

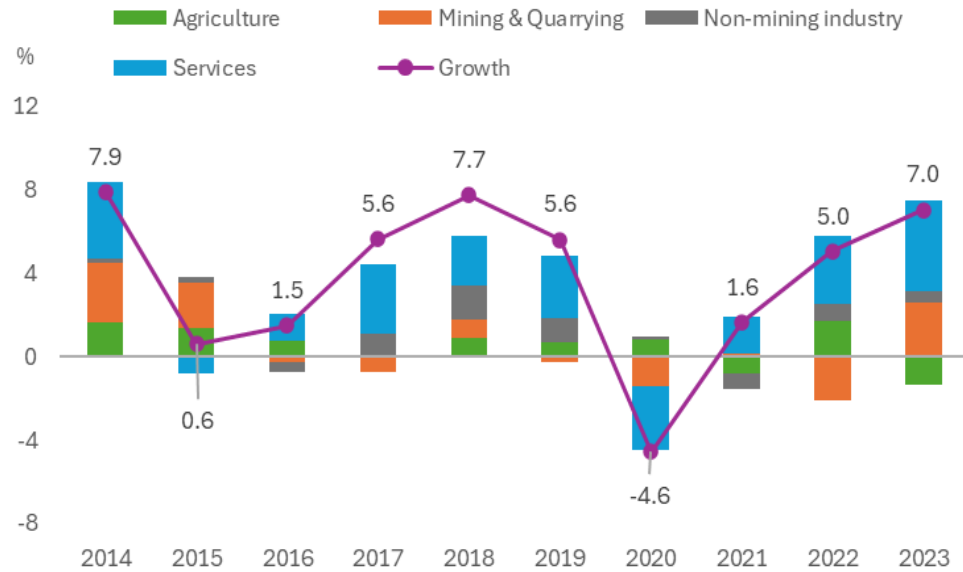
# Mongolia

ADB – Country Partnership Strategy

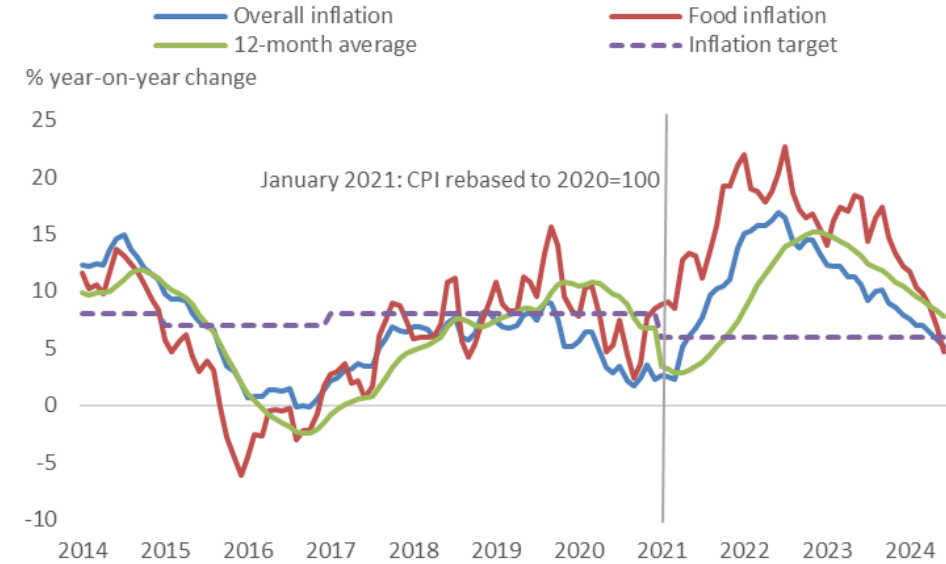
September 2024

# Recent macroeconomic trends (1)

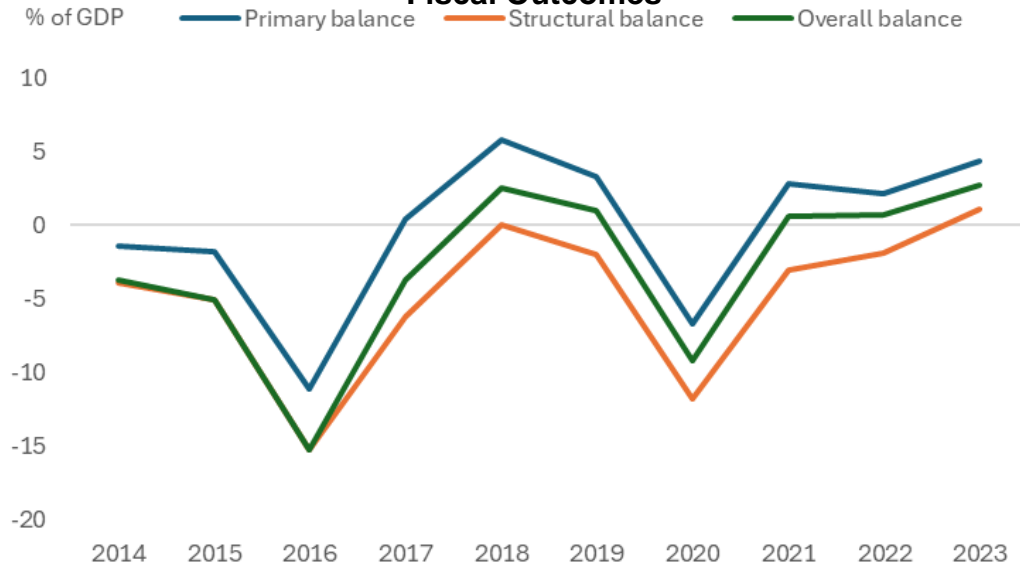
