

STATUS OF PROJECTS IN EXECUTION – FY06
SOPE
REGION: EAST ASIA AND PACIFIC
COUNTRY: MONGOLIA

Operations Policy and Country Services
SEPTEMBER 19, 2006



Report on the Status of Projects in Execution - FY06
SOPE
Region: East Asia and Pacific
Country: Mongolia

Introduction

The Status of Projects in Execution (SOPE) Report for FY06 provides information on all IBRD/IDA projects that were active on June 30, 2006.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

In addition to the project progress description, the FY06 SOPE report¹ contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date for all active projects.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.



Country: Mongolia

Project Name (ID): Transport Development Project (P056200)

Country: Mongolia

Board Approval Date : 03/22/2001

Closing Date : 12/31/2006

Loan/Credit/Grant Number : IDA-34780

Sector(s): Roads and highways (95%), Central government administration (4%), Railways (1%)

Theme(s): Rural services and infrastructure (P), Pollution management and environmental health (S)

Project Development Objectives:

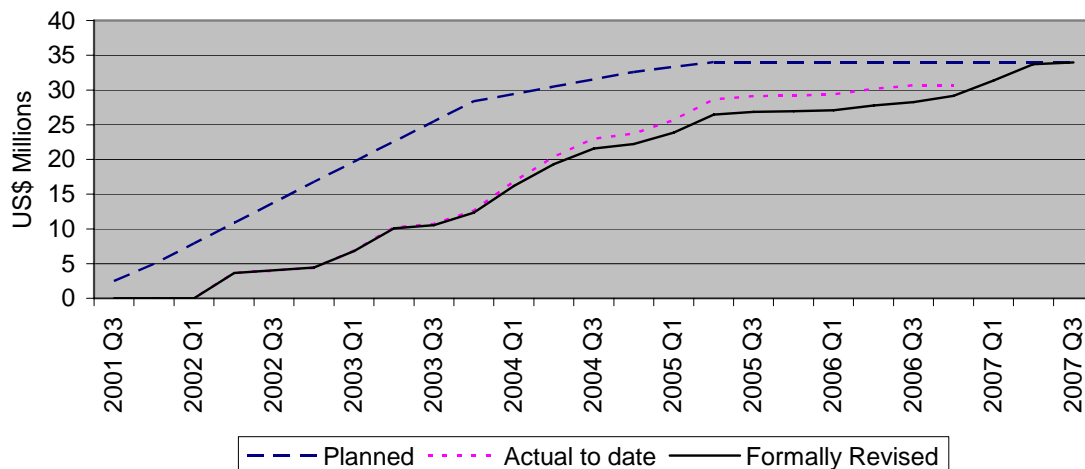
Improve the accessibility of the isolated and remote central and western regions of Mongolia, increase transport capacity for rail-borne export trade and reduce the number of fatalities resulting from road accidents.

Progress toward achieving development objective(s):

Improved accessibility is being achieved with the reconstruction of 215 km of roads and upgrading of 46 km of gravel roads. However, key institutional strengthening activities on financial accounting systems for the railway and development of the necessary tools and methods for road planning and safety are behind schedule. An extension of the Credit closing date will likely be necessary.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IDA-34780 | Effective | 38.81 | 30.68 | 6.46 | 0.00 |



Project Name (ID): Energy Sector Project (P040907)

Country: Mongolia

Board Approval Date : 05/03/2001

Midterm Review Date : 04/15/2005

Closing Date : 12/31/2006

Loan/Credit/Grant Number : IDA-35030

Sector(s): Power (97%), Central government administration (3%)

Theme(s): Infrastructure services for private sector development (P), Other urban development (P), Regulation and competition policy (P), Other financial and private sector development (P), Access to urban services and housing (S)

Project Development Objectives:

