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Mongolia country case study

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LIST OF ACRONYMS

ADB	Asian Development Bank
DANIDA	Danish International Development Agency
EFA	Education for All
FTI	Fast Track Initiative
GDP	Gross Domestic Product
GPI	Gender Parity Index
GTZ	Gesellschaft für Technische Zusammenarbeit
HIES	Household Income Expenditure Survey
ILO	International Labour Organization
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
LSMS	Living Standard Measurement Survey
MEA	Mongolian Education Alliance
MECS	Ministry of Education, Culture and Science
MNT	Mongolian Togrog (national currency)
MOSTEC	Ministry of Science, Technology, Education and Culture
NSO	National Statistical Office
PETS	Public Expenditure Tracking Survey
VTE	Vocational and Technical Education

TABLE OF CONTENT

Executive Summary

1. Introduction

2. Background on the Educational Sector
 - 2.1. Developments in the First Transition Decade
 - 2.2. Structure
 - 2.3. Size and Enrollment
 - 2.4. Donor Involvement

3. Developments with Regard to the Education for All Goals
 - 3.1. The Inverse Gender Gap
 - 3.2. Out-of-School Children
 - 3.3. Vulnerable Children and Minorities
 - 3.4. Children of Herders

4. The Mongolian Education Sector Master Plan 2006-2015

List of Tables

1. Enrollment School Year 2001/02 until 2003/04 by Level of Education
2. Donor Involvement in General Education, 2000-2009
3. Developments with Regard to the Education for All Goals
4. Gender Imbalance by Level of Education
5. Proportion of Working Children and Non-Attendance, 1998 and 2002
6. Dropouts by Gender and Age, School Year 2005/06
7. Vulnerable Children, Minorities and Students with Special Needs, School Year 2002/03 and 2005/06
8. School Enrollment of Children and Youth with Disabilities, Year 2004
9. Literacy Rates of Youth and Adults with Disabilities, Year 2004
10. Applications and Admissions of Children from Herder Families to School Dormitories, School Year 2005/06

List of Figures

1. Net Enrollment Rates by Wealth
2. Applications for Dormitory Space by Grade Level and Gender, School Year 2005/06

Executive Summary

The Mongolian case study heavily draws from sector reviews and studies on Mongolian education conducted over the past two years, in 2005 and 2006. The most important sources of information were the education sector review (ADB & MECS 2005), the master plan 2006-2015 (Government of Mongolia 2006), the EFA assessment for the Fast Track Initiative (FTI Secretariat 2006a), the baseline survey on child labor (ILO 2006), a study on internal migration in Mongolia (Save the Children UK & National University of Mongolia 2005), the public expenditure tracking survey (World Bank 2006), the country gender assessment study (ADB & World Bank 2005), policy notes based on secondary analyses of the Living Standards Measurement Surveys 1998 and 2002 and Household Income and Expenditure Survey 1999 (World Bank 2005a and 2005b) as well as statistical information on the education sector that were provided by the Ministry of Education, Science and Culture of Mongolia (MECS 2005 and 2006).

The report highlights the main challenges of the 1990s that have left a deep mark on educational reforms in the new millennium: poverty, internal migration (from rural to urban areas), neglect of students with special needs, inverse gender gap (fewer school enrollments and lower educational attainment of males), rapid decline of vocational and technical education, and massive expansion of higher education. The most important structural change has been the extension of schooling from 10 to 11 years by lowering the school entrance age from 8 to 7. The extension was introduced in September 2005, and a further extension to 12 years of schooling will possibly be introduced either in 2008 or 2010. Currently, general education consists of three cycles: 5 years primary school (grades 1-5), 4 years lower secondary school (grades 6-9), 2 years upper secondary school (grades 10-11). Non-formal education caters both to youth and adults with limited or no literacy, and to literate adolescents and adults that are interested in taking courses on life skills, vocational skills, creative skills, or in other areas (parenting, how to generate additional income, etc.). In addition, non-formal education provides “equivalency programs” for drop-outs who lack proper documentation on the years of schooling that they had successfully completed. Donor assistance has been traditionally high in Mongolia. It accounts for approximately 20 percent of the country’s Gross Domestic Product (GDP). The largest donors are the Government of Japan (45 percent of all external assistance), the Asian Development Bank (22 percents), and since 2007 also bilateral donors contributing to the EFA Catalytic Fund (14 percent), administered by the World Bank. The bulk of external assistance is given in the form of grants. Less than one-third of external assistance consists of loans. The Government of Mongolia spends 19.1 percent of all its expenditures on education. This share corresponds, more or less, to the EFA FTI Indicative Framework that recommends a level of commitment

ranging around 20 percent. The commitment to public education is also discernible in the great proportion of the GDP (7.5 percent) that is spent on education. This proportion is high as compared to other low-income countries in the Asia and Pacific region, but it is not out of the extraordinary as compared to countries in the post-socialist region of Europe, Caucasus, and Central Asia.

We have used the *Guidelines for the Asia and Pacific Education for All Mid-Decade Assessment* (UNICEF, UNESCO, Education for All – Asia and the Pacific 2006) to identify the relevant indicators for assessing progress in Mongolia with regard to the EFA goals. Educational development in Mongolia lags behind the EFA goals in the following areas: (1) the gross enrollment ratio in crèches and kindergarten (2-6 year olds) is approximately 50 percent, (2) the survival rate from grade 1 to 4 (primary school) is 88.3 percent, and from grade 1 to 8 (basic education) 83.0 percent, (3) the gender parity indices for all levels of education, from preschool to higher education, are consistently greater than 1 indicating a disparity in favor of females, (4) the annual number of instructional hours is small as compared to the benchmark of 850-1,000 hours/year proposed in the EFA FTI Indicative Framework: in Mongolia, the annual duration of instruction is 659.7 hours for students in primary school, and 792.2 hours for students in basic education, (5) both adult and youth literacy rates are approximately 98%. However, the statistics for adult literacy, youth literacy, dropouts, and never enrolled children and youth need to be interpreted with caution. According to government statistics, adults or youth over the age of 15 years old that enroll in a short-term non-formal education program are considered literate. Similarly, school-aged children that enroll in non-formal education are subtracted from the number of dropouts or never enrolled children and youth. As a result, the figures for literacy tend to be over-reported, and the ones for dropouts and never enrolled children and youth under-reported. We identified the following groups that are currently underserved in the Mongolian education sector, both with regard to access and quality of education:

Boys: Boys are still disproportionately dropping out of school or do not enroll in school, but the current gender imbalance is less extreme than it used to be a decade or fifteen years ago. Nevertheless, the sons of poor herder families continue to be frequently used for child labor (animal husbandry). They constitute the educationally most disadvantaged group among the rural poor. Sixty percent of all dropouts—in the age group 8-15 years olds—are boys.

Out-of-School Children: School dropout is mainly a rural phenomenon and is closely linked with the shortage of dormitories and schools in remote rural areas. As part of the structural adjustment reforms in the mid- and late 1990s, many small primary schools in remote villages (*bagh schools*) were shut down. Access to schooling became a problem for families in rural areas, and in particular for nomadic herder families that used to

accommodate their children in the school dormitory. Only in 2002 did the Ministry of Education, Culture and Science draw greater attention to rural school development, and secured funds to rehabilitate schools and dormitories in remote rural areas. The dropout rates for children of poor herders were highest from 1996 to 2000, when the Ministry of Education, Culture and Science charged fees for meals in the school dormitories, known as the Meat Requirement. The massive dropout problem in rural areas gradually recovered after the year 2000 when the Meat Requirement policy was abolished. For example, the proportion of 10-14 year old working children that were among the poorest two quintiles fell from 8.2 percent to 4.6 percent of households in the period 1998 to 2002. The recovery is also reflected in the decrease of out-of-school children. In school year 2003/04 9.6 percent of all school-aged children were out-of-school, whereas in school year 2005/06 their number dropped to 6.8 percent.

Vulnerable Children and Minorities: It is cause for great concern that the literacy rates have fallen over time for children and youth with disabilities. According to the 2004 Census of Disabled People, more than half of the children and youth with disabilities are not enrolled in any school. Only 41 percent of children with disabilities in the age group 8-11 year olds are enrolled in primary school. The education sector review (ADB & MECS 2005) highlights the absence of access ramps and other provisions that would cater to students with disabilities. It is striking how little progress has been made with regard to ensuring access and quality of education for students with special needs. Besides the complete lack of provisions and inadequate teacher preparation, schools also lack special equipment and books that would enable blind or deaf students to be integrated in regular classes. The need for actions has been acknowledged in the education sector review, the master plan (2006-2015), and in the third education sector loan (2006-2011). In stark contrast, no progress has been made with regard to official reporting of street children. Another group that needs to be considered educationally vulnerable are Kazakh-Mongolians that reside in several Western provinces of the country. One of them, Bayanulgi province, is officially bilingual and, at the same time, since the early 1990s economically depressed. The rates for poverty and the number of students that are out-of-school are much higher in Bayanulgi than in the rest of Mongolia. The economic hardship of Bayanulgi and the distance from the capital are taken into account in the per-capita funding formula for schools. For the first time in 2005, the bilingual province was granted a higher normative mean per student than the other provinces of the Western zone. This higher mean, however, is not sufficient to offset all the disadvantages that the schools in Bayanulgi face. The funding formula gives too much weight to school size. In general, schools are not given any additional funds if they provide proof that they integrate students with special needs, students from vulnerable groups or linguistic minorities.

