

Mongolia
The SCD-CPF Engagement Meeting with Ulaanbaatar city officials
September 11, 2017

This is a brief, informal summary of the issues raised during the meeting. If you were present and wish to make a correction or provide further information, please email Indra Baatarkhuu at ibaatarkhuu@worldbank.org.

The World Bank Group (WBG) met with 15 officials from Ulaanbaatar city governor's office and municipal agencies on September 11, 2017 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><u>Opportunities</u></p> <ul style="list-style-type: none"> • New administration took over the management of the city after parliamentary election in 2016. Since then, Mayor's action plan has been endorsed by the city council. • 60 percent of total population resides in Ulaanbaatar. • If city can generate employment, more people will pay income tax. There is great potential and advantage in Ulaanbaatar to build industrial sector or use skills of citizens who worked abroad. <p><u>Challenges</u></p> <p>Governance:</p> <ul style="list-style-type: none"> • Institutional and structural setting of the government has become complicated. Status of UB city is same as the aimag center with population of 20.000 people. <p>Food safety:</p> <ul style="list-style-type: none"> • Mongolia is often referred as an agricultural country and much of Mongolia's economy depends on its livestock. However, outbreak of animal decease in peri-urban areas pose a food security risk. Most people buy and consume

non-processed meat from market. Improved meat processing technologies and control systems to the processed meat sector is much needed.

Environment and urban sustainability:

- Construction of housing and apartments tends to become driver of urbanization. But, urban citizen education, attitude and behavioral aspect is left behind.
- Water shortages. UB is approaching levels where water shortages become a serious problem. 60% of all population in Ulaanbaatar live in ger district. Daily water usage of a person living in ger area is approximately 8 liters while families in apartments use 250 liters per day. When more apartments fill with residents, it will increase per capita water usage. Leather processing tanneries discharge poorly cleaned waste water to Tuul river.
- Air pollution has become a severe issue mainly due to increased and inefficient combustion of coal and some other factors (e.g. burning agricultural and animal waste, fast growing urban population, sudden increase in vehicles, pollution from power plants). Some studies indicate a high probability of most UB residents getting a lung disease in the next 30 years due to pollution. Children's health issues need to be looked at as a priority.
- Soil Pollution - Due to the ger households that have no access to urban infrastructure, inadequate disposal of human fecal waste is causing soil pollution in Ulaanbaatar city.
- Need to expand cooperation with donor agencies on climate change adaptation. Concerns are rising of climate change impact in Mongolia often experienced through deforestation, desertification, and pastureland degradation.
- Sustainable Development Policy is lacking. The government is placing mining sector as a priority, while environmental sustainability is lacking.

Unemployment

- Unemployment causes social illness such as alcoholism, theft and other crimes.
- Need to develop agricultural sector, which has the largest potential to create jobs.
- Support SMEs in increasing their productivity, to support private sector growth and job creation.

Tourism

- Tourism-related inflows are often the primary source of foreign exchange in most developed countries. Therefore, there is need to explore this opportunity and help increase the productivity of this sector.

Education:

- Quality of education needs to be improved, need to reform the sector.

- The construction ministry tends to focus more on building more schools. However, issue of low quality of education is often left behind.
- Lack of coordination among government agencies also affects education sector: location of new school construction site is decided by the ministry. The construction supervision cost is also at ministry. UB city administration is not able to monitor quality and efficiency of new projects.
- Lack of access of pre-school education: Total of 29,000 preschool-aged children have been registered in the lottery for kindergarten enrolment. Only 22,000 children confirmed their enrolment in some form of kindergarten. The remaining children will have to stay at home.
- Location of schools affects its quality, e.g. quality of education provided in the secondary school no.1 is different from secondary schools located in '7 buudal' area in the outskirts of the city.
- There is need to develop a system that engages senior citizens in educating youngsters and sharing their lifetime experiences.

