for a comparison of objectives and outputs from various reports). For the sake of this evaluation the objectives from the text of the President's Report have been used and emphasis is on the original targets since the revisions were made late in project implementation (18 months before closure)⁶ (refer to paragraph 16 and 87 for a discussion of the M&E system).
6. During the field work where two (Arhangai and Bulgan) out of the four provinces were visited, primary data were collected to make an independent assessment of programme performance and impact. Given the time and resources available, the information gathered was mainly qualitative and focused on topics identified during the desk review, namely the livestock and natural resource management component, risk management and targeting. The sites were, based on discussions with the evaluation team, selected by the programme implementation unit (PIU) and covered

¹ The project completion report validation (PCRVR) consists of a desk review of the project completion report (PCR) and of any other supporting documents. It performs the following functions: (i) independent verification of the analytical quality of the PCR; (ii) independent review of project performance and results through desk review (including ratings); (iii) extrapolation of key substantive findings and lessons learnt for further synthesis and systematization exercises; (iv) identification of recommendations for future project phases; and (v) drawing recommendations to strengthen future PCRs. A copy of the PCRVR prepared for the RPRP is available upon request.

² For further information on the methodology please refer to annex 4.

³ www.ifad.org/evaluation/process_methodology/index.htm

⁴ www.ifad.org/evaluation/process_methodology/doc/Guidelines_PCRV_PPA%2025July2012.pdf

⁵ For example, Livelihood Study of Herders in Mongolia, Ulaanbaatar, Swiss Agency for Development and Cooperation, 2010, and a body of work by the Food and Agriculture Organization of the United Nations on pastoral risk management in Mongolia.

⁶ This practice is in line with international the ECG's Good Practice Standards for the Evaluation of Public Sector Operations.

most project activities. Due to time and resource constraints it was not possible for the mission to visit extremely remote areas.

7. Field data collection methods included individual interviews, group discussions and direct observations during visits to programme sites.⁷ Although efforts were made by the evaluation team to locate impact data on productivity and income, the evaluation was hampered by a lack of monitoring data. In addition, no control groups had been established to assess the impact of the project on its target group. However, some quantitative data were available in the reports cited in paragraph 4, especially in the RIMS surveys. The government's completion report also contained useful quantitative information. Wherever possible these figures are used in this evaluation.
8. **Process.** The PPA mission took place in May 2012.⁸ It was carried out with the support of the Ministry of Agriculture and Light Industry. A presentation, with preliminary findings and identified issues, was made to project stakeholders at a wrap up meeting in Ulaanbaatar on 30 May 2012.⁹ The PPA was managed by IOE staff, assisted by a freelance consultant with technical expertise in pastoral development.

II. The programme

A. Programme context

9. In 1991 Mongolia began a rapid transition from central planning to a market-oriented economy. The collapse of the Union of Soviet Socialist Republics and Mongolia's links to the Soviet trading system led to dislocation, a sharp depression and increasing poverty. However, recent economic growth, driven in the main by exploitation of mineral resources (accounting for 33 per cent of government revenues,¹⁰ and 21.8 per cent of GDP in 2010¹¹) has resulted in a booming economy (the economy grew by 17.3 per cent in 2011, compared to 6.4 per cent GDP growth in 2010), though significant regional disparities prevail.¹²
10. The country has a long way to go to reflect this new economic situation. Mongolia, with a population estimated by the United Nations of 2.8 million, ranks 115th in the world in terms of GDP per capita (PPP).¹³ Agriculture employs about 40 per cent of the workforce and contributes less than 15 per cent of GDP. Livestock constitute 63 per cent of the assets of rural households. Almost half of herders live on incomes below the national poverty line. The majority of herders have fewer than 100 heads of livestock, which is considered too few to provide sufficient income to support a household. *Dzuds*¹⁴ - and consequent high levels of livestock mortality - have had a major impact on rural poverty. A series of *dzuds* between 1999 and 2002 was unprecedented at the time but has since been surpassed by a *dzud* in 2009/2010, as a result of which close to 10 million of the country's 44 million livestock perished. The devastating loss of livestock has prompted a large number of herders to move to towns in search of employment, reversing an earlier migration from town to country.¹⁵
11. **Programme objectives.** The long-term goal of the RPRP, according to the President's Report, was to: "*Achieve sustainable and equitable poverty eradication for about 80,000 vulnerable rural households living in an environment with increasingly degraded natural resources.*" The same report identified the overall objective as to: "*increase sustainably the productive capacity of herders, cultivators*

⁷ See annex 6 for a list of persons met during the field visit.

⁸ Ten days were spent in the field including traveling and four days in the capital.

⁹ For the full terms of Reference please refer to annex 3.

¹⁰ Extractive Industry Transparency Initiative 2010:5.

¹¹ EIU, 2012

¹² IMF 2011, Article IV Consultation – Staff Report

¹³ data.worldbank.org/indicator/NY.GDI.PCAP.CD

¹⁴ A winter disaster - characterized by deep snow, severe cold, ice cover, or other conditions that render forage unavailable and lead to high livestock mortality.

¹⁵ World Bank 2009

and the general public, and to offer increased access to economic and social resources, including education, health and social services."¹⁶

12. **Programme area and target groups.** RPRP covered four *aimags*:¹⁷ Arhangai, Huvsgul, Bulgan and Hentii. The programme area was inhabited by nomadic herders living in vast open rangelands. The RPRP area covered about 285,000 km², or just under a quarter of the country's surface area. The project area population comprised 80,000 households, of which about 60,000 were herders and 20,000 lived in rural centres.
13. In the countryside the targeting of benefits to poor households was carried out on the basis of household herd size. In *soum* and *aimag* centres targeting was done on the basis of lists of poor households maintained by the local administration. Approximately 15 per cent of households in the project area were single women with children. These were identified as very vulnerable because of their inferior social and economic standing, and the project's aim was to include them as a significant part of the target group.
14. **Programme components and costs.** RPRP had five components: (i) livestock and natural resource management, comprising four sub-components: organization of rangeland management, including management institutions, well rehabilitation, rodent control and winter fodder; (ii) other economic activities through income generation and vegetable and crop cultivation; (iii) rural finance; (iv) social development including women in development, education and health; (v) management. Table 1 shows a breakdown of project costs.

Table 1

Summary of project costs US\$ at design

<i>Components</i>	<i>Total US\$ million</i>	<i>% of base costs</i>
Livestock and natural resource management	5 585	33
Other economic activities	1 184	7
Rural financial services	4 186	24
Social development	3 690	22
Management	2 422	14

Source: IFAD Report and Recommendation of the President, 2002.

15. **Implementation arrangements.** The lead implementation agency was the Ministry of Agriculture and Light Industries. A programme implementation unit in each project *aimag* reported to the governor as well as to this Ministry. In the *soums*,¹⁸ a programme coordinator, reporting to the *soum* governor, was in charge of planning and monitoring. A programme support unit in Ulaanbaatar facilitated project administration. Steering committees at national,¹⁹ *aimag* and *soum* levels assumed ultimate authority over the programme. The project was supervised by the United Nations Office for Project Services who administered the loan on behalf of IFAD up until 2008 when this responsibility was transferred to IFAD.
16. **Monitoring and evaluation (M&E) system.** The project logframe was revised in February 2009 with the assistance of an IFAD consultant, on the grounds that the original logframe did not include sufficient comparative indicators and that there were uncertainties related to the data. The overall project goal remained the same but the indicator to measure it was changed from a reduction in official poverty lines by 67 per cent by 2010 to a reduction of more than 30 per cent. Many other

¹⁶ IFAD 2002 (a), paragraph 14.

¹⁷ Mongolian administrative and territorial unit, equivalent to a province.

¹⁸ Mongolian territorial and administrative unit, the equivalent of a district.

¹⁹ The National Programme Steering Committee was chaired by the Ministry of Finance and included members from the Ministry of Agriculture and Light Industries, the Central Bank, the Ministry of Education, Culture and Science, the Ministry of Health, the Mongolian Women's Federation, and the XacBank.

indicators were changed and new ones were added. Annex 13 shows the changes in the two logframes.

17. **Changes during programme implementation.** The project had four loan amendments.²⁰ The last was an extension of the project completion date from 30/09/2010 to 31/03/2011 and related in particular to women's micro initiative loans which had been delayed due to various challenges related to the targeting and cooperation between Khaan Bank and the Mongolia Women's Federation. As a result of this, this activity only took off in December 2008.²¹

B. Project implementation performance

18. Details of the physical progress of RPRP against targets are given in annex 8 of this report.²² The following paragraphs provide a brief description of the main activities and results achieved, derived from project reports. Some numbers from these reports are cited here in support of the discussion. In the limited time available for the evaluation team fieldwork it was not possible for the PPA mission to check these numbers.

Component 1: Livestock and natural resource management

19. There were four main outputs under this component:²³ (i) setting up beneficiary-led rangeland management and monitoring committees (RMMCs), empowered to plan and manage natural resources, repair wells, and control rodents; (ii) strengthening veterinary and animal breeding services; (iii) supporting the Agricultural Extension Centre (AEC), and (iv) scaling up of herds through herder loans and the establishment of a *dzud* emergency fund.
20. Building on customary institutions and pilot experiments elsewhere in Mongolia, the RPRP was required to bring together existing herder interest groups (such as cooperatives, camps and marketing groups) and create a new type of herder organization. These new organizations, known as RMMCs, were to be the key to project activities at local community (*bag*)²⁴ level. They would take the lead in range management by identifying and mapping the resources of the *bag* and *soum* such as winter camp sites, hay fields, grazing areas, wells, forests and protected zones, as well as basic infrastructure such as roads, schools and hospitals. The RMMCs would repair and rehabilitate wells and appoint and train well attendants. RMMCs were supervised by the *bag khural*²⁵ which in turn reported to the *soum khural*, and ultimately to the *aimag*.
21. The activities of the RMMCs are of central importance to project objectives. On paper they are satisfactory. The project completion report states that 414 *soum* and *bag* RMMCs were established (against a logframe target of 377) and 50 RMMCs had been established as non-governmental associations.
22. Maps and pasture management plans prepared by the RMMCs were intended to be the backbone of natural resource planning and management at grass-roots level,

²⁰ The amendments were related to the following issues: 1) SDR 1,210,000 of contingency were allocated to Category 1 of civil works; 2) In connection with VAT reduction from 15 per cent to 10 per cent, the IFAD financing percentage was increased; 3) Prior review by IFAD, initially for contracts of US\$ 30,000 or more, was required for contracts of US\$ 100,000 or more; 4) The implementation period of the Women's micro initiative loan extended until March 31, 2011.

²¹ The activity was hampered by many difficulties, among the more important ones: (i) many women selected to become members of savings groups had outstanding balances of consumer loans with the bank and thus were not eligible until the loan was fully repaid; (ii) inconsistent interpretation of the linkage banking approach under the subsidiary loan agreement and; (iii) poor cooperation between Khaan Bank and the Mongolian Women's Federation in charge of the group formation at local level. To this was added the effect of the financial crisis which made the terms of the loans as stipulated in the subsidiary loan agreement increasingly unattractive during 2009. (Decision memo to Associate Vice President 2010).

²² The targets refer to the revision of the logframe in 2009.

²³ According to the original logframe.

²⁴ The smallest territorial and administrative unit in Mongolia. Most *bag* consist of 50-300 herder households and there are usually 4-6 *bag* within a *soum*, the administrative unit equivalent to a county or district.

²⁵ Popular assembly

achieved through a participatory process involving herders in planning. The project produced 414 resource management plans (against a target of 377).

23. According to the PCR diagnostic and analytical capacity of *aimag* and *soum* veterinary laboratories was enhanced through improvements to infrastructure such as equipment, loans for drug revolving funds, the construction of sheep dips, and the upgrading of veterinarians, and staff of four *aimag* centres. *Aimag* veterinarian laboratories were formally accredited by the National Standard and Measurement Centre.
24. Four *aimag* nuclear herd centres were established as were 18 *soum* breeding centres and artificial insemination points; the project also made loans of highly productive livestock to a total of 306 poor herding households.
25. Extension training outlets were established in 203 *bags*. According to programme monitoring the number of persons trained reached an aggregate of 27,000 and more than 66,000 rural residents received advisory services. However, the mission found no evidence of the herder field schools being pursued.
26. An emergency *dzud* fund was established in four *aimags* and each *aimag* was allocated nearly MNT 5 million to be given to herders as a production loan to finance winter preparation (e.g. hay making and storing, restocking, establishment of a fodder revolving fund).

Component 2: Other economic activities

27. Income-generating activity (IGA) support was provided principally through training and a financial package. A total of 1,035 pieces of small-scale equipment were distributed as grants or loans, depending on their value. A total of 22,000 people were trained in vocational, income-generating and business skills such as bakery, dairy, skin and wool processing, shoe repair; 73 per cent or 16,100 were women. According to the project documentation 460 IGA shops and ventures were created or supported. This substantially exceeds the target at design (the outcome was nearly six times the target of 77), but means that only 2 per cent of those receiving training were able to set up a business.
28. According to the PCR 33,000 households (against a target of 1,485) were supported with potato and vegetable seed. This would suggest that all the urban households and 1,300 pastoral households were supported. The project trained around 20,500 people in vegetable cultivation, harvesting, processing and storing technologies.

Component 3: Rural financial services

29. Xac Bank branches were established in the four *aimag* centres and 31,672 loans worth MNT 27.7 billion were distributed as of 2010. It was targeted to establish 16 savings and credit cooperatives or community-driven participatory financial institutions: by end of 2010 a total of 11 savings and credit cooperatives were established and supported by the XacBank franchising service with training and consultation.
30. Micro loan disbursement without collateral to women's groups was undertaken in coordination with XacBank since 2008 and with Khan Bank from 2009. Some 366 members of total 86 groups received loans from XacBank while Khan Bank disbursed loans to 123 groups as of end 2010.

Component 4: Social development

31. Under the social development component the project supported construction and rehabilitation of infrastructure as well as training. Table 2 below illustrates the main achievements under this component.

Table 2
Meeting social development targets

	<i>Target</i>	<i>Actual achievements</i>
New <i>soum</i> hospitals built	2	9
<i>Soum</i> hospitals rehabilitated	61	26
<i>Bag</i> health facilities upgraded	49	98
<i>Soum</i> and <i>bag</i> health facilities		20
<i>Soum</i> and <i>bag</i> schools upgraded	21	20
School dormitories created or rehabilitated	24	44
<i>Soum</i> kindergartens	73	19
Creation of mobile kindergartens	73	79
Health workers trained	353	2 427
Teachers trained	330	3 096
Children in school drop-out programme	3 900	3 974
Literacy training for children		2 230
Women trained in family planning and reproductive health		2 130

Source: Targets: 2009 RPRP revised logical framework. Achievements: Project Completion Report, President's Report 2003.

32. Based on the above figures the project was generally successful in meeting or exceeding its quantitative targets.

III. Review of findings by criterion

A. Project performance

Relevance

33. **Project objectives.** Despite the rapid growth of mining, the rural livestock sector remains a key component of the Mongolian economy. Its potential is important: demand for meat and milk products from the rapidly growing urban and mining economy and for cashmere from the world market is buoyant. Its problems include high risk of environmental disaster, inefficient markets, and in places an overused environment. Solutions to these problems are highly relevant both to government programmes and to IFAD's mandate and country strategy.
34. The RPRP project belonged to a well-defined generation of donor-funded pastoral projects in Mongolia, including projects by the World Bank, United Nations Development Programme and the Swiss Agency for Development and Cooperation. They focussed on institution-building, pasture management, restocking and a group of issues identified shortly after the start of the transition from a command economy in the early 1990s. The IFAD Arkhangai Rural Poverty Alleviation Project (1996-2003) was one of the first of these projects and RPRP had the Arhangai lessons available to it at the design stage (see box).

Lessons from the Arhangai Rural Poverty Alleviation Project

- By 2004, 40 per cent of project beneficiaries have fewer livestock than when they took out the loan. The main reason for this was the incidence of *dzud*. Effective risk management must include establishment of safety net mechanisms along with pasture management to avoid overgrazing.
- Priority should be given to rangeland assessment and pasture management which should be actively pursued in RPRP.
- Several institutions are working on rangeland monitoring yet there is no communication between them. There is a need to capitalize on existing knowledge ensuring that advice reaches government and project staff.
- Vegetable loans, seeds and training led to successful vegetable production. However, a short growing season, grasshoppers, water shortage, inadequate markets and Chinese competition, all make the future of vegetable growing uncertain. Vegetable production in Arhangai fell after the project ended.
- The project did not have a viable institution-building component.

Source: IFAD, 2007, Mongolia, Arhangai Rural Poverty Alleviation Project: Completion Evaluation. Rome, IFAD Office of Evaluation.

