



Evaluation Study

Rapid Sector Assessment
August 2008

Mongolia: Education Sector

Operations Evaluation Department

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 August 2008)

| | | |
|---------------|---|----------------|
| Currency Unit | – | Togrog (MNT) |
| MNT1.00 | = | \$0.00086 |
| \$1.00 | = | MNT1,152.94995 |

ABBREVIATIONS

| | | |
|--------|---|--|
| ADB | – | Asian Development Bank |
| CAPE | – | country assistance program evaluation |
| CSP | – | country strategy and program |
| CMEA | – | Council of Mutual Economic Assistance |
| EGSPRS | – | Economic Growth Support and Poverty Reduction Strategy |
| ESDP | – | Education Sector Development Program |
| ESS | – | Education Sector Strategy |
| GER | – | gross enrollment ratio |
| ICT | – | information and communication technology |
| MDG | – | Millennium Development Goal |
| MECS | – | Ministry of Education, Culture and Science |
| MLSW | – | Ministry of Labor and Social Welfare |
| MPRP | – | Mongolian People's Revolutionary Party |
| NDF | – | Nordic Development Fund |
| OED | – | Operations Evaluation Department |
| PIU | – | project implementation unit |
| PPA | – | Poverty Partnership Agreement |
| PPER | – | project performance evaluation report |
| PPTA | – | project preparatory technical assistance |
| RSA | – | rapid sector assessment |
| SEDP | – | Second Education Development Project |
| SEMP | – | Second Education Master Plan |
| SWAp | – | sector wide approach |
| TA | – | technical assistance |
| TEDP | – | Third Education Development Project |
| TEVT | – | technical education and vocational training |
| TVE | – | technical and vocational education |

NOTE

- (i) In this report, "\$" refers to US dollars.

Key Words

millennium development goals, transitional economy, adb, evaluation, asian development bank, mongolian projects programs evaluations, mongolian education system, educational sector strategy, rural-urban migration

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In accordance with the guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluations, the Director General of OED did not review this report and delegated approval of this evaluation to the Director of Operations Evaluation Division 2. Penelope Schoeffel (social sector specialist) and Patricia Lim were the consultants. To the knowledge of the management of OED, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.

EXECUTIVE SUMMARY

This rapid sector assessment (RSA) aims to provide an independent evaluation of the Asian Development Bank's (ADB) assistance to the education sector in Mongolia, and to identify areas for further improving the effectiveness of ADB interventions. The results of this evaluation fed into the preparation of the Mongolia Country Assistance Program Evaluation.

Education was one of the important achievements of Mongolia during the socialist era, with its education indicators comparable to those of middle income countries. However, with the cessation of financial and technical support from the Soviet Union in 1991, the quality of and access to education services deteriorated. The RSA identifies the following key issues and challenges facing the education sector: (i) rehabilitating education infrastructure, (ii) improving the quality of education, (iii) reforming technical and vocational education, (iv) enhancing aid coordination, (v) developing higher education standards, (vi) providing rural education services, and (vii) addressing the exclusion of undocumented children.

The Government considers strengthening the education sector as an integral part of its economic growth and social strategies, because education has the capacity to provide the labor force with the training and skills necessary for employment in a market-oriented economy, and it has the potential to contribute to poverty reduction by enabling the poor to obtain more productive jobs, higher wages, and a better quality of life.

Education sector strategies have continuously evolved since the early 1990s in line with the Government's stated priorities and development goals as set forth in its Poverty Reduction Strategy, National Action Plan, and Millennium Development Goals (MDGs) for education. Sector strategies were in accordance with ADB's comparative advantage in education, and were aligned with efforts to harmonize ADB's development assistance with the programs of other partners. Consequently, the RSA finds ADB's strategic performance to be "highly successful" based on the three parameters of sector positioning, contribution to development results, and performance in the sector.

ADB has been a major development partner in the education sector since Mongolia joined ADB in 1991. ADB has supported the Government's efforts to strengthen the education system, providing four loans amounting to \$42.5 million for three projects, plus 10 technical assistance (TA) operations for \$4.4 million, and two grants totaling \$2 million for the sector. ADB has worked closely with the Government and other development partners in addressing challenges in the sector, and has taken the lead role, together with Japan, in harmonizing development assistance by providing assistance in the development of a sector-wide approach in education within the framework of Mongolia's Second Education Master Plan, 2006-2015, which was prepared with ADB assistance.

ADB's sector assistance program has been consistent with the sector strategies, responsive to the critical needs in the sector, and in line with the priorities of the Government. ADB interventions have aimed to address the key issues and challenges in the sector. Loans, TA, and grants have helped improve access to and quality of basic education, and have strengthened the institutional capacity of the Ministry of Education, Culture and Science. Sector assistance has contributed to improvements in sector performance, as evidenced by progress in various education indicators, and has supported efforts to attain education-related MDGs. ADB also played a significant role in Mongolia's selection for the Education Fast Track Initiative, allowing the country to become eligible for grant funding to enable implementation of its Second Education Master Plan. For these reasons, ADB's sector program in education is assessed as

“highly successful” using the five evaluation criteria of relevance, effectiveness, efficiency, sustainability, and impact.

Combining the strategy and program assessments, overall performance in the education sector is rated “highly successful.”

ADB’s experience in implementing interventions in the education sector has demonstrated that (i) establishing and promoting successful models – such as the complex school model, a noteworthy achievement of the now completed Education Sector Development Program – is feasible even in a country undergoing transition; and (ii) a participatory approach to project preparation and implementation is critical to success. Despite notable achievements in education, important challenges remain for possible ADB involvement in the future such as developing forward-looking strategies for the provision of education in rural and urban areas and providing education to undocumented children.

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I. INTRODUCTION

A. Objective, Purpose, and Methodology

1. The objective of this rapid sector assessment (RSA) (the evaluation) is to provide an independent assessment of the Asian Development Bank's (ADB) assistance to the Mongolian education sector, and to identify areas for further improving the effectiveness of ADB interventions. The findings of this evaluation fed into the broader Country Assistance Program Evaluation (CAPE) carried out by the Operations Evaluation Department (OED).

2. The RSA draws upon a review of project/program documents including reports and recommendations of the President, portfolio review reports, back-to-office reports, project performance reports, and project completion reports. The RSA also examined other relevant studies including those undertaken by the Government of Mongolia, OED, and other aid agencies. The evaluation broadly followed ADB's guidelines for the preparation of the CAPE.¹

3. The first section of the RSA describes the conditions of the education sector to provide the background for the issues and challenges identified. The second section summarizes ADB's sector strategy and assistance program in the education sector. The third section assesses ADB's performance in the sector in terms of strategic performance (top-down assessment) and quality of the assistance program (bottom-up assessment). The last section identifies lessons and future challenges for ADB's partnership with Mongolia in the education sector.

B. Sector Context

4. **Background.** Until 1989, Mongolia's achievements in the field of education (gross enrollment ratios [GERs] of 98% in primary schools, 85% in secondary schools, and 17% in higher education), which compared favorably with those in middle income countries, were secured through a high level of investment made possible by assistance from the former Soviet Union and the Council of Mutual Economic Assistance (CMEA). However, in 1991, with the withdrawal of Soviet assistance and the collapse of CMEA, Mongolia experienced economic and financial difficulties that undermined the progress made in the education sector. There was marked erosion in both the quantity and quality of schooling, with GERs declining to 84% in primary schools and to 65% in secondary schools by 1995. Dropout rates rose significantly at all levels and in all regions of the country. Schools were deteriorating from lack of funds for maintenance. The resultant decline in the quality of education came at a time when the transition to a market economy called for the provision of different human resources skills. Since 1991, assistance from ADB and its aid partners has supported significant improvements, and concerted efforts by the Government have restored enrollment rates to 90%. But the decline in the intervening years affected a large number of children due to the years of lost education.

5. **Mongolia's Education System.** The formal education system in Mongolia currently consists of kindergarten and preschool (up to age 7), primary education (4 years), lower secondary education (4 years), and upper secondary education (2 years). Since the 2005/06 school year, the Government extended the structure of the school education from grades 1–10 (4 years primary + 4 years lower secondary + 2 years upper secondary) to grades 1–11 (5+4+2) with the expectation of commencing a 12-year system (6+3+3) in 2008. Basic education (primary and lower secondary education) is compulsory and is funded by the state.

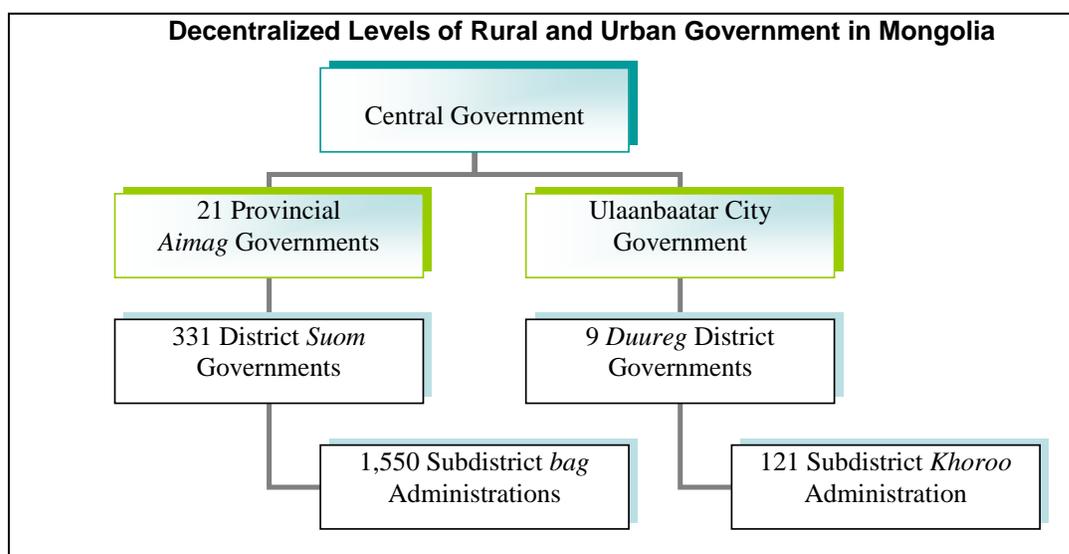
¹ ADB. 2006. *Guidelines for the Preparation of Country Assistance Program Evaluation Reports*. Manila.

6. The Ministry of Education, Culture and Science (MECS) is the central administrative body that formulates national educational policy and sets the standards for each level of formal education. MECS also administers general provisions on education matters, teacher training, curriculum development, and state examination procedures, and is responsible for the accreditation of higher education institutions. MECS is the sole public sector provider of technical and vocational education (TVE) for the youth. MECS administers 43 higher education institutions and 42 TVE institutions. The latter institutions consist of (i) 22 vocational education and training centers; (ii) vocational training and production centers, which offer 2.5 years of combined professional and general education based on the former Soviet system, leading to a professional certificate and a secondary education certificate; and (iii) 14 branch schools and 6 technical colleges, which provide advanced training for higher level skills up to a professional diploma or bachelors degree.

7. Higher education has experienced the most rapid enrollment expansion of any level of education in Mongolia over the past 4 years. The number of higher education institutions increased to 178 during the past 10 years, of which 135 are private. Enrollment in private higher education institutions has more than doubled over the past 4 years. It is estimated that 80% of secondary school graduates continue into postsecondary education. In 1994, the Government began requiring public higher education institutions to charge tuition at levels sufficient to cover the entire cost of academic staff salaries, thus generating a large reduction in the government higher education budget. However, the Project Performance Evaluation Report (PPER) on the Education Sector Development Program (ESDP)² notes that the outcome of this policy reform has been a proliferation of providers and a decline in the standard of higher education.

8. Mongolia has a decentralized system of government (see Figure) with primary and secondary education services available at all levels, although the majority of children from families in remote rural subdistricts and districts (bag) attend district or provincial boarding schools. Further, unlike most developing countries, girls are not disadvantaged in the educational system, and 60% of all students enrolled in higher education in Mongolia are female, although male participation is increasing. There is a GER of 98% among the school-age population and an adult literacy rate of 97%.

² ADB. 1996. *Report and Recommendation of the President to the Board of Directors on Proposed Loans and a Technical Assistance Grant to Mongolia for the Education Sector Development Program*. Manila. (Loans 1507-MON[SF] and 1508-MON[SF], for a total of \$15.5 million, approved on 19 December 1996); and ADB. 2007. *Project Performance Evaluation Report on the Education Sector Development Program*. Manila.



C. Key Sector Issues and Challenges

9. **Rehabilitating Education Infrastructure.** Education infrastructure in urban areas is inadequate and deficient. The limited capacity and poor condition of school facilities—which continue to deteriorate—are major constraints to increasing enrollment and retention, and to improving the quality of education services. Many, if not most, school buildings are poorly designed for Mongolia’s long, harsh winter conditions. Suitable school buildings are in short supply, particularly in urban and periurban areas. Most existing buildings have structurally inefficient design and have problems with leakage and moisture retention that add to maintenance and heating costs, and reduce their durability. Improved construction and heating standards must be established, as well as use of alternative energy sources, to ensure that new buildings are designed with maximum structural efficiency and durability, with more hygienic conditions. Many urban schools, including those in many small towns, teach in two or three shifts. The challenge relating to the inadequate number of school buildings is increasing, as many schools are now expected to admit 6-year old children into grade 1, and all must provide education up to grade 11, with grade 12 to be introduced in 2008. The introduction of a 12-year public education system will place heavy demands on the limited resources and infrastructure in the education sector. Many school buildings are not worth renovating and need to be replaced. Provision of education infrastructure will give ADB and other education sector funding agencies considerable leverage for establishing school building standards and for promoting transparent contracting arrangements and systems of quality control. The Third Education Development Project³ (TEDP) and associated technical assistance (TA) will continue to encourage improved aid coordination and harmonization in this regard.

10. **Improving the Quality of Education.** The extension of the schooling period by 2 years—from a 10-year system to a 12-year system—in 2008 will require reform of the curriculum framework and development of new education standards linked to the curriculum. The current education curriculum is overloaded with subjects and content requirements, with insufficient emphasis on modern learning methodologies; it echoes learning arrangements of the socialist

³ ADB. 2006. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to Mongolia for the Third Education Development Project*. Manila (Loan 2238-MON[SF], for \$13 million, approved on 21 June 2006).

era, which are no longer consistent with the need for greater flexibility in subject selection and a student-centered teaching environment. At present, student examinations have little transparency due to lack of clear standards. A significant number of teachers have inadequate teaching qualifications and skills; and there is a need to establish a comprehensive in-service teacher training system and a national teacher accreditation system. Students graduate from 38 universities and colleges with different levels of education. Training programs at these universities and colleges do not follow agreed upon national standards. School and provincial authorities are in charge of teacher recruitment and assessment. The new national curriculum framework and the extension of the schooling period by 2 years will place new demands on teachers' skills and competencies. The TEDP is implementing measures to address these issues.