Overconcentration:

- Need to develop efficient and strategic urban planning based on international standards.
- The main reason for overconcentration is that state-owned universities are located in Ulaanbaatar. Therefore, moving out universities out of town is essential to address overconcentration issue.
- Big markets are also one of the biggest reasons of traffic and overconcentration. Therefore, supporting entrepreneurs to come up with new business ideas, such as developing delivery products, is essential.
- Need to promote development of satellite cities.

Infrastructure development:

- The lack of infrastructure has brought on severe problems such as poor waste management, lack of clean water and urban sanitation.
- Public transport- even though the city is paying more attention to developing public to decrease the traffic, it's still not fully sufficient. Often, bus stations are located far away from residential areas and buses does not run on schedules. High number of petty crimes and robbery in buses.
- Wastewater treatment plant maintenance - Central sewage treatment facility needs to be expanded and upgraded. Sewage that is barely treated is directly discharged into Tuul river, causing environment and pollution issues. Unpleasant smell comes from the river to nearby areas. This also has negative influence on tourism sector development as well.

Disaster Risk Management and Climate change:

- Floods, steppe fires in summertime and dzud in wintertime are often and severe in Mongolia. Therefore, mainstreaming disaster risk management is one of the priorities of the country.

	<ul style="list-style-type: none"> Using public schools or citizen halls during emergencies needs to be carefully planned and managed. Japan has much experience in this regard which could be explored. <p>Energy:</p> <ul style="list-style-type: none"> Mongolia has significant renewable energy resources, such as solar, wind, hydro and geothermal power. Specifically, solar power potential is great in Ulaanbaatar city. Therefore, scaling up renewable energy sector in Mongolia is crucial. <p>Other issues raised:</p> <ul style="list-style-type: none"> Need to provide more care for elderly and senior citizens. There are other ways than building new centers for senior citizens such as using school sport halls for activities for elders during off school time. The country has high reliance on groundwater. Groundwater protection and management is much needed.
<p>Inputs on WBG strategy and partnerships</p>	<ul style="list-style-type: none"> There is potential to establish international green financing funds. Bank can play facilitator role to getting funding to help the city to become more climate resilient. Although the WB is a major financing partner of Mongolia, process of getting approval for a new project is complicated and long. Suggestion to expand UB Clean Air project activities beyond air pollution i.e. dealing with soil or water pollution using the existing UBCAP PIU. WB can help the city by providing technical assistance on how to turn current challenge into opportunity. Work on improving business environment of the city. 60% of the national production is in city, the city has great potential to reduce unemployment. Suggestion to provide assistance to improve city financial and investment environment. Work on improving disaster risk management since this is a country priority and the Bank has knowledge and experience that UB city can use. Contribute to the Sustainable Development Policy implementation by providing analytical support and sharing international best practices. Advise on improving urban planning to avoid overconcentration of UB City Support SME development to improve business environment

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)

ANSWER CHOICES--	RESPONSES--
– Education	66.67% 6
– Job creation/employment	66.67% 6
– Public sector governance/reform	55.56% 5
– Private sector development	44.44% 4
– Food security	33.33% 3
– Environmental protection and pollution control	33.33% 3
– Foreign investment	22.22% 2
– Financial markets	22.22% 2
– Water and sanitation	22.22% 2
– Anti corruption	22.22% 2
– Rural development	22.22% 2
– Economic growth	11.11% 1
– Health	11.11% 1
– Road and transport	11.11% 1
– Urban development	11.11% 1
– Social protection	11.11% 1
– Energy	11.11% 1
– Natural resource management	11.11% 1
– Climate change	0.00% 0
– Agriculture, livestock, and forestry	0.00% 0
– Equality of opportunity	0.00% 0
– Trade and exports	0.00% 0

– Disaster risk management	0.00% 0
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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)

ANSWER CHOICES–	RESPONSES–
– Supporting human development	66.67% 6
– Supporting the business environment	66.67% 6
– Supporting investment in infrastructure	55.56% 5
– Supporting public sector governance	44.44% 4
– Supporting natural resource management and environmental protection	33.33% 3
– All are equally important	11.11% 1