35. The RPRP project design turned these recommendations into a project emphasis on institution-building, through the RMMCs, and a focus on vegetable growing and alternative income-generating activities. There was provision for a *dzud* emergency fund, but no real provision for risk management in a more general manner was made. This was a shortcoming in the project. The importance of risk to herders is widely recognized in Mongolia (including *dzud*, drought, grass fire, animal theft, market risks, animal disease),²⁶ but little was done by the project to this effect.
36. The components of the RPRP programme (technical support services, participatory rangeland management, rural finance capacity-building, promotion of IGAs and social development) were consistent with IFAD's country strategy (1998).²⁷ They were also broadly in line with Mongolia's poverty reduction strategy priorities (interim) from 2001 and 2003²⁸ as well as the emerging national strategy for livestock development then being debated.
37. **Project design and process.** Despite questions concerning the underlying assumptions of the development model followed by the project, the objectives were relevant to the main priorities of poor rural households, with the exception of risk management.
38. By subsequent IFAD standards, this project design included a wide set of sectors and activities, and should perhaps have had a more precise focus. To argue, as we do below, that more emphasis should have been placed on risk management adding another component, might seem paradoxical. However, with the benefit of hindsight it is clear that risk management is central to any successful rural development in Mongolia, and should have been at the centre of the project design, as the Arhangai evaluation observed. To have such a focus would not have been inconsistent with a project design which addressed a more limited range of activities in greater depth. This combination, a more focused project with range management at its centre, would perhaps have been more manageable.
39. The limited project activities in risk management did not reflect the national debate about risk management nor the activities of other donor projects in this respect

²⁶ FAO, Managing Pastoral Risk in Mongolia. 2003, FAO/TCP/MON 0066.

²⁷ Specifically, the country strategy emphasized rural poverty alleviation through restocking on credit, together with complementary measures, especially veterinary services, greater livestock productivity and improved co-management of pastures. Small scale vegetable growing was a second priority. The country strategy also identified risk management as a priority.

²⁸ The main priority areas were: a) reduction of unemployment, b) public sector management, c) improved access and delivery of basic services, and d) increased living standards.

(especially the World Bank's Sustainable Livelihoods Project). The IFAD Arhangai project had provided critical lessons about the importance of risk management. There had been very large livestock losses from the *dzud* of 2001, leaving Arhangai project beneficiaries struggling to pay off their livestock debts. The RPRP project did not adopt recommendation 2 of the Arhangai project completion evaluation. This recommendation was clear: "in collaboration with IFAD, the Government of Mongolia should provide [a] policy framework for risk preparedness to ensure the sustainability of selected interventions in the country."²⁹ The emergency fund was the only substantial RPRP project innovation concerned with risk management. The lack of a wider policy framework for risk management meant that the risk fund played only a small role. Annex 14 of this report outlines the policy framework of risk preparedness being discussed in Mongolia at around this time; it includes building resilience into the system, systematic winter preparation of camps and animals, contingency planning, micro-finance and index-insurance.

40. Project activities outside the pastoral economy – employment generation and small enterprise development, vegetable production and sale - provided an exit route from the pastoral economy for some of the herders who fell victim to these risks.
41. The key assumptions underlying the project, shared by other donor-funded rangeland projects in Mongolia around that time, were that productivity of herding was failing due mainly to overgrazing around urban centres, that the process could be reversed by building rangeland management institutions and respecting carrying capacity, and that targeting project benefits to poor households within communities could be pursued simultaneously with persuading rich households to participate in the collective action required to achieve project goals. All three assumptions are open to doubt. The assumptions are discussed in paragraphs 43-53, 102-107 and in annex 9.
42. The evaluation found that the logical framework of RPRP was based on overly optimistic assumptions about what the RMMCs could achieve in terms of income growth and sustainable rangeland management. The project design had little indication of how income growth would result from the RMCCs, other than by improved veterinary care. Issues of grazing plan implementation, raised livestock productivity, and better marketing were largely ignored. The downstream links by which improved pasture management could lead to improved individual animal production which, together with better integration into efficient markets, could lead to greater rural productivity and improved welfare, have to be taken largely on trust.
43. As a result of these assumptions some targets were overly ambitious. For example targets included a reduction in the population below the official poverty line by 67 per cent by 2010; average income of 80,000 beneficiary households doubled by project end, 50 per cent decrease in school drop outs.³⁰
44. In addition, there was lack of clarity in the various reports as to whether an increase of the herd was expected (e.g. 70 per cent of households reporting 80 per cent increase of herd size as compared to baseline in the revised logical framework of 2009) or rather an increase in the productivity of all livestock species, that is an increase in production per animal, and not an increase in numbers of animals.
45. Another problem with the RMMCs was the idea that they should work with and include all existing institutions and organizations at the *bag* level. There were obvious differences in the strength and commitment these institutions were able to make and the knowledge and experience each brought to the work. As a result RMMCs were heterogeneous: some were experienced in pasture management and ready to assist the project in doing this; other were specialized in other aspects of development and not particularly interested in the project's activities.

²⁹ IFAD 2007. Arhangai Rural Poverty Alleviation project: Completion Evaluation, p. 30.

³⁰ IFAD 2002, logframe appendix III.

46. IFAD's Technical Review Committee recommended that the appraisal should explore opportunities to integrate the project activities with those of the World Bank and other international development agencies. There is some evidence of knowledge sharing having taken place.³¹ However, the evaluation found that several rangeland development projects (e.g. Green Gold/Swiss Agency for Development and Cooperation, Sustainable Grassland Project/United Nations Development Programme, Sustainable Livelihood Project/World Bank) were being implemented at the same time, with similar objectives, but with little coordination.
47. **Targeting.** It is not clear how the target provinces were chosen and the process was obscured by uncertainties in the data. The project appraisal states that the four *aimags* ranked amongst the very poorest in the country³² and the baseline study estimated an average poverty incidence of 53 per cent (the national average was 36 per cent). However, a recent detailed survey concluded that at the time of project design Khentii and Bulgan had least poverty nationally, Arhangai was in the middle with 35 to 45 per cent of the *aimag* population in poverty, and Khuvsgul with 45 to 55 per cent was in the highest poverty level.³³ The choice of Arhangai was natural since IFAD had already worked on rural poverty there and this offered a chance to follow changes over a longer period. The choice of the three other *aimags* was most likely made on the proposal of the Government whose main concern would have been to ensure that donor projects were well distributed across the country. There was significant poverty in all three *aimags* even if they were not on average the poorest based on the data in the more recent survey. The figures suggest that the *aimags* chosen by this statistically messy process all have significant levels of poverty. The sample is therefore acceptable for project purposes.
48. Targeting in a pastoral economy creates different and in many ways more complex issues than in an agricultural or urban economy. In the project area the measure adopted for targeting was herd size which may be a poor proxy for household welfare in an economy with significant levels of risk. Other measures are available, including participatory ranking of households by perceived power or status by their peers, but were not used.
49. The appraisal (paragraphs 25-28) identified four groups of households ranked in terms of their livestock holdings as follows:

Table 3

Ranking of target groups

<i>category</i>	<i>Wealth level</i>	<i>Per cent of total rural population</i>
More than 500 animals	rich	5-10
100 – 500 animals	medium	30-40
20-100 animals	poor	30-50
Fewer than 20 animals	very poor	10-25

Source: Appraisal Report 2002

50. After an initial poor start, successful attempts were made to target micro-credit to poorer households. It would have been counterproductive to target some other categories of project intervention (for example teacher training or veterinary services) to the poor or very poor in a society where those categories of households

³¹ The Division reported that it maintained regular interactions with the Bank whose project was yet to be formulated; and that both sides would ensure harmonization of project approaches and timing of processing. Moreover, the Division was exploring the potential for collaboration of the IFAD and World Bank funded projects, given their similar approaches IFAD (2001).

³² IFAD (2002)

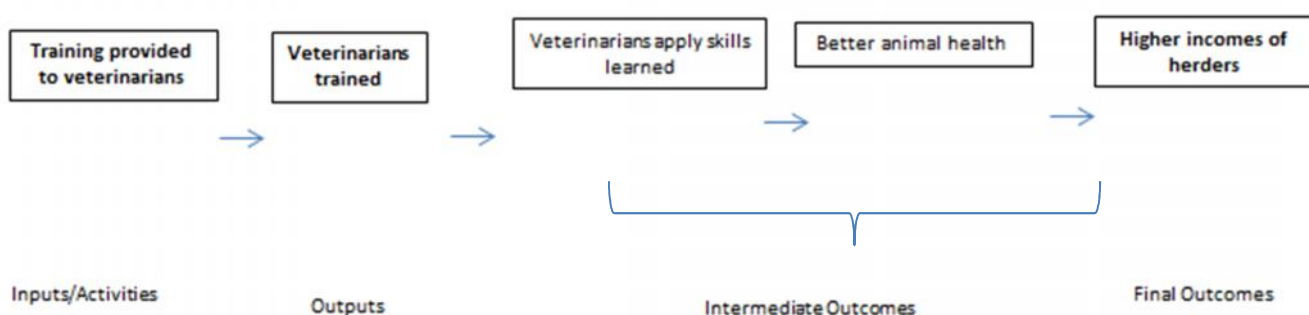
³³ Coulombe and Otter (2009).

are intricately mixed with richer households and depend on them for support, as outlined in paragraph 53 below.

51. The appraisal states that within *aimags* project benefits should be targeted principally to the bottom three socio-economic groupings, or the categories medium, poor and very poor. It goes on "however, the so-called rich will not be excluded from participation because they tend to be influential and may be able to perform the role of risk-taking pathfinders for specific activities, but they will not be targeted explicitly." A policy designed to reach 90-95 per cent of the population, and to not exclude the rest can scarcely be described as targeting. It means paying substantial transaction costs to reduce the influence of at best 10 per cent of the population. As discussed below there are anyway reasons associated with collective action to include the top ten per cent in the distribution of project benefits.
52. The poorest households are in many cases better off outside pastoralism and need to be targeted with 'urban' rather than 'rural' benefits. This is the case of most women-headed households, and the 'new herders' who left the big towns at the time of economic hardship during the transition and are now drifting back to the towns again. These are in general the households identified as the 'poorest' category of those still in the countryside, and perhaps a substantial part of those classified as 'poor'. However the poorest groups on the herd size criterion alone include some households whose present small herds are due to the high risks in pastoral life, but who score well on the multiple and more reliable criteria of adequate skills, knowledge, labour and networks. They should be put high on the list for livestock interventions whatever their current ranking on herd size alone, although targeting them will not be easy.
53. There are further and more fundamental difficulties with targeting based on herd size. Although benefits are targeted to medium, poor and poorest groups, the rich are still expected to participate in collective action by the group, such as range management and other activities. Rich households include most of the stronger and more experienced households in the *bag*, and it is unlikely that participatory range management can be accomplished without them. Targeting benefits uniquely to the poorest is likely to reduce the ability of the group as a whole to undertake collective action in pursuit of other objectives. It also risks undermining traditional social support mechanisms within pastoral society itself. In this respect the project could (but didn't) have experimented with a targeting mechanism developed in Arhangai. Poor households were not separated out from their camps, but entire camps containing poor households were targeted with benefits as part of a contract between the project administration and the camp leader in which the camp leader undertook to supervise and teach poor households how to improve their herding skills.
54. Targeting in *soum* and *aimag* centres on the basis of lists of poor households proved to be acceptably accurate according to local officials, although no reliable data demonstrating this were located. For the rural financial services the target group was not reached to a sufficient degree due to high interest rates and collateral requirements (this is discussed further in paragraphs 74-77).
55. To sum up, the RPRP project was a part of the conventional wisdom of that period, and its particular approach was intended to test a specific aspect of that conventional wisdom. Its activities were relevant to the problems facing rural Mongolia in a difficult transition. However, some of the project assumptions are open to doubt such as the assumption that rangeland institutions could reverse overgrazing and increase productivity by respecting carrying capacity. The project has sent out mixed messages regarding targeting which would have had high transaction costs, for little benefit. With this in view it would perhaps have been preferable not to have attempted to target at all. The rating for this criterion is moderately satisfactory (4).

Effectiveness

56. Effectiveness is the extent to which the objectives of the project and its components have been attained or are likely to be attained both in quantitative and in qualitative terms. This section assesses the achievement of objective against the original targets. Based on the project objectives the following paragraphs divide the achievements of the project into two sections: (i) increase sustainably the productive capacity of herders, cultivators and the general public; and (ii) offer increased access to economic and social resources, including education, health and social services.
57. The chart below (as well as annexes 12 and 13 which provide more details) illustrates through an example how only inputs, outputs and final outcomes were identified in the President's Report (illustrated in bold) whereas intermediate outcomes (regular font) were largely absent in the logframe.³⁴ As a consequence the subsequent monitoring reports largely focused on outputs and less on outcomes and the same applies for this section which to a large extent has had to rely on project documentation.



58. During the project period no consolidated attempt was made to analyse the distribution of project benefits according to the four groups of households (rich, medium, poor and very poor) which were ranked according to their livestock holdings (see paragraph 48).
59. Upon the recommendation of the midterm review, efforts were made to strengthen the project activities of the poor, very poor and female-headed households. The revised logframe contained indicators to capture the poverty focus in the project objective, and in two of the project components (rural financial services and women in development). The PCR estimated that 32,884 of the total benefitting households were direct beneficiaries and that 20,284 or 62 per cent of them were poor or low income households thus reaching the revised logframe target of 60 per cent.
60. Successful attempts were made to target micro-credit to poorer households but the target for rural financial services was not reached to a sufficient degree.
61. According to the PCR poor households mostly benefitted from vegetable cultivation, small-scale equipment and livestock distribution, vocational training, hay and fodder distribution under the emergency funds. However, less than 20 per cent of the total expenditures for the programme were allocated to these activities.
62. It is not known the extent to which the poorest herders were reached through the RMMCs, but as discussed below the benefits of being part of a RMMC have been meagre.
63. **Objective 1: Increase sustainably the productive capacity of herders cultivators and the general public.** This objective was measured by increased income (e.g. the income of 80,000 beneficiary households doubled by project end); more than 6,000 jobs sustainably created and 4,500 IGAs started.

³⁴ This was also largely the case with the revised logframe of 2009.

64. Income growth was the objective of project work on livestock and natural resources, alternative livelihoods, and rural financial services. Component 1 aimed at increasing the value of livestock production sustainably within current and expected carrying capacities of the rangelands and to support poor herders to increase their earnings from alternative livelihoods.³⁵ Substantial income growth took place nationally during the project period. However the evaluation believes that it is risky to attribute income growth of herders to the actions of the project such as these. Improving productivity is a long-term strategy combining policy reform, investment, training and improved technology, and it will be some time before a coherent and measureable increase in welfare and income from livestock will be evident. It will largely depend on the success of local institution-building, especially the RMMCs as discussed in the paragraphs below.
65. RMMCs have a mixed record. The evaluation was concerned that many groups were formed in a top-down manner, hastily, in order to meet programme targets³⁶ and lacked ownership. Many did not survive long after the initial interest in the programme. There were few benefits to members, high transaction costs, and control has been taken over by government. Some persevered and have started to bridge the gap between customary mechanisms for management of natural resources and government capabilities and practice. The original plan was that the RMMCs should represent herder interests alone; in practice they have substantial government representation (often more than half their members) on their boards. But they allow some participation of herders in decisions about pasture use, livestock services and other key issues.
66. The institution-building done so far through the RMMCs is not enough to have achieved the project objectives in a convincing way. The project's approach focused on establishing a great number of RMMCs, but real empowerment and self-mobilization of community was not strong.
67. Maps and plans were made through a process dominated by *soum* land managers and outside consultants. The maps seen by the evaluation were superb and the natural resource information contained in them is an important resource for planners. But precisely because they are so good, the maps tend to become the last word on the subject, a variety of cadastre in a situation of inadequate and uncertain information. They do not allow much ambiguity in what is essentially an ambiguous situation, a dynamic and potentially conflict-ridden system of open range management. This system evolves and changes. For example, there are no proposals on how population growth will be handled in future when existing household grazing rights are divided between successor households, or how newcomers can acquire grazing rights.
68. The inevitable conflicts around access to winter-spring pastures, especially in non-equilibrium habitats in drier *soums*, are the best example of the problem. Resolving such conflicts requires an innovative formal framework within which informal solutions can be negotiated by herders and approved by government.
69. *Soum* pasture management plans have a detailed timeline with responsibilities for each section in the hands of government at *soum* level. But while the project performed well in terms of achieving the physical outputs (compiling maps and plans) the evaluation did not come across evidence that the maps or plans were being used.
70. The evaluation visited rehabilitated wells, veterinary laboratories and other infrastructure constructed by the project. The sample was too small to draw any firm conclusion. But project performance seemed satisfactory.

³⁵ IFAD 2002, Working Paper 2.

³⁶ IFAD (2006), December 2006 and June 2007.

71. The PCR reports that outreach and quality of veterinary services were improved, some major diseases were controlled and infected livestock treated; progress was made in controlling rodents without use of harmful chemicals.³⁷ Diagnosis of animal diseases was made in the countryside, with savings of several days: for example, rabies can now be diagnosed at aimag level. Animal breed upgrading, carried out by NGOs and government, was supported, especially by training herders in artificial insemination. Supervision reports³⁸ point to veterinary services (field services, veterinary clinics and the aimag veterinary laboratory) operating effectively. The government attributes substantial reported falls in livestock losses to improved veterinary activities, but without detailed evidence.
72. Although agricultural extension, especially training, reached higher numbers than targeted, project staff pointed to weaknesses. As this was a relatively new sector there was no effective structure or policy in place; extension was severely underfunded and the restructuring and policy changes undertaken in 2008-2009 by the national agricultural extension service centre resulted in the project's extension service units not being maintained.
73. Work on alternative livelihoods and economic diversification was one of the project's main successes and is likely to have led to income growth for the people involved. Vegetable and crop cultivation were the main focus and were considered successful.³⁹ Most enterprises were still active three years later. The achievements are summarized in paragraphs 31-32. The number of people enrolled in the teaching programme (20,500) exceeded the total number of households in the rural centres in the project area (20,000).⁴⁰ Almost all were cultivating for the first time. About 15 per cent of households were engaged in semi commercial production, selling potatoes and vegetables. However enthusiasm for vegetables should be tempered by the conclusions of the Arhangai project: vegetable growing there was thought to have limited sustainability after the end of the project because of a short growing season, grasshoppers, and competition with large-scale entrepreneurs and Chinese imports.⁴¹
74. Another 20,000 individuals were trained in vocational income-generating and business skills and 460 IGA shops and ventures supported. The evaluation visited several of these ventures which were run in the main by enthusiastic women; it appears that there is demand for this type of support.⁴² However, few graduates seem to have successfully set up businesses. In fact this target is substantially below the original target of 4,500 IGAs. There is no information on the number of jobs created.
75. Work on rural finance sought to improve access to financial services in rural areas for the poor and women, and to extend services in rural areas through competition. This was not easy. The major financial institutions were either not present at *soum* level or reluctant to deal with the target group.⁴³ In an effort to reach remote and mobile herders, especially the poor, XacBank established branch networks with mobile units and franchised savings and credit cooperatives.
76. This encouraged competition and contributed to a reduction in interest rates of loans at *soum* level.⁴⁴ Loans worth MNT 27.7 billion were distributed, mostly through

³⁷ IFAD 2011: 7

³⁸ IFAD 2007: 40

³⁹ IFAD 2008

⁴⁰ Possible explanations if the figures are correct: a substantial number of herders were trained in vegetable cultivation, or more than one person per household was trained, or people were trained several times. The same applies to the 20,000 trained in income-generating activities.

