



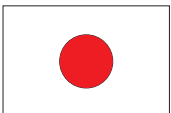
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# TECHNICAL REPORT OF THE PILOT PROGRAMME FOR INCREASING INCOME SECURITY OF RURAL YOUTH IN BAYANKHONGOR AND UVURKHANGAI AIMAGS OF MONGOLIA

Implemented under the ILO/Japan Project Promoting and Building Income Security and  
Employment Services in Asia (2nd phase): Focus on Mongolia, Learning from ASEAN



2016

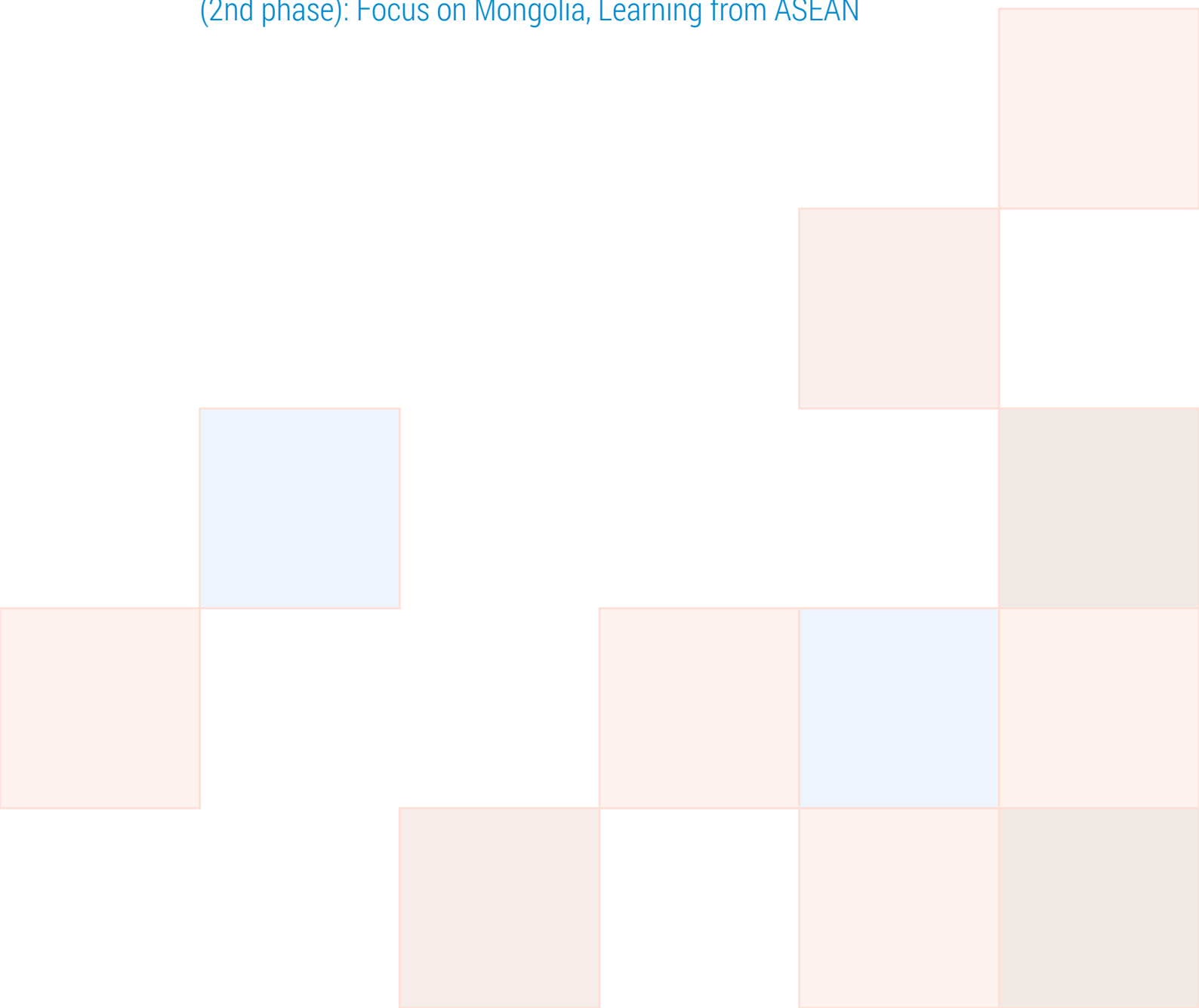


ILO/Japan  
Multi-bilateral  
Programme

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First published 2016

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*ILO Cataloguing in Publication Data*

Technical report of the pilot programmes for increasing income security of rural youth in Bayankhongor and Uvurkhangai aimags of Mongolia / International Labour Organization, ILO Country Office for China and Mongolia. - Beijing: ILO, 2016.

ISBN: 9789221310525; 9789221310532 (web pdf)

International Labour Organization; ILO Country Office for China and Mongolia.

young worker / rural youth / pastoralism / agricultural worker / social protection / household income / livelihoods / regional level / Mongolia

14.02.2

Also available in Mongolian: *Баянхонгор, Өвөрхангай аймгийн залуучуудын орлогын баталгаар сайжруулах туршилтын хөтөлбөрийн хэрэгжилтийн тайлан*, ISBN: 978-92-2-831250-8 (print), 978-92-2-831251-5 (web pdf), Beijing, 2016

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Printed in Mongolia

## ACKNOWLEDGEMENT

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The report was prepared by Mongolmaa Norjinkham under the supervision of Celine Peyron Bista, Chief Technical Adviser, ILO/Japan Promoting and Building Income Security and Employment Services in Asia (2nd phase): Focus on Mongolia, Learning From ASEAN Experiences (MAPS) Project. Excellent and detailed comments were also received from ILO colleagues including Nyamdavaa Yondonjamts, Technical officer, MAPS, Lkhagvademberel Amgalan, National Project Manager, MAPS, Parissara Liewkeat, Programme Analyst, ILO CO-Beijing and Carmela Torres, Senior Specialist on Skills and Employability, ILO Decent Work Team for East and South-East Asia and the Pacific. Tim De Meyer, Director, ILO Country Office for China and Mongolia, provided strong guidance and support throughout the process.

The project team are grateful for the excellent cooperation and support for the implementation of the Pilot programme of MAPS from the local authorities and cooperatives including Tumenjargal Okhintogtokh, Governor of Nariinteel soum, Uvurkhangai aimag and Battulga Samdan, Governor of Galuut soum, Bayankhongor aimag. We also would like to thank the Ministry of Labour, Social Insurance General Office, Confederation of Mongolian Trade Unions, Mongolian Employers' Federation, the National Association of Agricultural Cooperatives, Simel Esim, Head of the Cooperatives Unit of ILO Geneva and Bolormaa Purevsuren, ILO National Coordinator in Mongolia for their cooperation and support in the pilot programme. Special thanks go to the Government of Japan for its financial support to the project.



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## EXECUTIVE SUMMARY

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The International Labour Organization/Japan Promoting and Building Income Security and Employment Services in Asia (2nd phase): Focus on Mongolia, Learning from ASEAN Experiences (MAPS) Project aimed to contribute towards the extension of social protection in Mongolia. The project's second component focused on helping the Government and social partners to design employability and income security measures for rural youth, as well as income security measures for older people (herders, self-employed and informal economy workers) and to improve the delivery of those services.

This report highlights the strategies and outcomes of the pilot programme for rural youth that was implemented in one *soum* in Bayankhongor and Uvurkhangai *aimags* to enhance the employment and income security of young herders. The pilot programme set out to address challenges faced by herders in terms of gaining productive employment and income security by emphasizing an integrated approach.

The implementation of the pilot programme in the two selected locations (Galut and Nariinteel *soums*) commenced in July 2015 and was completed in May 2016 (with a design phase starting in June 2014). It targeted 90 young herders' households (with members aged younger than 35 years), which belonged to six herders' cooperatives in the two selected *soums*.

The strategies of the pilot programme were informed by a socio-economic assessment and local stakeholders' consultation conducted in each targeted *soum*. The programme strategies covered access to entrepreneurship training and business advisory services; herders' skill development and participation in the social insurance schemes; cooperative development; and capacity building of Employment Office and Social Insurance General Office staff. The primary activities included development of training materials, training of trainers, and training of beneficiaries, complemented with local authorities' support to beneficiaries in accessing livelihood equipment or loans. The training of government staff was designed to improve government outreach and the quality of services. The training activities organized under the pilot programme benefited a total of 482 persons, 62 per cent of whom were women.

### **The report presents the main outcomes of the pilot programme and lessons learned:**

- 1. Making business advisory services available to herders and their communities in selected *soums*.** The pilot programme built up the capacity at the *soum* level for delivering entrepreneurship training through the training of trainers on the ILO Start and Improve Your Business methodology and development of a self-learning entrepreneurship manual for herders. As a result of the pilot programme, a Business Advisory Service (or Entrepreneurship Training and Advice Unit) was established in each targeted *soum*. Thus, herders and cooperative members of the *soum* can access entrepreneurship training and small business development advice beyond the MAPS Project.
- 2. Skill development of young herders for productive employment and improved livelihood.** Technical training for young herders and cooperative members in processing and making products from milk, wool, hide and meat were organized in each *soum*. Young herders learned new skills for processing raw materials and product making and obtained confidence and interest in pursuing alternative sources of income. The training helped revive traditional practices of making particular products that are being forgotten in rural areas. In addition, local authorities supported the business ideas of young herders through in-kind assistance, soft loans from the Soum Development Fund or restocking and financial assistance from the Herders' Employment Promotion Programme. The pilot

programme demonstrated that herders are interested in relevant and quality training that will broaden their livelihoods.

