

Mongolia

FY2015 Ex-Post Evaluation of Technical Cooperation Project

“The Japan-Mongolia Center for Human Resources Development Cooperation”

“Mongolia-Japan Human Resources Development Cooperation Center Project Phase 2”

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## 0. Summary

This project<sup>1</sup> was implemented in order to support Mongolia’s transition to a market economy by developing human resources in the business sector to support the real economy and contribute to promoting mutual understanding between Mongolia and Japan. In Phase 1, Mongolia-Japan Center for Human Resources Development (hereinafter “MOJC”) was established, and three programs: business courses, Japanese language courses, and mutual understanding activities<sup>2</sup> started. In Phase 2, the project aimed at further development of the three programs and enhancement of the MOJC’s function.

This project has been highly consistent with Mongolia’s development plan to promote the private sector, and development needs to improve management of many small and medium-sized enterprises (SMEs) that have been established through the transition to a market economy. It was also relevant to Japan’s ODA policy at the time of ex-ante evaluation which focused on human resource development for transition to a market economy. Therefore, its relevance is high.

In the two phases, the total number of participants for each of the business courses, Japanese courses, and mutual understanding activities was about 9,000, 15,000, and 107,000, respectively. The project purpose of enhancement of the functions of the MOJC to contribute to human resource development towards a market economy and to promote mutual understanding between the people of Mongolia and Japan was achieved. After completion of Phase 2, the three programs continued, and the cumulative number of participants for each of the business courses, Japanese language courses, and mutual understanding activities was about 16,000, 28,000, and 176,000 respectively by the end of FY2015. Furthermore, as the business course graduates contributed to the expansion of business and the increase of profits of the companies they belonged to, the positive impact is apparent. Therefore, its effectiveness/impact are high.

Although the project period was as planned for both phases, the planned project cost

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<sup>1</sup> In this report, this project indicates Phase 1 and Phase 2, the target of current ex-post evaluation, and two Phases were evaluated as one project. After completion of Phase 2, Phase 3 and Phase 4 were implemented (see 1.1 Background).

<sup>2</sup> Japan festival, dolls festival, calligraphy, tea ceremony, Japanese food cooking, Study in Japan Fair, etc. were implemented to promote mutual understanding of Mongolia and Japan.

for Phase 1 was unclear which precluded comparison with actual costs, while actual cost exceeded the planned cost for Phase 2. Therefore, the efficiency of the project is fair.

Since support of SMEs was still one of the development policies of Mongolia at the time of this ex-post evaluation, and no major problems have been observed in the organizational, technical, financial aspects of the MOJC, the sustainability of the project's effects is high.

In light of the above, this project is evaluated to be highly satisfactory.

## 1. Project Description



Project Location



Mongolia-Japan Center for Human Resources Development

### 1.1 Background

Mongolia introduced a market economy system at the same time as democratization in 1990 and implemented a series of economic reforms to transform from planned economy to market economy. Japan, in order to support Mongolia's transition, cooperated in policy making such as economic and industrial policies as well as tax reform. Meanwhile, human resource development in the private sector to support the actual economy was becoming an urgent issue in the process of transforming to a market economy.

Concurrently, the idea to establish the "Japan Center"<sup>3</sup> as the base for training the practitioners who promote transition to a market economy and realize "aid with a Japanese flag" in Asian and the former Soviet Union countries on the road to a market economy was emerging as Japan policy.

In Mongolia, "The Japan-Mongolia Center for Human Resources Development Cooperation Project" (hereinafter, "Phase 1") started in January 2002 aiming at developing the human resources to promote a market economy and mutual understanding

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<sup>3</sup> At the time of the ex-post evaluation, 10 Japan Centers were established in nine countries: Southeast Asia (Cambodia, Vietnam (Hanoi and Ho Chi Minh), Myanmar and Laos), East and Central Asia (Mongol, Uzbekistan, Kazakhstan and Kyrgyz) and Ukraine.

between Mongolia and Japan. In March 2002, the MOJC was established in the premises of National University of Mongolia (hereinafter “NUM”), where the program began full implementation.

Five years of cooperation during Phase 1 had a significant result in all three programs of human resource development in business, Japanese language education, and mutual understanding activities, and the MOJC had become widely known to the public in Mongolia as a forum to learn various Japanese experiences and culture. In order to establish the operation system as a more independent institution, “Mongolia-Japan Human Resources Development Cooperation Center Project (hereinafter “Phase 2”)” was implemented for five years from January 2007.

Following Phase 2, since Mongolian industrial structure became much more developed and diversified, the demand for human resources in the business field to cope with it was becoming high. Therefore, the “Project for Capacity Development of Business Persons through Mongolia-Japan Center for Human Resources Development (January 2012- April 2015, hereinafter “Phase 3”)” was implemented<sup>4</sup>. After Phase 3, the MOJC is expected to continuously provide the necessary knowledge and knowhow for management, and the needs to facilitate exchange of business persons between Mongolia and Japan was growing, the “Project for Enhanced Function of Mongolia-Japan Center for Human Resources Development for Capacity Development and Networking of Business Persons (April 2015 – April 2020, hereinafter “Phase 4”)” is now being implemented.

## 1.2 Project Outline

Overall Goal	<p><b>【Phase 1】</b></p> <ol style="list-style-type: none"> <li>1. The process of transition to a market economy in Mongolia will be enhanced.</li> <li>2. Mutual understanding and friendly relations between the two countries will be reinforced.</li> </ol> <p><b>【Phase 2】</b></p> <ol style="list-style-type: none"> <li>1. Human resource development contributing to the market economy in Mongolia will be promoted.</li> <li>2. Mutual understanding between the two countries will be promoted.</li> </ol>
Project Purpose	<p><b>【Phase 1】</b></p> <ol style="list-style-type: none"> <li>1. The MOJC will play a key role in human resources development of Mongolia towards a market economy.</li> <li>2. The MOJC will promote mutual understanding between the people of the two countries through information services and other programs.</li> </ol> <p><b>【Phase 2】</b></p> <ol style="list-style-type: none"> <li>1. The functions of the MOJC, which are 1) to contribute to human resources development towards a market economy and 2) to</li> </ol>

<sup>4</sup> Japanese courses were implemented by JICA technical assistance project with the cooperation of The Japan Foundation in Phase 1 and Phase 2. Starting Phase 3, The Japan Foundation is supporting independently.

	promote mutual understanding between the people of Mongolia and Japan, will be strengthened.
Output(s)	<p><b>【Phase 1】</b></p> <ol style="list-style-type: none"> <li>1. The MOJC will be managed efficiently and effectively, and it will be accessible to the general public.</li> <li>2. Business courses will be continuously offered to provide practical knowledge and skills pertinent to a market economy. The implementation of the courses will be localized gradually.</li> <li>3. Japanese language courses will be continuously offered to fulfill the needs of the general public, professionals in business and the public sector, and Japanese language teachers. The implementation of the courses will be localized gradually.</li> <li>4. Publications and visual materials related to Japan in such fields as economy, society, and culture will be provided. In addition, the MOJC will be fully utilized for exchange programs between the two countries.</li> </ol> <p><b>【Phase 2】</b></p> <ol style="list-style-type: none"> <li>1. The MOJC will be managed effectively and efficiently by strengthened management and monitoring system.</li> <li>2. Business courses will be offered to provide practical knowledge and skills to meet the needs of small and medium-sized enterprises (SMEs) with the involvement of a larger number of local lecturers.</li> <li>3. Japanese language courses will be offered to meet the needs of Japanese language teachers and to expand business opportunities for the society.</li> <li>4. The exchange activities on various fields (economy, society and culture, etc.) between Mongolia and Japan will be strengthened.</li> </ol>
Total Cost (Japanese Side)	<p><b>【Phase 1】</b> 5.13 million yen</p> <p><b>【Phase 2】</b> 5.94 million yen</p>
Period of Cooperation	<p><b>【Phase 1】</b> January 2002 -January 2007</p> <p><b>【Phase 2】</b> January 2007-January 2012</p>
Implementing Agency	<p><b>【Phase 1】</b> Ministry of Education, The National University of Mongolia (NUM)</p> <p><b>【Phase 2】</b> Ministry of Education, Culture and Science of Mongolia, NUM</p>
Other Relevant Agencies / Organizations	N/A
Supporting Agency/ Organization in Japan	The Japan Foundation (Japanese language courses)
Related Projects	<p><b>【Grant Aid】</b></p> <ul style="list-style-type: none"> <li>• The Project for Construction of Mongolia-Japan Center for Human Resources Development (E/N signed in 2000)</li> </ul> <p><b>【Technical Cooperation Project】</b></p> <ul style="list-style-type: none"> <li>• Project for Capacity Development of Business Persons through Mongolia-Japan Center for Human Resources Development (2012-2015)</li> <li>• Project for Enhanced Function of Mongolia-Japan Center for Human Resources Development for Capacity Development and Networking of Business Persons (2015-2020)</li> </ul> <p><b>【Loan Aid】</b></p> <ul style="list-style-type: none"> <li>• Two-Step-Loan Project for Small and Medium-Scaled Enterprises Development and Environmental Protection (L/A signed in 2006)</li> <li>• Two-Step-Loan Project for Small and Medium-Scaled Enterprises Development and Environmental Protection (II) (L/A signed in 2010)</li> </ul>

### 1.3 Outline of the Terminal Evaluation

#### 1.3.1 Achievement Status of Project Purpose at the Time of the Terminal Evaluation

In the Terminal Evaluation Report of Phase 2, the achievement of the project purpose was expected at the time of project completion, considering the attainment status of all four outputs. In addition, proposed key indicators of the project purpose such as public recognition of the MOJC, acceleration of the ownership, financial independence, and networking, also showed signs of achievement of the project purpose.

