

Mongolia's contribution to North-East Asia partnership for implementing SDGs

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Mongolia Overview

Large land per capita, abundant natural resources, well positioned for rapid economic expansion

Close Proximity to the Largest Global Resource Markets



- One of the fastest growing economies globally
- Large mineral resource base that can be leveraged for industrialization
- Attractive environment for FDI and trade
- Proven fiscal track record augmented by forward looking initiatives
- Strengthening financial sector

Source: World Bank, National Statistical Office of Mongolia

Mongolia's Key Advantages

1 LEADING LAND/ CAPITA

Territory: 1.6 million sq km
Population: 2.9 million

Relatively **YOUNG POPULATION** with a **HIGH LITERACY** rate among emerging economies

2 ABUNDANCE OF UNEXPLOITED NATURAL RESOURCES

Located close to some of the **LARGEST** global commodity **MARKETS**

3 FLOURISHING DEMOCRACY IN THE REGION

Tested with 7 **CONSECUTIVE SUCCESSFUL** democratic **ELECTIONS**

Macroeconomic Snapshot

USD mm	2009	2010	2011	2012	2013	2014Q1
Real GDP Growth	-1.3%	6.4%	17.5%	12.4%	11.7%	7.4%
Nominal GDP	4,552	6,729	7,998	10,478	11,079	2,106
Real GDP	2,723	3,327	3,516	3,972	3,718	646
GDP Per Capita	1,715	2,285	3,181	3,673	3,820	3820*
Inflation	4.2%	13.0%	8.9%	14.0%	12.5%	12.4%
Trade Balance	(252)	(378)	(1,781)	(2,354)	(2,082)	(9)
Export	1,885	2,899	4,817	4,384	4,272	987
Import	2,137	3,277	6,598	6,738	6,354	996

*As of 2013YE

Key factors for growth: dynamic stability of democracy

- Stable yet dynamic political system
- Parliamentary republic since 1992, first in Central Asia,
- most recent parliament elections in 2016, next president's elections in 2017
- Consensus based decision making
- Coalitions (formal and informal)
- The Long term Sustainable Development Vision of Mongolia (2016): example of consensus building, ratified by all main parties

Constitution 1992

	1993	1996	1997	1998	2000	2001	2002	2004	2005	2006	2008	2009	2010	2012	2016	2020	
President	P.Ochirbat			N.Bagabandi			N.Bagabandi			N.Enkhbayar			Ts.Elbegdorj				Kh. Battulga
Government	MPP	DP			MPP			Coalitions					Coalition		MPP		
Parliament	MPP 71/76	DP 50/76			MPP 72/76			no majority 37/76			MPP 45/76		DP Justice Coalition		MPP		

Mongolia enjoys free and open access to information

- Information networks
- 135 newspapers
- 99 magazines
- 84 radio stations
- 166 TV stations (60 domestic channels in Ulaanbaatar)
- no censorship
- All major foreign TV channels, HBO, Discovery, CCTV, Arirang, NHK, etc



Mongolia's SDC 2030

- Mongolia's sustainable development concept (SDC - 2030) was adopted on February, 2016 by the Parliament of the country. This document is Mongolia's long-term national development policy for the next 15 years, and for this policy to be implemented successfully as well as effectively, it is important to ensure the correlation between mid-term policies and programs and their implementation in national and local level.
- All political parties by election law are required to uphold the SDC in election platforms
- The Sustainable development concept was developed with 44 objectives in the context of economic, social, environmental, and governance issues
- Today, the Sustainable development vision 2030 is Mongolia's official long-term policy
- Mongolia adopted in 2015 a law on national development planning to ensure SDG goals fulfilment

Some social data at glance

- HDI Rank 92, 0.735 (2015)

Health

Life expectancy at birth (years)
69.8

Education

Expected years of schooling (years)
14.8

Income/Composition of Resources

Gross national income (GNI) per capita (2011 PPP\$)
10,449

Inequality

Inequality-adjusted HDI (IHDI)
0.639

Gender

Gender Development Index (GDI)
1.026

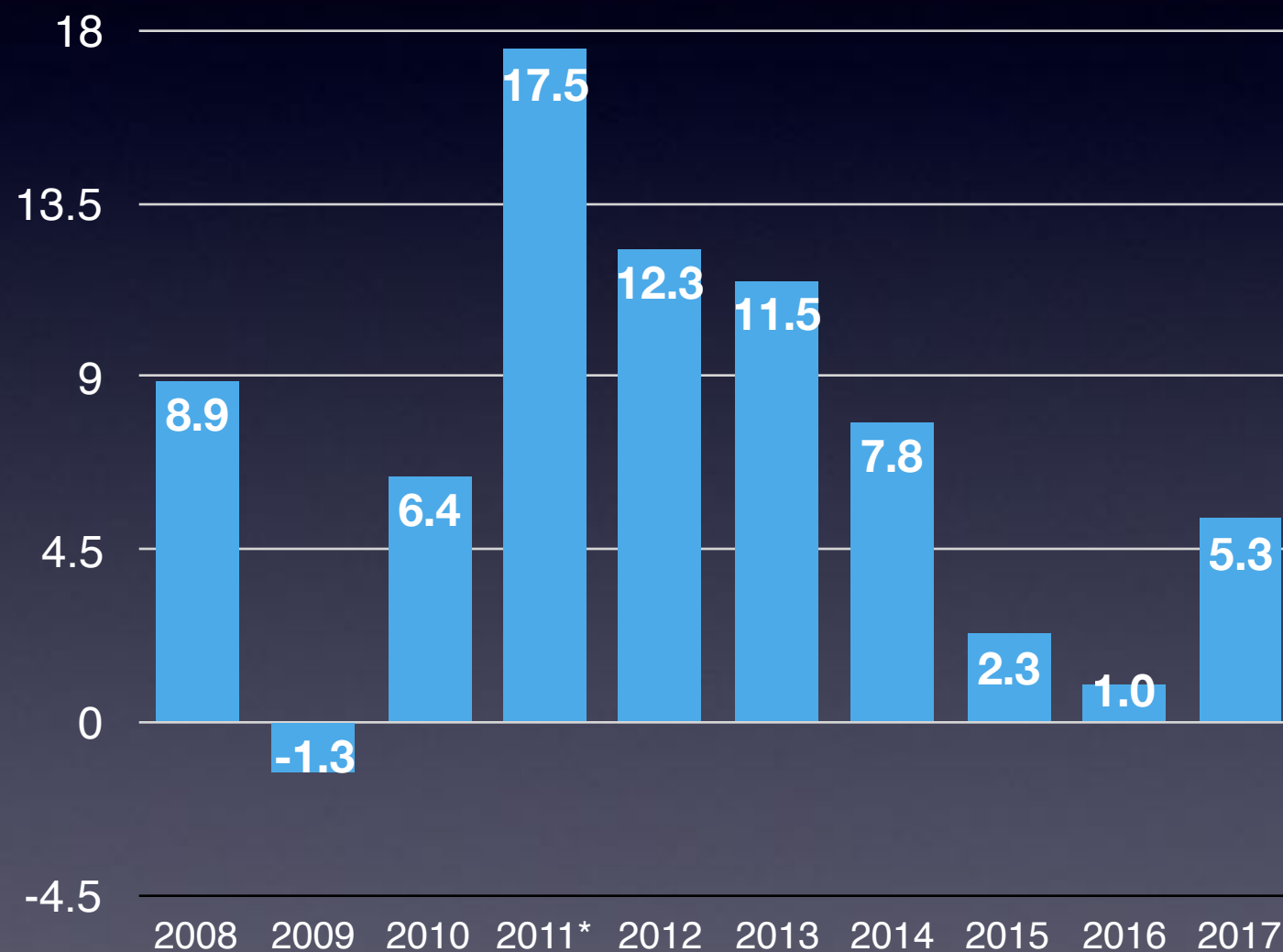
Society: coherence thanks to universal education system