11. Reforming Technical and Vocational Education. The TVE system is in need of comprehensive reform. Reforming the current system is a development priority of the Government to provide employable skills to students who do not advance to higher education in order to enhance their employment and income-earning opportunities and to contribute to economic growth. The current TVE program (based on the former Soviet system) is neither responsive to labor market demands nor cost effective. Graduates of the combined system have difficulty competing with graduates from the general secondary education stream, and do not find jobs easily after graduation without further on-the-job-training. The Government has enacted legislation to encourage the private sector to become involved in TVE. However, only a few private training providers and companies are engaged in vocational education in a few sectors in urban areas. This is because target students of TVE institutions are mostly from lower-middle income families or families below the poverty line who are unable to afford training fees. Cooperation among MECS, the Ministry of Labor and Social Welfare (MLSW), and other training providers is weak. A national policy on TVE (linking both systems under MECS and MLSW with present and future labor market needs) and a recognized national system for skills standards is being supported under the TEDP, which will also establish model TVE training institutions.

12. Enhancing Aid Coordination. There has been a low level of harmonization of aid activities in the education sector. Externally funded projects are not linked to the Government's overall policy framework. Currently, investment in the sector is fragmented; externally financed projects are planned and executed on a largely bilateral basis between the Government and the respective development agencies, thus limiting coordination and coherence between projects, and raising transaction costs. Weak coordination results in ineffective and inefficient use of scarce resources in the education sector. The preparation of the Second Education Master Plan (SEMP), 2006-2015, and the Sector Wide Approach (SWAp), supported by ADB, are expected to provide the necessary policy frameworks for improved aid coordination, effectiveness, and efficiency in the sector.

13. Developing Higher Education Standards. Higher education is undermined by dysfunctional policy, regulations, and governance, leading to declining standards. The implementation of guidelines for private provision of higher education led to a significant increase in private higher education institutions. However, as of 2007, a higher education policy had not yet been formulated, much less implemented, and privatization of higher education appears to have made little difference in resolving problems of quality. According to the *2005 Report of Higher Education Study Team for the Second Education Master Plan*,⁴ there were a total of 184 providers of higher education courses, including 15 foreign providers.

⁴ Davaa, et. al. 2005. *Report of Higher Education Study Team for the Second Education Master Plan*. Ulaanbaatar.

14. The number of students enrolled in bachelor's degree programs at universities, higher education institutions, and colleges has increased by 70% in the last 5 years. The large and rapidly growing number of higher education providers (for a population of around 2.7 million people) suggests that provider incentives need to be reevaluated. Students' tuition fees are the major source of income for universities, institutes, and colleges, accounting for at least 80% of their income. All higher education institutions, regardless of type of ownership, appear to be struggling financially. State institutions are in effect "ownerless" and, although ostensibly autonomous, are subject to government policy that prevents them from raising tuition fees above a certain level. The state provides no support other than grants and loans for students enrolling in accredited institutions. Institutional cooperation in higher education was attempted under the ESDP through training programs in 10 institutions, but structural and policy problems in the higher education subsector continue to impede fruitful cooperation. ADB is addressing tertiary education in relation to teacher training within its current program of assistance. However, policy dialogue is needed to focus government attention on the threat the situation poses to the quality and standards of tertiary education in Mongolia.

15. **Providing Rural Education Services.** The rapid shift in the pastoral economy away from small semisubsistence herding to larger scale commercial operations, along with poverty, is leading to a decline in the number of families living in remote rural areas, indicating that a new approach is needed to provide primary education services for the decreasing numbers of children living in remote rural areas. With school admission open to children aged 7 years old, strategies are needed to utilize distance education for children who are too young to be sent to boarding schools. Rural-urban migration is causing rapid urban population growth and concomitant decline in the population in remote rural areas. Very high levels of poverty and social dislocation are associated with the trend. Consensus between funding agencies and the Government, and coordination among agencies are needed to develop and support distinct and future-oriented urban and rural education strategies.

16. **Addressing Exclusion of Undocumented Children.** Poverty and illiteracy are exacerbated by the legal exclusion of undocumented children from formal education in state schools. These children are mainly from rural to urban migrant families who, for one reason or another, have been unable to complete the complex bureaucratic requirements for deregistration and reregistration required of all citizens changing their place of residence. This government policy prevents a significant number of very poor families from accessing essential social services. Currently, nongovernment organizations are assisting many of those affected with nonformal education, and some programs are conducted in partnership with government urban schools.

17. **Improving the Quality of Education Indicators.** There are continuing concerns about the accuracy of official statistics. Different international organizations and government agencies have discrepant education statistics, particularly on net enrollment rates, GERs, dropout rates, school completion rates, and school progression rates, making it difficult to draw conclusions about education-related achievements. Even among government agencies there are wide variations in statistics. For instance, in a recent study of school dropouts in Mongolia, numbers of out-of-school children provided by different agencies ranged from 11,953 (MECS) to 68,115 (National Human Rights Commission of Mongolia). This is an area where ADB can provide assistance in the future.

18. The first two issues and challenges have been addressed to some extent in the ESDP and the ongoing Second Education Development Project (SEDP),⁵ while the third is the focus of the TEDP. The fourth challenge is being dealt with under the ADB TA for the Development of a Sector Wide Approach in Education.⁶ The fifth challenge is being addressed under the ADB project preparatory technical assistance (PPTA) for preparing the Education Sector Reform Project.⁷ The sixth and seventh challenges require a review of government policy and planning, which are appropriate for inclusion in ADB policy dialogue. The eighth challenge can be the subject of future ADB assistance in the sector. The last three issues are discussed in more detail below in relation to future challenges and opportunities (Section IV.B).

D. Government's Sector Strategies and Policies

19. The Government's Economic Growth Support and Poverty Reduction Strategy (EGSPRS), National Action Plan, and Millennium Development Goals (MDGs) for education together constitute its development strategy in the education sector. The Government considers strengthening the education system as an integral part of its (i) economic growth strategy, which aims to promote stable, private sector-led growth; and (ii) social strategy, which aims to improve access of the poor to stable income opportunities and to improve the quality and accessibility of social services.

20. The Government's education policy has been driven by its Education Sector Strategy (ESS), 2000–2005, and the Education for All strategic plan, which were both prepared with ADB assistance. The ESS provides the principal planning and policy framework for the education sector. Its major focus has been on improvements in (i) access to, quality of, and relevance of basic education services; and (ii) development of qualified and competitive human resources to foster economic growth. Building on the achievements and lessons learned from the first education master plan and the ESS, MECS developed a new education master plan for 2006–2015 with assistance from ADB. The SEMP, which was adopted in 2006, includes strategies to address issues related to access to, relevance of, and quality of education services and to reduce the fragmentation of development cooperation efforts. The new master plan identifies priority areas for educational reform, sets out detailed action plans, and provides the necessary policy structure for improved coordination, effectiveness, and efficiency in the sector.

E. External Assistance to the Sector

21. While many aid agencies provide assistance to the education sector in Mongolia, ADB and the Government of Japan are the major development partners. ADB has supported the Government's efforts to strengthen the education system since Mongolia joined ADB in 1991. The Government of Japan is financing the upgrading of primary and secondary schools, strengthening teacher training, and providing support for information and communication technology (ICT) in education. ADB has coordinated with the Canadian International Development Agency, whose feasibility study on school construction and rehabilitation contributed significantly to the design of the SEDP. ADB worked closely with the Nordic Development Fund (NDF) in the design and development of the SEDP, and has established

⁵ ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Mongolia for the Second Education Development Project*. Manila (Loan 1908-MON[SF], for \$14 million, approved on 6 August 2002).

⁶ ADB. 2006. *Technical Assistance to Mongolia for Development of a Sector Wide Approach in Education*. Manila (TA 4803-MON, for \$150,000, approved on 21 June 2006).

⁷ ADB. 2007. *Technical Assistance to Mongolia for the Preparation of the Education Sector Reform Project*. Manila (TA 4950-MON, for \$600,000, approved on 3 July).

arrangements for implementing NDF-financed SEDP activities in science and vocational education and for upgrading kindergartens and primary schools. The United Nations Children's Fund is active in preschool, nonformal, and primary education. The Danish International Development Assistance agency has supported the development of rural schools. The World Bank has financed small-scale renovations of schools under its Poverty Alleviation Program and is financing a public expenditure tracking survey in the education sector. Germany has provided support for selected vocational schools, while the European Union has provided support for higher education.

II. ADB'S SECTOR STRATEGIES AND ASSISTANCE PROGRAM FOR EDUCATION

A. ADB's Sector Strategies

22. Appendix 1 summarizes the evolution of ADB's strategy for the education sector. ADB strategy in 1991-2005 aimed to reestablish basic education infrastructure and provide the foundation for improvements in the quality of education.

23. The focus of ADB's operational strategy in 1994–1999 was to strengthen the country's economic transition. One of the main thrusts of the strategy was to develop the skills and capacities needed in a market economy. However, investments in education remained secondary to promoting economic growth and subject to budgetary limits.

24. In the 2000–2005 country strategy, education was identified as one of the core sectors for ADB interventions because of its potential to provide the labor force with market-related training and skills necessary for employment in a market-oriented economy. The strategy highlighted the need for continuous development of human resource skills to foster economic growth and development. This called for training of managers, accountants, and lawyers as well as other types of vocational and business training to establish a sufficiently comprehensive supply of job expertise; and for strengthening public-private training institutions. ADB activities during this period positioned ADB as the lead aid agency in the education sector.

25. The 2006-2008 strategy supported the implementation of the two major elements of the Government's EGSPRS: (i) stable broad-based growth, and (ii) inclusive social development. Inclusive social development aimed, among others, to contribute to improved education, health, and living conditions among the poor. Education sector goals included (i) improving access to, and quality of, basic education services; (ii) providing more efficient and effective education; (iii) promoting demand-driven vocational education; and (iv) more effective aid coordination. The Country Strategy and Program (CSP) Update, 2007–2009 reiterates these goals as (i) alignment of the skills and education of the labor force with market demand in order to reduce growth constraints caused by human resources shortfalls; and (ii) better education opportunities for the poor to provide them the opportunity to participate in economic growth processes.

B. ADB's Sector Assistance Program

26. ADB's assistance program in education has evolved in line with the sector strategies. Sector assistance has reflected the priorities and objectives in the sector strategies (Table 1).

Table 1: Alignment of Education Sector Strategies and Assistance Programs

| Strategy/Program | 1991 | 1994-1999 | 2000-2005 | 2006-2008 |
|---------------------------------------|---|--|---|---|
| A. Sector Strategy Coverage | a. Institutional strengthening and capacity building | a. Institutional strengthening b. Developing HR skills for a market economy | a. Aligning HR skills and education with market demand b. Improving general education c. Ensuring universal access to basic education | a. Equitable access and improved quality and relevance of basic and vocational education b. Improving effectiveness of development assistance in education |
| B. Sector Assistance Program Coverage | a. Institutional strengthening and capacity building | a. Rehabilitating education infrastructure b. Improving quality of education c. Institutional strengthening and capacity building d. Support for policy reforms (higher education and TEVT) | a. Upgrading education infrastructure b. Improving education quality and relevance c. Ensuring access to quality education services d. Capacity building and support for policy reform | a. Improving quality and relevance of education, and its access for the poor b. Enhancing coordination of aid activities in the education sector c. Capacity building |
| 1. Projects by year of approval | | a. Loan 1507/1508-MON: Education Sector Development Program (1996) | a. Loan 1908-MON: Second Education Development Project (2002) | a. Loan 2238-MON: Third Education Development Project (2006) |
| 2. Advisory TAs by year of approval | a. TA 1801-MON: Human Resources Development and Education Reform (1992) | a. TA 2659-MON: Restructuring and Staff Rationalization (1996) b. TA 2719-MON: Institutional Strengthening in the Education Sector (1996) c. TA 3174-MON: Education Sector Strategy 2000-2005 (1999) | a. TA 3913-MON: Capacity Building for Accounting and Auditing Professionals (2002) | a. TA 4803-MON: Development of a Sector Wide Approach in Education (2006) |
| 3. Grants by year of | | | a. Grant 9044-MON: | a. Grant 9085-MON: |

| Strategy/Program | 1991 | 1994-1999 | 2000-2005 | 2006-2008 |
|------------------|------|-----------|--|--|
| approval | | | Information and Communication Technology for Innovating Rural Education (2004) | Nonformal Skills Training for Unemployed Youth and Adults (2006) |

HR = human resource, TA = technical assistance, TEVT= technical education and vocational training.

Sources: ADB Loan, TA, Grant and Equity Approvals Database; Country Strategy and Program, various years.

27. ADB has been a major provider of assistance in the education sector since Mongolia became a member in 1991. As of 31 December 2007, ADB had approved four loans amounting to \$42.5 million for three projects, plus 10 TA operations totaling \$4.4 million, and two grants amounting to \$2 million for the sector.

28. **Trends in Lending Operations.** Lending operations in Mongolia commenced in 1996 with the approval of the ESDP, which comprised an integrated package of a policy-based loan (\$6.5 million), an investment loan (\$9 million), and associated TA (\$0.95 million). It was the first time ADB had used the sector development program modality.⁸ The ESDP aimed to transform the education sector to meet the changing requirements of an economy in transition from central planning to a market-oriented system. To continue the unfinished agenda of the ESDP, ADB approved the SEDP loan in 2002 for \$14.0 million. The main objective of the SEDP was to promote human development through universal access to education. Its secondary objective was to reduce income and deprivation poverty by improving access to quality preschool and basic education in poorer rural and urban communities. In 2006, ADB provided \$13.0 million for the TEDP, which aimed to build on the achievements of the two previous sector projects. The general goal of the TEDP is to assist the government to improve access, quality, and relevance in primary, secondary, and vocational education. TEDP has three components: (i) developing a national curriculum framework and aligned education standards, (ii) improving teaching and learning environments in primary and secondary schools, and (iii) promoting demand-driven vocational education for the youth. Appendix 2 presents summary information on the three education projects.

29. Of the three education projects (Table 2), only the ESDP has been completed to date. Confirming the rating in the project completion report, the PPER rates the ESDP “highly successful”, because it established strong policy foundations for sector-wide education development. The SEDP and TEDP have built on the success of the ESDP. The two projects still under implementation are both making satisfactory progress according to their respective project performance reports. The SEDP has achieved 98% physical completion, with project implementation ahead of schedule. It has successfully achieved specific objectives and outputs under the three components for school and kindergarten development, education quality improvement, and education management.

