

**The Republic of Korea's Country  
Partnership Strategy for  
Mongolia  
2016-2020**

**The Government of the Republic of Korea**

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# The Republic of Korea's Country Partnership Strategy for Mongolia

## I. Summary

Sustainable Development Vision 2030 of Mongolia
Increase GNI per capita to USD 17,500; ensure a minimum of 6.6% in annual economic growth; reduce income inequality; improve living environment and preserve ecological balance; and build professional, stable and participative governance



2016-2020 Action Program of the Government of Mongolia	
<b>Main Goals</b>	Overcome economic slowdown, promote social development, and improve welfare
<b>Agenda</b>	Improve public administration to provide an efficient and transparent public service and strengthen public trust and governance
<b>Policy</b>	Policy to overcome economic slowdown; policy on promoting sustainable economic growth; social policy; and policy on governance



Objectives of the Republic of Korea's Development Cooperation for Mongolia
<p>The Korean government will support the Mongolia Sustainable Development Vision 2030 and 2016-2020 Action Program, focusing on the following objectives:</p> <ul style="list-style-type: none"> <li>Enhance the employability of the Technical Vocational Education and Training (TVET) program graduates through TVET policy, curriculum, and facility development based on labor market demands</li> <li>Strengthen preventive measures for noncommunicable diseases, and reduce regional disparity on the access to improved drinking water sources and sanitary facilities</li> <li>Expand the e-government system focusing on efficiency and transparency of public administration</li> <li>Support the overall development of the transportation sector, such as transport infrastructure, transportation policies, facilities, and human resources</li> </ul>



<b>Priority Cooperation Areas and Support Plans</b>	Education
	<ul style="list-style-type: none"> <li>Support efforts to improve the education environment and access to equal education opportunities for higher education and TVET</li> </ul>
	Water Management and Public Health
	<ul style="list-style-type: none"> <li>Support measures to control and prevent noncommunicable diseases and addictive substances</li> <li>Support efforts to increase access to and improve management of clean drinking water and sanitary facilities</li> </ul>
	Governance (Public Administration)
	<ul style="list-style-type: none"> <li>Promote public administrative efficiency and transparency through the expansion of the e-government system development</li> <li>Reform the hiring and training system of public officials to improve administrative efficiency</li> </ul>
	Transportation
	<ul style="list-style-type: none"> <li>Support capacity building for transport and logistics infrastructure development, expansion, and management</li> </ul>

1. **(Vision)** The Government of the Republic of Korea will make efforts to support the Government of Mongolia in realizing the Sustainable Development Vision 2030 and the 2016-2020 Action Program.
2. **(Objectives)** Korea's Country Partnership Strategy 2016-2020 for Mongolia will focus on **improving TVET and higher educational environment, strengthening noncommunicable disease prevention capacity, increasing access to water and sanitation facilities, enhancing the e-government system and the civil service hiring and training system, and building capacity for transport and logistics infrastructure development and management.**
3. **(Priority Cooperation Areas)** The priority areas were selected based on Mongolia's national development strategies, sectoral implementation plans, and past policy discussions between Korea and Mongolia. Also taken into consideration were Korea's capacities and relative advantages in development cooperation based on its experience in and connection with other on-going projects and the balance in aid. 70% of Korea's bilateral ODA for Mongolia will be allocated to the following four priority areas during the CPS period:
  - **Education** including TVET policy implementation, higher education, and curriculum and facility development based on labor market demands
  - **Water Management and Public Health** including prevention of noncommunicable diseases and access to improved drinking water sources and sanitary facilities
  - **Governance** including an e-government system, system management capacity, and the reformation of the civil service hiring and training system
  - **Transportation** including transport infrastructure development, sectoral policy, and human resources development

## II. Priority Areas and Implementation Strategy

### A. Education

#### 1. Development Need

**The Government of Mongolia's efforts to improve the education sector have not only led the nation to recover the education indicators of the 1990s but also achieved some of the MDGs.** The achievements include the enrollment rate in primary education (95.25%), adolescent literacy rate (98.5%) and the gender ratio in primary and secondary education.

**Despite the exemplary achievements in primary and secondary education, the challenges remain for vocational and higher education.** The tertiary enrollment rate of 64.3% (2014) is an achievement in itself considering that the public spending on education in the 1990s plummeted along with the level of access to and demand for secondary and tertiary education. However, while the number of students enrolled in higher education institutions increased by 652% from 1991 to 2010, resources allocated for tertiary education are limited, undermining the quality of education.

**To strengthen Mongolia's industrial competitiveness, improved education policies, system, environment for the TVET program, and higher education are needed.** Further government support including legislative progress along with efforts to strengthen teachers' capacity and increase wages are needed, but securing financial resources remains a critical challenge.