93% of population
are mongols,
kazakhs 6%, other
ethnic groups. 4
million mongols live
in other countries

Spectacular GDP growth: from 2001 Mongolia's GDP increased 10 times reaching 12 billion USD

■ GDP growth rate
GDP (US\$)



During years of fast economic growth, Mongolia's GDP reached 12 billion USD, exceeding some other transition countries such as Armenia (9 billion USD), Moldova (7 billion USD), Kyrgyzstan (6.5 billion USD).

Mongolia's GDP of 4000 USD per capita is currently higher than that of Uzbekistan, Georgia, Armenia, Kyrgyzstan

One of 3 fastest growing world economies according to

Poverty Reduction Efforts, Economic Growth

- ◆ James Anderson, the World Bank's representative to Mongolia: "One of the goals of the World Bank Group is to end extreme poverty and we are glad to see that Mongolia is making progress, reducing the poverty rate to 21.6%."
- ◆ "We are very encouraged that the pace of poverty reduction in Mongolia remains high by international standards. At the same time, the fact that one in five people lives in poverty serves as a reminder that many people are still vulnerable."



Strong cultural heritage: Mongolian nomads

- Mongolian nomads are one of main nomad civilizations in the world with rich history, traditions and culture



70 million of livestock,
including 3 million horses,
3.4 million cattle, 23
million sheep, 22 million
goats