⁸ A sector development program is a combination of an investment (project or sector) component and a policy-based (program) component as well as, where appropriate, attached TA, with a view to meeting sector needs in a comprehensive and integrated fashion. It is considered when a sector requires both investment and policy reform components, and where the former is unlikely to be accomplished in full and on time without the support of a policy-based component (OEM D5/BP, 29 October 2003).

Table 2: Projects/Programs for Education (amounts in \$ million)

| Loan | Project Name | Year Approved | Approved Amount (\$ million) | Status | Rating | |
|--------------|--------------------------------------|---------------|------------------------------|---------|--------|------|
| | | | | | PCR | PPER |
| 1507 | Education Sector Development Program | 1996 | 6.50 | closed | HS | HS |
| 1508 | Education Sector Development Project | | 9.00 | | | |
| 1908 | Second Education Development | 2002 | 14.00 | ongoing | | |
| 2238 | Third Education Development (Grant) | 2006 | 13.00 | ongoing | | |
| Total | | | 42.50 | | | |

HS = highly successful, PCR = project completion report, PPER = project/program performance evaluation report.
Sources: ADB. Loan, TA, Grant and Equity Approvals Database; Post-Evaluation Information System (downloaded 23 Jan 2008); reports and recommendations of the President.

30. Significant outputs of the ESDP included (i) rationalization of 171 school facilities and development of complex schools; (ii) rationalization of education sector staff, resulting in the cutback of about 8,140 staff in the sector; (iii) rehabilitation of 135 school buildings; (iv) adoption of a new textbook policy, which created a role for the private sector to publish textbooks; (v) preparation of a draft policy framework on Technical Education and Vocational Training (TEVT) that was subsequently approved by Cabinet Resolution; the resolution became the basis for the TEVT Law, which limits the Government's role and encourages private sector participation in TEVT; (vi) preparation of guidelines on private sector provision of higher education; (vii) preparation of the legal and regulatory framework for the creation of an independent accreditation body for higher education—the National Accreditation Agency (which later became the National Council for Higher Education Accreditation)—established in December 1998; (viii) staff development through provision of training in various subject areas; and (ix) provision of equipment (science equipment, computers, and solar batteries to remote schools) and instructional materials to schools and universities. To date, the SEDP has resulted in the (i) renovation of 88 schools; (ii) rehabilitation and conversion to renewable energy systems of 55 schools; (iii) construction of 6 kindergarten schools; (iv) conduct of workshops and training on education facilities management; (v) training of teachers (10,000 teachers trained locally; 78 teachers received overseas training) in their respective subject areas; (vi) distribution of 534,000 textbooks and instructional materials; (vii) establishment of 70 ICT training centers; (viii) development of an ICT policy for primary and secondary education, which was subsequently approved by MECS; (ix) provision of science laboratory equipment (180 sets) and vocational education equipment (173) to project schools; (x) ICT integration training for 753 teachers; (xi) training in educational management for 2,759 individuals (MECS staff, provincial and local managers, and principals); and (xii) establishment of the Department of Information, Monitoring and Evaluation within MECS. Meanwhile, preparatory work (i.e., preparation of consultants' reports, civil works preparation) is ongoing for the different TEDP components. Further information on basic data and outputs of education projects is provided in Appendix 2.

31. **Trends in the Performance of Technical Assistance Operations.** ADB has provided 10 TA grants totaling \$4.4 million for the sector (Table 3). Four of these TA operations were for the preparation of projects, and six were for capacity building, including institutional strengthening and policy support. PPTA operations focused on the development of projects aimed at supporting efforts to make education more relevant and responsive to the demands of a market economy. Of the 10 TA activities in the sector, 8 have been completed. Technical assistance completion reports are available for three completed operations, all of which were rated generally successful. Two TA activities that were rated in PPERs have successful and highly successful ratings, respectively. Performance reports for the two TA activities under

implementation indicate that they were making satisfactory progress as of 31 January 2008. Appendix 3 provides information on the status and outputs of TA in support of the education sector.

Table 3: Technical Assistance to Mongolia for the Education Sector

| TA No. | Year Approved | TA Title | TA Type | Amount (\$'000) | Status | Rating | |
|--------------|---------------|---|---------|-----------------|---------|--------------|------|
| | | | | | | TCR | PPER |
| 1801 | 1992 | Human Resources Development and Education Reform | AD | 535 | Closed | GS | |
| 2228 | 1994 | Education Development | PP | 400 | Closed | ^a | S |
| 2659 | 1996 | Restructuring and Staff Rationalization | AD | 70 | Closed | ^a | |
| 2719 | 1996 | Institutional Strengthening in the Education Sector | AD | 950 | Closed | HS | HS |
| 3174 | 1999 | Education Sector Strategy Study 2000-2005 | AD | 150 | Closed | ^a | |
| 3351 | 1999 | Second Education Development | PP | 550 | Closed | ^a | |
| 3913 | 2002 | Capacity Building for Accounting and Auditing Professionals | AD | 500 | Closed | S | |
| 4487 | 2004 | Third Education Development | PP | 500 | Closed | ^a | |
| 4803 | 2006 | Development of a Sector Wide Approach in Education | AD | 150 | Ongoing | | |
| 4950 | 2007 | Education Sector Reform | PP | 600 | Ongoing | | |
| Total | | | | 4,405 | | | |

AD = advisory, GS = generally successful, HS = highly successful, PP = project preparatory, PPER = project/program performance evaluation report, S = successful, TA = technical assistance, TCR = technical assistance completion report.

^a A TCR is not required for a small-scale technical assistance (defined as a TA with an approved value of up to \$150,000) and for PPTA that results in a loan.

Source: ADB. Loan, TA, Grant and Equity Approvals Database; Post-Evaluation Information System (downloaded 23 Jan 2008).

32. Aside from preparation of projects, notable outputs of TA operations to date include (i) preparation of the first and second education master plans; (ii) preparation of a restructuring and rationalization plan for the education sector; (iii) development of an education management information system, and a benefit monitoring and evaluation system; (iv) training and capacity-building programs for accountants and auditors; and (v) preparation of an education sector strategy. The ongoing TA supporting the development of a SWAp in the education sector has the potential to take external support for the sector to a much higher and more integrated level.

33. **Trends in Grant Operations.** Two grants were provided for education (Table 4)—one project financed from the Japan Fund for Information and Communication Technology aimed to improve access to and quality of education for the rural population;⁹ the other, financed from the

⁹ ADB. 2004. *Grant Assistance to Mongolia for Information and Communication Technology for Innovating Rural Education*. Manila (Grant 9044-MON, for \$1.0 million, approved on 6 April).

Japan Fund for Poverty Reduction, is supporting nonformal skills training for unemployed youth and adults.¹⁰

Table 4: Other Grant-Financed Projects in Mongolia for Education

| Approval No. | Project Name | Year Approved | Amount (\$ million) | Status |
|--------------|---|---------------|---------------------|---------|
| 9044 | Information and Communication Technology for Innovating Rural Education | 2004 | 1.00 | Closed |
| 9085 | Nonformal Skills Training for Unemployed Youth and Adults | 2006 | 1.00 | Ongoing |
| Total | | | 2.00 | |

Source: ADB. Loan, TA, Grant and Equity Approvals Database; grant assistance reports.

34. Although the two grant projects were not included in the indicative pipeline (for nonlending products and services) in the CSP, they had strong complementarities with loan and TA operations in the sector. The ICT for Innovating Rural Education Project, which was completed in 2006, exploited the ICT platforms established under the ESDP and SEDP. With minor additional hardware and software, the initiative piloted a cost-effective model for empowering rural educators to use ICT in teaching. Activities and outputs of the project included (i) training of teachers (1,050 teachers in 44 schools) on how to integrate ICT in teaching practices/activities; (ii) manuals, guidelines, and user guides developed for teachers' use; (iii) provision of ICT equipment (laptops, liquid crystal display projector, digital camera) to 37 district schools; (iv) software applications procured for use in classroom teaching; (v) training of over 50 students in eight dormitories (dorm e-mentors) in software applications, ICT tools and packages, and e-mail communication software; and (vi) minor civil works (maintenance and furnishings) for using ICT in classroom teaching (e.g., painting, electrical wiring, mounting of outlets, installing local area network cables). Appendix 4 provides details on the status of ADB grant projects for Mongolian education.

35. **Factors Affecting Implementation.** The major factors affecting implementation of the sector program have been political instability and inconsistent policy approaches, with leadership oscillating between pro- and anti-reform agendas as the people of Mongolia adjust to a democratic system. Since 1992, successive governments¹¹ have also oscillated between decentralization and recentralization policies. Decentralization has remained the formal stated objective, but at times some provincial governments have refused to implement reforms such as the establishment of complex schools introduced under the ESDP. However, with continuing central policy support, the success of the complex school model and other elements of the ADB sector strategy are winning converts at the provincial government level.

¹⁰ ADB. 2006. *Grant Assistance to Mongolia for Nonformal Skills Training for Unemployed Youth and Adults*. Manila (Grant 9085-MON, for \$1.0 million, approved on 20 February).

¹¹ In 1992, a democratic constitution was adopted. Successive free elections led to orderly changes of government, with the Mongolian People's Revolutionary Party (MPRP – former Communist Party) forming most of the governments since 1990. In 1996, however, the Democratic Alliance, an electoral coalition, defeated the MPRP. In 1997, the election of the chairman of the MPRP as president strengthened opposition to reform, but in 1998, a pro-reform prime minister was elected, who subsequently resigned, with a succession of prime ministers and ministers of education following. In June 2004, a coalition of the main opposition parties established a government, but in 2005, the MPRP provided the president, and in 2006, a prime minister. In January 2006, the MPRP ministers stepped down from their functions and a new "government of national unity" under MPRP leadership was formed. The new cabinet also included non-MPRP ministers, partly from the previous government. Since then, the government has been somewhat unstable, with a number of resignations/dismissals of ministers and political positioning for the 2008 parliamentary elections under way.

36. The absence of consistent decision making based on stated policy issues to some extent underlies the challenges referred to in section I.C. However, despite these constraints, ADB's excellent working relationship with the executing agency (MECS), and the commitment and continuity of staffing in the project implementation unit (PIU) have contributed significantly to overcoming implementation problems with the ESDP. The application of lessons learned from the ESDP is key to the continued successful implementation of the SEDP and TEDP. Other important factors that have affected implementation include the adjustment of domestic energy prices to close to border price level, which translated to enormous energy bills for schools, with costs for heating alone crowding out almost all other spending. As well, Mongolia's steady economic decline until 2002 meant that teachers were working for a salary of under \$50 per month in 2002, which was well below the poverty line. A quadrupling of civil service salaries (and the fivefold increase in teachers' salaries) between 2003 and 2007 served to energize the sector and to bring some positive incentives back into play.

37. According to the first CAPE¹² for Mongolia (prepared in 2002), factors that affected implementation of ADB interventions between 1991 and 2001 included the country's fiscal constraints, institutional weaknesses, late Parliamentary approvals, and changes in project scope. These factors appeared to have been addressed adequately in ADB education projects and TA approved after 2001.

III. EVALUATION OF ADB ASSISTANCE

A. Assessment of Strategic Performance (Top-Down Assessment)

38. This top down assessment is used to assess and rate ADB's sector positioning, the overall contribution of the assistance effort to sector development results, and the quality and responsiveness of ADB's services.

1. Sector Positioning

39. Positioning measures how well ADB responded to the evolving development challenges and priorities of the Government, built on the organization's comparative advantage, and designed country strategies and programs while taking into account the assistance of other development partners. The positioning of ADB's strategy in the education sector is rated "substantial." Positioning was assessed based on the following criteria: (i) basis for the sector strategy; (ii) the Government's absorptive capacity and ownership; (iii) ADB's comparative advantage and harmonization with other development partners; (iv) focus, selectivity, and synergies; (v) long-term continuity of sector strategies; and (vi) risk assessment and monitoring mechanisms. For the purpose of this assessment, the evaluation period was divided into two phases: (i) the transition period, covering the 1993 interim country strategy and the country strategy for 1994-1999; and (ii) the post-transition period, which covers the country strategies for 2000-2005 and for 2006-2008. Appendix 1 sums up the positioning of ADB's strategies in the education sector.

40. **Basis for the Sector Strategy.** ADB's education sector strategies for Mongolia have been based on the country strategies, sector studies, government priorities, and policy dialogue with the Government and with other development partners. The sector strategies have been

¹² ADB. 2002. *Country Assistance Program Evaluation in Mongolia*. Manila.

consistent with ADB's and the Government's poverty reduction strategies, which have identified education as one of the core sectors to promote economic growth and poverty reduction.

41. ADB's strategies for the education sector have been in line with the Government's priorities and the country's changing development needs. When Mongolia became an ADB member in 1991, the country was undergoing transition from a centrally planned to a market economy. During this period, investments in the social sectors remained secondary to promoting economic growth. Hence, ADB interventions consisted mostly of TA for capacity building, institutional strengthening, and policy support. Sector strategies from 2000 have been fully aligned with the Government's medium-term development strategies and the national poverty reduction strategies, which underscore the crucial role of education in employment generation and poverty reduction. Projects were designed to improve access and quality of education services at all levels, and to address the mismatch between the skills acquired through the education system and the labor requirements in a market economy. Sector strategies post-transition were prepared following consultations with stakeholders including development partners, civil society, and the private sector.

42. **Government's Absorptive Capacity and Ownership.** The country strategies during the transition period recognized the constraints in the Government's financial and administrative absorptive capacity. Consequently, ADB projects included strong TA components to address the administrative and technical weaknesses within the Government, particularly within MECS. The sector strategies from 2000 indicated that the preparation process involved consultations with the Government, parliamentary groups, civil society, and the private sector.

43. **ADB's Comparative Advantage and Harmonization of Development Assistance with Those of Other Development Partners.** The sector strategies have been "highly relevant" to ADB's comparative advantage and to efforts to harmonize external assistance in the sector. ADB has a good track record and capability to deliver quality projects in education.¹³ ADB is the lead agency, together with Japan, in efforts to harmonize development assistance in education within the framework of the SEMP, which was prepared with ADB advisory TA.¹⁴ To assist in the harmonization of external assistance to implement the SEMP, ADB provided TA in 2006 to enable MECS to establish a SWAp in education. As a first step towards establishing a SWAp, MECS and key funding agencies agreed to establish a consultative mechanism in education to enhance aid coordination and harmonization within the framework of the new Master Plan.

44. **Focus, Selectivity, and Synergies.** The focus of the sector strategies has been consistent with the issues and challenges identified; and the mix of instruments for implementing the strategies, especially the use of the sector development program modality for the ESDP, was suitable and responsive to the sector challenges identified.

