

# WISDOM OF LIVING PROJECT

## MONGOLIA



# Wisdom of Living

6 Years – 1 July 2002 – 30 June 2008

Funding Required for FY08 \$62,578

## Background

Prior to 1991, Mongolia had virtually no unemployment and rates of absolute poverty were low. The collapse of the Soviet Union in 1991 forced Mongolia into transition from a centralised state-run economy to an open market economy. Afterwards, numerous state enterprises crashed, resulting in large numbers of people without work. In 2001 the national unemployment rate had risen to 17.5%.



For several years, traditional herding became an alternative for these people. But a series of summer droughts and excessively cold winters caused the death of millions animals, and poorer herders who lost all their animals were forced to move to the towns and the capital city to look for work.

A good example is the community of Bayankhoshuu where the most significant issue of unemployment has a clear link to the harsh climate and resultant rise of poverty over the last decade.

## Development Needs

In the district of Bayankhoshuu, over 70% of unemployed people are below 35 years of age. Women and youth are particularly affected. The loss of state-supported childcare leaves many women with the double burden of needing to be both the main breadwinners and the primary caregivers within the family. Single mothers, children and adolescents comprise 70% of the absolute poor in Bayankhoshuu area. 54% of the registered unemployed people in the area are women.

An increase in the cost of basic food items and a fall in the relative price of livestock compared to other commodities, has led to a decrease in income and therefore purchasing power of the poor during the past decade. There has been a dramatic increase in the proportion of family income spent on food to the exclusion of other items such as fuel, educational supplies and warm clothing.

As the cost of food and health care increase, there is a corresponding increased vulnerability to illness. A major illness in a family has the propensity to wipe out their annual savings.

The unemployed acutely need job opportunities and involvement in economic activity. However, two major constraints face the poor attempting new businesses namely lack of business skills and lack of access to credit.

## How the Project will Address Development Needs

People who have never engaged in self-employment before require a lot of support and encouragement initially. The Wisdom of Living project was established to provide this support. A centre has been built to provide business training, and guide the graduates to the point where they feel confident in establishing a micro business for themselves.

To date, the project has had an impact on participants' knowledge and skill levels and has resulted in increased income. There is also evidence of improvement in measurable areas such as cohesion, self esteem and confidence.

In this next stage of the project, the successes of the past will be built on. Higher-level training, particularly around practical experience, will be offered, along with a greater focus on marketing. Challenges, such as curriculum relevance and training room suitability will also be addressed.

Now that the micro-finance component has been fully established, the provision of small loans will gain momentum. Community beneficiaries will participate in pre-loan training prior to receiving loans and then form credit and savings groups based on common interests of the people involved. These solidarity groups will provide a forum in which the community members can share their business experiences as well as facilitate the repayment of loans. A community-based organisation will also be mentored to eventually take over the management of the micro-finance and micro-enterprise activities.

## Major Project Activities

The major Activity Targets for the Wisdom of Living Project are as follows:

- Over 950 people to receive business training in either a basic or advanced stream.
- Over 800 people to receive vocational training at certificate level.
- At least 200 people find employment.
- Business awareness lecture for 20 government officials and 6000 community people.
- Over 550 beneficiaries to participate in workshops.
- Two Training Family Business Development Committees established.
- Four exhibitions on products and services to be held.
- Over 1100 beneficiaries will access pre-loan training.
- Promotion and advertising to reach 800 potential attendees of training sessions.
- 4000 brochures to be printed.

## Project Benefits

As a result of this project, community members will develop strong business awareness and skills through training. Participation in vocational training will give many people new skills. Small loans will be made available to support these micro-entrepreneurs which, combined with the business training, will enable them to establish small businesses. Through a website and several trade fairs, these businesses will be promoted, enabling participants to increase their income.

## Funding

The Project is being funded by the AusAID and Non Government Organisation Cooperation Program (ANCP). With ANCP Schemes, AusAID will fund up to 75% of the project's direct costs provided the Non Government Organisation (World Vision Australia in this case) funds the balance.

Please note that should funds received exceed the matching amount World Vision is required to raise to meet this project's budget, the excess will be used in another, similar ANCP project.

## Evaluation and Reporting

World Vision Australia will conduct annual project monitoring, including site visits and the facilitation of the end of project evaluation. Project progress and achievements will be closely monitored by World Vision Australia. An annual report will be provided to project sponsors.

## Contact Information

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