⁴¹ IFAD 2007: 26

⁴² It is assumed that vegetable growing and income-generating activities are both principally, although not exclusively, urban occupations. With an urban target population of 20,000 households, training 20,500 people on vegetable growing and 20,000 in income generation means that each urban household must have on average benefitted from two training sessions.

⁴³ IFAD 2009: 91

⁴⁴ IFAD 2009: 6

mobile banking services. However, as a result of XacBank policies restricting what could be used as collateral, very poor rural households with no regular income had little access to XacBank financial services.⁴⁵ Following the 2007 progress review, micro loans to poor and very poor women were made at *soum* level. Savings and credit cooperatives changed their operating rules and in-kind loans were made to poor and very poor households after receiving vocational training. Subsequently, a subsidiary loan agreement was signed with Khan Bank by which every *soum* with a Khan Bank branch would have at least one women's savings and credit group. Start-up was slow.⁴⁶

77. Diversification of financial services and more competition have to a limited degree improved access to rural finance. However, late implementation of women's group lending, lack of emphasis on group savings and strict rules on collateral have weakened the targeting of resources to poor and vulnerable households.
78. **Objective 2. Offer increased access to economic and social resources, including education, health and social services.** This objective was covered by component 4 on social development and indicators included a 50 per cent decrease in school drop outs and a reduction of the incidence of preventable diseases. Activities consisted of provision of infrastructure, training of teachers, doctors and nurses as well as training for women. According to the PCR all social development infrastructure was operating efficiently at 100 per cent (against a target of 95 per cent). Schools, hospitals dormitories and kindergartens are all important investments in *soums* and *bags*. Although the evaluation had limited time to investigate this component, it seems to have been one of the most successful. The evaluation visited two hospitals and three kindergartens and confirmed that these were functioning well and accessible. The hospitals were soundly built and well equipped; both directors were appropriately educated and dedicated. The kindergartens were full of well-dressed children. There was strong local demand for kindergarten places.
79. While the five project components (livestock and natural resource management, other economic activities, rural financial services, social development, management) on paper complemented each other it appears that they were implemented separately without much coherence or synergy. For example training on income generation was not directly linked to the rural financial service project component. In the same vein, extension activities were not sufficiently linked and followed up with IGAs.⁴⁷
80. In summary the PPA found that the project had limited success in achieving income growth for herders and urban dwellers. Despite important achievements – starting a planning process for sustainable pastoral management; increasing access to water and extension services - the evaluation did not find evidence that these achievements had yet led to income growth for herders and rural dwellers. This was in part due to overly optimistic assumptions about what the RMMCs could achieve in terms of income growth. The project however was successful in reaching many outputs related to social services such as rehabilitating schools and hospitals and it can be inferred that as a result the impact of social services increased. Based on the above analysis, the relative investment in different components, and the good performance of outputs against targets, the overall effectiveness in achieving the project objectives is 4 (moderately satisfactory).

Efficiency

81. Efficiency is a measure of how economically resources/inputs are converted into results, at different levels, including outputs and impacts. However, standard measures of efficiency, such as IRR, are difficult to apply in pastoral economies for reasons discussed in paragraph 83 below. This evaluation has therefore had to rely

⁴⁵ IFAD 2008: 4

⁴⁶ This was due to the fact that women selected to become members had outstanding balances.

⁴⁷ IFAD 2007

- on proxy indicators such as elapsed time between loan approval and effectiveness; time overruns; disbursement of funds; project management costs; and cost per beneficiary household.
82. The loan became effective 10 months after Board approval. This is faster than IFAD's global average (12.4 months) but slightly lower than the average for the Asia and Pacific Division (9.2 months). The project completion date was extended from 30/09/2010 to 31/03/2011 (6 months). After a first period of slow project implementation, IFAD loan disbursement at completion stood at 97 per cent.
 83. **Economic rate of return.** The PCR noted that no economic rate of return was estimated for the project. Benefits were of a long-term nature and mostly non-quantifiable (e.g. protection of natural resources). The PCR states that it was impossible to undertake an ex-post economic analysis of the whole project, due to the lack of data on benefits at completion and this evaluation concurs with this assessment. More precisely, calculating an IRR for the project as a whole or project components is hazardous, for two related reasons. First, the value of outputs and their timing is often extremely difficult to estimate in a pastoral economy where economic activity is hidden, scattered, isolated and difficult to measure, where much of household production is consumed within the household, and where markets are distant and uncertain. Second, in the highly variable circumstances of a pastoral environment – where a major influence is played by *dzud*, drought and other risks – any attempt at measuring average returns is fraught with difficulty. The PCR did, however, estimate an internal rate of return of crop development, where these problems do not apply with such force, as 26.1 per cent. These points to an efficient use of the US\$84,300 disbursed on this activity even though yields and production per household trained are low.
 84. **Management costs.** According to the PCR, RPRP incurred higher than anticipated costs in programme management, pasture management, crop development, and health (see annex 11). Expenditures rose due to higher costs of civil works for wells and hospitals in remote areas. Other expenditures related, according to the PCR, to higher than anticipated salary and travel costs, reflecting an underestimation of the managerial, manpower and logistical challenges posed by the very large programme area. As concerns the management cost there are variances amongst different documents. Whilst the PCR calculated the management cost as 20 per cent of the budget the 2009 supervision report found management cost to be 11 per cent. There are different ways of calculating the management cost which can be interpreted more or less broadly to include (salary, furniture, cars and transportation, M&E and technical assistance) and the variances in the different documents probably reflects this. The President's Report foresaw management cost to be 14 per cent of the programme budget. Based on the figures provided from the project, the management cost was 16 per cent of the total budget of which at least 33 per cent was financed from the Government. The management cost included admin costs of NGOs and other institutions, contracted with the project.
 85. Despite low disbursement rates in some categories most physical targets were met or surpassed. Many training targets were surpassed by very large margins: five to nine times in the case of training of *soum* RMMC members, health workers and teachers. This raises questions about the counting and quality of the training provided. Presumably trainees who attended several courses were counted every time anew so the final total may be misleading. Little information is available regarding the quality of the training. The PCR also notes that inflation contributed to lower real costs.
 86. **Cost per beneficiary.** Total expenditures of the programme amount to MNT 22,680 billion or US\$18.1 million. With an estimated number of beneficiaries of 76,770 households, this works out at MNT295,430 or US\$236 per household. This was in line with the costs of the previous IFAD project (Arhangai Rural Poverty Alleviation

Project) which the PPA team roughly estimated to have been around US\$300. According to the PCR, this is on the low side, if compared to the average for all IFAD-funded projects of about US\$500 per household.

87. **Monitoring and evaluation.** As highlighted in paragraph 5 the logframe was changed in 2009. Some indicators were made less demanding which may have been a lowering of over-ambitious expectations at design (e.g. doubling the income of 80,000 households) and an attempt to make results look better than they were. Changes were also made to outputs, although the main gist was maintained. The few output indicators that remained after the 2009 revision were not lowered. Although attempts were made to make indicators more result oriented some remained vague (e.g. hospitals operating effectively) and others did not include targets (mortality rate reduced compared to baseline). Both logframes were also lacking in intermediary outcomes.
88. While adaptive management is to be expected in the course of an eight year project duration, this evaluation finds that changing project targets 18 months before project closure is unhelpful both in terms of improving project management and for future evaluation work and other accountability purposes.⁴⁸ Problems with the M&E system had been raised since 2006⁴⁹ and should have been resolved earlier.
89. In addition to the above the evaluation team identified minor inconsistencies regarding the project purpose and objectives in the various documents. Hence, while the appraisal report refers to "increase of value of livestock production, efficient management of natural resources and increase of income earning capabilities" the President's Report refers to "sustainable increase in productive capacity and increased access to economic and social resources, including education, health and social services."
90. The PCR points to deficiencies in the RIMS survey methodology and the PPA concurs. Surveys were conducted in three rounds: 2003 (National Statistical Office), and RIMS surveys in 2006 and 2009. Survey design was not adequate to the task of measuring changes in the wellbeing of the target population: sampling methods were inappropriate, the information gathered was not directly comparable, and no control groups were identified. Samples with and without project, nested in the original baseline survey, or panel surveys, would have provided better data. The evaluation team recognizes that such surveys in remote and scattered pastoral areas present particular difficulties in design and execution, and there are few successful examples to guide survey design.
91. Based on the limited information that the evaluation team was able to retrieve on this criterion efficiency is rated moderately satisfactory (4).

B. Rural poverty impact

92. General weaknesses in monitoring and evaluation were discussed in paragraph 87. This particularly affects household level data and information available on rural poverty impacts. Information on household income and expenditures, and on agricultural outputs, is limited and of questionable value. In addition, in the course of the project the National Statistics Office changed the way the poverty line was calculated to better reflect the economic changes taking place. A further reason to be cautious of the figures is that very large macro-economic changes were taking place in Mongolia during the project period, but are poorly reflected in the figures. Two events were particularly important from this point of view.

⁴⁸ This issue was recently raised through IFAD's quality assurance process. The Annual Report on Quality Assurance in IFAD's projects and programmes states: "...the degree to which log frame indicators are revised during project implementation was also discussed during several QA sessions. In general, balancing the demands of IFAD's RIMS requirements with the optimal approach for monitoring and evaluating the effectiveness of IFAD interventions is an area that warrants further consideration in 2012. (EB/2011/104/R.51).

⁴⁹ IFAD 2006

93. First, the impact of mineral discoveries and exploitation was substantial and had a large positive effect on national economic indicators. GNI per capita rose over the life span of the project from US\$ 480 in 2004 to US\$ 1,890 in 2010. The National Statistical Office of Mongolia reported that poverty remained stagnant at around 35 per cent between 2002 and 2008, went up to 39 per cent in 2010, and dropped to 30 per cent in 2011. Poverty remains higher among rural populations (33 per cent in 2011) than urban ones (27 per cent in 2011). Gini coefficients show that inequality in household consumption rose from 33 in 2003 to 36 in 2008. If the poverty line had been kept constant in real terms throughout the period, there would have been a significant reduction in poverty between 2002/3 and 2008/9. It looks probable that some of the positive effects of the mineral boom have trickled down to herders.⁵⁰
94. However the rural economy remains vulnerable to natural risks, especially *dzud*. The 2009/2010 *dzud*, the worst for several decades, was especially harmful. These two drivers of change – new mineral wealth and *dzud* – work against each other. This makes firm conclusions about poverty difficult to draw or attribute to the project.
95. There are signs of improvement in poverty rates in the project area, although the quality of the data is poor. According to the PCR just over half of the 900 households covered by the RIMS survey answered that their income increased between 2006 and 2009. This is close to the revised indicator of income increases for 60 per cent of the programme households but far from the original target of doubling the income of 80,000 beneficiary households. It is not stated by how much the income rose but the Government PCR citing the National Statistical Office of Mongolia reports that between 2003-2009 GDP per capita in the four project *aimags* increased by between 2.5 and 3.9 times, compared to an average national increase of 2.8 times.⁵¹ The government PCR (page 12) also states that at the start of the project, the 2003 baseline survey showed that poverty incidence in the four project *aimags* was 53 per cent. According to a survey by local government in cooperation with the PIUs in 2006 poverty incidence in that year fell to 30 per cent. But due to the world economic situation and the 2009 *dzud*, it rose again to 34 per cent in 2009.
96. The number and value of assets owned by the surveyed households increased in almost all asset groups. Households with TV have increased from 56 to 72 per cent, those with a motorcycle have gone up from 28 to 41 per cent, car ownership rose from 15 to 21 per cent and that of a small tractor from 3 to 4 per cent. Access to electricity increased from 66 to 86 per cent of surveyed households.⁵² This trend was confirmed by direct observations by the PPA mission. But given the rapid growth of GDP during this period, due to mining revenues coming online, it would be misleading to attribute these improvements solely to the project.
97. Based on the above analysis the rating for this criterion is 4 (moderately satisfactory).

Human and social capital

98. As described in the project implementation performance and effectiveness section of this report the RPRP trained many people in subjects from insemination technologies and well maintenance to midwifery. This was done using only 58 per cent of the allocated budget. There is no evidence that needs assessments were undertaken and little information on the quality of the actual training or how the training was used to put the acquired knowledge into practice.
99. There are indications that the format was not always right. For example the 2006 progress review argued that extension delivery and content should be reviewed and be geared more towards field demonstration, experimentation and practice rather than classroom sessions. Despite this the herder field schools were not pursued. In

⁵⁰ World Bank 2009. Figures in this paragraph have been rounded up to the nearest integer.

⁵¹ Government of Mongolia Project Completion Report 2010:153.

⁵² IFAD 2010

the same vein, supervision reports highlighted that large numbers were trained in technical activities but that less attention was given to enterprise development. Furthermore, the choice of activities/skills for the income-generating activities may in some circumstances not have been appropriate. The 2007 supervision report observed that large numbers of women had been trained in bakery and hair dressing, but the bag could only absorb one of each of these.

100. In terms of education objectives RPRP contributed indirectly to positive impacts. According to the government PCR the number of pupils living in dormitories increased by 1,163 during the project period and 29,000 children were involved in mobile kindergarten activities; pre-school activities increased by 76 per cent.
101. The original logframe set a target of a 50 per cent decrease in school drop outs. The 2009 logframe included a reduced drop-out rate as compared to baseline but no target was set. A total of 3,974 children were involved in school drop-out training and 2,230 in literacy training under the program. Statistics from the *aimag* education departments showed that fewer children dropped out of their school and literacy increased in the four *aimags*, but the exact numbers and attribution to project activities are uncertain.
102. Water management support activities have improved living conditions at the *soum* and reduced the shortage of water for livestock. The RIMS survey reports (2010) that the proportion of households with safe source of water increased between 2006 and 2010 from 21 to 41 per cent. The proportion of households using the protected dug wells increased from 18 to 35 per cent.
103. The formation of women's groups is likely to have contributed to a feeling of empowerment. The evaluation observed several cases where confident and effective groups of women were running new enterprises.
104. Based on the above the rating for this criterion is 4 (moderately satisfactory).

Food security and agricultural productivity

105. The project had two main production activities: livestock and crops. In addition, the RPRP supported hay production for winter fodder.
106. While the original logframe included no indicators related to more or better livestock, the revised logframe of 2009 included an indicator of 80 per cent increase of herd size as compared to baseline. The PCR refers to a household survey which reported that between 19-37 per cent of households reported an increase in herd size.⁵³ This statement does not directly respond to the indicator, but data from the annual census point to an increase in livestock in the *aimags* of 70 per cent, or nearly double the national average of 39 per cent (see annex 10). These figures, if accurate, do not fit well with the project's implicit objective of raising productivity of livestock rather than numbers. In fact the figures probably reflect the characteristic behaviour of non-equilibrium systems, where ecological drivers external to the system, such as *dzuud*, are the prime determinants of livestock numbers (see paragraphs 115-118). Such a substantial increase in livestock numbers during a large scale *dzud* is surprising, even during a period of rapid growth in national income from the new mining economy.
107. The government attributes a substantial fall in livestock losses between 2003 and 2008 (8 per cent) to improved veterinary activities. But it is difficult to interpret changes in livestock numbers between any two years in an ecology where there are substantial inter-annual changes in total livestock numbers, since the result depends largely on the years chosen for the analysis.

⁵³ There are inconsistencies between the data reported in the Government Project Completion Report and the Project Completion Report.