#### 1.3.2 Achievement Status of Overall Goal at the Time of the Terminal Evaluation

In the Terminal Evaluation Report of Phase 2, there was no mention of the prospected achievement of the overall goal, while impact of the project was evaluated “very high.” Particularly, the report says, strong impact was realized by Kaizen Association, an alumni network, through which the graduates of the MOJC took the initiative to disseminate and establish the MOJC’s activities.

#### 1.3.3 Recommendations at the Time of the Terminal Evaluation

Concerning the operational management of the MOJC, strengthening of co-directorship, which started in 2011, and reinforcing the cooperation system with the Japan Foundation are suggested.

Regarding the business courses, monitoring of local instructor training, setting a direction for the business courses after completion of Phase 2, reviewing and planning of specific activities as well as the implementation structure were suggested. In particular, further collaboration with the Small and Medium-sized Enterprise Agency, Kaizen Association, Economics Department of NUM (especially Business Consulting Center) , and the Two-Step-Loan project, were also suggested. A needs survey for the business courses and business services was proposed as well.

Additionally, as for Japanese language courses and mutual understanding activities, since the Japan Foundation was going to be in charge of these starting in Phase 3, review and enhancement of these activities in cooperation with the experts from the Japan Foundation was suggested.

## **2. Outline of the Evaluation Study**

### 2.1 External Evaluator

Nobuko Fujita, Foundation for Advanced Studies on International Development

### 2.2 Duration of Evaluation Study

For the current ex-post evaluation, following study was conducted.

Duration of the Study: January 2016- March 2017

Duration of the Field Study: April 13, 2016-April 27, 2016 and August 31, 2016-September 10, 2016

### 2.3 Method of Evaluation

As stated before, Phase 1 and Phase 2, which are the target of this evaluation study were evaluated together as one project. Outputs of Phase 1 and Phase 2 are similar though phrasing was slightly different. Therefore, after sorting out indicators of both phases, similar indicators with continuity were checked as such and outputs of Phase 2 were reviewed considering those of Phase 1. As for the project purpose, Phase 1 targeted human resources development and promotion of mutual understanding, and Phase 2 targeted enhancement of the capacity to promote them. Considering these project purposes consecutive, Phase 2 project purpose was used to verify overall achievement.

## **3. Results of the Evaluation (Overall Rating: A<sup>5</sup>)**

### 3.1 Relevance (Rating: ③<sup>6</sup>)

#### 3.1.1 Relevance to the Development Plan of Mongolia

The main development strategies at the time of the ex-ante evaluation were the National Action Plan (2000-2004, 2004-2008) and the Good Governance for Human Security Programme (2001).<sup>7</sup> In these policy papers, stability of the macro economy, promotion of a market economy, as well as economic growth led by the private sector were considered important issues. In the Millennium Development Goals based Comprehensive National Development Strategy of Mongolia (2008-2021), which was the development strategy at the time of completion of Phase 2, the importance of poverty reduction through private sector-led economic growth is stressed. In the “Government Action Plan” (2008-2012), too, industrial development and improvement of employment environment are listed as priority areas.

One of the project purposes of this project is human resources development to play a prominent role in transition to a market economy. Therefore, from the time of the ex-ante evaluation of Phase 1 through completion of Phase 2, the project was highly consistent with Mongolia’s development policies.

#### 3.1.2 Relevance to the Development Needs of Mongolia

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<sup>5</sup> A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

<sup>6</sup> ③: High, ②: Fair, ①: Low

<sup>7</sup> Document which covers priority issues of socio-economic development field in the National Action Plan.

When Phase 1 started, many SMEs were established with the introduction of a market economy in Mongolia. At the time of ex-ante evaluation, there were 32,211 companies listed in Mongolia among which 84% had 10 and fewer employees. Some of them did not have sufficient management know-how. Many managers of these SMEs wished to learn practical management skills to make their companies grow<sup>8</sup>. At the end of 2011, among 48,086 registered companies, 38,797 or 80.7% had fewer than 10 employees<sup>9</sup>.

As stated above, this project was consistent with Mongolia's development needs of human resource development of SMEs to respond to transition to a market economy from the ex-ante evaluation of Phase 1 through completion of Phase 2.

### 3.1.3 Relevance to Japan's ODA Policy

Since 1991, Japan organized the Consultative Group meeting on Mongolia and had constructed an international framework for supporting Mongolia. In 1997, an economic cooperation study mission was dispatched and identified intellectual assistance and human resource development as one of the priority areas. In the "Country Assistance Program for Mongolia" (November 2004), support for institution building and human resource development for sound management of the macro economy was listed as one of the priority areas. Therefore, this project, which aimed at developing human resource to contribute to the transition to a market economy, was highly consistent with Japan's development policy at the time of the ex-ante evaluation.

Furthermore, when President Bagabandi visited Japan in 1998, the joint statement of friendship and cooperation which was to be the base of bilateral relationship towards the 21st century was announced and both sides agreed to develop cooperation in various fields with mid-to-long term viewpoints in mind, on top of economic cooperation. In the human resource development field, acceptance of more incoming students and trainees to Japan was also agreed<sup>10</sup>. In the joint statement of President Bagabandi and Prime Minister Koizumi (at that time) in 2003, it was confirmed to further enhance this policy. This project, which aimed at contributing to promote mutual understanding of Mongolia and Japan, was consistent with Japanese foreign policy at that time.

As stated above, this project was highly relevant to Mongolia's development plan and development needs, as well as Japan's ODA policy. Therefore, its relevance is high.

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<sup>8</sup> Phase 1 Ex-ante Evaluation Report

<sup>9</sup> 38,797 had less than 10 employees, 4,363 had 10~19, 3,256 had 20~49, only 1,670 had 50 and over. (National Statistical Office of Mongolia  
<http://bic.iwlearn.org/en/documents-1/mongolian-statistical-yearbook-2011-mgl-and-english>)

<sup>10</sup> The number of students studying Japan was about 100 in 1998.

## 3.2 Effectiveness and Impact<sup>11</sup> (Rating:③)

### 3.2.1 Effectiveness

#### 3.2.1.1 Achievement of Project Purpose

As stated above, as to the project purpose, Phase 1 targeted human resources development and promotion of mutual understanding, and Phase 2 aimed at enhancement of the capacity to promote them. Therefore, considering the goals of the two phases continuous, Phase 2 project purpose was used to judge the overall achievement. As to indicators of outputs in Phase 1, progress at the completion of Phase 1 and Phase 2 were checked respectively and used for evaluation judgement, as necessary. The project purpose of Phase 2 was “The functions of the MOJC, which are 1) to contribute to human resource development towards a market economy in Mongolia and 2) to promote mutual understanding between the people of Mongolia and Japan, will be strengthened.”

For the project purpose, there were four items with ten indicators. There was no specific target set for them except for the financial sustainability indicator. These ten indicators and the number of participants (moved over from the output indicators) as supplementary indicators were used to evaluate the project purpose. The indicators and actual performance are shown in Table 1.

Table 1 Achievement of the Project Purpose

Indicator	Actual
1 Improvement of recognition	
1-1. Number of visitors and participants of activities at the MOJC <sup>12</sup>	<ul style="list-style-type: none"> <li>• Number of visitors : In five years from FY 2002 to FY2006 : 560,406 In five years from FY 2007 to FY2011 : 826,790, total 1,387,196</li> <li>• Number of participants of business courses, Japanese language courses, and mutual understanding activities : In five years from FY2002 to FY2006 : 34,522 In five years from FY 2007 to FY2011 : 96,187, total 130,709<sup>13</sup> (see Table 4 for detail)</li> </ul>
1-2. Satisfaction level of visitors and participants	<ul style="list-style-type: none"> <li>• Business course:72% for Japanese lecturers, and 62% for local lecturers (Phase 2. Data for Phase 1 is not available)</li> <li>• Japanese course:85%(Phase 2. Data for Phase 1 is not available)</li> <li>• Mutual understanding activities: 81%-100% depending on events (Only FY2010 data was available)</li> </ul>

<sup>11</sup> Sub-rating for Effectiveness is to be put with consideration of Impact.

<sup>12</sup> Number of the participants here refers to fiscal year (April to March), while Phase 1 was January 2002-January 2007, and Phase 2 was January 2007-January 2012, therefore slight discrepancies arise between these numbers and the achievements of the project period.

