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“CURRENT SITUATION OF MONGOLIA’S FOOD AND AGRICULTURE SECTOR AND SOME PRIORITY ISSUES OF THE DEVELOPMENT”

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Current situation of food and agriculture sector

- **Total production is increased by 8.4%**
- **Produces 21.7% of GDP**
- **13% of the hard currency income generated from export of agricultural products**
- **Engages 40% of total employment**



Current situation of food and agriculture sector

Livestock sector:

- Produces 80% of total agricultural produce.
- More than 170 thousands of households
- 364.0 thousand herders
- By end of 2008, to reach 45.0 millions of heads of livestock



Current situation of food and agriculture sector

Crop sector:

Preliminary harvest information

- 114.7 thous.tons of cereals from 122.08 thous.ha of area
- 113.6 thous.tons of potato from 11.6 thous.ha of area
- 79.2 thous.tons of vegetable from 6.2 ha of area

Domestic production supplies:

- 98.2% of potato demand
- 47.3% of vegetable demand
- 25.0% of flour demand



Current situation of food and agriculture sector

Food sector:

- 27.6 % of total manufactured goods**
- More than 720 processing enterprises**
- More than 7.0 thous. employees**
- Manufacture products worth over 117.7 billion tugriks**



The main trust of the Government policy on Food and Agriculture sector

To create positive business and economic environment, to increase agricultural productivity and to create capacity building, to support sector's sustainable development, to produce high quality and ecologically clean products and increase their supply



State budget for food and agriculture sector

13.4 billion tugriks 2004

14.5 billion tugriks in 2005

18.3 billion tugriks in 2006

29.7 billion tugriks in 2007

**The Parliament approved to spend
78.6 billion tugriks in 2008**



Donor funded projects and programs in the food and agriculture sector

- **Total funding - 77.5 mln.dollars**
- **22 projects and programs**
 - **3 soft loan projects**
 - **19 grant aid and technical assistance projects**



By funding sources

- **Japan - 24%**
- **ADB – 20 %**
- **WB – 15%**
- **IFAD – 20%**
- **FAO - 2%**
- **UNDP - 2%**
- **Assistances from Neitherland, France, SDS, Korea, China, Canada, Egypt, Israel, EU, Russia, Chech Republic and others - 17%**



“Mongolia’s Agriculture Sector Strategy” Document

/until 2016/

- **Objective**
 - **to create positive business environment in the food and agricultural sector**
 - **to provide sustainable development in the sector**
 - **to increase productivity**
 - **to introduce new technologies**
 - **provide increased production of high quality food supply**
- **Funding sources for implementation of the programs**
 - **35% from the State budget**
 - **35% from donor’s assistance**
 - **18% from external soft loan**
 - **2% from private sector**



Main trust of the strategy

- 1. Competitiveness in changing markets ,**
- 2. Reduced vulnerability amongst producers,**
- 3. Sustainability of the country's resources, appropriate utilization of natural and human resources**



Proposed programs of the Agricultural Sector Development Strategy



Livestock subsector



1. Agricultural Land Utilization Program

- **Objective:**
 - Rehabilitation of water points and well
 - Appropriate utilization of pasture areas and
 - Improve pasture management
- **Budget: 33 billion tugriks until 2016**
 - 5 billions for sum level pasture management
 - 15 billions for water point building and rehabilitation,
 - 12 billions for aimag and soum level pasture mapping
 - Some components of this program are carried out successfully with assistance of ADB, World Bank, IFAD, JAICA, UNDP and other donors.



2. Risk Management Program

- **Objective:**
 - to improve both Government and herder capacity to minimize the risk associated with livestock rearing
 - development of pasture management models
 - protection of state reserve and grazing areas
 - increase fodder production through providing funding sources
 - development of risk spreading mechanisms such as livestock insurance
 - strengthen disaster response capacity of herders.
- **Donors: WB, UNDP, FAO, SDC**
- **Budget: 58 billion tugriks until 2016**



3. Livestock Disease Management Monitoring and Emergency Outbreak Response program

- **Objective:**
 - upgrading aimag level veterinary laboratory's diagnosing capacity
 - conducting routine veterinary analyses among all livestock
 - supporting utilization of best, high quality vaccination against highly contagious livestock diseases
- **Budget: 33 billion tugriks**
- **Participating donors:**
 - **GTZ, JAICA, KOICA, ADB, IFAD, EU**



4. Strengthening Linkages Between Livestock Producers and processor's Program

- **Objective:**
 - Assist herders and crop producers for marketing their products
 - Strengthen linkages between producers and processors through improved access to information and technologies
- **Budget: 25 billion tugriks until 2016**



5. Improved Quality of Livestock (Management and Breeding) program

- **Objective:**
 - Rearing high quality livestock
 - Strengthen breeder selection and flock/herd composition
 - Improve capacity of livestock business entities and herders on breeding
 - Upgrade livestock management activities
 - Develop livestock gene fund and breeding centers
- **Budget: 17 billion tugriks until 2016**
- **France, FAO, TACIS**



Crop subsector

- **The Government announced 2008 a year of 'Food Supply and Security'. In this scope, 'Crop Rehabilitation Third National Mobilization' program for crop development is developed in order to ensure full self-sustainability of Mongolia for wheat, potatoes and other main vegetable items.**



1. Irrigation Rehabilitation and Construction Program

- **Objective:**
 - to reduce vulnerability of crop producers from climatic influences
 - rehabilitate old irrigation schemes
 - build new irrigation facilities.
- **Budget: 60 billion tugriks**



2. Expansion of Fodder and Feed Markets Program

- **Objective:**

- to facilitate the development of the animal feed industry
- establishment of secure land tenure right for growing fodder and hay making areas
- introduction of incentives to stimulate private investment
- provide investment incentives in fodder conservation machinery and seed supply of fodder crops

- **Donors: FAO, UNDP, TACIS**

- **Budget: 146 billion tugriks until 2016**



3. Commercialization of Horticulture program

- **Objective:**
 - **to support small scale producers**
 - **to introduce modern technologies into production**
 - **to utilize appropriate machinery and techniques**
 - **to train and improve capacity of small scale producers**
- **Donors: ADB, SDC, Japan (small scale machineries and equipments are purchased under KR-2 fund)**
- **Budget: 3.5 billion tugriks until 2016**



4. Seed Breeding and Varietal Development Program

- **Objective:**
 - supporting private seed breeders
 - Improving high quality seed supply
- **Donors: SDC, FAO**
- **Budget: 2.3 billion tugriks**



Sector wide initiatives

- 1. Agriculture Support Services Program, which intends to establish network of information extension linkages involving technical, financial and market information**
- 2. Access to Term Credit Program intends to strengthen the sector's access to affordable and appropriate credit through the formal banking system and the authorized non bank financial institutions.**
- 3. Strengthening Food Quality and Hygiene Standards program is to protect the public from potentially dangerous food items, to strengthen food quality testing laboratories and border check points, to upgrade laboratory and human capacity enabling high quality analysis of agricultural products and food**



Sector wide initiatives

- 4. Structural adjustment program, which aims to improve livelihood environment, create more employment, support cooperative efforts of the activities that will contribute to have sustainable and efficient production.**
- 5. Adaptive research drawing on developments in technologies in Mongolian agro-climate conditions, to carry out necessary preliminary studies and research and to develop more strengthened extension service network.**



Thank you