**High youth unemployment rate and poverty rate are hurdles for human and social development in Mongolia.** According to the Ministry of Labor, there are 76 post-secondary TVET institutions with over 42,000 students enrolled as of 2014. Aligning curriculum and education materials to the industrial labor demand is a serious challenge faced by the TVET institutions. Lack of training equipment and limited capacities of teachers have negatively affected the employment rate of the TVET institution graduates, which currently stands below 50%.

#### 2. Implementation Strategy

**Reflecting on the Republic of Korea's experience in the promotion of education along with its economic development, the Government of the Republic of Korea will focus on the Mongolian government's efforts to develop TVET and higher education.** Korea's experience has allowed for the accumulation of relevant education materials and human resources in education institutions, including universities, research institutes, and TVET institutes, which can greatly contribute to education projects. Also, Korea's education policies, systems, facilities and personnel capacities could be used as a reference.

In identifying and implementing the development cooperation project for the education sector, **the Korean government will:**

- Consider different financial modes for large-scale facility construction projects for

higher education institutions or TVET institutions (ODA loan), as well as for consultation projects on policies, systems, and curriculum reform (grants)

- Provide support for higher education reform and consultation on the promotion of academic excellence in higher education through competition and incentives
- Provide support to establish school-based enterprise programs or an industry-university cooperation model in TVET Institutions and science and engineering universities to improve fiscal soundness and education environment
- Develop projects focused on training professionals and skilled workforce and strengthening TVET models aligned with the national development strategy, and review the possible joint projects with other donor organizations (UNDP, GIZ, SDC, etc.) that support research capacity development to higher education institutions

## **B. Water Management and Public Health**

### **1. Development Need**

**Mongolia's health indicators showed clear improvement during the period of the MDGs.** The infant mortality rate reached 26.4 per 1,000 live births in 2013, which is almost half of the 49.4 in 2000. Moreover, the maternal mortality rate of 161 per 100,000 live births in 2000 was reduced by two-thirds to 44 in 2015. While maintaining and building on the outcomes of the MDGs, the recent shifts in Mongolian health indicators and major disease trends also need to be reviewed.

**The morbidity of preventable communicable diseases is decreasing, but the number of deaths by noncommunicable diseases is increasing.** With the implementation of the Mongolian government's health policy and vaccination, the morbidity rate of communicable diseases is showing a decrease. However, deaths by noncommunicable diseases, such as cardiovascular diseases, diabetes, strokes, cancer, and traumas from accidents are increasing. While cardiovascular diseases hold the highest mortality rate, respiratory diseases hold the highest morbidity rate at 1,462.8 per 10,000 (2015), followed by gastrointestinal diseases with 1,202.8 per 10,000 (2015).

**The high-risk group for noncommunicable diseases, which accounts for approximately 53% of the population, is a serious concern for Mongolian public health.** Alcohol and tobacco use, unhealthy diet, and physical inactivity are the main challenges of public health and health related expenditure. The meat-based diet and salted tea culture contribute to a high salt intake level, the average reaching 11g a day, which exceeds the WHO recommendation of under 5g per day. With the increasing morbidity of noncommunicable diseases, containing the related social and health costs is becoming a high-priority task, which requires relevant health policies, implementation plans, and regulations.

**To increase access to improved water source and sanitation facilities, additional consideration of the Mongolian cultural and regional context, especially of the ger district, is needed.** The level of access to improved water source (64.4%) and sanitation facilities (59.7%) greatly varies per region and is severely limited in ger districts, where

access to basic public services like water and sewage systems and modernized sanitary facilities is difficult.

## 2. Implementation Strategy

**Taking note of the change in morbidity trend, the Republic of Korea will focus its support on noncommunicable diseases.** The public health system in Korea is experienced in noncommunicable disease management and the prevention, diagnosis, and treatment of addictive substance abuse, such as alcohol. As the availability of basic sanitation and clean drinking water affects health conditions, efforts will also be made to increase access to improved water sources and sanitation facilities.

Reflecting on the importance of health policy implementations that paved the way in building good quality medical workforce and reasonable medical cost system, **the Korean government will:**

- Develop health projects, such as policies or health education programs, to improve awareness on noncommunicable diseases to encourage change towards a healthier diet, better food management, and more physical activity
- Support the establishment of mid-to-long-term strategies on disease prevention and treatment and implementation plans to reduce smoking and drinking rates
- Expand partnerships with NGOs, which have a wider access to groups marginalized from medical services in rural areas and ger districts, for health projects on dietary improvement and construction of awareness centers on harmful consequences of drinking and smoking
- Explore joint partnerships with international organizations for projects on clean drinking water and sanitary facilities in geographically isolated rural areas and ger districts

## C. Governance (Public Administration)

### 1. Development Need

To develop and reform state structure and public administration, the Mongolian government has early on made many efforts to establish an accurate and reliable system and database of electronic information. According to the latest UN E-Government Survey carried out in 2016, **Mongolia's e-government and e-government participation indicator remains to hold a 'high' level among its international peers.** However, the overall rank and evaluation results have slightly decreased from the previous survey conducted in 2014<sup>1</sup>.