108. Support to vegetable cultivation through the provision of seeds, small tractors, sprinklers, greenhouses, storages and training, has made an important contribution to agricultural productivity. Since 2003, potato production increased by 81 per cent by 2009, while vegetable production rose during the same period by 72 per cent. Less than 1 per cent of the 900 households surveyed had grown vegetables in 2003 while 30 per cent were growing them by the end of the project. The RIMS data state that about 56 per cent of current vegetable growers reported they sold potatoes and vegetables (against a target of only 15 per cent). Given the absence of any substantial local tradition of vegetable growing prior to the project in the project *aimags*, with the exception of Arhangai, these changes can be confidently attributed mainly to project activities.
109. Through the emergency fund, the project restocked on credit 104 herding households in 20 *soums*. The RPRP also established a fodder revolving fund worth MNT 80 million in each *aimag*. Equipment for fodder making and hay making was provided on credit to the economic entities through the Department of Food and Agriculture of the *aimag* Government. According to the PCR the emergency fodder funds contributed to reduced vulnerability of livestock in harsh winters. This is feasible but it is not supported by any figures. The measures were all useful and to this extent the fund was clearly effective. But these measures taken on their own without a larger risk management strategy would have little long term impact.
110. The original logframe did not include targets on food security but the revised logframe included two indicators: (i) a 50 per cent drop in child malnutrition prevalence compared to the first RIMS Survey; (ii) at least 50 per cent of households improved their food security compared to the first RIMS survey (2006).
111. Child malnutrition decreased slightly from 28 per cent (2006) to 24 per cent (2010) compared to the first RIMS. Children under weight dropped from 5 per cent to 2 per cent. Acutely malnourished children increased from 2 to 4 per cent but no explanation for this was provided.
112. Around 70 per cent of households reported that they had had sufficient food during the previous 12 months. Households experiencing a hungry season decreased from 13 to 9 per cent.
113. According to the PCR, the RPRP has had an impact on food security both because there are more animals, but also because the diet has improved. More vegetables are available because of RPRPs' promotion of vegetable growing. Beneficiaries claimed that the provision of seeds and training for the vegetable cultivation was a crucial support to food security.
114. In conclusion production of livestock and crops increased and contributed to better food security. Other activities have also contributed to greater production (e.g. wells, fodder making and hay making). In terms of food security the project did not meet all its targets although some improvements took place. However improvements that have taken place, within the RPRP project as in Mongolia more generally, represent an increase in production, due to growth in the size of the national livestock herd and the area cultivated to vegetables. Real food security will be the result of an increase not so much in production as in productivity, that is in output per unit of input, whether of labour, land or livestock capital. This is the challenge for future IFAD projects. The rating for this criterion is 4 (moderately satisfactory).

Natural resources, environment and climate change

115. The project logic in respect of natural resource management was built on a sequence of assumptions. The central two concern the dynamics of grassland ecosystems. They are: (i) low productivity and environmental degradation are largely caused by unregulated grazing pressure resulting from too many animals; (ii) the remedy is to balance livestock numbers with environmental carrying capacity.

116. These two assumptions belong to an 'equilibrium' model of grassland dynamics. This model lies behind the strategy as a whole and guides the preparation of maps and plans. Central to the model is the idea that the main determinant of sustainable grassland production is grazing pressure.
117. Current ecological research throws doubt on the universality of the equilibrium model of grassland dynamics which underlies these assumptions.⁵⁴ Especially in dry and highly variable environments such as much of Mongolia, a more appropriate model may be of a non-equilibrium system in which events external to the grazing ecosystem – such as *dzud* – are more important drivers of ecosystem processes than grazing pressure. This has important consequences for pasture management and thus for project design. The most important conclusion is that RMMCs are likely to need widely differing approaches to planning and mapping pasture use in equilibrium and non-equilibrium environments. These models and their implications for policy are described in more detail in annex 9.
118. The RPRP approach to natural resource management assumed an equilibrium model, in which setting appropriate carrying capacities and adjusting grazing pressure to them is the main task of management.⁵⁵ It seems likely however that the project covered both equilibrium and non-equilibrium systems with at least parts of two of the project *aimags* having a non-equilibrium dynamic. In this case the project approach would have been effective in some situations but not in others. In non-equilibrium systems carrying capacity has little meaning since pasture production is largely determined by random events such as *dzud*. In either case difficulties should have become apparent during execution. These tasks were to be carried out mainly through *bag* and *soum* level RMMCs and the mapping and training carried out by RMMCs. Conservative management was envisaged to be a product of detailed planning by RMMCs, with their members. The PPA mission saw little evidence of improved grazing management.
119. As discussed in paragraphs 65-69, several problems arose from the preparation of management maps and plans. Critical institutional design problems, especially the problem of free-riding or unauthorized grazing by herders who do not accept the rules, were not resolved. In theory the RMMCs were supposed to represent all the herders of their *bag*, and grazing by members of one RMMC was intended to be limited to that *bag's* territory. In practice not all herders were represented, and conflicts over pasture access were not addressed. There was considerable pressure on some herders to ignore *bag* management plans, and no mechanism to prevent this. The case of emergency *otor*⁵⁶ movements is especially important. Some provision is made in the plans for *otor* areas, but the process of coordinating movements between different *bag* populations and the need for opportunistic grazing in an emergency is not well covered.
120. **Climate change.** The Mongolian environment has always been one of the most extreme inhabited by humans, and the threat of climate change substantially increases climate risks to herders. A major development objective should be to support the resilience of the herding economy in the face of extreme environmental shocks. According to the original logframe this is what the project sought to do.⁵⁷ However, although some steps were taken in this direction (mainly the *dzud* fund) a comprehensive programme of climate change management to achieve this output was not put in place. Such a programme should have included both a range of measures to encourage the herding economy adapt in the longer term to likely

⁵⁴ Scoones 1996, Fernandez-Gimenez 2012

⁵⁵ Carrying capacity is an estimate of the grazing pressure (number of animals) a given pasture can support without long-term degradation of the pasture resource.

⁵⁶ A rapid long distance movement of herders with their livestock, undertaken for various reasons, including the avoidance of drought or *dzud* and to fatten animals in the autumn.

⁵⁷ The original logframe included an output on herder resilience to natural calamities improved.

shocks of all sorts, whether climatic or other, and also a range of measures to help herders react to immediate emergencies, such as major *dzuds*.

121. Based on the above analysis the rating for this criterion is 3 (moderately unsatisfactory).

Institutions and policies

122. The project aimed to strengthen herder institutions, and also government agencies. The setting up of the RMMCs was an attempt to benefit from herder group experience with collective action. The implementation of the RMMC programme is discussed in paragraphs 56 to 60. The RMMCs were an experiment with a new type of institution made up of individual members, groups and government officials. While the committees were designed as local bodies for collaborative management of resources, their activities were driven by local government rather than by rural civil society.
123. The project operated in a regulatory vacuum, with the draft pasture law stuck in Parliament where it has been for several years. The government and the range projects have been able to experiment relatively easily without the law being in place, but the next steps in natural resource management planning will involve attribution of rights to winter/spring pastures to herder groups, and this will require a more developed legal framework than the pasture law can provide.⁵⁸
124. The logframe of RPRP included no specific objectives or activities regarding policy development. Nevertheless IFAD and RPRP were well positioned to provide input into the National Mongolia Livestock Program (2010), and ongoing plans to prepare a national pastoral risk management strategy.
125. Some experiments on privatisation of services, including the privatisation of part of the veterinary service, are underway but with little progress, and the project has not been involved in this debate.
126. The rating for this criterion is weighted towards institution-building because there were no direct interventions with respect to policies. The impact in terms of institution building and subsequent herder participation has been less than satisfactory. The rating is therefore 3 (moderately unsatisfactory).

C. Other performance criteria

Sustainability

127. The sustainability of the benefit streams generated by RPRP varies according to components and for many RPRP components will depend on their being adopted by the follow-on project. Most important is the work on rural institutions. Continued management and maintenance of other benefits include project infrastructure such as wells, the management of revolving funds, of service provision, and of vegetable growing. Overall sustainability can be ranked as follows:
128. Experience in the RPRP project and elsewhere suggests herders are interested in income diversification. Economic activities such as vegetable growing and micro-enterprises are popular and have so far proven to be sustainable.⁵⁹ However experience from the Arkhangai Rural Poverty Alleviation Project suggests that risks may remain for the vegetable growing because of a short growing season, grasshoppers, water shortage, inadequate markets and Chinese competition.

⁵⁸ In this respect the work done by the Centre for Policy Research in Ulaanbaatar on pasture fees is important and should be in the plans of the next project. Pasture fees can be set at different levels, high in grazing areas close to towns and other infrastructure, where people want to be, and much lower in the distant pastures where nobody wants to go. Pasture fees could generate funding for local government.

⁵⁹ Surprisingly, the government's project completion report (Government of Mongolia 2010: 74) shows the number of households receiving potato and vegetables seeds rose markedly between 2004 and 2008, then fall very substantially in the years 2009 and 2010, the years of the great *dzud*.

129. Credit has not yet demonstrated its sustainability, although XacBank has set up a series of collaborative agreements with organizations such as the Mongolian Women's Federation.
130. Maintenance of wells rehabilitated by the project remains doubtful and the continued provision of water is thus uncertain. While there is an established procedure whereby funds for well maintenance are managed at *soum* level, in most cases the agreements are informal and collection of fees and regular contributions of water users are not in place.⁶⁰ Management of wells is the task of well attendants, but they are only paid irregularly and usually in kind by herders using the water point.
131. Sustainability of extension services at *aimag* and *soum* level depends on continued programme funding. So far, few extension centres have charged fees for training or other services. The infrastructure for local extension has been significantly improved through the renovation of buildings in *bag* centres and provides venues for meetings and training. However the 2008 supervision report noted that there was still insufficient critical mass of 'clients' at *aimag/soum* level to provide an adequate income – through for example the remuneration of services provided by extension and IGA officers – to cover salaries and operating costs.⁶¹
132. As discussed in paragraphs 65-69 and 122 sustainability of the institutional gains created through the pasture management institutions built by the project are fragile. These institutions – principally the RMMCs – do not have an existence independent of the local administration, and cannot be said to represent mainly herders' interests. The fact that the IFAD follow-on project – Project for Market and Pasture Management and Development – has chosen to focus its institution-building on Pasture Herder Groups at *soum* level, and not continue the RMMC programme, suggests that the RMMC model has not proved its worth, especially in defining and defending the interests of the poor.⁶²
133. Loans disbursed to micro-finance groups are considered as revolving funds and managed accordingly by the financial intermediaries responsible. The sustainability of micro-credit institutions created by the project largely depends on appropriate arrangements for repayment of loans and for subsequent rounds of lending. Considerable sums of money are due to be reimbursed to the project through repayments of loans made for a variety of purposes. This is the case of emergency *dzud* fund expenditures, where 77 per cent of the total disbursed (MNT 72.8 – 1m US\$) was on credit as were loans for equipment and vegetable seeds made under the IGA component. Loans were made to 306 poor herding households to restock them. The arrangements made to handle repayment of these loans, and further rounds of lending, are not clear. This threatens the sustainability of the micro-financial institutions created by the project.
134. The improvements of health and education services are more likely to be sustainable since improvements in fixed assets and services have been taken over by the Ministry of Education and Health. Based on the above analysis the rating for sustainability is 3 (moderately unsatisfactory).

Innovation and scaling up

135. The President's Report identified three innovative features: (i) empowerment of beneficiaries through the use of participatory rural appraisals and a beneficiary initiated self-monitoring programme; (ii) grassroots institution building (i.e. RMMCs) and a client-responsive livestock and crops extension service; (iii) support to MFI capacity-building (i.e. channelling rural credit through participating rural financial institutions rather than the PIU).

⁶⁰ IFAD 2007: 7

⁶¹ IFAD 2008, annex 2-6.

⁶² RMMCs are not mentioned in the pasture herder groups proposals.

136. The PPA mission notes that participatory rural appraisal was not new to Mongolia where it had been used by FAO, Save the Children and others prior to the IFAD project. Nevertheless, the RPRP was among the first to use PRA approaches in a project context and it constituted an important move away from socialist "command and control." The beneficiary initiated self-monitoring programme does not seem to have been implemented. With respect to grassroots institutions it can be concluded that while RMMCs were an innovation the herders already had limited "powers to self-manage the resources under their control," albeit not in a legal sense and the project did not add to their ability in this respect. A flexible extension system could have been an innovation as extension services in themselves were new in Mongolia, but little was done in this respect. Last, channelling credit through rural financial institutions seems to have been done to some extent but not for all activities (e.g. not for the emergency fund).
137. The RPRP project was within a general government and donor consensus at the time of appraisal about the importance of building pasture management institutions as the way forward in raising rural productivity in a sustainable manner. Different donors promoted different institutional forms, thus opening up a large natural experiment as to which was the most appropriate. IFAD's chosen vehicle, bag-level RMMCs, was with hindsight probably not the answer. This does not matter – indeed failed innovations can be of as much or more value than successful ones - as long the right lessons are drawn.
138. Neither the 1998 country strategic opportunities paper, nor the project appraisal, included an explicit strategy or defined pathways for scaling up, nor was an ultimate scale target included. Despite this the project successfully introduced mobile kindergartens which travel with herders to their summer camps. This initiative has since 2009 been scaled up by the Ministry of Education to cover the whole country. According to the 2008 supervision report the mobile Kindergartens are being replicated in the World Bank financed Sustainable Livelihoods Programme II.⁶³
139. The mission's judgement is that the RPRP project is to be congratulated on tackling difficult and interlinked institutional issues with limited resources. It would have been easier to have played safe with simple and known interventions such as veterinary inputs, but IFAD chose the riskier path to investigate potential new institutional structures. Other donors were doing the same thing in different ways. Although the outcome of the IFAD work was not a successful set of institutional solutions to the problems faced by herders, if the lessons of the RMMC experiment can be learned and applied in the follow-up project, the experience will have been valuable. The rating for this criterion is 4 (moderately satisfactory).

Gender equality and women's empowerment

140. The loan agreement specified that the government should ensure that 50 per cent of programme managers should be women. It further emphasized that at least 30 per cent of all borrowers under the rural finance component would be women (2002).
141. Specific promotional activities for women were included in the Women in Development sub component (about 3 per cent of the total project budget) under the Social Development Component. This sub component mandated the Mongolian Women's Federation to organize training (reproductive health, life skills, training for women, and income-generating initiatives), and undertake awareness generation activities (radio programs, leaflets). In addition, in order to enhance the focus on poor women, from 2008 the project supported women's micro loans without collateral through XacBank and this activity was expanded in 2009 to Khan Bank.
142. The following paragraphs provide a more detailed assessment of the RPRP against IFAD's three corporate gender objectives.⁶⁴

⁶³ IFAD: 2008

⁶⁴ IFAD: 2012

Promote economic empowerment to enable rural women and men to have equal opportunity to participate in, and benefit from, profitable economic activities.

143. The project responded to this objective by training 14,074 women in vocational income-generating and business skills. However as mentioned in paragraphs 46-54 concerns were raised regarding the targeting of the training and the choice of activities/skills for this training. Although large numbers of women were being trained few had been able to translate this into gainful employment or setting up their own enterprise. This gap was attributable to lack of follow up advice and access to poor-friendly rural credit. From the project documentation reviewed it is not clear to what extent the targeting of the training was improved. However, the introduction of the micro loans in coordination with XacBank and later Khan Bank sought to provide collateral free credit to poor women (see paragraphs 75-77). The mission met with several of these women's groups. They appeared to function well and generate incomes from activities such as felt making, bakery and sewing. Nevertheless, the scale remains limited when comparing to the number of women trained.

Enable women and men to have equal voice and influence in rural institutions and organizations.

144. Through the strengthening of the 4 *aimag* Women Federation councils (mainly with office equipment and cars) and 79 *soum* Women Federation Councils, services to women were facilitated (training of trainers in reproductive health, income generation, micro loans). The government PCR states that the support enabled civil society to contribute to local development. However, there is little concrete evidence of this automatically leading to a strengthened decision making role for women in community affairs.

Achieve a more equitable balance in workloads and in the sharing of economic and social benefits between women and men.

145. There is insufficient evidence of how the training, for example in health, affected the women, hence it is difficult to draw any conclusions on the effectiveness of this activity. However, it is likely that the increase in for example wells has eased women's workload although no attempts to measure this has been made. The increase in hospitals, trained midwives etc. also contributed to women's well-being.
146. According to the PCR, women's participation in programme activities varied by activity but 67 per cent of all beneficiaries were women. It was not possible to verify whether 50 per cent of programme management were women but from the discussion held with various staff at national and provincial level the evaluation considers this plausible. With respect to the target of ensuring that at least 30 per cent of all borrowers were women the PCR highlights that 74 per cent of the poorest clients were women. However, they only made up for 27 per cent of all borrowers (against a target of 50 per cent).
147. This evaluation concludes that RPRP provided opportunities for women to manage money and have greater control over resources and access to knowledge. This in turn had the potential to give them a greater voice in family matters accompanied by growth in self-esteem and self-confidence. The RPRP also contributed to easing women's workload and improving their wellbeing. In doing so it reached many women. Based on the above gender equality and women's empowerment is considered satisfactory. (5)

D. Performance of partners

IFAD

148. There were both positive and negative aspects to IFAD's Management of the project. On the positive side, there was continuity with previous IFAD experience in Mongolia.

The project design borrowed several elements from the Arhangai project, including the management structure, and an effort was made to design the project in a participatory manner through the use of participatory rural appraisals.