140 thousand private
livestock farmer
households



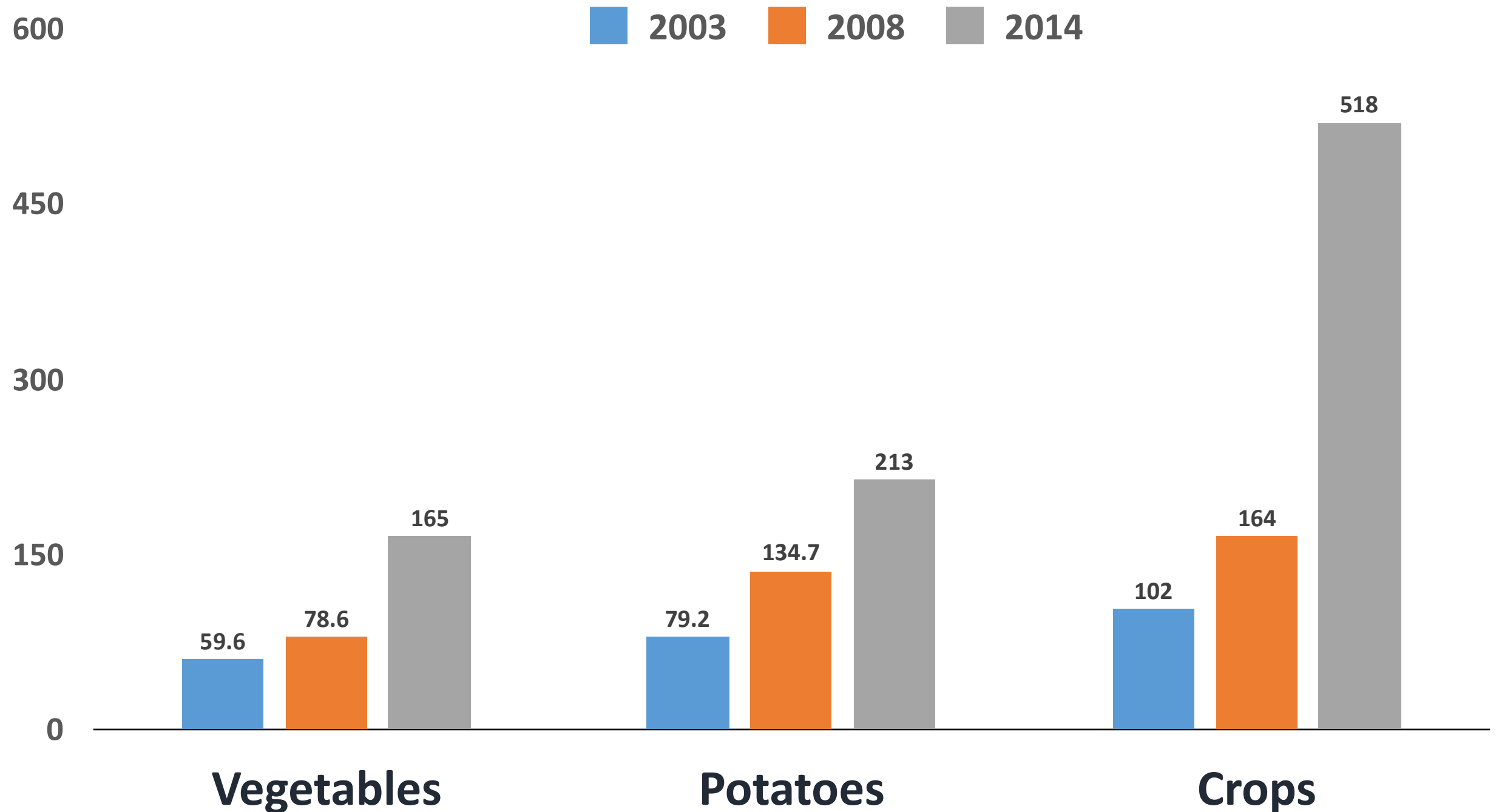
Food self-sustainability

- Using modern technology such as John Deere tractors, 80% of tractors are modern
- use about 380 thousands of hectares producing 470 thousands tons of grain, 250 thousand tons of potato, 100 thousand tons of vegetables
- Fully self-sustainable in grain, potatoes; fruits, berries increasingly produced and exported to Japan, Taiwan, USA