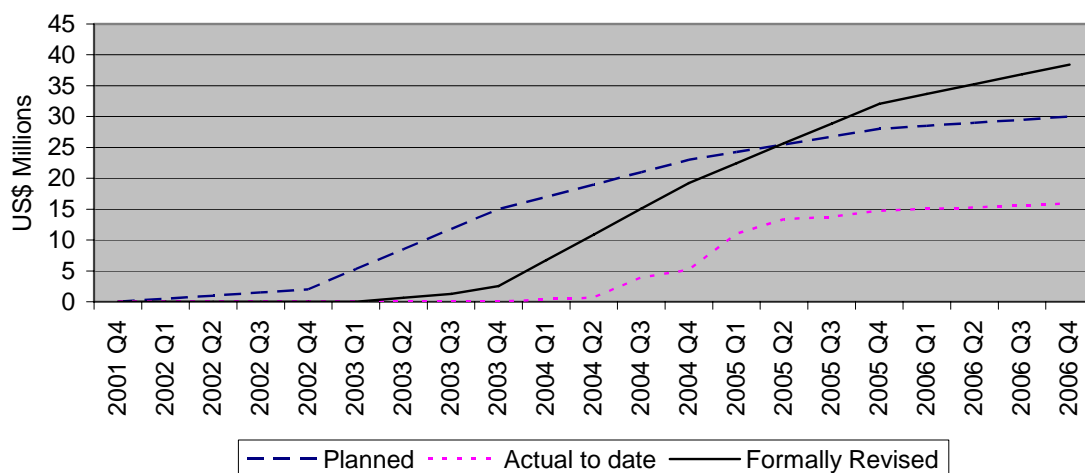
To reduce system losses and improve revenue collection in electricity distribution companies in Mongolia.

Progress toward achieving development objective(s):

The project is achieving the expected outcomes. This is shown in the progress of accomplishing the key performance indicators. Government has also shown keen interest to expand the number of project beneficiaries. The project is paying special attention to the implementation of commercialization component, and the coordination of support to the Energy Regulatory Authority (ERA) in the implementation of the two part electricity tariff.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/ Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------------------|---------------|---------------|------------------|--------------------|---------------------|
| IDA-35030 | Effective | 34.40 | 15.95 | 18.52 | 0.00 |



Project Name (ID): MN - Sustainable Livelihoods Project (P067770)

Country: Mongolia

Board Approval Date : 06/11/2002

Midterm Review Date : 05/27/2005

Closing Date : 12/31/2006

Loan/Credit/Grant Number : IDA-36570, JPN-26251, JPN-51703

Sector(s): Other social services (45%), Micro- and SME finance (27%), Animal production (22%), Central government administration (6%)

Theme(s): Participation and civic engagement (P), Rural markets (P), Infrastructure services for private sector development (P), Improving labor markets (P), Administrative and civil service reform (S)

Project Development Objectives:

The objective of the project is to establish an effective approach to promoting improved, secure and sustainable livelihood strategies that can be replicated and scaled-up.

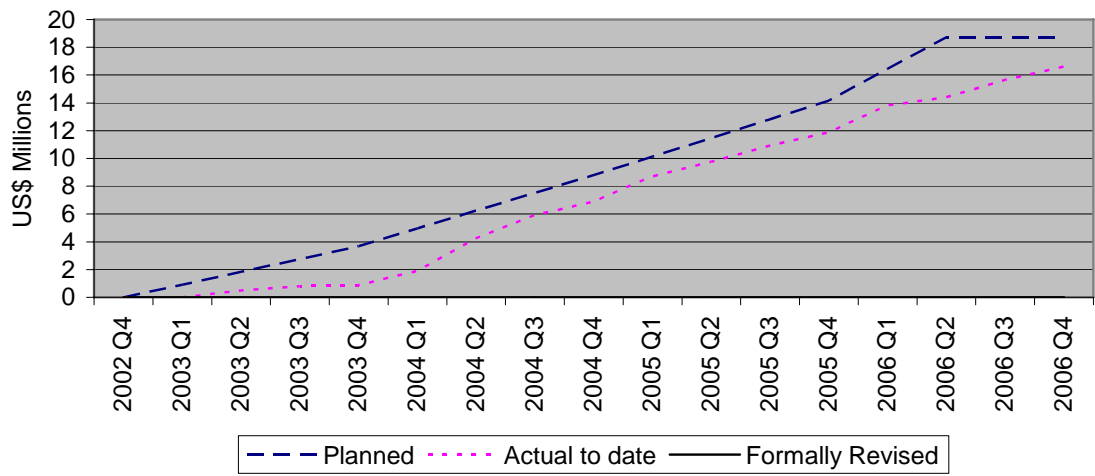
Progress toward achieving development objective(s):