## Contributions to Growth



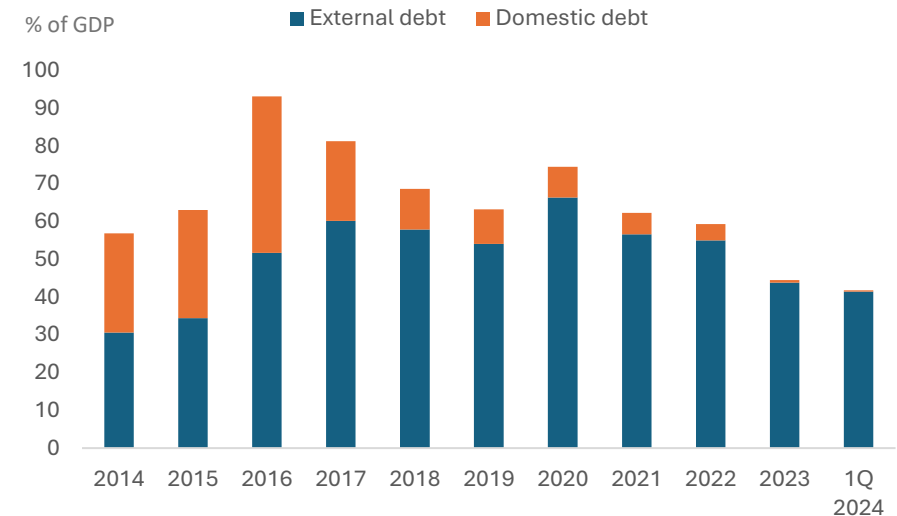
## Inflation



## Fiscal Outcomes

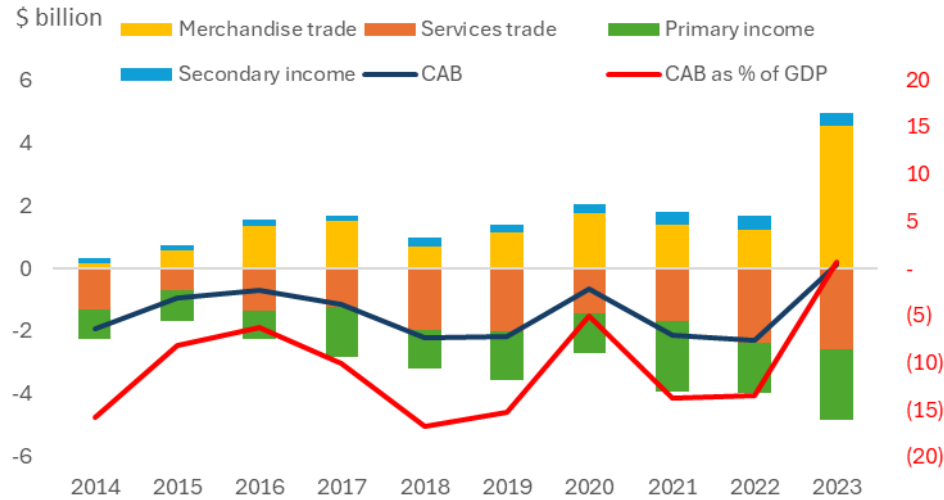