3. **Young herders motivated by self-learning.** The pilot programme addressed the need of young herders to learn more about traditional pastoral herding practices as well as modern requirements for livestock rearing. It introduced a self-learning methodology for herders' training that is regarded as an innovative approach. Young herders learned from a self-learning XXI Century Herder package created for a previous ILO project, with local government officials and cooperative members facilitating their learning. The self-learning approach generated promising results. The XXI Century Herder package became popular among herders, young and older alike. Based on advice from the project, the Ministry of Labour opted to further test the feasibility of the self-learning package in all *soums* of the two selected *aimags* of the pilot programme. Thus, the pilot programme contributed towards reinforcing the Government's employment promotion programmes for young herders.
4. **Looking ahead: The role of cooperatives in herders' employment and livelihood enhancement.** Many activities of the pilot programme were relevant to strengthening herders' cooperatives and their perceived value. The pilot programme responded to the need for a comprehensive training programme for cooperative leaders and members in negotiation, marketing, communication and management skills. The project adapted the ILO My.Coop – Managing Your Agricultural Cooperative training into the Mongolian herders' cooperatives' context, organized a training of trainers and trained leaders and cooperative members. The training catered to Mongolian cooperatives' need for a comprehensive programme on agricultural cooperative development.
5. **Reinforcing local government capacity to improve delivery of employment and income security services to rural youth.** The pilot programme implemented capacity-building training for employment service and social insurance staff in the selected two *aimags*. The employment services component aimed at supporting the Ministry of Labour in developing a generic training programme for staff of Employment Offices across the country. This output could not be completed due to time limitations; however, ILO will support the Ministry of Labour in developing the training manual in the near future. The capacity building of social insurance staff focused on enhancing the role of social insurance staff in increasing the participation of vulnerable groups in the voluntary social insurance schemes through improved attitudes, approach and outreach. A self-learning manual for herders on social insurance was developed. The engagement of social insurance officers in raising awareness of herders in the two *soums* of the pilot programme increased. The participation of beneficiaries in the voluntary social insurance scheme also increased significantly.

#### **The experiences of the pilot programme generated several insights:**

- The engagement of officers in charge of livestock veterinary and breeding should be paramount to help improve the knowledge and self-learning of herders.
- The cooperative development activities should have been planned at the onset in order to strengthen the link between the cooperative's management improvements with cooperative enterprise development and skill development of cooperative members.
- The capacity building for skill development of herders did not consider the Aimag Agricultural Cooperatives Association as an important player for sustaining and replicating the training. Strengthening the link between herders' cooperatives and the Aimag Agricultural Cooperatives Association should be explored for future programmes.
- The capacity building of employment services in the country requires a comprehensive

approach that could not be addressed by the pilot programme only.

- Continued efforts are needed to increase the attitude and approach of social insurance staff, including the need to increase their understanding of herders' cooperatives and applying a consistent and partnership-oriented approach.

The following recommendations are proposed to the Government, social partners, local authorities, agricultural cooperatives' associations and herders' cooperatives for broadening the impacts of the pilot programme:

#### **Expand the access of young herders to skill development opportunities**

- Consider expanding the access of young herders to skill development opportunities under the Herders' Employment Promotion Programme.
- Promote the use of the four technical training manuals developed under the pilot programme at wider scale, with the objective of broader skill development and livelihood enhancement of herders.

#### **Build up the entrepreneurship and business advisory services at the *soum* level**

- Build the capacity to deliver entrepreneurship training and business advisory services.
- Develop a guideline on the reprinting and use of the manuals developed under the programme as a quality assurance mechanism and a facilitating measure for other organizations that are interested in using the manuals.

#### **Promote agricultural cooperative development**

- Provide targeted support to herders' cooperatives to build their capacity for servicing their members and developing cooperative enterprises.
- Address insufficient access for herders' cooperatives to capital at the initial stage of their development.
- The Government and the National Association of Mongolian Agricultural Cooperatives need to strengthen the policy and strategies for herders' cooperative development.

#### **Increase herders' participation in the social insurance scheme**

- Simplify the procedures for herders to register and then continue their contribution to the voluntary social insurance and health insurance schemes.
- Introduce greater flexibility in the administration of contribution payments by herders.

#### **Strengthen the capacity of Employment Office staff and coordination of local stakeholders**

- Consider developing employment services through a comprehensive approach that includes the development of operational procedures, training materials and staff capabilities.
- Coordinate the functions and operations of front-line staff of different ministries at the *soum* level in a results-oriented and partnership-building manner to strengthen the outcome of government policies and programmes.
- Strengthen the outcome of policies and national development priorities through collaboration and coordination among government functions at the aimag and national

levels and the Government's partnership and cooperation with non-government groups, associations and academic and research institutions.

**Recommendations for local stakeholders and herders' cooperatives who participated in the pilot programme of the MAPS project**

- Ensure continued efforts to maintain and further strengthen the business advisory services established at the *soum* level.
- Continue monitoring the learning outcomes of young herders and provide necessary support.
- Consider replicating the technical skills training for more young herders and cooperative members.
- Continue enhancing the awareness about the importance and participation of herders in the social insurance and health insurance schemes.
- Support herders' cooperative development in collaboration with the Mongolian Agricultural Cooperatives' Association.
- Further enhance the cooperative development vision and strategies, strengthen efforts to diversify the services for cooperative members and continue building trust and integrity among cooperative members.

## ABBREVIATIONS

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|       |  |
|-------|--|
| ASEAN | Association of Southeast Asian Nations   |
| ILO   | International Labour Organization  |
| MAPS  | ILO/Japan Promoting and Building Income Security and Employment Services in Asia (2nd phase): Focus on Mongolia, Learning from ASEAN Experiences Project |
| MCTIC | Mongolian Cooperative Training and Information Centre  |
| MNT   | Tugrug, the official currency of Mongolia  |
| NAMAC | National Association of Mongolian Agricultural Cooperatives  |
| SIYB  | Start and Improve Your Business  |
| SME   | Small and Medium-sized Enterprises   |
| TREE  | Training for Rural Economic Empowerment  |



## INTRODUCTION



## BACKGROUND

The International Labour Organization/Japan Promoting and Building Income Security and Employment Services in Asia (2nd phase): Focus on Mongolia, Learning From ASEAN Experiences (MAPS) Project aimed to help extend social protection in Mongolia, with a focus on income security for older persons and people of working age. The project was implemented in cooperation with the Ministry of Population Development and Social Protection, the Ministry of Labour, the Mongolian Employers' Federation and the Confederation of Mongolian Trade Unions, with funding support from the Government of Japan.

The project has two components, one that is applied similarly across the region and one that is country specific: The first component targets Association of Southeast Asian Nations members and works to increase the capacity of each government and social partners in developing and applying income security and employability measures for vulnerable groups. The second component works with the Government of Mongolia and social partners to design income-security and employability measures for rural youth and income security measures for herders, self-employed workers and workers in the informal economy. It also works to improve the delivery mechanisms for income security and employment services.

Mongolia has an extensive social protection system that consists of both contributory social insurance schemes and tax-funded social welfare programmes. Since the late 1990s, the labour market policy has targeted unemployment and employability among vulnerable groups. Despite the diverse employment promotion and skill development programmes that have been put in place, coverage among rural herders has been limited; herders' participation in the social insurance schemes has been low.

The livelihood of herders is subjected to extreme weather conditions and decreasing quality of pastureland due to desertification and the poor management of pasture. Additionally, herders

have long been disadvantaged in bargaining a fair price for their raw production due to the well-resourced networks of intermediaries along with herders' lack of knowledge, skills and supporting mechanisms that provide market incentives for processed raw materials. The development of rural institutions that can help herders collectively address their common interests and challenges and thus advance economically and socially has been weak, especially since the dismantling of agricultural cooperatives at the onset of the country's transition to a market economy. Combined, these factors escalate rural households' vulnerability to economic and climate-related shocks and perpetuate the highest incidence of poverty in rural areas. As of 2014, the poverty rate in rural areas was 26.4 per cent, while it was only 18.8 per cent in urban areas.<sup>1</sup>

In this context, young herders' households present themselves as especially vulnerable. Many of them have few animals and are less capable of earning sufficient income. In many cases, they lack sufficient experience to deal with emerging challenges and risks brought about by extreme climatic conditions and poor management of herds.

To target that vulnerability, the pilot programme for rural youth under the ILO/Japan MAPS Project used an integrated approach to address the challenges faced by herders in gaining productive employment and sustainable income security. It aimed at improving the impact of existing government interventions by enhancing the integration of social protection, entrepreneurship, skill development and employment generation with the promotion of herders' cooperatives.

The pilot interventions were implemented in two *aimags* – Bayankhongor and Uvurkhangai – and one *soum* in each (Galuu and Nariinteel, respectively). The project adopted the same target group definition as what was used in the Government's employment promotion programme: young herder households in which the husband and wife are each younger than 35 years. In each *soum*, three cooperatives were selected; and from each cooperative, 15 young herder households were chosen. Thus in two locations, a total of 90 households were targeted (90 male and 90 female herders) as beneficiaries of the pilot programme.