45. **Long-term Continuity of Sector Strategies.** ADB's sector strategies have continuously evolved and built on the success of past interventions in the education sector. ADB interventions have laid the groundwork for future sector reform and development. Although outstanding sector issues remain such as improving the quality of tertiary education, reforming TEVT, and providing education for undocumented children, ADB is working closely with the Government and other development agencies to deal with these challenges.

¹³ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008-2020*. Manila.

¹⁴ ADB. 2004. *Technical Assistance to Mongolia for the Preparation of the Third Education Development Project*. Manila (TA 4487-MON, for \$500,000, approved on 16 December).

46. **Risk Assessment and Monitoring Mechanisms.** ADB's country strategies during the transition phase did not include monitoring mechanisms, given the prevailing practice at the time. But the strategies for 2000–2005 and 2006–2008 have included sector roadmaps that identify targets and provide monitoring indicators to measure progress.

2. Contribution to Development Results

47. Contribution to development results, which is assessed based on the extent to which assistance in the education sector has contributed to the attainment of development results at the national level, is rated "high." ADB interventions have helped improve access to and quality of basic education, and strengthened the institutional capacity of MECS. Sector strategies have contributed to improved enrolment rates;¹⁵ reduced the disparity in the ratio of girls to boys in primary education;¹⁶ decreased dropout rates;¹⁷ improved teaching and learning environments; and developed strategies for using ICT to bring education content, modern pedagogy, and information to schools.

3. ADB's Performance in the Sector

48. ADB's sector performance is assessed as "highly satisfactory." ADB strategies have been responsive to the critical needs in the sector, and consistent with the evolving demands of the transition to a democratic government and a free-market economic system. ADB operations have contributed to improving access to and quality of primary and secondary education, and institutional capacity building at MECS. ADB has worked closely with the Government and other development partners to support the Government's comprehensive education sector reforms, which have sought to improve the overall efficiency of the system and the learning and teaching environment. ADB has specifically aimed to strengthen the Government's capability to implement its education sector master plans, which were both prepared with ADB assistance.

4. Overall Top-Down Rating

49. ADB's strategic performance is assessed to be "highly successful" using the three criteria of sector positioning, contribution to development results, and performance in the sector (Table 5).

Table 5: Summary Rating of Strategic Performance

| Criterion | Score (scale of 0-8) | Rating |
|-------------------------------------|---------------------------------|--------------------------|
| Positioning | 6 | Substantial |
| Contribution to Development Results | 8 | High |
| ADB Performance | 8 | High |
| Overall | 22 | Highly successful |

Note: The ratings and corresponding score for the three criteria are: high (8 points), substantial (6 points), modest (4 points), negligible (0 point). Strategic performance is assessed as highly successful

¹⁵ The GER in basic education, which declined sharply following Mongolia's transition (from 99% in 1990 to 84% in 1995) recovered to 94% in 2007 (see also para. 64).

¹⁶ The ratio of girls to boys in primary and secondary education has fallen, indicating progress in eliminating gender disparity in education (see also para. 64).

¹⁷ The proportion of children starting grade 1 who reach grade 5 declined from 91.0 (1990) to 83.6 (2000) but improved to 86.8 (2006) (see also para. 64).

if the total score is greater than or equal to 20, successful if the score is between 16 and 19, partly successful if the score is between 11 and 15, and unsuccessful if the total score is 10 or less.

Source: Operations Evaluation Mission.

B. Assessment of ADB's Sector Assistance Program (Bottom-Up Assessment)

50. The bottom-up assessment of ADB's performance in the education sector is based on the five evaluation criteria of relevance, effectiveness, efficiency, sustainability, and impact. The assessment covers 3 education projects (1 of which has been completed while 2 are ongoing); 10 TA operations, of which 8 have been completed and 2 are ongoing; and 2 grant projects (1 completed and 1 ongoing).

51. **Relevance.** Relevance was assessed based on the extent to which sector operations were (i) aligned with the country's evolving circumstances and priorities, (ii) consistent with ADB's mission, (iii) in line with ADB's comparative advantage, and (iv) harmonized with the assistance of other development partners. The assistance program is assessed as "highly relevant" to the country's evolving needs and priorities.

52. Investment in human capital is important for a developing country with limited natural resources like Mongolia. Education contributes to poverty reduction by enabling the poor to obtain more productive jobs, higher wages, and a better quality of life. The potential returns to quality education are extremely high, given the open labor market (for Mongolian labor) in countries like Germany and Republic of Korea. ADB assistance also proved timely, as it helped keep the education system afloat during the period when government revenues were imploding.

53. ADB interventions in education have been in line with the Government's priorities of improving the quality and relevance of, and access to education services. Sector interventions have been in harmony with the Government's development strategies, ADB country strategies and sector studies, and consultation with the Government and with other development partners. ADB and its development partners continue to address poverty reduction goals, and to encourage and assist the Government to manage the consequences of the demands placed on existing social service resources by the demographic transition. The sector program is congruent with ADB's Poverty Reduction Strategy and Mongolia's Poverty Reduction Strategy. Mongolia was the first ADB developing member country to enter into a Poverty Partnership Agreement (PPA) with ADB, in 2000. Education was chosen as one of the five core sectors for ADB operations because of its potential to generate viable employment to help reduce poverty. The PPA targets included achieving universal primary education by 2015, which is consistent with the MDGs.

54. **Effectiveness.** Effectiveness was assessed based on how successful assistance has been in contributing to the attainment of sector outputs and outcomes. Assistance to the education sector is assessed as "highly effective." It achieved the key objective to reorient the education sector from a centrally planned to a market-economy system and accomplished targets of establishing (i) education development policies appropriate to a market-oriented system, (ii) models for school rationalization, (iii) a new curriculum and associated revision and improved publication arrangements for textbooks, (iv) in-service and preservice teacher training, and (v) a replicable model for ICT use for poor rural schools and communities. Sector interventions also resulted in the rehabilitation of education facilities, construction of energy-efficient kindergartens/primary schools, and installation of ICT facilities in primary and secondary schools. Sector operations also successfully strengthened institutional capacity in the education sector, including a new structure and management system within MECS, which

enabled MECS to fulfill its role as a strategic planning, policy-making, and regulating body. Although there were some issues concerning the quality of teaching; use of equipment provided; distribution, availability, and cost of textbooks; and effectiveness of library services in many schools, ongoing support by ADB in the sector aims to assist MECS to overcome these problems. Such difficulties are to be expected, given the magnitude of problems to be overcome, the extent of the reforms, and the challenging conditions of transition. As the TEDP continues to consolidate reform achievements, strengthen sector management capacities, and assist the Government in implementing the new education master plan, it is likely that these problems will gradually be resolved, particularly with the growing interest and participation of parents in school management.

55. The education projects and associated TA operations improved school enrollment and the overall quality of education services, and provided policy frameworks for further reforms. In 2006, the Government adopted the SEMP, which was prepared with ADB assistance. In January 2007, Parliament passed the amended Education Law, which provides the legal basis for the transition to 12 years of secondary education beginning in school year 2008/09. The extension of the current 10-year school system to a 12-year system will align Mongolia's education system with international standards. ADB is assisting the Government under the TEDP in the implementation of this policy, which will require comprehensive reform of the curriculum framework, establishing new education standards, streamlining the current teacher in-service training system, and developing a national teacher accreditation system.

56. TA operations have (i) supported institutional strengthening and capacity building in the sector (ii) enabled the design and preparation of projects congruent with sector priorities and objectives, and (iii) aided the formulation of policies and strategic plans. The SEMP, a key sector output of the PPTA for the TEDP, is providing a strategic framework to ensure that education spending and investment in the sector are evidence based, informed, and sustainable. However, although the SEMP provides the necessary policy framework, its policy objectives needed prioritization, linkage to operational implementation strategies and annual budget plans, and a management information system to monitor achievement of policy objectives. These issues are being addressed under ADB TA to enable MECS to establish a SWAp in the sector. The grant project for Innovating Rural Education in Mongolia through ICT (footnote 9) demonstrated the potential of ICT to improve education quality and access, especially in remote areas. ADB assistance has laid strong policy foundations for sector-wide education development, although there are still policy challenges in raising the standards of tertiary education, vocational education (being addressed under the TEDP), and, the exclusion of unregistered children from state education services.

57. ADB also provided advisory TA in 2004 for Participatory Poverty Assessment and Monitoring,¹⁸ which strengthened the institutional capacity of the Government to monitor and evaluate national poverty reduction programs and to make its poverty reduction measures more effective. The Japan Fund for Poverty Reduction grant project (under the ADB Urban Development Program), Community-Driven Development for Urban Poor in Ger Areas,¹⁹ aims to empower local communities through increased participation in local governance and involvement, which has the goal, among others, to increase the capacity of community-based organizations to work with local authorities in monitoring and overseeing basic service delivery.

¹⁸ ADB. 2004. *Technical Assistance to Mongolia Participatory Poverty Assessment and Monitoring*. Manila (TA 4383-MON, for \$300,000, approved on 11 December).

¹⁹ ADB. 2007. *Proposed Grant Assistance to Mongolia for Community-Driven Development for the Urban Poor in Ger Areas*. Manila (Grant 9106-MON, for \$300,000, approved on 2 March).

58. Overall, sector assistance has made a positive contribution to improvements in education sector performance. Enrollment at all levels, which declined sharply during the economic crisis, rebounded and increased considerably from 1996 to 2007.²⁰ The most rapid growth in enrollment was experienced in higher education, which more than tripled over the last 10 years. There was a significant enrollment increase in grades 5–8, indicating a consistent increase in survival rate in grade 5. Teacher-student ratios at all levels of general education increased, while dropout rates declined from 3.5% in 1996 to 2.2% in 2007. In addition, the student population per school and the number of students per class in general education rose, albeit with a slight decline in 2006/07. Annual trends in basic education indicators from 1996 to 2007 are provided in Appendix 5.

59. **Efficiency.** Efficiency refers to the extent to which ADB resources provided for the sector were optimally utilized. ADB's assistance to the education sector is rated "highly efficient." The most cost-effective ADB-supported intervention under the ESDP was the establishment of model complex schools, which brought three levels of general education together in one school complex and under a consolidated management. Network or interdistrict schools increased efficiency by overcoming fragmentation of education services and maximizing resources. For instance, the PPER for the ESDP (footnote 2) estimated that the establishment of the first complex school (Ireedui Complex School) reduced by nearly half the number of staff before amalgamation, generating savings (in salary) of about MNT2.8 million per month. By 2006, about 20% of students and 21% of teachers and school service staff of Ulaanbaatar City were in complex schools. These model schools are now considered by educationalists in Mongolia as a blueprint for the development of efficient primary and secondary education services in urban areas and are continuing successfully under the SEDP and TEDP. Model institutions for vocational education, which will demonstrate efficient modern teaching and management methods, are being supported under the TEDP. To further improve efficiency in the education sector, ADB has provided TA to support MECS in improving aid harmonization. The assistance includes support for strengthening the financial management structure as a precondition towards gradually establishing a SWAp in education.

60. In terms of efficiency of process, the ESDP was implemented as planned, on schedule, and without cost overruns. Project implementation of the SEDP, which is now 98% complete, was ahead of schedule according to the project performance report as of 31 July 2008. There is a slight delay in implementation of the TEDP, but this is not expected to affect overall implementation of the project.

61. **Sustainability.** Sustainability is assessed based on the likelihood that sector outputs and outcomes will be sustained in the future. Sector assistance under the three loan programs and associated TA activities, and the grant projects is rated "likely to be sustainable." The assistance program laid the groundwork for transforming the education system in the context of a market economy, and demonstrated models for future sector development. Despite successive changes in political leadership (footnote 11), the reforms introduced since the ESDP was implemented 13 years ago have been supported by the Government, such as (i) introducing an 11-year school program for primary and secondary schools, which will be extended to a 12-year system in 2008; (ii) permitting enrollment of 7-year olds; and (iii) adopting and enforcing new standards for primary and secondary education to bring the education system closer to world standards. These reforms have been sustained under the Government's

²⁰ GER in primary and in basic education declined between 2005 and 2007, but these still represent an improvement over enrollment rates following Mongolia's transition (84% in 1995).

SEMP, 2006-2015. The TEDP is supporting the Government's initiative for a teacher accreditation system for graduates of teacher training programs and is assisting the Mongolian National Council for Education Accreditation to develop an accreditation system for preservice teacher programs. This initiative will include a new curriculum framework for department heads and program directors from universities and colleges to make certain that preservice programs follow the new curriculum framework.

62. The Government has displayed a strong commitment to carry out education reforms and has provided adequate counterpart funding for the implementation of projects. The Government has continued to give priority to investments in education and human resource development. The education sector's share of total general government expenditure has remained consistently high, averaging 22% over 2000–2005. On average, about MNT16 million of the budget is spent on in-service training for teachers. The main threat to the sustainability of the investments is that state budgetary allocations for school maintenance are inadequate, and schools must ask parents for annual contributions, which many cannot afford.

63. **Impacts.** This refers to the extent to which the sector program has contributed to long-term changes in development conditions, including success in contributing to the attainment of the MDGs. The impact of ADB assistance to the education sector is rated "substantial." The sector program has contributed to improved enrollment and retention rates; upgraded the quality, performance, and sustainability of primary and secondary education facilities and services; improved educational management capacity; and promoted policies that enabled private schools to be established, leading to greater educational diversity and choice. It provided substantial improvements to the education infrastructure and resources, including activities for curriculum development, textbook production, teacher training, rural education, integration of ICT into the education system, a national higher education accreditation authority, and development of a more relevant TVE model for Mongolia. ADB's support for sector planning and coordination was instrumental to Mongolia's selection for the "Education for All" Fast Track Initiative partnership, whereby the country became eligible in 2007 to receive a grant that will enable implementation of the SEMP.

64. ADB assistance has supported efforts to attain two MDGs: "Achieve universal primary education" and "Eliminate gender disparity in primary and secondary education." Table 6 presents various education indicators showing progress in attaining MDG targets in education. Although below the 1990 ratio, the 2006 GER represents an improvement over enrollment rates following Mongolia's transition (84% in 1995). Based on 2006 data, progress has been made in achieving gender equity in educational participation. Mongolia appears to be on track to eliminate disparity in the ratio of boys to girls in primary and secondary schools, which in the past favored girls due to rural demands for boys' labor.

