

Mongolian Economy

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Country Manager

A.Mikhnev: The key thing we want to see is Mongolia becoming a prosperous country

World Bank in Mongolia

Development leaving no one behind



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Greeting



As the Prime Minister of Mongolia, I would like to congratulate the World Bank Group which has pulled out all the stops in contributing towards the development of Mongolia on this historically significant 30th anniversary.

Since Mongolia's accession to the World Bank on February 14, 1991, we have been actively cooperating in the areas of poverty reduction, education, healthcare, infrastructure development, and climate change.

During the 30 years, the support from the World Bank has significantly contributed to ensuring economic stability in Mongolia. Moreover, the World Bank's financing provided in response to the COVID-19 pandemic is continuing to play an important role in protecting the health and lives of Mongolian people, supporting the most vulnerable, and protecting jobs and businesses.

Countries around the world have been struggling to overcome this pandemic for almost two years. I am glad that during this difficult time, the World Bank Group formulated and finalized its new Country Partnership Framework for Mongolia for the period of 2021-2025. The Framework is anchored on the Vision-2050, Mongolia's

long term development policy approved by the Parliament of Mongolia.

I am fully confident that this new Partnership Framework will help accelerate the implementation of the government's most critical objectives such as overcoming the COVID-19 crisis with the least possible impact, restoring the economy, reducing poverty, and supporting the middle-class.

In the coming years, we will be pleased to continue our cooperation with the World Bank Group to carry out the core social and economic reforms of transitioning from welfare to work, from extraction to manufacturing, and from imports to exports.

Finally, I would like to express my sincere gratitude and wish success to all of you for collaborating towards Mongolia's development and progress during the historic 30 years of Mongolia – World Bank Group partnership.

Let the journey for achieving humanity's common development goal and vision be smooth!

**THE PRIME MINISTER OF
MONGOLIA, OYUN-ERDENE
LUVSANNAMSRAI**

A person's thirtieth anniversary is often considered a threshold to a new phase in life, one with additional responsibilities. The thirtieth anniversary of the World Bank's partnership with Mongolia is similarly a cause for reflection. Mongolia has come a long way since the early days of its transition to a free market system. From 1991 to 2021, its GDP per capita rose more than fourfold, turning it from a low to a middle income country.

Over the next thirty years, Mongolia aspires to become a high-income country, with high levels of human development, better quality of life, a diversified economy and good governance. This is an aspiration the World Bank Group is committed to support.

Mongolia's existing challenges define the policy priorities going forward. Past growth has been volatile and has not generated shared prosperity for all. Poverty remains stubbornly high. Economic diversification is critical to generate productive jobs, especially for the young. The COVID-19 pandemic has added to these challenges, and the growing manifestations of climate change risk exacerbating them going forward.

But the thirty years of our partnership give occasion to look beyond these economic challenges. Three characteristics of policy making in my view will determine Mongolia's path in coming decades.

First, Mongolia should take a long-term view and apply rigorous planning to prioritize its public investments. Mongolia's infrastructure spending compares well with other Asia countries, but over

half of its projects remain unfinished and few have attracted any private investment. More selectivity to target key value chains such as livestock, tourism and renewable energy would help ensure positive returns, support diversification, and leverage commercial financing. Mongolia need not spend more but should plan better to close its infrastructure gap.

Second, persistence will be key to building credibility. It takes a long time to build the trust of investors, but it can erode quickly in the face of abrupt policy changes. As a mining economy, Mongolia is at risk from stop-and-go cycles driven by commodity prices. A steady hand is needed to insulate citizens against these risks. Mongolia's persistent efforts at macroeconomic stabilization during 2017-19 are a good example of what can be achieved. Without them, Mongolia's strong stimulus to fend off the economic effects of COVID-19 would have been impossible. Now, the buffers will need to be rebuilt.

Third, patience is a must in achieving Mongolia's aspirations. Steady and unspectacular growth of 2 percent per year over a century have turned Denmark into one of the richest countries on the planet, whereas growth spurts at much higher rates in many developing countries have not prevented them from remaining stuck in middle income. For Mongolia to get to high income, a steady growth rate of 4.5 percent per year for the next three decades would be sufficient.

As we celebrate 30 years of partnership, Mongolia can count on the World Bank Group as it enters the next phase of its development and embarks on the journey to high income. ■



MARTIN RAISER
*World Bank's Country
 Director for China
 and Mongolia, and
 Director for Korea*

History

30 years leading to development



The World Bank expressed willingness to support Mongolia's aspiration to become a higher middle-income and then high-income country in the future.

After the collapse of the socialist regime, support for the Mongolian People's Republic from the Socialist bloc led by the Soviet Union, ceased. During such a tough transition to a free market economy, the World Bank Group became one of the main partners that the Mongolian people could rely on. It was the eve of the Lunar New Year, February 14, 1991, when Mongolia joined the World Bank Group. The first financial support amounting to USD 30 million was granted the same year and was a well-timed assistance to a country transitioning to a market economy.

This and follow-up financing was indeed a “vital

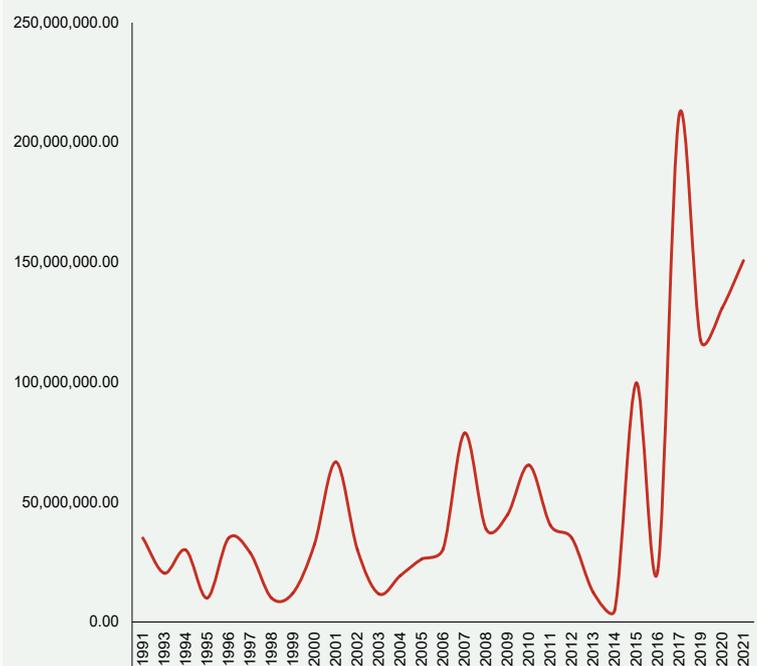
financial injection” that helped to breathe new life into critical sectors such as agriculture, energy, mining and transport in Mongolia. Moreover, the comprehensive macroeconomic analysis conducted by the World Bank served as a blueprint for taming and lowering skyrocketing inflation.

Every year starting from the years when Mongolia was facing shortage of goods and shelves were empty up until today, the World Bank Group has been continuing its support financing dozens of projects all over the country. In the last three decades, the World Bank supported around 110 projects worth USD 1.4 billion, by supplying finance in the form of low interest loans, low or zero interest credits and grants.

Mongolians say “A friend in need is a friend indeed.” In the past 30 years the people of Mongolia ▶

World Bank commitments, Mongolia (by Fiscal Year)

(million USD)



Source: World Bank Group

- ▶ have encountered three major challenges. The very first challenge was the previously mentioned economic transition period and Mongolia's continued efforts to diversify its economy and strengthen its systems.

The 30 years of partnership has proven that the World Bank Group invests in the most crucial and impactful projects based on careful assessment of the social and economic conditions of Mongolia. Major projects on strengthening governance, economic diversification, public expenditure allocations, poverty reduction, sustainable livelihoods, employment support and access to health and education had a tremendous impact on the lives of Mongolians. Moreover, the World Bank Group made immense contributions to the improvement of energy, communication, digital development, transport and logistics infrastructure sectors, extractive industries, boosting exports, and combatting climate change and environmental degradation.