Harvest growth

• Thousand tonnes

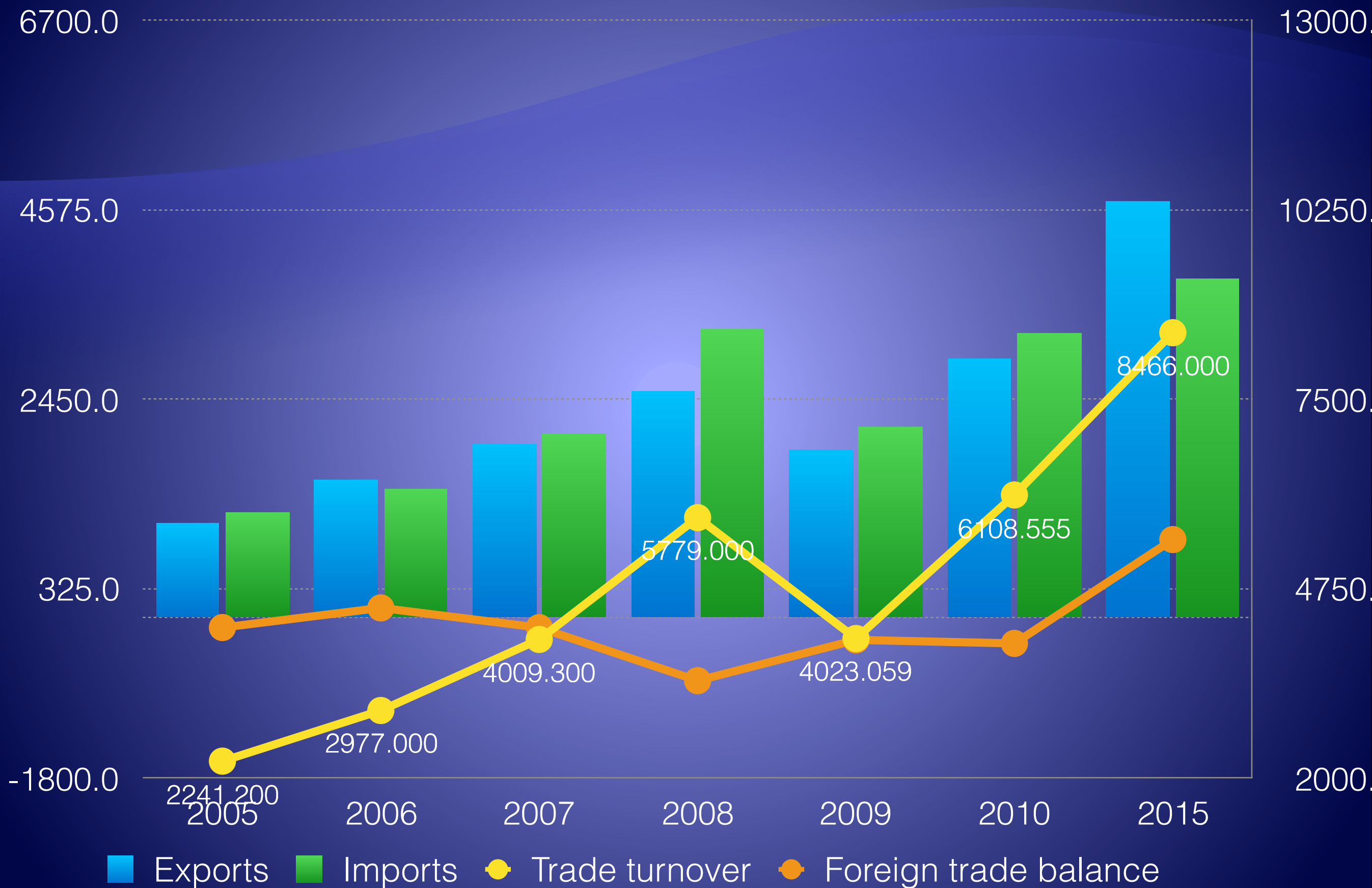


A leading world cashmere producer

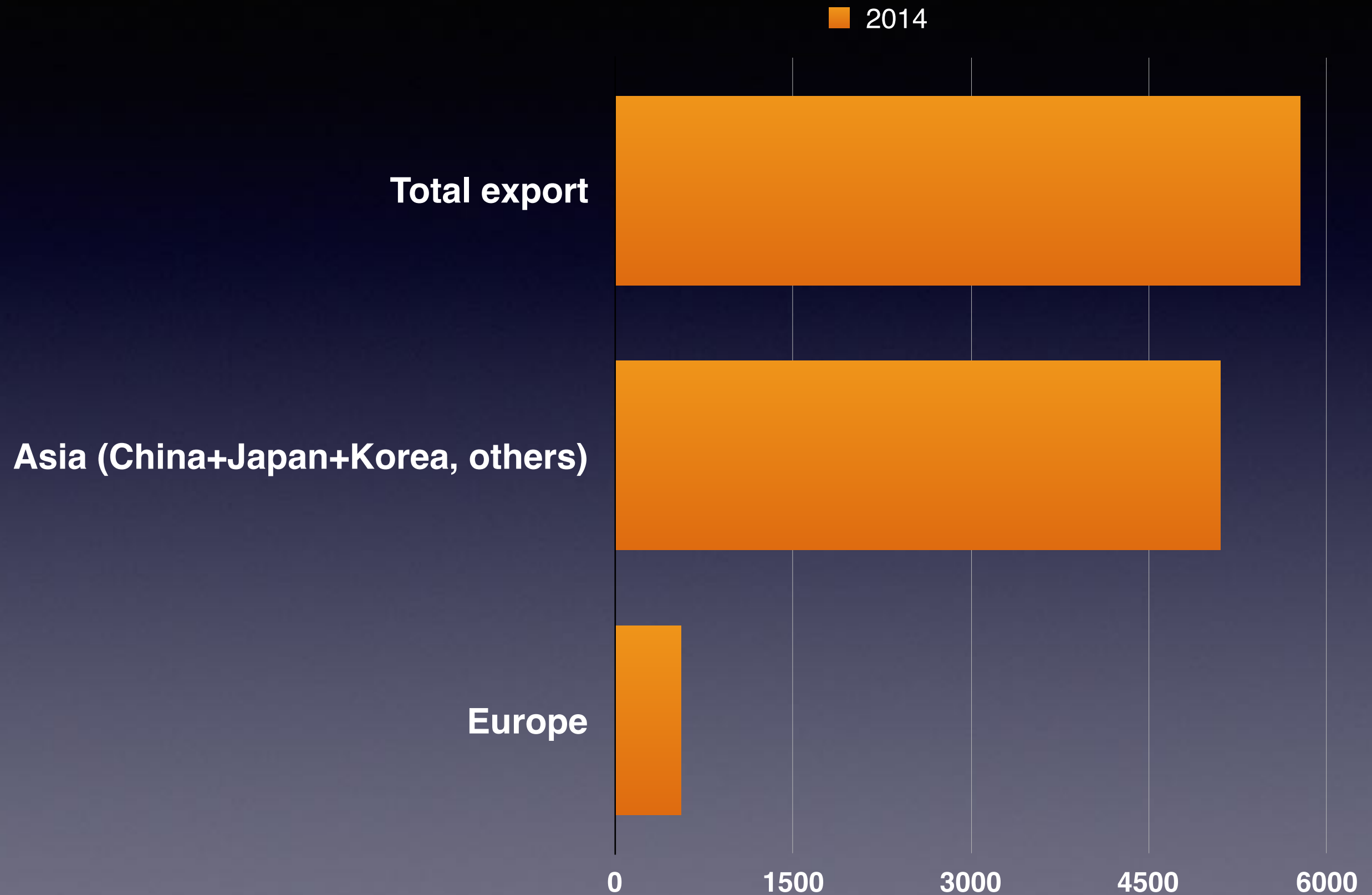


- More than 30 companies
- Exports to many world destinations
- Italian design, Japanese technology, Mongolian products

Open economy trading with 140 countries: Foreign trade, millions of dollars



Mongolia's exports in 2014 (million USD): Embracing Asia



Financial linkages

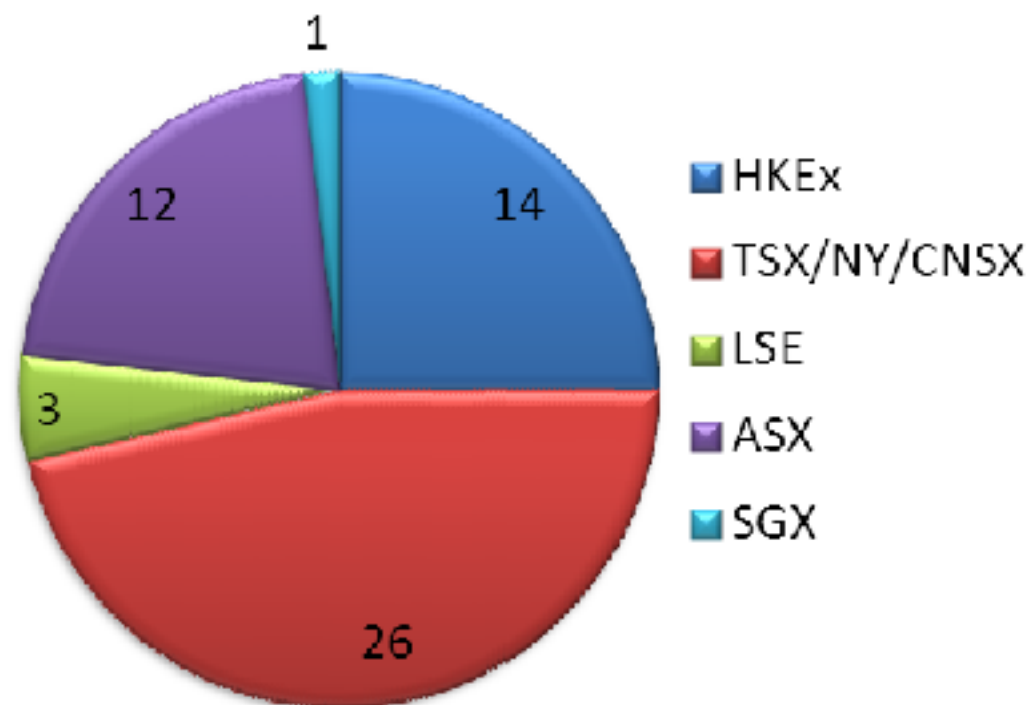
- Mongolia's Chingis Bonds 1.5 billions US dollars
- Development Bank of Mongolia bonds 0.58 billions US dollars
- Samurai Bonds 300 million US dollars
- Mongolian private companies financing: MMC, TDBM, others
- Main hubs of financing: Wall Street (Rio Tinto plant), IMF, ADB, WB, private flows from HK, London, Singapore, Australia
- Billions of dollars of financing from Japan, China, Korea, India



Overseas listed some companies:
New York, Hong Kong, Toronto/NY, LSE

Ulaanbaatar skyline

Overseas Listed companies with
operation in Mongolia



Foreign listed companies with assets in

Mongolia

Coal: 16

Copper: 12

Gold: 12

Uranium, rare earth, oil shale: 16

High literacy rate

Table 5. Primary school enrolment, pupils in 1-5 grades, literacy rate

	Indicators	1990	2000	2006	2007	2008	2015
11	Net enrolment ratio in primary education	97.5 ^a (1995)	95.0 ^a	91.4 ^a	92.7 ^a	91.5 ^a	100.0 ^a
12	Proportion of pupils starting grade 1 who reach grade 5	91.0 ^a	83.6 ^a	86.8 ^a	89.9 ^a	92.8 ^a	100.0 ^a
13	Literacy rate of 15-24 year-olds	99.0 ^c (1989)	97.7 ^c	97.7 ^c (2000)	97.7 (2000)	97.7 (2000)	100.0 ^a