## Public Debt



# Recent macroeconomic trends (2)

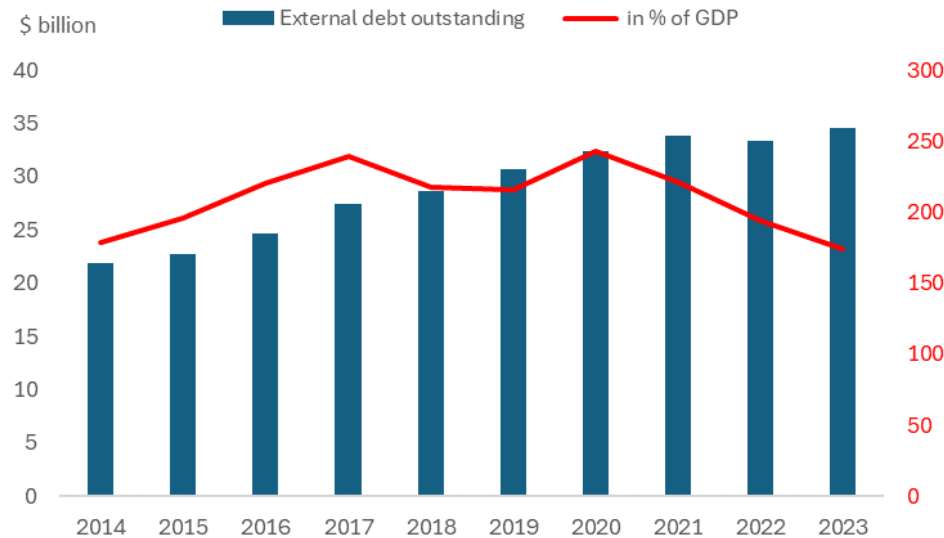
## Current Account Balance



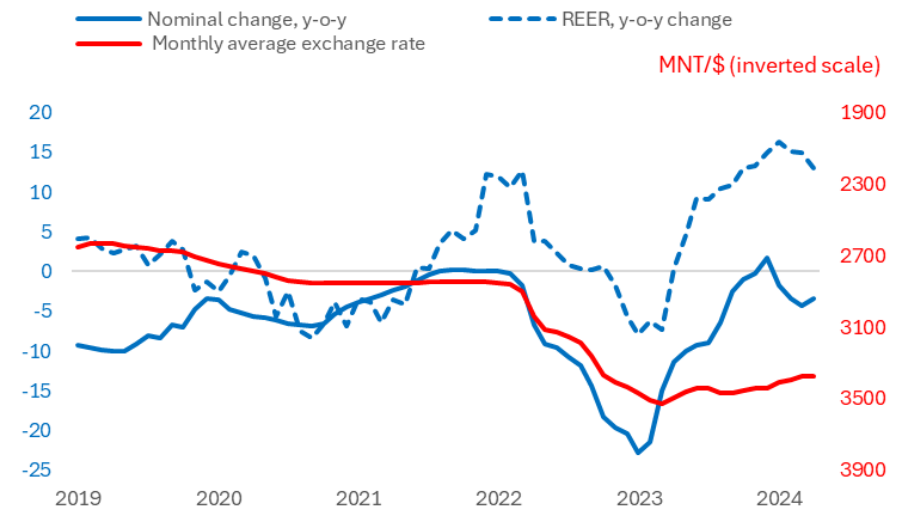
## International Reserves



## External Debt (public and