



# **OPEN SOCIETY FORUM**

## **“NGOs in Mongolia”**

### **Survey report**

Commissioned by Open Society Forum

Conducted by Democracy Education Center (DEMO)

**2005**

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## 1. BASIC FACTS OF NGOS IN MONGOLIA

- There are 5,077 NGOs registered at the Ministry of Justice and Home Affairs in Mongolia by September 1, 2005.
- According to the data of the last 8 years (1997-2004) there “were born” in average 560 NGOs annually, or approximately 50 NGOs per month, or 12 NGOs per week were registered at MOJHA.
- The majority of NGOs were founded after 1997 when the NGO Law was passed, and over 40% of the NGOs are less than three years old (i.e. founded in 2002-2004).
- Over 80% of all NGOs are registered as Public Benefit Organizations (PBOs), and almost 20% are Mutual Benefit Organizations MBOs).
- 1,562 NGOs are registered as associations, federations, and unions which is almost 50% of all surveyed NGOs. The other majority makes 627 Centers, 514 foundations, and 231 Clubs. And the remained are 74 Councils, 45 Academies, 41 Committees, 39 Movements, 27 Bureaus, and etc.
- At least 20% of the total number of NGOs registered is active. This case was found based on NGO reports submitted to Tax Offices.
- 77% of the total registered NGOs have their seat in Ulaanbaatar, and 23% are located in aimags (provinces).
- The most of NGOs are registered at Tax Offices of Sukhbaatar (307 NGOs) and Chingeltei (217 NGOs) districts of Ulaanbaatar city. From rural areas the majority of NGOs are registered at Tax Offices of Darkhan-Uul (36 NGOs) and Dundgobi (29 NGOs) provinces.
- Only 5% of registered NGOs were submitted its annual reports to MOJHA over the last three years (2002-2004).
- The largest number of NGOs indicated Agriculture, economy and business (13,4%), Sport, tourism, and leisure (11,8%), and Social issues (11,0%) as their most important fields of activity.
- Almost 30% of NGOs have permanent staff of 2 persons, 23,5% of NGOs have 5 staff, and 17,6% - 3 people.
- The most of NGOs has 5-members Board (47%), 9-members (22%), and 7-members (17%).
- Half of the associations have no more than 50 members. 25% of associations have members in a range of 50-100, while about 2% have more than 100 members.
- Around 50% of all members of associations pay membership dues. The membership fees range between MNT100-500,000.
- The financial resources in 2004 principally came from: funds from foreign donors - 59.5% of the NGOs' income; donations from individuals and firms – 27,9%; income from economic activity – 12,6%.
- The total amount of taxes paid by NGOs over the last 3 years (2002-2004) made 2,851.5 mil. MNT.
- NGOs have enjoyed tax exemptions of 19,1 mil. MNT in 2002, 34,5 mil. MNT in 2003, and 26,7 mil. MNT in 2004 respectively.
- 17 NGOs have received the government grants and subsidies in the amount of 156,6 mil. MNT within the period of 2001-2005.

## 2. METHODOLOGY

This research is quantitative study about non-governmental organizations (NGO) in Mongolia based on data and files at the Ministry of Justice and Home Affairs of Mongolia (MOJHA) and National Tax Authority Office (NTA) covering the period of 2001-2004. The research conducted between July 1 – December 15, 2005.

The research was based on the following quantitative methods:

- Review of files of NGOs’ registration and NGOs’ annual reports: collection of data from the MOJHA where the NGOs are registered and where the NGOs are submitted the annual reports.
- Review of files if NGO’s financial and tax reports: collection of data from the Tax Departments where NGOs sent their financial and tax reports.

As of September 1, 2005 total number of NGOs registered at MOJHA was 5,077. 3,720 NGOs were covered by this research.

The number of registered NGOs at Tax Authorities was based on the registration of the National Tax Authority and Tax Offices of Ulaanbaatar districts. As of August 1, 2005 1,042 NGOs were registered at Tax Offices.

### 3. REGISTRATION OF NGOs

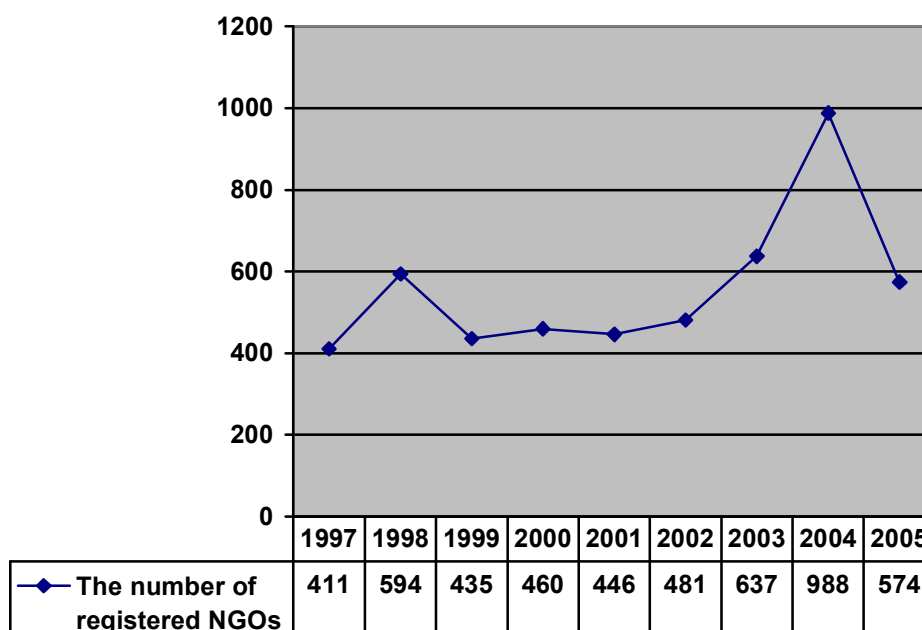
#### The number of registered NGOs

The number of NGOs is based on the registration at the Ministry of Justice and Home Affairs (MOJHA) of Mongolia. As of September 1, 2005, 5,077 NGOs were registered.