Correcting the funding formula to reflect student characteristics of a school would be key for a systematic integration of vulnerable children and minorities into regular schools.

Children of Herders: Approximately 40 percent of herder families wish to have their child accommodated in a school dormitory. Other living arrangements include splitting the household during the school year whereby the mother stays with the school-aged children near the rural school, or accommodation of the school-aged children with relatives, friends or on their own. There is lack of dormitory space, especially for students in primary schools. The report also addresses the problem of over-aging of children of herders in primary school that is likely to be exacerbated by the most recent school reform: the extension of schooling from 10 to 11 years or the lowering of the school age from 8 to 7. A sizeable number of herder families take their child out of school after the end of the first school year either because the child performed poorly and was required to repeat the grade (repetition rates are significantly higher in grade 1 than in any other grade), because of bullying by other students, because the dormitory space was unhealthy (cold) and child-unfriendly, or because the child missed its family. The last two reasons—inappropriate dormitory accommodation or emotional distress—are frequently solved by re-enrolling the child at age 9 or 10 when the child is physically stronger and emotionally less dependent from its family. For the eldest children of herder families it is not uncommon to stay at home and wait with school enrollment until the second-born child also reaches school age. Given that the school entrance age was lowered in 2005, the problem of over-aging is more pronounced today than it was a few years ago.

In the last chapter of the report, we comment on the lack of donor coordination in Mongolia. With the Mongolian education sector qualifying for the Catalytic Fund of EFA Fast Track Initiative, it is likely that the Ministry of Education will be pressured to take on a more pro-active role in coordinating the numerous loans and grants that it secured for the education sector.

1. INTRODUCTION

This case study draws on empirical studies and reports of government institutions and international organizations in Mongolia. The following analyses that were recently conducted in Mongolia were especially useful for this study:

- Master Plan 2006-2015

The development of the *Master Plan to Develop Education of Mongolia in 2006-2015* (Government of Mongolia 2006) was coordinated by the Ministry of Education, Culture and Science (MECS). The Asian Development Bank (ADB) funded the international and Mongolian consultants that prepared the Master Plan. The Master Plan lays out the education sector strategy for the period 2006-15. To date, there have been two master plans (1994 and 2006) and one education sector strategy (2000-2005 sector strategy). For the 2006 Master Plan (Government of Mongolia 2006), the Ministry of Education, Culture and Science appointed seven teams, each consisting of five members, and charged each team with the review of one of the following sub-sectors: education policy, education finance, primary and secondary education, pre-school education, non-formal education, technical and vocation education, and higher education. The original document submitted by the seven teams comprised 650 pages. A 180-page synopsis of the Master Plan was made available to the general public. The most important findings were included in the *Mongolia Education Sector Review Study* (ADB & MECS 2005).

- Education Sector Review Study

The *Education Sector Review Study* (ADB & MECS 2005) was prepared by a team of international and Mongolian consultants. The consultants were funded by ADB. The study served as an analytical foundation to formulate the Third Education Development Project, that is, the third major loan that the Government of Mongolia signed for the educational sector. Therefore, the review is not comprehensive but rather focuses on several sub-sectors that ADB was at the time considering as potential areas for the third loan agreement: basic education and teacher education, VTE (vocational and technical education) and professional education, and school plant and facilities development.

- EFA Fast Track Initiative (FTI)

In 2005, concurrently with the two teams of the Ministry of Education, Culture and Science and the Asian Development Bank preparing the Master Plan, the education sector review, and the third loan agreement, a team of consultants from the World Bank analyzed the educational sector with regard to indicators provided by the EFA FTI framework (FTI Secretariat 2006a).

Subsequently a proposal was submitted for funding by the FTI Catalytic Fund (FTI Secretariat 2006b). In September 2006, the Government of Mongolia became partner of the Fast Track Initiative. The Catalytic Fund has committed a grant to Mongolia in the amount of \$ 27.2 million for 2007-2009. The amount spent in the first program year 2007 is 8.2 million (FTI Secretariat 2006a, 2006b). The following five grant components are supposed to be implemented in 2007: teacher training, mobile schools, school construction and renovation, improving rural school facilities, and grant management. The teacher training component for 2007 focuses on primary school teachers as well as on ICT/"computer education" for lower and upper secondary school teachers.

- Baseline Survey on Child Labor

The baseline survey was financed by the Program on the Elimination of Child Labour of the International Labour Organization (ILO 2006). An earlier survey by the Mongolia National Statistical Office (NSO) found that 68,580 children aged 5-17 took part in economic activity or engaged in labor. The majority of the child workers live in rural areas. As a follow-up to the NSO study, the ILO baseline study examines the characteristics of child workers in more depth. The baseline study draws from a sample of child workers, their parents and employers in districts of Ulaanbaatar as well as in five selected provinces (*aimags*) where a high concentration of child workers had been found.

- Children on the Move Study

The Children on the Move Study was funded by the UK Department of International Development, Save the Children UK and International Save the Children Alliance. The study used a combination of quantitative and qualitative research methods, including focus groups and individual interviews, and examined the impact of rural to urban migration on children's wellbeing as well as on their access to a good education. The focus of the study was on children who moved into urban and semi-urban districts with overcrowded schools as well as on children that were left behind in rural areas (Save the Children UK & National University of Mongolia 2005).

- The Public Expenditure Tracking Survey (PETS)

The World Bank administered, in cooperation with the Open Society Forum (Soros Foundation) in Ulaanbaatar, PETS Mongolia. As with public expenditure tracking surveys in other countries, financial information were collected, compared and tracked at central, provincial, district and school level. In Mongolia, educational finance information was gathered from 118 schools in 22 different provinces (*aimags*), including Ulaanbaatar. In terms of their location, 27 percent of the schools in the sample were in Ulaanbaatar, 25 percent were

in *aimag*-centers (province centers), 35 percent in *soum*-centers (rural district centers), and the remaining 14 percent were in remote villages (*bagh*). The study also retrieved information from the province-center and central education and finance officials. PETS Mongolia constitutes the most comprehensive empirical study conducted to date on educational finance in Mongolia. The PETS Mongolia report *Public Financing of Education* (World Bank 2006) comprises chapters on school expenses and budget composition, the education budgetary process, the complex system of teacher compensation in Mongolia, and concludes with a chapter in which the impact of education financing on transparency, equity, and efficiency is reflected and discussed.

- Country Gender Assessment

The report *Mongolia Country Gender Assessment* was published by ADB and the World Bank in 2005. One section of the report is devoted to gender and development, specifically educational development (ADB & World Bank 2005). The inverse gender gap in the educational sector is discussed whereby female students outperform male students at all levels of the education system. Women are also proportionally overrepresented as employees in the educational system. The ratio of women decreases, however, at higher levels of the educational system. At the primary school level 94 percent of the teachers are females, and 52 percent of all lecturers in colleges and universities are female. The release of the report in 2005 triggered a heated public debate on causes and remedies of the inverse gender gap in education. The under-representation of male teachers led the Ministry of Education to discuss the feasibility of introducing a quota for hiring male teachers and generating incentives for attracting male secondary school graduates to enroll in pre-service teacher education. No concrete actions have been taken to date.

- Policy Notes Based on Analyses of Living Standard Measurement Surveys and Household Income and Expenditure Survey

In a series of remarkable secondary data analyses, a team from the World Bank (East Asia and Pacific Region) utilized existing data sets—the LSMS 1998 and 2002 (Living Standard Measurement Surveys), and the HIES 1999 (Household Income Expenditure Survey), and the HIES-LSMS 2002/03—to explore topical issues in the public sector. Several of these policy notes are relevant for the educational sector such as, for example, *Being left out of upper secondary schooling: Mongolia's rural poor* (World Bank 2005a) or *Assessing targeting effectiveness and efficiency of social assistance: a policy note* (World Bank 2005b).

- Statistical Information on the Mongolian Education Sector

The information for the school years 2004/05 and 2005/06 were provided by the Ministry of Education, Culture and Science (MECS 2005 and 2006).