149. During the project period from 2003-2011 four country programme managers managed the project. IFAD took over direct supervision from 2008 and the transition appears to have been smooth. Supervision missions and follow up missions, of which 8 took place (excluding the project completion mission) were conducted at the appropriate time during project implementation. Of these missions the Country Programme Manager appears to have been present in only two (2008 and 2009) and acted as team leader once (2008). As per the President's Report two progress reviews (2006 and 2007) were conducted in lieu of a mid-term review and they were considered to be of high quality.
150. Attempts by IFAD to encourage lesson-learning and knowledge management in the project were made and a mission was fielded in 2008 to support this issue and a communication strategy and plan was included in the 2009 supervision report. There was also a short section in the exit strategy documenting and disseminating acquired knowledge. The mission had access to some of the communication outputs (e.g. an IFAD video on mobile kindergartens, a short documentary about the project results etc.) and these were of high quality.
151. IFAD must take some responsibility for weaknesses in the project design (paragraphs 40-44), and also for the lack of sharing and coordinating with similar projects mentioned in paragraph 45. This cannot be considered solely IFAD's responsibility but the evaluation felt that IFAD could have been more proactive in ensuring collaboration. Somebody should have taken the initiative to bring the donor project staff together with the government to learn from the different approaches adopted by each project, and it would have been appropriate for IFAD to have done this. This was a missed opportunity, and should be put right through the follow-up project.⁶⁵
152. IFAD should have made more efforts to solve the problems with implementing RMMCs, in particular the focus on meeting quantitative targets rather than ensuring that the RMMCs represented the interests of beneficiaries.
153. IFAD could have intervened earlier to resolve problems with the M&E system. In this connection it must also be highlighted that the mission fielded in 2009 to ensure that the project was compliant with RIMS did not result in a strengthened M&E system. This may be the responsibility of RIMS but changing the targets 18 months before project closure cannot be considered acceptable management practice.
154. The Arhangai Rural Poverty Alleviation Project had highlighted the need for longer and more frequent supervision mission given the large geographical distances. This was reiterated by project staff. However, it would appear it was not acted upon by IFAD.
155. Based on the above the rating is 4 (moderately satisfactory).

Government

156. The Government's partnership with IFAD was as an implementer, a co-financer of all salaries, allowances and operation and maintenance costs of the Project management, and supervisor. The government management structure was described in paragraph 15. The PCR states that as this structure was similar to the one in place during the Arhangai Rural Poverty Alleviation Project, no teething problems occurred and on the whole the programme was properly carried out.
157. Early supervision missions pointed to delays in Government counterpart funding but these were ironed out progressively. As far as fiduciary aspects are concerned the

⁶⁵ This concerned World Bank, Swiss Agency for Development and Cooperation and United Nations Development Programme projects.

supervision reports points to some minor weaknesses in (i) transfer of funds; (ii) cash transactions not fully compliant with loan covenants; (iii) audit. For example the 2009 supervision report highlighted that financial management and procurement were adequate but that some unauthorized transfers had been noted and recommended that this practice be corrected.⁶⁶ However, by end of project all fiduciary aspects were rated between moderately satisfactory and highly satisfactory in the IFAD Project Status Reports⁶⁷ indicating that the issues had been resolved.

158. There seems to have been reluctance by the Ministry of Finance, who maintained the Programme Support Account as well as the Special Account, to support soft activities such as beneficiary training, despite specific allocations in the approved annual work plans and budgets. At project completion only 58 per cent of this budget had been disbursed.
159. Despite considerable efforts to establish an effective M&E system the system in place was not able to generate the desired information on impact. Given these weaknesses the Project Completion Report is considered of adequate quality.
160. As mentioned above under IFAD's performance there is a need for government to take the initiative in coordinating donor initiatives. This is all the more important given the essentially experimental nature of all the donor-driven pasture management projects. Government is to be congratulated on the way these projects have been set up and managed and there has been considerable learning within the Ministry about how to do this. A cadre of government staff at middle and senior levels, well-equipped to manage these large and complex projects, has been created and this will stand the government in good stead in future rural projects. The next steps need a decision and action by government to resolve the shortcomings identified in the evaluation report. While it is legitimate to have a pilot phase testing various models there is now a need to consolidate the lessons learned and ensure that duplication of effort are avoided. Common underlying assumptions must be tested, harmonized and coordinated. The rating for government performance is 4 (moderately satisfactory).

Key points

- The relevance, effectiveness and efficiency of the programme are rated as moderately satisfactory on the basis of its alignment with government and IFAD strategies as well as the needs of the poor, the level of achievements of its objectives within the timespan and budget but pulled down by some design aspects including targeting being too optimistic or inadequately understood.
- The rural poverty impact is rated moderately satisfactory given the benefits that have accrued to the targeted groups in terms of poverty reduction, food security and agricultural productivity.
- Sustainability is rated moderately unsatisfactory. Despite infrastructure maintenance of hospitals and schools having been taken over by the relevant ministries, the level of ownership of the RMMCs is low, and challenges remain regarding the extension services and maintenance of wells.
- Innovation and scaling up was rated as moderately satisfactory pulled up by innovations in particular relating to institutions in the project design.
- Both performance of IFAD and the Government was rated moderately satisfactory.

⁶⁶ Letter dated 22 September 2009 from Director APR to Minister.

⁶⁷ Project Status Report 2011

E. Overall project achievement

161. The overall assessment of project achievements is rated as moderately satisfactory (4) similar to that of IFAD's Programme Management Department (PMD). IFAD's project status report does not include a similar rating but the 2011 project status report has rated the likelihood of achieving the development objectives as satisfactory. The project was innovative and sought to tackle a number of highly complex problems. It could have been more conservative and played safe, but it took risks and experimented. In doing this it was able to provide key services to remote herders and introduce income diversification strategies for the population, the latter being of great importance. Nevertheless, taking risks came at a cost and little progress was made in achieving sustainable range management through range monitoring and management committees; this resulted in lower ratings for natural resources, environment and climate change, institutions and policies and sustainability. However, the project approach will be vindicated if the lessons are learned by the successor project and other donor-led projects in range management. If this is done, the project will have justified its stance.

IV. Conclusions and recommendations

A. Conclusions

162. The RPRP programme took place at a time of significant economic and social change for Mongolia. The transition from a centrally planned to a market economy had largely been completed, with considerable suffering, and the economy was ready to grow. The rural sector had supported people who had fled urban unemployment for the minimal security of herding, at the cost of making herding itself less viable. The discovery of large amounts of gold and coking coal, with the expectation of more discoveries to come, had revolutionized the industrial and urban economies, without yet doing much for the rural economy other than limited trickle-down from urban incomes and the start of a reverse migration back to the towns.
163. The RPRP project was a part of the conventional wisdom of this period but some of its responses were original such as the emphasis on institutional solutions to environmental degradation. Its activities were relevant to the problems facing rural Mongolia during a difficult transition. The project was well-aligned with national pastoral policy, and reflected the understanding project designers had then of pastoral issues. Some aspects of the design were too ambitious, some project assumptions were too optimistic or inadequately understood, and there could have been more internal coherence between the project components.
164. RPRP was built on the experience of an earlier IFAD project, the Arkhangai Rural Poverty Alleviation Programme, and learning from that project was incorporated into the design of RPRP. Important lessons were missed however: especially the significance of risk management and the slow pace at which institutional change takes place (paragraph 38).
165. A key lesson concerns pasture management. The RPRP project, in common with most other donor-funded rangeland projects, was based on a set of assumptions about pasture dynamics, and the need for grazing pressure, especially around rural towns, to be adjusted to carrying capacity. These assumptions are increasingly questioned in the outside world and an alternative model, which stresses the essentially non-equilibrium nature of ecological processes, is proposed for the more arid regions (paragraphs 40-41, 115-119, annex 9)
166. IFAD is now on its third pasture project, and several other major donors have similar projects, some of the second or third generation. There is some evidence of knowledge sharing among these projects, but there is no institutionalized process to ensure that this learning takes place. It is clear from the present review that important lessons are not being learned, to the detriment of project performance (paragraphs 45, 140, 148).

167. Targeting is likely to raise different issues in pastoral populations from those in agricultural or urban populations. The project sought to identify individual poor households, with a view to targeting them with benefits. This may be sensible in some circumstances, but was a dangerous process in an economy like that of pastoral Mongolia where the rural poor survive in part by support from their social networks of kinship and mutual assistance within camps which provide animals, food, help with labour when there are shortages, and protection. Anything which weakens these networks is liable to make poor households worse off, not better. Proposals that poor households should form groups separate from their kin might be useful in towns, but in the countryside would simply make them more vulnerable. Targeting also had high transaction costs for little benefit (paragraphs 47-54).
168. The most important innovation of the RPRP project was the institutional basis for project action, the bag-level Range Monitoring and Management Committees. RMMCs were supposed to be the mechanism by which herder came together and constructed collective action in the management of range resources. RMMCs should have been the locus of a significant shift in power towards herders and away from government. In the end this turns out to have been premature: perhaps inevitably, RMMCs were captured by government and became a bureaucratic planning device, producing plans which herders may or may not follow. Disputes over access to pasture and water will not be automatically reduced because of the presence of RMMCs and pasture use itself will not be made more sustainable. The fault may be partly in the design of the RMMCs, but is also a result of the expectation that progress can be made rapidly in such institutional design, and that existing power structures in the countryside will readily change their nature. Both of these are doubtful (paragraphs 65-69, 168).
169. There was encouraging work on micro-finance, and successes with the social infrastructure, the construction of hospitals especially. These bear little relevance to the main project thrust, but filled essential gaps in the health service coverage and were much appreciated by the local population (paragraphs 75-77).
170. Monitoring the implementation and impact of the project was challenging given the lack of reliable data, the scale of activities and the multifaceted components. The objectives and indicators were poorly articulated at project design and it was difficult to isolate the changes in variables that could be confidently said to reflect solely the effects of the project. This was despite three surveys conducted in 2003 (National Statistical Office), 2006 and 2009 (RIMS Surveys). However, all three surveys mixed households with and without project without being able to distinguish between them; it was thus unable to identify changes attributable to the project (paragraph 16, 87-90).
171. The RPRP project successfully raised key issues in extensive pastoral development without necessarily solving them. The project experience can be of considerable importance to future pastoral development if the right lessons are learned and put into practice.

B. Recommendations

172. The recommendations below are particularly important for the current IFAD pastoral project in Mongolia – the Market and Pasture Management Development project - and should be looked at in the context of future supervision of that project.
173. **Underlying assumptions.** Given the fundamental importance of project assumptions to the project concept and logic, IFAD should convene a process to clarify the lessons for future project design arising from the project under review and others, including IFAD pastoral projects in other continents (paragraphs 165-168, annex 9).
174. **Herder institutions.** The RMMCs created by the project are fragile and will not survive long without project support. It appears that the new project will not

continue to support the RMMCs but will move towards pasture herder groups. It will be essential that the new project informs herders about the relationship between the RMMC and pasture herder groups approaches, the reason for abandoning the RMMCs, and the way the transition between existing RMMCs and future pasture herder groups is to be managed. As far as feasible, herders should see continuity between the two approaches (paragraph 165,170).

175. **Targeting.** For the future there should be a discussion around how targeting should be carried out in pastoral projects like RPRP. IFAD should explore alternatives to present targeting practices in pastoral populations. In particular it should look into the ways poor pastoral households, especially those headed by women, can be targeted specifically as part of existing viable camp structures where camp leaders take on responsibility for their progress out of poverty (paragraphs 46-54, 167).
176. **Risk management.** Risk is a major impediment to efforts to move poor Mongolian herders out of poverty and affects all project activities. Future projects should include a coherent risk management strategy encompassing support to risk-avoiding herd management methods including: emergency *otor* movements, better early warning and response, market development to facilitate emergency off take, creation of emergency grazing reserves and strategic fodder reserves (paragraphs 37-39, 164). The outline of such a strategy is in annex 14.
177. **M&E.** Sampling methods were insufficiently robust: surveys should have selected samples from the first baseline survey (round 2003), with sub-samples of households with and without project. Alternately a panel survey could have followed households with and without the project through the changes in key indicators (2006 and 2009). Other weaknesses included limited scope of the data (focusing on activity and output level), excessive complexity (too many or not the right indicators), low data quality (inaccuracies) and weak institutional capacity. In order to address these issues IFAD should consider providing additional support to the government by addressing project management competencies in all processes related to M&E (data collection, analysis, reporting etc.) (Paragraphs 16, 87-90).

Rating comparison

<i>Criterion</i>	<i>IFAD-PMD ratings^a</i>	<i>PPA rating^a</i>	<i>Rating disconnect</i>
Project performance			
Relevance	4	4	
Effectiveness	5	4	-1
Efficiency	4	4	
Project performance^b	4.3	4	
Rural poverty impact			
Household income and assets	4	4	
Human, social capital and empowerment	5	4	-1
Food security and agricultural productivity	5	4	-1
Natural resources, environment and climate change	4	3	-1
Institutions and policies	4	3	-1
Rural poverty impact^c	4	4	
Other performance criteria			
Sustainability	4	3	-1
Innovation and scaling up	4	4	
Gender equality and women's empowerment	5	5	
Overall project achievement^d	4	4	
Performance of partners^e			
IFAD	4	4	
Government	4	4	
Average net disconnect			-0.46

^a Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

^b Arithmetic average of ratings for relevance, effectiveness and efficiency.

^c This is not an average of ratings of individual impact domains.

^d This is not an average of ratings of individual evaluation criteria. Moreover, the rating for partners' performance is not a component of the overall assessment ratings.

^e The rating for partners' performance is not a component of the overall assessment ratings.

Ratings of the PCR document

<i>Ratings of the PCR document quality</i>	<i>PMD rating</i>	<i>IOE PCRV rating</i>	<i>Net disconnect</i>
Scope	5	4	-1
Quality (methods, data, participatory process)	4	4	0
Lessons	4	4	0
Candour	4	4	0
Overall rating of PCR	n.a	4	n.a

Basic project data

			Approval (US\$ m)		Actual (US\$ m) ^a	
Region	Asia and the Pacific	Total project costs	US\$19.081			
Country	Mongolia	IFAD loan and % of total	US\$14.806	78%		
Loan number	I-592-MN	Borrower	US\$2.693	14%		
Type of project (sub-sector)	Rural development	Domestic financial institution	US\$1.582	8%		
Financing type	IFAD initiated and exclusively financed	Cofinancier 2	n/a			
Lending terms ^b	HC	Cofinancier 3	n/a			
Date of approval	05/09/2002	Cofinancier 4	n/a			
Date of loan signature	25/11/2002	From beneficiaries	In kind			
Date of effectiveness	09/06/2003	From other sources:	n/a			
Loan amendments	4 ^c	Number of beneficiaries (if appropriate, specify if direct or indirect)	360,000 (direct individuals) 80,000 (direct households)			
Loan closure extensions	1	Cooperating institution	United Nations Office for Project Services ^d			
Country programme managers	E. Martens, T. Rath, A. Toda, F. Jepsen Y. Wang (current)	Loan completion date	31/03/2011		30.09.2011	
Regional director(s)	T. Elhaut	Mid-term review	2007			
PCR reviewer	K. Aidnell	PCR	September 2011			
PCR quality control panel	K. Atanesyan A. Lambert	IFAD loan Disbursement at project completion (%)	97 %			

Source: IFAD's Project and Portfolio Management System (PPMS) and IFAD's Loans and Grants System (LGS).

^a The proposed and current project costs were the same, as of PPMS January 2012.

^b There are four types of lending terms: (i) special loans on highly concessional terms, free of interest but bearing a service charge of three fourths of one per cent (0.75 per cent) per annum and having a maturity period of 40 years, including a grace period of 10 years; (ii) loans on hardened terms bearing a service charge of three fourths of one per cent (0.75 per cent) per annum and having a maturity period of 20 years, including a grace period of 10 years; (iii) loans on intermediate terms with a rate of interest per annum equivalent to 50 per cent of the variable reference interest rate, and a maturity period of 20 years, including a grace period of 5 years; (iv) loans on ordinary terms with a rate of interest per annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, and a maturity period of 15 to eighteen 18 years, including a grace period of 3 years.

^c Four loan amendments: 1) SDR 1,210,000 of contingency were allocated to Category 1 of civil works. 2) In connection with VAT reduction from 15 per cent to 10 per cent, the IFAD financing percentage was increased. 3) Prior review by IFAD, initially for contracts of US\$30,000 or more, was required for contracts of US\$100,000 or more. 4) The implementation period of the Women's micro initiative loan extended until March 31, 2011.

^d As of January 1, 2008, the supervision responsibility was transferred to IFAD from United Nations Office for Project Services.

Terms of reference

Background

1. The Independent Office of Evaluation of IFAD (IOE) will undertake a project performance assessment (PPA) of the Rural Poverty Reduction Programme (RPRP) in Mongolia. The PPA is a project-level evaluation aiming to: (i) provide an independent assessment of the overall results of projects; and (ii) generate findings and recommendations for the design and implementation of ongoing and future operations within the country.
2. A PPA is conducted as a next step after a project completion report validation (PCRVR). PCRVR performs the following functions: (i) independent verification of the analytical quality of the project completion report; (ii) independent review of project performance and results through desk review; and (iii) extrapolation of key substantive findings and lessons learnt for further synthesis. The PCRVR consists of a desk review of the project completion report and other available reports and documents. A PPA includes a country visit in order to complement the PCRVR findings and fill in information gaps identified by the PCRVR.
3. The PPA applies the evaluation criteria outlined in the IFAD Evaluation Manual. In view of the time and resources available, the PPA is generally not expected to undertake quantitative surveys. The PPA rather adds analysis based on interviews at IFAD headquarters, interactions with stakeholders in the country including project beneficiaries, and direct observations in the field. As such it relies necessarily on the data available from the project monitoring and evaluation system.
4. **Country context.** In 1991 Mongolia began a rapid transition from central planning to a market-oriented economy. The collapse of the USSR and Mongolia's links into the Soviet trading system led to dislocation, a sharp depression and increasing poverty in the first half of the 1990s as attempts were made to establish the foundations for a market economy.
5. Mongolia ranks 150th in the world in terms of nominal GDP (2009 figures). A fifth of the population live on less than \$1.25 a day. Between 30 per cent-40 per cent of the population is still nomadic or semi-nomadic. The country's reliance on mineral resources and agriculture makes it vulnerable to price fluctuations and natural disasters, and the combination of a fall in the price of copper in 2008, a harsh winter in 2009 and the global financial crisis reduced GDP growth in 2009 from 8 per cent to 2.7 per cent. Despite a recent period of strong GDP growth, there has been little decline in the number of people living in poverty, still estimated at between 30-35 per cent of the population. The figure rises to 40 per cent in rural areas.
6. Agriculture accounts for more than a fifth of GDP. Some 40 per cent of the Mongolian workforce is employed in traditional nomadic livestock herding. Between 1999 and 2002 a series of exceptionally harsh winters and summer droughts killed about a fifth of the country's livestock, increasing flight to the cities, in particular the capital. The economy is making a strong recovery from the global downturn, with growth this year expected to be above 10 per cent, driven by mineral exports, the private sector and a large projected increase in government spending. However, the IMF believes that it is in danger of overheating.¹
7. **Project description.** RPRP is the second IFAD-financed project in Mongolia. The project had a number of areas of intervention including: livestock and natural resource management (33 per cent of total project costs), other economic activities

¹ <http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/asia-oceania/mongolia/profile=economy>.