Table 6: Progress in Meeting the Millennium Development Goals in Education

| Indicator | 1990 | 2006 | 2015 |
|---|------|------|------|
| Net enrollment ratio in primary education | 95.9 | 91.4 | 100 |
| Proportion of children starting grade 1 who reach grade 5 | 91.0 | 86.8 | 100 |
| Literacy rates of male and female youth, ages 15–25 (%) | 99.0 | 97.7 | 100 |
| Ratio of girls to boys in primary education | 1.03 | 0.98 | 1.00 |
| Ratio of girls to boys in secondary education | 1.33 | 1.03 | 1.00 |
| Ratio of girls to boys in higher education | | 1.53 | 1.00 |

Source: UNDP. 2007. *Mongolia Human Development Report 2007: Employment and Poverty in Mongolia* (citing Government of Mongolia. 2007. *The Millennium Development Goals Implementation, Second National Report*).

65. Overall, ADB's program in the education sector is assessed as "highly successful." A summary of the assessment of ADB's sector assistance is provided in Table 7. The key success factors of ADB interventions in education include (i) the extensive country knowledge and experience of ADB project specialists; (ii) excellent performance and staff continuity in the PIU; (iii) satisfactory performance of consultants; and (iv) for ESDP, the project was designed and implemented at a time when the Government was receptive to making changes and endorsing reforms. Risks to sustainability and long-term impact need monitoring, e.g., budgetary allocations for operation and maintenance, policy changes due to changes in government, and institutional capacity constraints that may arise due to changes in government staff.

Table 7: Performance Rating of ADB Education Sector Assistance

| Criteria | Score | Rating |
|----------------------|-----------|--------------------------|
| Relevance (0-3) | 3 | Highly relevant |
| Effectiveness (0-6) | 6 | Highly effective |
| Efficiency (0-3) | 3 | Highly efficient |
| Sustainability (0-6) | 4 | Likely to be sustainable |
| Impact (0-6) | 5 | Substantial |
| Overall | 21 | Highly successful |

Note: The ratings and corresponding score for the five evaluation criteria are (a) relevance - highly relevant (3 points), relevant (2 points), partly relevant (1 point), irrelevant (0 point); (b) effectiveness - highly effective (6 points), effective (4 points), less effective (2 points), ineffective (0 point); (c) efficiency - highly efficient (3 points), efficient (2 points), less efficient (1 point), inefficient (0 point); (d) sustainability - most likely (6 points), likely (4 points), less likely (2 points), unlikely (0 point); (e) impact - high (6 points), substantial (4 points), modest (2 points), negligible (0 point). Sector performance is assessed as highly successful if the total score is greater than or equal to 20, successful if the score is between 16 and 19, partly successful if the score is between 11 and 15, and unsuccessful if the total score is 10 or less.

Source: Operations Evaluation Mission.

C. Overall Evaluation

66. The overall rating based on the bottom-up and top-down assessments of ADB's strategy and assistance in the education sector is "highly successful" (Table 8).

Table 8: Performance Rating of ADB Education Sector Assistance

| Item | Score | Rating |
|--|-----------|--------------------------|
| Education sector strategy (top-down) | 22 | Highly successful |
| Education sector performance (bottom-up) | 21 | Highly successful |
| Overall | 43 | Highly successful |

Note: Overall performance rating is assessed as highly successful if the total score is equal to or greater than 40, successful if the total score is between 30 and 39, partly successful if the total score is between 20 and 29, and unsuccessful if the total score is 19 or less.

Source: Operations Evaluation Mission.

IV. LESSONS, AND FUTURE CHALLENGES AND OPPORTUNITIES

A. Identified Lessons

67. The following lessons can be drawn from ADB's experience in implementing education projects, TA operations, and grants in Mongolia.

68. **Establishment of Models that Demonstrate Effectiveness and Efficiency.** The ESDP demonstrated that establishing and promoting successful models can be achieved in a country undergoing transition. For example, the renovated complex schools under streamlined management combined with salary increases and incentives for teachers, provision of better and more modern teaching equipment and textbooks, and in-service training raised teacher and student morale and parent interest and involvement. These visible improvements “sold” the complex school model to provincial governments that had been previously skeptical of or opposed to it. There is now broader support to establish larger consolidated urban schools that offer a full range of educational services under one management for long-term educational development. The TEDP is following this principle in establishing model TVE institutions.

69. **Consultation and Participation.** A transparent and inclusive approach to project implementation to ensure appropriate design of project activities and continued public support to sector reforms is essential. This was particularly evident in the case of the staff rationalization under the ESDP, which was resisted by many sections of Mongolian society, partly due to inadequate public consultation and information. But overall, ADB’s highly effective assistance over the past 15 years to the education sector may be attributed to the excellent working relationship with MECS and other development agencies, and the outstanding performance and continuity of staffing in the PIU.

B. Future Challenges and Opportunities

70. ADB’s assistance in education has responded to several important challenges in the sector, but outstanding issues for possible ADB assistance in the future remain. These include the following.

71. **Rethinking Rural and Urban Service Provision.** Large-scale internal migration should be taken into account in planning the geographical distribution of educational services, and targeting of project activities must anticipate likely demographic movements. Rural-urban migration is causing rapid urban population growth, which has less to do with the “pull” factors of urban services, and more with the “push” factors related to the transformation of the pastoral economy and rural poverty. Consensus between funding agencies and the Government, and coordination among the former, are needed to develop and support distinct and future-oriented urban and rural education strategies. In provincial towns and cities and in Ulaanbaatar, where the population and economy are growing and are likely to continue to grow in the long term, investments in new, large, durable, and energy-efficient schools and inboarding dormitory buildings should have high priority, on the understanding that there will be further consolidation of school management following the complex school model. In rural districts and subdistricts, distance education technology, teacher-manager incentives, and support for mobile services for home-based education for kindergarten and grades 1–4 should be provided. This would provide the flexibility needed in a rapidly changing pastoral economy and would avoid the psychologically undesirable necessity of sending the children of nomadic herders younger than 9 years of age to boarding schools.

72. **Providing Education to Undocumented Children.** Unknown but significant numbers of children in urban areas are excluded from enrolling in government schools because they are runaway or street children without documentation, or are from families that have not completed the complicated deregistration and reregistration legal requirements for internal migrants. As government funding is allocated on a district and population basis, if citizens are not deregistered in their district of residence and reregistered elsewhere, government funds are not

correctly allocated. There is concern that many provinces and districts are overfunded, while urban areas are underfunded because residents are not correctly registered.

73. It is possible that the extremely demanding registration procedures are intended to deter or at least slow the flow of internal rural to urban migrants. Under the Constitution of Mongolia, every citizen has the right to reside wherever he/she chooses. By law, every adult citizen must have an identification card (ID or internal passport). An intending migrant must obtain a permit to leave his/her district of residence, which requires that he/she (i) hold a current identification card, (ii) obtain a police clearance certificate to show that he/she has no outstanding charges, and (iii) secure a bank clearance certificate to show that he/she does not have outstanding debt. The prospective migrant must also produce a social insurance certificate to show that he/she is no longer registered in the district he/she is leaving for any type of benefit or entitlement such as health insurance or a pension. On relocation, the migrant must complete these reregistration processes at the city, district, and subdistrict levels before he/she becomes entitled to begin the process of applying for state welfare benefits, health insurance, and residential and land rights.

74. There have been few studies to explain why many urban migrants are unregistered other than the time-consuming processes involved. In cases where birth certificates and national identity documents have been lost or destroyed in an accident, the reregistration process may take years. Overall, however, there is little hard evidence on the causal factors related to nonregistration, whether state assistance and information services to promote civil registration are adequate, or how they could be specifically improved. Since this is an issue that affects the poor in all the social sectors, it would be a fruitful area for future ADB policy dialogue and assistance.

75. **Improving the Quality of Education Indicators.** Discrepancies in education statistics generated by international organizations and government agencies raise doubts about the accuracy and reliability of official statistics. There are also variations in the statistics of different government agencies. For example, the numbers of out-of-school children provided by different agencies ranged from 11,953 (MECS) to 68,115 (National Human Rights Commission of Mongolia) in a study conducted on school dropouts in Mongolia. To evaluate the impact of ADB assistance in the sector, it would also be useful to assess additional education indicators such as learning outcomes (educational achievement). Towards this end, future ADB support should focus on developing student assessment instruments in coordination with the Government and development partners.

76. **Recommendations.** ADB should remain engaged in education to build on past achievements and respond to challenges and opportunities in the sector, mentioned above. ADB's comparative advantage in education (para. 43) also justifies continued involvement in the sector. But to help ensure the attainment of the objectives of ADB interventions in education, risks to sustainability and long-term impact—such as budgetary allocations for operation and maintenance, policy changes due to changes in government, and institutional capacity constraints that may arise due to changes in government staff—should be closely monitored.