Source: a. SGH Resolution #13, Approval of Mongolia's MDGs, 2008
b. NSO, MoESC, 2008
c. Mongolian population and housing census, 1989, 2000



60 universities and colleges

70 technical vocational training colleges

Hundred thousands educated overseas

Europe: Germany and UK

North America: US

Asia: Japan

Eastern Europe: Russia, Czech Republic
Australia

Real gender equality

Table 6. Sex ratio in secondary and tertiary education

	Indicators	1990	2000	2006	2007	2008	2015
14	Ratio of girls to boys in primary education	1.03 ^a (1995)	1.01 ^a	0.98 ^a	0.97 ^a	0.97 ^a	1.0 ^a
15	Ratio of girls to boys in secondary education	1.33 ^a (1997)	1.2 ^a	1.03 ^a	1.09 ^a	1.08 ^a	1.0 ^a
16	Ratio of female to male students in tertiary education	1.56 ^a	1.72 ^a	1.53 ^a	1.57 ^a	1.54 ^a	1.0 ^a

Source: a. SGH Resolution #13, Approval of Mongolia MDGs, 2008
b. NSO, MECS, 2008





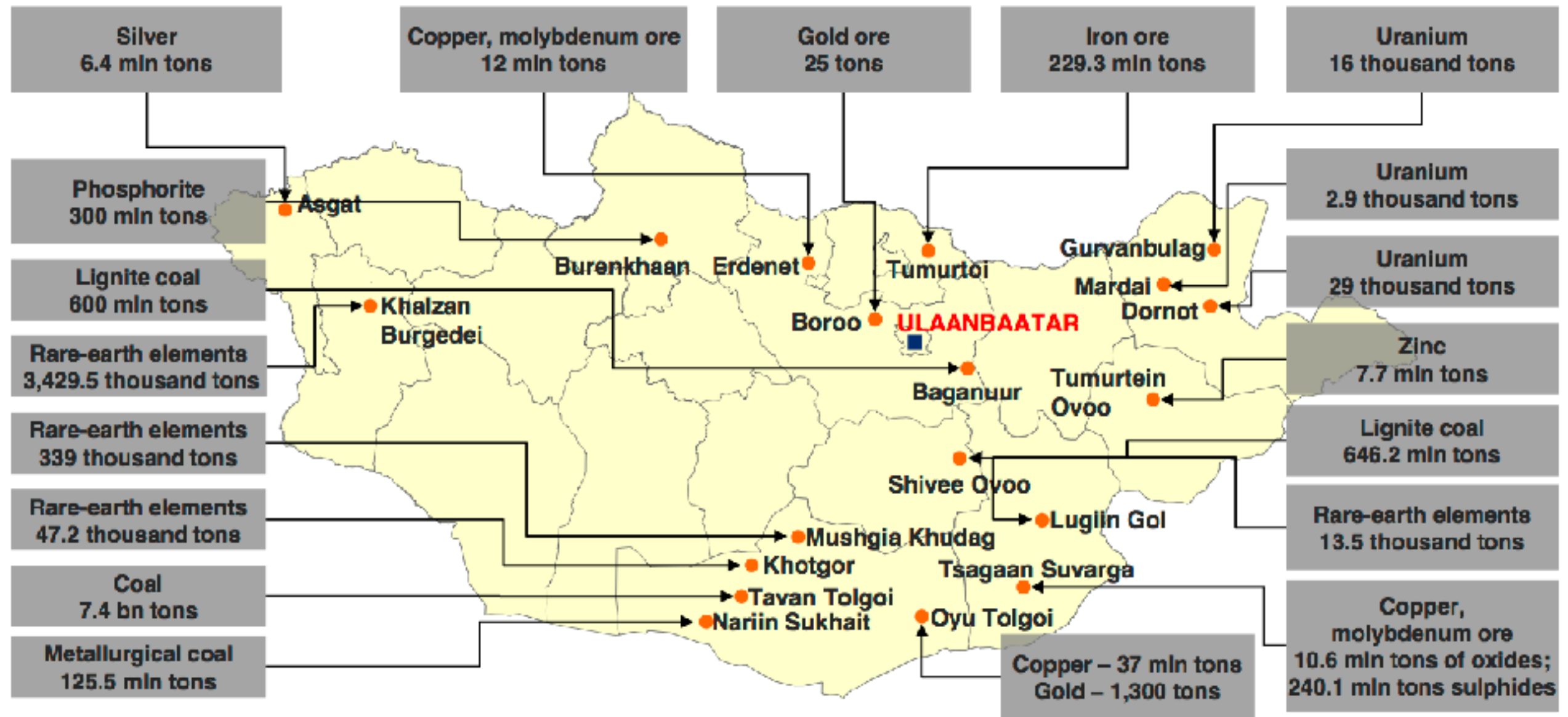
Increasingly urbanized, young and dynamic population: more than 50% are young people under 35 and 79% live in urban areas



ZOLBAYAR PHOTOGRAPHY

Up to 1.3 trillion dollars of potential assets

Natural Resource Base That Can be Leveraged for Industrialization (cont'd)