(7 per cent of total project costs), rural financial services (24 per cent of total project costs), social development (22 per cent of total project costs) and management (14 per cent of total project costs). The objective of RPRP was to achieve sustainable increase in productive capacity for poor herders, cultivators and other poor rural households and to offer increased access to economic and social resources, including education and health. The target population comprised 80,000 households, equal to 90-95 per cent of the total population of the four *aimags* (Provinces).

8. The project completion date was extended six months from 30/09/2010 to 31/03/2011. This change was mainly due to the late start of the micro-finance activities which did not take off until December 2008.

Methodology

9. **Objectives.** The main objectives of the PPA are to: (i) assess the results of the programme; and (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in Mongolia.
10. **Scope.** The PPA will take account of the preliminary findings of the PCRV and further desk review issues emerging from interviews at IFAD headquarters, and a focused mission to the country for the purpose of generating a comprehensive, evidence-based evaluation. However, the PPA will not need to examine or re-examine the full spectrum of programme activities, achievements and drawbacks, but will focus on selected key issues. Furthermore, subject to the availability of time and budgetary resources, due attention will be paid to filling in the major evaluative information gaps of the PCR and other programme documents.
11. **Evaluation criteria.** In line with the evaluation criteria outlined in IOE's Evaluation Manual (2009), added evaluation criteria (2010)² and IOE Guidelines for PCRV and PPA (January 2012), the key evaluation criteria applied in this PPA will include:
 - i. Relevance, which is assessed both in terms of alignment of project objectives with country and IFAD policies for agriculture and rural development and the needs of the rural poor, as well as project design features geared to the achievement of project objectives.
 - ii. Effectiveness, which measures the extent to which the project's immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance.
 - iii. Efficiency, which indicates how economically resources/inputs are converted into results.
 - iv. Rural poverty impact, which is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a results of development interventions. Five impact domains are employed to generate a composite indication of rural poverty impact: household income and assets; human and social capital and empowerment; food security and agricultural productivity; natural resources, environment and climate change; and institutions and policies.
 - v. Sustainability, indicating the likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
 - vi. Pro-poor innovation and scaling up, assessing the extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction and the extent to which these interventions have been (or

² Gender, climate change, and scaling up

are likely to be) replicated and scaled up by government, private sector and other agencies.

- vii. Gender equality and women's empowerment. This criterion is related to the relevance of design in terms of gender equality and women's empowerment, the level of resources committed, and changes promoted by the project.
 - viii. Besides, the performance of partners, including the performance of IFAD and the Government, will be assessed on an individual basis, with a view to the partners' expected role and responsibility in the project life cycle.
12. **Data collection.** The PPA will be built on the initial findings of the PCRV. For further information, interviews will be conducted both at IFAD headquarters and in Mongolia. During the mission to Mongolia, additional primary and secondary data will be collected in order to reach an independent assessment of performance and results. Data collection methods will mostly include qualitative participatory techniques. The methods deployed will consist of individual and group interviews with beneficiaries, and direct observations. The PPA will also make use – where applicable – of additional data available through the programme's monitoring and evaluation (M&E) system. Triangulation will be applied to verify findings emerging from different information sources.
13. **Stakeholders' participation.** In compliance with the Evaluation Policy of 2011, the main programme stakeholders will be involved throughout the PPA. This will ensure that the key concerns of the stakeholders are taken into account, that the evaluators fully understand the context in which the programme was implemented, and that opportunities and constraints faced by the implementing institutions are identified. Regular interaction and communication will be established with the Asia & the Pacific Division (APR) of IFAD and with the Government of Mongolia. Formal and informal opportunities will be explored during the process for the purpose of discussing findings, lessons and recommendations.

Evaluation process

14. In all, the PPA will involve five phases: desk work; country work; report drafting and peer review; receipt of comments from APR and the Government; and the final phase of communication and dissemination.
15. **Desk work phase.** The PCRV and further desk review provide initial findings and identify key issues to be investigated by the PPA.
16. **Country work phase.** The PPA mission is scheduled for 17th –31st May 2012. It will interact with the Government, local authorities, NGOs, programme staff and beneficiaries. At the end of the mission, a brief will be provided to the IFAD partner ministry(ies), followed by a wrap-up meeting in Ulaanbaatar, the capital of Mongolia, to summarize the preliminary findings and discuss key strategic and operational issues.
17. **Report drafting and peer review.** At the conclusion of the field visit, a draft PPA report will be prepared and submitted to IOE internal peer review for quality assurance. Anne Marie Lambert, Senior Evaluation Officer, and Konstantin Atanesyan, Senior Evaluation Officer, will be the peer reviewers for the PPA.
18. **Comments by APR and the Government.** The PPA report will be shared with APR and thereafter with the Government for comment. IOE will finalize the report following receipt of the Government's comments.
19. **Communication and dissemination.** The final report will be disseminated among key stakeholders and the evaluation report published by IOE, both online and in print.

Key issues for investigation

20. Based on the PCRV there are a number of areas in the analysis which would merit from further analysis to enable IOE to make a more conclusive assessment of the programme. This PPA will focus on four issues; the targeting approach; major risks (especially *dzuds*) to impact; efficiency and sustainability. These areas may be further adjusted as the evaluation progresses.
21. **Targeting.** The project covered four *aimags* in Mongolia (Arhangai, Huvsgul, Bulgan and Hentii). The project target population comprised 80,000 households equal to 90-95 per cent of the total population of the four *aimags*. About 60,000 belonged to the herder community while 20,000 households were residents of rural centres. Targeting was to be achieved through land use planning and micro-finance and special emphasis was to be given to women and female headed households. It can be argued that the scope for targeting was limited if 95 per cent of the population was to be covered. According to the PCR the project was advised to select beneficiaries drawing on lists of poor and vulnerable households drawn up by the local government. From the PCR it is not clear how effective the project was in reaching the poor and this will be further investigated.
22. Major **risks** (especially *Dzuds*) to impact. The RIMS report identifies that due to the harsh winter condition in 2009/10 many households experienced a decrease in the households' asset index related to loss of livestock. The four project *aimags* were among the most affected areas. According to a report by the Ministry of Food, Agriculture and Food Industry 1,450,000 animals were lost in the four project provinces during the winter of 2009/10. RPRP invested in an emergency fund, which prepared and assisted the herding households before and after the severe winter. However, the fund was not fully used, and only 48 per cent of the total of MNT1.2 billion³ was distributed. Moreover, it is not clearly described in the PCR, or other reviewed documents, how effective the support of the fund was and if it had any longer-term impacts of the herder households.
23. **Efficiency.** Both overspending (e.g. programme management, pasture management, crop development health) and under spending occurred (e.g. rural finance, livestock extension, veterinary services, income generation, and women in development). However, it would seem from the PCRV that this had little effect on the achievement of targets. The PPA will analyse the reasons for changes in disbursements as well as other parameters in order to better understand the extent to which the programme was executed in an efficient manner.
24. **Sustainability.** The project's overall sustainability, especially with regards to the rangeland management and monitoring committee, the rural financial services component, the emergency fund as well as the environmental sustainability of increasing the livestock herds is unclear and will benefit from further analysis.

Evaluation team

25. The PPA mission is composed of Ms Catrina Perch, IOE Evaluation Officer and lead evaluator, and Dr Jeremy Swift, IOE consultant. Ms Linda Danielsson will provide research and administrative support.

³ MNT1.2 billion is approximately US\$ 0.93 million.

Methodological note on project performance assessments

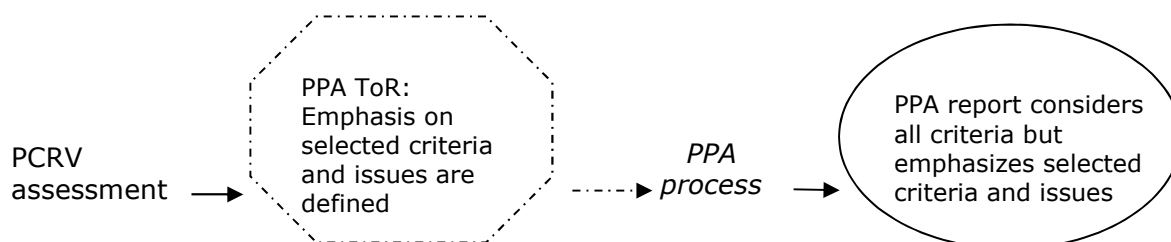
A. What is a project performance assessment?¹

1. The project performance assessment (PPA) conducted by the Independent Office of Evaluation of IFAD (IOE) entails one mission of 7-10 days² and two mission members.³ PPAs are conducted on a sample of projects for which project completion reports have been validated by IOE, and take account of the following criteria (not mutually exclusive): (i) synergies with forthcoming or ongoing IOE evaluations (e.g. country programme or corporate-level evaluations); (ii) major information gaps in project completion reports (PCRs); (iii) novel approaches; and (iv) geographic balance.
2. The objectives of the PPA are to: assess the results and impact of the project under consideration; and (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country involved. When the PPA is to be used as an input for a country programme evaluation, this should be reflected at the beginning of the report. The PPA is based on the project completion report validation (PCR/V) results, further desk review, interviews at IFAD headquarters, and a dedicated mission to the country, to include meetings in the capital city and field visits. The scope of the PPA is set out in the respective terms of reference.

B. Preparing a PPA

3. Based on the results of the PCR/V, IOE prepares brief terms of reference (ToR) for the PPA in order to sharpen the focus of the exercise.⁴ As in the case of PCR/Vs, PPAs do not attempt to respond to each and every question contained in the Evaluation Manual. Instead, they concentrate on the most salient facets of the criteria calling for PPA analysis, especially those not adequately explained in the PCR/V.
4. When preparing a PPA, the emphasis placed on each evaluation criterion will depend both on the PCR/V assessment and on findings that emerge during the PPA process. When a criterion or issue is not identified as problematic or in need of further investigation, and no additional information or evidence emerges during the PPA process, the PPA report will re-elaborate the PCR/V findings.

Scope of the PPA



¹ Extract from the PCR/V and PPA Guidelines.

² PPAs are to be conducted within a budget ceiling of US\$25,000.

³ Typically, a PPA mission would be conducted by an IOE staff member with the support of a consultant (international or national). An additional (national) consultant may be recruited if required and feasible within the evaluation budget.

⁴ Rather than an approach paper, IOE prepares terms of reference for PPAs. These terms of reference ensure coverage of information gaps, areas of focus identified through PCR/Vs and comments by the country programme manager, and will concentrate the PPA on those areas. The terms of reference will be included as an annex to the PPA.

C. Evaluation criteria

5. The PPA is well suited to provide an informed summary assessment of project relevance. This includes assessing the relevance of project objectives and of design. While, at the design stage, project logical frameworks are sometimes succinct and sketchy, they do contain a number of (tacit) assumptions on mechanisms and processes expected to generate the final results. At the post-completion phase, and with the benefit of hindsight, it will be clearer to the evaluators which of these assumptions have proved to be realistic, and which did not hold up during implementation and why.
6. For example, the PPA of a project with a major agricultural marketing component may consider whether the project framework incorporated key information on the value chain. Did it investigate issues relating to input and output markets (distance, information, monopolistic power)? Did it make realistic assumptions on post-harvest conservation and losses? In such cases, staff responsible for the PPA will not be expected to conduct extensive market analyses, but might consider the different steps (e.g. production, processing, transportation, distribution, retail) involved and conduct interviews with selected actors along the value chain.
7. An assessment of effectiveness, the extent to which a project's overall objectives have been achieved, should be preferably made at project completion, when the components are expected to have been executed and all resources fully utilized. The PPA considers the overall objectives⁵ set out in the final project design document and as modified during implementation. At the same time, it should be flexible enough to capture good performance or under-performance in areas that were not defined as an objective in the initial design but emerged during the course of implementation.
8. The PPA mission may interview farmers regarding an extension component, the objective of which was to diffuse a certain agricultural practice (say, adoption of a soil nutrient conservation technique). The purpose here would be to understand whether the farmers found it useful, to what extent they applied it and their perception of the results obtained. The PPA may look into reasons for the farmers' interest in new techniques, and into adoption rates. For example, was the extension message delivered through lectures? Did extension agents use audio-visual tools? Did extension agents engage farmers in interactive and participatory modules? These type of questions help illustrate *why* certain initiatives have been conducive (or not conducive) to obtaining the desired results.
9. The Evaluation Manual suggests methods for assessing efficiency, such as calculating the economic internal rate of return (EIRR),⁶ estimating unit costs and comparing them with standards (cost-effectiveness approach), or addressing managerial aspects of efficiency (timely delivery of activities, respect of budget provisions). The documentation used in preparing the PCRV should normally provide sufficient evidence of delays and cost overruns and make it possible to explain why they happened.
10. As far as rural poverty impact is concerned, the following domains are contemplated in the Evaluation Manual: (a) household income and assets; (b) human and social capital and empowerment; (c) food security and agricultural

⁵ Overall objectives will be considered as a reference for assessing effectiveness. However, these are not always stated clearly or consistent throughout the documentation. The assessment may be made by component if objectives are defined by components; however the evaluation will try to establish a correspondence between the overall objectives and outputs.

⁶ Calculating an EIRR may be challenging for a PPA as it is time consuming and the required high quality data are often not available. The PPA may help verify whether some of the crucial assumptions for EIRR calculation are consistent with field observations. The mission may also help shed light on the cost-effectiveness aspects of efficiency, for example whether, in an irrigation project, a simple upgrade of traditional seasonal flood water canalization systems might have been an option, rather than investing on a complex irrigation system, when access to markets is seriously constrained.

productivity; (d) natural resources, the environment and climate change;⁷ and (e) institutions and policies. As shown in past evaluations, IFAD-funded projects generally collect very little data on household or community-level impact indicators. Even when impact data are available, both their quality and the methodological rigour of impact assessments are still questionable. For example, although data report significant increases in household assets, these may be due to exogenous factors (e.g. falling prices of certain commodities; a general economic upturn; households receiving remittances), and not to the project.

11. PPAs may help address the “attribution issue” (i.e. establishing to what extent certain results are due to a development intervention rather than to exogenous factors) by:
 - (i) following the logical chain of the project, identifying key hypotheses and reassessing the plausibility chain; and
 - (ii) conducting interviews with non-beneficiaries sharing key characteristics (e.g. socio-economic status, livelihood, farming system), which would give the mission an idea of what would have happened without the project (counterfactual).⁸
12. When sufficient resources are available, simple data collection exercises (mini-surveys) may be conducted by a local consultant prior to the PPA mission.⁹ Another non-mutually exclusive option is to spot-check typical data ranges or patterns described in the PCR by means of case studies (e.g. do PCR claims regarding increases in average food-secure months fall within the typical ranges recorded in the field?). It is to be noted that, while data collected by a PPA mission may not be representative in a statistical sense, such data often provide useful reference points and insights. It is important to exercise care in selecting sites for interviews in order to avoid blatant cases of non-beneficiaries profiting from the project.). Sites for field visits are selected by IOE in consultation with the government concerned. Government staff may also accompany the PPA mission on these visits.
13. The typical timing of the PPA (1-2 years after project closure) may be useful for identifying factors that enhance or threaten the sustainability of benefits. By that stage, the project management unit may have been disbanded and some of the support activities (technical, financial, organizational) terminated, unless a second phase is going forward or other funding has become available. Typical factors of sustainability (political support, availability of budgetary resources for maintenance, technical capacity, commitment, ownership by the beneficiaries, environmental resilience) can be better understood at the ex post stage.
14. The PPA also concentrates on IFAD’s role with regard to the promotion of innovations and scaling up. For example, it might be observed that some innovations are easily scaled up at low cost (e.g. simple but improved cattle-rearing practices that can be disseminated with limited funding). In other cases, scaling up may involve risks: consider the case of a high-yield crop variety for which market demand is static. Broad adoption of the variety may be beneficial in terms of ensuring food security, but may also depress market prices and thereby reduce sale revenues for many households unless there are other, complementary activities for the processing of raw products.
15. The PPA addresses gender equality and women’s empowerment, a criterion recently introduced into IFAD’s evaluation methodology. This relates to the emphasis placed on gender issues: whether it has been followed up during implementation, including the monitoring of gender-related indicators; and the results achieved.

⁷ Climate change criterion will be addressed if and when pertinent in the context of the project, as most completed projects evaluated did not integrate this issue into the project design.

⁸ See also the discussion of attribution issues in the section on PCRVs.

⁹ If the PPA is conducted in the context of a country programme evaluation, then the PPA can piggy-back on the CPE and dedicate more resources to primary data collection.