The studies listed above had been carried out or were published in recent years, that is, either in 2005 or 2006. However, other reports, published in the period 2000-2005, have also informed this review. The most important reports for the purpose of this review were the following:

- *The Living Conditions of the Children in Peri-Urban Areas of Ulaanbaatar* (National Board for Children, Save the Children UK, UNICEF 2003)
- *Economic Growth Support and Poverty Reduction Strategy. Implementation Progress Report 2004* (Government of Mongolia 2004a)
- *Millennium Development Goals: National Report on the Status of Implementation in Mongolia* (Government of Mongolia, 2004b)
- *Governance: Progress and challenges in Mongolia* (ADB 2004)
- *The Mongolian Dropout Study* (MEA 2005)
- *Human Development Report Mongolia 2004* (Government of Mongolia & UNDP 2004)
- *Mongolia Education Sector Strategy 2000-2005* (MOSTEC [Ministry of Science, Technology, Education and Culture] 2000)
- *Mongolia National Report on Education for All assessment – 2000* (MOSTEC, UNDP, UNESCO, UNICEF, UNFPA and World Bank 2000)
- *Mongolia Participatory Living Standards Assessment* (National Statistical Office of Mongolia and World Bank 2001)
- *Children and Women in Mongolia. Situation Analysis Report 2000* (UNICEF 2000)
- *Public Expenditure and Financial Management Review* (World Bank 2002).

2. Background on the Educational Sector

The population of Mongolia is 2.5 million. 40 percent of the population are children under the age of 18. It is the least densely populated country in the world. 41 percent of the people live in rural areas and the majority of the rural population is composed of nomadic pastoralists. Traditionally, the Mongolian education sector had to cater to a population that is dispersed and nomadic. In the 1970s and 1980s, the socialist government established school dormitories to enable the enrolment of children of nomadic herder families. The school dormitory system has remained an integral part of the Mongolian education system. Specific to the Mongolian context are also the extremely cold winters that force schools to spend a sizeable part of their budget for school maintenance and heating cost. Approximately one-fifth of the national budget for general education is spent on covering heating expenses (World Bank 2006: 43). Despite these traditional challenges to securing access to all students—dispersion, seasonal migration of herder families (nomadic pastoralism), and harsh weather conditions—universal access to education was secured by the mid-1980s. The literacy rate was 97 percent at the beginning of the transition period in the early 1990s, but decreased over the course of the past decade.

2.1. Developments in the First Transition Decade

Several challenges surfaced in the 1990s with which the educational sector is still grappling:

- **Poverty:** 36 percent of the population is poor, that is, live on less than 25,000 MNT (approximately 22 US\$) per person per month. The 2004 Household Income Expenditure Survey and the 1998 and 2002 Living Standards Measurement Surveys suggest that rural poverty is higher than urban poverty, and that female-headed households are especially affected by poverty (World Bank 2005b). Poverty, combined with the rising private cost of education and child labor (mainly in animal husbandry), is the main factor for school drop out or for non-enrollment. The Government of Mongolia has a long-standing history in providing child money to households with a large number of children. In 2007, a family receives 3,000 MNT per child per month and 100,000 MNT per child annually, paid in quarterly installments of 25,000 MNT.
- **Internal migration from rural areas to semi-urban and urban areas:** The emigration from rural areas caused problems both for rural and for urban schools. Small schools in remote rural areas faced dwindling student numbers and as a result were not able to retain

qualified teachers. Semi-urban schools in province-centers and in cities, in turn, became overcrowded.

Impact of internal migration on rural areas: Even though there was a general trend of rural-urban migration in the 1990s due to unequal living standards and work opportunities, several school-related circumstances contributed to and accelerated urbanization. Examples of school-related push factors include, for example, the neglect of rehabilitating school dormitories, the bias of the per capita funding formula favoring large schools, the reorganization of schools (closing down of independent village schools and concentration of complete secondary schools, grades 1-10, in a few districts only), and the inability to attract and retain qualified teachers in rural areas. The Danish International Development Agency (DANIDA) was the only large donor that supported rural schools throughout the 1990s. It was only in 2005 that loans and grants, notably the third sector loan (administered by ADB) and the first World Bank educational grant, were specifically allocated to rural school development.

Impact of internal migration on urban areas: The rural-urban migration also created challenges for schools in province-centers and in cities. By the end of the 1990s, almost all schools implemented two shifts and a few offered classes in three shifts. From the 154 classes that were taught during the third shift in school year 2005/06, two-thirds (100 classes) were located in Ulaanbaatar (MECS 2006). Moreover, the urban schools lacked classrooms and dormitory spaces to accommodate the new immigrants from rural areas. The situation in Ulaanbaatar, where the number of individuals amounts to one-third (registered residents) to half (registered and non-registered residents) of the total population of Mongolia, was especially problematic: bureaucratic hurdles were put in place to prevent that new immigrants register in the capital and thereby would gain free access to social and educational services. Until the registration procedures were changed in 2004, non-registered students were turned away or could only be informally enrolled in school (National Board of Children et al. 2003, Save the Children UK & National University of Mongolia 2005). In the new millennium, the Government of Japan, the largest donor in Mongolia, helped relieve the stress on overcrowded schools by financing the construction of large schools in urban and semi-urban areas.

- Neglect of students with special needs: Only recently was the number of schools for children with special needs increased from two to five separate or “special schools.” These schools are reserved for children with severe mental or physical disabilities. Teachers receive 30 percent additional salary for working in these special schools. At the same time, the Ministry of Education ordered inclusive education without adequately preparing teachers or allocating an additional budget to regular schools that accommodated students with special needs. Starting in 2005, a few schools have also

built ramps to make at least the school entrance accessible for students that are physically disabled. The need to make schools wheelchair accessible was explicitly mentioned in the 2005 Education Sector Review and the third education sector loan (administered by the Asian Development Bank) earmarked funds for making schools, and not only school entrances, wheelchair accessible.

- Male students continue to under-perform: in general, educational attainment is shorter for males than for females. At the same time, the dropout rate and the number of school-aged males that never enrolled in schools is significantly greater for males than it is for females. Even though the inverse gender gap in education was largest during the period of economic crisis (1992-1994) and a great number of boys were subsequently released from labor, the underachievement of male students has remained an issue that is heatedly discussed in the media.
- Vocational and technical education (VTE) experienced a rapid decline and higher education (colleges and universities) a boom in the 1990s: The reform of VTE has received attention by the German donor GTZ and, most recently, was earmarked as an area of reform for the third education sector loan, administered by ADB. Higher education has transformed into a commercial enterprise in that both public and private universities charge tuitions. The high private cost of a college or university degree, combined with the scarcity of government loans and scholarship and the inability to find a job after graduation, has generated a tremendous financial burden on households. Starting in 2007, the Government is creating incentives for students interested in vocational and technical education. One of the decrees passed in January 2007, for example, provides a monthly stipend for those studying in VTE.

2.2. Structure

The Mongolian educational system consists of the following sub-sectors:

(1) Preschool education, that is, kindergarten and crèches cover the age groups of 2 to 6-year olds. This sub-sector includes both formal education in the form of crèches and kindergarten as well as non-formal education in the form of multi-week school preparation programs, typically offered in June, when the school year ended and before the start of the new school year (September 1).

(2) General education starts at age 7, and is composed of three cycles: 5+4+2. The first five-year cycle (7-11 year-olds) and the second four-year cycle (12-15 year-olds) are

compulsory and constitute basic education. The third cycle, upper secondary school, lasts two years. General education was extended from ten to eleven years in 2005. A further extension to 12 years of schooling will possibly be introduced either in 2008 or 2010, and the medium-term goal is to move to a 6+3+3 system (6 years primary, 3 years lower secondary, 3 years upper secondary).

(3) Vocational and technical education (VTE) includes both specialized upper secondary schools (grades 10 and 11) as well as post-secondary diploma programs housed in vocational training centers.

(4) Higher education sub-sector: institutes, colleges and universities. Colleges provide three-year diploma programs and four-year programs at the Bachelors level. Universities offer Bachelors, Masters, and Ph.D. programs.

(5) Non-formal education and distance education: The non-formal education sector caters to two groups. The primary target group consists of those with no or limited formal schooling, that is, school-aged children and youth that are out-of-school as well as adults that never enrolled in or dropped out of schools. The second target group is more broadly defined and includes literate adolescents and adults that take courses in life skills courses (e.g., on health, market economy, legal education, ecology, small-business skills), vocational skills, creative skills, or in other areas (parenting, how to generate additional income, etc.). Since the establishment of the National Program for Non-Formal Education in 1997, the number of non-formal education centers catering to literate adolescents and adults increased steadily. The number of non-formal education centers increased from 56 centers in 1997 to 349 centers in 2004.