Good progress has been achieved towards meeting the development objective. The project continues to work closely with target communities to improve their livelihood strategies and the services available to them. Pastureland management planning at the local level has been greatly strengthened and a national level council for pastureland management has been established. As of May 31, 2006, 2,769 sub-projects under the Local Initiatives component have been approved. Strong community participatory processes have been introduced in the identification of sub-projects and work is generally of high quality. Access to microfinance services by rural communities has increased rapidly. The key triggers for moving to the second phase of the program have been met.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/ Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------------------|---------------|---------------|------------------|--------------------|---------------------|
| IDA-36570 | Effective | 22.05 | 16.65 | 5.29 | 0.00 |
| JPN-26251 | Closed | 0.21 | 0.21 | 0.00 | 0.00 |
| JPN-51703 | Effective | 1.30 | 0.82 | 0.48 | 0.00 |





Project Name (ID): Financial Capacity Development Project (P071023)

Country: Mongolia

Board Approval Date : 06/11/2002

Closing Date : 03/31/2007

Loan/Credit/Grant Number : IDA-36590, JPN-26728

Sector(s): Payment systems, securities clearance and settlement (70%), Banking (30%)

Theme(s): State enterprise/bank restructuring and privatization (P), Standards and financial reporting (P), Other financial and private sector development (P)

Project Development Objectives:

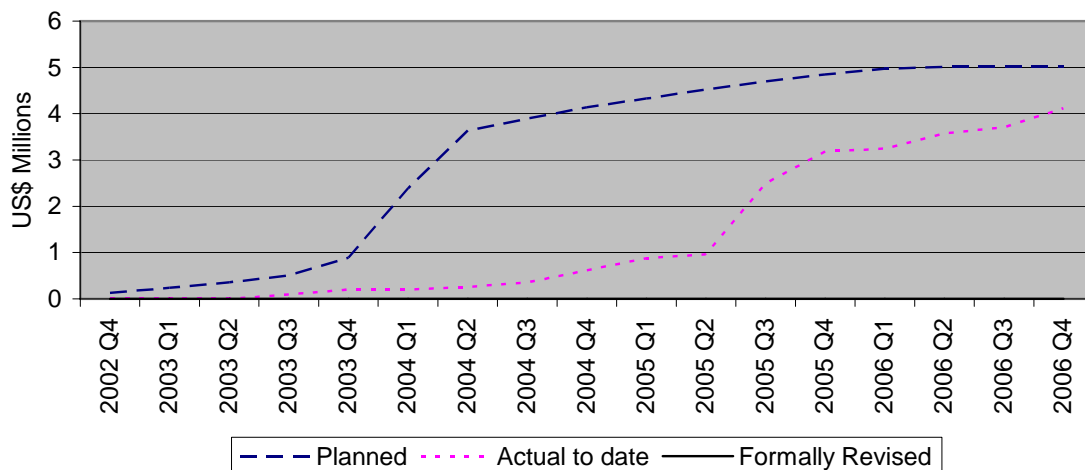
The Project Development Objective is to build institutional capacity of the Mongolian banking sector to reduce systemic risks and enhance financial intermediation.