private sector)



## Exchange rate

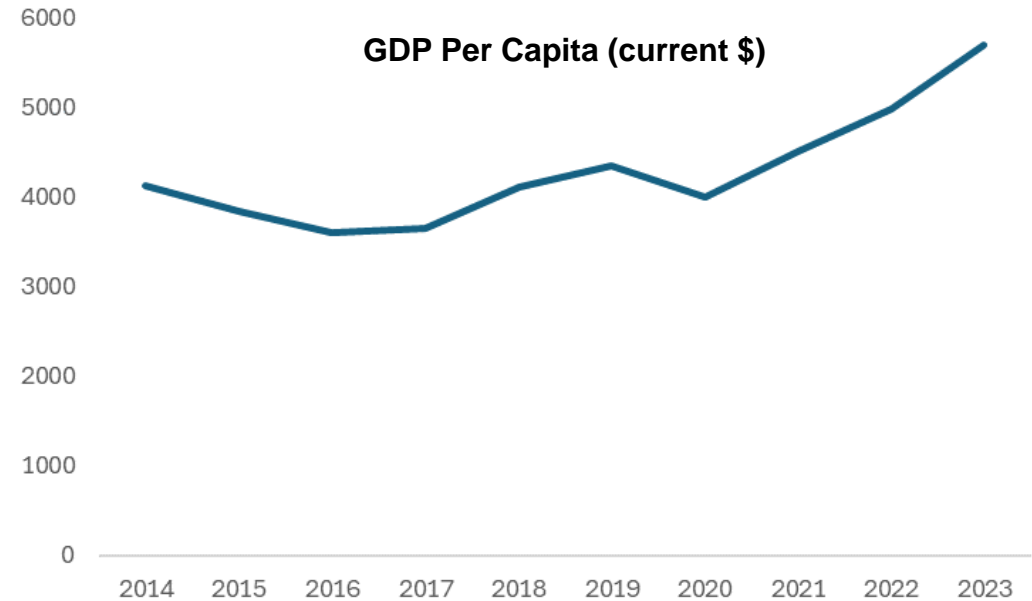


# Development indicators - recent trends

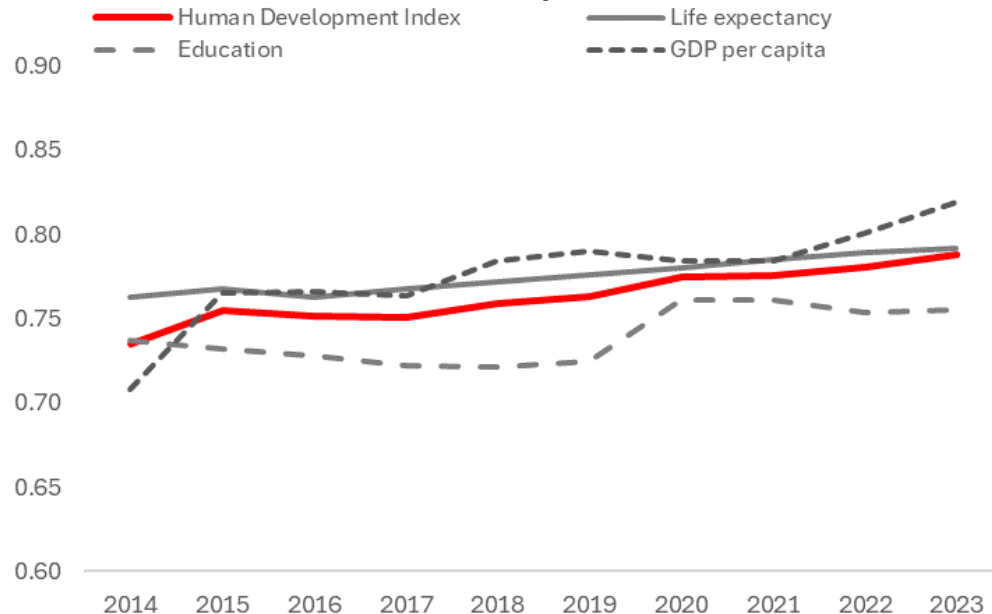
Poverty Headcount (% of population)