As shown in Graph 1, the number of registered NGOs increases each year. MOJHA registers only the establishment of new NGOs, not termination of NGOs.

Graph 1.

**Trends of registration of NGOs  
(with the data table)**



In 1997 when the law on NGO was passed, about 600 NGOs were registered in 1998. During 2000-2003 trend of number of new NGOs decreases gradually.

The above graph shows that a considerable number of NGOs was registered over the past 3 years. The highest number of registration was in 2004 reaching 988 NGOs.

According to the trend of 1997-2004 years average of 560 NGOs registered each year, approximately 50 NGOs per month, and 12 NGOs per week were registered at the MOJHA.

#### 4. TYPES & FORMS OF NGOs

##### Types of NGOs

Article 4 of the Law on NGOs sets out two types of NGOs: Public Benefit NGO and a Member Benefit NGO. The charitable activities for the promotion of arts, culture and education, protection of nature and environment, support of human rights and community development are defined as the public benefit. A public benefit organization is defined as the one that makes the main purpose of its charter its engagement in public benefit or charitable activities. A mutual benefit organization shall mean an NGO that operates primarily to serve the legitimate interests of its members.

NGOs obtain one of these status themselves when they register at the MOJHA and the status should be indicated in their organizational by-law.

From the surveyed 3,720 NGOs the majority of NGOs registered as Public Benefit NGOs. 3,158 NGOs which is over 80% were registered Public Benefit NGOs. The number of registered Mutual Benefit NGOs is 742 which is 20% of all NGOs registered at MOJHA.

##### Forms of NGOs

Based on the registration at MOJHA can summarize that there are 19 different forms of NGOs. 1,562 NGOs were registered as associations, federations, and unions that constitute almost 50% of all surveyed NGOs. The rest of NGOs are 627 centers, 514 foundations, 231 clubs, 74 Councils, 45 Academies, 41 Committees, 39 Movements, 27 Bureaus. Please see below Table 1 and Graph 2.