Progress toward achieving development objective(s):

Noticeable progress was made towards enhancing risk management in the two participating banks and the modernization of banking payment system with the launch of the online Switch Clearing House system. Implementation of risk management action plan at one of the participating bank continues to be slow. Savings Bank privatization has been slower than originally expected. The privatization approach being adopted is under discussion and will have direct implications for the success of the privatization.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IDA-36590 | Effective | 5.88 | 4.12 | 1.78 | 0.00 |
| JPN-26728 | Closed | 0.25 | 0.21 | 0.00 | 0.04 |



Project Name (ID): Legal and Judicial Reform Project (P074001)

Country: Mongolia

Board Approval Date : 12/21/2001

Midterm Review Date : 05/14/2005

Closing Date : 06/30/2007

Loan/Credit/Grant Number : IDA-35950

Sector(s): Law and justice (100%)

Theme(s): Access to law and justice (P), Judicial and other dispute resolution mechanisms (P), Law reform (P), Legal services (P)

Project Development Objectives:

The objective is to enhance public trust and confidence in the legal system as a whole and the judiciary in particular

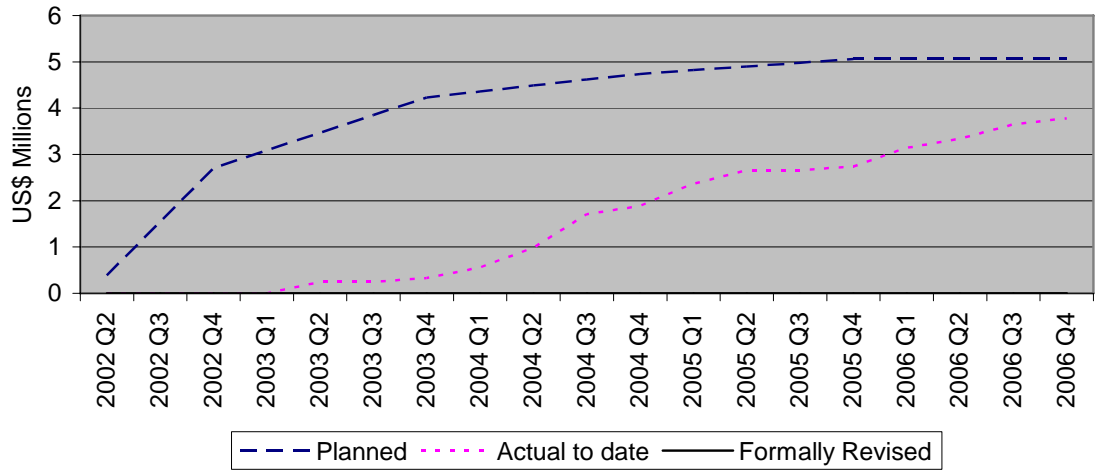
Progress toward achieving development objective(s):

The Project is implementing well and most of the activities are almost completed. Under Component A the selected courts are refurbished and working; under Component B the National Legal Center is up and running as planned; and under Component C, the new developed curriculum is being tested in the pilot law schools with good preliminary results. The Project is already providing good signs of achieving the development objectives and will likely achieve them at the end of Project implementation. In light of the good success with the pilot on Administrative Courts, last January we expanded the scope of these courts to 10 more Aimags. This additional activity is being funded with savings obtained due to SDR/US\$ exchange rate and is progressing smoothly. The Unified Legal and Judicial Information System is now fully in operations. In all, the project is being implemented in a satisfactory manner.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/ Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------------------|---------------|---------------|------------------|--------------------|---------------------|
| IDA-35950 | Effective | 5.88 | 3.78 | 2.05 | 0.00 |





Project Name (ID): Second Ulaanbaatar Services Improvement Project (P074591)
Country: Mongolia
Board Approval Date : 04/29/2004
Midterm Review Date : 10/22/2007
Closing Date : 06/30/2010
Loan/Credit/Grant Number : IDA-38900, JPN-51125, JPN-53820
Sector(s): Water supply (100%)
Theme(s): Access to urban services and housing (P)

Project Development Objectives:

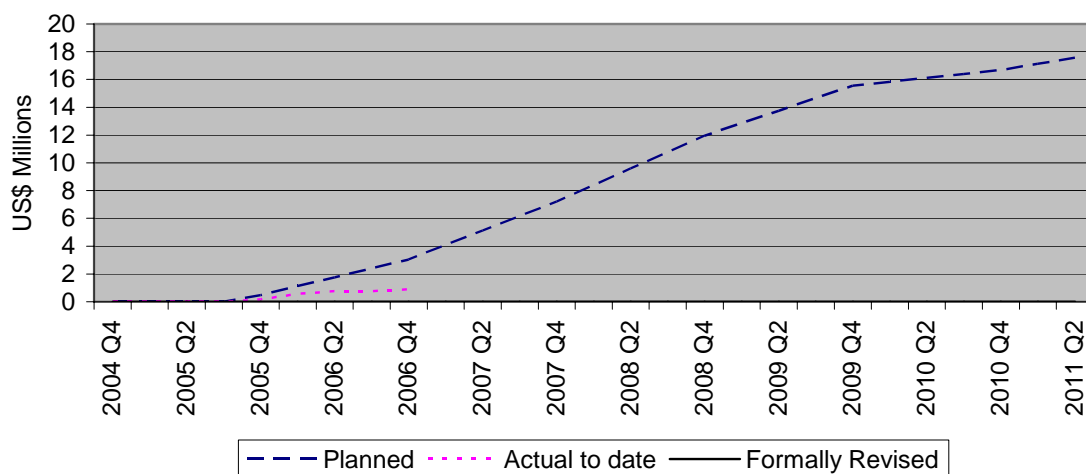
To provide improved water supply to the urban poor in a sustainable manner.

Progress toward achieving development objective(s):

The implementation progress is somewhat behind appraisal schedule. Work in fiscal year 06 placed priority on procurement of water supply works in the poor urban area of Bayankhoshu (North and South) with the goal of commencing civil works during fiscal year 07. A recent assessment of Ulaanbaatar's Water and Sewerage Company's (USUG) financial position revealed that given USUG's planned investments and capital structure, a 60% average tariff increase should be implemented as soon as possible so that it can fulfill its obligations and remain sustainable.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IDA-38900 | Effective | 17.79 | 0.89 | 16.89 | 0.00 |
| JPN-51125 | Closed | 0.97 | 0.96 | 0.00 | 0.01 |
| JPN-53820 | Effective | 1.89 | 0.19 | 1.70 | 0.00 |



Project Name (ID): TA : Economic Capacity Building TA (P077778)

Country: Mongolia

Board Approval Date : 06/24/2003

Midterm Review Date : 11/01/2006

Closing Date : 09/30/2007

Loan/Credit/Grant Number : IDA-38030, IDA-Q3500

Sector(s): Central government administration (90%), Sub-national government administration (10%)

Theme(s): Macroeconomic management (P), Administrative and civil service reform (P), Public expenditure, financial management, and procurement (P)

Project Development Objectives:

The objectives of the project are to improve: (i) public finance management and(ii) the effectiveness of public administration.

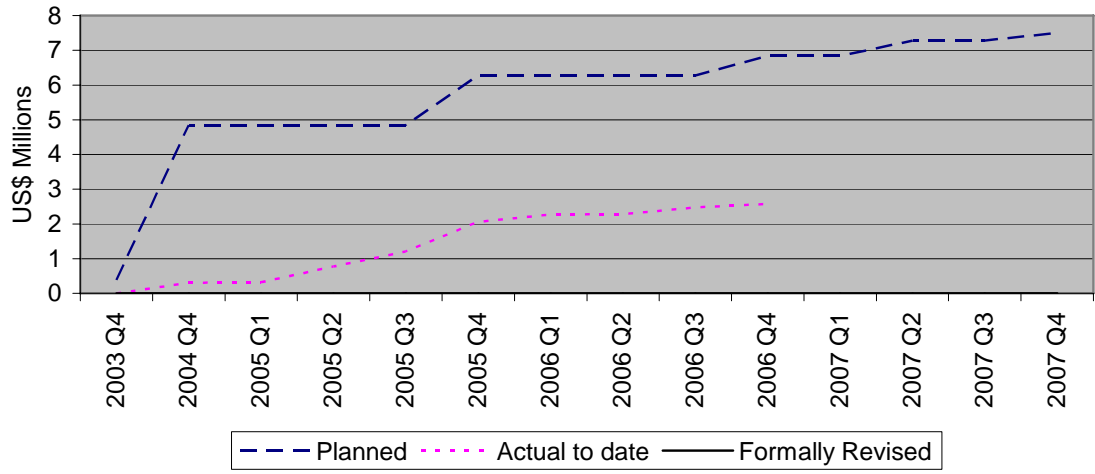
Progress toward achieving development objective(s):