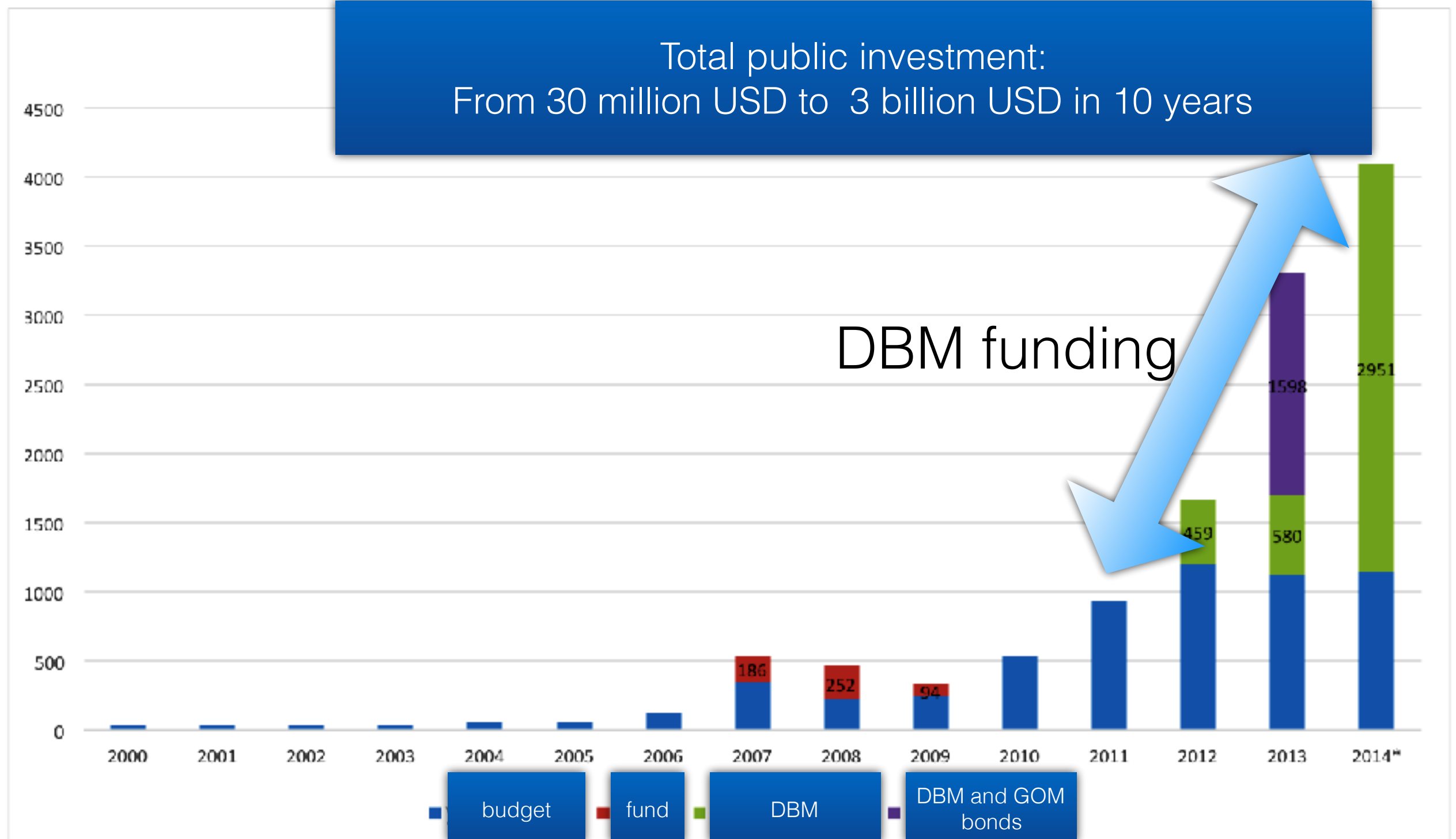
Mongolia has vast and diverse under developed mineral deposits, providing the economy with significant long-term upside potential

Some other reserves

- Oil: 332 million tonnes
- Coal bed methane gas: 3.2 billion m³
- Oil shale: 788 billion ton
- Uranium: 11 deposits, 75 thousand tonnes
- Rare earth/rare metals: 5 major locations, 246 deposits, 31 million ton (16.7% of global reserves)
- Many other types of natural resources and energy sources such as sun, wind, geothermal energy sources, etc

Total Public investment

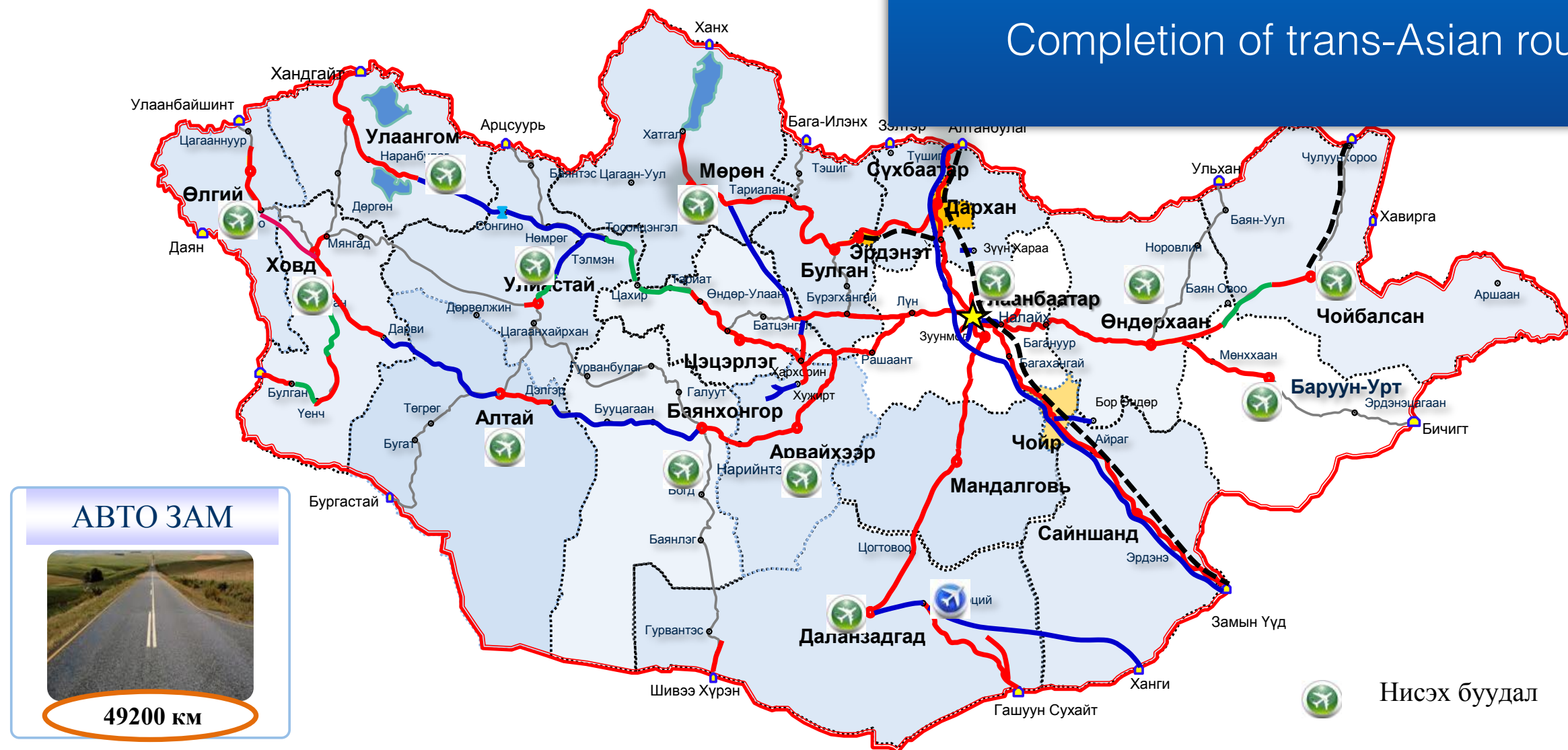
Total public investment:
From 30 million USD to 3 billion USD in 10 years