**Table 1.**

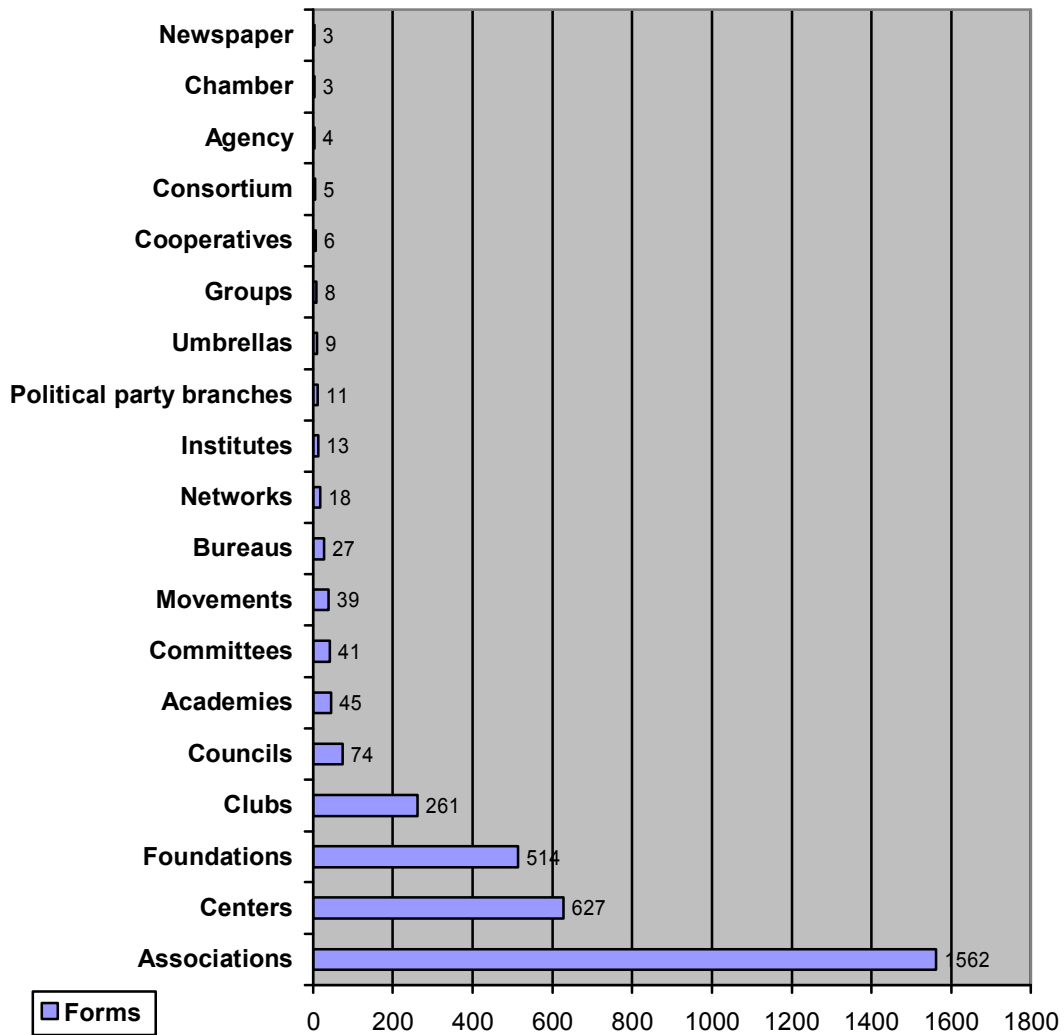
**Forms of NGOs / by percentage/**

No.	Forms of NGOs	# of NGOs	%
1	Association, federation, union	1562	47.8
2	Center	627	19.2
3	Foundation	514	15.7
4	Club	261	8.0
5	Council	74	2.3
6	Academy	45	1.4
7	Committee	41	1.3
8	Movement	39	1.2
9	Bureau	27	0.8
10	Network organization	18	0.6
11	Institute	13	0.4
12	Political party branch	11	0.3
13	Umbrella organization	9	0.3

14	Group	8	0.2
15	Cooperative	6	0.2
16	Consortium	5	0.2
17	Agency	4	0.1
18	Chamber	3	0.1
19	Newspaper	3	0.1
	<b>Total</b>	<b>3270</b>	<b>100.0</b>

Graph 2.

**Forms of NGOs (in numbers)**



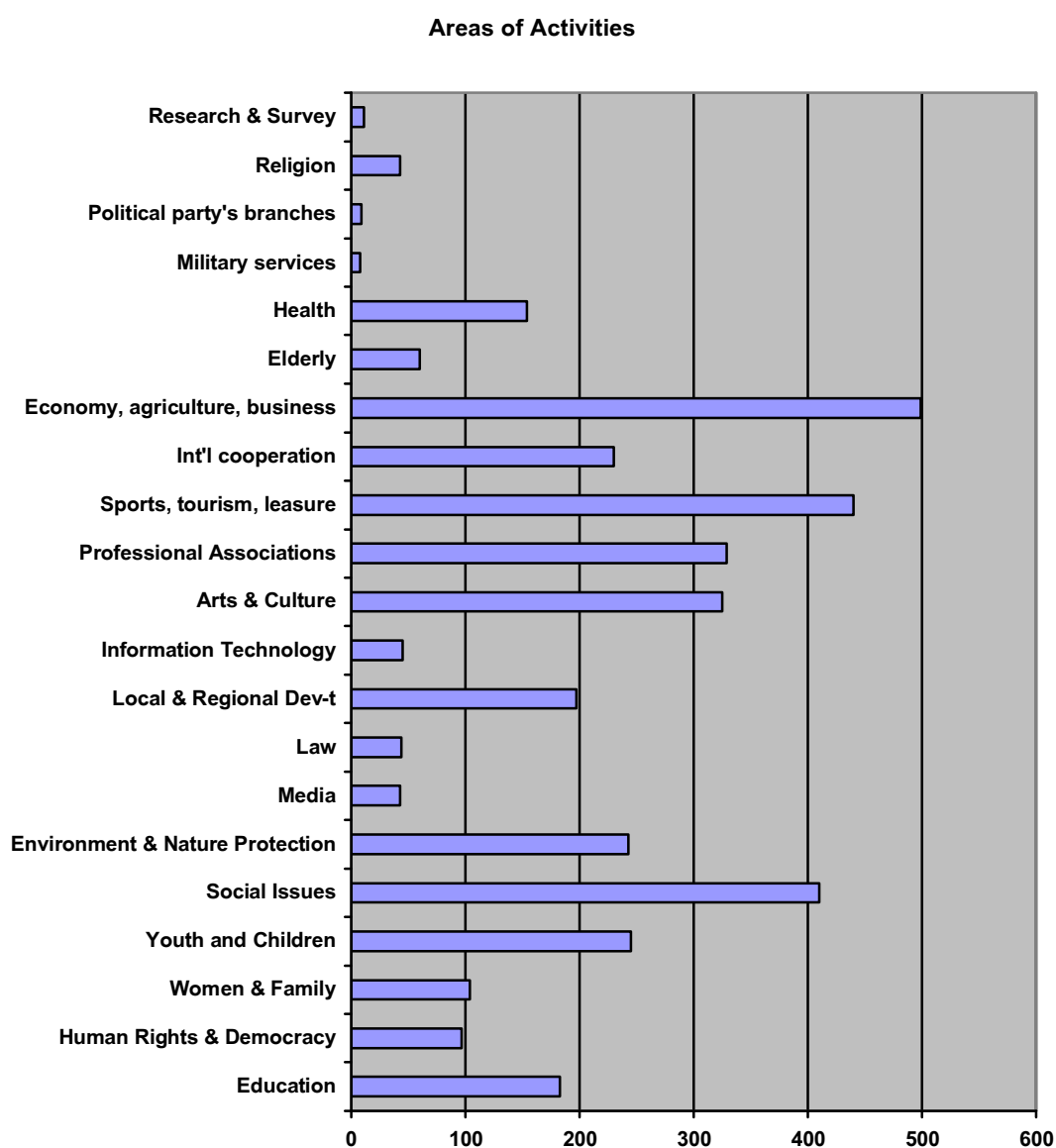




## 6. AREAS OF NGO ACTIVITIES

Areas of NGOs activities can be classified in 21 fields which are stated in their by-laws of 3720 surveyed NGOs. Graph 4 shows areas of NGOs activities.

**Graph 4.**



The Table 2 shows the areas of NGO activities with numbers and percentage. According to their by laws NGOs are mainly engaged in the activities of economy, agriculture, and business (13,4%), sport, tourism, leisure (11,8%); social issues (11,0%); professional associations (8,8%); and arts, culture, traditions, science (8,7%).

