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Enkh-Amgalan Tseelei – 11 May, 2010



Market Opportunities for Rural Entrepreneurs Project

Presented by Ts. Enkh-Amgalan,
National Program Officer

Content



➤ **Context:**

- *Mongolia in brief*
- *Livestock husbandry of Mongolia*
 - *Development challenges*
 - *Market system*

➤ **MORE/RASP Projects:**

- *Interventions*
- *Lessons learned*

Mongolia in brief.



Location:
Landlocked between Russia
and China.

Territory:
1,564,100 km²

Population:
2.8 million people



Mongolia in brief



Economy:

Dominated by pastoral livestock rearing.

- Provide employment for 50% of workforce
- 20% of GDP
- 30% of foreign export earnings

Growing mining industry.

- Two big mining towns are emerging in the Gobi region.
- Expected to create employment in the mining sector itself, food processing and service industry.

Livestock husbandry



Why livestock husbandry?

- 1/3 of total population of 2.8 million are nomadic livestock herders.
- Nomadic herders are the single largest group among the poor.
- It employs 40% of country's labour force.
- Livestock products account for 22% of GDP and 14% of foreign exchange earnings.
- 70% of rural income generated by livestock production and trade.
- Mongolia's comparative advantage in terms of traditional skills of livestock husbandry and adapted to ecological environment.

Livestock husbandry.



Key challenges:

Sector Constraints

- Low productivity.
- Low value (poor quality and safety).
- Seasonal production and cash flow shortages.
- Poor entrepreneurial skills.
- Poor cooperation and coordination with processing companies.
- High transaction costs:
 - Nomadic herders live far from each other and central markets.
 - Individual herder families produce small volumes.

Systematic constraints

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- Poor and ineffective information flow in livestock value chains.
- Limited access to markets beyond China and Russia.