The project continues to meet its development objectives. Financial controls improved significantly with continued operations of the Government Financial Management Information System. In 2005 Mongolia registered its first budget surplus. Furthermore, new regulations on commitment controls was implemented with support from ECTAC, which significantly improved cash management and planning. ECTAC has helped develop standard bidding documents for procurement of text books, IT equipment, and pharmaceuticals. This will result in improving value-for-money in procurement of these items. Furthermore, the regulatory framework for public procurement has been improved, as the government has managed to revise the procurement law to allow for greater control of procurement by agencies, whilst maintaining effective controls.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/ Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------------------|---------------|---------------|------------------|--------------------|---------------------|
| IDA-38030 | Effective | 8.08 | 2.57 | 5.55 | 0.00 |
| IDA-Q3500 | Closed | 0.71 | 0.00 | 0.71 | 0.00 |





Project Name (ID): MN-Index-Based Livestock Insurance (P088816)

Country: Mongolia

Board Approval Date : 05/26/2005

Midterm Review Date : 12/10/2007

Closing Date : 06/30/2010

Loan/Credit/Grant Number : IDA-40690, JPN-53738, JPN-54740

Sector(s): General agriculture, fishing and forestry (66%), Non-compulsory pensions, insurance and contractual savings (20%), Central government administration (14%)

Theme(s): Rural services and infrastructure (P), Social analysis and monitoring (P), Natural disaster management (P), Other financial and private sector development (S), Regulation and competition policy (S)

Project Development Objectives:

The objective of the project is to ascertain the viability of index-based livestock insurance in Mongolia to reduce the impact of livestock mortality for herders. This would be achieved through the piloting of index-based livestock insurance in three provinces.

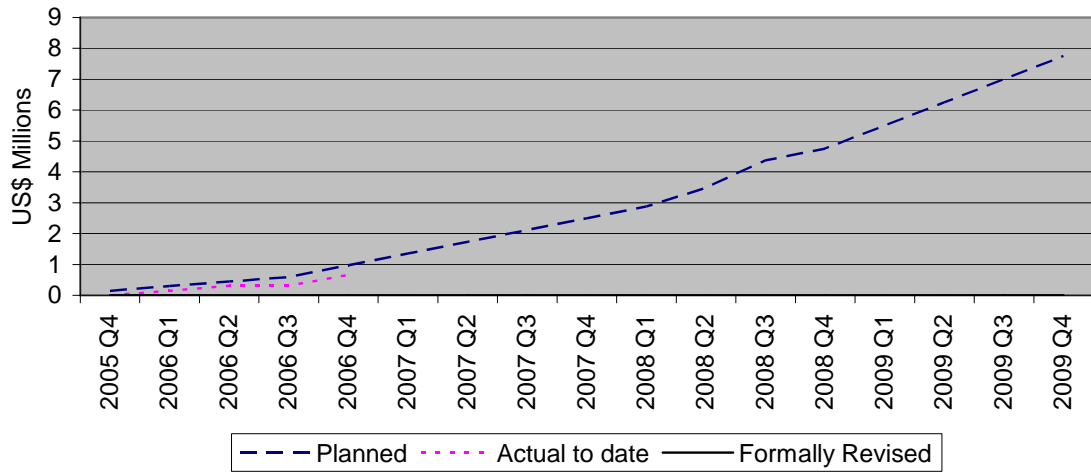
Progress toward achieving development objective(s):