Table 2.

## Classification of NGOs / in numbers and percentage/

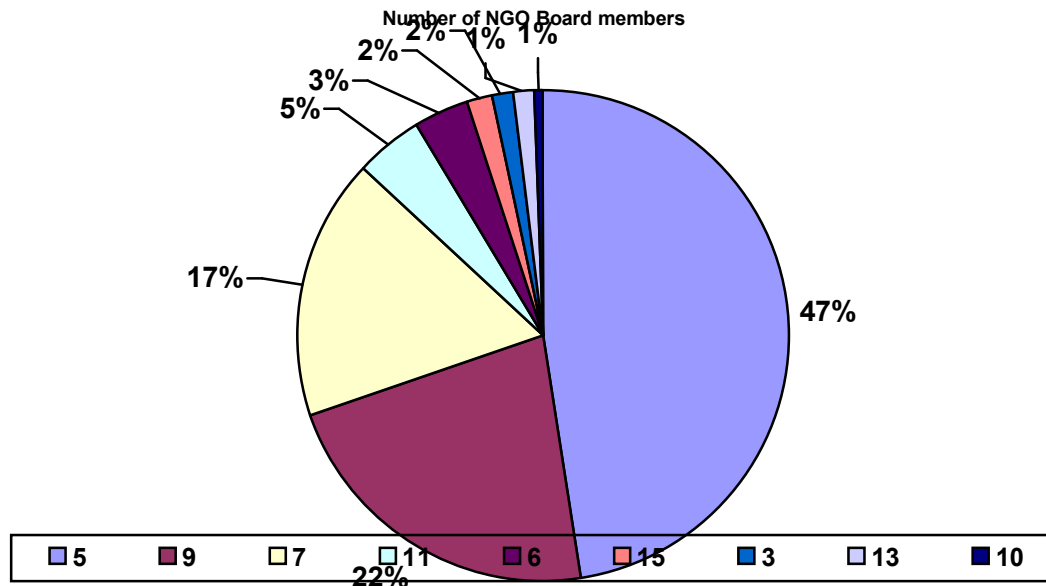
No.	Areas of activity	Number of NGOs	%
1	Economy, agriculture, and business	500	13.4
2	Sport, tourism, leisure	441	11.8
3	Social issues	410	11.0
4	Professional associations	329	8.8
5	Arts, culture, traditions, science	325	8.7
6	Youth and children	245	6.6
7	Environment & Nature protection	243	6.5
8	International cooperation	230	6.2
9	Local & Regional Development	196	5.3
10	Education	183	4.9
11	Health	154	4.1
12	Women & Family	104	2.8
13	Human rights & Democracy	97	2.6
14	Elderly	60	1.6
15	Information technology	45	1.2
16	Law	44	1.2
17	Mass media, information	43	1.15
18	Religion	43	1.15
19	Research & Survey	11	0.30
20	Political party branches	9	0.24
21	Defense	8	0.22

## 7. ORGANIZATIONAL STRUCTURE

### Number of Board members

The Article 11.3 of NGO Law stated that “The Board shall consist of an odd number of members not less than five”. This statement, however, is not followed by NGOs. The survey showed that the number of Board members is mixed with odd and even numbers. The Graph below shows that the most of NGOs has 5-members Board (47%), 9-members (22%), and 7-members (17%). The remained numbers are the Boards with 11-members (5%), 6-members (3%), 6-members and 15-members 2% of each.

Graph 5.

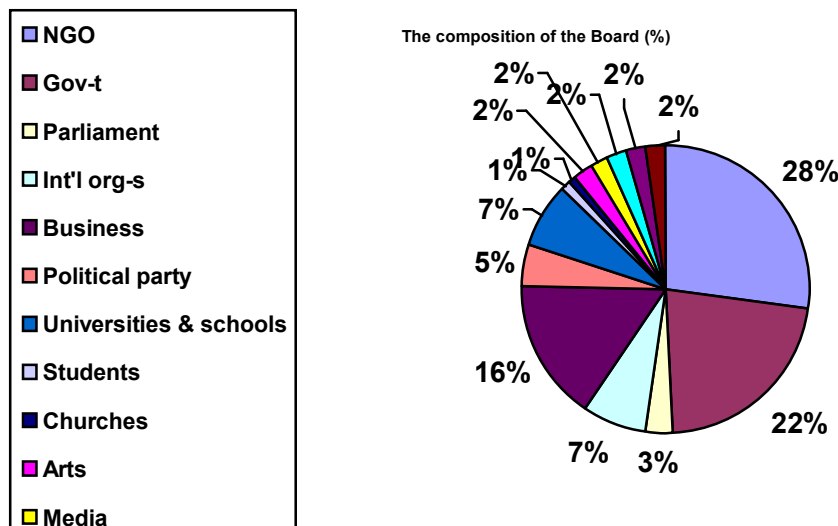


There are some interesting data which one NGO with 312 Board members, 6 NGOs with 1 Board member, and 5 NGOs with 2 members.

**The composition of the Board**

The composition of the Board consists mainly from NGO representatives (28%), Government officials (22%), representatives of business sector (16%), university and school teachers (7%), representatives of international agencies (7%), members of political parties (5%), and members of Parliament (3%). The Graph 6 shows the percentage composition of NGO Board.

Graph 6.