The preparation phase to develop strategies began in June 2014, with activities beginning in July 2015 and ending in May 2016. Despite a short period of implementation, the accomplishments highlighted in this report are considered remarkable.

Along with the accomplishments, this report covers useful lessons from the pilot experience and policy recommendations for consideration by the Government and social partners for improving employment opportunities and income security for young men and women in rural Mongolia.

## **Government employment promotion programmes**

The experiences from the pilot programme shed light on areas for further improvements in Mongolia's employment promotion programmes. The following briefly summarizes selected programmes and interventions of the Government that have direct link or relevance with skill development and livelihood support for rural youth.

The Government's labour market policy is carried out through counselling and job placement services for job seekers and the employment promotion programmes that target unemployed persons, workers who are at risk of becoming unemployed or losing their small business, persons with difficulty finding work, the self-employed, impoverished herders younger than 35 years, micro-business owners, individuals planning to establish a cooperative or a partnership,

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<sup>1</sup> See [www.worldbank.org/en/news/press-release/2015/07/01/poverty-continued-to-decline-falling-from-274-percent-in-2012-to-216-percent-in-2014](http://www.worldbank.org/en/news/press-release/2015/07/01/poverty-continued-to-decline-falling-from-274-percent-in-2012-to-216-percent-in-2014) (accessed 1 July 2016).



persons with a disability and university or technical school graduates.

Largely governed by the Employment Promotion Law and the Vocational Education and Training Law, Employment Divisions established throughout the country manage the employment services and programmes.

The employment promotion programmes consist of skills training (on-the-job training or vocational training) for job seekers and the self-employed; access to soft loans or financial support for the self-employed and informal economy workers in need of better and more secure employment; employment promotion programmes for people with disabilities and herders; and public works. Other programmes, such as the Youth Employment Promotion Programme and the Career Guidance and Counselling Programme, target graduates of technical and vocational education institutions and higher education institutions, students of secondary schools and the unemployed with difficulty finding work.

Among the employment promotion programmes, three programmes present direct or potential links and relevance with skill development and livelihood support for herders: the Herders' Employment Promotion Programme, the Employment Training and Job Maintaining Programme and the Entrepreneurship and Small Business Support Programme (see Appendix I for more details of these programmes).

Additionally, the Soum Development Fund is an important government vehicle because it provides herders with access to soft loans. It is a revolving fund established by a government resolution and run by local authorities, with resources allocated from the Ministry of Finance for the purpose of promoting local economic development. Loans are available at an annual interest rate of 3 per cent for up to three years. A recent amendment<sup>2</sup> to the regulation of the fund allows local authorities to use up to 30 per cent of the earned interest in a given year to subsidize training services to loan recipients.

The Government also established the Small and Medium-sized Enterprise Development Fund, which provides soft loans with an annual interest rate of 9 per cent for up to five years (with no repayment required for the first year) and financial leasing, both administered through commercial banks. The size of the loan is much larger than those offered through the employment promotion programmes or the Soum Development Fund.

In early 2016, the Government adopted two herder-targeted programmes: the Good Herder Programme<sup>3</sup> and the Livestock Production Facilitation Subprogramme.<sup>4</sup> The programmes led to the State Bank reducing the annual interest rate of loans made to herders, from 29.5 per cent to 18 per cent (for all herders) or to 10 per cent (for herders who meet certain criteria, including participation in the social insurance schemes).

### **Pilot programme strategies and interventions**

To streamline the links between skill development, employment promotion and social protection measures while emphasizing the role of herders' cooperatives for advancing the economic and social well-being of members, the pilot programme for rural youth embraced six primary strategies:

1. Set up business development services at the *soum* level.
2. Foster business skills of herders, and improve their access to markets for better integration into the value chain.

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<sup>2</sup> Adopted on 14 Mar. 2016.

<sup>3</sup> Adopted by Government Resolution No. 113 on 22 Feb. 2016.

<sup>4</sup> Adopted by Government Resolution No. 144 on 22 Feb. 2016.

3. Improve technical skills of cooperative members, including young herders, for more productive livestock rearing, diversified income-generation options and improved quality of livestock products.
4. Develop and make available a series of training and self-learning manuals for young herders that facilitate livestock rearing and animal product processing.
5. Improve the management capacity of selected cooperatives as service providers for their members.
6. Improve the capacity of employment and social protection service delivery for increased participation of young herders into the social insurance schemes and employment support services, including the development of partnerships with herders' cooperatives for the increased social protection of herders.

The selection of these strategies was based on a socio-economic assessment conducted in each targeted *soum* by the Local Youth Employment Taskforce (which was established for the pilot programme at the *aimag* level) in consultation with the project team and international consultants. The meso-level strategies, such as capacity building of Employment Office and Social Insurance General Office staff, were designed into the programme initially.

Engaging a broad range of local partners in designing the programme strategies was the strongest feature of the pilot programme. Nonetheless, the design phase, which was guided by the ILO Training for Rural Economic Empowerment (TREE) methodology, consumed an excessive amount of time that left less than a year for actual implementation of activities.



TREE is a community-based training programme that the ILO initiated in the early 1990s. It emphasizes the role of skills and knowledge for creating new economic and employment opportunities for people who are poor, underemployed, unemployed, in the informal economy or disadvantaged in other ways. It offers training for employment and promotes income generation and local development.

As a grass-roots approach, it encourages the development of training capacities in remote rural areas to strengthen income generation; it helps community leaders and community members to guide the local economic development process; and it encourages the integration of a range of other training tools and methodologies into community development activities.

Source: See [www.ilo.org/wcmsp5/groups/public/--ed\\_emp/documents/publication/wcms\\_159165.pdf](http://www.ilo.org/wcmsp5/groups/public/--ed_emp/documents/publication/wcms_159165.pdf), (accessed 1 July 2016).

The training activities organized under the pilot programme benefited a total of 482 persons, of whom 62 per cent were women.

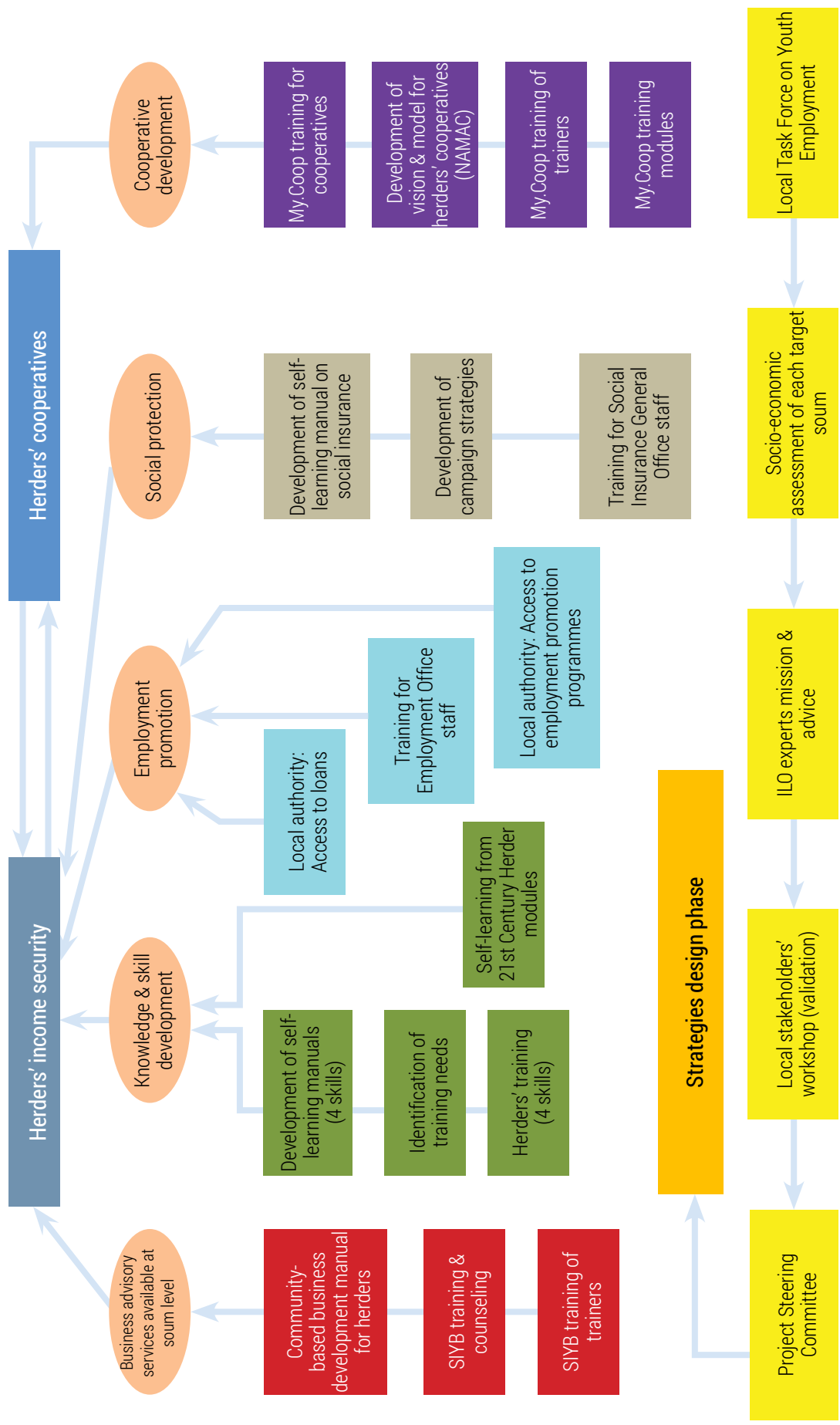
Appendix II presents details of the pilot activities by the time line of implementation. The following figure illustrates the activities (including with local authorities) and their link with project outcomes. The local authorities in both *soums* supported the business ideas of the beneficiaries and cooperative members in many ways: by granting in-kind assistance or micro loans or including eligible households into the Labour Ministry's Herders Employment Promotion Programme. The micro loans were made possible through the Soum Development

Fund and the Labour Ministry's Enterprise Support and Small Business Development Programme.