The Credit became effective in September 2005, and a considerable number of activities has been completed to establish the insurance scheme, including the development of computer software, herder awareness, and selection of participating insurance companies. Sales of insurance policies by three companies began on schedule in Spring 2006 and sales in the first season have exceeded expectations. Progress towards the development objective is therefore good.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/ Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------------------|---------------|---------------|------------------|--------------------|---------------------|
| IDA-40690 | Effective | 7.56 | 0.67 | 6.88 | 0.00 |
| JPN-53738 | Closed | 0.36 | 0.36 | 0.00 | 0.00 |
| JPN-54740 | Effective | 1.32 | 0.22 | 1.10 | 0.00 |





Project Name (ID): Private Sector Development Credit II (P088992)

Country: Mongolia

Board Approval Date : 06/28/2005

Midterm Review Date : 10/01/2007

Closing Date : 04/30/2010

Loan/Credit/Grant Number : IDA-40880, JPN-54591

Sector(s): Micro- and SME finance (50%), General finance (30%), Banking (18%), Central government administration (2%)

Theme(s): Small and medium enterprise support (P), Regulation and competition policy (S), Other financial and private sector development (S)

Project Development Objectives:

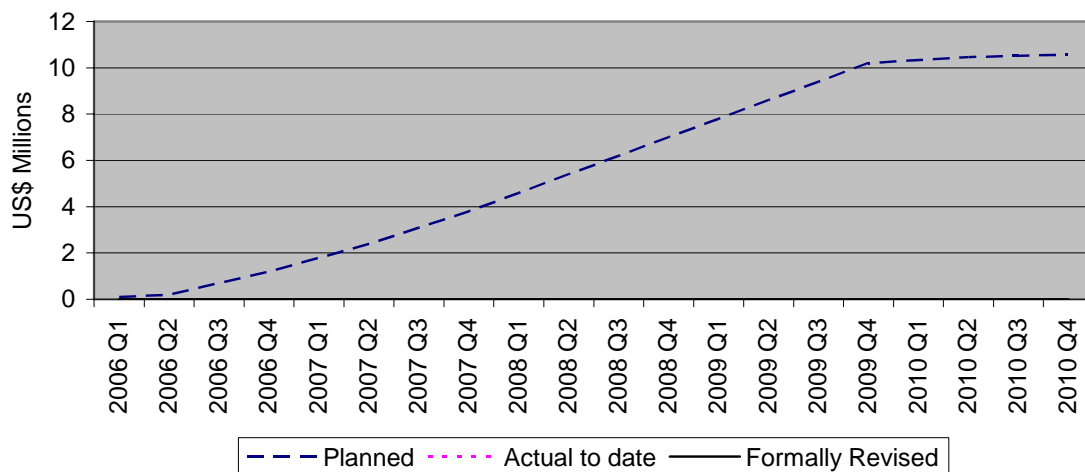
Project Development Objective is to support commercial banks' efforts to develop the intermediate-term lending market for Mongolia's private sector.

Progress toward achieving development objective(s):

The project became effective on February 7, 2006. It is too early to assess progress towards achieving project development objectives.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|-----------|--------|-----------|-------------|--------------|
| IDA-40880 | Effective | 10.28 | 0.00 | 10.28 | 0.00 |
| JPN-54591 | Closed | 0.22 | 0.14 | 0.00 | 0.08 |



Project Name (ID): Information and Communications Infrastructure Development Project (P092965)

Country: Mongolia

Board Approval Date : 06/08/2006

Closing Date : 03/31/2012

Loan/Credit/Grant Number : IDA-H2320, IDA-Q5180

Sector(s): Telecommunications (61%), Central government administration (34%), General information and communications (5%)

Theme(s): Regulation and competition policy (P), Infrastructure services for private sector development (P), Rural services and infrastructure (P), Other financial and private sector development (S)

Project Development Objectives:

The project's long term development objectives are to:

- (a) Significantly increase the coverage and use of relevant ICT services among the rural population through an incentive program designed to encourage the participation of private operators in the rural segment of the ICT market; and
- (b) Increase private sector participation in the delivery of e-government services, thereby improving public sector utilization of ICT.