<sup>13</sup> documents provided by JICA and the MOJC



1-3. Proportion of participants from the region other than Ulaanbaatar city	<ul style="list-style-type: none"> <li>• Business course: total of 21 seminars were held outside of Ulaanbaatar between 2003 and 2011 with cooperation of Kaizen Association, and 577 people in total, or 6.1% of all the business courses participants in that period, attended<sup>14</sup>.</li> <li>• Japanese course and mutual understanding activities (Chinese characters class, calligraphy, and Japanese songs, etc.) were offered in Orhon and Övörhangay. In total 218 people participated in FY2010 and FY2011.</li> </ul>
2 Ownership promotion <sup>15</sup>	
2-1. Proportion of local lecturers out of total teaching hours	<ul style="list-style-type: none"> <li>• Business course: 13.0% as a whole, and 20.5% of the Basic Business Course<sup>16</sup> at the time of completion of Phase 2. Data is not available for Phase 1, while 100% of the Practical Business Seminar for Young Business Owners as well as Entrepreneurs Support Seminar in Phase 1 were lectured by local lecturers.</li> <li>• Japanese course : Data not available for 2002-2009. By the end of FY2011, local lecturers (including Mongolia-based Japanese lecturers) taught 95% of the course hours.</li> </ul>
2-2. Number of local staff assigned to program managers of the MOJC	<ul style="list-style-type: none"> <li>• In Phase 2, manager system was institutionalized. Two senior managers and the program manager for each department were assigned.</li> </ul>
2-3. Improvement of management capability of local staff and upper-level functions undertaken by the local staff	<ul style="list-style-type: none"> <li>• The number of the staff was 13 at the time of completion of Phase 1, and routine work was completed by them. At the time of Phase 2 completion, the number of the staff increased to 20, and business courses, Japanese language courses, and mutual understanding activities were planned and operated by them.</li> <li>• A goal setting system was introduced and motivation of staff was increased.</li> </ul>
3 Financial sustainability	
3-1. Proportion of the MOJC own revenue to local expenditure (target: 40% and over in Phase 2)	<ul style="list-style-type: none"> <li>【first year in Phase 1】 7.2% (FY2002)</li> <li>【at the completion of Phase 1】 27.0% (FY2006)</li> <li>【at the completion of Phase 2】 56.5% (FY2011)</li> </ul>
4. Network	
4-1. Number of activities in cooperation with related organizations	<ul style="list-style-type: none"> <li>• The number was not available, but in Phase 2, the MOJC cooperated with European Bank for Reconstruction and Development (EBRD), United Nations Development Program (UNDP), Japan External Trade Organization (JETRO) and other various organizations related to implementation of business courses. For the Japanese language courses, too, a seminar was held<sup>17</sup> as well as Japanese courses provided in collaboration with Ulaanbaatar City Bureau of</li> </ul>

<sup>14</sup> Nine times in Phase 1 with 290 participants, and 12 times in Phase 2 with 287 participants (documents provided by JICA).

<sup>15</sup> An indicator “Number of academics at National University of Mongolia assigned as program adviser to the MOJC” was not considered here since there was no such necessity and no one was assigned.

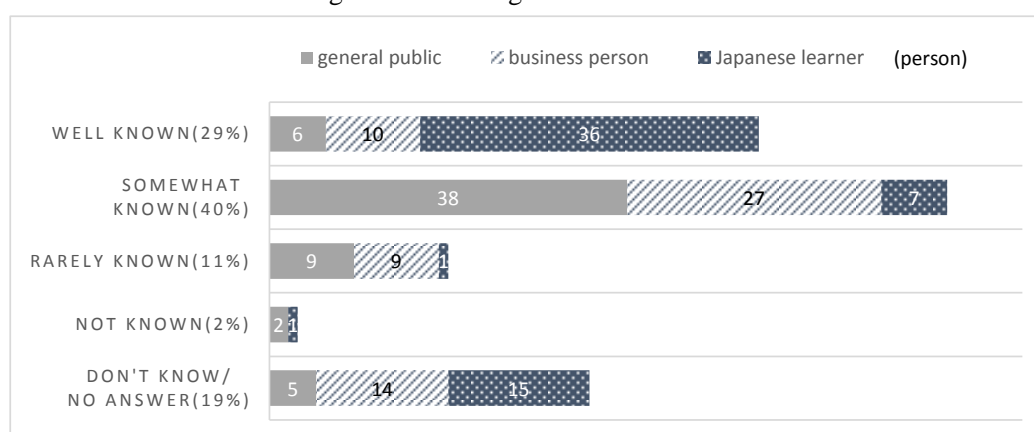
<sup>16</sup> The Basic Business Course, which is composed of Japanese style management, production management, quality management, financial management, human resource management, and marketing, was a 6 month intensive practical course targeted at top executives and managers of SMEs. Since half of the participants of the Basic Business Course were from manufacturing sector and other half from service sector, the course was customized not only for manufacturing but also service, and store management was added as one of the subjects in FY2004. Other than that, the Model Company Development Program, in which lecturers go to factory and stores to give instructions since FY2008, and special courses which are introductory seminar for above subjects, and advanced courses for graduates of the Basic Business Course were implemented in Phase 2 (See table2). “Course” refers to trainings offered every year, and “seminar” refers to training in various lengths but mostly short and one time.

<sup>17</sup> The seminar on teaching method using TV program “Waku-waku Japanese Conversation” and its utilization in class (2009).

	Education and National Radio-TV Station. Concerning mutual understanding activities, there were events coordinated with Japan Student Services Organization, such as information sessions about studying in Japan.
4-2. Number of activities in cooperation with returnees of scholarship program in Japan	• Number is not available. However, in Phase 2, Japanese University Graduated Association of Mongolia sent members to the job fairs and Study in Japan Fair to share their experiences. The Association also forwards the MOJC seminar information to its members.

As to the item 1, “improvement of recognition,” the fact that the cumulative number of participants of all activities in two phases reached 130,000 and number of visitors exceeded 1.38 million, can be read as a sign that the recognition was improved. A beneficiary survey<sup>18</sup> conducted during the ex-post evaluation period backs up this observation since almost 70% of the respondents stated the MOJC was well known to the public, business people, and Japanese learners (Figure 1).

Figure 1 Recognition of the MOJC



Source: Beneficiary survey

The number of the participants for each of the business courses, Japanese courses and mutual understanding activities considerably increased from phase 1 to phase 2 (From 2,598 in phase 1 to 6,891 in phase 2 for business courses, 5,731 to 8,948 for Japanese courses, and 26,193 to 80,348 for mutual understanding activities.) The number of visitors also increased from 560,406 (Phase 1) to 826,790 (Phase 2). (See Table 4 for detail).

<sup>18</sup> Beneficiary survey was conducted during the ex-post evaluation (April to September 2016) targeting business course, Japanese course, and mutual understanding activities participants in Phase 1 and 2. Survey method was handing out questionnaire at a seminar and face-to-face interview (34 respondents), mail survey (22 respondents), and web survey (targeting all the Basic Business Course participants in Phase 1 and 2. 4 respondents). Number of total respondents was 60 (22 business course, 18 Japanese language course, and 20 mutual understanding activities). Forty-five % (10 respondents) were male, 55 % (12 respondents) were female for business course, 100 % (18 respondents) were female for Japanese language course, and gender unidentified for mutual understanding activities participants. Respondents are from Ulaanbaatar and Darkhan city.

Increased number of activities (see Table 2) and positive recommendation from the past participants seemed to have had a good influence on the increase in the participants in Phase 2. In many cases, the managers who participated in the business courses encouraged executives or managerial staff of their company to participate<sup>19</sup>. Asked why they participated MOJC business course, more than half (55%) responded “recommended at work” or “recommended from an acquaintance.” Asked if they would recommend it to others, 18% responded yes, and 82% said they already did. Being able to learn Japanese-style management, the high quality of lecturers, curriculum, and learning materials were cited as reasons for recommendation.

As to the item 2, “promotion of ownership,” the number of local staff was 13 at the time of completion of Phase 1, and routine work such as course implementation was managed by them. At the time of Phase 2 completion, staff number increased to 20, and the business courses, Japanese courses, mutual understanding activities were all planned and operated by local staff. In Phase 2, a manager system was institutionalized and two senior managers, and a program manager for each department were assigned at the time of Phase 2 completion. In June 2011, the directorship of the MOJC made a transition from Japanese to Japanese and Mongolian co-directorship. In the case of the business courses, capacity building of local lecturers started in full swing starting in Phase 2, and 20.5% of the Basic Business Course hours were taught by local lecturers in FY2011. Ten local lecturers were trained in Phase 2, and on-site training at companies was also conducted by Japanese and local lecturers. As for Japanese courses, local lecturers (including Mongolia-based Japanese nationals) taught 95% of the course hours in 2011.

As for the item 3, “financial stability,” the proportion of the MOJC’s income to operational expenditure was 56.5%<sup>20</sup> exceeding the target of Phase 2 which was “over 40%.” Besides, the MOJC’s self-generated income, including tuition etc., was 56.02 million tugriks (about 5.66 million yen) at Phase 1 completion (FY2006), and increased to 257.92 million tugriks (about 24.76 million yen) by the time of phase 2 completion (FY2011), which was 4.6 fold increase over FY2006<sup>21</sup>.

As for the item 4, “network,” the MOJC cooperated with EBRD, UNDP, JETRO and other various organizations in Phase 2. Particularly the collaboration on the Two-Step-Loan Project for Small and Medium-Scaled Enterprises Development and Environmental Protection (I), (II) implemented by JBIC back in 2006-2008 brought significant impact (see 3.2.2.3 Other Impact). For the Japanese courses, too, there was a

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<sup>19</sup> Interview of business course participants during the ex-post evaluation

<sup>20</sup> Although, this 56.5% was calculated without including the cost of Japanese experts dispatching. If included, it would be 6.3% at the time of completion of Phase 2.