There are more than a few projects that are

worth mentioning here. To name just a few more, with the help of the World Bank, more than 100,000 herder families in the rural areas now have access to electricity owing to portable solar power. The project, which started in 2000, has put an end to the "candle era" in rural Mongolia. The World Bank's projects in the energy sector didn't end there. For instance, the Baganuur-Southeastern Region Electricity Distribution Network, Electricity Transmission Network Improvement and Western Region Energy System projects provided great support to state-owned enterprises and improved the reliability of the electricity distribution network in all provinces. Only for the energy sector development and extractive industry, the World Bank Group has financed projects amounting to roughly more than USD 200 million until today. It is considered as one of the areas that received largest support from the World Bank.

In addition, in the early 2000s the World Bank supported major projects in the telecommunication sector that led to better access and internet services in every soum. Looking at these examples, it wouldn't be wrong to say that nowadays there is almost nobody in Mongolia who didn't benefit from the World Bank's projects.

At the dawn of the new century, Mongolia faced its second challenge - continuous harsh winter disasters (called "dzud" in Mongolian) of the 2000s. Herders who faced bitterly cold winters

In the last three decades, the World Bank supported around 50 projects worth USD 1.4 billion, by supplying finance in the form of low interest loans, low or zero interest credits and grants.

for three years in a row lost their main source of income livestock - and had no choice but to consider moving to the capital. During the winter of 1999-2000, herders lost 2.4 million heads of livestock. As a result, agriculture's share of Mongolia's GDP decreased by 4 percent. Upon the government request, the World Bank allocated

over USD 1.3 million to help herders rebuild their livestock numbers and improve their livelihoods. It is estimated that approximately one third of the herder households received support through that program.

At that time, the World Bank Group started ▶

▶ examining the possibility of insuring livestock to protect herders from losses to their livestock. Based on the study, the Bank concluded that livestock mortality index-based insurance is the most suitable option that could meet herders' needs and desires. A livestock insurance is a complicated issue for any country, especially for a country with a vast land area and free-range livestock like Mongolia. Despite that, owing to the World Bank, now around seven million heads of livestock of 30,000 herder households are insured on average each year through the Index-Based Livestock Insurance.

In the last 30 years, the World Bank Group was there all along providing assistance to Mongolia when the country was facing its biggest challenges in its history. And most recently, Mongolia was hit by the COVID-19 pandemic, which brought enormous challenges in health, economy and other social sectors. The country's GDP shrunk by 5.3 percent in 2020 - the second highest contraction in the last three decades. The World Bank was among the first development partners to provide support in response to the COVID-19. It has so far approved more than USD 110 million financing to protect the health and lives of Mongolians, strengthen health care services, and support vulnerable populations and employment. This also includes support to provide temporary relief of social insurance contributions for over 120,000 self-employed and 150,000 workers employed by 18,000 businesses that were severely affected by the pandemic. In addition, around 1.2 million children have benefited from the government's Child Money Program partly financed by the World Bank.

Currently, the World Bank Group is the largest development institution headquartered in Washington DC and has 189 member countries. It was founded in 1944 and, as of today, it comprises five institutions: International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Multilateral Investment Guarantee Agency and the International Centre for Settlement

The 30 years of partnership has proven that the World Bank Group invests in the most crucial and impactful projects based on careful assessment of the social and economic conditions of Mongolia.

of Investment Disputes. The World Bank Group is the world's largest development institution that offers financing and policy advice to all its member countries. The organization's mission is to reduce poverty around the world and boost shared prosperity. It strives to eradicate extreme poverty by 2030 and promote shared prosperity by boosting the incomes of the bottom 40 percent of the population in each economy.

The World Bank Group has been partnering with Mongolia for 30 years now. Last year, Mongolia graduated from the International Development Association, the World Bank Group's lending window for low income countries, and became a lower-middle income country. The GDP per capita of Mongolia increased fourfold from USD 1,072 in 1991 to USD 4,127 in 2020. No doubt that the 30 years of partnership played a considerable role in our social and economic development. Moreover, the World Bank expressed willingness to support Mongolia's aspiration to become a higher middle-income and then high-income country in the future. In the midterm, the Government of Mongolia and the World Bank Group will work together towards resilient recovery, sustainable and inclusive growth and focus on strengthening economic governance, boosting competitiveness, and improving the quality of life for a prosperous future for all Mongolians. ■



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“Doing something new.
That’s the adventure.”

— Adventurer, Naomi Uemura

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Country Manager

A.Mikhnev: The key thing we want to see is Mongolia becoming a prosperous country



Mongolian Economy spoke with Andrei Mikhnev, the World Bank's Country Manager for Mongolia since April 2019. He has more than 25 years of development professional experience working across the world. At the World Bank, he has worked in many different countries covering issues related to economic development. Before coming to Mongolia, A.Mikhnev worked in the Middle East, North Africa, Sub Saharan Africa, Europe, Central Asia, and Latin America. He holds a PhD degree in international economics.

-Mongolia joined the World Bank Group in February 1991. At that time, Mongolia was transitioning from a centralized and planned

economy to a free-market economy and faced enormous obstacles. In addition to donor countries, the World Bank Group became the first international organization to offer its help and support to Mongolia during that difficult time. Could you tell us a bit more about those first projects?

-As you know, this year, we're celebrating 30 years since Mongolia joined the World Bank Group. On February 14, 1991 Mongolia became a member of the World Bank (the International Bank for Reconstruction and Development, and the International Development Association), and the International Finance Corporation. Five months later the country also joined the International Centre for Settlement of Investment Disputes and later in 1999 Mongolia joined the Multilateral Investment Guarantee Agency thereby joining all five entities of the World Bank Group.

In the beginning of the 1990s, Mongolia and some other transitional countries faced quite a few serious problems. The whole economy needed to be changed. And that required a very thoughtful but decisive transition from a command driven and planned economy to a more market-oriented approach. To support this transition, we first focused on supporting Mongolia to restore production in key economic sectors such as agriculture, energy and transport and build market-oriented institutions.

Not just government institutions but businesses as well needed to be transformed. There were a lot of state-owned enterprises in Mongolia, which needed to be privatized. So, the first two projects that were approved were the Economic Rehabilitation Program and the Technical Assistance Project. These two projects have really helped to rebuild the foundation for economic development, while at the same time provide technical assistance to the government. The first few projects also focused upon essential support to vulnerable groups to ensure that people could continue to receive an income and have jobs during this transition period.

Another project we financed among the firsts ►

► helped with the transport connectivity. Mongolia is a vast country that needs to be connected not only to the outside world but also between different locations within the country to build “arteries” for the economy to function and grow.

But as you may recall, the GDP per capita was very low, just over USD1,000, at the beginning of this 30 years’ journey. Therefore, most of the projects were focused on how to ensure that there is opportunity for income growth in Mongolia.

-What were the main challenges in implementing those projects?

-At that time, there was very little experience and even fewer specialists with the right skills who could run market-oriented institutions, both in the public and private sector. So, a lot of effort was needed to be put into place clear regulations and how a private business should operate.

Another challenge my colleagues recall is that the total economy needed to be moved around within a very short timeframe. Instead of focusing on production, the need was much more focused on how goods could be sold. Ensuring that sufficient goods and services were available in the markets to service the people of Mongolia was paramount.

Making this transition smoother and faster was the main idea. But the challenge was how could we do all this, and how to ensure that there still is a market, how to make sure people will still have paid employment. I would say these were main challenges that Mongolia faced in the early 1990s.

-The World Bank was one of the first organizations to support Mongolia’s vital infrastructure sector including power plants and mining. Looking back on those early years of partnership, how do you see the importance of those projects implemented back then?

-I think building critical infrastructure was very, very important for Mongolia. Looking back over 30 years, we can see now that a lot has been achieved but there are still many other projects need to be developed.

Mineral resources are the driver for Mongolian economy. We understood that basic infrastructure should be in place to secure the lives of the people and to build the foundation for future development. Thus, we supported a lot of infrastructure projects throughout the thirty years. Currently we are focusing on a project to develop renewable energy, to ensure

that Mongolia not only has a full and uninterrupted access to electricity, but also develop this sector in an environmentally friendly way using state-of-art technology. As we progressed over the last 30 years, more and more sophisticated projects have been developed. We are not only talking about building roads to move goods and connect different economic players within the country, but we are also considering how to link Mongolian made products ready for export to other countries and how to link different economic players.