The role of participating cooperatives in promoting the business ideas of their members after training is noteworthy. This complementary support from local authorities and cooperatives for young herders helped reinforce the programme's positive outcomes.

Most beneficiaries and other local stakeholders regarded the interventions as relevant and innovative. They see the pilot programme as laying a good foundation for rural stakeholders, including the herders, for cooperative development and skill enhancement.

**PILOT PROGRAMME ACTIVITIES**



## MAIN OUTCOMES OF THE PILOT PROGRAMME

The tangible and intangible impacts of the piloted interventions yielded important outcomes and lessons, as this section highlights. The impacts have great potential to sustain and benefit a greater scope of people, especially if the cooperatives, local stakeholders and partners continue to engage with and support the activities.

### Making business advisory services available to herders and their communities

Although they had wanted the information, herders in the targeted *soums* were not accustomed to the business advisory service coming to them, a practice the programme introduced. Such a provision was seen as innovative in their world. As a result of the pilot programme, a Business Advisory Service (or Entrepreneurship Training and Advice Unit) was established in both *soums*. In Nariinteel Soum of Uvurkhongor Aimag, the service was set up as a part of the Agricultural Extension Centre. In Galuut Soum of Bayankhongor Aimag it was established within the One-Stop Service Facility. As a result, herders and members of the *soum* community now have easy access to entrepreneurship training and small business development advice.



Through the intervention, entrepreneurship development activities were delivered as a package. It started with the development of a team of trainers on the ILO Start and Improve Your Business (SIYB) methodology in each *soum*. The team was composed of local government officers (such as officers in charge of small and medium-sized enterprise (SME) development, and non-formal education) and the heads of the cooperatives. The trainers then organized entrepreneurship training for young herders and other interested community members, such as loan applicants and SME owners. The training of herders differed slightly between the two locations: in Galuut, the training was organized at the *soum* centre, while in Nariinteel, the training was organized among herders at the *bag* centre, close to herders' homes. In both cases, the training was organized in the summertime when the gathering of herders was more easily possible.



**The Start and Improve Your Business (SIYB)** is a management-training programme developed by the ILO that focuses on starting and improving small businesses as a strategy for creating more and better employment in developing economies and economies in transition. The SYIB training aims to (i) enable local business development service providers to effectively and independently implement business start-ups and improvement training and related activities; and (ii) enable potential and existing small entrepreneurs, both women and men, to start viable businesses, expand existing enterprises and create quality employment for others in the process.

*Source: See [www.ilo.org/empent/areas/start-and-improve-your-business/lang-en/index.htm](http://www.ilo.org/empent/areas/start-and-improve-your-business/lang-en/index.htm) (accessed 30 June 2016).*

**Community-based enterprise development** is a low-cost, easy-to-implement training approach designed by the ILO to help institutions support aspiring entrepreneurs start a business or micro-business owners improve operations, especially those in poor, vulnerable, marginalized or isolated communities where access to capital is limited. The approach covers a range of topics, from starting and running businesses to financial literacy, small farm management and accessing finance.

*Source: See [www.ilo.org/asia/whatwedo/projects/WCMS\\_375173/lang-en/index.htm](http://www.ilo.org/asia/whatwedo/projects/WCMS_375173/lang-en/index.htm) (accessed 30 June 2016).*



The development of a self-learning manual on community-based business development, which was designed to enhance the entrepreneurship skills of young herders, was an important addition to the package of activities. The socio-economic assessment indicated that herders largely lacked access to entrepreneurship training and appropriate training materials.

The self-learning manual is a Mongolian herder-oriented adaptation of the training materials for SIYB and community-based enterprise development. The SIYB trainers also provided advice to herders on using the self-learning manual.

“The ILO project has created a team of entrepreneurship trainers at the soum level, which is a historic achievement. Bringing the skills training close to the location of herders is most successful.” –**Tumenjargal**, Governor of Nariinteel Soum, Uvurkhangai Aimag (excerpt from an interview during the mid-term review, October 2016)

Entrepreneurship training and promotion of self-learning have made immediate impact on some herders by increasing their understanding about business and their capacity to develop business ideas and write up a business proposal to apply for loans. In fact, several participants have submitted proposals to the Soum authority, with a few of them already receiving a soft loan from the Soum Development Fund. The quality of the business proposals submitted in both targeted *soums* has significantly improved, according to local stakeholders.

After the SIYB training, **Uuganbayar**, a herder of Mandukhain Shivee Cooperative in Nariinteel Soum of Uvurkhangai Aimag, wrote a business proposal seeking 2 million Mongolian tugrug (MNT) (US\$1,000) for building a barn that would protect the animals from winter chills. He submitted it to the Soum Development Fund. He received the loan and built the barn using the information he picked up from reading the 21st Century Herder self-learning package.

By the end of May 2016, 42 members of the six targeted cooperatives in the programme (25 per cent of whom were women) wrote business proposals after attending the entrepreneurship and skills trainings. Of the loan applicants, 31 persons, including seven women, received a soft loan, while the remaining eight proposals are still under consideration or on a waiting list, subject to availability of resources under the Soum Development Fund.

Of the total young herders' households (90 households) in the programme, 28 per cent (25 households) applied for soft loans, of which 88 per cent, or 22 households, were successful. The relatively low percentage of women who applied for a loan, compared with men, however, should not be misconstrued as a negative. It is a common practice that the head of a household applies for a loan, though often the loan agreement is co-signed by a spouse. And it is a prevailing practice among Mongolian families, including rural families, that women (wives) are the main manager of the household finances. Generally, women (wives) have a critical role in making important decisions over family matters, such as selling or buying assets and livestock.

Local authorities evidently highly appreciated and valued the increased capacity in basic business skill development of their community members. They showed commitment to the programme's ambitions by mainstreaming the business skill development services into regular government facilities. This alone indicates the services will continue beyond the life of the MAPS Project. The link between the trained SIYB trainers at the *soum* level with the business development service providers established through the pilot programme in the aimag centres will facilitate continuation of support.

However, local authorities need to be mindful of factors that can affect the sustainability of the business development services, such as turnover or outmigration of trained trainers and the irregular demand for entrepreneurship training and advice among herders and community members due to constraints associated with seasonal movements and limited access to capital. Further strategies to manage the fluctuations in demand for business development services need to be formulated.

### **Skill development among young herders for productive employment and improved livelihoods**

The Government's policy goal for developing more productive and better management of herds and enhancing the income and livelihood opportunities of herders can be realized through herders' skill development and a reorientation of their mindset towards increasing productivity, among other measures. Many herders today prioritize increasing their herds over improving productivity of the livestock and trading more value-added produce. An increase in herd size has adverse impact on pasture quality and bearing capacity.

The pilot programme thus aimed at improving the knowledge of young herders in pastoral livestock rearing and enhancing the capacity of young herders and cooperative members to process their raw material produce. By selling better-processed raw products, herders and cooperative members can secure more cash gains. The programme offered a five-day technical training course for young herders and cooperative members in the processing of products from milk, wool, hide and meat, which are their primary produce. These four types of trainings organized in each *soum* benefited a total of 87 participants, 67 per cent of whom were women.



These four training needs were identified as priority areas for skill development by local stakeholders. Furthermore, the study undertaken by a national consultant assessed the gap between market requirements and herders' practices concerning the processing of the four raw materials. The findings of the study were used to design the training content. Four training programmes, each specific to each product, were organized in the *soum* centre and delivered by expert trainers from Ulaanbaatar. The timing of each training session was dictated by the time when the raw produce was in season so that herders could immediately link and relate the training with their reality. The facilitator of the Lifelong Education Centre in each *soum* attended the training course to instil local capacity to continue organizing the trainings with other herders.

The immediate impact of the technical training on participants was extensively documented by the internal mid-term review of the pilot programme. According to that review, young herders were found using the new skills for processing raw materials and product making and had become more confident in exploring alternative income-earning opportunities. The training also helped to revive traditional production practices that were disappearing or even already forgotten in rural areas.

“The skills training has increased the possibility of herders to sell their primary products at higher price after doing initial processing; it helped to revive the traditional methods of primary processing of certain materials; it gave a good understanding to young herders that they have resources and could produce things they would otherwise buy from the market and even sell the products to earn additional cash; and [it] sparked interest among training participants to get together for business development.” -Battulga, Governor of Galuut Soum, Bayankhongor Aimag.