<sup>21</sup> One Mongolian tugrik (MNT) was equivalent to 0.101 yen in FY2006, and 0.096 yen in FY2011 according to the JICA exchange rate (rate in January 2007, and January 2012, respectively).

seminar held as well as Japanese course provided in collaboration with Ulaanbaatar City Bureau of Education and National Radio-TV Station. In mutual understanding activities, there were events coordinated with Japan Student Services Organization, including an information session for studying in Japan.

As stated above, Phase 2 achieved its project purpose. Accomplishments of the four outputs which contributed to fulfillment of the project purpose are shown in Table 2.

Table 2 Achievement of Output

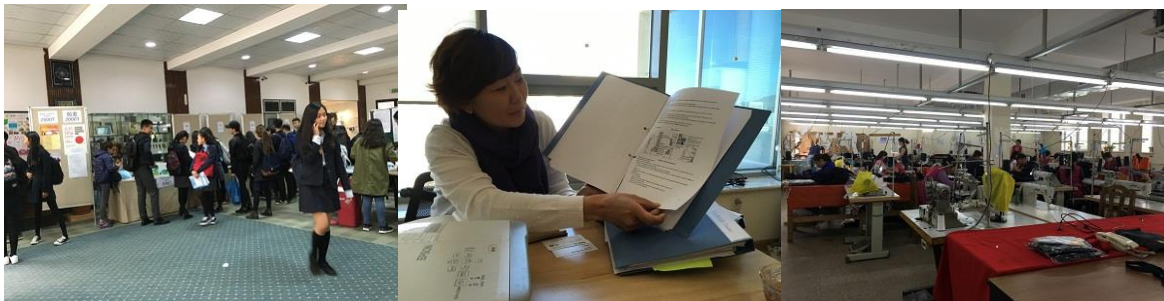
	Output	Actual
Achievement of the Phase 1 Output at Completion of Phase 1, Phase 2		
1.	The MOJC will be managed efficiently and effectively, and it will be accessible to the general public. (indicators) • Number of staff and their competency • Balance of revenue and expenditure	• See Table 1 “Achievement of the Project Purpose.” (Since these indicators overlap with those of the project purpose item 2 “Ownership” and item 3 “Financial Sustainability,” they were sorted out as indicators for the project purpose.)
2.	Business courses will be continuously offered to provide practical knowledge and skills pertinent to a market economy. The implementation of the courses will be localized gradually.  (indicators) • Number of business courses	Business courses were implemented as follows. <b>【Phase 1】</b> – Basic Business Course : 5 times – Entrepreneurs Support Seminar : 5 times – Practical Business Seminar for Young Business Owners : 2 times – Short seminar on various topics : 15 times – Local seminar : 14 times – Management consultation : 30 companies <b>【Phase 2】</b> – Basic Business Course : 5 times – Special course : 32 times – Professional course : 8 times – Short seminar : 36 times – Local seminar : 10 times, remote seminar : 3 times – Introductory seminar : 23 times – Management consultation : 42 companies – Model Company Development Program : 22 times – On the job training : 9 times • See project purpose (Table 1) for course management.
3.	Japanese language courses will be continuously offered to fulfill the needs of the general public, experts, and Japanese language teachers, etc. The implementation of the courses will be localized gradually. (indicators) • Number of Japanese courses	• Japanese courses were implemented as follows. <b>【Phase 1】</b> – 18 courses. Main courses were as follows. – Regular course (Japanese in movies, business Japanese, etc.) – Review of basic course – Japanese language teaching practice course – Others (Japanese course on radio, monthly Japanese proficiency test, etc.) <b>【Phase 2】</b> – 39 courses. Main courses were as follows. – Regular course (Japanese for beginners, Business Japanese, Japanese in movies &

		<p>newspapers, IT Japanese, Kanji, etc.)</p> <ul style="list-style-type: none"> <li>– Courses for Japanese Teachers (Practice of Teaching Japanese, Teaching Method for Japanese language, open seminar on Japanese-language education, etc.)</li> <li>– Others (Free of charge short seminar on how to speak Japanese, monthly Japanese proficiency test, etc.)</li> </ul> <p>• See Table 1 for course management.</p>
4.	<p>Publications and visual materials related to Japan in such fields as economy, society, and culture will be provided. In addition, the MOJC will be fully utilized for exchange programs between the two countries.</p> <p>(indicators)</p> <ul style="list-style-type: none"> <li>• Number of events</li> <li>• Number of books in the library</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual understanding activities were implemented as follows.</li> <li>【Phase 1】 : 200 times<sup>22</sup></li> <li>【Phase 2】 : 232 times</li> <li>• Number of library books: about 4,000 in 2005 and 18,000 in 2011.</li> </ul>
<b>Achievement of the Phase 2 Output at Completion of Phase 2</b>		
1.	<p>The MOJC will be managed effectively and efficiently by strengthened management and monitoring system.</p> <p>(main indicators)</p> <ul style="list-style-type: none"> <li>• making annual management plan</li> <li>• monitoring of implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Annual plan was made, and its implementation was monitored, for the business courses, Japanese courses, and mutual understanding activities, respectively. Monitoring result was reflected in following years' planning.</li> <li>• Starting 2007, an annual report is published in Mongolian and Japanese.</li> </ul>
2.	<p>Business courses will be offered to provide practical knowledge and skills to meet the needs of SMEs with the involvement of a larger number of local lecturers.</p> <p>(main indicators)</p> <ul style="list-style-type: none"> <li>• planning/implementation/monitoring of business courses</li> <li>• number of local lecturers trained and certified</li> </ul>	<ul style="list-style-type: none"> <li>• See “Actual 1” of “Achievement of the Phase 2 Output at Completion of Phase 2” above for planning/implementation/monitoring of business courses.</li> <li>• See “Actual 2” of the project purpose regarding training local lecturers for the business courses.</li> </ul>
3.	<p>Japanese language courses will be offered to meet the needs of Japanese language teachers and to expand business opportunities for the society.</p> <p>(main indicators)</p> <ul style="list-style-type: none"> <li>• planning/implementation/monitoring of Japanese courses</li> <li>• Number of Japanese courses planned and implemented by local staff</li> </ul>	<ul style="list-style-type: none"> <li>• See item 1 of “Achievement of the Phase 2 output at Completion of Phase 1, Phase 2” for planning/implementation/monitoring of Japanese courses.</li> <li>• Most of the activities were planned and implemented by local staff/lecturers.</li> </ul>
4.	<p>The exchange activities on various fields (economy, society and culture, etc.) between Mongolia and Japan will be strengthened.</p> <p>(main indicators)</p> <ul style="list-style-type: none"> <li>• planning/implementation of mutual understanding activities</li> </ul>	<ul style="list-style-type: none"> <li>• See item 1 of “Achievement of the Phase 2 Output at Completion of Phase 1, Phase 2” for planning/implementation/monitoring of mutual understanding activities.</li> <li>• Most of the activities were planned and implemented by local staff.</li> </ul>

<sup>22</sup> Total of 153 times by June 2006 (Phase 1 Terminal Evaluation Report) and 47 times from July 2006-January 21, 2007 (document provided by JICA).

• Number of activities planned and implemented by local staff	
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Source: Terminal Evaluation Report of Phase 1 and Phase 2, documents provided by JICA, and the MOJC



Vibrant lobby (students submitting applications for Japanese Language Proficiency Test)

“Course materials are kept handy to review time to time,” says a graduate of business course.

Following a business course, a textile company replaced sewing machines by those made in Japan using Two-Step-Loan. Air conditioning and lighting were also upgraded to global standard.

### 3.2.2 Impact

#### 3.2.2.1 Achievement of Overall Goal

Since there is a slight gap between the overall goal 1 of Phase 1, “The process of transition to market economy in Mongolia will be enhanced” and the project purpose, the overall goal 1 of Phase 2, “Human resource development contributing to the market economy in Mongolia will be promoted”, was used to verify the achievement. As for the overall goal 2 of Phase 1 “Mutual understanding and friendly relations between the two countries will be reinforced” was almost the same as the overall goal 2 of Phase 2, “Mutual understanding between the two countries will be promoted,” the Phase 2 overall goal was used for evaluation.

Regarding the overall goal 1, “Human resource development contributing to the market economy,” business course participants exceeded 15,000 by FY2015<sup>23</sup>. It was confirmed that in many companies to which participants belonged, knowledge acquired at the course was utilized in order to expand their business and improve management (see Table 3).

For example, a manager of a glass manufacturing company, after taking the Basic Business Course, sent many employees to the same course. The company also participated in the Model Company Development Program and reviewed various aspects of manufacturing process. To further improve product quality, a certificate system equivalent to Japan’s Certified Specialist of Glass Manufacturing was developed with the cooperation of the Ministry of Construction and Urban Development and textbooks for

<sup>23</sup> As of February 2016, among 68,425 corporations registered in Mongolia, 66,015 have less than 49 employees (Mongolian Statistical Information Service <http://www.1212.mn/statHtml/statHtml.do>).

levels 1 to 4 were prepared in 2010. Since it provided a clear goal for the employees, turnover of employees who joined the company within one year declined from 70% to 20%. Not only do other glass companies employ this certificate system but making it a national standard is under consideration<sup>24</sup>. The manager of this company now teaches the Basic Business Course, and one day out of the unit of production management (manufacturing), the lecture is held at his factory.

Just like this manager, graduates of the MOJC business course not only improve their own business management but also contribute to the quality improvement of their industry and to development of business as a whole in Mongolia. One farm owner is trying to make her farm a model farm in order to disseminate growing of safe vegetables. One hair dresser has been trying to improve the overall quality of hair dressing industry in Mongolia through activities of the Hair Dressers Association. It is expected that they will disseminate the result of the MOJC business course in the various fields of the private sector in Mongolia.