-How does the World Bank prioritize its projects to be implemented in Mongolia?

-The World Bank’s projects are guided by a Country Partnership Strategy we develop in consultation with our counterparts and stakeholders in Mongolia. The strategy is formulated through a broad consultation process with all stakeholders such as the government, private sector, and civil society who all express their challenges and priorities for reforms. At the same time, we conduct a thorough analysis, either in one specific sector or across various sectors which help us understand what the underlying constraints are faced by Mongolia. Combining the stakeholder feedback and our analytical work, we then develop the most appropriate solutions for overcoming such challenges through our projects or other forms of appropriate support. Definitely, we would like to finance those projects which have the most impact and at the same time rely on approaches that have been proven in other countries.

-Mongolia has recently become a lower middle-income country and graduated from the International Development Association (IDA). What are the key changes in the assistance and lending program of the WBG?

-The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) are two windows of the World Bank providing sovereign lending to member countries. IDA provides highly concessional financing to low and some lower middle-income ►

We are not only talking about building roads to move goods and connect different economic players within the country, but we are also considering how to link Mongolian made products ready for export to other countries and how to link different economic players.

► countries. When the country graduates from IDA, it gains access to loans based on IBRD terms, which are still concessional comparing to market rates, but provide the country with more flexibility in how they could use the loans and the choice of relevant financial instruments.

From a country's development perspective, the graduation from IDA to IBRD is a cause for celebration. It is a recognition of the country's level of development as a middle income country. It also demonstrates the country's ability to manage more sophisticated foreign borrowing and its enhanced

creditworthiness that can help accessing international capital markets. We are pleased Mongolia was able to join the group of IDA graduates after almost thirty years of development.

The first project, fully financed on IBRD terms, was approved in June 2021. That was the Ulaanbaatar Sustainable Urban Transport Project.

-Poverty reduction is one of the World Bank Group's twin goals. Can you please share your views on the progress in reducing poverty in Mongolia over the last 30 years and what more do you think should be done in the future?

-Good question. Yes, indeed, we have two very specific goals. One of them is poverty reduction, and by 2030 we aim to have eradicated extreme poverty so that it will affect fewer than 3 percent of the global population. We can see that extreme poverty, which is equivalent to living on less than USD1.90 a day, has been almost eliminated in Mongolia already.

However, if you look at the poverty line for lower middle-income countries, which is about USD3.20 a day, about five percent of the population is living below that poverty line in Mongolia. And of course, we have a national poverty line which is higher and more applicable to Mongolia.

Over the years, the percentage of the population living below the national poverty line has been reduced to 21.6 percent in 2014. And then during the economic crisis of 2016, it went up again to around 30 percent of the population, and since then it has again dropped to below 27 percent. We're working closely with the National Statistics Office to ensure that we understand what's happening, what the trends

are and what is really affecting poverty. In our most recent poverty assessment, we can see that urban poverty reduction has stagnated while rural poverty has reduced significantly.

Another important thing to mention is that during the COVID-19 pandemic, poor families were particularly affected. But we've learned that certain measures including stimulus measures of the government were able to alleviate some of this risk.

Interestingly, the analysis shows that despite the high level of economic growth in the past, it didn't have a visible impact on those who are in poverty trap. So, going forward we should continue focusing on reforms benefiting the poorest part of the population.

-Can you please share how the World Bank Group contributed to boosting shared prosperity in Mongolia, the other twin goal of the institution?

-When we're talking about shared prosperity, we want to be sure that the growth is benefiting the whole population, especially the poorest. In Mongolia we can see that GDP is growing. But the wealth and income gap between the richest and the poorest is also increasing. Hence, although the country's economy is growing, the poorest are most likely not to benefit from that growth. That's why the World Bank is looking at how growth is distributed to the bottom 40 percent of the population with the lowest incomes.

We believe that much more could be done in Mongolia to ensure that the poorest benefit more from this economic growth. Development policy lending, which we provided in in 2017 and 2019, are good examples of how we supported the key policy actions of the government to boost shared prosperity.

Going forward, we will continue to do that. With each of our projects, we want to be sure that it's benefiting some of the poorest parts of the population. And impact is really measured through the improvement in the incomes of the poorest population.

-The World Bank Group has recently approved a new Country Partnership Framework for Mongolia over the next four years. Can you share with our readers, the main goals and strategies of this policy document?

-As I mentioned earlier, Country Partnership Framework, or CPF, is a strategic document that sets up priorities of our support to the country, usually for a five-year period. Our team started preparing the document more than a year ago and it was supported ►

It was a very good example of how budget support came in timely to avert a huge potential crisis in Mongolia.

► by our Board of Directors in May 2021.

The CPF came at an important juncture of the country's economic development. The COVID-19 affected every single part of life here in Mongolia. But we also want to be sure that Mongolia can overcome immediate problems and build a strong foundation for a more sustainable and inclusive growth. That's why our objective is to promote a resilient recovery from the pandemic but also focus on more sustainable and inclusive growth.

We used a lot of inputs from civil society, the private sector, different ministries and regional stakeholders to help us crystallize the key priorities of the strategy. Based on these inputs, the CPF is built on three main pillars. First is strengthening economic governance. Second is boosting competitiveness. And third is improving the quality of life. So, all the projects that we are planning to implement should support these three main pillars. We also have more specific objectives for these pillars. For instance, strengthening fiscal management institution, improving financial sector stability and governance, strengthening efficiency and accountability of government service delivery are the objectives of the first pillar. The second pillar includes boosting competitiveness, improving the business environment, promoting sustainable mining investments, increasing productivity in the non-mining sector and improving connectivity through sustainable infrastructure. And the third pillar aims at improving the quality of life, enhancing efficiency and sustainability of a social protection system and improving livability of urban centers. Across the pillars, addressing climate risks and creating productive jobs are two underlying themes. These pillars and underlying themes are aligned with the objectives of the government program and Mongolia's long-term development vision under Mongolia 2050.

I would like to mention that this is the first time that the CPF is developed after Mongolia became a fully IBRD country. That's why we will increasingly focus on projects that are larger in size and more impactful to support the most important investments, such as transport infrastructure. Another feature that I would like to mention is that the CPF is now aligned with the political cycle of Mongolia. We believe that this will help us ensure that the reforms we are supporting would have continuous ownership from the government over longer time horizon.

-What are the main challenges and bottlenecks

in collaborating with the Mongolian government, public institutions, and the private sector?

-At the current state of our partnership, we have very good partners, very capable, especially high-level officials that understand the strategic priorities for the country. So, we wish that our projects continue with strong support of capable reform champions from the government, civil society, and the private sector, and that they have continuity.

We do, however, have a few lessons from previous experiences. Practically nearly all the projects we have in Mongolia do not finish by the end date originally planned at the beginning of the project. So we have an implementation challenge. More realistic planning in terms of project durations and more focus on execution is something we want to focus on for upcoming projects.

One important point I should mention is that the World Bank does not implement projects. A project is always implemented by a government agency or sub-national agency. We only provide financing and knowledge expertise to support their implementation.

-I think you have pretty much covered the past and current focus of the World Bank. Let's talk about how do you see WBG's priorities for the next 30 years?