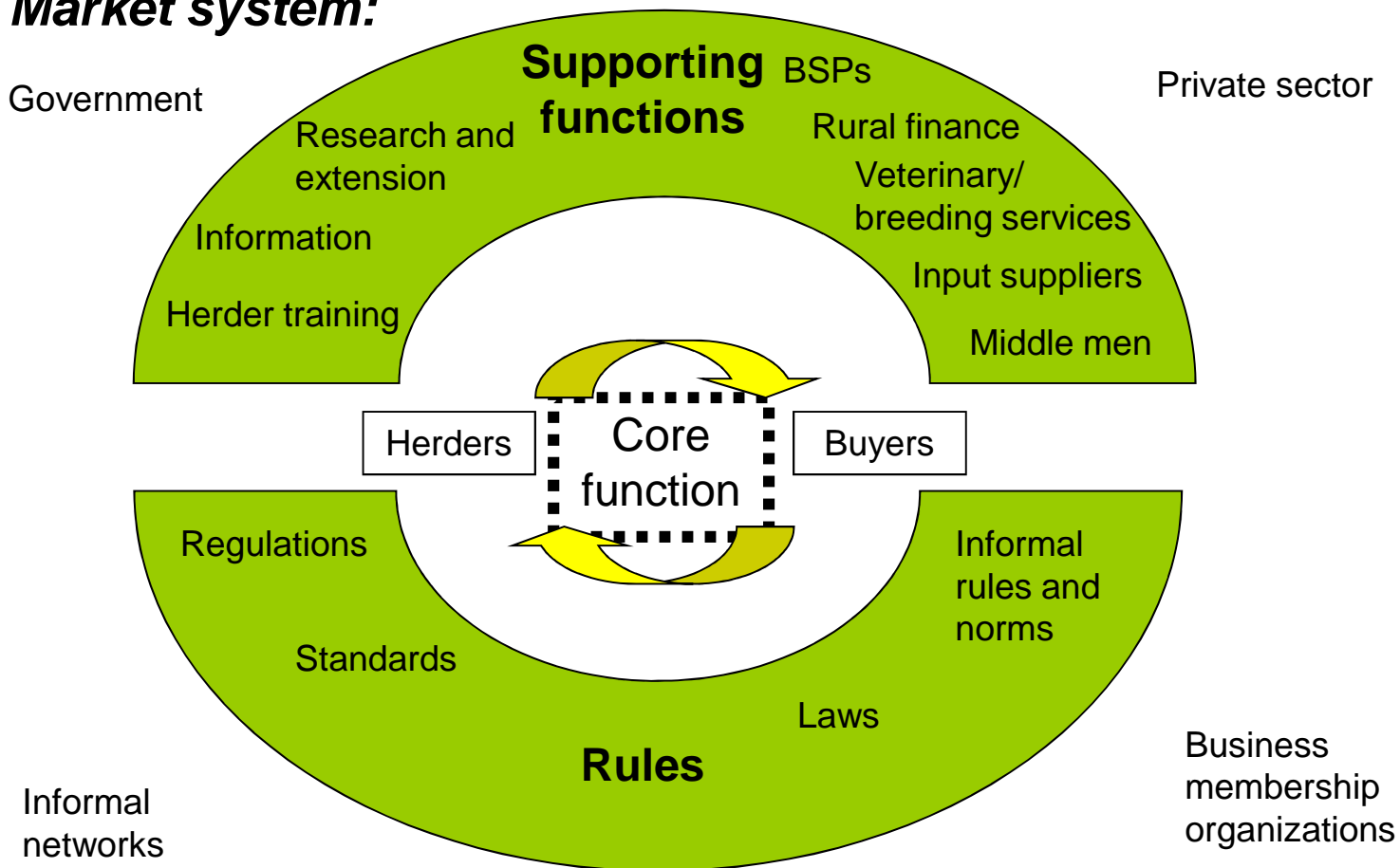
Low income of herders



Livestock husbandry



Market system:

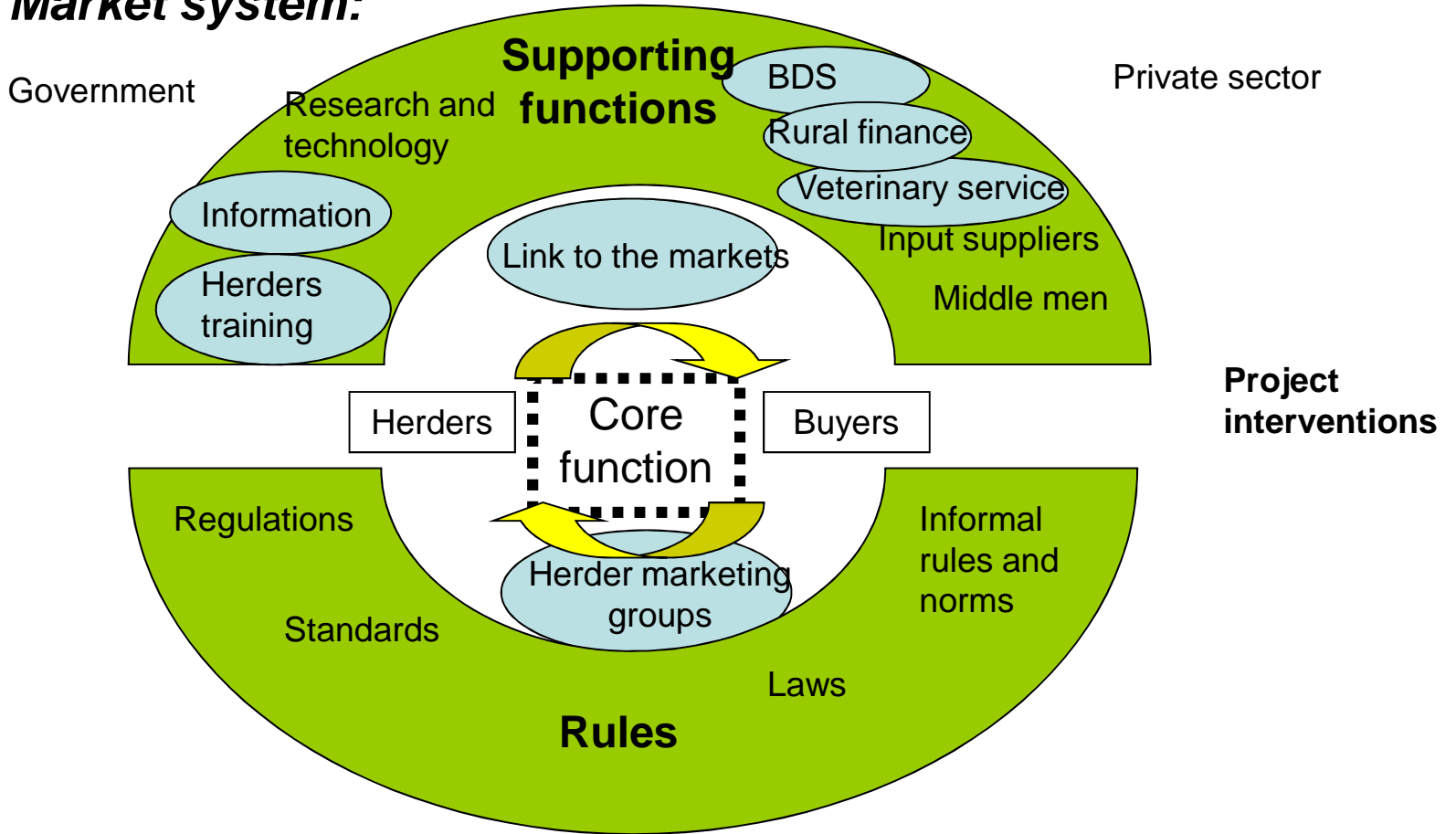




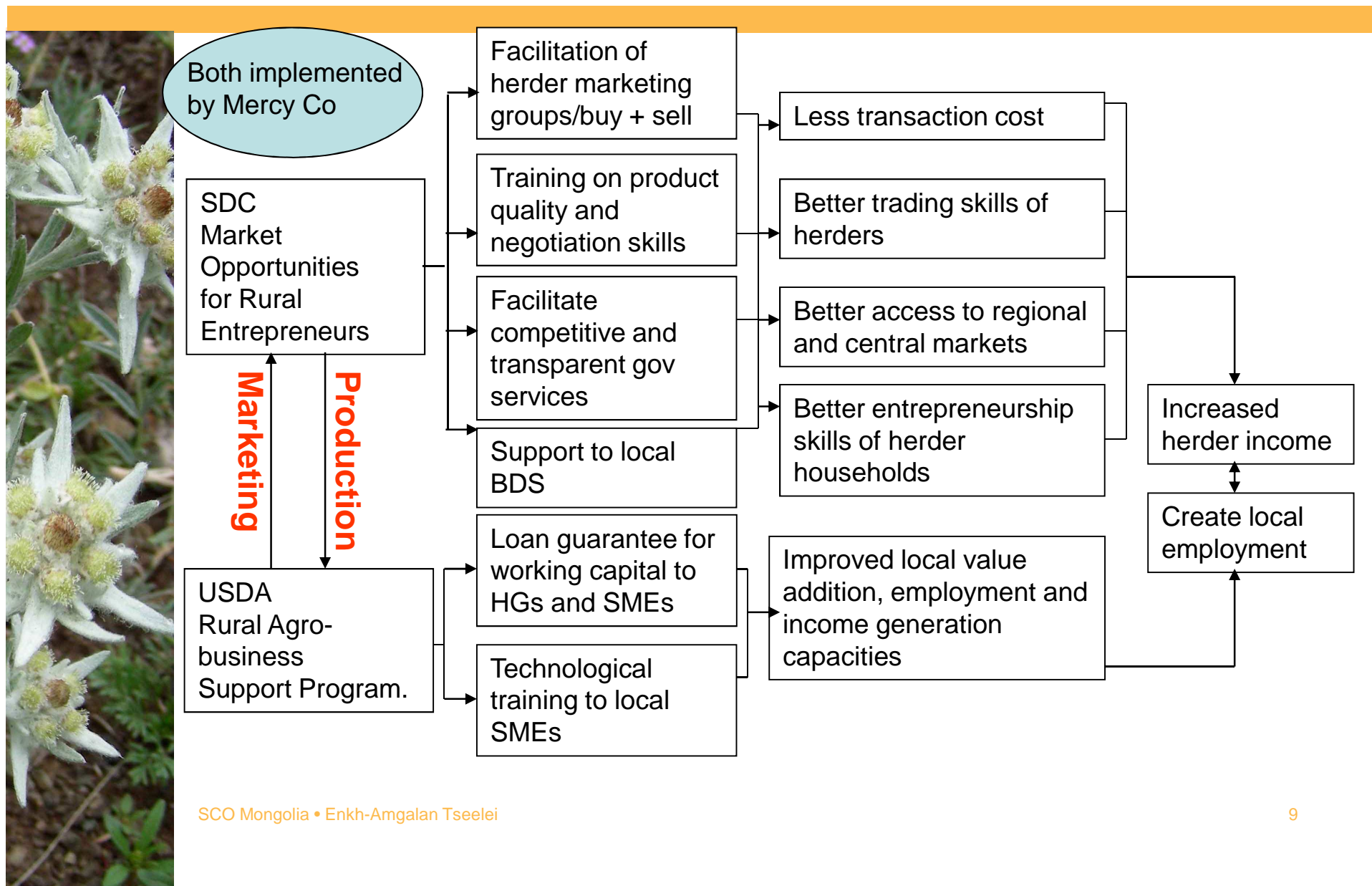
Project interventions



Market system:



Project interventions-results chain



Lessons learnt



- The project has started based on a very weak assessment of market system function, thus has rather non coordinated and sporadic interventions.
- Project interventions are thinly distributed for large geographical area (all Mongolia).
- Focusing on the regional market and leaving central and neighbouring foreign markets which have significant role (Russia and China) out of overall picture, pose limitations.



THANK YOU FOR THE INVITATION.