As for promotion of mutual understanding of two countries, all the business course graduates responded that they have a deeper understanding of Japanese style management, according to the beneficiary survey. And for the question asking the change in understanding of Japan and Japanese, 91% of the business course graduates and 75% of Japanese course participants responded they have a much deeper or deeper understanding of Japan and the Japanese people. Furthermore, all the participants of mutual understanding activities said “the MOJC is useful for promotion of friendship between Mongolia and Japan”.

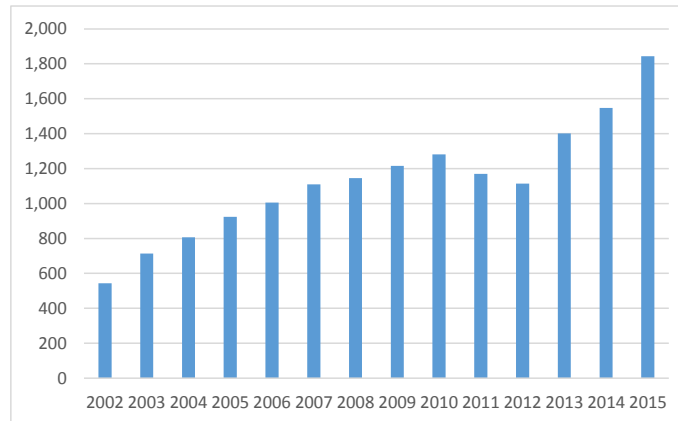
By accumulation of activities of the MOJC, the number of the visitors exceeded 2 million in April 2016. Mongolian students studying in Japan also increased 3.4 times from 544 in FY2002 to 1,843 in FY2015 (Figure 2). It is considered that “Study in Japan Fair” and provision of various information of Japanese universities at the MOJC contributed to this increase.

As stated above, the project has achieved the overall goal.

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<sup>24</sup> Construction Development Center (affiliation of the Ministry of Construction and Urban Development) hearing

Figure 2 Number of Students Studying in Japan (persons)<sup>25</sup>



Source : Japan Student Services Organization (JASSO)

Table 3 Achievement of the Overall Goal

Overall Goal	
1. Human resource development contributing to the market economy in Mongolia will be promoted. 2. Mutual understanding between the two countries will be promoted.	
Indicator	Actual
1) Number of private companies and Japanese language teaching institutions recognizing the MOJC	<ul style="list-style-type: none"> <li>• More than 15,000 people participated in the business courses by FY2015. Also, through the Chamber of Commerce of Mongolia PR of the MOJC activities, more private companies seem to recognize the MOJC.</li> <li>• There are 59 Japanese teaching institutions in Mongolia<sup>26</sup>, all of which recognize the MOJC through its activities, such as Japanese Language Proficiency Test, Examination for Japanese University Admission for International Students, Embassy of Japan-sponsored Speech Contest, and support to Japanese Language Teachers Association<sup>27</sup>.</li> </ul>
2) Number of participant who utilize knowledge and skills acquired from the MOJC courses Number of companies with operation efficiency/profit increased	<ul style="list-style-type: none"> <li>• According to telephone interview of 70 graduates of the 2015 Basic Business Course, 98% said their company profit increased, 94% said the knowledge acquired from the course led to the business development of their company, 68% said it contributed to the expansion of their job opportunities, and 73% said they started a business after completing a business course. As such, high impact was confirmed.</li> <li>• According to the beneficiary survey conducted during the ex-post survey with 22 respondents, all said the business courses had a good effect on their work (65% said very good effect, and 35% said good effect). As for specific effect to companies they belong, 91% said operation at work improved, and 41% said operation cost was reduced.</li> </ul>

<sup>25</sup> Number of foreign students enrolled in Japanese universities, graduate schools, community colleges, specialized vocational high school, specialized training college (specialized course), educational institutions with preparatory course to enter Japanese universities, and Japanese language school (as of May 1st, 2015)

<sup>26</sup> Survey on overseas Japanese language teaching institutions (2012, The Japan Foundation)

<sup>27</sup> Established in 1998, it consists of about 100 Japanese language teachers in primary to higher education. Monthly meeting of Japanese language education seminar hosted by the association, and study sessions by primary and middle school teachers held twice a month at the MOJC with the support of the MOJC lecturers/staff.



3) Number of companies starting business with Japanese companies	<ul style="list-style-type: none"> <li>• No statistical data available.</li> <li>• A graduate of the class of 2003 Basic Business Course opened a Japan arm in Tokyo in 2015 as a base to export Mongolian products to Japan. The possibility of exporting dog food to Japan was explored and business negotiation started. In tandem with it, a graduate of the class of 2005 business course built a new factory for dog food to export to Japan in 2016. Already, the samples were exhibited in Japan, and the MOJC helped them in the procedures and the promotion for the exhibition. In addition, export of rock salt and cashmere socks, and import of water purification equipment from Japan are in negotiation stage<sup>28</sup>.</li> <li>• Six out of 22 respondents in the beneficiary survey responded that they started or expanded their business with Japan.</li> </ul>
4) Number of Japanese course participants using Japanese in their job Number of participants who passed the Japanese Language Proficiency Test	<ul style="list-style-type: none"> <li>• According to the questionnaire survey of graduates in 2008, 82% of Japanese course for Japanese teachers, and 53% of business Japanese courses, used Japanese after completion of the course.</li> <li>• No data is available for passers of the Japanese Language Proficiency Test in the past.</li> </ul>
5) Number of participants who became Japanese teachers	<ul style="list-style-type: none"> <li>• No cumulative data is available. In 2008, about 70% of 111 graduates of “Japanese language teaching practice course” or “Japanese language education course” continued teaching<sup>29</sup>.</li> <li>• Seven non-teachers among 44 Japanese language education seminar participants from 2012 to 2015(44 participants, among which 26 were teachers and 18 were non-teachers) became Japanese teachers<sup>30</sup>.</li> </ul>
6) Number of Mongolian students who study in Japan	<ul style="list-style-type: none"> <li>• Number of Mongolian students studying in Japan increased 3.4 times from 544 in 2002 to 1,843 in 2015.</li> </ul>

### 3.2.2.2 The Outputs and Project Purpose after the Completion of Phase 2 until the Ex-post Evaluation

After completion of Phase 2, in four years from FY2012-2015, the business courses were held at the almost same pace in numbers and varieties as Phase 2; four Basic Business Courses (once every year), 22 special courses, and nine professional courses. A local seminar was offered once in 2012. Model Company Development Program, which started in Phase 2, was held 17 times, and on the job training which started in 2011 was held 50 times.

As to the number of participants of the business courses, 6,106 people participated in the four years between the completion of Phase 2 and FY 2015. The annual average was 1,526, which exceeded the 1,378 in Phase 2. Applicants for the Basic Business Course were 1.4-1.5 times that in FY 2011-FY2012, which decreased to 1.1-1.2 times in FY2013-2015 due to stagnation in the economy. However, in 2016 it jumped up to 1.7

<sup>28</sup> Kaizen Association Interview

<sup>29</sup> Phase 2 Mid-term Evaluation Report

<sup>30</sup> According to Japanese language education expert from the Japan Foundation, 44% is high (Although not an accurate comparison, just for reference, about 20% of participants of Japanese language education in Japan become Japanese language teachers).

times thanks to restructuring of the course, shifting class hours, and the new system for taking single subject. In recent years, the private sector has joined the business-related training industry. However, no institutions other than the MOJC take participants to an actual factory to provide practical guidance.

As for implementation of the Japanese courses, the Japan Foundation became the main body starting April 2012, and all the Japanese courses have been conducted based on JF Standard for Japanese Language Education<sup>31</sup> since FY2013. From beginners to teachers, a variety of courses are offered: six levels of Comprehensive Japanese tailored to students in various levels, Japanese Language Education Seminar for training Japanese language teachers, and Survival Japanese. The MOJC is the only institution to offer Japanese language education based on JF Standard. As a leading Japanese language teaching institution in Mongolia, other Japanese teaching institutions rely on the MOJC for support.

Mutual understanding activities were implemented continuously and 158 events such as Open Seminar for Citizens, Japanese film show, introduction of Mongolian and Japanese writers' books were offered during the four years between FY2012 -FY2015 after Phase 2. In FY2015, the number of participants decreased due to construction of NUM library-information building, although it is expected to recover upon its completion<sup>32</sup>.

The number of participants in Phase 1, Phase 2, and the 4 years between FY2012 and FY2015 are shown in Table 4.

Table 4 Number of Participants

Fiscal Year <sup>1</sup>	Phase 1					total
	2002	2003	2004	2005	2006	
1. Business courses (Basic Business Course)	280 (31)	573 (28)	452 (49)	643 (63)	650 (58)	2,598 (229)
2. Japanese courses	163	930	191	1,640	2,807	5,731
3. Mutual understanding activities <sup>2</sup>	2,984	6,240	3,922	7,063	5,984	26,193
1. -3. Total	3,427	7,743	4,565	9,346	9,441	34,522
4. Visitors	34,440	87,919	122,609	146,659	168,779	560,406

<sup>31</sup> In order to understand deeper mutually through language communication, ability to complete social task by using language and understanding foreign cultures are two important competencies. Based on this idea, JF standard is a tool to think about how to teach and learn Japanese language, and evaluate the result of learning in order to develop these two competencies (The Japan Foundation website).