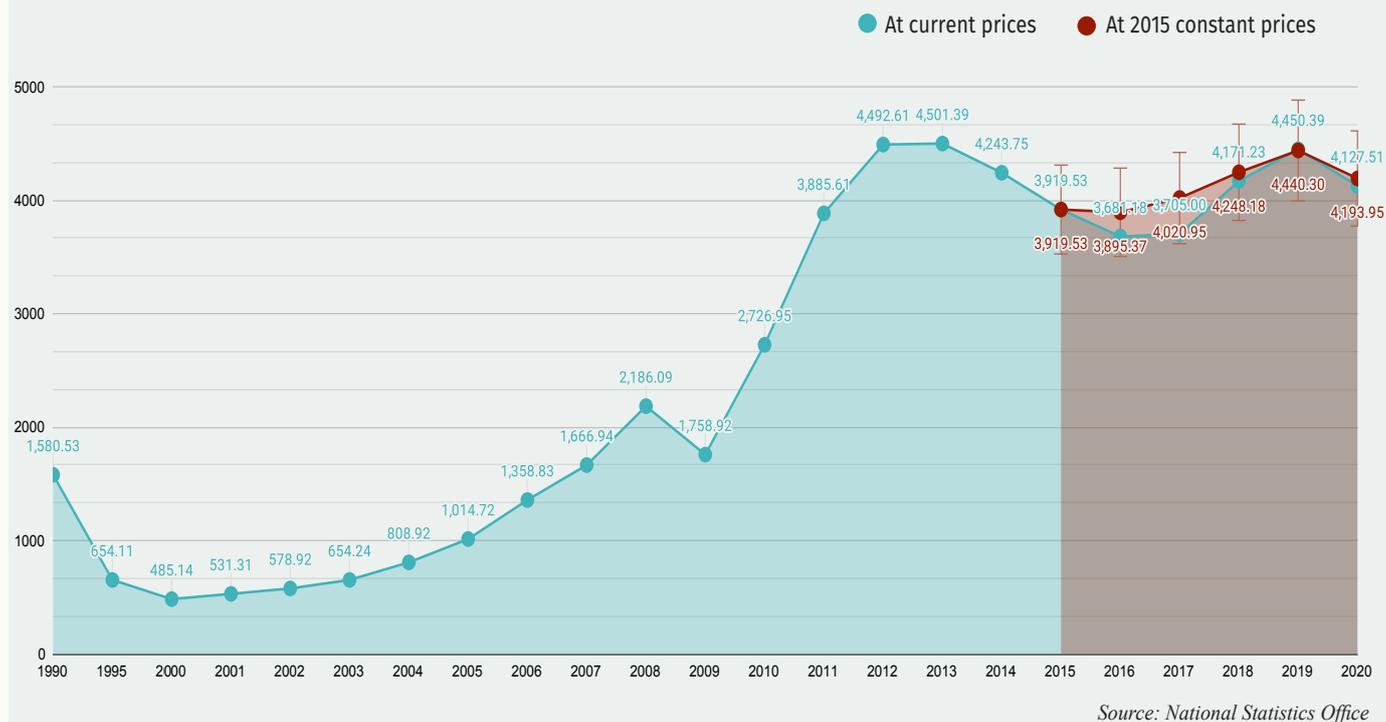
-Honestly, I wish that the World Bank office could close in Mongolia as soon as possible, because that's what happened with some countries when they graduate completely from the World Bank support. In some countries in Central Europe and East Asia, for instance, we closed our offices, because there was no need for financing from the World Bank.

I think Mongolia would still receive financial and knowledge support from the World Bank for some years to come, but I genuinely hope it to be for fewer than 30 years. The key thing we want to see is Mongolia becoming a prosperous country. We would like to be part of the development journey of Mongolia until it becomes a high-income country, when poverty is eradicated, when people will have equal opportunities for income generation, and when Mongolia will be known for many things beyond just coal and cashmere exports. And we will be excited to support this journey. ■

We will increasingly focus on projects that could be larger in size and more impactful to support the most important investments, like infrastructure including transport.

Infographic

GDP per capita (USD)



Current Lending Portfolio (million USD)

Project Name	Fiscal year	Total commitment
Ulaanbaatar Clean Air Project	2012	26.91
Third Sustainable Livelihoods Project	2014	36.8
SMART Government	2014	19.4
E-Health Project	2014	19.5
Export Development Project	2017	20
Education Quality Reform Project	2014	30
Second Energy Sector Project	2017	42
Employment Support Project	2017	25
Strengthening Fiscal and Financial Stability Project	2017	12
Livestock Commercialization Project	2020	30
Ulaanbaatar Heating Sector Improvement Project	2020	41
COVID-19 Emergency Response and Health System Preparedness Project + Additional Financing	2020, 2021 (AF)	77.6
Emergency Relief and Employment Support Project	2020	20
Ulaanbaatar Sustainable Urban Transport Project	2021	100
Total		500.21

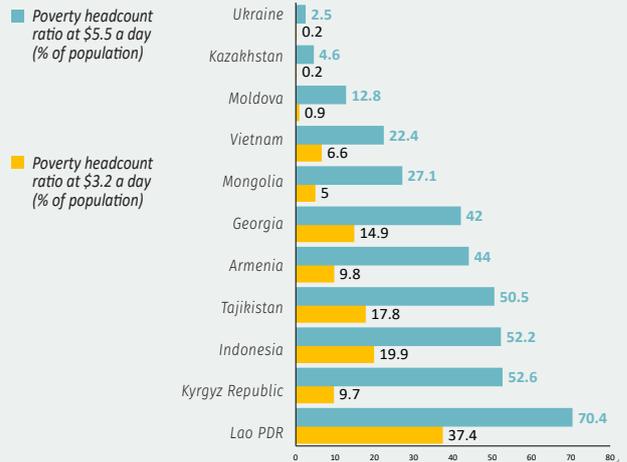
Source: World Bank

Mongolia: National poverty rate (Percent of population)



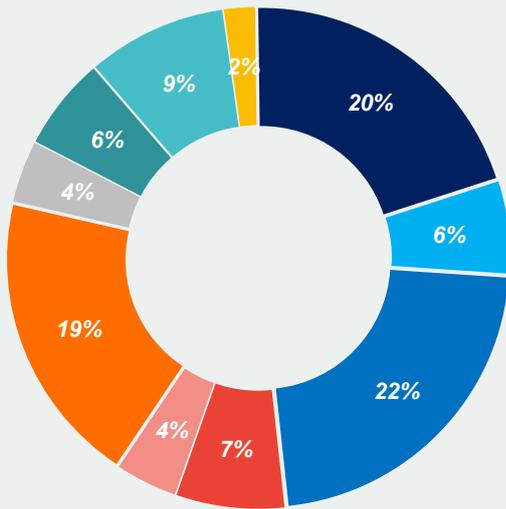
Source: National Statistics Office

Poverty rate by country



Source: Poverty & Equity Data Portal, World Bank

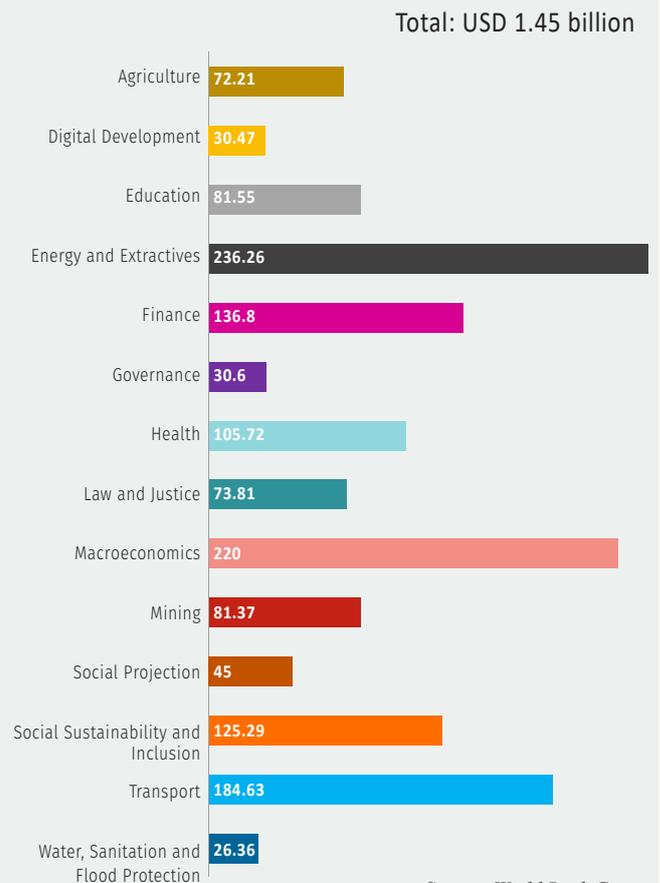
World Bank's active portfolio in Mongolia, by sector



- 6% ● Agriculture and Food
- 22% ● Energy and Extractives
- 7% ● Social Sustainability and Inclusion
- 4% ● Digital Development
- 19% ● Health, Nutrition and Population
- 4% ● Finance, Competitiveness and Innovation
- 6% ● Education
- 9% ● Social Protection and Job
- 2% ● Governance
- 20% ● Transport

Source: World Bank Group

Historic World Bank commitments by sector (million USD)



Source: World Bank Group

Follow-up interview

B.Javkhlan: Knowledge and experience gained by working closely with the World Bank is priceless



B.JAVKHLAN
Member of
Parliament,
Minister of
Finance

-How would you evaluate the cooperation between Mongolia and the World Bank Group?