POSITIONING OF THE ASIAN DEVELOPMENT BANK'S EDUCATION SECTOR STRATEGIES IN MONGOLIA

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|------------------------------------|---|--|--|---|
| Basis for the sector strategy | <ul style="list-style-type: none"> • The interim COS did not have a separate section on the education sector. • The central objective of ADB's interim country strategy was to support Mongolia's transformation (from a centrally planned to a market-oriented economy). • Bank assistance focused on projects and programs in the agriculture and industry sectors, and in the energy and transport and communications sector – sectors considered crucial in the country's economic transformation. • In view of the considerable progress in social development under the socialist regime, the social sectors appeared to have a lower priority in the allocation of external assistance to Mongolia for two reasons: (a) performance indicators for social sectors were good; and (b) public resource allocations for social sectors were considered too high, and it was recommended that efficiency gains should be attained before making further investments, | <ul style="list-style-type: none"> • The overall strategy aimed to strengthen Mongolia's transition to a market-based economy to promote more efficient resource use and a more competitive private sector. • The transformation to a market economy required new skills that were not widely available in the work force. Towards this end, the strategy identified institutional strengthening and developing the human resources skills necessary for a market economy – i.e., strengthening training institutions; training managers, accountants, and lawyers; and developing entrepreneurs as priorities. • However, investments in education and social development sectors remained secondary to promoting economic growth and subject to budgetary limits. • Government's reluctance to borrow for the education sector was explained by the need to rationalize public expenditures in the social sectors. | <ul style="list-style-type: none"> • In 1994 the Government also introduced the National Poverty Alleviation Program (NPAP) to reverse the trends of increasing human deprivation and human capital erosion. The NPAP has six components including improved delivery of education and health services. • The Government's Medium-Term Development Strategy (1999-2002), aimed to accelerate economic growth to enhance the living standards of the population. One of the key components of the Government's growth strategy included a human development and social sector strategy. • Consistent with the Government's development strategy and the NPAP, ADB's country strategy aimed to foster economic growth and poverty reduction, as well as improved governance. • Focus of ADB support included, among others, generating employment on a wide scale and | <ul style="list-style-type: none"> • ADB's strategy supports implementation of the two major elements of the government poverty reduction strategy – the Economic Growth Support and Poverty Reduction Strategy (EGSPRS): (a) stable, broad-based growth; and (b) inclusive social development. The inclusive social development pillar aims, among others, to contribute to improved education, health, and living conditions among the poor. • Education is crucial to the two pillars: human resource constraints on productivity are a barrier to growth, while unemployment related to the lack of education is a major cause of poverty. The EGSPRS identifies progress towards education-related MDGs (particularly universal primary education by 2015) as immediate targets. |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|------------------------------------|-----------------------|----------------------------|---|----------------------------|
| | | | <p>maintaining standards of human development and improving access to social services.</p> <ul style="list-style-type: none"> • To attain the objectives of growth and poverty reduction, ADB assistance focused on selected core sectors that had the best potential for expanding employment opportunities in the private sector. Education was identified as one of the core sectors for ADB operations because of its potential to provide the labor force with market-related training and skills necessary for employment in a market-oriented economy. • Supported by ADB TA, the Government prepared and adopted a comprehensive policy framework and a medium-term action plan for technical and vocational training, in 1998. Consequently, ADB strategy was geared towards addressing the vocational and skills development needs of the country. • ADB's Poverty Reduction Strategy requires assistance to the education sector on (a) developing an education | |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|--|--|--|---|---|
| Government's absorptive capacity and ownership | <ul style="list-style-type: none"> • There was no sector-specific discussion, but the overall country strategy acknowledged constraints in the Government's financial and administrative absorptive capacity. • The strategy acknowledged the need for projects to include a strong TA component to upgrade the absorptive capacity of beneficiary institutions. | <ul style="list-style-type: none"> • There was no sector specific discussion, but the overall country strategy recognized the Government's limited financial and administrative absorptive capacity (budgetary and implementation constraints). • The country's weak revenue base and the need to maintain macroeconomic stability severely constrained the availability of counterpart funds within the Government. • Administrative and technical weaknesses within the Government also limited the implementation capabilities of line ministries. | <p>system that is responsive to the needs of the population in a new labor market, and (b) addressing issues pertaining to equity of access to education.</p> <ul style="list-style-type: none"> • Mongolia's implementation and absorptive capacity remained limited. Lack of counterpart funds, and administrative and technical weaknesses were limiting factors in project implementation. | <ul style="list-style-type: none"> • A sector-specific assessment of the Government's absorptive capacity was not undertaken, but the strategy mentioned that severe fiscal constraints limit the availability of counterpart funds. |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|------------------------------------|-----------------------|----------------------------|---|---|
| | | | <ul style="list-style-type: none"> • The overall country strategy was prepared following a collaborative and participatory process: detailed discussions were conducted with the Government and in close coordination with other aid agencies. A participatory workshop and high-level forum involving the Government, other parliamentary groups, civil society, and the private sector were held in Mongolia to generate support and agreement for the strategy. • Mongolia was the first country to sign a Poverty Partnership Agreement with ADB, in 2000. Consistent with ADB's country strategy, the poverty agreement provided that poverty concerns were to be addressed through private sector-led income and employment generation, maintaining human development achievements, and strengthening the reform of social protection | <ul style="list-style-type: none"> • The Government's Education Sector Strategy (ESS) 2000-2005 and its social strategy (aimed at improving access of the poor to stable income opportunities and at improving the quality and accessibility of public services) are integral components of the EGSPRS. Major focus of the ESS has been on improvements in access to, quality of, and relevance of basic education services, and production of qualified and competitive human resources to foster economic growth. • In 2006, the Government adopted the Education Master Plan for 2006-2015, which includes strategies to address issues related to access to, relevance of, and quality of education services and to reduce the fragmentation of development cooperation efforts |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|--|--|---|--|---|
| ADB's comparative advantage in the sector and harmonization of sector strategies with other development partners | <ul style="list-style-type: none"> • There was no sector-specific discussion of ADB's comparative advantage in the sector. • ADB participated in IMF/World Bank discussions with the Government, which culminated in the preparation of a Medium-Term Economic Strategy. The strategy, covering a 3-year period (from October 1991), detailed a comprehensive package of reforms to facilitate the country's transition to a market economy. • To help the Government carry out macroeconomic structural adjustments, ADB and other multilateral and bilateral agencies also provided technical and financial assistance in the preparation of IMF's one-year Stand-by Arrangement and the subsequent Enhanced Structural Adjustment Facility. • | <ul style="list-style-type: none"> • The strategy did not include a discussion of ADB's comparative advantage in the sector . • Since Mongolia became a member of ADB, IMF, and the World Bank in 1991, the three institutions coordinated their operations closely to support the Government's macroeconomic stabilization and reform efforts. ADB missions frequently visited Mongolia concurrently with missions from IMF and the World Bank to share operational information and discuss policy approaches. • Major aid consultation meetings for Mongolia, arranged jointly by the World Bank and Japan, were held annually in Tokyo to coordinate external assistance. • The strategy mentioned that ADB coordinated assistance with other bilateral donors involved in | <ul style="list-style-type: none"> • ADB had been a major provider of assistance in the education sector since Mongolia became a member in 1991, • ADB's strategy was developed with an awareness of other aid agencies' strategies to avoid duplication and overlap, and to ensure that the basic development needs of the country were met. • The strategy mentioned other multilateral and bilateral agencies involved in the education sector: (a) UNDP and other UN agencies (preschool education strengthening); (b) EU/ TACIS (curriculum development); (c) UK (preschool education); (d) US (training in economic management). • The strategy pointed out that aid coordination and management are constrained by the unclear and fragmented responsibility of | <ul style="list-style-type: none"> • ADB has been supporting education sector reform and development since the 1990s. ADB assistance in the sector has contributed to improving access to and quality of basic education services and to strengthening institutional capacity of the Ministry of Education, Culture and Science. • The strategy notes that various development agencies have been involved in the education sector such as JICA (basic education services), Government of Japan (upgrading urban schools, supporting policy development and ICT), CIDA (feasibility study on school construction and rehabilitation); Canada Fund (rural school rehabilitation), NDF (cofinancing ADB's SEDP, focusing on science and vocational education; upgrading kindergartens and primary schools); UNICEF (school rehabilitation, nonformal education, and development of community-based approaches to primary education); DANIDA |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|---|-----------------------|--|--|---|
| <ul style="list-style-type: none"> • | | <ul style="list-style-type: none"> • the sector like Denmark (primary and secondary education). | <ul style="list-style-type: none"> • government agencies. Consequently, at the Seventh Consultative Group Meeting for Mongolia held In June 1999, the Government and aid agencies agreed to form subgroups to focus on individual aid subjects and to establish mechanisms to monitor progress of projects financed with external assistance. | <ul style="list-style-type: none"> • (development of rural schools); Soros Foundation (modernizing teacher training, educational publishing, and ICT development); World Bank (renovation of schools); Germany (modernizing vocational training); and EU (quality improvement of higher education). • Currently, investment in the sector is fragmented; externally financed projects are largely planned and executed on a bilateral basis between the Government and the respective development agencies, thus limiting coordination and coherence between projects, and raising transaction costs. • Recognizing the need to improve coordination and effectiveness of external funding, the Government has agreed to establish working groups (jointly chaired by ADB with other multilateral/bilateral agencies) for infrastructure, social sectors, private sector development, and aid coordination to pursue harmonization. ADB has played a key role in aid |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|--|--|---|---|--|
| | | | | <p>coordination. The social sector working group focusing on health and education is cochaired by ADB and Japan.</p> <ul style="list-style-type: none"> At the initiative of ADB, the World Bank and UNICEF have agreed to establish a SWAp to harmonize development assistance in the sector. ADB and the Government of Japan are leading the move toward a SWAp in the sector. |
| Focus/Selectivity and Synergies | | | | |
| (i) Issues/challenges addressed | <ul style="list-style-type: none"> The interim strategy did not discuss issues/challenges specific to the education sector. | <ul style="list-style-type: none"> The sector strategy identified the following issues and challenges: (a) acute shortage of skills necessary in a market economy particularly in the areas of commerce, banking, accounting, law, management, marketing, and international trade; (b) declining quality of primary, secondary, and tertiary education; and (c) quality of education is not commensurate with the expenditure, and the level of expenditure is higher than the economy can afford. | <ul style="list-style-type: none"> The strategy highlighted the need for continuous development of human resource skills for a market economy to promote economic growth and development. This called for training of managers, accountants and lawyers as well as other types of vocational and business training to establish a sufficiently comprehensive supply of job expertise; and strengthening public-private training institutions. The strategy also underscored the following key issues: improving education quality and relevance, and ensuring universal access to basic education | <ul style="list-style-type: none"> The following issues and constraints were identified: (a) providing equal access to education; (b) improving quality and relevance of education at all levels; (c) lack of sufficient skills training and retraining opportunities for the poor; (d) mismatch between skill supply and industry demand; and (e) improving effectiveness in utilizing existing resources and external assistance. |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|---|------------------------------|--|--|--|
| (ii) Sector Focus | | <ul style="list-style-type: none"> • Sector priorities included (a) strengthening training institutions; (b) training managers, accountants, and lawyers, and developing entrepreneurs; and (c) on-the-job training, postsecondary, vocational, and continuing education. | <ul style="list-style-type: none"> • Sector focused on two broad areas: (a) developing an education system that can successfully meet the needs of the population in a new labor market (to fight the existing unemployment-poverty problem), and (b) addressing the issues relating to equity of access to education (to prevent the development of new forms of poverty based on social service deprivation). • Particular attention was given to (a) the development of market-related training including vocational training and skills development programs to address the need for a more skilled labor force; (b) nonformal education in rural areas to address the problem of school dropouts; and (c) distance learning to bring education within the reach of more people. • Policy reforms focused on rationalization and productivity improvement measures, diversification of services delivery, and decentralization. Increased private sector involvement in the sector was also to be | <ul style="list-style-type: none"> • ADB's assistance aims to deliver the following outcomes: (a) improved access to and quality of basic education services; (b) increased availability of skills training and retraining opportunities for youth and adults; (c) more efficient and effective education provision; and (d) more effective aid coordination. |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|--|--|---|---|---|
| (iii) Instruments used to address challenges | <ul style="list-style-type: none"> No loan was provided for the education sector during this period. Given the need for capacity building and advisory services, ADB operations consisted of TA— for Human Resources Development and Education Reform (in 1992, to undertake a sector review and to assist in the preparation of a master plan to guide future directions in the sector) | <ul style="list-style-type: none"> ADB's assistance consisted of (a) project preparatory and advisory TA to address the Government's administrative weaknesses (for policy reform, sector restructuring, and institutional strengthening), and (b) concessional loans for the Education Sector Development Program (to provide integrated policy and investment support for sector reforms). | <p>emphasized, but stressing continued access for all.</p> <ul style="list-style-type: none"> The education sector would also provide backup support to intended reforms in the other sectors— e.g., in the financial sector by providing labor market-related vocational training to beneficiaries of microfinance projects (to develop viable businesses that generate employment); in the health sector. by including relevant health care education in the general curriculum. To address the challenges/ constraints identified, assistance consisted of (a) TA operations (capacity building for accounting and auditing professionals; preparation of a SWAp in education), and (b) loans for preschool and basic education. | <ul style="list-style-type: none"> The instruments for strategy implementation include (a) TA (for sector reform, and to support the development of a SWAp in education), and (b) concessional loans to support government efforts to improve the access to, quality of, and relevance of education at all levels. |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|--|--|---|--|---|
| (iv) Coherence of issues, focus, and instruments | <ul style="list-style-type: none"> The TA was appropriate to assess sector challenges and needs arising from Mongolia's economic transformation to a market-oriented economy. | <ul style="list-style-type: none"> The sector strategy appeared consistent with the choice of issues, sector focus, and instruments used to implement the strategy. Recognizing the Government's limited absorptive capacity, especially for implementing externally financed projects, ADB used the SDP modality to attain policy reform objectives to meet the immediate needs at the institutional level. | <ul style="list-style-type: none"> The strategy was logical, given the above-mentioned sector issues/challenges, and constraints, but appeared to lack strategic focus, possibly due to the numerous issues that needed to be dealt with and the fragmented nature of external assistance in the sector. | <ul style="list-style-type: none"> Given the issues/challenges, focus and mix of instruments, the strategy appears logical. |
| Long-term continuity of the sector strategy | <ul style="list-style-type: none"> No prior assistance was provided in the sector. Mongolia became a member of ADB only in 1991. | <ul style="list-style-type: none"> The strategy had continuity with previous ADB assistance for institutional strengthening and capacity building in the sector, but began to address the need for equitable access in primary and secondary education. Although the country had universal literacy before 1990, the transition to a market economy somewhat reduced access. | <ul style="list-style-type: none"> The strategy built on previous ADB assistance in support of basic and secondary education, and institutional strengthening in the sector, but expanded the scope of assistance to technical and vocational education to address the mismatch between supply and demand for skills in a market economy and to provide the poor more opportunities for employment. | <ul style="list-style-type: none"> Past assistance in the sector has succeeded in establishing the basic infrastructure and providing the foundation for improvements in the quality of education. Assistance is proposed to build on achievements to improve quality and relevance of education and its access for the poor, and to enhance aid coordination in the sector (with the adoption of a SWAp). |
| Risk assessment and monitoring mechanisms to achieve the sector strategy's envisaged results | <ul style="list-style-type: none"> There was no assessment of risks specific to the sector. | <ul style="list-style-type: none"> The strategy did not include an assessment of risks specific to the education sector. | <ul style="list-style-type: none"> The sector strategy cited exogenous risk factors to the country as a whole but did not include an assessment of risks specific and unique to the education sector. | <ul style="list-style-type: none"> The strategy did not cite sector-specific risks. |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|---|--|---|---|---|
| | <ul style="list-style-type: none"> The strategy did not specify the expected outcomes and impacts and the mechanisms for monitoring progress. | <ul style="list-style-type: none"> The strategy acknowledged the need to assess the Government's progress in following the reform agenda but did not discuss the expected outcomes and impacts and the mechanisms to monitor progress in attaining the stated objectives. As a result, progress made during implementation could not be monitored. | <ul style="list-style-type: none"> Since the overarching objectives of the strategy was to foster economic growth and reduce poverty, success of the strategy would be measured by degree of economic growth and poverty reduction using indicators such as GDP for the former and absolute and relative poverty for the latter. The strategy proposed selected variables that could be used as monitoring indicators (to measure the overall contribution of education to the overall objective of poverty reduction such as (a) improvement in the school enrollment ratios at the primary, secondary, and tertiary levels, segregated by male and female; (b) changes in the literacy rates for the male and the female population. The strategy also identified relevant targets for education in the Strategy 21 (international targets for poverty reduction and human development adopted by OECD DAC in 1996): (a) achieving universal primary education by 2005; (b) reducing by half | <ul style="list-style-type: none"> The CSP was designed to adopt a results-based approach. A results-based matrix was prepared as a management tool to focus ADB assistance on delivery of development results. To monitor achievement of the CSP sector outcomes and outputs, the sector strategy included a road map with sector indicators and outcomes envisaged by year 5 such as at least 5% increase in school enrollment rates and at least 10% increase in school completion rates. Baseline and target values for some indicators (e.g., ability of graduates to meet needs of market, education-related unemployment, efficiency and effectiveness of education delivery and effectiveness of aid coordination to be established through TA to the Government as part of the Results-Based Management Plan. |

| Criteria for Positioning/Coherence | 1991 Interim Strategy | 1994-1999 Country Strategy | 2000-2005 Country Strategy | 2006-2008 Country Strategy |
|---|------------------------------|-----------------------------------|--|-----------------------------------|
| | | | the mortality rates for infants and children under 5 years of age, and by two thirds the maternal mortality rates for mothers by 2005. | |

ADB = Asian Development Bank, CIDA = Canadian International Development Agency, COS = country operational strategy, CSP = country strategy and program, DAC = Development Assistance Committee, DANIDA = Danish International Development Agency, EGSPRS = Economic Growth Support and Poverty Reduction Strategy, ESS = Education Sector Strategy, EU = European Union, GDP = gross development product, ICT = information and communication technology, IMF = International Monetary Fund, JICA = Japan International Cooperation Agency, MDG = Millennium Development Goals, NDF = Nordic Development Fund, NPAP = National Poverty Alleviation Program, OECD = Organization for Economic Cooperation and Development, SEDP = Second Education Development Project, SDP = sector development program, SWAp = sector-wide approach, TA = technical assistance, TACIS = Technical Aid to the Commonwealth of Independent States, UK = United Kingdom, UN = United Nations, UNDP = United Nations Development Programme, UNICEF = United Nations Children Fund, US = United States.

Sources: ADB. Country Strategy and Program, various years.