	2014	2016	2018	2020	2022
National average	21.6	29.6	28.4	27.8	27.1
Urban	18.8	27.1	27.2	26.5	23
Rural	26.4	34.9	30.8	30.5	35.6
Western region	26	36	31.8	31.5	36.5
Khangai region	25.3	33.6	30.8	31.4	33.5
Central region	22.2	26.8	26.1	25.2	24.6
Eastern region	31.4	43.9	37.4	33.3	35.3
Ulaanbaatar	16.4	24.8	25.9	25.4	21.6
Capital city	16.4	24.8	25.9	25.4	21.6
Aimag center	23.8	31.8	30.1	29.1	26.1
Soum center	24.7	32.3	28.9	30.5	30.6
Rural area	27.9	38	32.9	30.5	41.2

Note: "Rural" includes *soum* and *aimag* centers; "rural area" = rural areas not including *soum* and *aimag* centers



Human Development

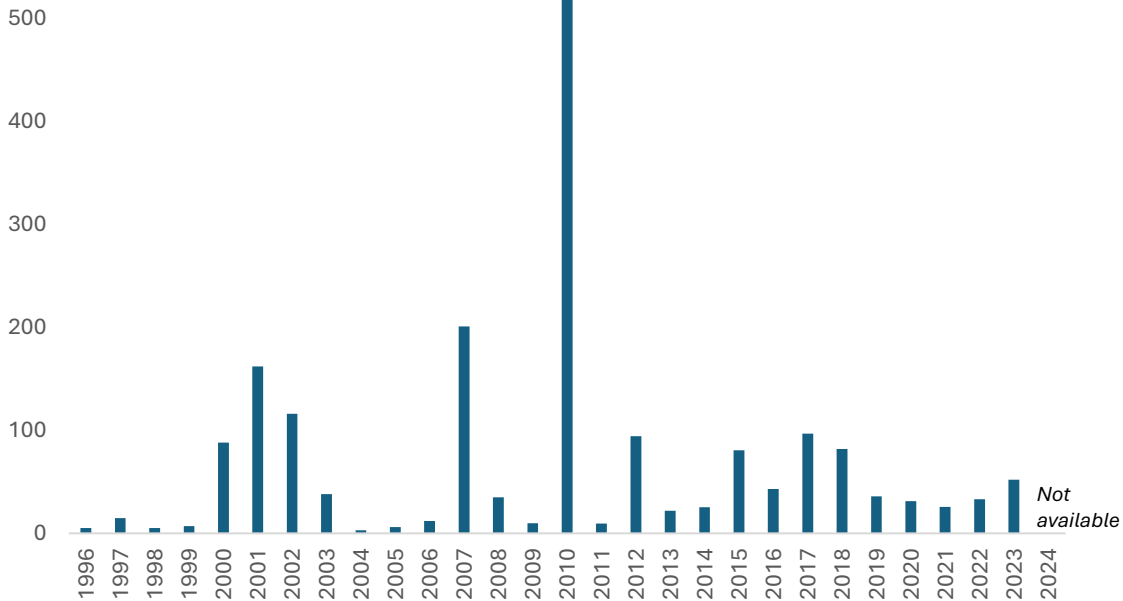


Human Development

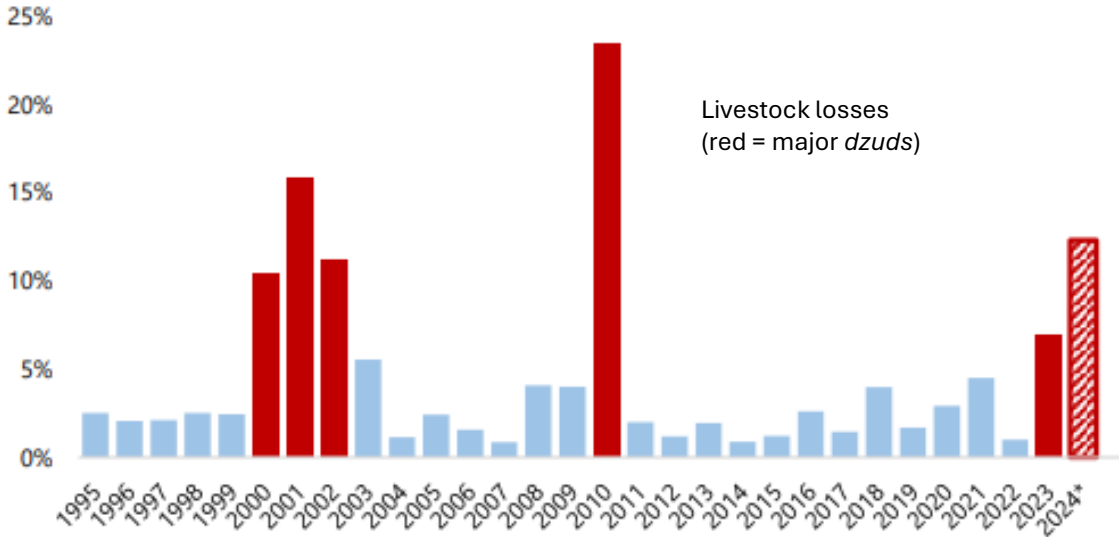
HDI Rank (2022)	HDI Rank (2021)	Country	HDI Value	SGD3 Life Expectancy (Years)	SDG 4.3 Expected Years of Schooling	SDG 4.4 Mean Years of Schooling	SDG8.5 GNI per Capita (2017 PPP \$)
67	65	Kazakhstan	0.80	69	15	12	22,587
89	95	Azerbaijan	0.76	73	13	11	15,018
96	99	Mongolia	0.74	73	15	9	10,351
106	105	Uzbekistan	0.73	72	12	12	8,056

# Climate change and disaster indicators – recent trends

Damages caused by disasters (billion of MNT)



Livestock losses (as percent of total)



# Core Development Challenges

Core Problems (Outcome)	Vulnerable and Cyclical Economic Growth		Accelerating Climate Vulnerability and Environmental Degradation		Entrenched Socioeconomic Disparities and Poor Living Standards	
Causes:	Dependence on commodity exports (coal, copper, gold)	Lack of diversification in the economy; non-mining sectors uncompetitive	Increased frequency & severity of natural disasters ( <i>dzuds</i> ) and erratic weather (floods, droughts)	Carbon emissions and pollution from mining, energy and agri sectors	Insufficient access to healthcare and education	Widespread poverty and unemployment
	Vulnerability to exogenous shocks and commodity price volatility	Inadequate infrastructure	Food insecurity due to climate change and agri practices	Desertification and limited water supply system	Poor infrastructure and basic services, including urban public transportation	Urban and rural migration