-In the last three decades, Mongolia has been closely collaborating with all of the World Bank Group's agencies: the International Development Association (IDA), International Bank of Reconstruction and Development (IBRD), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID). Up until now, the World Bank has provided credit and grants totaling USD 1.4 billion for over 140 projects and programs all of which tremendously contributed to the development of the economy and society.

As Mongolia's economy expanded and the need for public financing increased, Mongolia graduated from the IDA and moved to the next stage of our cooperation by becoming solely IBRD's client from July 1, 2020. In terms of private sector financing, IFC has invested a total of USD 2.5 billion which includes USD 1.8 billion investment to the Oyu Tolgoi mine.

At the beginning of our cooperation, the World Bank Group prioritized their support to strengthening the key economic sectors including transition to free market economy, stabilizing mine and power plant operations, and developing legal framework. In recent years, the World Bank is putting more emphasis on the development and prosperity of non-mining sectors such as education, healthcare, animal husbandry, tourism, and information technology.

In the future, with the World Bank support, the government plans to implement several large scale projects to boost economic development.

-Could you share with us some of the strategic projects and activities that will be implemented with the World Bank in the next few years?

-The World Bank Group and the Government of Mongolia have formulated and approved the Country Partnership Framework which determines the focus areas and sectors for the period of 2021-2025. For instance, within the framework of this strategy, in the near term we plan to implement major projects which aim to support Mongolia in overcoming the COVID-19 crisis; working towards a more sustainable, inclusive, and resilient recovery in the future; developing urban transportation; improving transport and logistics necessary for the supply chain of agriculture products; improving access and quality of public services. The starting point is the Ulaanbaatar Sustainable Urban Transport Project that will be implemented for five years. The loan agreements for this project have already been signed.

-The Ministry of Finance is implementing a Strengthening Fiscal and Financial Stability Project with the World Bank support to ensure fiscal stability and discipline, and to improve the quality of expenditure management. How do you see the importance of the project?

-The project is definitely playing a crucial role in strengthening and improving the operations of the financial sector. It is basically aimed at strengthening the financial system and macroeconomy; improving the efficiency, effectiveness and transparency of the public financial management; ensuring financial sector stability ▶

► and improving the social protection system. Under the project, the World Bank has provided valuable support in amending and updating approximately 60 laws and regulations on budgeting, social protection and the financial sector.

The purpose of the Strengthening Fiscal and Financial Stability Project is not only improving laws and regulations, but also introducing digital systems such as the government financial management information system, public investment management system, government foreign loans and aid management information systems and an integrated payroll system. These systems are critical in ensuring budget comprehensiveness and transparency, as well as in timely implementation of policy measures. Also, the project is focused on implementation of measures indicated in the banking and financial policy documents. I am pleased to note that the project has considerably contributed to strengthening stability of the banking sector, stock and insurance markets.

-This year is the 30th anniversary of Mongolia's accession to the World Bank Group. How would you describe and evaluate the partnership between Mongolia and the World Bank in the past 30 years?

-As the country is developing, the cooperation with the World Bank Group has also expanded. In other words, the financial support from the World Bank increased as our economy grew. To support social and economic development, the World Bank is supporting projects such as Strengthening Governance in Mongolia, Strengthening Fiscal and Financial Stability, SMART Government, Sustainable Livelihoods, E-Health and Ulaanbaatar Clean Air. In terms of infrastructure, the World Bank financed Renewable Energy for Rural Access and Ulaanbaatar Heating Sector Improvement Projects. In addition, the World Bank supported the Livestock and Agriculture Marketing Project, Export Development and Livestock Commercialization Projects in Mongolia.

The World Bank has provided not only financing for projects and programs but has also been a trusted advisor and partner of the Government of Mongolia in the areas of macroeconomic policy, strategy and reforms. The lessons and experience Mongolia gained through the years of extensive collaboration with the World Bank have been and continue to be extremely valuable.

It is important to highlight that in the last two years during the COVID-19 pandemic, the World Bank, especially the country office team headed by

Country Manager Mr. Andrei Mikhnev, has been closely cooperating with the government and has been instrumental in resolving various issues in a timely manner.

If we look back at 30 years of partnership, we can see numerous examples of progress, achievements and successful projects which have brought remarkable results. We are confident that the scope of our cooperation will further expand and strengthen in the future based on the positive outcome of our partnership during the past 30 years. ■

Follow-up interview

T.Dorjkhand: Mongolia overcame difficult transition period thanks to the assistance from international organizations



T.DORJKHAND
Member of
Parliament

-As an individual who worked at the International Monetary Fund for a prolonged time, can you please share your view on the importance of Mongolia's partnership and cooperation with the international financial institutions?

-When support from the Soviet Union ceased in 1990, Mongolia had two choices. The first choice was to ask for help from their southern neighbor China and the second choice was to receive assistance from third neighboring countries or international organizations. The ►

► Mongolian leaders at the time chose the latter. During the transition period, Mongolia’s economy was shrinking, and inflation shot up between 200 to 300 percent. The store shelves had nothing but salt. Thus, people had to line up and get food with vouchers. Mongolia overcame this difficult transition period thanks to the assistance from international organizations.

I worked at the Ministry of Finance for 15 years and at the International Monetary Fund (IMF) for some time. In the Ministry of Finance, I used to be in charge of the World Bank, Asian Development Bank and UN’s projects and programmes. Based on my experience, I will confidently say that assistance and support from international organizations are enormously valuable and important for a small developing country with an open economy. To illustrate, the IMF is sometimes unofficially referred to as “The Global Ministry of Finance”. Their policy recommendations are highly effective and beneficial. As a result of five or six programmes of IMF, Mongolia overcame challenges in monetary policy and balance of payments and the budgetary discipline was strengthened.

With regard to the World Bank, it does not only provide policy advice but also supports the country’s development through various projects. It does so by providing financing for specific projects and programs in different sectors. As a result, Mongolia learns and benefits from the global best practices knowledge, and the international standards through the World Bank projects. Therefore, I would say that the World Bank has contributed, is contributing, and will continue to contribute tremendously to our country’s development.

-How can Mongolia further expand its partnership with the World Bank? What opportunities do you see in the future?

-The World Bank Group comprises five constituent institutions. We need to reach out and expand cooperation with all of these five institutions. Mongolia is classified as a lower-middle income country in the World Bank Group.

Another point is that the Government of Mongolia issues bonds with at least a five percent interest rate whereas the interest rate of commercial loans in dollars is 5-10 percent. It even reached 12 percent at times. In contrast, the World Bank financing has annual interest rate of around 1-2 percent. Therefore, it is in our best interest to secure loans with low interest rates and spend it on high-return projects based on our capacity and possibilities. In my view, funding from the World Bank should not be used to build houses and roads. A more

farsighted solution would be to use it on improving skills and capacity of Mongolians. To illustrate, we need to introduce the best know-how, management skills, and solutions tested globally in our education, healthcare, and agriculture sectors. The reason is that international organizations are the source of knowledge and experience in terms of international best practices and knowledge.

-We sometimes hear criticism about the World ►

Follow-up interview

B.Lhagvasuren: The World Bank has made a substantial contribution to expanding Mongolia’s banking sector



B.LHAGVASUREN
The Governor
of the Bank of
Mongolia

-How would you evaluate the World Bank’s impact on Mongolia’s economy in the past 30 years?