From the surveyed 3,720 NGOs there 59 current members of Parliament who serve as NGO Board members. For example, Ms. Oyun S., the member of Parliament, is on the Board of 13 NGOs, and Ms. Gandi T., is the member of 9 NGOs. The Altangadas Association has 11 Board members, and is established purely by members of Parliament and high-rank Government officials. The similar cases are with the Liberty Center, North East Asia Association, Arkhangai Gonchigdorj Foundation, and Forever Support Foundation.

### Executive staff

The number of executive staff is based on the annual reports submitted to the MOJHA. There are total of 555 NGO reports during 2002-2004 and only 17 NGOs have reported the number of their staff. According to data provided by abovementioned 17 NGOs, approximately 30% of NGOs have permanent staff of 2 persons, 23,5% of NGOs have 5 staff, and 17,6% - 3 people.

**Table 3.**

#### Executive staff of NGOs /in numbers and percentage/

Executive Staff (persons)	2002-2004	
	Number of NGOs	%
7	2	11,8
6	1	5,9
5	4	23,5
3	3	17,6
2	5	29,4
1	2	11,8
<b>Total</b>	<b>17</b>	<b>100,0</b>

### Monitoring Committees

Average of 22% of all NGOs have Monitoring Committees. The below table shows the monitoring committees of NGOs.

**Table 4.**

#### Number of Monitoring Committees of NGOs

Year	# of registered NGOs	# of Monitoring Committees	%
1990-1997	448	156	34,8
1998	594	69	11,6
1999	435	167	38,4
2000	460	143	31,1
2001	446	79	17,7
2002	481	90	18,7
2003	637	100	15,7
2004	988	180	18,2
<b>Total</b>	<b>4,489</b>	<b>984</b>	<b>21,9</b>

## Volunteers

In 2004 the Democracy Education Center has surveyed 12 NGOs who have the volunteer members. The total number of volunteers working at above 12 NGOs are 4,478. The most of volunteers (2,230) have been working at the Association of Mongolian Volunteers. The below table shows the number of volunteers involved in the work of NGOs.

**Table 5.**  
**Number of volunteers at NGOs**

#	NGO name	# of Volunteers
1	LEOS	17
2	Mongolian Movement for Labour Protection	5
3	Association of Mongolian Debators	157
4	Federation of Mongolian Students	186
5	Democracy Education Center	18
6	Amnesty International	20
7	“Tolgoit” CBO	54
8	“Orkhon 21-th century” NGO	39
9	Federation of Mongolian Women	1,715
10	“Tegsh Mur” Center	2
11	Association of Mongolian Volunteers	2,230
12	The Blood Center	35
	<b>Total</b>	<b>4,478</b>

Based on abovementioned survey we have estimated the range of volunteers’ age.

**Table 6.**  
**Age range of volunteers**

Age range	# of volunteers	%
Less than 18	313	7,0
19-27	1,197	26,7
28-35	1,020	22,8
36-50	1,733	38,7
Over 50	215	4,8
<b>Total</b>	<b>4,478</b>	<b>100,0</b>

## Members of associations and membership dues

Half of the associations have no more than 50 members. 25% of associations have members in a range of 50-100, while about 2% have more than 100 members.

Around 50% of all associations have membership dues. The membership fees range between MNT100-500,000.

## 8. TAXATION OF NGOS

### Number & location of NGOs registered at Tax Offices

NGOs taxation information is based on the registration files of NGOs at Tax Authorities. As of August 1, 2005, 1,042 NGOs were registered at Tax Authorities.

The majority of NGOs (76,6%) are registered at Tax Offices of Ulaanbaatar city. The remaining 23,4% are registered at Tax Authorities of provinces. The high concentration of NGOs registration is Sukhbaatar district tax office (307 NGOs) and Chingeltei (217 NGOs) districts of Ulaanbaatar city. In rural areas the majority of NGOs are registered at tax offices of Darkhan-Uul (36 NGOs) and Dundgobi (29 NGOs) provinces. There is no registered NGO in the tax office of Sukhbaatar province.

**Table 7.**

#### NGOs registered at Tax Offices (by geographical location)

No.	Location of tax offices	Number of registered NGOs	%
1	Arkhangai province	9	0.9
2	Bayan-Ulgii province	1	0.1
3	Bayankhongor province	17	1.6
4	Bulgan province	11	1.1
5	Gobi-Altai province	9	0.9
6	Gobi-Sumber province	2	0.2
7	Darkhan-Uul province	36	3.5
8	Dornogobi province	5	0.5
9	Dornod province	14	1.3
10	Dundgobi province	29	2.8
11	Uvurkhangai province	11	1.1
12	Umnugobi province	8	0.8
13	Zavkhan province	22	2.1
14	Orkhon province	25	2.4
15	Selenge province	9	0.9
16	Tuv province	9	0.9
17	Uvs province	6	0.6
18	Khubsugul province	10	1.0
19	Khovd province	9	0.9
20	Khentii province	2	0.2
	<b>Total of provinces</b>	<b>244</b>	<b>23.4</b>
1	Baganuur district	3	0.3
2	Bayangol district	51	4.9

3	Bayanzurkh district	93	8.9
4	Capital city Tax Office	8	0.8
5	Nalaikh district	1	0.1
6	Sukhbaatar district	307	29.5
7	Songinokhairkhan district	47	4.5
8	Khan-Uul district	71	6.8
9	Chingeltei district	217	20.8
	<b>Total of Ulaanbaatar districts</b>	<b>798</b>	<b>76.6</b>
	<b>Total</b>	<b>1042</b>	<b>100</b>

### Types & amount of taxes paid by NGOs

The total amount of taxes paid by NGOs over the period of 2002-2004 is 2,851.5 mil. MNT. The table below shows that NGOs of Bayanzurkh district have paid taxes in the amount of 847,3 mil. MNT, and the NGOs of Sukhbaatar district – 773,5 mil.MNT, Chingeltei district – 434,1 mil.MNT respectively.