Broadly speaking, young herders' attitude about their potential changed as a result of the trainings. They expressed appreciation for the high-quality and practical trainings (entrepreneurship combined with skills) organized by the pilot programme with the support of qualified specialists.

Manlaibayar is a young herder, a member of the Khot Mandal Undarga Cooperative in Galuut Soum of Bayankhongor Aimag. He used to make leather ropes for handling horses for his own use only. He was happy to participate in leather training, through which he learned new technology to better process hides. He learned the traditional but forgotten technique of knot typing and that better-quality products will bring him higher income. After the training, he decided to make leather products, together with other training participants, based on what they discovered to be most in demand.





The increased capacity of the project beneficiaries as a result of the entrepreneurship and skills trainings prompted local authorities to support the newly skilled members of their communities. As previously noted, local authorities granted in-kind assistance to young herders, such as equipment, workplace facilities for shared use by cooperative members and soft loans for enterprise ideas or building adequate barns for animals.

Oyuntsend is a member of the Chuluut Teel Cooperative in Nariinteel Soum of Uvurkhangai Aimag. She used to make woollen socks for her family's use only. She participated in the pilot programme's wool processing and product making training, during which she learned new techniques. She applied for a loan to the Soum Development Fund and received MNT 1.5 million. Now she is selling her products among her community members as well as in the neighbouring *bag* of another *soum*.

Tumenjargal is a member of the Agduut Bulag Cooperative in Galuut Soum of Bayankhongor Aimag. Her family suffered a significant loss of animals during the winter of 2010. The family income had since been insufficient to cover their basic needs. Tumenjargal looked for a job at the soum centre, but with no success. Through the ILO pilot programme, she was selected for the wool processing and product-making training and the entrepreneurship training. She learned how to make children's hats, socks, slippers and souvenirs from wool. The soum governor's office provided her with wool-combing equipment and a workroom to share with others. Her products were selected for display at the *aimag's* annual One Bag-One Product fair, where they won The Best Product prize. To expand her income earning potential, she applied to the Soum Development Fund and received a loan of MNT 2 million (about US\$1,000). Her family income has since increased significantly. She is now focusing on diversifying her products and making souvenirs for the summer season.

The impact of the training appeared to go beyond individual beneficiaries. In particular, the potential of further impact on cooperatives was documented by the pilot programme's mid-term review and by local stakeholders at the end of the pilot programme. Members credited the cooperatives for bringing in opportunity for high-quality and relevant business skills training and fostering new business ideas that could strengthen cooperative enterprises in the future. The increased collaboration between the *soum* authority and the cooperatives under the pilot programme led to greater awareness of local governments on the need to support herders' cooperatives.

The technical training contradicted local stakeholders' prevailing perception that herders will not attend a training of more than a day because they cannot afford to be away from their livestock for too long or because they have no interest in any training. The pilot programme's experiences demonstrated that herders are indeed interested in training that can improve

their livelihood. The relevance and the high quality of the training as well as its availability in easily accessible locations made a difference to herders.

The potential mid-term and longer-term impact of such training in sparking the development of cooperative enterprises or improving the integration of herders into value chains and fostering domestic industry growth could be considerable. The policy implications from these training experiences are multi-fold. The pilot experiences indicate a need for a training scheme for herders, a training quality assurance mechanism and capacity for delivering relevant and high-quality training for herders and their cooperatives. Such a training scheme and delivery capacity are fundamental to the realization of the Government's policy priorities to improve rural livelihoods and articulate better links between agricultural cooperatives and export-oriented domestic industry development.

Herders have long been disadvantaged in bargaining for a fair price for their raw produce. The recent introduction of the Agricultural Products and Raw Materials Exchange<sup>5</sup> and the government subsidies to herders for wool and hides for the domestic market signals a policy change. The role of cooperatives in supporting their members in trading processed raw materials at better prices likely will become much stronger in the future.

### Young herders' self-learning

Because livestock rearing is the primary economic activity of herders, dedicated discussions are needed on keeping alive traditional techniques and practices of pastoral herding, combined with recognition of modern challenges and market requirements, such as animal health and vaccinations, productivity improvements through quality breeding and better management of pasture. Most of the country's land is not suitable for developing farm enterprises. Thus, pastoral livestock will remain the core of the rural economy, food security and economic integration in Mongolia.



The pilot programme sought to expand the skills of young herders for better herding practices. For this purpose, the project reprinted and made available to young herders the self-learning and user-friendly XXI Century Herder package that was introduced in a previous ILO project.<sup>6</sup> The package consists of nine modules that capture the most important aspects of pastoral livestock rearing. They are complemented with a self-assessment checklist on the practical application of the learning, a livestock rearing calendar and a household financial account book template.

The cooperative heads encouraged their young herder members to study the modules. The cooperative heads and local authority representatives monitored the herders' self-learning process. For instance, the promotion of young herders' learning took a coordinated and results-based approach in Nariinteel Soum of Uvurkhangai Aimag: a four-party contract was established between the young herder, a mentor herder, the head of the cooperative and the governor's office to ensure the success of the learning; and learning progress was monitored through regular visits to the herder households.

The XXI Century Herder package proved to be a useful resource for young herders to improve their knowledge of traditional pastoral techniques as well as more contemporary requirements for livestock rearing. The mid-term and long-term effects of such learning are invaluable.

<sup>5</sup> The processes include coordinated and improved functioning of support institutions and services, such as raw materials storage, quality verification and certification and transportation.

<sup>6</sup> This training package, which targets essential knowledge and skills of pastoral herders, was developed through the ILO Rural Youth Employment Promotion Project in 2012–13.

During the mid-term review of the pilot programme, beneficiaries confirmed the relevance and helpfulness of the package and commented that non-beneficiary herders borrowed the materials for their own learning as well. Young herders found that the package sufficiently provided responses to questions they had concerning different aspects of herding.

B. Uurmandakh is a young herder, a member of the Asgana Undur Cooperative in Nariinteel Soum of Uvurkhangai Aimag. Using the XXI Century Herder package, he learned more about the appropriate use of pasture, taking care of animals during winter and drought times and making animal shelters. After the business training, he submitted a proposal to the Soum Development Fund for a loan to build an expanded winter shelter and was given MNT 2 million, to be repaid within three years. He also learned about making a proper shelter for his animals from the XXI Century Herder package. And he learned about keeping proper accounts through the manual on community-based business development, which triggered his interest to increase the productivity of his livestock.

The potential of the self-learning methodology in the training of herders is evident in the pilot programme outcomes. Given the popularity of the self-learning package among herders, young and older alike, and the expected learning returns of expanded livelihoods, the MAPS Project proposed that the Ministry of Labour consider disseminating the package nationwide through the Herders' Employment Promotion Programme. The Ministry is now piloting the self-learning package in all *soums* of the two *aimags* targeted in the pilot programme.

The MAPS Project provided the Ministry with a sufficient number of the XXI Century Herder self-learning packages and manuals (developed through the programme) on milk, wool, hide and meat processing; community-based business development; and social insurance.

Based on the outcome of the piloted activities, the Ministry will consider distributing the self-learning package to herder households who are the beneficiaries of the Herders' Employment Promotion Programme in all *aimags* across the country.

### **Looking ahead: The role of cooperatives in herders' livelihood enhancement**

Cooperatives can be crucial in the strengthening of herders' income and livelihoods. However, the rise of herders' cooperatives in Mongolia is constrained by negative perceptions inherited from the years of collectivization under the centrally planned socialist system of the past. The reluctance among herders to trust cooperatives limits the potential that such a structure can have in benefiting herders.

The government policy focuses on promoting and strengthening cooperatives. Recent policy instruments include trading of raw produce from livestock or processed materials at the Agricultural Products and Raw Materials Exchange through cooperatives or their selected brokers and the payment of government subsidies for wool and hides to cooperative members. Together, they reflect a policy reorientation that places greater emphasis on cooperatives as a critical agent of rural development. However, herders' cooperatives have not been able to fully benefit from the new system. The cooperatives' weak capacity, insufficient capital accumulation and lack of sufficient integrity and trust among members are seen as holding back that potential.

The pilot programme worked towards building up the capacity of cooperatives as reliable service providers to their members. Many activities of the pilot programme were relevant for strengthening cooperatives and improving their image. The activities included building up entrepreneurship education and business advisory services at the *soum* level, provision of entrepreneurship and skill development training to cooperative members through close engagement and coordination of cooperatives and raising herders' awareness of the importance of social insurance. To enhance herders' livelihood advancements, the mid-term

review of the pilot emphasized building up cooperative management capacity and better access to capital and markets.



The pilot programme additionally emphasized the need for comprehensive training for cooperative leaders and members in negotiation, marketing and communication and management skills that would help them better respond to complex challenges.

The MAPS Project thus introduced the ILO My.Coop – Managing Your Agricultural Cooperative training programme. The My.Coop training modules were translated and adapted into the Mongolian herders' cooperative context, and 25 trainers (69 per cent of them women) were trained. In total, 22 cooperative leaders and members (45 per cent of whom were women) were invited to the My.Coop training in both *aimags*. These interventions were implemented in collaboration with the National Association of Mongolian Agricultural Cooperatives (NAMAC) and the Mongolian Cooperative Training and Information Centre (MCTIC).