-Between 1999 and 2000, I worked as a consultant in the Northeast Asia and Pacific Region at the World Bank Group headquarters in Washington, D.C. At that time, I had a chance to see how the World Bank Group assesses the social and economic conditions of its member states, how recommendations are provided, and how projects are selected.

In general, the operations of the World Bank

► **Bank that their financing is diminishing the ability of Mongolians to think for themselves, and that westerners are behind all of this. What comment would you give in response to that criticism?**

-The financing from the international institutions is never mixed with geopolitical issues. The funding is not China's, America's, or Russia's but is of all 189 member countries, including Mongolia. So there is no

need to worry about who is controlling the World Bank, Americans or Europeans. I do not want others to think that the appointed executives of the World Bank protect the interests and gains of their countries. It may even be possible that one day a Mongolian becomes one of the World Bank's leaders. Last but not least, the support and financing from international organizations are vital for Mongolia's economic independence. ■

are mainly focused on development works. For this reason, the Bank provides technical assistance and financing in all economic sectors. It is also devoted to addressing social issues such as climate change, economic inequality and poverty. As of now, the World Bank has provided, in total, USD 1.4 billion in development financing to Mongolia. In addition, the World Bank provides grants and conducts socio-economic analysis as well as policy advice for Mongolia. In fact, the policy-based financing has almost reached USD 400-500 million.

-As a Governor of the Bank of Mongolia, how do you see the impact of the World Bank support on Mongolia's banking sector?

-The World Bank Group was the first international financial institution that provided concessional loans to develop Mongolia's private sector. The loan was disbursed by commercial banks from the Ministry of Finance. The private sector development project loans were long-term loans with a seven percent interest rate whereas the market rate was over 20 percent. The World Bank Group is without a doubt the first organization to create an opportunity for the private sector to expand businesses without facing financial pressure. As the loan sizes were considered large at the time, on-lending partner banks gained experience and knowledge in international standards and rules. Starting from selecting the large-scale projects that could contribute to the country's economy, the commercial banks learned a great deal from the process. Also, the World Bank has given their professional advice on the draft of the Law on the National Payment System.

In the last 30 years, the banking sector has become the key player in the financial sector in Mongolia. For instance, 95 percent of the national currency

circulating in the economy passes through banks. The role of all international organizations including the World Bank Group on the expansion of the banking sector is tremendous.

-At what level does the Bank of Mongolia cooperate with the World Bank now?

-We actively and continuously cooperate with the World Bank in a wide range of areas. Of course, we have our moments of agreements and disagreements. One of them is the Housing Mortgage Program that started in 2013. Over the years, it has developed into a self-sustaining financing scheme under Bank of Mongolia. However, the World Bank and other international organizations view it as a quasi-fiscal activity and recommend that the Bank of Mongolia transfer its funding to the government. To address this, we have requested the World Bank's view on what are the best possible options to adjust the Program and what support the World Bank could provide in this regard.

Moreover, the World Bank is advising us on historic reform in the banking sector which is turning commercial banks into publicly traded companies. To carry out the reform in an optimal way we are working on training and preparing bank supervisors. During the last 30 years, our staff from the Bank of Mongolia has attended 185 training workshops and seminars organized by the World Bank.

Historically, Ministers of Finance have represented Mongolia in international organizations including the World Bank, Asian Development Bank, and International Monetary Fund. Governor of the Bank of Mongolia serves as the deputy in the absence of Minister of Finance. Therefore, I would say that there have been countless positive results jointly achieved by the World Bank and Bank of Mongolia over the past 30 years. ■

World Bank in Mongolia



Development leaving no one behind

In the countryside, the nomadic herders in the Khanui River valley have settled into their spring site before the boom of the first spring pasque flower and trees. The site instantly captures your eyes. The herders who settled across the steppe are chit chatting and exchanging news whenever they meet each other during livestock herding. Mr.

Mr. Jambal was one of the herders who benefited from the National 100,000 Solar Ger Electrification Program.

B.Jambal whom we went to see, has been living along Khanui River in Erdenenemandal Soum, Arkhangai Province. He moves his livestock seasonally in search of new pastures.

For over ten years Mr. Jambal used to light candles to make light but now he has solar panels and uses electric lights in his five-wall ger. Outside of his ger, there is a satellite dish and a shiny solar panel. He is delighted to watch TV which is set up in the rear of his ger and listen to news as the harsh winter days are moving away and the spring is approaching with every day. Fifty years old Mr. Jambal was one of the herders who benefited

from the National 100,000 Solar Ger Electrification Program in the mid-2000s. He remembers “We lived like those in D.Natsagdorj’s poem “Son Of The Old World” when there was no electricity. As we did not have any TV and cell phones, we only heard news from our children who came to visit us from the city. To learn about the price of wool, I would head to the center of soum on my horse. Nowadays, we receive news not only about Mongolia but also the rest of the world through our radios and TVs. We debate about recent events with our neighbours and have video calls with friends and family living far away.” Modern technology is saving time and labor, and herders are also part of it.

Mr. B.Jambal has a big family with two sons and four daughters. His four oldest children have already reached adulthood and moved to the city. During livestock parturition, J.Dulmaa came to help her parents from Ulaanbaatar where she is studying. She recalls, “When I was little, we didn’t have any electricity so it was difficult to do my homework at night. Herders have so much to do during the daytime and I had no choice but to study by candlelight at ▶

► night. But we also had to buy candles from the soum center, so I always tried to save candles and finish my homework as soon as possible.” That is how the 100,000 Solar Ger Electrification Program paved the beginning of modern age herders.

J. Gantulga is the youngest son of Mr. Jambal. He is a high-school student at a soum school and lives in the school dormitory with his eight-year-old cousin B. Purevee. In the spring, when the livestock parturition begins, the school children will be on their school holidays. During this holiday break, J.Gantulga also brought his cousin to his parents' home. While he was telling his parents about his friends, school and the dormitory, B.Purvee came into the ger after fencing the calves and joined the conversation. “Our school has lots of books now”, - said B. Purevee. “I have read tons of books and got good grades at school. That is why I was selected as the best student and awarded with a gold medal and gift. What is more, I learned lots of folk stories.”

The conditions of dormitory life in the soum has improved significantly this year and elementary school children like B.Purvee now have access to books, study materials, and even toys. During the weekends or school holidays, children who are unable to go back to their homes would study, do their homework, make handmade crafts, and play games in the study room. Before enrolling in school, B.Purvee participated in the home-based school preparation program which his family believes largely contributed to him becoming one of the best students in his class. During our conversation, Mr. Jambal's son Gantulga pointed out that these are the results of the World Bank projects for herders' children's education.

Livestock parturition season is a time when every herder family works day and night, burning the midnight oil. Owing to his dedication and hard work, Mr. Jambal was selected as the best herder of his soum last year. He said, “Herding provides lots of benefits for the family. It only gets tough during the harsh winter times or dry summers. In the winter of 2010, we lost over 500 heads of livestock and were left with around 200. Now we have over a thousand heads of livestock. However, we put quality of livestock above quantity. A few years ago, we started focusing on improving livestock genetics. As a result, the cashmere output from a single goat

increased from 260 to 400 grams. This increase really improved our living.”

When Mr. Jambal wanted to learn more about the livestock insurance, he first received information from his children who live in the city. He then met with insurance company representatives in the soum center to receive more information. Based on this, he concluded that it would be wise to insure their goats which provide cashmere, the main source of their family income. This winter, the livestock loss at the soum level reached six percent so every herder received MNT 500,000 as insurance payment.

Mr. Jambal is a socially active man. He not only participates in every activity organized at the soum and province level but also formed a group with around 20 fellow herder households. Last spring at the public meeting, they introduced their project to build a washing facility for sheep and goats, and to dig wells in two bags in Erdene-Uul and Khan-Uundur. Their initiative was supported and financed under the Local Development Fund. He says, “We live in good times. This fund, called Local Development Fund which is partly financed by the Sustainable Livelihoods Project, can be considered as our money. We are the ones who collectively discuss and decide how to best spend this fund. Recently, the herders in our group started an initiative to repair a wooden bridge in the Khanui River with Local Development Fund financing.”