Underlying causes:	Vulnerable public finances and pro-cyclical fiscal policies	Poor Business environment; lack of investment in non-mining sectors	Insufficient climate finance and long-term planning for climate adaptation and just transition	Carbon-intensive and climate-sensitive sectors (mining, agri, energy)	Limited jobs and income inequality	Weak social safety net and ineffective social welfare
	Weak governance and regulatory frameworks; delayed structural reforms	Shallow Finance Sector and access to finance for MSMEs	Weak enforcement of environmental regulations	Unsustainable agriculture and resource degradation	Unemployment and skill mismatch and lack of just transition planning	Poor living conditions and high cost of living

# Government Strategy (1) – New Recovery Policy

**Vision 2050**

**New Recovery Policy (2021-2030)**

**Government Action Plan (2024-2028)**

**Annual Development Plan**

# Government Strategy (2) – New Recovery Policy

## New Recovery Policy (2021-2030):

### **Border Ports Recovery**

*Border ports recovery aims to improve trade infrastructure at border checkpoints to facilitate smoother and more efficient trade.*

### **Urban and Rural Recovery**

*Urban and rural recovery seeks to balance development between urban and rural areas, alleviating urban congestion and enhancing rural living standards.*

### **Energy Recovery**

*Enhancing energy infrastructure, integrating into regional networks, and promoting clean energy sources to reduce reliance on imports*

### **Green Development**

*Green development involves implementing eco-friendly policies, including reforestation and renewable energy projects, to ensure sustainable growth.*

### **Industrial Recovery**

*Industrial recovery promotes industrial development to diversify the economy and reduce dependence on raw material exports.*

### **Public Productivity Recovery**

*Public sector efficiency is targeted by streamlining government operations, enhancing digital services, and reducing corruption to improve overall governance and productivity.*