PROGRESS OF ACHIEVEMENTS OF EDUCATION PROJECTS/PROGRAM IN MONGOLIA

| Loan | Project Name | Objectives | Year Approved | Actual ^a Loan/Grant Amount (\$ million) | Actual Total Project Cost (\$ million) | Achievements | Rating | | |
|------|--------------------------------------|---|---------------|--|--|---|--------|-----|------|
| | | | | | | | PPR IP | PCR | PPER |
| 1507 | Education Sector Development Program | The objective of the ESDP was to transform the education sector to match the changing requirements of an economy in transition from central planning to a market-oriented system. To attain this objective, the ESDP aimed to upgrade the quality, performance, and sustainability of the education sector and improve educational management capacity. | 1996 | 6.16 | 6.16 | <ul style="list-style-type: none"> • Project completed Outputs: • Reorganizing and strengthening education management capabilities – (i) redefining roles and responsibilities of MECS and local governments; (ii) formulating and implementing a comprehensive reorganization plan; (iii) assessing the capacities of MECS and local governments in administration, finance, and management; (iv) preparing a capacity building program • Rationalizing education sector facilities to address underutilization of school facility and excess number of schools and/or inappropriate grade mix – (i) 171 schools restructured by June 2002, (ii) development of complex schools • Rationalizing education sector staffing – 8,140 staff reduced, of whom 5,000 became redundant and 3,140 were eliminated through attrition • Introducing Cost-Sharing in Secondary Education Textbook Publishing and Decentralization of Textbook Distribution – The Government | | HS | HS |

| Loan | Project Name | Objectives | Year Approved | Actual ^a Loan/ Grant Amount (\$ million) | Actual Total Project Cost (\$ million) | Achievements | Rating | | |
|------|--------------|------------|---------------|---|--|--|--------|-----|------|
| | | | | | | | PPR IP | PCR | PPER |
| | | | | | | <p>adopted a new textbook policy (set out in Ministerial Decree No. 161 of May 2000), which created a role for the private sector in publishing textbooks, and distributing primary and secondary school textbooks.</p> <ul style="list-style-type: none"> Developing a Policy Framework on Technical Education and Vocational Training – In March 1998, MECS prepared a draft policy framework and action plan on TEVT, which was subsequently approved by Cabinet Resolution. The Resolution became the basis for the new TEVT Law, enacted in May 2002, which limits the Government's role in TEVT and encourages private industries and businesses to participate in TEVT. Promoting Private Sector Provision of Education and Privatization of Higher Education – Guidelines on private provision of higher education were prepared and a resolution on privatization and reform was enacted in July 2002, identifying six state universities and other academic institutions for privatization. With the implementation of these guidelines, the number of private | | | |

| Loan | Project Name | Objectives | Year Approved | Actual ^a Loan/ Grant Amount (\$ million) | Actual Total Project Cost (\$ million) | Achievements | Rating | | |
|------|--------------|------------|---------------|---|--|---|--------|-----|------|
| | | | | | | | PPR IP | PCR | PPER |
| | | | | | | <p>universities and colleges has increased significantly. The number of private higher education institutions increased from 41 in 1995 to 137 in 2002, while the number of private schools increased from one in 1996 to 90 in 2002.</p> <ul style="list-style-type: none"> • Promoting the Development and Use of Selected Quality Assurance Mechanisms for Higher Education – The Government prepared the structure, mandate, and legal and regulatory frameworks for an independent accreditation body for higher education, which was approved by Parliament. The National Accreditation Agency was established in December 1998, which became the National Council for Higher Education Accreditation in 1999. • Promoting Performance Management in the Education Sector – Sector performance indicators were identified, and an education MIS incorporating benefit monitoring and evaluation was designed. | | | |

| Loan | Project Name | Objectives | Year Approved | Actual ^a Loan/ Grant Amount (\$ million) | Actual Total Project Cost (\$ million) | Achievements | Rating | | |
|------|--------------------------------------|------------|---------------|---|--|--|--------|-----|------|
| | | | | | | | PPR IP | PCR | PPER |
| 1508 | Education Sector Development Project | | 1996 | 8.18 | 9.85 | <p>Outputs:</p> <ul style="list-style-type: none"> • Staff Development – To support the restructuring and reorientation in the sector, training in the following subject areas was provided: (a) higher education management,, academic networks, libraries, publishing, and consultancy training; (b) curriculum and course development; (c) textbook development; and (d) teacher training methods. • Rehabilitation of school building – 88 schools located in Ulaanbaatar and 17 provincial centers were fully or partly rehabilitated – rehabilitation of 47 schools was funded from the investment project, with the balance (41 schools) funded using local currency counterpart funds from the program loan. • Equipment and Instructional Materials for Secondary and Higher Education Institutions – The Project provided science equipment to 148 schools and 2 universities, 860 computers to 113 provincial and city primary and secondary schools, and solar batteries to 20 remote schools. Science laboratories at the | | | |

| Loan | Project Name | Objectives | Year Approved | Actual ^a Loan/Grant Amount (\$ million) | Actual Total Project Cost (\$ million) | Achievements | Rating | | |
|------|------------------------------|--|---------------|--|--|--|--------|-----|------|
| | | | | | | | PPR IP | PCR | PPER |
| 1908 | Second Education Development | The main objective of the SEDP is to promote human development by developing universally accessible education services, and strengthening these services. Its secondary objective is to reduce income and deprivation poverty by improving sustainable access to quality preschool and basic education in poorer rural and urban communities. Specific objectives will include (i) improving access to services (kindergartens | 2002 | | | <p>National University of Mongolia and the National Pedagogical University were rehabilitated and re-equipped. In-service teacher training centers at the Teacher Training College, National Pedagogical University, and Education Research Institute were provided equipment. Training programs on textbook writing, publishing, and management; and workshops on new textbook content and teaching methods were conducted.</p> <ul style="list-style-type: none"> • Implementation ongoing • Progress to date: • Project Progress: 98% physical completion. Project implementation ahead of schedule. • Project has been successful in achieving specific objectives: • Component 1: School and Kindergarten Development - <ul style="list-style-type: none"> (a) 81 schools have been rehabilitated and furnished; (b) 55 schools have been rehabilitated, furnished, and converted to renewable energy systems; (c) 6 kindergartens have been constructed; (d) workshops facilities management have been | HS | | |

| Loan | Project Name | Objectives | Year Approved | Actual ^a Loan/ Grant Amount (\$ million) | Actual Total Project Cost (\$ million) | Achievements | Rating | | |
|------|--------------|--|---------------|---|--|---|--------|-----|------|
| | | | | | | | PPR IP | PCR | PPER |
| | | and schools), including for children with disabilities; (ii) improving the quality and relevance of education services; (iii) improving the efficiency and effectiveness of education management; and (iv) enhancing the efficiency of public resource allocation for education services by reducing recurrent financing requirements for operation and maintenance of education facilities, expansion of the textbook rental scheme, and improved accountability in education management. | | | | conducted.and training on education Component 2: Quality Improvement - (a) more than 10,000 teachers trained in their respective subject areas, 78 teachers and teacher trainers received overseas training; (b) over 534,000 textbooks, learning materials, and guides distributed to children; (c) 70 ICT training centers established, ICT policy for primary and secondary education developed and approved by MECS, two books published on the use of ICT in education, and ICT integration training provided to 753 teachers; (d) 180 sets of science lab equipment provided to project schools; (e) 173 sets of vocational education equipment provided to project schools. o Component 3: Education Management - (a) 2,759 individuals including MECS staff, provincial and local managers, and principals trained in education management; Department of Information, Monitoring and Evaluation at MECS established with Project | | | |

| Loan | Project Name | Objectives | Year Approved | Actual ^a Loan/Grant Amount (\$ million) | Actual Total Project Cost (\$ million) | Achievements | Rating | | |
|--------------|-----------------------------|---|---------------|--|--|---|--------|-----|------|
| | | | | | | | PPR IP | PCR | PPER |
| 2238 | Third Education Development | The impact of the Project will be improved employability and income-earning opportunities of graduates from secondary and vocational education. The project outcome is more equitable access to—and improved quality and relevance of—primary, secondary, and vocational education. | 2006 | | | support; 61 education managers trained overseas; (b) implementation support provided to PMU staff (i.e., ADB provided computers and courses on procurement, disbursement, and project management) | | | |
| Total | | | | | | <p>Implementation ongoing. There is a slight delay in implementation (from RRP estimate of September 2006 to current schedule of February 2007) but delay not expected to affect overall implementation. Progress to date:</p> <ul style="list-style-type: none"> • Component 1: Developing a National Curriculum Framework and Aligned Standards - awaiting outputs from consultants • Component 2: Improving the Learning Environment in Primary and Secondary Schools - civil works preparation ongoing • Component 3: Promoting a Demand Driven Vocational Education - awaiting outputs from consultants | | | |

ADB = Asian Development Bank, ESDP = Education Sector Development Program, HS = highly successful (PCR and PPER ratings) /highly satisfactory (PPR rating), ICT = information and communication technology, IP = implementation progress, MECS = Ministry of Education, Culture and Science, MIS = management information system, PCR = project completion report, PMU = project management unit, PPER = project/program performance evaluation report, PPR = project performance report, PS = partly satisfactory, RRP

= report and recommendation of the president, S = successful (PCR and PPER ratings)/satisfactory (PPR rating), SEDP = Second Education Development Project, TEVT = technical education and vocational training.

^a Net loan amount.

Sources: ADB. Loan, TA, Grant and Equity Approvals Database; Post-Evaluation Information System (downloaded 23 Jan 2008); project performance reports (as of 31 March 2008); report and recommendations of the President.

PROGRESS OF ACHIEVEMENTS OF EDUCATION TECHNICAL ASSISTANCE IN MONGOLIA

| TA No. | Year Approved | TA Title | TA Objective | TA Type | Amount (\$'000) | Achievements | TCR Rating | PPER Rating |
|---------------|----------------------|--|---|----------------|------------------------|--|-------------------|--------------------|
| 1801 | 1992 | Human Resources Development and Education Reform | The objective of the TA was to assist the Government in formulating a sound medium-term strategy for the development of Mongolia's education and training system consistent with the country's transformation to a market-driven economy. | AD | 535 | <ul style="list-style-type: none"> • TA financial closing on 1 July 1995 TA Outputs • Comprehensive review of the education and training sector and analysis of policy issues and options was completed • An education master sector plan, which identified priority areas for educational reform and set out detailed action plans, was prepared. The master plan was subsequently adopted by the Government and the national parliament. | GS | |
| 2228 | 1994 | Education Development | The TA was to assist the Government of Mongolia in preparing an Education Development Project in sufficient detail to enable the Government to seek external financing for implementing project components to facilitate long-term restructuring and strengthening of the education and human resources sector. | PP | 400 | <ul style="list-style-type: none"> • TA financial closing on 1 March 2000 TA Output • Preparation of an Education Development Project to address key issues and priority requirements in the sector within the framework of the goals and objectives of the education sector master plan. | | S |
| 2659 | 1996 | Restructuring and Staff Rationalization | The major objective of the TA was to assist the Government in finalizing the comprehensive restructuring and staff rationalization program for the education and health sectors, within the overall framework of the Government's ongoing public administration reforms. | AD | 70 | <ul style="list-style-type: none"> • TA financial closing on 1 May 1998. TA Outputs • A comprehensive restructuring and staff rationalization plan for the sector was finalized with the TA's assistance. | | |

| TA No. | Year Approved | TA Title | TA Objective | TA Type | Amount (\$'000) | Achievements | TCR Rating | PPER Rating |
|--------|---------------|---|--|---------|-----------------|---|------------|-------------|
| 2719 | 1996 | Institutional Strengthening in the Education Sector | The objectives of the TA, which were consistent with the objectives of the Education Sector Development Project, were to (i) facilitate the operation of the new structure and management of the Ministry of Science, Technology, Education and Culture (MOSTEC); (ii) assist in the formulation of strategic planning and management in the higher education sector; (iii) assist in the formulation of a coherent policy on technical education and vocational training (TEVT) to meet the skills requirements of a market economy; (iv) undertake a preliminary assessment on the viability of establishing a distance education system; and (v) develop an educational management information and benefit monitoring system. | AD | 950 | <ul style="list-style-type: none"> • TA financial closing on 1 August 2001 TA Outputs • An education management information system was established. • A benefit monitoring and evaluation system was developed. | HS | HS |
| 3174 | 1999 | Education Sector Strategy Study, 2000-2005 | The general aim of the TA was to support MOSTEC's planning process to improve the access, quality, relevance, cost-effectiveness, and sustainability of the education and training sector in the context of Mongolia's transition from a centrally planned to a market-oriented economy. The specific objectives were to assist | AD | 150 | <ul style="list-style-type: none"> • TA financial closing on 1 February 2001 TA Output • Preparation of the Education Sector Strategy (2000-2005), which provides the principal policy and planning framework for the education sector | | |

| TA No. | Year Approved | TA Title | TA Objective | TA Type | Amount (\$'000) | Achievements | TCR Rating | PPER Rating |
|--------|---------------|---|---|---------|-----------------|---|------------|-------------|
| | | | MOSTEC to (i) analyze and refine the Government's policy and plan for educational development; (ii) define, elaborate, and fine-tune the Government's goals, objectives, and strategies for educational development by subsector; (iii) establish broad priorities and strategic options for educational development for 2000-2005; and (iv) prepare an overall medium-term investment program broken down into subprojects | | | • | | |
| 3351 | 1999 | Second Education Development | The TA was to assist the Government in preparing a Second Education Development Project (SEDP) that would further strengthen the Government's efforts in education reforms and improvement in the context of a transition economy. | PP | 550 | <ul style="list-style-type: none"> • TA financial closing on 31 July 2005 • TA Outputs • Feasibility study for SEDP • Preparation of SEDP project proposal | | |
| 3913 | 2002 | Capacity Building for Accounting and Auditing Professionals | The overall goal was to support Mongolia's continuing efforts to align accounting and auditing arrangements and practices with the needs of a market economy and with international best practices. To achieve this goal, the TA would assist the Mongolia Institute of Certified Public Accountants (MCPA) to promote the adoption of international accounting standards (IAS) and | AD | 500 | <ul style="list-style-type: none"> • TA financial closing on 31 May 2005 • TA Outputs • Training for small and medium enterprises accountants on IAS and ISA • Developed continuing professional education program and a web page for MCPA • Conducted specialized courses on cost management accounting and tax reconciliation • Preparation of detailed manuals on (i) conversion of SME accounts to IAS; (ii) cost management accounting for | S | |

| TA No. | Year Approved | TA Title | TA Objective | TA Type | Amount (\$'000) | Achievements | TCR Rating | PPER Rating |
|--------|---------------|-----------------------------|--|---------|-----------------|---|------------|-------------|
| | | | international standards of auditing (ISA) by enterprises through training and capacity-building programs that were geared to enhance the skills of accounting and auditing lecturers and professors as well as to develop a body of accountants and auditors who would be qualified for IAS and ISA. | | | <ul style="list-style-type: none"> SMEs; (iii) ISA standards for audit firms | | |
| 4487 | 2004 | Third Education Development | <p>The overall goal of the TA was to improve access to and quality of education services for children and to increase skills training opportunities for youth and adults. In line with the country strategy and program, the TA would explore the possibility of taking a sector-wide approach (SWAp) to coordinate government and externally supported activities in the education sector. Building on the achievements of the ESDP and ongoing SEDP, the proposed project would particularly address priority needs in basic education and review the scope for consolidating the TEVT system.</p> | PP | 500 | <ul style="list-style-type: none"> TA financial closing on 20 September 2006 <p>TA Outputs</p> <ul style="list-style-type: none"> Preparation of the Education Sector Master Plan, 2006-2015 Preparation of the Third Education Development Project proposal | | |

| TA No. | Year Approved | TA Title | TA Objective | TA Type | Amount (\$'000) | Achievements | TCR Rating | PPER Rating |
|--------|---------------|--|---|---------|-----------------|---|------------|-------------|
| 4803 | 2006 | Development of a Sector Wide Approach in Education | The TA will strengthen the technical and management capacity of MECS in strategic planning and policy analysis and enable the ministry to set up a SWAp in the education sector gradually. The TA will assist MECS in (i) developing annual operational implementation strategies to meet the policy objectives, (ii) identifying investment priorities for modernizing the school system and extending the schooling period as planned, (iii) preparing annual and longer term budget frameworks linked to the Education Master Plan (including financial plans for regional authorities), and (iv) building capacity to establish an efficient structure to collect data and other information needed for monitoring and performance evaluation | AD | 150 | <ul style="list-style-type: none"> TA implementation ongoing. Implementation progress satisfactory according to TA Performance Report as of 31 July 2008 <p>Progress to date</p> <ul style="list-style-type: none"> Recruitment of domestic and international consultants completed. International consultant has completed assignment and submitted report. Domestic consultants completing assignment Project Office has been established | | |
| 4950 | 2007 | Education Sector Reform | The impact of the TA will be improved access, quality, efficiency, and effectiveness of the education sector. The outcome of the TA will be a design, agreed on by ADB and the Government, for an investment project suitable for ADB support. | PP | 600 | <ul style="list-style-type: none"> TA implementation ongoing. Implementation progress satisfactory according to TA Performance Report as of 31 July 2008 <p>Progress to date</p> <ul style="list-style-type: none"> Initial discussions on impact, outcome, and outputs of proposed project have been undertaken Sector study on higher education subsector reform and development ongoing Preparation of strategy for integrating ICT into education ongoing | | |

| TA No. | Year Approved | TA Title | TA Objective | TA Type | Amount (\$'000) | Achievements | TCR Rating | PPER Rating |
|--------------|---------------|----------|--------------|---------|-----------------|--------------|------------|-------------|
| Total | | | | | 4,405 | | | |

ADB = Asian Development Bank, ESDP = Education Sector Development Program, GS = generally successful, HS = highly successful, IAS = international accounting standards, ISA = international standards of auditing, MCPA = Mongolia Institute of Certified Public Accountants, MOSTEC = Ministry of Science, Technology, Education and Culture, PPTA = project preparatory technical assistance; PPER = project performance evaluation report, S = successful, SEDP = Second Education Development Project, SME = , SWAP = sector wide approach, TA = technical assistance; TCR = Technical Assistance Completion Report, TEVT = technical education and vocational training.