<sup>32</sup> Two story MOJC building used to be facing one of the main streets in Ulaanbaatar. In 2014, the construction of the six story NUM library information building started in the space, which used to be a rotary of the MOJC, between the MOJC and the street, and it is expected to be completed in 2017. The new building hides the MOJC building from the street completely, and makes it impossible to enter the MOJC directly from the street, thus deterioration of accessibility is a concern. Positive impact, such as possible increase of the number of the visitors to the MOJC, is unknown at the time of the ex post evaluation.

	Phase 2					
Fiscal Year	2007	2008	2009	2010	2011	total
1. Business courses	1,588	963	1,733	1,285	1,322	6,891
(Basic Business Course)	(56)	(50)	(62)	(47)	(57)	(272)
2. Japanese courses	2,390	1,591	2,009	1,807	1,151	8,948
3. Mutual understanding activities	7,243	4,067	19,270	16,967	32,801	80,348
1. -3. Total	11,221	6,621	23,012	20,059	35,274	96,187
4. Visitors	182,001	164,255	135,719	173,737	171,078	826,790

	Phase 3			Phase 4	2012-2015	2002-2015
Fiscal Year	2012	2013	2014	2015	total	grand total
1. Business course	1,430	924	1,532	2,220	6,106	15,595
(Basic Business Course)	(54)	(53)	(45)	(49)	(201)	(702)
2. Japanese courses	2,340	3,149	3,356	4,180	13,025	27,704
3. Mutual understanding activities	17,708	16,676	21,345	14,537	70,266	176,807
1. ~3. Total	21,478	20,749	26,233	8,716	77,176	207,885
4. Visitors	168,593	180,899	148,648	114,216	612,356	1,999,552

Note 1: Above numbers are based on fiscal year (April-March). Since each phase started in January and ended in January, slight discrepancies arise between these numbers and the achievements of the project period.

Note 2: The number includes participants of the events held in the MOJC room rented by the organizers.

Source: documents provided by JICA

### 3.2.2.3 Other Impacts

This project had various positive non-direct impact as follows.

- Network of graduates

Among others, formulation of Kaizen Association and expansion of its activities are noteworthy. Graduates of the Basic Business Course class of 2003 organized the Association in order to share their experiences of Kaizen<sup>33</sup> at their own businesses after taking the course, and further disseminate their experiences. It is run voluntarily by the members, and current membership consists of 800 graduates, or 500 companies.

They organized their own business seminars and with their initiative, MOJC implemented cost-shared business tours in Japan eight times over the last five years, resulting in more than 50 participants. In 2014, 100% self-financed business tours in Japan started and 34 participants joined by FY2015. While the MOJC offers business tours in Japan to high-achieving participants of the Basic Business Course, which totaled 52 in 13 years. In total, about 150 participants (or about 3 times of the originally planned numbers) were able to participate training in Japan to learn kaizen in the field. The tour participants uniformly state that their understanding was deepened a great deal by

<sup>33</sup> Kaizen is a series of activities for reviewing work at production sites. Workers at the sites actively discuss measures for improvement and address the issues to improve productivity and secure safety. The concept applies not only to the manufacturing industry but also to the service industry.

actually looking at the practice of kaizen in Japan.

The seminars on various topics such as kaizen, human resource management, and marketing etc., organized by the Association, are quite popular to the members, and it is expected that they will play a role to complement the MOJC business courses. Furthermore, the Association will be a valuable resource for the MOJC to play a role of the hub for exchange by Mongolian and Japanese business people.

- Impact generated by collaborating with “Two-Step-Loan Project for Small and Medium-Scaled Enterprises Development and Environmental Protection (I) (2006-2011) and (II) (2010-2015) ”

The MOJC business courses had a significant impact on companies which utilized the Two-Step-Loan. Twenty-five companies took out loans after taking the Basic Business Course<sup>34</sup>. For the graduates who developed business plans during the course and then tried to expand their business with additional capital investment, or start a new business, low interest and long term loans were valuable in Mongolia where the market interest rate is high. According to the hearing of 13 companies who took out loans, learning how to develop a business plan in the course made the loan application easy. Also, what they learned in the course was very useful in business development after taking out the loan<sup>35</sup>.

The MOJC held an information session introducing the Two-Step-Loan Project and additional seminars to support development of a business plan, in addition to the Basic Business Course. The MOJC courses made loan application process smooth and companies which presented realistic business plans showed higher repayment rate, which benefited the Two-Step-Loan Project as well<sup>36</sup>.

- Increase of Japanese language learners in Mongolia

The number of Japanese language learners was 2,873 in 1998, and increased to 8,159 in 2014<sup>37</sup>. Although this is the result of the Mongolian people’s strong affinity toward Japan and growing popularity of Japanese animation and other factors, the MOJC

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<sup>34</sup> Data up to 2012. Data not available from 2013 onward.

<sup>35</sup> Among which, 6 companies are in manufacturing (glass, textile, and furniture, etc.) and 5 are in food processing and retail (dairy products, bakery, dumpling, etc.). All utilized Two-Step-Loan for building extension, renewal of facilities, and improvement of production process. Two companies were in the service industry such as printing and used the loan to open a new shop, etc. These companies, as their businesses expand, put high value on the improvement of the quality of not only production facilities but also the work environment by installing air conditioning and lighting, preparing dining room and changing room for employees in order to develop as a whole company. Many graduates say one of the most important things learned from the business course is to think a great deal about employees (hearing during the ex-post evaluation).

<sup>36</sup> Two-Step-Loan project office was sometimes understaffed to help applicants who had trouble writing a business plan (Interview during the ex-post evaluation).

<sup>37</sup> Survey on Japanese-Language Education Abroad (The Japan Foundation). No data available in the beginning of Phase 1(2002).

contributed, too, as the following examples illustrate.

At Oyunii Ireedui School in Darkhan city, the students have been able to choose Japanese as an extracurricular activity for some time. However, right after the MOJC Japanese language specialist and staff visited the school to offer Japanese culture class in 2013, the number of students who selected Japanese class increased by 40 from the previous years. In 2014, when the school decided to terminate Japanese language electives to cut down on cost, Japanese language teachers of the school, with the advice of the MOJC, filed a petition with the Ministry of Education. In consequence, the Japanese course survived as a fee-based elective. At the time of the ex-post evaluation, 145 students from grade 6 to grade 11 take a 2-hour Japanese class twice a week. In FY2016, 51 students from the school were supposed to take the Japanese Language Proficiency Test held at the MOJC.

At Number 19 School (private), also in Darkhan, 6<sup>th</sup> graders choose either Japanese or German. German used to be twice as popular as Japanese since the school offered student exchange with German school, and textbooks are provided by the Goethe Institute free of charge<sup>38</sup>. Therefore, only 7 or 8 students used to take the Japanese course. In 2015, the MOJC sent Japanese language teachers to provide mobile training and offered Japanese cultural classes such as tea ceremony and Japanese cooking class<sup>39</sup>. Japanese animation was played, and calligraphy class was offered to 5<sup>th</sup> graders. In result of raising their interest in Japanese language, 20 students chose Japanese when they moved to 6<sup>th</sup> grade. For Japanese teachers of both schools, the MOJC is a valuable resource they can consult and gain advice concerning Japanese language education.

On top of that, the MOJC made Japanese textbooks in Mongolian titled “Dekiru MON in collaboration with Japanese Teachers Association, which is used at 19 elementary and middle schools in Mongolia at the time of the ex-post evaluation.

The project has achieved the project purpose of strengthening the functions of the MOJC, which are 1) to contribute to human resource development towards a market economy and 2) to promote mutual understanding between the people of Mongolia and Japan, and the overall goal in terms of human resource development contributing to the market economy in Mongolia and promotion of mutual understanding between the two countries. Since planned effects were observed and various other positive impact was confirmed, effectiveness and impact of the project are high.

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<sup>38</sup> For Japanese course, photocopies are distributed due to lack of Japanese textbook.

<sup>39</sup> The MOJC staff cooked curry rice, rice balls, soy-bean soup together with principal and students.