**To fully utilize and improve the efficiency of completed e-government projects in**

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<sup>1</sup> Mongolia's e-government rating ranked 65<sup>th</sup> (0.5581) in 2014 and dropped to 84<sup>th</sup> (0.5194) in 2016. E-government participation index dropped from 30<sup>th</sup> (0.6863) in 2014 to 39<sup>th</sup> (0.7119) in 2016.

**Mongolia, the government needs to continue its efforts to train relevant professionals and expand and integrate available systems and facilities.** Some grant-based e-government projects have been implemented or are being implemented in cooperation with the Korean government. Approximately 13 projects, widely ranging from e-court service, e-immigration, e-parliament to the land registration system, are identified as such. In order to build on the projects, several fellowship programs and capacity building seminars related to the projects are being offered to relevant Mongolian civil servants.

Continued efforts for the public administration and civil service reform are expected. The success of the reform will depend on a transparent and sound civil servant employment and management system that allows the hiring of competent civil servants and guarantees a secure tenure. Establishment of relevant laws and regulations will also be needed.

## **2. Implementation Strategy**

Building on the Mongolian government's objectives in the national development strategy and past cooperation projects in Mongolia, **the Korean government will engage in available e-government systems and explore relevant public administration projects.** The Korean government will consider:

- Strengthening the link between loan projects, such as one between intelligent transportation systems or emergency aid centers, and e-government projects
- Supporting the development of mid-to-long term strategies and implementation plans for public administration and civil service management system reform
- Exploring joint consulting projects with international organizations to improve the quality of civil service with a special focus on competitive hiring and performance management
- Developing partnerships with NGOs for promotion of transparency and integrity in the public sector and related research, i.e. corruption awareness

## **D. Transportation**

### **1. Development Need**

**Recognizing the need to develop national and inter-regional, transport networks, the Government of Mongolia has set forth the infrastructure development policy.** One of the focal areas of the infrastructure development policy is building regional roads and transport infrastructure with which Mongolia could bridge Asia and Europe.

**The poor conditions of transport infrastructure were noted in the World Economic**



**Forum (WEF)'s Global Competitiveness Report 2015-2016**<sup>2</sup>. Road, railway, port and airport conditions were rated low, a hurdle in enhancing national connectivity.

For instance, Mongolia's present railway system is not standardized. It is composed of two different types of gauge railroads: the standard gauge railway connecting to China and the broad gauge railway connecting to Russia. The different rail track and train wheel standards require frequent changes in gauge wheels to move across the border, which increases logistics costs. Thus, a **more efficient and standardized transport infrastructure is needed to reduce logistics costs**.

**The problem of heavy traffic in Ulaanbaatar needs to be handled through additional implementation of transportation policies to reduce social and economic costs.** Currently, approximately 460,000 vehicles, which account for about 60% of the total 790,000 registered vehicles, are located in Ulaanbaatar, the capital city. However, because the region's current road network cannot sufficiently accommodate all vehicles, worsening traffic congestion and the growing shortage of public transportation, i.e. bus and taxi, are becoming major problems. Therefore, the situation urgently calls for innovative transportation policies and systems.

## **2. Implementation Strategy**

**The Republic of Korea is maintaining its lead in the transportation sector.** According to the WEF's 2015-2016 Global Competitiveness Report, its transport infrastructure was evaluated as 'outstanding' in quality<sup>3</sup>.

The Republic of Korea's experience and accumulated know-how in developing modern transport and logistics infrastructure and relevant transportation sector policies could be referred to as lessons learned. In this regard, **the Korean government will:**

- Support the mid-to-long term strategy and implementation plans for building and managing transport and logistics infrastructure
- Explore projects to conduct a feasibility study for the transport infrastructure construction in Ulaanbaatar and other regions through grants, and follow-up construction projects through loans
- Promote private sector participation for projects on transport and logistics infrastructure construction
- Introduce an innovative public transportation model that responds to the needs of rapid urbanization in Ulaanbaatar
- Explore joint studies with international organizations on transportation system development in line with the Eurasian Initiative

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<sup>2</sup> The overall transportation infrastructure was ranked 107<sup>th</sup> (3.3/7), road 118<sup>th</sup> (2.8/7), railway 73<sup>rd</sup> (2.5/7), port 139<sup>th</sup> (1.4/7), and airport 120<sup>th</sup> (3.2/7).