(6) Students with special needs: There exist countrywide five schools for students with severe physical or mental disabilities, all located in Ulaanbaatar. Officially, students with special needs are supposed to be integrated in regular schools. However, there is no national program or policy to systematically integrate students with special needs in schools, and as a result their integration depends on the goodwill of the individual school. The more common form of schooling for children that have special needs is home schooling by parents and, if private financial resources are available, private tutoring by teachers.

There also exist numerous classes at lower and/or upper secondary level for students that are especially gifted. The majority of them are classes within a regular school, but in greater agglomerations, there also exist separate schools for gifted students. They provide additional courses in particular subjects for a fee that is retrieved from parents. The most

popular subjects are the natural sciences. High-stakes entry exams are used to ensure a selective admission. There is no statistical information available on the number of classes and schools for gifted students.

2.3. Size and Enrollment

The transition from a planned to a free-market economy affected enrolment in the various sub-sectors in distinct ways. Starting in 1991, enrolment in kindergarten dropped radically from two-third to one-third of pre-school aged children. Enrolment in general education was nearly universal in 1990, dropped during the economic crisis of 1992-1994, and slowly recovered in the subsequent years. Primary completion rate in school year 2003/04 is estimated at 91 percent.

Traditionally, the Mongolian educational system relied on a net of well-functioning dormitories that accommodated children of herder families. The Ministry of Education lacked funds to rehabilitate the dormitories that were, in great parts, established in the 1970s and 1980s. As a result many dormitories in rural areas were either completely or partially closed. The number of dormitory beds dropped from 64,362 in 1990 to 27,435 in 2000. Rural development was one of the priorities of the Government in the period 2000-2004. In the education sector, a greater attention was paid to rural schools, and as a corollary dormitories were rehabilitated or newly built. In school year 2005/06, there existed 410 school dormitories nationwide and 41,068 students lived in school dormitories (MECS 2006). The unavailability of dormitory space has especially affected children from remote rural areas negatively as 86 percent (35,560 children) of dormitory inhabitants are children from herder families.

Furthermore, technical education and vocational training lost its attraction, and was drastically reduced at the expense of colleges and universities. The higher education sub-sector (institutes, colleges and universities) experienced not only the first, but also the most fast-paced and comprehensive reform of the early 1990s. The enrolment in higher education institution was explosive. During socialist times, roughly only 10 percent of an age cohort was admitted to higher education, it is estimated that approximately 40 percent of secondary school graduates continue into post-secondary education. In 1990, all colleges and universities were state-owned and free of charge. In 1992, a few private higher education institutions started to charge tuition, and a year later, the Ministry of Education mandated that all higher education institutions, private and public, collect tuition fees. By academic year 2005/06 only 42 institutions were state-owned, 136 were privately owned, and 6 were run by international enterprises. Although private colleges and universities are much smaller in size

than public ones, they serve a growing number of students. Already by academic year 1995/96, every fifth student was enrolled in a private institution of higher education (N=8,930), and in academic year 2002-03, every third student studied at a private college or university (N=37,607) (World Bank 2004).

Table 1 provides a summary of enrollments preschool, general education, vocational and technical education, and higher education. Note that the section on higher education sub-sector (institutes, colleges and universities) distinguishes between private and public institutions.

Table 1. Enrollment School Year 20001/02 until 2003/04 by Level of Education

	2000-01	2001-02	2002-03	2003-04
Kindergarten and Creches				
Number of kindergartens and creches	680	679	668	701
Number of children	81,200	84,700	88,700	94,000
% female				50.8
Number of teachers	3,056	3,177	3,257	3,557
% female				95.7
General Education				
Number of primary and secondary schools	683	700	688	686
Number of primary schools (Grades 1-4)	113	107	100	72
Number of lower secondary schools (Grades 1-8)	219	216	217	193
Number of complete sec. schools (Grades 1-10)	351	377	371	421
Number of students (Grades 1-10)	494,544	510,291	527,931	537,398
% female	52.3	52.1	51.7	51.4
Number of teachers (Grades 1-10)	19,223	20,076	20,752	20,792
% female			78.7	80.3
Number of students living in school dormitories	27,435	27,978	33,646	N/A
Technical and Vocational Secondary Schools				
Number of technical and voc. second. schools	36	32	41	46
Number of students	12,177	15,051	19,493	21,574
% female				48.7
Number of teachers	868	843	955	1,133
% female				62.8
Public Higher Ed. (Institutes, Colleges, Univ.)				
Number of higher education institutions	38	41	42	48
Number of students	56,906	60,382	66,834	74,134
% female		61.7	60.7	60.1
Number of teachers		4,071	3,853	3,999
% female				53.3
Private Higher Ed. (Institutes, Colleges, Univ.)				
Number of higher education institutions	134	137	143	135
Number of students	28,079	29,893	31,197	34,134
% female		66.5	66.1	65.5
Number of teachers		1,455	1,765	1,963
% female				58.1

Source: ADB and MECS (2005: 12)

2.4. Donor Involvement

The largest donors are the Government of Japan (45 percent of all external assistance), the Asian Development Bank (22 percent), and since 2007 also bilateral donors contributing to the Catalytic Fund (14 percent), administered by the World Bank. The bulk of external assistance is given in the form of grants. Less than one-third (28.6 percent) of the external assistance consists of loans.

Table 2. Donor Involvement in General Education, 2000-2009

DONOR	PROJECT/PROGRAMS	PERIOD	COMMITMENT (US\$)	Type of Aid	%
Asian Development Bank (ADB)	1st, 2nd & 3rd Loan	1997-2011	42,150,000	Loan	22%
Internat. Dev. Association (WB)	Sustainable Livelihoods Projects	2003-2004	2,238,011	Grant	
Int. Fund for Agricult. Dev. (IFAD)	School Renovation/Rehabilitation	2004-2009	1,954,000	Loan	
Int. Labour Organization (ILO)	Non-Formal Education	1999-2005	502,000	Grant	
UNICEF	Various	2002-2006	1,000,000	Grant	
UNFPA	Health Education	2002-2006	402,215	Grant	
UNESCO	Various	2001-2007	1,022,203	Grant	
DENMARK (DANIDA)	Rural School Development	2000-2008	1,774,700	Grant	
JAPAN (JICA)	Mostly Rehabilitation of Schools	2000-2007	86,164,540	Grant	45%
KOREA (KOIKA)	Various	2003-2007	3,153,592	Grant	
Nordic Development Fund (NDF)	Second Educ. Developm. Program	2003-2007	10,543,000	Loan	
SWEDEN (SIDA)	Inclusive Education	2004-2007	397,000	Grant	
Adventist Dev. and Relief Agency	Dropouts & st. with special needs	2001-2006	728,214	Grant	
Open Society Forum (Soros F.)	Various	2000-2003	4,057,511	Grant	
Save the Children Fund U.K.	Various	2003-2008	2,202,193	Grant	
World Vision	Various	1999-2006	5,438,929	Grant	
FTI Catalytic Fund (World Bank)	Various	2007-2009	27,200,000	Grant	14%
Total			190,928,108		100%
of which loans (28.6%)			54,647,000		

Source: FTI Secretariat (2006b)

External assistance has been traditionally high in Mongolia. According to the United Nations Development Assistance Framework for Mongolia 2002-2006 (UNDP 2001: 17), Overseas Development Assistance totals approximately 20 percent of the country's GDP. While the dependence on external assistance has remained high after the political changes in the early 1990s, socialist aid received from the Council for Mutual Economic Assistance tended to earmark a greater proportion of the external assistance fund for the social sector. For example, the Asian Development Bank took the lead in providing loans for educational development. There were three loans granted to date:

- Education Sector Development Program (first loan), \$15.1 million, 1997 until 2002
- Second Education Development Project (second loan), \$14 million, 2003 until 2007
- Third Education Development Project (third loan), \$13 million, 2006 until 2011.

Despite ADB’s visibility in Mongolian educational development, its allocation to the social sector (health, education, social insurance reform) is a meager 9 percent of its overall financial commitment to Mongolia (ADB 2000: 7). Already in 1991, the transitional government established the first agreements with the IMF, World Bank, ADB, Japan, and 14 other countries (Batbayar 2003: 15). Japan pledged \$55 million in the early transformation period, and the country has to date remained the largest donor in Mongolia. As Table 2 illustrates, the grants of the Government of Japan amount to close to half or 45 percent of all external assistance funds. In comparison, the two U.N. organizations UNESCO and UNICEF, are—each funding projects in the amount of approximately \$1 million over a period of 4-6 years—small donors. However, their influence on educational reform is not to be downplayed. Their good rapport with the Government of Mongolia dates back to the socialist era. In fact, U.N. organizations (in particular UNDP and UNESCO) were the only international organizations that bridged the divide between communist and capitalist countries. UNDP and UNESCO were the only non-socialist organizations that operated since 1961 in the (socialist) Mongolian People’s Republic. Among the non-governmental organizations, World Vision, the Mongolian Foundation for Open Society (Soros Foundation), and Save the Children UK take the lead. In 2005, there existed close to 4,500 associations that were registered as non-governmental organizations in Mongolia (see Steiner-Khamsi and Stolpe 2006). Many of them support small educational projects.