Source: ADB. Loan, TA, Grant and Equity Approvals database; project performance reports; reports and recommendations of the president; TA completion reports; TA performance reports; TA reports.

PROGRESS OF ACHIEVEMENTS OF EDUCATION GRANT-FINANCED PROJECTS IN MONGOLIA

| Approval No. | Project Name | Project Objective | Year Approved | Amount (\$ Million) | Achievements |
|--------------|---|---|---------------|---------------------|---|
| 9044 | Information and Communication Technology for Innovating Rural Education | Increase access to, and learner achievement in, high-quality, locally responsive basic and nonformal education for disadvantaged rural populations in Mongolia. The short-term objective of the Project was to establish a replicable model for using information and communication technology to bring education content, modern pedagogy, and information to poor rural schools and communities. Within target rural areas the Project would (i) empower rural teachers (principally in basic education grades—to innovate and improve teacher practice and foster a pupil-centered (versus lecture-driven) active learning environment; (ii) enhance school management and system equity, efficiency, and transparency; and (iii) increase opportunities for high-quality and locally relevant nonformal education, and build new school-community linkages. | 2004 | 1.00 | <ul style="list-style-type: none"> • Project closed • Project implementation assessed highly successful <p>Outputs:</p> <ul style="list-style-type: none"> • Four full cycles of training organized for teachers (1,050 teachers in 44 schools) on how to integrate ICT in teaching practices/activities. Each cycle included training of mentor school teachers in UB, training of aimag trainers in UB, training of soum trainers in aimag centers and in-school training for teachers • Manuals, guidelines, and user guides developed for teachers' use • Provision of ICT equipment (laptops, LCD projector, digital camera) to 37 soum schools • Software applications procured for use in classroom teaching • E-mail-based teacher network for rural schools established • Over 50 students (teams of 5-8) students from grades 5-8 selected from 8 dorms in project district schools-trained in software applications, ICT tools and packages, and communication software (dorm e-mentors) • Minor civil works (maintenance and furnishings) for using ICT in classroom teaching (e.g., painting, electrical wiring, mounting of outlets, installing local area network cables) |

| Approval No. | Project Name | Project Objective | Year Approved | Amount (\$ Million) | Achievements |
|--------------|---|---|---------------|---------------------|--|
| 9085 | Nonformal Skills Training for Unemployed Youth and Adults | The objective of the Project is to enhance employment and income-earning opportunities of unemployed youth and adults by increasing the availability of demand-driven, nonformal skills training in the education sector. The Project will help to establish public-private cooperation (involving government agencies, public and private training providers, and construction companies) to (i) develop competency-based training modules and pilot short-term skills training, and (ii) develop innovative financing mechanisms to promote nonformal demand-driven training. The Project will focus on unemployed out-of school youth and poor adults living in Ulaanbaatar. | 2006 | 1.00 | <ul style="list-style-type: none"> • Implementation ongoing • According to Grant Status Report as of January 2007 (latest available at OCO), substantial changes in project scope and implementation arrangements are being proposed by the Executing Agency and the Project Steering Committee. |
| Total | | | | 2.00 | |

ICT = information and communication technology; LCD = liquid crystal display; OCO = Office of Cofinancing Operations; UB = Ulaanbaatar.
Source: ADB. Loan, TA, Grant and Equity Approvals Database; grant status reports.

BASIC EDUCATION INDICATORS, 1996-2007

| Item | 1990-1991 | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| A. Education Expenditure | | | | | | | | | | | | | |
| 1. Education Budget Expenditure (MNT million) | | 23,377.2 | 31,814.6 | 44,486.9 | 58,622.2 | 64,811.4 | 77,729.4 | 95,415.5 | 99,316.9 | 111,288.6 | 136,263.3 | 147,792.2 | 208,714.5 |
| 2. State Budget Income (MNT million) | | 140,900.0 | 160,000.0 | 212,000.0 | 225,500.0 | 254,800.0 | 351,083.7 | 439,290.0 | 477,049.0 | 535,795.0 | 580,930.8 | | |
| 3. Educational Industry in the State Budget Income (%) | | 16.6 | 19.9 | 21.0 | 26.0 | 25.4 | 22.1 | 21.7 | 20.8 | 20.8 | 23.5 | | |
| B. Institutional and Enrollment Indicators | | | | | | | | | | | | | |
| 1. Kindergartens | | | | | | | | | | | | | |
| a. Number of Nursery Schools | | 660 | 667 | 660 | 658 | 650 | 653 | 665 | 655 | 687 | 696 | 729 | 742 |
| b. Number of Children | | 64,086 | 67,972 | 70,000 | 73,955 | 78,630 | 79,294 | 83,578 | 87,711 | 90,215 | 82,674 | 91,400 | 94,700 |
| Annual Rate of Change (%) | | | 6.1 | 3.0 | 5.7 | 6.3 | 0.8 | 5.4 | 4.9 | 2.9 | (8.4) | 10.6 | 3.6 |
| c. Number of Teachers/Nurses | | 2,004 | 2,998 | 2,985 | 3,015 | 2,986 | 3,056 | 3,177 | 3,257 | 3,267 | 3,424 | 3,275 | 3,748 |
| d. Children-Teacher Ratio | | 32 | 23 | 23 | 25 | 26 | 26 | 26 | 27 | 28 | 24 | 28 | 25 |
| 2. General Education Schools (GES) | | | | | | | | | | | | | |
| a. Total Number of GES | 632 | 664 | 658 | 645 | 630 | 668 | 683 | 700 | 688 | 686 | 710 | 724 | 742 |
| b. Of Which are Private Schools | | 0 | 2 | 17 | 20 | 50 | 77 | 84 | 95 | 130 | 137 | 127 | 120 |
| % of Total GES | | 0.0 | 0.0 | 3.0 | 3.0 | 7.0 | 11.0 | 12.0 | 14.0 | 15.0 | 17.0 | 17.5 | 16.2 |
| c. Number of Students | 440,986 | 403,847 | 418,293 | 435,061 | 447,121 | 470,038 | 494,544 | 510,291 | 527,931 | 537,398 | 557,300 | 556,900 | 542,500 |
| Annual Rate of Change (%) | | | 3.6 | 4.0 | 2.8 | 5.1 | 5.2 | 3.2 | 3.5 | 1.8 | 3.7 | (0.1) | (2.6) |
| d. Average Number of Students/School | 698 | 608 | 636 | 675 | 710 | 704 | 724 | 729 | 767 | 783 | 785 | 769 | 731 |
| e. Average Number of Students/Class | | | 29.5 | 30.3 | 30.8 | 31.3 | 31.7 | 31.6 | 33.2 | 32.8 | 32.5 | 32.5 | 32.5 |
| f. Percentage of Dropouts | | 4.3 | 3.5 | 3.9 | 2.5 | 2.9 | 2.8 | 2.2 | 2.3 | 2.1 | 2.0 | 1.6 | 2.2 |
| g. Number of Teachers | 20,629 | 19,411 | 20,090 | 18,511 | 18,118 | 18,502 | 19,223 | 20,053 | 20,752 | 20,792 | 21,458 | 22,627 | 22,891 |
| h. % of Teachers with a Higher Education Degree | | | 88 | 88 | 91 | 91 | 92 | 91 | 96 | 96 | 92 | 92 | 92 |
| i. Student-Teacher Ratio | 21 | 21 | 21 | 24 | 25 | 25 | 26 | 25 | 25 | 26 | 26 | 25 | 24 |
| j. Breakdown of GES Students | | | | | | | | | | | | | |
| i. Grades 1-4 | | | 234,193 | 244,815 | 251,476 | 253,441 | 249,950 | 241,258 | 237,777 | 232,400 | 247,700 | | |
| ii. Grades 5-8 | | | 126,088 | 134,504 | 161,520 | 179,307 | 195,511 | 212,391 | 224,535 | 232,000 | 230,900 | | |
| iii. Grades 9-10 | | | 58,012 | 55,778 | 34,125 | 37,290 | 49,083 | 56,642 | 65,619 | 73,000 | 78,700 | | |
| k. Gross Enrollment Rate (GER) in Primary Schools (%) | 105.8 | 93.4 | 95.3 | 102.2 | 102.9 | 103.8 | 96.6 | 101.9 | 103.2 | 103.5 | 102.4 | 93.3 | 93.5 |
| l. GER in Basic Education (Grades 1-8, %) ^a | 98.7 | 84.3 | 82.4 | 82.3 | 87.6 | 90.6 | 88.6 | 92.6 | 96.4 | 98.0 | 97.6 | 92.3 | 93.7 |
| 3. Higher Education Institutions (HEIs) | | | | | | | | | | | | | |
| a. Total (Public and Private) | | | | | | | | | | | | | |
| i. Number of HEIs | | 70 | 80 | 86 | 104 | 118 | 172 | 171 | 178 | 176 | 178 | 174 | 164 |
| ii. Number of Students | | 38,097 | 43,052 | 49,634 | 65,272 | 74,025 | 84,970 | 90,246 | 98,031 | 108,268 | 123,824 | 137,600 | 142,000 |
| Annual Rate of Change (%) | | | 13.0 | 15.3 | 31.5 | 13.4 | 14.8 | 6.2 | 8.6 | 10.4 | 14.4 | 11.1 | 3.2 |
| iii. Number of Teachers | | 3,076 | 3,205 | 3,416 | 4,186 | 5,008 | 4,910 | 5,251 | 5,650 | 5,962 | 6,309 | 6,500 | 6,800 |
| iv. Student-Teacher Ratio | | 12 | 13 | 15 | 16 | 15 | 17 | 17 | 17 | 18 | 20 | 21 | 21 |
| b. Public HEIs (Universities, Institutes, and Colleges) | | | | | | | | | | | | | |
| i. Number of Public HEIs | | 29 | 29 | 29 | 33 | 36 | 38 | 41 | 42 | 47 | 43 | 49 | 48 |
| ii. Number of Students | | 29,167 | 31,191 | 35,229 | 46,185 | 51,050 | 56,906 | 60,382 | 66,834 | 74,134 | 84,041 | 91,800 | 93,500 |
| Annual Rate of Change (%) | | | 6.9 | 12.9 | 31.1 | 10.5 | 11.5 | 6.1 | 10.7 | 10.9 | 13.4 | 9.2 | 1.9 |

| Item | 1990-1991 | 1995-1996 | 1996-1997 | 1997-1998 | 1998-1999 | 1999-2000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| iii. Number of Teachers | | 2,693 | 2,683 | 2,799 | 3,261 | 3,531 | 3,455 | 3,655 | 3,882 | 3,999 | 4,187 | | |
| iv. Student-Teacher Ratio | | 11 | 12 | 13 | 14 | 14 | 16 | 17 | 17 | 19 | 20 | | |
| c. Private HEIs | | | | | | | | | | | | | |
| i. Number of Private HEIs | | 41 | 51 | 57 | 71 | 82 | 134 | 130 | 136 | 129 | 135 | 125 | 116 |
| ii. Number of Students | | 8,930 | 11,861 | 14,405 | 19,087 | 22,975 | 28,064 | 29,864 | 31,197 | 34,134 | 39,783 | 45,800 | 48,500 |
| Annual Rate of Change (%) | | | 32.8 | 21.4 | 32.5 | 20.4 | 22.2 | 6.4 | 4.5 | 9.4 | 16.5 | 15.1 | 5.9 |
| iii. Number of Teachers | | 383 | 522 | 617 | 925 | 1,477 | 1,455 | 1,596 | 1,768 | 1,963 | 2,122 | | |
| iv. Student-Teacher Ratio | | 23 | 23 | 23 | 21 | 16 | 19 | 19 | 18 | 17 | 19 | | |
| 4. Vocational Schools | | | | | | | | | | | | | |
| a. Number of Vocational and Specialized Secondary Schools | | 34 | 33 | 38 | 38 | 39 | 36 | 32 | 31 | 32 | 35 | 35 | 44 |
| b. Number of Students | | 7,987 | 11,308 | 12,320 | 11,650 | 11,245 | 12,177 | 15,051 | 19,493 | 21,574 | 21,911 | 23,200 | 24,800 |
| Annual Rate of Change (%) | | | 41.6 | 8.9 | (5.4) | (3.5) | 8.3 | 23.6 | 29.5 | 10.7 | 1.6 | 5.9 | 6.9 |
| c. Number of Teachers | | 495 | 767 | 742 | 656 | 805 | 865 | 843 | 955 | 1,098 | 1,160 | 1,100 | 1,300 |
| d. Student-Teacher Ratio | | 16 | 15 | 17 | 18 | 14 | 14 | 18 | 20 | 20 | 19 | 21 | 19 |

^a GER in general education for 2005-2006 and 2006-2007; () = negative.

Sources: (i) National Statistical Office. 1999, 2002, 2005 and 2006. *Mongolian Statistical Yearbook*. Ulaanbaatar.

(ii) Ministry of Education, Culture and Science through the Education Finance Team.