**Table 8.**

#### Taxes paid by NGOs in 2002-2004

(in thousand MNT)

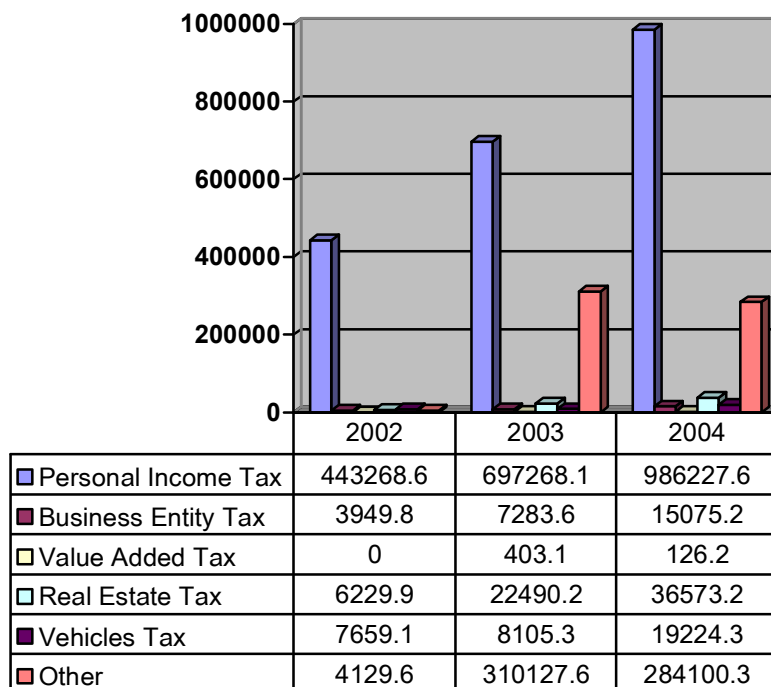
No.	Location of Tax office	# of NGOs	Taxes paid in 2002-2004 (thousand MNT)	%
1	Arkhangai province	9	1,395.40	0.05
2	Bayan-Ulgii province	1	52.00	0.00
3	Bayankhongor province	17	2,006.20	0.07
4	Bulgan province	11	356.70	0.01
5	Gobi-Altai province	9	254.60	0.01
6	Gobi-Sumber province	2	45.90	0.00
7	Darkhan-Uul province	36	15,199.10	0.53
8	Dornogobi province	5	7.50	0.00
9	Dornod province	14	3,036.70	0.11
10	Dundgobi province	29	9,940.00	0.35
11	Uvurkhangai province	11	458.70	0.02
12	Umnugobi province	8	84.20	0.00
13	Zavkhan province	22	2,945.40	0.10
14	Orkhon province	25	9,616.10	0.34
15	Selenge province	9	598.50	0.02
16	Tuv province	9	1,499.90	0.05
17	Uvs province	6	3,122.80	0.11
18	Khubsugul province	10	17.40	0.00

19	Khovd province	9	621.00	0.02
20	Khentii province	2	45.10	0.00
	<b>Total of provinces</b>	<b>244</b>	<b>51,303.20</b>	<b>1.80</b>
1	Baganuur district	3	0.00	0.00
2	Bayangol district	51	48,883.30	1.71
3	Bayanzurkh district	93	847,261.00	29.71
4	Capital city Tax Office	8	580,568.20	20.36
5	Nalaikh district	1	83.60	0.00
6	Sukhbaatar district	307	773,468.90	27.12
7	Songinokhairkhan district	47	59,586.20	2.09
8	Khan-Uul district	71	56,300.60	1.97
9	Chingeltei district	217	434,057.20	15.22
	<b>Total of Ulaanbaatar city districts</b>	<b>798</b>	<b>2,800,209.00</b>	<b>98.20</b>
	<b>Total</b>	<b>1042</b>	<b>2,851,512.20</b>	<b>100.00</b>

The graph 7 shows that the amount of taxes paid by NGOs increases each year. Regarding types of paid taxes, the Personal Income Tax constitutes majority of taxes.

Graph 7.

Types of taxes paid by NGOs (with the data)





### Tax exemption and deductions

In order to support NGO sector development there are some provisions in the Tax Code to exempt taxes from income of certain types of NGOs. In accordance with the provision 7.1.2 and 7.1.7 of BEOIT (Business Entity and Organization Income Tax) the NGOs have enjoyed tax exemptions of 19,1 mil. MNT in 2002, 34,5 mil. MNT in 2003, and 26,7 mil. MNT in 2004 respectively.

**Table 9.**

#### Tax exemptions to NGOs in 2002-2004

(in thousand MNT)