3. Developments with Regard to the Education for All Goals

The following Table 3 provides a statistical summary of educational statistical information that relate to Education for All, and in particular to the six Millennium Development Goals (MDG). In selecting relevant indicators, we used the *Guidelines for the Asia and Pacific Education for All Mid-Decade Assessment: Identifying and Reaching the Unreached* (UNICEF, UNESCO, Education for All – Asia and the Pacific 2006). We have also added indicators on educational finance.

Table 3. Indicators for Assessing the Education for All Goals

(1) Preschool education (crèches and kindergarten) ²	
• Gross enrollment ratio in preschool (2-6 year olds) including crèches/kindergarten and short-term school preparation programs	60.6%
• Gross enrollment ratio for crèches/kindergarten only (2-6 year olds)	49.7%
(2) Universal access to free basic education (grades 1-9)	
• Gross enrollment ratio in basic education (ages 7-15): Females ²	95.5%
• Gross enrollment ratio in basic education (ages 7-15): Males ²	95.3%

<ul style="list-style-type: none"> • Survival rate from grade 1 to 4¹ • Survival rate from grade 1 to 8¹ • Survival rate from grade 1 to 9 (post-basic education)¹ • Repeaters as % of enrolments (grades 1-8)¹ • Net enrollment ratio in basic education (ages 7-15): Females² • Net enrollment ratio in basic education (ages 7-15): Males² • Share of female 7-15 year olds that are out-of-school² • Share of male 7-15 year olds that are out-of-school² 	88.3% 83.0% 61.1% 0.25% 94.9% 91.9% 5.1% 8.1%
(3) Access of young people and adults to life skills programs <ul style="list-style-type: none"> • Enrollment in non-formal literacy training³ 	11,478
(4) Adult and youth literacy rates <ul style="list-style-type: none"> • Adult literacy rate (15 years and older)⁴ • Youth literacy rate (age 15-24 years old)⁴ • Number of illiterates age 8-15: Of which females (42.7%) • Number of illiterates over 16 Of which females (34.9%) 	97.8% 98.9% 4,650 1,984 6,421 2,243
(5) Achieving gender equality in education by 2015 ⁵ <ul style="list-style-type: none"> • Gender Parity Index (GPI) for early childhood education • GPI for primary school (grades 1-4) • GPI for secondary school (grades 5-8) • GPI for higher education (institutes, colleges & universities) 	1.11 1.04 1.22 1.74
(6) Improving the quality of education ¹ <ul style="list-style-type: none"> • Student-teacher ratio in basic education • Student-classroom ratio in basic education • Student-textbook ratio in primary school: math textbooks • Student-textbook ratio in primary school: language textbooks • Annual instructional hours for students in primary school • Annual instructional hours for students in basic education 	26.7 32.3 1: 1.3 1: 1.6 659.7 792.2
OTHER: Education Finance Indicators ¹ <ul style="list-style-type: none"> • Public expenditure on education as a percentage of total government expenditure • Public expenditure on education as a percentage of the Gross Domestic Product • Share in total recurrent spending on education: primary • Share in total recurrent spending on education: lower secondary • Share in total recurrent spending on education: basic education 	19.1% 7.5% 22.9% 22.1% 45.0%

Legend for the various sources: ¹ FTI Secretariat (2006b), ² MECS (2006), ³ ADB & MECS (2005), ⁴ Government of Mongolia & UNDP (2004), ⁵ UNESCO (2003).

Three of the six Millennium Development Goals explicitly mention the need to draw more attention to the education of girls and women. In other words, the MDG framework assumes gender inequality favoring males. As mentioned before, for the Mongolian educational system the opposite applies. The inverse gender gap and the situation for other vulnerable goals specified in the MDG will be examined in greater detail in the next section of this report. The gender parity indices (GPI) are consistently greater than 1 indicating a disparity in favor of girls. As Table 3 presents, the disparity grows with the level of education. The greatest disparity is at the level of higher education: for every male student, there are almost two females students or more precisely 1.74 female students enrolled in institutes, colleges, or universities. Adult and youth literacy are, at first sight, also not an issue. But as will be

discussed in greater detail, the official data tends to underreport dropouts, out-of-school children, and illiterates.

The Government of Mongolia spends 19.1 percent of all its expenditures on education. This share corresponds, more or less, to the EFA FTI Indicative Framework that recommends a percentage of 20 percent. The commitment to public education is also discernible in the great proportion of the GDP (7.5 percent) that is spent on education. This proportion is high as compared to other low-income countries in the Asia and Pacific region, but it is not out of the extraordinary as compared to countries in the post-socialist region of Europe, Caucasus, and Central Asia. Also, compared to the EFA FTI Indicative Framework, the annual instructional hours are shorter than in other developing countries. FTI recommends 850-1,000 hours for students in basic education. In contrast, primary school students in Mongolia attend schools for 659.7 hours per year, and students in basic education (grades 1-9) spend 792.2 hours at school.

During the EFA mid-decade assessment in 2005, completion of basic education (grades 1-9) has been acknowledged as a problem. As we will discuss in further detail below, children that never enroll or drop out are disproportionately poor, from rural areas and male.

3.1. The Inverse Gender Gap

The inverse gender gap in education was greatest during the period of economic crisis in the early 1990s and it is likely to continuously decrease over the course of the next decade. This optimistic outlook is nourished by the observation that the gender gap in general education is gradually closing. This applies both to enrollment as well as dropout rates. The greatest imbalance was at the height of the economic crisis in the early 1990s: male students constituted 72.5 percent of all dropouts in lower secondary school in 1991/92 (Steiner-Khamsi and Nguyen 2001: 31). The situation gradually improved. In 1997/98, 66.4 percent of all dropouts in lower secondary school were males. In 2005/06 the number of boys that dropped out from school further decreased; they constituted only 62.1 percent of all dropouts in the age group of 12-15 year olds. Boys are still disproportionately dropping out of school or do not enroll in school, but the current gender imbalance is less extreme than it used to be a decade or fifteen years ago.

As Table 4 illustrates the under-representation of male students is especially pronounced in higher education. There are several factors that account for this imbalance in higher education. One of them is the lack of formal qualifications to enter higher education as evidenced by lower attainment and higher drop out rates for males in general education. However, the gender ratio is more balanced for students currently enrolled in general

education suggesting that male students are catching up with their female peers, and most likely will, in the near future, enter higher education institutions in greater numbers. The next Table presents the gender imbalance with regard to graduates for academic year 2004/05 and school year 2005/06.

Table 4. Gender Imbalance by Level of Education

Level of Education	Percentage of Female Students
Primary Education (1-5)	49.9%
Basic Education (1-9)	51.6%
Upper Secondary School (10-11)	54.9%
Bachelor	61.8%
Masters	66.9%
Ph.D.	60.8%

Sources: MECS (2006), ADB & MECS (2005: 43)

Depending on the school level, teachers need to complete the equivalence of a Bachelor or Masters degree to obtain a teaching certification. The gender imbalance in higher education is therefore directly linked to the feminization of the teaching profession. In pre-school over 95 percent of all teachers are female, and 81 percent of all teachers in general education (grades 1-11) are women. As mentioned before, for a short period in 2004, the Ministry of Education entertained the idea of introducing an affirmative action scheme that would have attracted more males to teacher education and would have provided incentives to male teachers to stay in the profession. The plan rested on the assertion that male students lack positive male role models in their lives. There was an expectation that an increase in male teachers would positively affect the performance of male students because those teachers would be seen as positive role models. In addition, the Ministry of Education conceived a similar affirmative action plan that would have resulted in lower performance requirements for males that sat for the university entrance exams. Both ministerial plans—affirmative action (favoring males) for teacher education and for university entrance exams—were dropped in the wake of vociferous protests from the international community in Mongolia, especially from human rights advocacy groups.