### 3.3 Efficiency (Rating:②)

#### 3.3.1 Inputs

Table 5 List of Inputs

<b>Inputs</b>	<b>Plan</b>	<b>Actual</b>
(1) Experts	<p><b>【Phase 1】</b></p> <ul style="list-style-type: none"> <li>- Long-Term (4, Director, Coordinator, business course management, Japanese course management)</li> <li>- Short-Term (as necessary)</li> </ul> <p><b>【Phase 2】</b></p> <ul style="list-style-type: none"> <li>- Long-Term (Director, Coordinator, Japanese language education)</li> <li>- Short-Term (business field, etc.)</li> </ul>	<p><b>【Phase 1】</b></p> <ul style="list-style-type: none"> <li>- Long-Term (6)</li> <li>- Short-Term (32)</li> </ul> <p><b>【Phase 2】</b></p> <ul style="list-style-type: none"> <li>- Long-Term (7)</li> <li>- Short-Term (58)</li> </ul> <p>(* in total)</p>
(2) Trainees received	<p><b>【Phase 1】</b> training in Japan (as necessary)</p> <p><b>【Phase 2】</b> training in Japan (local staff and graduates of the courses)</p>	<p><b>【Phase 1】</b> training in Japan (22)</p> <p><b>【Phase 2】</b> training in Japan (54)</p>
(3) Equipment	<p><b>【Phase 1】</b> Equipment for training, etc. (as necessary)</p> <p><b>【Phase 2】</b> PC, etc.</p>	<p><b>【Phase 1】</b> Computer, color-copier, fax, books, etc.</p> <p><b>【Phase 2】</b> PCs, copier, projector, DVD camera, telephone and its exchange, LCD television, security camera, UPS, etc.</p>
(4) JICA Local Operation Cost	<p><b>【Phase 1】</b> N/A</p> <p><b>【Phase 2】</b> Cost for the MOJC operation, PR, consumables, making text, etc.</p>	<p><b>【Phase 1】</b> about 73.25 million yen</p> <p><b>【Phase 2】</b> about 84 million yen</p>
Japanese Side Total Project Cost	<p><b>【Phase 1】</b> N/A</p> <p><b>【Phase 2】</b> 490 million yen</p>	<p><b>【Phase 1】</b> 610 million yen</p> <p><b>【Phase 2】</b> 594 million yen</p>
Mongolian Side Operational Expenses	<p><b>【Phase 1】</b></p> <ol style="list-style-type: none"> <li>1. site (center facility)for free</li> <li>2. MOJC staff</li> <li>3. operation cost</li> </ol> <p><b>【Phase 2】</b></p> <ol style="list-style-type: none"> <li>1.facility</li> <li>2.staff : vice director (counterpart), cleaners</li> <li>3.program advisor</li> <li>4.utilities:water, heat, electricity, etc.</li> </ol>	<p><b>【Phase 1】</b></p> <ol style="list-style-type: none"> <li>1. facility : MOJC completed in March 2002 by grant.</li> <li>2.counterpart : co-director</li> <li>3. operation cost : all the utility cost</li> </ol> <p><b>【Phase 2】</b></p> <ol style="list-style-type: none"> <li>1. MOJC</li> <li>2. vice director(1)</li> <li>3. utilities</li> </ol>

#### 3.3.1.1 Elements of Inputs

Although the number of long-term experts increased in Phase 1, this was due to replacement; it was always one expert for each post totaling four experts as planned.

The Japanese-side project cost overshoot planned cost by more than 100 million yen in Phase 2. The following activities seem to have not been included at the planning stage. Item 4) and 5) were provided under supplemental budgets after Lehman Crisis in 2007.

- 1) Seminar “Diagnosis and Guidance for SMEs: A four month guidance for 40 companies, and a two-day seminar which also served as a wrap-up of guidance (140 participants total in two days). This was implemented between October 2009 and March 2010, with a contract cost of about 54 million yen.
- 2) Cost shared training in Japan “Management Improvement of Mongolian SMEs”: A total of 22 participants (eight in FY2009, and FY2010 each, and six in 2011)
- 3) Study in Japan Fair: Introduction of Japanese universities and individual consultation. This was first offered in 2010, where five universities and 500 people participated. A year later, nine universities and 512 people participated.
- 4) Seminar for overcoming economic crisis: Contents included overcoming economic crisis and targeted at manufacturing and non-manufacturing industry, Agency for Small and Medium-sized Enterprises, and the Chamber of Commerce of Mongolia. “Management issues for SMEs and how to overcome them”, “Energy efficiency for private sectors and administrative agencies” and “Improvement of loan appraisal competencies (two times)”. Nine Japanese lecturers were dispatched for total of nine sessions in 15 days from November 2009 to February 2010 where 273 people participated.
- 5) Training in Japan: Three people from NUM, the Chamber of Commerce, and Agency for Small and Medium-sized Enterprises participated 20 days training (November 2009).

#### 3.3.1.2 Project Cost

As for Phase 1, planned cost is unknown making comparison of plan and actual impossible. As for Phase 2, there were activities not included in initial planning at the time of the ex-ante evaluation as stated above, and its detail, including cost, became only partially clear. Actual cost ended up higher than planned (121%).

#### 3.3.1.3 Project Period

Project Period was five years starting January 2002 up to January 2007 for Phase 1 and five years from January 2007 to January 2012 for Phase 2, as planned.

As stated above, although the project period of both phases were as planned, the planned project cost for Phase 1 was unclear which precluded comparison with actual, and exceeded the plan in Phase 2. Therefore, efficiency of the project is fair.

### 3.4 Sustainability (Rating: ③)

#### 3.4.1 Related Policy and Institutional Aspects for the Sustainability of Project Effects

Mongolian development policy, “Program for supporting SMEs (2014-2016) lists six important issues: improvement of legal environment, cluster-based industrial development, research and development as well as introduction of innovation, capacity building of SMEs, increase of fund for capital, and expansion of market. This project, which aims at capacity building of SMEs, matches with Mongolian development policy at the time of the ex-post evaluation.

#### 3.4.2 Organizational Aspects of the Implementing Agency for the Sustainability of Project Effects

The MOJC’s directorship changed from Japanese to Japanese/Mongolian co-directors in June 2011 and Mongolian director in January 2012<sup>40</sup>. Moreover, the MOJC, which used to be a counterpart of a technical cooperation project, became a financially independent unit of NUM by the ordinance of NUM president in April the same year, and the MOJC staff became the staff of NUM. In articles issued in November 2015, the MOJC’s purpose is stipulated as “to contribute to socio economic development of Mongolia and Japan, and to promote exchange between Mongolia and Japan” and its status is defined as an “independent institution auxiliary to NUM.”

In accordance with the initial article, four departments, Operation/administration/facility, Business, Japanese, Library/information exchange, were set up (Figure 3). At the time of the ex-post evaluation, Director (1), Senior Manager (1), Accountant (1), operation/ administration/ facility (11), business (5), Japanese (6), library/information exchange (6), for a total of 31 people (26 staff and 5 part-time) are working alongside four resident Japanese experts (Chief Advisor and Coordinator from JICA, Japanese Language Expert and Coordinator from the Japan Foundation) totaling 35 people. In Phase 1 and 2, the salary of co-director and two cleaning staff were paid by NUM and the rest was born by JICA local operation cost. Since Phase 3, staff salary is paid by the MOJC. All the local staff, the director to start with, understand Japanese. The organizational structure and division of duties are clear and smooth transfer of duties are ensured in case of staff replacement so that operation continues without problem.

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<sup>40</sup> Until then, JICA expert served director, but became chief advisor since then.

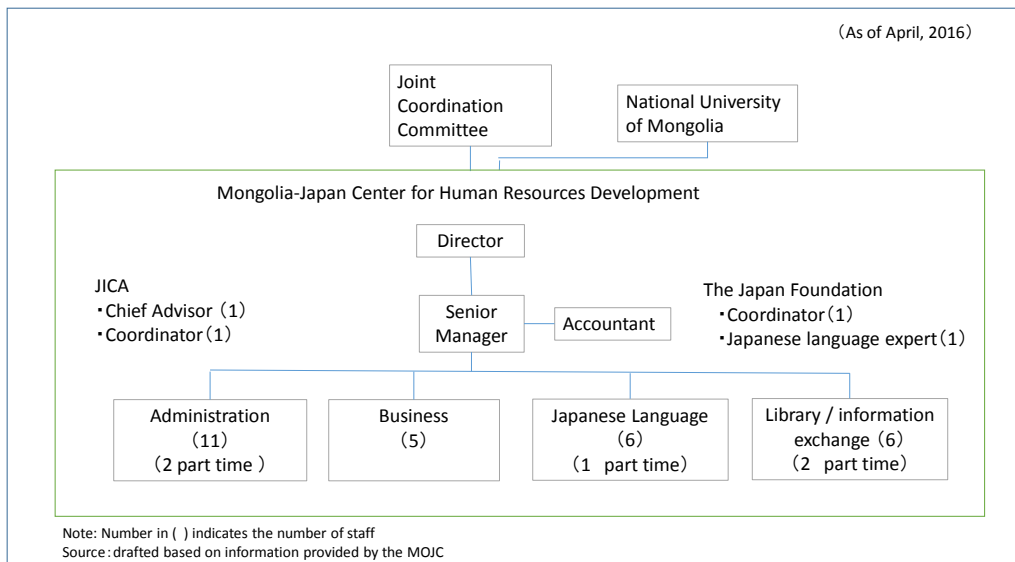


In January 2016, three trans-sectional teams (public relations, 5S<sup>41</sup>/kaizen, and finance) were formed, and the MOJC is working together trying to promote efficiency in operation and to enhance revenue<sup>42</sup>.

In terms of the relationship with NUM, by dispatching experts from MOJC to NUM and accepting student interns to the MOJC, efforts are being made to demonstrate the merit of having the MOJC in NUM. In ongoing Phase 4, Joint Coordinating Committee (JCC) meets twice a year starting FY2015 with the Ministry of Education, Culture, Science, and Sports as a chairman, and smooth communication is made among concerned parties.

As stated above, organizational sustainability is high.

Figure 3 Organization Chart of the MOJC



### 3.4.3 Technical Aspects of the Implementing Agency for the Sustainability of Project Effects

The business courses, Japanese courses, and mutual understanding activities, are conducted by local staff without problem. As for the business courses planning and quality management of the entire course, since the person in charge has just been replaced, it may take a while to achieve this by local staff only. Capacity development of the staff is on progress so that the local staff can do it by themselves at an early date.