Progress toward achieving development objective(s):

Board approval of the project was received on June 8, 2006 and the project launch workshop took place on June 27, 2006. The Project Implementation Unit is fully staffed and in place.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|--------------------------|---------------|---------------|------------------|--------------------|---------------------|
| IDA-H2320 | Not Effective | 8.18 | 0.00 | 8.18 | 0.00 |
| IDA-Q5180 | Effective | 0.76 | 0.10 | 0.66 | 0.00 |



Project Name (ID): Rural Education and Development (READ) Project (formerly Rural Education Support Project) (P096328)

Country: Mongolia

Board Approval Date : 05/23/2006

Closing Date : 02/29/2012

Loan/Credit/Grant Number : IDA-H2210, IDA-Q4990

Sector(s): Primary education (75%), Central government administration (25%)

Theme(s): Education for all (P), Rural services and infrastructure (S)

Project Development Objectives:

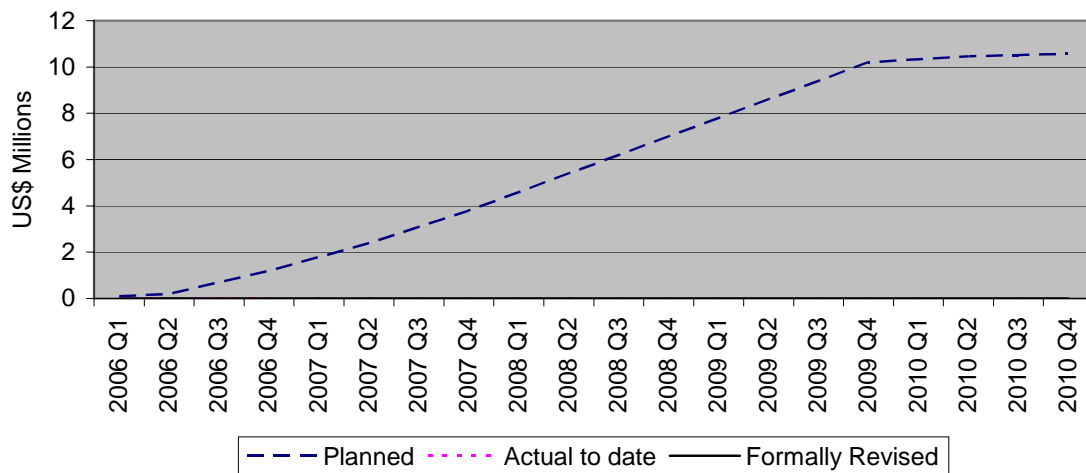
The objective of the project is to assist the Recipient in enhancing the quality of education in rural primary schools, grades 1-5, by improving students' access to, and use of, quality learning materials and improving teachers' skills through promoting professional networks.

Progress toward achieving development objective(s):

This Project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------|---------------|--------|-----------|-------------|--------------|
| IDA-H2210 | Not Effective | 4.10 | 0.00 | 4.10 | 0.00 |
| IDA-Q4990 | Effective | 0.10 | 0.06 | 0.04 | 0.00 |



Project Name (ID): Governance Assistance Project (P098426)

Country: Mongolia

Board Approval Date : 05/23/2006

Closing Date : 01/15/2012

Loan/Credit/Grant Number : IDA-H2220

Sector(s): Central government administration (81%), General public administration (19%)

Theme(s): Tax policy and administration (P), Debt management and fiscal sustainability (P), Public expenditure, financial management, and procurement (P), Other accountability/anti-corruption (P), Regulation and competition policy (S)

Project Development Objectives:

Project Development Objectives are to i) improve the efficiency and effectiveness of governance processes in the management of public finances, (ii) promote transparency and accountability in the performance of public sector functions, and (iii) foster the investment climate in Mongolia.

Progress toward achieving development objective(s):

Project became effective on July 21, 2006.

Lending Information/Disbursement Summary (USD millions, as of June 30 2006)

| Loan/Credit/ Grant | Status | Amount | Disbursed | Undisbursed | Cancellation |
|-------------------------------|---------------|---------------|------------------|--------------------|---------------------|
| IDA-H2220 | Not Effective | 14.31 | 0.00 | 14.31 | 0.00 |