He mentioned that he wants to set an example for others and help people understand that we can be the solution for our daily challenges. When we were about to go back to the city, Mr. Jambal told us about his eldest son who lives in the city and invited us to visit his house. His eldest son J.Gan-Erdene moved to the city when he became a student and ended up settling there. Mr. Jambal said that his son has two children and that his wife runs a tailor shop. We told Mr. Jambal that we would like to interview his son about microfinancing and publish the interview in our latest edition of our magazine and promised to send him a copy.

When we entered a door with a sign “Crafty Stitches”, we heard the sounds of busy sewing machines. Neatly arranged sewing threads, Mongolian ►

To expand their small tailor shop, they received a loan for Small and Medium Enterprises and used their car as a collateral.



- ▶ costumes, shirts, and vests could be seen all around the tailor shop. G.Ariunaa loved designing and sewing since she was little. She started her business in 2014 in her room with only two sewing machines. As years passed, she began to receive more orders

With support from the Ulaanbaatar Clean Air Project, his children's school window insulation was improved, and the old wooden windows were replaced with vacuum windows with an aim to reduce heat loss.

and make more profits. Recently, when her youngest child began to go to kindergarten in their district, she was able to focus on her business more. Now she has a manufacturing facility of her own with six tailors. At the beginning, she did not have money to employ others, so her husband used to work on a lockstitch machine after work and on weekends to help her. "At that time, we had no capital but a strong support network and a common goal and dream.

Eventually, we decided to expand our business and buy new sewing machines, equipment, and found the courage to apply for a loan for Small Medium Enterprises from Xac Bank," she said smiling. "As luck would have it, we collected all the necessary documents and property registration from the e-mongolia platform in no time. We even ended up increasing the loan amount by using our car as a collateral. We didn't know that movable property could be used as a collateral before but nowadays

this is possible." After getting the loan, their income increased twofold, and they hired additional staff.

Her husband Mr. J.Gan-Erdene has been working as a heating engineer for around 10 years at the Ulaanbaatar District Heating Company after graduating from university. His oldest son is a fifth-grade student and his youngest son is a first grader. This autumn, with support from the Ulaanbaatar Clean Air Project, his children's school building insulation was improved and old wooden windows were replaced with vacuum windows to reduce heat loss. J.Gan-Erdene pointed out, "Insulation and heating improvements at old school buildings have various benefits. For instance, children will be able to study in warm and comfortable classrooms in cold winter times. Also, it decreases the energy consumption of school buildings. At the moment, the project team is working on installing underground heating in one kindergarten. As the winter season is approaching, we are loaded with insulation and heating works so I can't find time to help my wife with her business these days." Currently he is working on the Ulaanbaatar Clean Air Project on the side of his main job. No wonder Mr. Jambal talks a good deal about his oldest son and daughter-in-law, a hard-working young couple.

Our short visit to the two households, one living in the countryside and another in the city, reminded us that, with support from institutions that not only enhance public participation, but also provide information, knowledge as well as financing, improving our livelihoods and fulfilling our dreams is well within our reach.

The livelihood and development of Mongolia with nomadic tradition will depend on both the city and countryside. It would be ideal if people living in the countryside can live abundantly, and city dwellers would help one another. The Government's long-term policy, effective management and projects supported by the international organizations will play a critical role in the development of Mongolia. ■

This article was written to show how citizens are benefiting from the World Bank's projects. Please note that the characters are fictional and the photographs are random.

Opinion

N.Enkhbayar: We need to focus not only on getting loans and implementing projects but also improving the capacity of the labor force



N.ENKHBAYAR,
Economist

-You worked as an Advisor to the Executive Director at the World Bank Group's headquarters in Washington D.C between 2011-2013. What was the selection criteria for the position?

-After working at the Ministry of Finance for 12 years and as an Advisor to the Prime Minister of Mongolia for five years, I was appointed as an Advisor for the Executive Director of the World Bank. Member countries nominate their representatives to the World Bank Group who are then selected based on their education, work experience, interpersonal, and language skills. An advisor is not a staff position. He/she only works for the Executive Director's Office representing member countries. The responsibilities include raising issues concerning the countries in their block; preparing recommendations and advice on projects, programs and rules at the Board of Directors' meetings and providing operational support for Directors. When I was working at the World Bank, several projects relating to the private sector development credit lines, equities and the Country Partnership Framework of the World Bank and Mongolia for the period of 2013-2018 were discussed and approved.

-Mongolia is classified as a low-middle income country by the World Bank and is therefore eligible to receive loans from the International Bank of Reconstruction and Development (IBRD). What opportunities will this

bring for Mongolians in terms of financing?

-The World Bank Group divides its developing members into IDA, Blend and IBRD countries in terms of lending categories. If per capita income reaches more than USD 1,205, the country becomes eligible for concessional IDA financing and grants, but it gains access to various financial products including loans, guarantees, and risk management products from the IBRD. As of today, over 70 countries are classified as IBRD countries.

Mongolia graduated from IDA and became an IBRD country last year which means the country will have access to more lending products and more flexible terms. The World Bank Group has a triple-A rating, the highest credit ranking, which allows it to borrow at a low cost and offer developing member countries access to low-cost financing. If Mongolia had to secure financing from the international markets on its own it would be highly costly and have shorter loan terms. On the contrary, Mongolia can borrow from IBRD at favorable terms with lower interest rates and invest it in development projects.

-How would you, as an economist with experience working at the Bank, evaluate the 30 years of partnership with the World Bank Group?

-State Baga Khural approved the law on accession to international organizations in January 1991 and authorized Mongolia's accession to the International Monetary Fund and the World Bank. Following this, the World Bank's Board of Directors approved Mongolia's membership to the World Bank in January 1991 which began the history of cooperation between Mongolia and the World Bank. During

the transitional period of the 1990s, the World Bank's initial support was focused on rehabilitation of Combined Heat and Power Plant No.3, providing much needed financing to critical infrastructure sectors, and reducing food shortages. Thereafter, the World Bank has been contributing to all areas of development including infrastructure and the mining sector by providing grants, soft loans and technical assistance.

In the past three decades, the World Bank, International Monetary Fund, Asian Development Bank and the Government of Japan have each played a substantial role in addressing and meeting the financing needs of Mongolia. Furthermore, the International Finance Corporation has been providing financing for manufacturing, banking, and financial sectors.

-On the eve of the 30th anniversary, it would be appropriate to touch upon the future of our cooperation with the World Bank. What would be the focus areas of our cooperation with the World Bank in the future?

-The World Bank closely cooperates with all of its member states in many areas. In my view, Mongolia should work with the World Bank to strengthen critical economic sectors including infrastructure, economic and export diversification, improvement of investment climate and fiscal management, formulation and implementation of foreign investment policy and structural reforms. Furthermore, we need to work more proactively on improving skills and strengthening the capacity of our labor force with the help of their highly trained and educated experts in addition to receiving loans and implementing projects. ■

Aid amid the pandemic

The power of collaboration is key to overcoming the pandemic

Since the beginning of the pandemic, the World Bank has been supporting Mongolia by providing much needed financing totaling up to USD 80.8 for the health sector. It started back in March 2020, when the World Bank provided USD 2.2 million to help purchase the most urgently needed medical diagnostic equipment for hospitals in Mongolia under the E-Health Project. The funding was used to purchase essential medical equipment including 15 stationary and 12 mobile digital X-ray machines and 41 ultrasound machines. All of this equipment was distributed to general hospitals in provinces and the city of Ulaanbaatar. At that time, Mongolia did not have a record of local coronavirus transmission. Preparing and gearing up ahead of the local outbreak has indeed helped save many lives during these difficult times.