Infrastructure for North East Asian links

Huge infrastructure needs: Mongolia's territory larger than France three times

Completion of trans-Asian routes



Completion of trans-Asian routes linking Central Asia and North-East Asia and East Asia with Europe

Terminal

New industrial
projects

Industry: construction materials

- Production of cement has increased 4 times since pre-DBM days
- now domestic needs are fully met by DBM financed domestic private industrial projects
- Total capacity is about 4 million tonnes per annum (same as Austria, Switzerland)

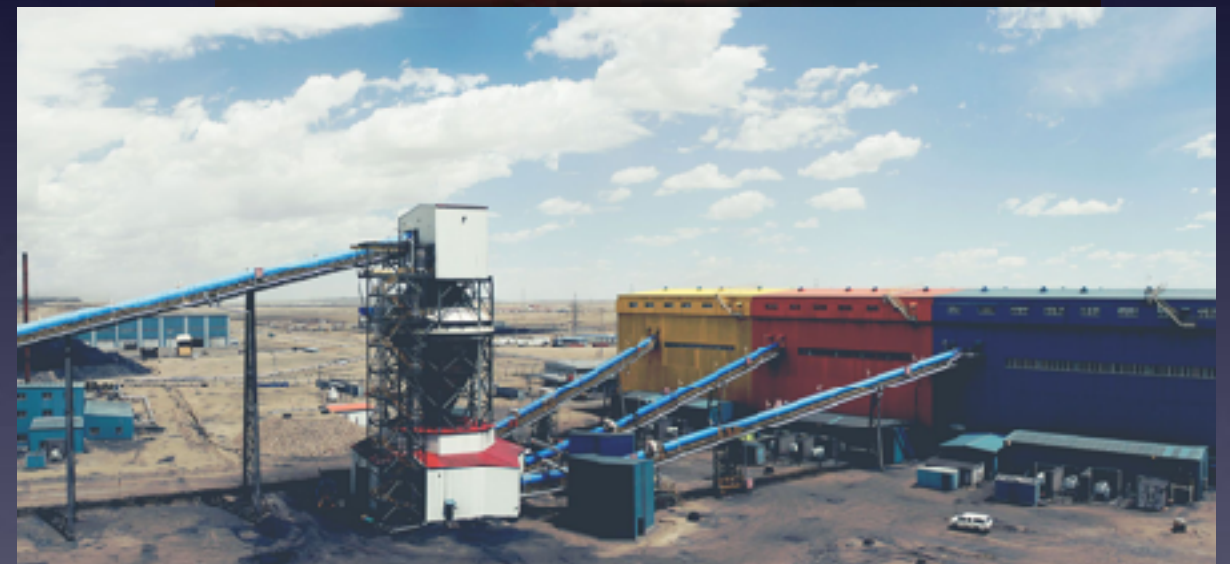


One of top mining investment projects in the world: OT, a joint Mongolia-Rio Tinto plant for copper



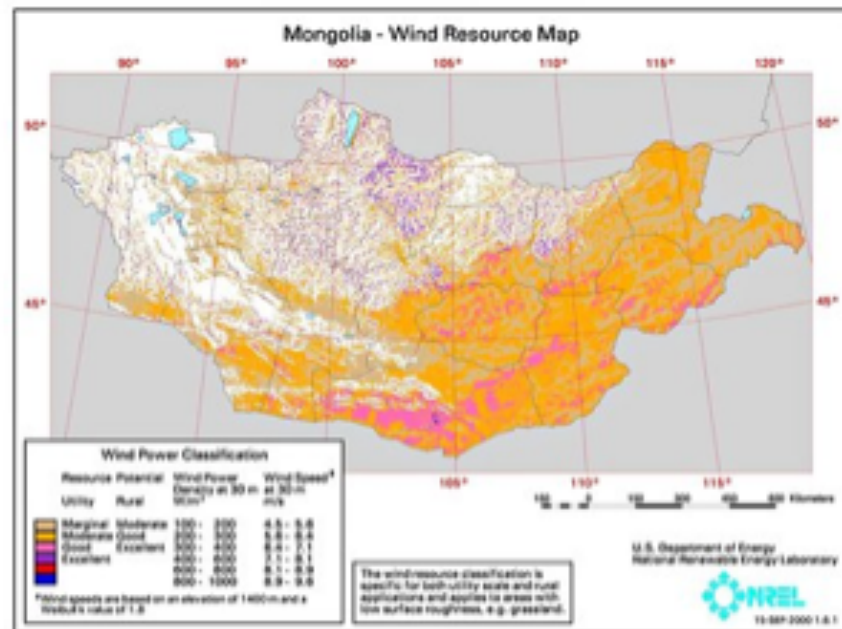
Tavantolgoi coal mine

- One of largest in the world
- coking coal deposit
- incoming power plant project with Japanese Marubeni, 1 billion dollar project
- Discussed cooperation with China's Shenhua corporation
- Cooperation with China's Baotou Steel



Clean Energy, Sustainable cities and Partnership

Mongolia is one of best locations in the world in renewable energy



Mongolia could support 1,100GW of installed wind power capacity.

