

Mongolia
The SCD-CPF Engagement meeting with Orkhon/Khuvsgul/Arkhangai/Bulgan aimag Government Officials
September 8, 2017

The World Bank Group (WBG) met with 25 representatives of the local government and Citizen’s representative assembly of Orkhon, Khuvsgul, Arkhangai and Bulgan aimags on September 8 to exchange views and perceptions on Mongolia’s development opportunities and challenges as well as possible WBG support.

The discussions focused on three guiding questions:

- 1) What do you see as Mongolia’s biggest opportunities as well as challenges to end extreme poverty and promote shared prosperity?
- 2) What are the development priorities for Mongolia in the next 4-6 years?
- 3) How do you think the WBG (World Bank, IFC, MIGA) could support Mongolia in the next 4-6 years to end poverty and promote shared prosperity in a sustainable manner?

Category	Comments from Stakeholders
Inputs on country diagnostic (opportunities, challenges, and pathways to end poverty & promote shared prosperity)	<p>Opportunities</p> <ul style="list-style-type: none"> • Mongolia is resource-rich so further development driven by mining can be an opportunity. Going forward, shifting from only mining to also production could be possible. There is a local government-owned entity focusing on science, technology and innovation that can help in this regard. • Social insurance services have become world class in Mongolia – 38 different services are provided under the current social insurance regime. • Khuvsgul has developed its aimag strategy, which would help identify opportunities for collaborating with the WBG. • Population centers (Ulaanbaatar, Darkhan, Erdenet) have competitive advantages. <p>Challenges</p> <ul style="list-style-type: none"> • Administration division of Mongolia is not appropriate for the most efficient public service delivery in the country, e.g. Erdenet city was incorporated into Orkhon province. Regional development indeed has been on the agenda of the government but it has not yet been getting much focus in reality. Regional disparities persist as some provinces need more subsidies and generate less income. Considerations to unique characteristics of the locality need to be given in developing regional development strategies. • The lack of collaboration between the government and other stakeholders should be addressed in order to promote good governance. Mechanisms for collaboration between CSOs, the public and the private sectors should be established. PPP arrangements need attention for further development.

	<ul style="list-style-type: none"> • Capacity of CSOs remain low. Access to information is still limited causing a large uneducated mass to remain in the population. So, public participation and capacity building efforts should be enhanced for better results/efficiency and to ensure implementation of the constitution. • Political instability has been a challenge. As a result, policies such as those on social protection, are also unstable. • Environmental issues persist due to mining activities as well as negative impact to the nature by people e.g. timber production continues despite the low price of wood and damages forests. Water quality is degrading. Air and soil pollution is increasing with population influx-- a housing program may help address these issues. Need to enhance natural resource management. • Water, sanitation facilities and infrastructure is outdated and need renovation. • Equal opportunity in doing business is created only in the legal framework but not ensured in real practice. Increasing incomes, jobs is priority for people. SMEs face issues with obtaining offices and premises. Permits for premises are not given and get cancelled with government reshuffling. • Animal health concerns remain. Need to develop livestock and agriculture sector. • Loan interest rates are very high. • Knowledge of herders in terms of healthy eating and healthy lifestyle is poor. Food safety and security are a growing concern so need to focus on increasing knowledge and awareness of people. • Investment is lacking for improving flood prevention systems. • Although general legal framework and laws are in good condition, implementation and enforcement is lacking. • Domestic violence is a problem, especially in rural areas.
<p>Inputs on WBG strategy and partnerships</p>	<ul style="list-style-type: none"> • Link priorities to the Sustainable Development Vision 2030. • Promote and science and knowledge-based economic development. Also provide support to promoting ecologically friendly businesses. • Human development should be a focus to get people out of poverty, especially education. Realization of the importance of human development is a progress but all the relevant existing policies and laws are not fully implemented. Human development should start with tackling basic issues of personal and child development e.g. health, early childhood education, etc. Teacher development is crucial at all levels of education. Help improve public education on personal finance and making choices and decisions for themselves. Changing people's mentality and enlightenment programs should be done due to deteriorating mentality. People are getting more and more religious. Human development centers could be set up in rural areas and provincial centers. • Health and education sectors should be pillars of the WBG support. • Improve collaboration with the CSOs and the public; build capacity to CSOs for utilizing them more for delivering some public services. • Help combat corruption and enabling equitable distribution of mining revenues. Also, assist in strengthening governance (thus improving public services) and

	<p>ensuring transparency in mining in terms of financing, expenditures and governance aspects.</p> <ul style="list-style-type: none"> • Need to do study and research on SME development policies and their implementation to see if what Mongolia is doing is going in the right direction and what the focus areas should be. • Invest in infrastructure development. • Support to increasing efficiency of the state budget expenditures and budget savings as well as investment prioritization to help address the public needs. • Promote equal access to services in the peri-urban and rural areas. Focus on developing middle-class in order not to deepen inequality. • Support to enhancing household income and food safety. Focus on activities supporting not only the poor but the middle-income citizens and promote their income generation. • Need to build shelter houses in provinces to ensure implementation of the Law on domestic violence and protect families. <hr/> <p>Approach and implementation:</p> <ul style="list-style-type: none"> • Rely more on local consultants instead of utilizing international consultants in capacity building interventions. • Concentrate on all: advisory, analysis and capacity building. If these are given enough, then financial support may not be needed. • Ensure results and make sure WBG support reaches the target beneficiaries. It would be helpful if large scale industries are financed so jobs are created because on-lending and financing for SMEs does not usually reach intended beneficiaries and the effect is very short term. • WBG's analysis and advocacy work is sometimes more valuable than financing. • Have a WB representative in each province so more tailored approach for local conditions will be pursued in planning, implementation and monitoring.
Inputs on WBG engagement	<ul style="list-style-type: none"> • Support to job creation and micro business development targeted to the poor households. • Continue legal reform efforts building on the WBG's past experiences. • Support street camera installation to ensure safety and security for citizens. • Implement projects to promote the importance of family principles and upbringing, early childhood development and education.
Others	<ul style="list-style-type: none"> • Sequencing and developing policies that are fit to the local conditions should be considered important aspects of development.

Results of the survey taken during the meeting:

1. In your view, what are the crucial development areas for Mongolia to focus actions aimed at ending poverty and shared prosperity throughout the country over the next decade? (PLEASE SELECT UP TO 5)

— Job creation/employment	20	80%
— Public sector governance/reform	8	32%
— Education	8	32%
— Private sector development	7	28%
— Food security	7	28%
— Anti corruption	6	24%
— Economic growth	6	24%
— Foreign investment	5	20%
— Health	4	16%
— Environmental protection and pollution control	4	16%
— Urban development	4	16%
— Agriculture, livestock, and forestry	3	12%
— Road and transport	3	12%
— Trade and exports	3	12%
— Social protection	3	12%
— Rural development	2	8%
— Equality of opportunity	2	8%
— Financial markets	2	8%
— Natural resource management	1	4%
— Disaster risk management	1	4%
— Energy	1	4%
— Water and sanitation	1	4%
— Climate change	1	4%
— Other:	0	0%

2. How do you think the World Bank Group can have the most impact on its assistance to Mongolia? In which areas do you believe the WBG should focus in the next 4-6 years? (please select up to 3 options)

— Supporting human development	17	68%
— Supporting public sector governance	11	44%
— Supporting the business environment	9	36%
— Supporting natural resource management and environmental protection	7	28%
— Supporting investment in infrastructure	7	28%
— All are equally important	1	4%