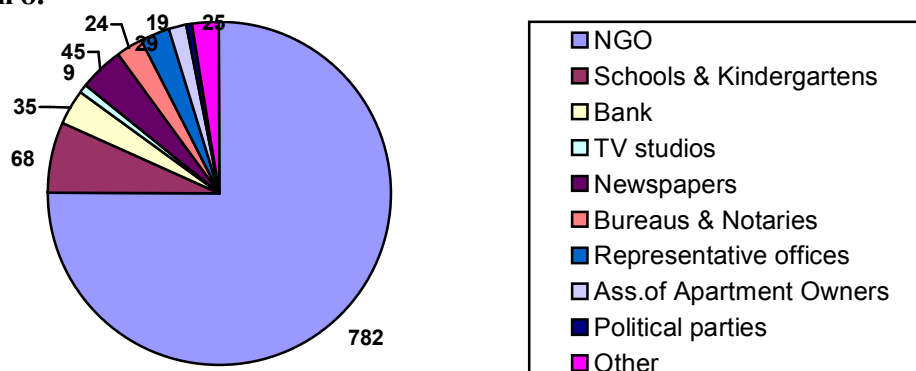
Year	Membership taxes and donations paid by members or supporters of NGOs (provision 7.1.2 of BEOIT)	Income of Public Benefit NGOs (provision 7.1.7 of BEOIT)	TOTAL OF TAX EXEMPTIONS
2002	222.50	18,887.20	19,109.70
2003	14,020.60	20,506.30	34,526.90
2004	12,690.30	14,046.00	26,736.30
<b>Total</b>	<b>26,933.40</b>	<b>53,439.50</b>	<b>80,372.90</b>

### Forms of taxpayer organizations

There was found an interesting picture in the forms of taxpayer organizations registered at Tax Offices. From the surveyed 1,042 NGOs 75% of total registered organizations were NGOs; 6,5% were registered as schools and kindergartens; 4,3% were newspapers; 3,4% - bank branches; 2,8% - representative offices; 2,4% - bureaus and notaries; 1,8% - Associations of Apartment Owners; 0,8% - TV studios; 0,6% - political parties; and 2,4% were specified as others.

Although the abovementioned organizations are registered as nonprofit entities, there is a significant difference on the distribution of profits among these organizations. For example, it is widely known that the private schools and kindergartens, branches of banks, newspapers and TV studios are for profit oriented entities. It demonstrates importance of improving the registration of nonprofit organizations in the Tax Offices.

**Graph 8.**

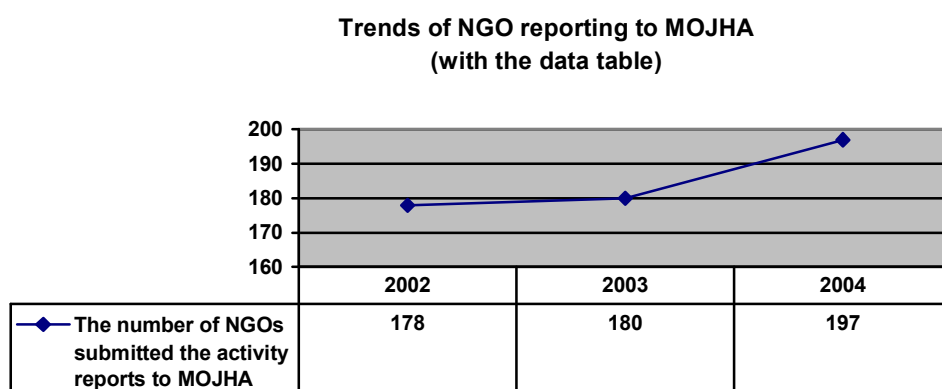


### 9. NGO REPORTING

According to the NGO Law of 1997 the NGOs should submit its activity reports for the previous calendar year to MOJHA no later than by February 15 of the following year.

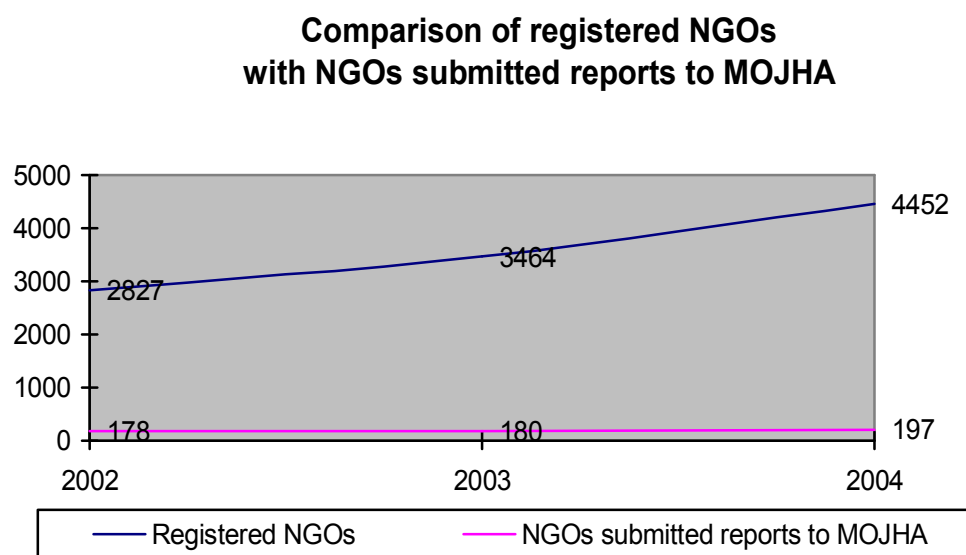
The Graph 9 shows that the number of NGOs submitted its activity reports to MOJHA slightly increases over the period of 2002-2004.

**Graph 9.**



The below Graph 10 shows the comparison of the number of registered NGOs with the number of NGOs submitted activity reports to MOJHA. It shows that in average only 5% of registered NGOs were submitted its annual reports.

**Graph 10.**



The NGO Law of 1997 stated the administrative sanctions for violation of the provision of NGOs’ reporting “if a NGO fails to file its annual report with the relevant authorities within the time specified in this law a fine of 10,000-20,000 togrogs shall be imposed on the guilty executive.” From the above Graph it can be calculated that in average 3,400 NGOs did not submit the reports annually, so the penalty sum per year can make 51 mil.togrogs, and 153 mil.togrogs for total of 3 years.