Potential to generate 2.6 terawatts of renewable energy per year

This quantity constitutes about one-quarter of global electricity demand.

Renewable Energy:
General Electric and Mongolia's Newcom joint project of 110 million dollars wind farm project is successfully completed

Softbank, Newcom are completing additional wind energy stations in Gobi desert

Japan's "Sharp" corporation solar station in Darkhan area





Mongolia's young business community is embracing cooperation with world leading companies such as Google, Apple, Microsoft, which employ young Mongolian experts

Japanese Softbank is a leading investor in Mongolia's clean energy



Partnership in North East Asia

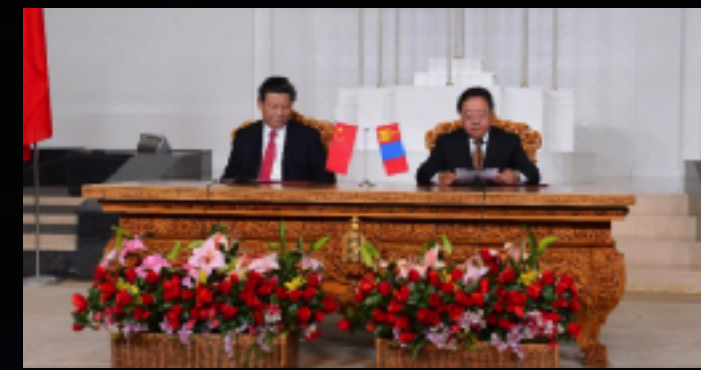
Economic networks: Japan

- Japan: free trade agreement (Economic Partnership Agreement) 2014, ratified in 2015, in full force since 2016
- 2000 students are studying in Japan; in 2012-2016 cabinet 2 ministers had background of Japanese education
- Japan approved low cost funding for 1000 more Mongolian students in engineering to study in Japan;
- in addition Mongolia-Japan joint technology university, kohsen technical schools are opened in Mongolia
- Leading Japanese banks opened their representative offices in Ulaanbaatar
- Japanese experts are consulting Mongolia on mining and heavy industry, public private partnership, development financing and Samurai bonds, mining, PPP
- Japan's Mitsubishi is assisting a new Ulaanbaatar international airport

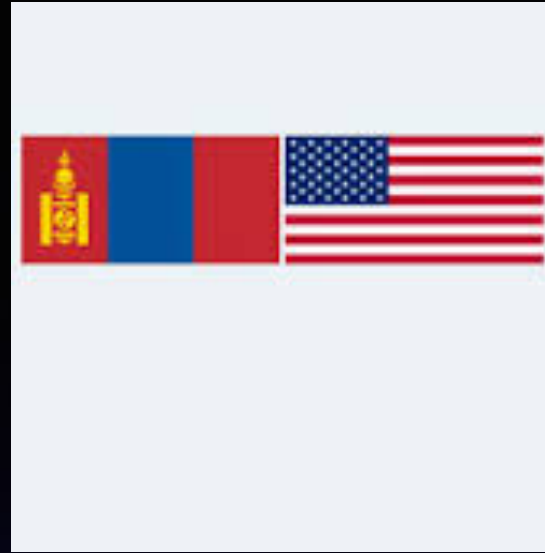


China

- Recent visit by President Xi Jinping
- 30 billion dollars of investment into coal-to-gas plants project is pledged, annual output of 15 billion cubic meters per annum for export to China. That's twice of amount of gas Russia exports to France. Working group is preparing a feasibility study for the project which 3 times larger than national GDP
- Increase bilateral trade to 15 billion US dollars from current 6 billion by 2020
- Export credits of 500 million dollars; modernization of 48 hospitals and electronic equipment for schools Electronic education projects; credits for large tractors purchases from China for agriculture; scholarships for 1000 Mongolian university students; swap agreement between central banks for 20 billion RMB or 3 billion US dollars
- 2 power plants will be built with participation of Mongolian and Chinese private companies. Plans for coal-based mega power plant with capacity of 4800 megawatt is revived for export to China (state level)
- Access to 8 Chinese sea ports; Gobi railway is being built together with Mongolian companies on border to facilitate transportation; easier access to sea using Chinese railways is promised;
- China pledges support to Mongolia's entry into APEC; participation in the East Asia Dialogue (Japan, S. Korea, China)



USA



- Visits by President Bush and vice-president Biden (2005, 2011)
- Mongolia is a member of Asia-Pacific democracy Partnership
- Chaired the Commonwealth of Democracies in 2012-2014
- 1300 Mongolian students are studying in USA; 700 alumnies of US universities are working actively; including President Ts. Elbegdorj
- Mongolian military base is granted a status of NATO facility in 2014
- Transparency agreement with USA is signed at the end of 2013; expected to accelerate talks on free trade agreement; USA has such agreements only with 9 countries
- 450 million dollars of assistance from Millenium Challenge Foundation and USAID, second phase of MC is under consideration
- US companies are investing in oil shale in Mongolia
- Discussions to join TPP, free trade agreement with USA

Russia

- Joint work on modernization of the railway to double its capacity, to finish by 2020 (approximately 1000 km)
- No visa agreement to boost Russian tourists from end of 2014
- Mongolian fuel companies pledge to purchase 1 billion US dollars of oil products from Russian companies (Saint Petersburg summit)
- Russian universities will provide more scholarships to Mongolian students
- Mongolia and Russia hosted largest-scale military exercises together this year; Selenga ; included for first time aerial strikes, heavy tanks and 1000s of ground troops; further military assistance is promised, in particular supplies of weapons

Cooperation with international organizations

- UN: Mongolia is one of first countries to adopt national SDG strategy and planning law
- IMF: 5.5 billion USD of loans, assistance including
- ADB, WB, Japan, South Korea 3 billion USD
- People's Bank of China 2.8 billion USD swap extension
- India's soft loan of 1 billion USD

Other countries

- Strong move towards cooperation with democracies (ASEM summit, Chair of Community of Democracies)
- FTA with South Korea is being negotiated
- FT agreement with EAES is under study
- TPP is crucial to further the development of Mongolia towards market economy/global market
- Strengthen its linkages with Asia through better transportation network through One Belt policy (China)
- Increasing financial linkages with Wall Street, London, Tokyo, HK and Singapore