The My.Coop training addressed the Mongolian cooperatives' need for comprehensive capacity enhancement. Participants in the training of trainers conveyed strong appreciation of My.Coop due to its relevance for agricultural cooperatives because it captures all aspects of management while emphasizing value chains and cooperative enterprise development. These issues are indeed important and crucial for Mongolian agricultural cooperatives. NAMAC and MCTIC representatives praised the interactive and learner-centred methodology of the training, regarding it as superior to other training on cooperative management.

The training programme offers extensive scope for developing cooperatives in rural Mongolia. Well-managed cooperatives that provide adequate services can enhance the employment and social outcomes of members and thus their perceptions of a cooperative's utility. Based on the experiences of the My.Coop training programme and learning from the experiences of the more successful herders' cooperatives in Mongolia, NAMAC plans to develop a model for modern herders' cooperatives.

## **Reinforcing local government capacity for improving access to vocational skills and income security for rural youth**

In addition to improving herders' livelihoods, the pilot programme carried out a number of activities to increase the capacity of local governments, as intended in the rural component of the MAPS Project. The capacity-building training of government Employment Office staff and Social Insurance General Office staff organized in both targeted *aimags* was seen by stakeholders as contributing significantly to the programme's outcomes.

### **Improved employment services**

The socio-economic assessment of the selected local areas during the pilot programme design phase indicated that some young herders were interested in jobs in other sectors to increase their income. Some herders take up seasonal jobs during warm seasons, and some look for work at the *soum* or *aimag* centre. The project aimed to help young people in moving towards employment in other sectors. Young people who are planning to move to other geographic locations on their own or with their families in search of employment opportunities need guidance and information before and after they embark upon a new path in life, including new livelihoods and in new locations. Such guidance and counselling should be provided by Employment Office staff equipped with appropriate skills and capacity.

The pilot programme organized a two-day capacity-building training for Employment Office staff in each of the targeted *aimags* in October 2015. The training focused on enhancing the understanding of the participants on the role and function of the employment services and the need for improved outreach of quality employment services and labour market programmes that are sensitive to the specific requirements of different target groups, including youth. Of the 41 training participants, 85 per cent were women.

The training aimed at supporting the Ministry of Labour in developing a generic training programme for staff of Employment Offices across the country. The objective was to support Mongolia's application of the ILO Public Employment Service Convention, 1948 (No. 88) and the Private Employment Agencies Convention, 1997 (No. 181), which Mongolia ratified in early 2015.

Having observed the training and examined its substance, Ministry of Labour officials decided to replicate the training, with some modifications. They proposed online training modules designed for self-learning by Employment Office staff. Through a number of discussions, it was agreed that the development of a full-fledged training manual for Employment Office staff would be needed. Due to time limitations, the project could not accomplish this initiative fully. However, it was agreed that the ILO would look into further supporting the Ministry of Labour in this endeavour beyond the MAPS Project.

Improving the capacity of employment services was not planned as a full component of the MAPS Project; thus, the project could not act upon identified areas of capacity gaps or stakeholder interest. However, the need for capacity building of employment services in a more comprehensive manner, including the development and application of operational procedures and tailored approaches for different targeted groups, including youth, are undeniably urgent.

### **Improved capacities among social insurance services staff**

Herders' participation in the social insurance schemes will improve their income security. Foreseen and unforeseen life events, such as sickness, accidents, maternity and old age, have financial consequences and reduce an individual's capacity to work and earn. Social insurance and health insurance benefits compensate for the loss of income and help protect a business. Participation in the social insurance schemes is an important strategy for herders to have income security during and after working age. However, the social insurance coverage

of herders in Mongolia is low. Only 9.1 per cent of herders contributed to the voluntary social insurance schemes as of 2013, and it increased to only 10.4 per cent by the end of 2015. Redressing this situation has become a policy priority of the Government.



The main reason given by herders for non-participation in the social insurance schemes is their low income and lack of awareness of its importance. Strengthening herders' business acumen through entrepreneurship and skills training and increasing their awareness of the importance of social insurance were intertwining strategies of the pilot programme to increase their income security. Simplification of the procedures for registration and flexibility in payment of the contribution to the social insurance schemes will further facilitate herders' participation.

In addition to targeting the capacity of the government Employment Office staff, the MAPS Project also set out to strengthen government and social partner capacity to provide social protection to vulnerable groups. That entailed a series of activities to enhance knowledge and policy dialogues, including the promotion of national dialogue on the definition and cost of a social protection floor in Mongolia. Although this report was not required to cover all outcomes of the social protection activities, they did inform and influence policy decisions that have had direct relevance with the objective of the pilot programme for youth, such as enhanced awareness and increased participation of herders in the social insurance schemes.

The capacity-building training of Social Insurance General Office staff conducted in the two *aimags* in October 2014 and September 2015 aimed to improve their role in increasing the participation of vulnerable groups in the voluntary social insurance schemes by strengthening their attitudes, approaches and outreach. Of the 176 training participants, 64 per cent were women.

The promotional role of social insurance offices under the current scheme of voluntary participation and in the future scheme of mandatory participation, with shared public financing, is seen as necessary to implement the State Policy on Pension Reform adopted in June 2015. The MAPS Project assisted the Social Insurance General Office in developing user-friendly messages and communication tools for nationwide awareness campaigns directed at herders and young people.

The self-learning manual for herders on social insurance covers all five schemes, including health insurance. As the first of its kind resource for the Social Insurance General Office, its development stressed the importance of a customer-centred approach for increasing herders' participation.

The engagement of social insurance officers in raising awareness of herders in the two selected *soums* for the pilot programme has increased. They have made use of herders' gatherings and meetings for disseminating information. The cooperatives participating in the pilot programme also supported dissemination of the social insurance information among their members and youth.

The awareness of young herder beneficiaries on the importance of social insurance also has improved, at least as suggested by their significantly increased participation in the voluntary social insurance schemes. Among the 90 targeted herder beneficiaries in each selected *soum*, the number of herders participating in social insurance schemes increased from seven (at the beginning of the pilot programme) to 45 (by mid-June 2016) in Galuut Soum and from 22 to 45 persons in Nariinteel Soum. This increase should be interpreted with some caution, however, because it is likely that the desire of herders to acquire a low-interest loan (which requires participation in a social insurance scheme) links to their increased participation. Likewise, the total number of herders participating in a social insurance scheme increased in both *soums* (between 2014 and May 2016), from 192 to 495 in Galuut Soum and from 390 to 732 in Nariinteel Soum.

The experiences of the pilot programme demonstrate the need for social insurance officers to approach herders' cooperatives strategically. The mid-term review documented an incoherent approach undertaken by the social insurance office in one of the selected *aimags*. In that approach, the herders' cooperatives were required to pay the social insurance contribution for all members under a mandatory scheme. This practice underscores the need for government officers to better understand the nature of cooperatives and better use partnership strategies.







## CONCLUSIONS AND RECOMMENDATIONS

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### CONCLUDING REMARKS

The pilot programme for rural youth under the MAPS Project responded to the challenges of rural economic development, with a bent towards improving opportunities for young herders to access gainful employment and sustainable income security and towards strengthening the value of herders' cooperatives.

The pilot programme set out to address (i) the lack of institutional capacity and delivery of entrepreneurship and skill development for herders at the *soum* level, (ii) the crucial role of cooperatives in enhancing herders' livelihood and shared interests and (iii) income security through social insurance. Many challenges faced by young herders in gaining productive and sustainable employment in the livestock or other sectors are associated with their lack of skills and experiences. The pilot programme strategies proved relevant to their needs.

Overall, the pilot programme strategies directly contributed to implementing national policies and priorities on herders' livelihood enhancement. The project supported implementation of the State Policy on Herders and the Government's Society-Wide Programme on Cooperative Development.

The Mongolian Parliament adopted the **State Policy on Herders** in 2009 to reduce rural poverty and promote productive rural employment. The policy aims at improving the income and livelihoods of herders through improved employment promotion, social protection, knowledge, skill development, cooperatives, traditional herding practices and support for farming activities where applicable.

The Government adopted the **Society-Wide Programme on Cooperative Development** (2009–17) also in 2009. The programme aims at improving the legal environment for cooperative development, developing SMEs through financial and investment support to cooperatives, creating marketing networks and services of cooperative products and enhancing cooperative training and databases. The programme's phase I included support to herders' cooperatives for sustainable development. The programme specified the importance of government funds, such as the SME Development Fund and the Employment Promotion Fund for providing cooperative members with access to capital, as well as new training schemes for cooperatives for learning new techniques and technologies and staff training.

The pilot programme responded to the training needs of herders. The training modules on livestock rearing, entrepreneurship, skill development and social insurance looked at the challenges, awareness and skill gaps of herders in a comprehensive manner and thus contributed meaningfully to strengthening the capabilities of herders. Furthermore, the herders' training initiatives suggested the potential improvements for strengthening Herders' Employment Promotion Programme of the Ministry of Labour.