<sup>3</sup> The Republic of Korea was ranked 20<sup>th</sup> out of 140 with 4.5/7.

### III. Country Partnership Strategy (CPS) Evaluation Framework

<b>Mongolia Sustainable Development Vision 2030</b> Increase GNI per capita to USD 17,500; ensure annual economic growth of a minimum of 6.6%; reduce income inequality; improve living environment and preserve ecological balance; and build professional, stable and participative governance				
CPS Strategic Goals				
Priority Areas	Goals	Expected Challenges	Performance	Evaluation Index
Education	<ul style="list-style-type: none"> <li>To strengthen capacity of higher education and TVET institutions</li> </ul>	<ul style="list-style-type: none"> <li>- Large-scale financial resources needed to improve general education environment</li> <li>- Limited demand for highly educated and advanced human resources in Mongolia</li> </ul>	<ul style="list-style-type: none"> <li>- Establish development plan for higher education and TVET</li> <li>- Introduce international-quality certification system on management of higher education and TVET institutions</li> <li>- Strengthen capacity of TVET institutions</li> <li>- Introduce national accreditation system</li> </ul>	<b>CPS Conformity</b> (whether a project has been appropriately identified and developed by the CPS goals)  <b>Project Implementation Status</b> (whether projects aligned with CPS have been implemented)
Water Management and Public Health	<ul style="list-style-type: none"> <li>To strengthen control of non-communicable diseases</li> <li>To reduce drinking and smoking youth population</li> <li>To improve access to improved drinking water sources and sanitary facilities</li> </ul>	<ul style="list-style-type: none"> <li>- Limited capacities of medical and health policy workforces</li> <li>- Large number of rural areas with very low access to safe drinking water</li> </ul>	<ul style="list-style-type: none"> <li>- Establish disease monitoring center</li> <li>- Improve system for training medical workforce</li> <li>- Reform education curriculum</li> <li>- Increase access to clean drinking water in rural areas</li> <li>- Increase access to sanitary facilities in rural areas</li> </ul>	
Governance	<ul style="list-style-type: none"> <li>To strengthen e-government system to improve efficiency and transparency of public administration</li> </ul>	<ul style="list-style-type: none"> <li>- Maintenance cost of e-government system</li> <li>- Shortage of skilled ICT professionals</li> </ul>	<ul style="list-style-type: none"> <li>- Improve public finance management and local governance</li> <li>- Improve civil service training and hiring system specifically for public finance management and social development</li> <li>- Improve integrated government data center</li> <li>- Train personnel in public organizations on information security</li> </ul>	
Transportation	<ul style="list-style-type: none"> <li>To support policy implementation on transportation sector for expansion of road, railway and air transportation</li> <li>To support capacity building for maintenance and repair of transport infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- Large-scale financial resources needed for infrastructure development</li> <li>- Frequent rotation of civil servant in charge of transportation infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- Train researchers specialized for transportation sector</li> <li>- Research and propose benchmarking ideas for innovative public transportation facilities (BRT, etc.)</li> <li>- Establish monitoring center for management, repair, and operation of roads</li> </ul>	

## **IV. Mid-Term Allocation Plan**

Korea aims to allocate 70% of its bilateral ODA to the **priority areas**, while some flexibility will be applied to accommodate urgent humanitarian needs and socio-economic changes in Mongolia.

Also, the allocation of resources will be adjusted based on program implementation, policy dialogue, interim monitoring, delay in projects, or other possible circumstantial changes.

Budget allocation may also be subject to adjustment during budget discussions, project planning stages and parliamentary decision.

## **V. Partnership Plans**

### **1. Partnership at the Field Level**

The Government of Korea will actively participate in the cooperative network of donor organizations and periodic donor group meetings.

The government will also explore possible opportunities to integrate grant and loan-based projects for priority areas to increase development effectiveness. Provision of ex-post facto support and related capacity building program could be considered.

### **2. Partnership with Private Sector**

During the project planning phase, the Government of Korea will survey possible plans to incorporate public-private partnerships into large infrastructure projects with a high demand for private investment.

### **3. Alignment**

The Government of Korea will develop projects that are aligned with the Government of Mongolia's Sustainable Development Vision 2030 and the 2016-2020 Action Program. Through periodic policy discussions with the Government of Mongolia, relevant policies and project plans of the Republic of Korea and Mongolia will be aligned. The dialogue will also be used to discuss the possibility of connecting potential projects and other development areas.

Projects will take Mongolia's historical, regional, social and cultural background into account to minimize any risk or conflict that may arise from a mutual misunderstanding.