16. Information from the PCRV may be often sufficient to assess the performance of partners, namely, IFAD and the government. The PPA mission may provide further insights, such as on IFAD's responsiveness, if relevant, to implementation issues or problems of coordination among the project implementation unit and local and central governments. The PPA does not assess the performance of cooperating institutions, which now has little or no learning value for IFAD.
17. Having completed the analysis, the PPA provides its own ratings in accordance with the evaluation criteria and compares them with PMD's ratings. PPA ratings are final for evaluation reporting purposes. The PPA also rates the quality of the PCR document.
18. The PPA formulates short conclusions: a storyline of the main findings. Thereafter, a few key recommendations are presented with a view to following up projects, or other interventions with a similar focus or components in different areas of the country.¹⁰

¹⁰ Practices differ among multilateral development banks, including recommendations in PPAs. At the World Bank, there are no recommendations but "lessons learned" are presented in a typical PPA. On the other hand, PPAs prepared by Asian Development Bank include "issues and lessons" as well as "follow-up actions" although the latter tend to take the form of either generic technical guidelines for a future (hypothetical) intervention in the same sector or for an ongoing follow-up project (at Asian Development Bank, PPAs are undertaken at least three years after project closure).

Definition of the evaluation criteria used by IOE

<i>Criteria</i>	<i>Definition^a</i>
Project performance	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact^b	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
<ul style="list-style-type: none"> Household income and assets 	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
<ul style="list-style-type: none"> Human and social capital and empowerment 	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
<ul style="list-style-type: none"> Food security and agricultural productivity 	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
<ul style="list-style-type: none"> Natural resources, the environment and climate change 	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
<ul style="list-style-type: none"> Institutions and policies 	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
<ul style="list-style-type: none"> Sustainability 	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
<ul style="list-style-type: none"> Innovation and scaling up 	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
<ul style="list-style-type: none"> Gender equality and women's empowerment 	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.
<ul style="list-style-type: none"> IFAD Government 	

^a These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

^b The IFAD Evaluation Manual also deals with the 'lack of intervention', that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention 'not applicable') is assigned.

List of key persons met

Ministry of Agriculture and Light Industry

Choi-ish Lkhasuren, General Director
Tsedendamba, former Aimag Governor of Arhangai

Ministry of Finance

Togmid Dorkjkhand, Deputy Director General, Development Financing and Cooperation Department
Monhdembberel, IFAD Desk officer of Development Financing and Cooperation Department of Ministry of Finance

IFAD Project Support Unit

Dalantainyam, Former PSU Director
Boldhyag, Former PSU accountant
Gun-Uyanga, former M&E officer PSU

World Bank

Orkhon Rentsendorj, Sustainable Livelihoods Project II
Ulzibold Ya, Director, Index-based livestock insurance project

United Nations Development Programme

Batkhishig, Mongolian Specialist in Pastoral Risk Management and former UNDP Rural Development Specialist.

Mongolian Pasture Management Association

Dorligsuren, Director

Center for Nomadic Pastoralism Studies

Batbuyan, Director

Center for Policy Research

Enkh-Amgalan, Director
Erdenebaatar Batjargal, Senior Officer

Mongolian Women's Federation

Erdenechimeg, President

Arhangai Province

Baatarbileg, governor of Arhangai aimag
Erdenedavaa, director of PIU at Arhangai
Lonjidhorloo, accountant PIU
Gandiimaa, vice chairman of the health department
Nyamdavaa, officer at the education department
Davaakhuu, director of XaCBank
Dondog, officer, agriculture department
Oyunbileg, chair of the women's federation at aimag level
Ganbat, director of Nuclear herd breeding centre,
Erdenechimeg, head of veterinary unit,
Purevdorj, director of agricultural extension centre
Khurelbaatar, current director of veterinary and breeding unit, chair of the Range management and monitoring committee, ex coordinator for IFAD project at *soum* level
Narantsetseg, leader, women's felt making group
Batsaihan, herder group leader,
Byambasuren, widowed herder
Baterdene, head doctor of hospital,

Davaasuren, head of kindergarten
Dorj, *soum* governor
Odgerel, director of vet and breeding unit, ex coordinator for IFAD and chair of NGO,
Baterdene, herder who received loan from 1st phase in 1997
Chojjilsuren, group leader
Batgerelsaikhan, *Soum* governor
Purev, chairman of citizens' representatives assembly
Nyamdavaa, *Soum* governor
Batsuuri, chairman of citizens' representatives assembly
Dondog, specialist of agricultural department

Bulgan Province

Saran, former PIU director IFAD, currently head of a women's NGO
Urnukhjargal, Khaan bank director,
Khishigtuya, XacBank director,
Oyun, director of woman federation
Battuya, officer, health department
Otgongjargal, officer, land agency
Tsengelmaa, director of veterinary & breeding unit of agriculture department,
Ikhbayar, officer, education department
Erdenebileg, extension officer,
Medekhgui, officer, agriculture department, ex-chair of aimag Range Committee
Tsetsegdelger, women's group leader

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Project physical progress

Table 1
Output indicators compared to appraisal targets

	Output indicators (Component-wise)	Appraisal	Actual	% of Appraisal	% Women
Comp. 3: Rural financial services					
Xac Bank	34 Aimag sub-branches established	4	4	100,0	
	35 SCCs supported	16	11	68,8	
	36 Herder HHS receiving loans	11.400		0%	
	37 IGA loans provided	2.235	26880	1202,7	
	38 Borrowers' groups formed and active	176	86	48,9	
	39 cooperatives formed by borrowers or their groups	108	0	0%	
	40 Women's groups formed	no target	86	n/a	
	41 # of women's group members	no target	366	n/a	
	42 # of women's group members accessing to Xac Bank loans	no target	366	n/a	
	43 # of active voluntary savers, by gender	no target	351	n/a	
	<i>male</i>	<i>male</i>	50	n/a	
	<i>female</i>	<i>female</i>	301	n/a	85,8
	44 Cumulative amount of voluntary savings (USD)	no target	160454	n/a	
	45 # of Xac Bank staffs trained, by gender	no target	89	n/a	
	<i>male</i>	<i>male</i>	32	n/a	
	<i>female</i>	<i>female</i>	57	n/a	64,0
	46 Value of gross loan portfolio (USD)	no target	23120457	n/a	
Khan bank	47 # women's groups formed	no target	145	n/a	
	48 # of women's group receiving credit	no target	141	n/a	
	49 # of women's group members accessing to Khan Bank loans	no target	761	n/a	
	50 # of active voluntary savers	no target	149	n/a	
	<i>male</i>	<i>male</i>	9	n/a	
	<i>female</i>	<i>female</i>	140	n/a	94,0
	51 Cumulative amount of voluntary savings (USD)	no target	126851	n/a	
	52 # of Khan Bank staffs trained, by gender	no target	89	n/a	
	<i>male</i>	<i>male</i>	48	n/a	
	<i>female</i>	<i>female</i>	41	n/a	46,1
	53 Value of gross loan portfolio (USD)	no target	437183	n/a	
Comp. 4: Social dev.					
Health	54 Soum hospitals built and equipped	5	9	180,0	
	55 Soum hospitals rehabilitated and equipped	61	27	44,3	
	56 Bag health facilities rehabilitated and equipped	49	118	240,8	
	57 Health workers trained (2,500 done)	353	2427	687,5	
	<i>male</i>	<i>no target</i>	353	n/a	
	<i>female</i>	<i>no target</i>	2074	n/a	85,5
Education	58 Schools and dormitories rehabilitated and equipped	45	65	144,4	
	59 School drop-outs supported	3.900	3974	101,9	
	<i>male</i>	<i>no target</i>	2256	n/a	
	<i>female</i>	<i>no target</i>	1718	n/a	43,2
	60 Mobile kindergartens provided	73	79	108,2	
	61 Teachers trained	330	3096	938,2	
	<i>male</i>	<i>male</i>	781	n/a	
	<i>female</i>	<i>female</i>	2315	n/a	74,8
	62 Literacy training conducted, by gender	no target	2231	n/a	
	<i>male</i>	<i>no target</i>	1580	n/a	
	<i>female</i>	<i>no target</i>	651	n/a	29,2
Women in development	63 Aimag and soum women's council supported	83	83	100,0	
	64 WFCs staff trained	no target	3665	n/a	
	<i>male</i>	<i>male</i>	0	n/a	
	<i>female</i>	<i>female</i>	3665	n/a	100,0
	65 Persons trained by WFCs, by gender	no target	45000	n/a	
	<i>male</i>	<i>male</i>	3000	n/a	
	<i>female</i>	<i>female</i>	42000	n/a	93,3
Comp. 5: Project MGT					
	66 1 PSU, 4 aimag PIUs established	5	5	100,0	
	67 staffs trained, by gender	38	50	131,6	
	<i>male</i>	<i>male</i>	17	n/a	
	<i>female</i>	<i>female</i>	33	n/a	66,0
	68 Soum committees established	77	79	102,6	
	69 100% disbursement rate for IFAD loan	100%	98%	98,0	
	70 100% counterpart financing materialized	100%	100%	100,0	
Total	Overall women participation				66,9

Table 2
Output indicators compared to appraisal targets

	Output indicators (Component-wise)	Realizations					
		Appraisal	Actual	% of Appraisal	% Women		
Comp. 1: Livestock & NRM							
Rangeland MGT	1	Soum and bag RMMCs established	350	414	118,3		
	2	Resource management plans completed insoums and bags	350	414	118,3		
	3	Soum RMMC members trained, by gender	632	2415	382,1		
		<i>male</i>	<i>no target</i>	995	n/a		
		<i>female</i>	<i>no target</i>	1420	n/a	58,8	
	4	Bag RMMC members trained, by gender	1.355	6957	513,4		
		<i>male</i>	<i>no target</i>	4358	n/a		
		<i>female</i>	<i>no target</i>	2603	n/a	37,4	
	5	Herders trained in rangeland MGT, by gender	17.000	26279	154,6		
		<i>male</i>	<i>no target</i>	13884	n/a		
		<i>female</i>	<i>no target</i>	12395	n/a	47,2	
	6	Wells rehabilitated	540	578	107,0		
	7	Pump attendants trained	540	613	113,5		
		<i>male</i>	<i>no target</i>	523	n/a		
		<i>female</i>	<i>no target</i>	34	n/a	6,1	
	8	soums engaged in rodent control research and demonstration	12	12	100,0		
	9	Herders attended training, demos of winter feeding, by gender	17.000	12621	74,2		
	<i>male</i>	<i>no target</i>	6309	n/a			
	<i>female</i>	<i>no target</i>	5412	n/a	46,2		
10	Herder groups established	271	1670	616,2			
Livestock	11	Aimag and soum labs rehabilitated and equipped	83	83	100,0		
	12	Lab staff and private vets trained, by gender	162	362	223,5		
		<i>male</i>	<i>no target</i>	252	n/a		
		<i>female</i>	<i>no target</i>	110	n/a	30,4	
	13	Aimag vet associations established and supported	4	4	100,0		
	14	Herders trained, by gender	754	4590	608,8		
		<i>male</i>	<i>male</i>	2278	n/a		
		<i>female</i>	<i>female</i>	2312	n/a	50,4	
	15	Aimag breeding centers supported	4	4	100,0		
	16	Breeding technicians trained, by gender	40	27	67,5		
		<i>male</i>	<i>no target</i>	15	n/a		
		<i>female</i>	<i>no target</i>	7	n/a	31,8	
	17	Emergency funds established and functional	4	4	100,0		
Livestock extension	18	Aimag extension centres built and equipped	4	4	100,0		
	19	Soum extension offices rehabilitated and equipped	79	79	100,0		
	20	Bag extension training outlets established	150	201	134,0		
	21	Extension staffs trained	83	126	151,8		
		<i>male</i>	<i>no target</i>	62	n/a		
		<i>female</i>	<i>no target</i>	74	n/a	54,4	
	22	herders and cultivators trained, by gender	17.000	24500	144,1		
		<i>male</i>	<i>no target</i>	9300	n/a		
		<i>female</i>	<i>no target</i>	15200	n/a	62,0	
	23	advisory services provided to herders and cultivators	15000	66960	446,4		
Comp. 2: Other economic activities							
Crop development	24	soum vegetable officers trained, by gender	79	79	100,0		
		<i>male</i>	<i>no target</i>	31	n/a		
		<i>female</i>	<i>no target</i>	48	n/a	60,8	
	25	Vegetable demos held	250	286	114,4		
	26	vegetable growers trained and supported, by gender	18.000	33000	183,3		
		<i>male</i>	<i>no target</i>	12000	n/a		
		<i>female</i>	<i>no target</i>	21000	n/a	63,6	
	27	storage facilities built	79	131	165,8		
	IGA	28	IGA promotion centres established and equipped	79	79	100,0	
		29	IGA focal persons trained, by gender	79	79	100,0	
		<i>male</i>	<i>no target</i>	35	n/a		
		<i>female</i>	<i>no target</i>	44	n/a	55,7	
30		HHs supported in non-vegetable IGAs	800	1035	129,4		
31		HH in commercial crop production	1.485	4600	309,8		
32		Shops and ventures generated and supported	77	460	597,4		
33		Persons trained in IGAs, by gender	12.000	22000	183,3		
	<i>male</i>	<i>no target</i>	5900	n/a			
	<i>female</i>	<i>no target</i>	16100	n/a	73,2		

Project assumptions

1. The project logic was built on a sequence of fundamental but largely unstated and untested assumptions: (i) poverty in rural Mongolia is the consequence of low productivity and environmental degradation; (ii) low productivity and environmental degradation are largely caused by unregulated grazing pressure resulting from too many animals; (iii) the remedy is to balance livestock numbers with environmental carrying capacity; (iv) that it is possible to calculate or estimate a meaningful carrying capacity (v) that the way to respect carrying capacity is through herder management institutions; (vi) such institutions, together with veterinary inputs, rehabilitated wells, and a *dzud* fund to cope with major risks, will lead naturally and without further major inputs to a more productive livestock economy.
2. These assumptions belong to an 'equilibrium' model of grassland dynamics. This model infuses the project strategy as a whole as well as the preparation of maps and plans.
3. The equilibrium model as applied to dry grasslands throughout the world has been questioned in the last two decades.¹ In dry and highly variable environments such as much of Mongolia, a competing model of non-equilibrium systems is now proposed by researchers. In the non-equilibrium system vegetation change is as much the consequence of major ecological events from outside the system, such as drought, grassland fires, market price volatility, *dzud* or major animal disease epizootic, as from processes internal to the system such as grazing pressure. In environments showing non-equilibrium characteristics, carrying capacity has no real meaning as a management tool, since pasture production is driven by processes and events other than grazing pressure. Support to herder institutions is still an important project input in non-equilibrium systems, but the tasks and responsibilities of herder associations are different. Tracking changes in environmental conditions, reacting fast and flexibly to such changes, helping herders manage the changes, become of primary importance. Herders in Mongolia over centuries have developed mechanisms of this sort, but these are inadequate in the face of contemporary challenges.
4. In Mongolia grazing ecosystems range those demonstrating primarily equilibrium dynamics (mountain steppes), those demonstrating primarily non-equilibrium dynamics (desert steppes), and those showing a combination (steppes). Treating these all the same way could be misleading.
5. RPRP project designers cannot be criticized for not taking into account the full implications of this thinking since most work on non-equilibrium systems has been done since project design. However the critical paper questioning the utility of carrying capacity was published in 1988, and in 1999 a key paper on the relevance of this approach to Mongolian grasslands was published, three years before programme design² As a result the debate was well under way internationally and in Mongolia when the programme was approved in September 2002.³ Given that the new thinking threw into doubt the entire theoretical basis of pasture management, it might have been expected that the RPRP project design would take note of its conclusions. It would have been appropriate for the project team to reflect on the implications of this change in thinking about rangeland processes and outcomes during project execution. This did not happen.

¹ The basis of the new thinking is described in Behnke, Scoones and Kerven 1993, Scoones 1996 and Wehrden et al 2012. The challenge to the traditional view as it relates to Mongolia, is laid out in Fernandez-Gimenez, et al 2012, Fernandez-Gimenez and Allen-Diaz 1999.

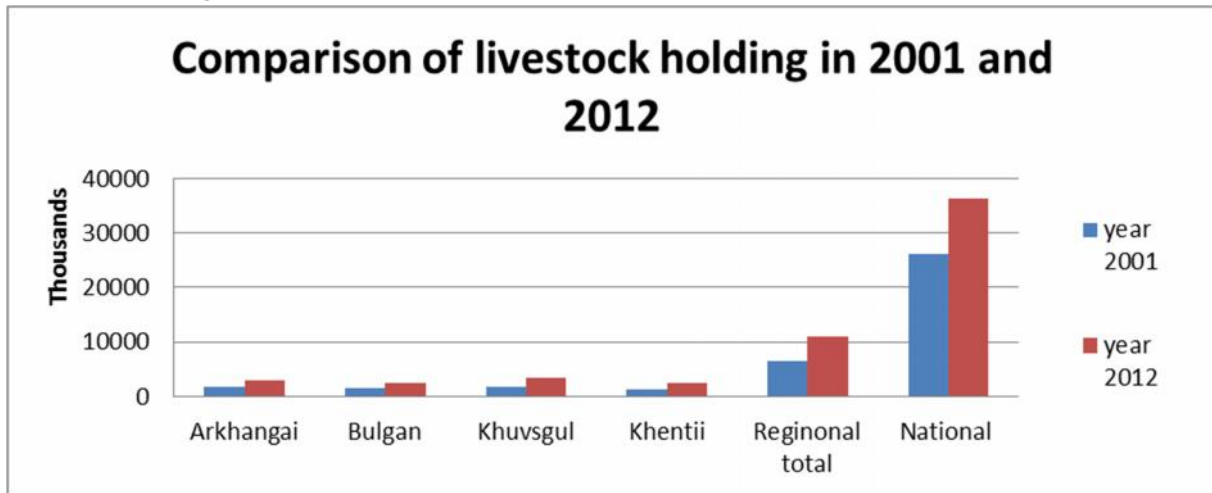
² Ellis and Swift, 1988.