The vulnerabilities of young herders due to the small size of their herds, insufficient experience and increasing household expenditure related to children's schooling have placed many in a crossroads dilemma: stay as herders or move to a city. After a disastrous winter, that dilemma becomes especially acute. The livelihoods of young herders need to be protected by increasing their knowledge and skills in livestock rearing, improving the productivity of their livestock and processing of raw materials (thus increasing their income) and enhancing their entrepreneurial and technical skills in product making.

The pilot programme helped reinforce the business skills of herders applying for and utilizing loans. According to local stakeholders, the quality of business proposals submitted in both targeted *soums* significantly improved.

The My.Coop training responded to the needs of Mongolian agricultural cooperatives in providing a comprehensive programme on cooperative development and encouraging a re-thinking of vision and strategies. The My.Coop training programme was appreciated by participants due to its response to their expressed need for learning about the management of cooperatives, value chains and enterprise development.

The pilot programme contributed towards improving the perceived value of cooperatives among their members; and it strengthened the ties between herders' cooperatives and local authorities. Local authorities have become more aware of the potential role (and challenges) of cooperatives in rural livelihood improvement and strengthening the outcomes of government policies and programmes. The services offered by participating cooperatives to their members have increased. In Galuut *soum*, each of the three cooperatives in the pilot programme introduced a scheme in which the social insurance contribution of the 10-poorest members is paid as an advance from the shared capital on the condition that they will repay it when they have income from the sale of raw produce.

The pilot programme laid a foundation for developing a structured training programme for the staff of Employment Offices. Nonetheless, a more comprehensive approach is needed to strengthen employment services across the country.

The interventions undertaken for increased awareness among and participation of herders in social insurance schemes responded to a government priority and contributed to the capacity building of Social Insurance General Office staff. The participation of herders in the voluntary social insurance schemes increased, which is attributed to the combined effect of increased awareness of its importance and the government policy on herders' access to loans.

The integrated approach used by the pilot programme for employment promotion and income security of young herders stressed the importance of entrepreneurship and skill development of herders. Relevant and quality training matters to herders; it has helped reshape young people's aspirations. Trained herders are increasingly becoming aware that in addition to good skills for rearing livestock, they also need to know about entrepreneurship and they need new skills to maintain a productive and sustainable livelihood.

The integrated approach of the pilot programme emphasized the importance of collaboration and partnership of different stakeholders with shared vision and determination to address the challenges that herders face.

Last, but not least, the pilot programme reinforced the crucial role that herders' cooperatives can have in advancing rural livelihoods. Although it is still challenging for herders' cooperatives to assume their full potential, the renewed interest of the targeted cooperatives in developing their members' understanding of the principles of a cooperative as result of the pilot programme interventions will hopefully generate positive returns in the future.

**The experiences featured in this report offer several insights that should be considered for replicating the activities for improved livelihood and income security of young herders:**

- The engagement of officers in charge of livestock veterinary and breeding should be paramount to help improve the knowledge and self-learning of herders.
- The cooperative development activities should have been planned at the onset in order to strengthen the link between the cooperative's management improvements with cooperative enterprise development and skill development of cooperative members.
- The capacity building for skill development of herders did not consider the Aimag

Agricultural Cooperatives Association as an important player for sustaining and replicating training. Strengthening the link between herders' cooperatives and the Aimag Agricultural Cooperatives Association should be explored for future programmes.

- The capacity building of Employment Office staff in the country requires a comprehensive approach that could not be addressed by the pilot programme only.
- Continued efforts are needed to increase the attitude and approach of social insurance staff, including the need to increase their understanding of herders' cooperatives and applying a consistent and partnership-oriented approach.

## **RECOMMENDATIONS**

The following recommendations are proposed to the Government, social partners, agricultural cooperatives' associations and other related agencies for replicating the outcomes of the pilot programme at wider scale.

### **Expand the access of young herders to skill development opportunities**

- Consider expanding access for young herders to skill development opportunities under the Herders' Employment Promotion Programme, given the pilot programme's success in providing relevant livelihood enhancement opportunities. In this regard:
  - a. The competency-based training scheme, currently applied for vocational training of jobseekers under the applicable employment promotion programme of the Ministry of Labour may not be suitable for herders in terms of training duration and for acquiring competencies and certified qualification. Thus, a special training scheme should be established under the Herders' Employment Promotion Programme. A separate training component could be created under the programme, and its scope could be extended to include young herders who might have more than 150 small animals but still in the category of people who are relatively poor or at risk of falling into poverty. The Ministry of Labour can define this additional group.
  - b. Training for herders could be classified into two types: (i) provision of skills for primary processing of livestock produce (milk, wool, hides and meat) to support the trading of value-added produce; and (ii) training on skills for product making. The development of content and tools for both types of training would benefit from the four types of skill development manuals created under the pilot programme.
    - i. The first type of training can be short in terms of duration and be provided with locally available providers, including the NAMAC, and using the training materials developed through the pilot programme. This type of training will be more suitable for implementation under the Herders' Employment Promotion Programme. The training scheme should include the XXI Century Herder modules, entrepreneurship training and the self-learning manual on social insurance.
    - ii. The second type of training could be longer in duration but must be conducted by qualified training providers. The prioritization of the training should be carried out by local stakeholders, in line with their strategies for cooperative development, SME development and herders' livelihood enhancement. This type of training should be accompanied with training on entrepreneurship for greater impact and be linked with access to capital.
  - c. The Ministry of Labour (through its National Centre for Employment Services, Information and Research) should identify through an appropriate selection process the most qualified training providers, including those located in aimag centres. This process will facilitate the informed decision of local authorities or cooperatives in choosing a qualified provider.

- d. The Soum Development Fund should be fully utilized for providing skills and entrepreneurship training for future loan recipients.
- Use of the four technical training manuals created through the pilot programme should be widely promoted among herders. Technologically advanced solutions for herders' education and training should be promoted. Innovative initiatives such as the one by the National Centre for Employment Services, Information and Research undertaken a few years ago to test herders' use of online training materials should be further explored. The Ministry of Labour, the Ministry of Food and Agriculture and NAMAC should consider developing specific strategies to widen the access of herders to innovative training opportunities. A video training on the processing of raw produce should be developed so that it can be disseminated through a Herder TV channel or used by interested organizations during their training for herders' cooperatives and members.

### **Build up the entrepreneurship and business advisory services at the soum level**

- The impact of skill development will be stronger if coupled with entrepreneurship training and business services. Building capacity to deliver entrepreneurship training and business services at the *soum* level was a strategy tested under the pilot programme, which proved to be relevant and useful for herders.
  - a. The training of SIYB trainers, which was organized under the SME Development Fund, should be resumed and extended to build SIYB training capacity at the *soum* level, based on the expressed interest of local authorities.
  - b. Although the Herders' Employment Promotion Programme offers access to entrepreneurship training, its application varies. The Ministry of Labour should adopt the self-learning manual on community-based business development as a training tool for entrepreneurship training through the Herders' Employment Promotion Programme.
  - c. Participation in entrepreneurship training should be made a compulsory condition for young herders who receive restocking or financial support from the Herders' Employment Promotion Programme.
- Different providers of entrepreneurship training, including projects funded by United Nations agencies and/or international non-government groups, have expressed interest in using the self-learning manual on community-based business development. The ILO should consider developing a guideline for interested organizations on the use or reprinting of all its manuals. This guideline should encourage the training to be facilitated by a certified SIYB trainer and that attention should be given to building the SIYB training capacity at the *soum* level.

### **Promote agricultural cooperative development**

- Considering the crucial role of agricultural cooperatives for advancing rural livelihoods and the complex challenges cooperatives face today, it is important for the Government to provide support.
  - a. Improve the understanding and capacity of herders' cooperatives on management, the integration into value chains and marketing and negotiation skills.
  - b. The My.Coop – Managing Your Agricultural Cooperative training should become a regular feature of the training activities of NAMAC and MCTIC. A national pool of certified My.coop master trainers should be created.
  - c. The Ministry of Labour should consider disseminating My.Coop training under

the Entrepreneurship and Small Business Development Programme. Accordingly, NAMAC would need to train more My.Coop trainers to ensure that each *aimag* has at least one My.Coop trainer. To date, only one officer from each of the 15 Aimag Agricultural Cooperatives' Association branches has been trained as a My.Coop trainer.

- Address the insufficient access of herders' cooperatives to capital at the initial stage of their development.
  - a. Consider including existing cooperatives as target groups for the Entrepreneurship and Small Business Development Programme under the Employment Promotion Fund, which will in turn make it possible for herders' cooperatives to benefit from the Credit Guarantee Fund.
  - b. The Government could consider increasing the amount of investment allocated into the Soum Development Fund for increased access of herders or herder' cooperatives to capital.
  - c. The Government should consider increasing the access of herders' cooperatives to capital in line with the increase of individual herder household's access to capital.
- The Government and NAMAC should consider strengthening its policy and support for herders' cooperative development.
  - a. The Government should allocate resources annually to fund the My.Coop training, to be managed by NAMAC in collaboration with MCTIC (under implementation of the Society-Wide Programme on Cooperative Development Phase II).
  - b. NAMAC should develop and adopt a model for a modern herders' cooperative that will guide and facilitate herders' cooperative development.
  - c. NAMAC should provide targeted support to selected herders' cooperatives, including the ILO/Japan pilot programme's six cooperatives as demonstration models. Learning through this process would be invaluable for NAMAC and the selected cooperatives and will benefit many more herders' cooperatives.
  - d. The strategies for developing and strengthening herders' cooperative enterprises should be more prominently elaborated when designing the next phase of the Society-Wide Programme on Cooperative Development (beyond 2017). Clear objectives, target setting and proper resources are needed to facilitate the development of modern agricultural cooperatives. Such strategies should include nurturing strategic partnership between the private sector and herders' cooperatives, in which herders' cooperatives are seen as important players in value chain development.