The fact that the government actively continued their close collaboration with the World Bank to be more prepared for the challenges and potential risks was a clever course of action. A month later, in April 2020, the World Bank approved USD 26.9 million for the COVID-19 Emergency Response and Health System Preparedness Project. Under the project, around MNT 19.1 billion was utilized for training of emergency care doctors, nurses, and paramedical staff. Furthermore, 263 pieces of 31 different types of medical and laboratory equipment and supplies worth MNT 5.1 billion were purchased for the State Third Central Hospital. For the Second Maternal and Child Health Center in Khan-Uul district, 22,000 pieces of medical and non-medical equipment, and furniture was supplied with financing of MNT 16 billion. In addition, the World Bank provided financing for 150 pieces of

Thanks to the World Bank support, the emergency care, diagnostic, and laboratory capacities of hospitals in aimag centers as well as in Ulaanbaatar city have been greatly strengthened



The Ministry of Finance and World Bank signed USD 26.9 million financing agreement.

41 types of medical equipment worth MNT 7.1 billion for the newly built Mongolia-Japan Teaching Hospital, and 27 types of 1,687 pieces of medical equipment for central hospitals in all districts of Ulaanbaatar city and 21 provinces. The World Bank Country Manager for Mongolia Andrei Mikhnev stressed that this emergency financing would not only provide immediate support to address the COVID-19 pandemic but would also benefit Mongolia's health sector in the longer term to become more resilient to future health emergencies.

Moreover, the World Bank's investment of MNT 1.1 billion for purchase of the COVID-19 test kit played a critical role in testing the entire population after the initial local transmission of COVID-19.

On February 11, 2021, the Board of Executive Directors of World Bank Group approved an additional financing in the amount of USD 50.7 million for Mongolia's COVID-19 Emergency Response and Health System Preparedness Project. The aim was to help financing purchase ▶

- ▶ and effective deployment of COVID-19 vaccines including cold chain upgrade and staff training. As of today, the brand-new Central Vaccines and Bioproducts Storage Facility under the National Center for Communicable Diseases was constructed with USD 2.0 million financing. In addition, around USD 2.9 million was spent for purchasing and installing vaccine cold chain equipment in general hospitals, healthcare centers, maternity hospitals, and specialized units in all provinces as well as in Ulaanbaatar city districts.

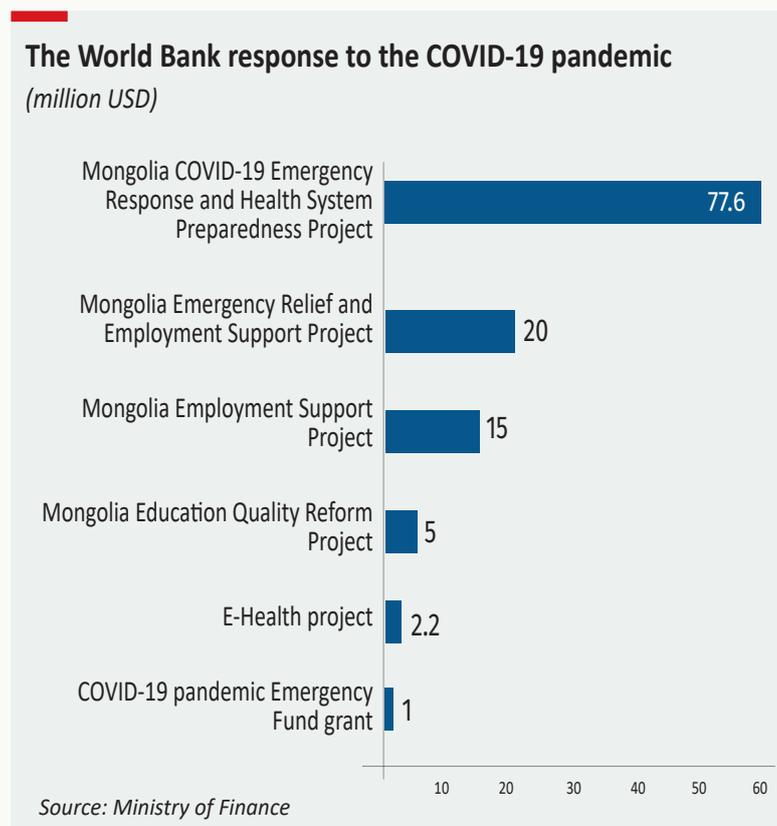
The World Bank has not only helped strengthen healthcare, but also provided a wide range of support to the Government of Mongolia to reduce the impact of COVID-19 on people's lives. One of the noteworthy and effective measures was social insurance contributions relief for individuals and employers. For this, the World Bank reprioritized USD 15 million under the existing Employment Support Project to cover social insurance contributions for around 155,000 individuals

insured under the voluntary scheme, including the self-employed, micro-entrepreneurs and those who were informally employed between April to October 2020. Moreover, approximately USD 10 million was deployed to exempt around 18,600 employers and 152,500 employees from social insurance contributions for one month. In short, during the times of economic difficulties, approximately 300,000 individuals were able to spend their money saved from social contributions for their day-to-day needs, and in some cases for survival. On top of that the World Bank has supported the government's Child Money Program which benefits approximately 1.19 million children.

On June 19, 2020, the International Development Association approved a soft loan equivalent to USD 20 million for the Emergency Relief and Employment Support Project. The project is helping provide jobseekers and micro-entrepreneurs with improved access to the labor market and offers temporary assistance to eligible workers in response to COVID-19 crisis.

Unprecedented economic challenges caused by the pandemic have not been overcome yet. Poor and vulnerable populations have been affected severely and disproportionately. Thus, there is a need for regular monitoring of COVID-19 impact on our society and economy and collect up-to-date data. Also, effects of the government measures and decisions in response to the pandemic need to be studied. Therefore, the National Statistics Office and the World Bank has been implementing rounds of COVID-19 Household Response Phone Surveys from May 2020. The survey findings have been helping make further decisions and actions more accurate and effective.

It is almost impossible to predict how long it will take to overcome the challenges of the pandemic, what we will end up learning and what types of opportunities will open up in the future. However, it is crystal clear that the key to overcoming the pandemic crisis with the least damage, is the power of international cooperation. There is no doubt that closely cooperating with other countries and international organizations, particularly with the World Bank, is the best way to recover from the economic and social crisis caused by the COVID-19 pandemic. ■



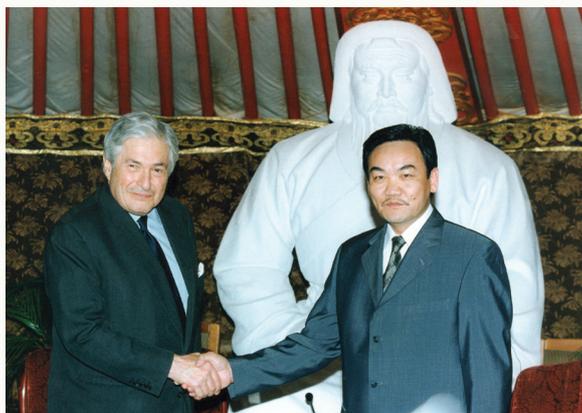
Historic images



The Mongolian delegation led by former Minister of Finance A. Bazarkhuu signed IBRD, IFC and IDA Articles of Agreement becoming the 155th member of the Bank when they paid an official visit to the World Bank Headquarters in Washington, DC on 14 February, 1991.



The first visit of Mongolian delegation, including MPs M.Enkhsaikhan (pictured), D.Ganbold (pictured) and T.Ochirkhuu to the WBG Headquarters in Washington (1992). Also pictured is J.Anderson, Country Manager of the World Bank between 2014-2018.



World Bank President J.Wolfensohn visits Mongolia (May 2002)



The President of Mongolia P.Ochirbat and the Prime Minister M.Enkhsaikhan met with the World Bank President J.Wolfensohn (October 1995)



International conference of extractive industry transparency initiative held in Ulaanbaatar (2005)



Handover of the emergency and intensive care units to the State Third Central Hospital in response to COVID-19 (October 2021)



The Government of Mongolia received the Golden Plough Award for innovative design of the Index Based Livestock Insurance Program from the WBG (2005)



World Bank Regional Vice President for East Asia and Pacific Victoria Kwakwa visited Mongolia to participate in ASEM Summit. (2016)



The World Bank Country Director for Mongolia Martin Raiser, Country Manager Andrei Mikhnev with Mongolia country team (September 2019)