Due to absence of set standard of activity reports submitted by NGOs are insufficient, and don’t fit to the international NGO reporting standards. From 178 NGO reports submitted to MOJHA in 2002 only 63 reports responded to some standards of NGO reporting, from 182 reports in 2003 - 34 reports, and 53 from 198 reports in 2004 respectively.

## 10. FUNDING OF NGOS

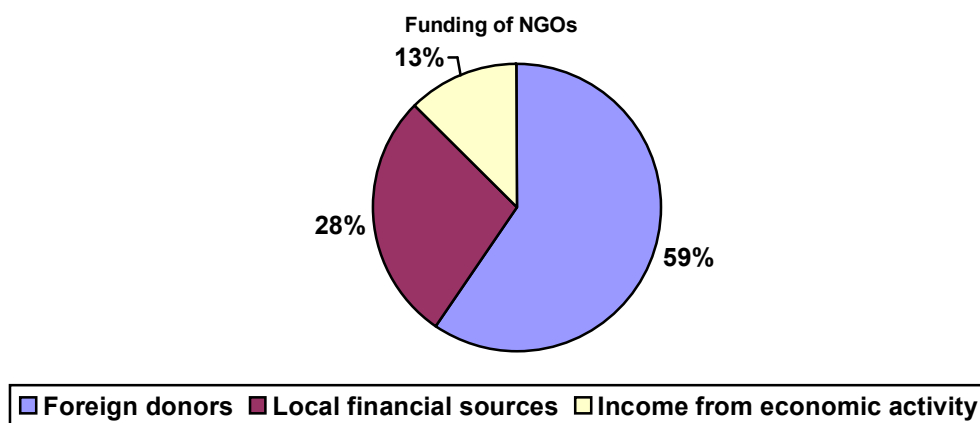
### Sources of funding

According the Article 19 of the NGO Law the income sources of non-governmental organizations’ are as follows:

1. membership fees and contributions;
2. contributions made by individuals, business entities and other organizations;
3. profits earned by commercial activities conducted for the implementation of charter purposes;
4. borrowed or inherited funds, and funds allocated from the state budget for project implementation.

As of 2004 the significant part of funding of NGOs comes from foreign donors – 59,5%. Donations from individuals and companies make up 27,9% of the sector’s revenue, while income from economic activity makes up 12,6% (source: Activity reports submitted to MOJHA by NGOs in 2004).

**Graph 11.**



The majority of funding comes from foreign donors, however, some NGOs generate income by engaging in business activity – both in areas directly related to their statutory activities well as in areas subsidiary to them. This concerns principally service, training, publishing, counseling, trade, rent of real estate, and tourism. As of local financial sources, the NGOs became more and more successful in fundraising, i.e. donations from individuals and business companies, funding from local foundations.

### NGOs received state grants

According to the Article 9 of NGO law the state may protect the legitimate rights of NGOs and provide financial and other type of support to their activities. Also the Article 19 of the Law on Government states that the Government may contract the specific functions of the government executive body to the execution of NGOs and provide full or partial funding to cover related expenses. On the basis of this law, the “Procedure for delegation of specific functions of the Government to the execution of NGOs and Provision of funding to finance the expenses related to it” was adopted in 1995 by Government resolution No.111. According to this procedure, the Government makes a decision on the recommendation of the relevant Minister on the delegation of specific functions of the government or sub-sector to the execution of NGOs.

The table 10 shows the list of NGOs that received the government funds, support and assistance within the period of 2001-2005.

**Table 10.**

#### List of NGOs received state grants and subsidies

No.	Name of NGOs	Funding (in MNT)					Total
		2001	2002	2003	2004	2005	
1.	National Federation of the Mongolian Consumers' Associations	11,848,000	0	10,500,000	7,500,000	10,500,000	40,348,000
2.	Mongolian Youth Federation	20,000,000	0		1,200,000	0	21,200,000
3.	National Federation of Disabled People	2,000,000	8,000,000	3,700,000	1,150,000	3,500,000	18,350,000
4.	Union of Mongolian Democratic Socialist Youth	1,000,000	3,000,000	5,000,000	4,000,000	0	13,000,000
5.	Mongolian Elderly Association	5,000,000	0		2,800,000	3,500,000	11,300,000
6.	Association of Mongolian Democratic Socialist Women	3,000,000	0	2,500,000	2,500,000	0	8,000,000
7.	National Center Against Violence	2,900,000	0	1,500,000	0	3,000,000	7,400,000
8.	"Policy" research Center	0	6,259,000	0	0	0	6,259,000
9.	Mongolian Association of Blind People	418,800	0	0	5,000,000	0	5,418,800
10.	Center for Family Education	0	0	0	0	5,000,000	5,000,000
11.	Support Foundation for people with Wheel Chairs	706,800	1,500,000	1,000,000	1,500,000	0	4,706,800

12.	Elderly Committee of MPRP	4,000,000	0	0	0	0	4,000,000
13.	Mongolian Women Federation	0	0	2,400,000	1,200,000	0	3,600,000
14.	Mongolian Mens' Association	0	0	1,500,000	0	1,500,000	3,000,000
15.	"Big Family" Foundation	0	0	2,300,000	0	0	2,300,000
16.	"Elderly" Club	700,000	0	1,000,000	0	0	1,700,000
17.	National Council of Gender Equity	182,700	0	876,000	0	0	1,058,700
	<b>Total</b>	<b>51,756,300</b>	<b>18,759,000</b>	<b>32,276,000</b>	<b>26,850,000</b>	<b>27,000,000</b>	<b>156,641,300</b>