**MONGOLIA**

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| **Name of CDD Program:**  Sustainable Livelihoods Project III |
| **Program Dates:**  The first phase started in 2002; the second in 2007; the third in 2013. Set to close 2018. |
| **Implementing Agency:**  Ministry of Economic Development |
| **Geographical Coverage (# of provinces/states, municipalities, villages, which parts of the country):**  Nationwide, covering 3 million people |
| **Annual Program Budget (USD):**  Total project cost is US$36.20 million (IDA– US$24.8 million; Swiss Agency for Development & Coop. – US$11.40 million) |
| **Program Objective:**  The program objective is to improve governance and community participation for the planning and delivery of priority investments in rural areas of Mongolia. |
| **Main Program Components:**  The Sustainable Livelihoods Program is a three-phase program that began implementation in 2002. The first phase successfully demonstrated new approaches to livelihood support, focusing on rural areas, with the establishment of community development funds, which introduced the concept of community participation in the identification and implementation of priority investments, including for pastoral risk management. The second phase of the Program, launched in 2008, further developed and improved these approaches and expanded nationwide. The second phase benefited a total of 1,763,432 people. The important impact of this phase was to transforming the pilot initiative of the Local Development Fund into a national system. The third phase of the project will build on these successes and continue to focus on reducing the vulnerability of rural communities throughout Mongolia and fine-tuning innovations for long-term sustainability.  The main project components include:   1. Capacity Building for Local Governance and Livelihoods: This component will focus on building the capacity at local and national levels for the implementation and further development of the Government’s programs and mechanisms for supporting rural development. The training and technical assistance will primarily be delivered through soum\* Support Teams, based in each aimag\*\*. These teams will be provided with technical backstopping from national Technical Assistance providers, which will support the development of training curricula and materials and training of trainers. This system will enable close and frequent contact between the aimag level teams and the soum authorities and citizens. 2. Good Governance Performance-Based Grants: This component will provide incentives for soums to achieve good governance objectives in the entire budgeting process. Particular importance would be given to citizen participation, alignment of soum budgets with bagh citizen priorities, and citizen’s satisfaction with the Local Development Fund process and outcomes. Performance Based Grants will be disbursed to qualifying soums through Ministry of Finance Treasury systems along with Local Development Fund allocations. The assessment and ranking of soum performance will be outsourced to a politically neutral third party (Good Governance Performance Assessment Teams). 3. Project Management and Monitoring and Evaluation: This component will support the implementation structure, financing the costs of staff, related expenditures and the M&E, as well as procurement and FM functions.   \*Soum- sub-province  \*\* Aimag – Rural Province |