In terms of the business courses, local lecturers were in charge of 31% of the Basic

<sup>41</sup> 5S is a method for improving rationality and efficiency by practicing sorting, setting in order, standardizing, shining and sustaining the discipline.

<sup>42</sup> Activities include “Let’s get rid of 100 wastes” campaign which tries to oust 25 wastes each from 4 departments. Courses and events to utilize idling classrooms were also planned by the local staff.

Business Course<sup>43</sup> hours in 2015 which is an increase from 20.5% at the completion of Phase 2. The MOJC's strategy is to offer courses with the best mix of local and Japanese lecturers since courses offered by Japanese lecturers differentiate the MOJC from other similar institutions<sup>44</sup>. Twenty one local lecturers, all graduates of the MOJC business courses, are capable of teaching all subjects of the business courses.

In FY2016, the Basic Business Course was restructured into three courses: executive course, managers course, and basic course. Executive and manager courses, both consist of four subjects (management strategy, human resource management, marketing, and financial management), are offered by Japanese and local lecturers. The entire basic course, which consists of seven subjects (Japanese-style management, financial management, marketing, business strategy, human resource management, store management, and production management) was taught by local lecturers<sup>45</sup>. In total, 42% of these three courses are lectured by local lecturers, and for the business course as a whole, local lecturers share has been increasing since the completion of Phase 2.

As for the Japanese courses, local lecturers taught 95% of the class hours in FY2015. Mutual understanding activities, including Origami and Kimono dressing, are also instructed by local staff.

As stated above, technical sustainability is high.

#### 3.4.4 Financial Aspects of the Implementing Agency for the Sustainability of Project Effects

The MOJC's revenue consists of income from their activities, interest on retained earnings, allocation from NUM<sup>46</sup>, JICA local operation cost, and others (Table 6).

Income from their activities includes business course and Japanese course tuition, participating fee for mutual understanding activities, user fee for conference rooms, lobby, etc. The share of the expenditure from the MOJC self-generated income and retained earnings against entire expenditure (operation cost) was 60.1% in FY2015<sup>47</sup>.

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<sup>43</sup> It consists of five subjects: management strategy, marketing, store management, financial management, production management (FY2015).

<sup>44</sup> As of lectures by Japanese experts, introducing long time experience gained in Japanese companies is particularly appreciated, especially in the area of kaizen, 5S, development of business plan, and capacity building of employees.

<sup>45</sup> Advanced courses (advanced finance, project management, etc.) are lectured by Japanese or local lecturers depending on contents.

<sup>46</sup> NUM's fund is allocated for utilities of the MOJC facility.

<sup>47</sup> If the expenditure from JICA headquarters (total cost of expert dispatch, training in Japan and equipment provision: 77.256 million yen) is added into the expenditure, the percentage was 21.1%.

Table 6 Revenue and expenditure of the MOJC (FY2011-FY2015)

(thousand yen<sup>48</sup>)

	FY	2011	2012	2013	2014	2015
Revenue	MOJC self-generated revenue	11,773	25,820	20,983	28,345	20,532
	(Business courses)	(5,020)	(6,996)	(8,408)	(8,408)	(5,730)
	(Japanese courses)	(1,375)	(2,646)	(3,533)	(5,265)	(5,337)
	(Mutual understanding activities)	(469)	(1,795)	(1,347)	(1,731)	(6,520)
	(Room rental, etc.)	(4,910)	(14,382)	(7,696)	(12,941)	(2,945)
	Interest on retained earnings	3,369	(Included in room rental, etc.)	5,250	6,957	7,294
	Allocation from NUM	2,231	1,543	NA(utility cost)	2,092	NA(utility cost)
	JICA local operation cost	22,062	9,626	7,544	8,054	5,931
	Other	978	13,519	13,062	11,735	11,165
	Total	40,412	50,508	46,838	57,184	44,922
Expenditure	Total	28,533	46,219	39,796	55,942	42,860
	(Expenditure from MOJC revenue and retained earnings)	(3,263)	(21,531)	(19,190)	(34,061)	(25,764)
Balance		11,879	4,288	7,043	1,242	2,062

Source: documents provided by JICA

Under the understanding that both the Mongolian and Japanese sides are going to contribute in fund and resources to co-operate the MOJC at least for a while, efforts are being made to bear the operation cost by themselves as much as possible by increasing their income through diversification of business courses and so on. The share of self-generated income versus total expenditure has been increasing steadily as stated before.

Tuition fee is set considering the fee of training at other similar institutions and the application ratio. Tuition for the Basic Business Course was 600,000MNT (about 33,600yen)<sup>49</sup> in FY2015. In FY2016, raising the fee was discussed due to inflation and to increase income. However, the fee was left unchanged, and the number of subjects decreased from five to four instead by course restructuring. In the case of the Japanese courses, other language schools' tuitions are studied every year and the highest level is set for the MOJC course so that the MOJC does not weigh on private sector.

As the MOJC proceeds with restructuring business courses, starting new Japanese courses (course for younger children, etc.), implementing business tour, and enhancement of public relations to meet the gradually changing needs of participants as well as seeking

<sup>48</sup> The MOJC's self-generated income, interest on retained earnings, and allocation from NUM are in local currency and calculated in yen. Above figures are rounded down to the nearest thousand, and some figures do not add up.

<sup>49</sup> One MNT was equivalent to 0.056 yen in March 2016, according to JICA exchange rate (available at JICA website). Other institution which provides similar training charges 400,000MNT for one and a half month course. Another one charges 150,000MNT for three days quality management course. Compared to them, the MOJC's tuition is set at the reasonable level.

increase of revenue, further increase of revenue is expected.

Therefore, financial sustainability is high.

As stated above, no major problems have been observed in the policy background and the organizational, technical, financial aspects of the implementing agency. Therefore, sustainability of the project effects is high.

## **4. Conclusion, Lessons Learned and Recommendations**

### 4.1 Conclusion

This project was implemented in order to support Mongolia's transition to a market economy by developing human resources in the business sector to support the real economy and contribute to promoting mutual understanding between Mongolia and Japan. In Phase 1, Mongolia-Japan Center for Human Resources Development was established, and three programs: business courses, Japanese language courses, and mutual understanding activities started. In Phase 2, the project aimed at further development of the three programs and enhancement of the MOJC's function.

This project has been highly consistent with Mongolia's development plan to promote the private sector, and development needs to improve management of many small and medium-sized enterprises that have been established through the transition to a market economy. It was also relevant to Japan's ODA policy at the time of ex-ante evaluation which focused on human resource development for transition to a market economy. Therefore, its relevance is high.

In the two phases, the total number of participants for each of the business courses, Japanese courses, and mutual understanding activities was about 9,000, 15,000, and 107,000, respectively. The project purpose of enhancement of the functions of the MOJC to contribute to human resource development towards a market economy and to promote mutual understanding between the people of Mongolia and Japan was achieved. After completion of Phase 2, the three programs continued, and the cumulative number of participants for each of the business courses, Japanese language courses, and mutual understanding activities was about 16,000, 28,000, and 176,000 respectively by the end of FY2015. Furthermore, as the business course graduates contributed to the expansion of business and the increase of profits of the companies they belonged to, the positive impact is apparent. Therefore, its effectiveness/impact are high.

Although the project period was as planned for both phases, the planned project cost for Phase 1 was unclear which precluded comparison with actual costs, while actual cost exceeded the planned cost for Phase 2. Therefore, the efficiency of the project is fair.

Since support of SMEs was still one of the development policies of Mongolia at the

time of this ex-post evaluation, and no major problems have been observed in the organizational, technical, financial aspects of the MOJC, the sustainability of the project's effects is high.

In light of the above, this project is evaluated to be highly satisfactory.

## 4.2 Recommendations

### 4.2.1 Recommendations to the Implementing Agency

None.

### 4.2.2 Recommendations to JICA

#### • Continuous engagement from Japan side

Considering the significance of the MOJC's existence, in order to continuously provide high-quality service to meet the needs of users, engagement of Japan-side remain indispensable. It could include dispatch of Japanese experts to business courses, and training of the MOJC staff and business course graduates in Japan (same can be said for the Japanese courses). That way, the MOJC can take advantage of its strength: the high profile and credibility of the MOJC, network with the business community through continuous cooperation with business course graduates and Kaizen Association. Thus, the MOJC can be utilized and developed further as a base for business exchange and promotion of mutual understanding between Mongolia and Japan which are showing signs of gaining momentum for economic exchange after signing the Japan-Mongolia Economic Partnership Agreement (EPA).

## 4.3 Lessons Learned

### • Collaboration with the Two-Step-Loan Project for Small and Medium-Scaled Enterprises Development and Environmental Protection

Although combination of business-related training and funding is implemented by other cooperation partners such as EBRD, support for SMEs in Mongolia by Japan was its success case. Low interest rate loans are precious resource in Mongolia where market interest rate is high, in order to expand business after acquiring knowledge for management improvement and drafting a business plan. However, the loan application process can be a high hurdle for SMEs. The MOJC supported preparation of business plan, and paved a way to fundraise and develop business.

For the Two-Step-Loan Project, the loan procedure and appraisal become straightforward if the application is based on a realistic business plan, and high repayment rate is expected. Thus, this collaboration benefited both the MOJC and the Two-Step-Loan project.

In terms of supporting SMEs, by combining technical support such as management guidance with funding or close cooperation with other institutions available to provide low interest funds, a more powerful effect of cooperation is expected.