### **Increase herders' participation in the social insurance schemes**

- The Government should simplify the procedures for herders to register and flexibility to make payments for their continuing contribution into the voluntary social insurance schemes as well as the mandatory health insurance scheme. Despite improvements introduced in 2015, further facilitating arrangements need to be adopted.
- More flexibility in the administration of contribution payments should be introduced. The Social Insurance General Office should consider developing innovative partnerships with herders' cooperatives to increase herders' participation in and their regular contributions to the social insurance schemes. This recommendation would be particularly relevant in the context of the anticipated extension of the compulsory participation in social insurance schemes to herders, the self-employed and informal economy workers.

- The Social Insurance General Office should continue its ongoing awareness-raising actions more vigorously and proactively by using all possible channels, including one-stop shops, in cooperation with local administrations, herders' cooperatives and Employment Offices.
- The Social Insurance General Office should increase its efforts to reach out to target groups, particularly herders and young people, with customer-centred approaches by developing capacity of its staff and introducing more user-friendly tools.

### **Strengthen the capacity of Employment Office staff and coordinate local stakeholders**

- Capacity building of employment services in the country requires a comprehensive approach that should respond to many challenges faced by different target groups, and they should respond also to the labour market demand with improved effectiveness and impact. The Government should consider developing its employment services in view of its recent ratification of relevant ILO Conventions by developing operational procedures, training materials and staff capabilities.
- There is a considerable number of government staff functioning under different ministries at the *soum* level: three staff of the Veterinary and Breeding Unit (under the Ministry of Food and Agriculture), a facilitator of the National Centre for Lifelong Education (under the Ministry of Education, Culture and Science), one staff in charge of employment or SME development (under the Ministry of Labour or the Ministry of Industry), a social welfare officer and a social insurance officer (under the Ministry of Population Development and Social Protection) and *bag* governors. If their functions and operations are coordinated in a partnership-building manner, it should strengthen the outcome of government policies and programmes. The message of such partnership will provide positive signals to herders that they are regarded as an important player in the development process.
- Collaboration and coordination among government functions at the *aimag* and national levels, coupled with partnership and cooperation with non-government groups, associations and academic and research institutions would strengthen the outcome of government policies and national development priorities.

### **Recommendations for local stakeholders and herders' cooperatives who participated in the pilot programme**

- Ensure continued efforts to maintain and further strengthen the business advisory services established at the *soum* level.
- Continue monitoring the learning outcomes of young herders and provide necessary support by engaging local officers tasked with livestock veterinary and breeding.
- Consider replicating the technical skills training for more young herders and cooperative members by the trained facilitator of the Lifelong Education Centre.
- Continue raising awareness about its importance and promote the participation of herders in the social insurance schemes.
- Support herders' cooperative development in collaboration with NAMAC.
- Enhance the cooperative vision and development strategies, strengthen efforts to diversify services for cooperative members and continue building trust and integrity among cooperative members following the My.Coop training.

## APPENDIX I. DETAILS OF SELECTED EMPLOYMENT PROMOTION PROGRAMMES OF THE MINISTRY OF LABOUR

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**Herders' Employment Promotion Programme** targets poor herder households (having at least two members younger than 35 years,<sup>7</sup> which implies a household of married couples) with livestock assets of fewer than 150 small animals.<sup>8</sup> The Livelihood Support Council of a given *soum* selects the households. The programme provides financial support of MNT 5 million (around US\$2,500) if the household has fewer than 100 animals or MNT 4 million (around US\$2,000) if the household has 100-150 animals for purchasing additional animals. The Employment Division of each aimag makes arrangements to purchase animals and concludes a contract with the head of the household. Fifty per cent of this no-interest financial support is to be repaid within two years, in accordance with the schedule agreed between the herders and the Employment Division.

The herders, during the participation in the programme, are entitled to receive entrepreneurship training and learning from herding practices of experienced herders or through distance learning. They are also eligible for assistance to repair animal shelters or prepare for the winter (they can use up to five per cent of the total financial support they receive). If the targeted household has fewer than 50 animals, a mentor herder is designated and is compensated from the Employment Promotion Fund for mentoring services. So far, there have not been any training modules specifically selected for the training of herders under this programme. The opportunity for targeted herders to receive entrepreneurship training has been limited. The activities typically organized by the Employment Division extend to organizing meetings for beneficiary herders to learn from respected local herders or organizing study visits to other *aimags* or places.

**Employment Training and Job Maintaining Programme** targets jobseekers, persons who are at risk of becoming unemployed (who have received employment termination notice or whose business is at risk of failure) and the self-employed who want to learn new skills or upgrade their skills. The employment training includes on-the-job training organized at the request of employers, short-term vocational training and short-term vocational retraining (delivered for workers who are at risk of losing their job) and mobile vocational training (training organized by Ulaanbaatar-based training providers in *aimags* at the request of the Employment Division).

The vocational training is required to use a competency-based curriculum for one to six weeks. The Ministry of Labour annually issues a list of vocational skill trainings that will be available, with the cost per trainee and per training. The 2016 list, for instance, includes training for herders and training on processing of milk, meat and leather.

The programme requires that 70 per cent of participants should find or maintain employment after the training, either wage employment or self-employment. It is common practice among *aimag* Employment Divisions to organize training based on the skills that employers need.

**Entrepreneurship and Small Business Development Programme** targets the self-employed, informal economy workers and individuals who plan to establish a cooperative or a partnership. The programme encourages the establishment of cooperatives or partnerships through training, financial support or soft loan and support the sale of products and

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<sup>7</sup> This criteria stipulated in this employment promotion programme is practised by employment offices to mean mostly a household or family of spouses, both of whom are younger than 35 years.

<sup>8</sup> For the purpose of living standards assessment of herders, all animals are calculated by small animal units by counting a sheep or a goat as one small unit and equating a horse, cow and camel by multiplying by corresponding different small units set by the Government.

rental costs. A soft loan of up to MNT 5 million (or MNT 10 million in case of individuals establishing a cooperative or a partnership) is provided, with an annual interest rate of 7.2 per cent for up to 24 months. The entrepreneurship training includes a variety of modular trainings provided according to the needs of beneficiaries, such as SIYB, training on the establishment of a cooperative or a partnership, financial accounting and marketing. This employment promotion programme, however, does not provide employment support to members of already-established cooperatives.



## APPENDIX II. TIMELINE OF PILOT PROGRAMME ACTIVITIES

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The pilot programme's activities were implemented as follows:

- Local Task Force on Youth Employment established in each *aimag* (June 2014).
- The socio-economic assessment of each targeted *soum* carried out (June–September 2014).
- The local stakeholders' workshop undertaken in each selected *aimag*, during which the priority strategies of the pilot programme were adopted (March 2015) and the strategies endorsed by the Project Steering Committee (April 2015).
- Training of SIYB trainers organized (June 2015).
- Targeted cooperatives and targeted beneficiaries in each *soum* identified, and the pilot programme implementation plan developed (July 2015).
- Entrepreneurship training among targeted youth and members of cooperatives organized in each *soum* (July 2015–May 2016).
- Community-based business development – a self-learning business education manual developed, finalized and disseminated (October 2014–March 2015).
- All targeted beneficiaries provided the nine self-learning 21st Century Herder<sup>9</sup> modules (which were reprinted by the pilot programme) to increase their knowledge on pastoral livestock rearing (July 2015–May 2016).
- Training of Social Insurance General Office staff in the selected two *aimags* conducted to increase their knowledge and capacity in effectively reaching out to herders and the self-employed for increased participation in the social insurance schemes (October 2014 and September 2015).
- Training of Employment Office staff in the selected two *aimags* conducted to increase their knowledge and capacity in effectively delivering employment services (October 2015).
- Technical skills training in four areas of animal product processing and product making, such as on dairy, wool, hides and meat processing and product making, provided for herders in both *soums*, targeting 40–50 beneficiaries in each *soum* (organized during June–December 2015).
- Self-learning and user-friendly manuals on the four skill areas developed, printed and disseminated (June 2015–May 2016), which complemented the self-learning 21st Century Herder modules.
- A business advisory service established in each *soum* (November 2015–May 2016).
- A user-friendly manual for herders on the social insurance system developed, printed and disseminated (September 2015–May 2016).
- All developed manuals distributed to young herders and other members of herders cooperatives for self-learning and improved practices (June 2015–May 2016).
- Translation and adaptation of ILO My.Coop training programme (February–June 2016)
- Training of trainers in the ILO My.Coop training programme conducted with an international trainer (9–13 May 2016).
- Managers and members of the selected cooperatives of the pilot programme trained by the newly trained local trainers (16–20 May 2016).

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<sup>9</sup> This training package, which consists of nine modules that look into essential knowledge and skills of pastoral herders, was developed in 2012–13 under the ILO Rural Youth Employment Promotion Project.