3.2. Out-of-School Children

There is a lack of reliable time-series data on dropouts and never enrolled children. In 2005, the year in which the most recent education sector review and the master plan were prepared, the Ministry of Education, Culture and Science was openly criticized for providing contradictory, incomplete, or biased information for the following three educational indicators: number of dropouts, number of students with special needs, and number of enrollments in non-formal education. For the first two groups—dropouts and students with special needs—the Ministry of Education, Culture and Science figures tended to be lower than what other governmental, non-governmental and multilateral organizations reported. The figures on enrollment in non-formal education, for example, vary considerably, depending on which government institutions provides the information. The Human Rights Commission, for example, reported 68,115 dropouts from basic compulsory education for school year 2003/04, UNICEF and the Department for Non-Formal Education of the Ministry of Education reported 40,000, and the National Statistical Office listed only 11,953 dropouts (MEA 2005). Strikingly, the official statistics on dropouts are also retroactively corrected. In 1993, the Government of Mongolia contended that

“dropout rates have increased from 4 percent in 1988/89 to almost 22 percent in 1992/93, with those in rural schools (especially males) being the more common dropouts. (Government of Mongolia 1993: vi)

In 2005, the Ministry of Education reported only 8.8 percent for 1992/93 (MOECS 2005), that is, more than 13 percent fewer dropouts than the Government reported during the period of the economic crisis of the early 1990s. Apart from political and economic reasons for under- or over-reporting dropout rates, there is confusion at the province- and district-level as to how to count dropouts. For example, dropouts who subsequently enroll in a multi-week non-formal education program are removed from the dropout statistics. In effect, the official dropout statistics only includes those individuals that never enrolled in formal or non-formal education.

The problem with misreporting visibly improved since 2005. In 2005, a team from the World Bank presented a variety of secondary analyses, retrieved from the household survey of the Living Standard Measurement 2002-2003, that dealt, among other aspects, with Mongolia’s rural poor (World Bank 2005a).

Table 5. Proportion of Working Children and Non-Attendance, 1998 and 2002

	Children 10-14 working		Children 8-12 not attending school		Children 13-17 not attending school	
	1998	2002	1998	2002	1998	2002
Poorest Quintile	5.3	4.7	16.3	8.3	27.5	21.0
Quintile 2	10.9	4.6	7.6	3.5	21.1	9.0
Bottom 2 Quintiles	8.2	4.6	11.7	5.7	24.2	14.5
National	9.3	2.8	8.0	3.1	16.3	8.2

Source: LSMS 1998 and HIES-LSMS 2002/03, see World Bank (2005a: 7)

The analysis shows an improvement with regard to school enrollment of the rural poor. For example, the proportion of 10-14 year old working children that were among the poorest two quintiles fell from 8.2 percent to 4.6 percent of households in the period 1998 to 2002. There are two causes for the increased enrollment rates from 1998 to 2002: First, decrease of economic hardship in rural areas that resulted from natural disasters (*zud*), defined as very cold and long winters, followed or preceded by a drought in the summer. The rural poor could not afford the private cost of education, including basic ones such as buying clothes and shoes for their school-aged children, and kept their children at home. Second, the dropout rates for children of poor herders were highest from 1996 to 2000, during the period in which the Government of Mongolia charged fees for meals in the school dormitories, known as the “Meat Requirement.” The massive dropout problem in rural areas gradually recovered after the year 2000 when the Meat Requirement policy was abolished (see Steiner-Khamsi and Stolpe 2006).

The analysis presented by a team from the World Bank (2005a) and summarized in Table 5 above, made it sufficiently clear that the statistical information on never enrolled children or dropouts collected by the Ministry of Education, Culture and Science are much lower than the ones which the National Statistical Office retrieved at the household level. The vast discrepancy in statistical reporting reflects to some extent the Mongolian notion of “un-educability.” Three groups of school-aged children are not captured in the statistics on never enrolled or dropped out children, because they are viewed as “un-educable”: mentally disabled children, children with sever physical disabilities, and children who had to take a long-term leave of absence due to sickness. The Education Sector Review of 2005 more accurately uses the term “out-of-school children” and counts all school-aged children that are not in school either because they dropped out or never enrolled in basic compulsory education (ADB & MECS 2005: 46). They find that in school year 2003/04 close to 10 percent of 8-15 year olds (45,800) children were out of school. Poor boys and poor children from rural areas constitute the majority of children that either never enrolled or dropped out. From the “out of school children” some 61 percent are males (27,854) and 39 percent are females (19,930).

Furthermore, 83.2 percent of the dropouts are from rural areas. The Ministry of Education, Culture and Science reports 8.5 percent of never enrolled children for school year 2004/05, and a share of 6.8 percent of school-aged children that were out-of-school during school year 2005/06 (MECS 2006). In sum, the Ministry of Education, Culture and Science has acknowledged the following figures for out-of-school children:

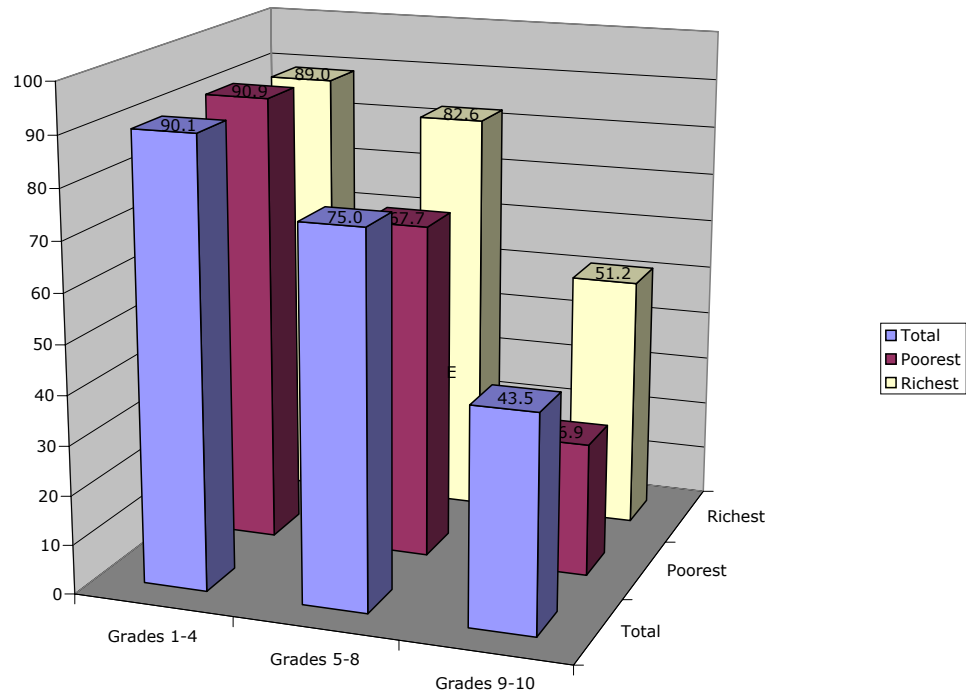
School year 2003/04: 9.6 percent

School year 2004/05: 8.5 percent

School year 2005/06: 6.8 percent

The following Figure 1 illustrates the relation between household income (“wealth”) and enrollment in primary school (grades 1-4), lower secondary school (grades 5-8), and upper secondary school (grades 9-10). A disproportionately large percentage of children from the poorest quintile of household consumption drop out after the end of lower secondary level, that is, after grade 8.

Figure 1. Net Enrollment Rates by Wealth



Source: Living Standard Measurement Survey 2002, see World Bank (2005a)

Boys from rural areas are considered an at-risk-group. They are most likely to drop out from school in order to contribute to the household income by working in animal husbandry or in agriculture. Male child labor correlates highly and positively with poverty. As the following Table 6 reveals, the chance of dropping out from schools is much higher for boys than for girls. Sixty percent of dropouts are males.

Table 6. Dropouts by Gender and Age, School Year 2005/06

TOTAL BY AGE	FEMALE	FEMALE AS % of TOTAL
9,043 (age group 8-15)	3,582	39.6%
2,779 (age group 8-11)	1,209	43.5%
6,253 (age group 12-15)	2,373	37.9%

Source: MECS (2006)

3.3. Vulnerable Children and Minorities

The Ministry of Education, Culture and Science counts a broad array of groups in the category Vulnerable Children. The category includes orphans (half or fully orphaned with a guardian, children without a guardian), children from herder families, and students with special needs (physically impaired, vision impaired, hearing and speech impaired, mentally impaired). Table 7 presents statistical information on vulnerable and as well as on students with special needs in Mongolia.