³ Fernandez-Gimenez and Allen-Diaz, (1999).

6. Risk management plans should be designed initially at *soum* level, following a national template. They should aggregate upwards to national level. *Soum* risk management plans should be made up of (a) an annual local pastoral risk forecast, (b) an annual report on the state of local winter preparedness, (c) an early warning system, (d) a pre-planned set of rapid reaction activities to be triggered as soon as early warning is given, (e) designation of appropriate people to implement and oversee the working of the strategy.
7. Capacity-building and training will be essential in any risk management strategy since most of these activities will be new to the people responsible for them.

Comparison of livestock holding 2001 and 2012

Livestock holdings in 2001 and 2012



Source: Animal census 2001 and 2012

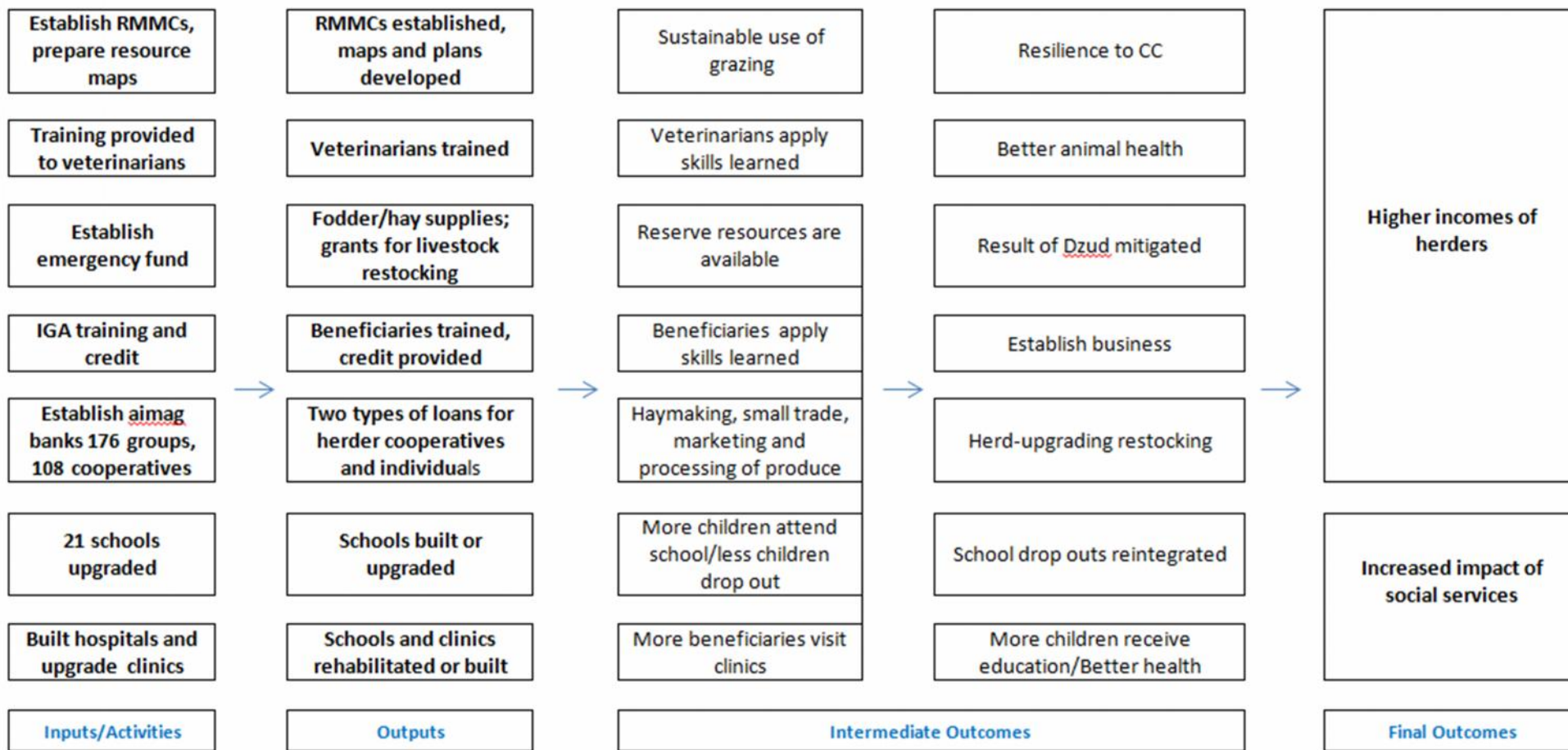
Budget and actual expenditures by activity

(MTG billion)

	Item	Budget	Actual	Actual as % budget
1.	Programme management a/	3.292	4.520	137,3
2.	Pasture management	3.276	5.301	161,8
3.	Veterinary services	1.521	1.305	85,8
4.	Livestock extension	2.622	1.599	61,0
5.	Crop development	626	847	135,3
6.	Income generation activities	841	727	86,4
7.	Rural finance	4.970	3.024	60,8
8.	Women in development	699	590	84,4
9.	Education	2.394	2.164	90,4
10.	Health	1.992	2.603	130,6
	Total of RPRP	22.234	22.680	102,0

	a/ incl. Soum Committees			

Reconstructed logframe



Bold font: level of logframe specified in President's Report
 Regular font: level of logframe not specified in President's Report

President's Report and PCR comparison

	President's Report 2003	Revision of <u>logframe</u> 2009
Goal	To achieve sustainable and equitable poverty eradication for about 80,000 vulnerable rural households living in an environment with increasingly degraded natural resources	(same)
Indicators	Population below official poverty lines reduced by 67% by 2010	90% of households in the project area benefit from project investments (80,000HH) 30% reduction of poverty compared to baseline 50% drop in child malnutrition prevalence compared to first RIMS At least 580% of HH with improved food security compared to the first RIMS survey
Project Purpose	Achieve income growth for herders and urban dwellers; increase impact of social services	(not formulated)
Indicators	Incidence of preventable disease reduced; School drop-outs decreased by 50%; 4500 IGAs started; more than 6,000 jobs sustainably created average income of 80,000 beneficiaries doubled by project end.	(not formulated)
Objectives	To increase sustainably the productive capacity of herders, cultivators and the general public, and to offer increased access to economic and social resources, including education health and social service	(same)
Indicator	(none formulated)	60% of participating households reporting increased income 50% of total direct beneficiaries are women At least 60% of directly beneficiary HHs are poor at baseline
Output	Rangeland management systems strengthened; Herder resilience to natural calamities improved; Support services for livestock development strengthened	To achieve a sustainable increase in productive capacity for livestock production and rangeland management through improving technical assistance and herders participation
	377 herding communities organized in RMMCs; 377 bag level rangeland management plans established; 4 vet associations established; 540 wells rehabilitated; Rodent control research programme executed; 1645 hay making demonstrations held; 4 aimag labs rehabilitated; veterinarians re-trained in 486 sessions; 754 herders trained in basic veterinary practices; 16 breeding associations established; 32 staff trained; Annual shows supported; Emergency funds established and allocated	70% of (component) participating HHs reporting >80% increase of herd size, as compared to baseline 60 out of 79 soum-level RMMCs converted into NGOs 271 (>70%) rural bag RMMCs still operational after three years. 592 of herders' groups still operational after three years 80% of wells built or rehabilitated still functional after three years. 8,869 of HHs gaining access to built and rehabilitated wells. 80% of participating HHs reporting adoption of technologies recommended by project
Output 1	Livestock and crops extension established	
Indicators	3 aimag centres built and equipped; 78 soum offices rehabilitated; 78 livestock officers trained; 377 bag 'herder schools' established; Weekly radio transmissions made; 64 soum crops officers trained; 464 demonstrations held; 18,000 vegetable starter packets distributed weekly radio transmissions made	
Output 2	IGAs supported	Increased income source and type of food consumption

Indicators	77 IGA shops established and staff trained; 9,720 HH supported for self-learning 1,485 HH supported for sem commercial vegetable growing; 800 HH supported with other IGA training provided for the above	At least 50% of ventures created by IGA support still operational after three years >25% of HHs living in the project area engaged in vegetable growing 15% of vegetable grower HHs reporting selling surplus for cash
Output 3	Poverty and gender sensitive financial services provided by private banks	To bring financial services to the rural area to the poor herders and women through the fair competition
Indicators	4 Bank aimag offices established and staff trained approximately 176 groups, 108 cooperatives and 16 savings and credit coops established 11, 400 herding and hay making loans extended 2,235 other investment and seasonal loans provided for IGAs	At least 50% of total project borrowers are poor >50% of total project borrowers are women 16 supported SCCs operationally sufficient (26 presently) 4 aimag sub-branches of Xac Bank operating with financial self-sufficiency FI project portfolio at risk <3% FI operational self-sufficiency > 115 Operating expenses ratio \geq national benchmark Active borrowers/credit officer \geq national benchmark
Output 4	Social services improved	To improve and to strengthen quality and outreach of social services to the target group
Indicators	6 annual campaigns for FHH IGAs 6 annual campaigns on family planning 3,900 school drop outs reintegrated 21 bag primary schools up-graded 73 mobile kindergartens provided 24 soum primary school dormitories rehabilitated 49 feldsher posts up graded 2 soum hospitals built 61 soum hospitals rehabilitated 353 baseline health workers recruited	<i>Health</i> 9 soum hospitals built operating properly 95% of rehabilitated and equipped soum hospitals and bag health facilities operating properly Mortality reduced compared to baseline (no target) Reduced medical cost of target population compared to baseline (no target) Extended medical service coverage, scope and capacity compared to baseline (no target) <i>Education</i> 95% of rehabilitated and equipped schools and dormitories operating properly Reduced education cost of target population (no target) Extended education service quality and capacity compared to baseline (no target) Reduced drop-out rate compared to baseline (no target) Increased literacy rate compared to baseline (no target) 95% of planned mobile kindergartens established and operating properly after three years <i>Women in development</i> 4 aimag WAs and 79 soum WAs supported with improved services for the target women At least 80% are poor women among WA project trainees
Output 5	Management institutions established at all levels	(Not formulated)
Indicators	54 Aimag PIUs 77 soum committees.	(none formulated)

Source: President's Report and PCR

	President's Report 2003	Revision of logframe 2009
Indicators	77 IGA shops established and staff trained; 9,720 HH supported for self-learning 1,485 HH supported for sem commercial vegetable growing; 800 HH supported with other IGA training provided for the above	At least 50% of ventures created by IGA support still operational after three years >25% of HHs living in the project area engaged in vegetable growing 15% of vegetable grower HHs reporting selling surplus for cash
Output 3	Poverty and gender sensitive financial services provided by private banks	To bring financial services to the rural area to the poor herders and women through the fair competition
Indicators	4 Bank aimag offices established and staff trained approximately 176 groups, 108 cooperatives and 16 savings and credit coops established 11, 400 herding and hay making loans extended 2,235 other investment and seasonal loans provided for IGAs	At least 50% of total project borrowers are poor >50% of total project borrowers are women 16 supported SCCs operationally sufficient (26 presently) 4 aimag sub-branches of Xac Bank operating with financial self-sufficiency FI project portfolio at risk <3% FI operational self-sufficiency > 115 Operating expenses ratio \geq national benchmark Active borrowers/credit officer \geq national benchmark
Output 4	Social services improved	To improve and to strengthen quality and outreach of social services to the target group
Indicators	6 annual campaigns for FHH IGAs 6 annual campaigns on family planning 3,900 school drop outs reintegrated 21 bag primary schools up-graded 73 mobile kindergartens provided 24 soum primary school dormitories rehabilitated 49 feldsher posts up graded 2 soum hospitals built 61 soum hospitals rehabilitated 353 baseline health workers recruited	<i>Health</i> 9 soum hospitals built operating properly 95% of rehabilitated and equipped soum hospitals and bag health facilities operating properly Mortality reduced compared to baseline (no target) Reduced medical cost of target population compared to baseline (no target) Extended medical service coverage, scope and capacity compared to baseline (no target) <i>Education</i> 95% of rehabilitated and equipped schools and dormitories operating properly Reduced education cost of target population (no target) Extended education service quality and capacity compared to baseline (no target) Reduced drop-out rate compared to baseline (no target) Increased literacy rate compared to baseline (no target) 95% of planned mobile kindergartens established and operating properly after three years <i>Women in development</i> 4 aimag WAs and 79 soum WAs supported with improved services for the target women At least 80% are poor women among WA project trainees
Output 5	Management institutions established at all levels	(Not formulated)
Indicators	54 Aimag PIUs 77 soum committees.	(none formulated)

Source: President's Report and PCR

Components of a comprehensive risk management plan for pastoral areas of Mongolia¹

Sources of risk

1. There are diverse sources of risk to Mongolian pastoral households.
2. **Snow disaster/dzud** is ranked by most herders as the most important risk they face. The meteorological definition of *dzud* is a snow cover of more than 25 cm, a sudden prolonged snow storm, 2-3 cm of frozen snow cover, or prolonged extreme cold. A heavy *dzud* is one lasting more than 20 days. Mongolian herders have a rich vocabulary describing and classifying *dzuds*.
3. **Drought** occurs most often in late spring and early summer when it can cause high mortality among new-born animals.
4. **Predation** especially by wolves remains a key risk. Wolf numbers grew rapidly after the end of the pastoral collectives and their wolf control activities. Animal disease creates risks, as do heavy spring rain, floods, and wild fire. Animal theft and conflict are increasing. Market failure creates or magnifies risk.
5. Different risks are inter-related and two types occurring together may multiply the effects of each. Risk may be individual (affects individual households, not a whole area), or covariate (affects all households in a given area). *Dzud* is a covariate risk, animal theft an individual one.
6. Levels of risk are not constant. Risks increase or decrease over time. Wolf attacks are more common now than during the period of the pastoral collectives. In general, from the point of view of a herder, economic and social risks have increased as a result of economic liberalization. Climate change will bring its own risks, with a probability that weather extremes will become more extreme: dry period's drier, wet periods wetter.

Risk cycle

7. Risk develops in partially predictable patterns and sequences. Responses to these make up the content of a risk management strategy and plan.
 - (i) *Risk reduction and risk avoidance*
Long-term strategies elaborated by herders and government to reduce vulnerability and increase resilience. They include institutional development, including herder organizations, land tenure reform including seasonal grazing reserves, choice of techniques including new financial institutions, market development, and the development of long-term weather forecasting.
 - (ii) *Risk planning*
Medium term strategies designed to prepare the herding economy for stresses and shocks. They include winter preparation by herders; support to fodder markets and strategic fodder reserves; better coordination of key risk actors – government, civil society, donors; development of early warning systems, contingency planning, and better risk forecasting.
 - (iii) *Reacting to shocks*
Activities triggered by early warning or by the disaster itself. They include coordinated management including the emergency services, measures to facilitate herder mobility and access to emergency grazing reserves, and perhaps food and fodder distribution.
 - (iv) *Recovering from disaster*

¹ Based on FAO, 2007, *Institutionalising Pastoral Risk Management in Mongolia: Lessons Learned*. Rome, Italy

Medium-term rehabilitation activities designed to help households recover their livelihood strategies. Recovery is important because until the household economy has recovered it remains exceptionally vulnerable to new risks. Activities may include restocking through credit, and creating alternative livelihoods for those made destitute and who do not want to return to herding

Some components of a risk management strategy

8. Key components of a pastoral risk management strategy include, among others, the following:

(i) Building resilience into the system

Building resilience into the system starts with the pattern of everyday herding. The techniques of daily herd management are critical to this, as are issues such as the selection of livestock for hardiness, mobility, selection of grazing areas and many other aspects of herding. Efficient and well located markets are crucial. Herders must accept that in a market economy they are largely responsible for their own well-being, and plan accordingly.¹ The role of the state is to plan for emergencies and intervene to protect lives and livelihoods when these are threatened.

(ii) Winter preparation

Fodder production, haymaking and storage are crucial as are *soum* level emergency fodder storage facilities and rules for their release. Hay-making involves the allocation of hayfields to households, adoption of suitable technologies including especially hay storage technologies. Designation and protection of other emergency grazing areas and routes to them are critical.

(iii) Contingency planning

Planning for future emergencies is essential. This is done mainly on the basis of past emergencies, and starts at *soum* level. *Soum* risk contingency management plans should be made up of (a) an annual local pastoral risk forecast, (b) an annual report on the state of local winter preparedness, (c) an early warning system, (d) a pre-planned set of rapid reaction activities to be triggered as soon as early warning is given, (e) designation of appropriate people to implement and oversee the working of the strategy.

(iv) Micro-finance

Well-adapted micro-finance products can play a critical role in pastoral risk management. Savings and credit can smooth consumption, help herders reestablish themselves after *dzud* or drought, diversify household income and reduce vulnerability to future shocks.

(v) Insurance

One particular micro-finance product – index insurance – is starting to show promise in Mongolia as a *dzud* management tool. Based on local animal mortality rates, for which a long data series is available, herders can buy insurance against livestock mortality above a specified level, whatever the cause and the size of losses.