# Government Strategy (3) – Govt. Action Plan (2024- 2028)

## Regional Development

**Ulaanbaatar 20 minute city:** urban infrastructure; social housing; clean energy and green smart city; climate adaptation; urban transportation; satellite cities  
**Diversified regional development:** tourism, Kharkhorum city; specialized industries and projects; agricultural and food production; hydro-electric; logistics center

## Human Development

- **Family and Population:** social insurance; social savings fund; children; elderly ; vulnerable; social services; employment; SMEs and start-ups
- **Education:** vocational education; research universities; teachers; e-learning
- **Healthy Mongolian:** public health; decentralized medical services; primary health care; quality drugs and equipment
- **National Wealth Fund and Affordable Housing:** housing grants; energy efficient housing; subsidized mortgages; green buildings; water supply, sewerage; public utilities

## Economic Policy

**Macroeconomic Stability:** stable growth and inflation, higher FX reserves; sovereign wealth funds  
Private sector, banking and finance, business and investment environment: reduce state involvement, MSMEs; financial and development bank reform; legal investment environment and dispute resolution; SEZs, Taxation  
Economic Diversification and liberalization: Mining industry; ports; transport (roads, railways, aviation) and maintenance  
**Energy Sector.** Tariff liberalization; low-emission fuels; renewable energy  
**Agriculture:** Food supply; food supply and security; value-addition exports; international standards  
**Tourism;** culture; science and technology  
**Environment, climate change and green finance:** biodiversity protection; legal framework for climate; water-supply; natural disaster prevention; environmental standards; climate adaptation

## Human Rights

**Human Rights; Gender; Freedom of press; Partner Cooperation; Transparency; Judiciary; Governance and anti-corruption; Crime ; E-Governance; International Cooperation; National Security; Disaster Preparedness and risk management;**

# Strengthening economic and social resilience for a changed climate and decarbonized global economy

## Diversified, Inclusive and Resilient Growth

### Public Sector and Macroeconomic Management

- Strengthen macro-fiscal resilience and economic diversification through public financial management, sovereign wealth funds, SOE governance, and mitigation of economic shocks.

### Private Sector Development and Access to Finance

- Attract investment to diversify non-mining and mining (critical-minerals) sectors, strengthen investment frameworks, and foster Public-Private Partnerships. Expand financial inclusion, support MSMEs, and grow entrepreneurial ecosystems.

### Regional and Domestic Connectivity

- Build resilient infrastructure and systems to enhance trade, diversify the economy, improve logistics, and strengthen regional cooperation for sustainable growth.

## Climate Action

### Climate Policy and Finance

- Strengthen climate governance and finance, including carbon markets and concessional and innovative financing, to support an inclusive transition to a climate resilient, low-carbon future.

### Climate-Smart Development

- Build climate-resilient, livable, and energy-efficient urban and rural infrastructure; promote clean energy, sustainable transport, waste management, and adaptive green industry and infrastructure.

### Rural and Disaster Resilience

- Strengthen climate-smart agriculture and disaster resilience, improving food security and fostering agribusiness growth through innovation, strategic investments, and robust institutional support.

## Resilient Communities

### Highly Trained and Agile Workforce

- Close education gaps, integrate climate education into curriculum, and support a just transition through upskilling and reskilling workforce for existing and emerging industry jobs. Strengthen higher education as a catalyst for innovation.

### Quality, Accessible Health Services

- Support improved health services for vulnerable and underserved groups through systemic reform, expanding primary care and rural health services, and developing low-carbon and climate-resilient facilities.

### Adaptive Social Protection

- Strengthen social protection systems to more effectively support vulnerable populations in response to shocks; further integrate the graduation approach to ensure equity and inclusion in new economic opportunities.

## Governance, Institutional Strengthening and Capacity Building:

- Enhance public sector capacity to implement climate and development strategies and projects efficiently, including stronger governance and regulatory frameworks.

## Digitalization and Innovation:

- Promote technology and digital innovation across sectors to increase productivity, support economic growth, and foster clean technology adoption.

## Gender Equality and Empowerment:

- Ensure gender equality by promoting women's participation and leadership in economic, climate, and social protection initiatives.