Table 7. Vulnerable Children, Minorities and Students with Special Needs, School Year 2002/03 and 2005/06

	Year 2002/03	Percent of Population	Year 2005/06	Percent of Population
TOTAL (Basic Education)	527,931	100%	556,876	100%
1. Vulnerable Groups				
1.1. Half-Orphaned	42,093	7.97%	48,258	8.66%
1.2. Full-Orphaned	3,740	0.71%	4,504	0.80%
1.3. No Guardian	534	0.10%	806	0.14%
1.4. Herders Children	100,044	18.95%	118,365	21.25%
2. Students with Spec. Needs				
2.1. Physically impaired	3,305	0.62%	4,235	0.76%
2.2. Vision impaired	22,548	4.27%	26,852	4.82%
2.3. Hearing & speech impaired	11,999	2.27%	13,717	2.46%
2.4. Mentally impaired	2,390	0.45%	2,717	0.48%
(Subtotal: st. w. special needs)	(40,242)	(7.62%)	(47,1521)	(8.53%)

Sources: ADB & MECS (2005: 107) and MECS (2006)

There is a complete lack of provisions that would cater for the special needs of children that are physically handicapped or impaired in other ways. The *Education Sector Review Study* (ADB & MECS 2005: 17) highlights the absence of access ramps and other provisions that would ensure access to buildings, classroom and toilet facilities for students that are bound to wheelchairs. It is striking how little progress has been made with regard to ensuring access and quality of education for students with special needs. Apart from a few pilot projects, funded by international non-governmental organizations (Save the Children UK, World Vision, Mongolian Education Alliance), there is virtually no attention given to students with special needs.

The figures presented by the Ministry of Education, Culture and Science (MECS 2006) portray a different picture than those recorded in the 2004 Census of Disabled People (FTI Secretariat 2006: 6 f.). The Ministry of Education, Culture and Science data indicates that 8.53 percent of all students enrolled in basic education in school year 2005/06 were students with a disability (see Table 7 above). This ratio is extremely high as compared to other low-income countries where typically only 1-2 percent of all enrolled students are students with disabilities (see Mittler 1995). The ratio of 8.53 percent deserves therefore to be treated with great caution. The data collected in the 2004 Census of Disabled People suggests a much lower enrollment of children and youth with disabilities. More than half of the children and youth with disabilities are out-of-school. Only 41 percent of children with disabilities in the age group 8-11 year olds are enrolled in primary school. The ratio for the older age group (12-15 year olds) is slightly higher (45 percent), but still more than half of them are not enrolled in any school.

Table 8. School Enrollment of Children and Youth with Disabilities, Year 2004

8-11 year olds (primary school)	41%
12-15 year olds (lower secondary school)	45%
16-17 year olds (upper secondary school)	31%

Source: 2004 Census of Disabled People (cited in FTI Secretariat 2006a: 7)

It is alerting that literacy rates have fallen over time, as reflected in the following Table 9. The literacy rates are the lowest for the 15-19 year old youth with disabilities (71 percent) and highest for 40-44 year adults with disabilities suggesting that educational opportunities for the disabled have decreased over time.

Table 9. Literacy Rates of Youth and Adults with Disabilities, Year 2004

15-19 year olds	71%
20-24 year olds	77%
25-29 year olds	79%
30-34 year olds	84%
35-39 year olds	87%
40-44 year olds	91%

Source: 2004 Census of Disabled People (cited in FTI Secretariat 2006a: 7)

Improving access and quality of education for students with special needs is an area of educational reform that has been largely neglected. The units for “defectology” at teacher education institutions that prepared teachers to work with students with special needs were dismantled in the 1990s. Teacher education students complete their degrees and teachers participate in in-service training seminars without ever hearing about, reflecting on, and discussing how teachers and schools could accommodate students with special needs who account for approximately 8 percent of the school-aged population. Besides the complete lack of provisions and inadequate teacher preparation, schools also lack special equipment and books that would enable blind or deaf students to be integrated in regular classes. On the positive side, it is noticeable that the Ministry of Education, Culture and Science now publishes statistical information on students with special needs. Also, the need for action has been acknowledged in the Education Sector Review, the Master Plan 2006-2015, and the Third Education Development Project 2006-2011 (third loan, administered by ADB). In stark contrast, no progress has been made with regard to official reporting on street children. The number of street children is unaccounted for and is missing from government documents dealing with the social sector.

The Government of Mongolia considers children of herders as well as children who are orphaned (fully or half orphaned) or who live without a guardian as vulnerable. Not listed in Table 7 above, but also eligible for an education supply subsidy (general education) or a government scholarship (higher education) are children from families that have four or more children simultaneously enrolled in school.

Mongolia is ethnically very diverse but all ethnic groups communicate in Mongolian except for the Kazakh minority in the Western part of the country. Approximately 1.25 percent of the school-aged population is registered as a linguistic minority (MECS 2006). One of the Western provinces (Bayanulgi) is officially bilingual Mongolian-Kazakh. The majority

of schools in Bayanulgii use Kazakh as the language of instruction but lack textbooks and books in Kazakh language. The Bayanulgii has been economically depressed since the mid-1980s and experienced a massive emigration to Kazakhstan in the early 1990s. The rates for poverty of households and the number of students that are out-of-school are much higher in Bayanulgii than in other provinces of the country. The official dropout rate for Bayanulgii is 6.2 percent as compared to 1.9 percent nationally (Huang 2005: 9).

The economic hardship of Bayanulgii is taken into account in the funding formula for schools. Educational finance in Mongolia is based on per-capita funding whereby the normative mean per students varies by school type (lowest mean for primary school and highest mean for upper secondary school) and the geographic location of the school (lowest mean for the Central region and highest mean for the most distant Western provinces). A school receives additional funds for each student that is accommodated in the school dormitory. For the first time in 2005, the bilingual province was granted a higher normative mean per student than the rest of the Western zone. This higher mean, however, is not sufficient to offset all the disadvantages that schools in Bayanulgii face. There are several flaws with the current funding formula that a team of World Bank experts attempted to address (World Bank 2006): the currently used, corrective measures (“micro coefficients”) for small schools are not sufficiently rigorous. Small schools greatly suffer from lack of funds and struggle for survival. Bayanulgii has, together with two other economically depressed provinces Zavkhan and Gobi-Altai, a large number of small schools. The average school size in Bayanulgii province is 645 students (World Bank 2006: 22). The smallest average school sizes are recorded for the province Gobi-Altai (514 students) and Zavkhan (554 students). In contrast, the urban provinces such as Orkhon and Ulaanbaatar have an average school size of 2,592 students and 1,879 students, respectively. Thus, the lack of resources in Bayanulgii is to a great extent caused by the funding formula that gives too much weight to school size and disregards student characteristics.

Another serious flaw of the current funding formula is the complete neglect of corrective measures at individual student level. The so-called micro-coefficients only help to correct the entitled amount with regard to school size. Schools are not given any additional funds if they provide proof that they integrate students with special needs, students from vulnerable groups or linguistic minorities regardless of where the schools are located and what their actual school size is. Mongolia was one of the first countries in the post-socialist region that introduced in 1997 per-capita financing. The Public Expenditure Tracking Survey Mongolia (World Bank) revealed several weaknesses of the current funding formula. The Ministry of Education re-designed the funding formula based on PETS Mongolia. The revised version will be applied for the 2008 education budget.

3.4. Children of Herders

Apart from a four-year period (1996-2000) during which herder families had to pay for the food/meat in the dormitories (known as Meat Requirement), children from herder families are accommodated for free in school dormitories. After a decade of neglect to rural school development throughout the 1990s, the Ministry of Education, Culture and Science started in the first years of the millennium to draw attention to the rehabilitation of schools and dormitories in rural areas. In contrast, in the 1990s all external assistance for education was channeled into urban and semi-urban schools. Rural-urban migration was massive in the first part of the 1990s and urbanization continues to be a social and economic problem, and there was an urgent need to build more facilities, including schools and health posts, in urban and semi-urban areas. At the same time, rural development was completely neglected, generating additional push factors for migration. Apart from the Danish government (DANIDA), the Ministry of Education received no external support to preserve access and quality of education in rural schools. The priorities of the Government and the large donors have changed at the turn of the millennium, and a greater balance between urban and rural development is actively sought. As a result, the second loan (2003-2007) and the third education sector loan (2006-2011) as well as the grants from JICA target, among other priorities, rehabilitation projects in rural areas. One might argue, however, that too little is done too late with regard to rural school development. As mentioned above, there was a mass exodus from remote rural areas in the 1990s, first for economic reasons, and then later on for lack of adequate infrastructure, notably lack of heated, healthy and child-friendly schools and school dormitories.

Table 10 presents the application and admissions of children from herder families to school dormitories.

Table 10. Applications and Admissions of Children from Herder Families to School Dormitories, School Year 2005/06

	Number	As a % of total children from herder families
Children from herder families	118,365	
Applied for dormitory space	48,995	41.4%
Was admitted for dormitory space	41,068	34.7%

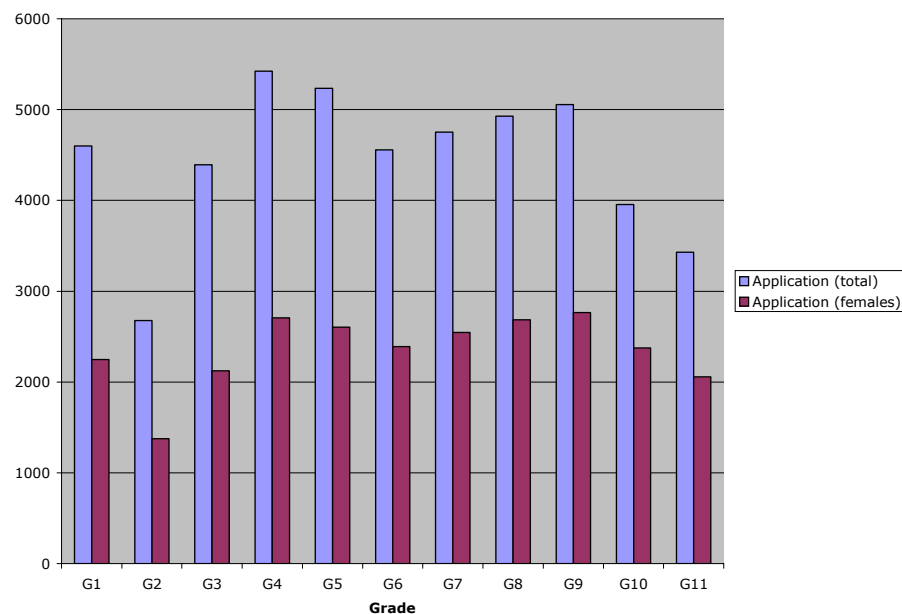
Source: MECS (2006)

Approximately 40 percent of herder families wish to have their child accommodated in a school dormitory. Other living arrangements include splitting the household during the school

year whereby the mother stays with the school-aged children near the rural school, or accommodation of the school-aged children with relatives, friends or on their own. As Table 10 illustrates, there is still a lack of dormitory space and only one-third of all children from herder families (34.7 percent) are granted a dormitory space for their child.

There are, however, important variations with regard to application to a dormitory space by grade level and gender. The following Figure presents the disaggregated information on dormitory applications and admission by grade level and gender (MECS 2006).

Figure 2. Applications for Dormitory Space by Grade Level and Gender, School Year 2005/06



Source: MECS (2006)

Consistent with the inverse gender gap, both the application and the admission of female children of herder families are higher than the figures for male children. 53 percent of the applicants for a dormitory space are for girls. The imbalance is largest at upper secondary school level (grades 10-11): 60 percent of the applicants are for girls. These findings are consistent with the earlier report on male child labor in animal husbandry and agriculture, reflected in the large number of male children from rural areas that either never enroll in school, drop out or, in general, are out-of-school. The unavailability of dormitory spaces is mainly an issue in primary school, and to a much lesser extent in lower secondary school. The demand for a dormitory space in upper secondary school (Grades 10 and 11) is slightly better met than in lower levels of schooling. The other observation relates the fluctuation of application patters. There are several reasons for the massive increase of applications in

grades 3 and 4 that are all cause for serious concern: A sizeable number of herder families take their child out of school after the end of the first school year either because the child performed poorly and was required to repeat the grade (repetition rates are significantly higher in grade 1 than in any other grade), because of bullying by other students, because the dormitory space was unhealthy (cold) and child-unfriendly, or because the child missed its family. The last two reasons—inappropriate dormitory accommodation or emotional distress—are frequently solved by re-enrolling the child at age 9 or 10 when the child is physically stronger and emotionally less dependent from its family. For the eldest children of herder families it is not uncommon to stay at home and wait with school enrollment until the second-born child also reaches school age. This way, both of them are enrolled at the same time, attend the same class, are accommodated in the same dormitory, and thereby give each other company and comfort. The late school entrance age of children from rural areas is well documented. The inequity arising from the lack of child-friendly dormitory spaces in primary school and, more broadly, the shortage of small primary schools (*bagh* schools) in the vicinity of families in rural areas, is likely to increase with the extension of schooling from 10 to 11 years. The extension implied school entrance at a younger age making it necessary for primary school to accommodate children at a younger age. There is a lack of attention paid to the late school entrance age or the over-aging of students from remote rural areas in primary schools. Given that the school entrance age was lowered in 2005, the problem of over-aging is more pronounced today than it was a few years ago. The high dropout rates in rural primary schools is likely to be directly linked to the late enrollment of children from herder families.

4. The Mongolian Education Sector Master Plan 2006-2015

The *Master Plan to Develop Education of Mongolia in 2006-2015* (Government of Mongolia 2006) is a 180-page document that was prepared during the spring and summer of 2005 by several teams of Mongolian and international experts. The Ministry of Education and ADB coordinated the preparation of the Master Plan. During the preparation of the Master Plan, three major enterprises were associated with each that hampered a solid analysis of the current situation and instead generated an agenda-driven policy analysis:

- Master Plan, covering the period 2006-2015
- Education Sector Review, covering the period 2000-2005
- Third Education Development Project, covering the period 2007-2011

Thus, the analytical sections of the Education Sector Review and the strategies proposed in the Master Plan were closely tied to the urgency to substantiate the need for a major third loan

(Third Education Development Project), administered by the Asian Development Bank. Not only was there an overlap in tasks and objectives, but the same experts that prepared the evaluation of the educational sector (Education Sector Review) also developed strategies for the future (Master Plan), and, most problematically, proposed to the Government of Mongolia that a loan be signed with the institution (ADB) that had hired them to conduct the evaluation of past reforms and the reform strategies for the future.

With the same sense of urgency the World Bank had, during the same summer months in 2005, the Mongolian education sector reviewed in light of the EFA Fast-Track-Initiative. Two documents were produced:

- EFA FTI Assessment Mongolia (FTI Secretariat 2006a)
- Technical Proposal for the Fast Track Initiative Catalytic Fund Grant 2007-2009 (FTI Secretariat 2006b)

As mentioned earlier, within a short period of time both the assessment for EFA FTI (FTI Secretariat 2006a) and the proposal to the Catalytic Fund were prepared (FTI Secretariat 2006b), and a large grant of \$27,2 million was secured from the Catalytic Fund, administered by the World Bank.

This is not to downplay the outstanding quality of the analyses presented in the EFA FTI assessment (FTI Secretariat 2006a) or the education sector review 2000-2005 (ADB & MECS 2005), but these critical comments rather address the highly selective focus of the two assessments. Both evaluations—the review 2000-2005 and the EFA FTI assessment—were from the onset closely linked to a loan (ADB) or a grant (Catalytic Fund), respectively. As a result, aspects of the educational sector were disproportionately highlighted for which a loan or grant was likely to be secured. The ADB-funded Education Sector Review, for example, contains a disproportionate large section on technical and vocational education only because the third loan was earmarked for TVE.

The Master Plan uses 2005 as the base year, and presents (year by year) the benchmarks for improvements in the educational sector from 2007 until 2015. At times the proposed changes are rhetorical and the projections unrealistic. For example, the Master Plan states in the area of higher education the following plan:

The percentage of graduates with complete secondary education (grade 11 graduates) enrolling in universities will be reduced by 11 percent and will reach 70 percent. (Government of Mongolia 2006: 75)

Then, the Master Plan continues with making detailed projections for higher education enrollments by degree program for the next ten years. The Master Plan, even though it applies international techniques for preparing an education strategy, is reminiscent of manpower

planning during the socialist period. It is a document filled with unrealistic statistical projections (benchmarks) without any analysis of the current situation. The background papers, prepared by Mongolian experts, existed but were not translated and not made available for a larger audience. The Master Plan was supposed to build the foundation for the Government to prepare a Education Sector Strategy 2007-2011. The strategy was not developed to date for a variety of reasons, including political changes that led to a staff turnover in the government offices.

The absence of donor coordination has been a serious issue in Mongolia. Until 2006, the two large donors, the Government of Japan and especially the Asian Development Bank, had a great impact on educational reform in Mongolia. The other small donors and international organizations have had more an impact on educational practice than on actual policy development. With the Mongolian education sector qualifying for the Catalytic Fund of EFA-FTI, the Ministry of Education was pressured to take on a more pro-active role in coordinating the loans and grants that it secured for the educational sector. Starting in 2006, the Ministry of Education convenes the donors twice a year to engage them in a joint sector planning. The Education Donor Consultative Mechanism has to date produced a donor matrix, secured transparent donor commitments by ways of mapping the various reform areas supported by donors, and developed an action plan in which the donors identify their contribution to the EFA-Fast Track Initiative.

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