

REGIONAL DEVELOPMENT



NEW DEVELOPMENT MODEL OF NORTHERN REGION

TOURISM

Tourism is the Pillar of Northern Region Development

MEGA PROJECT

Shaping the Future of the Non-Ferrous Metals Industry

REGIONAL SYSTEM MAIN SECTORS

NORTHERN REGION

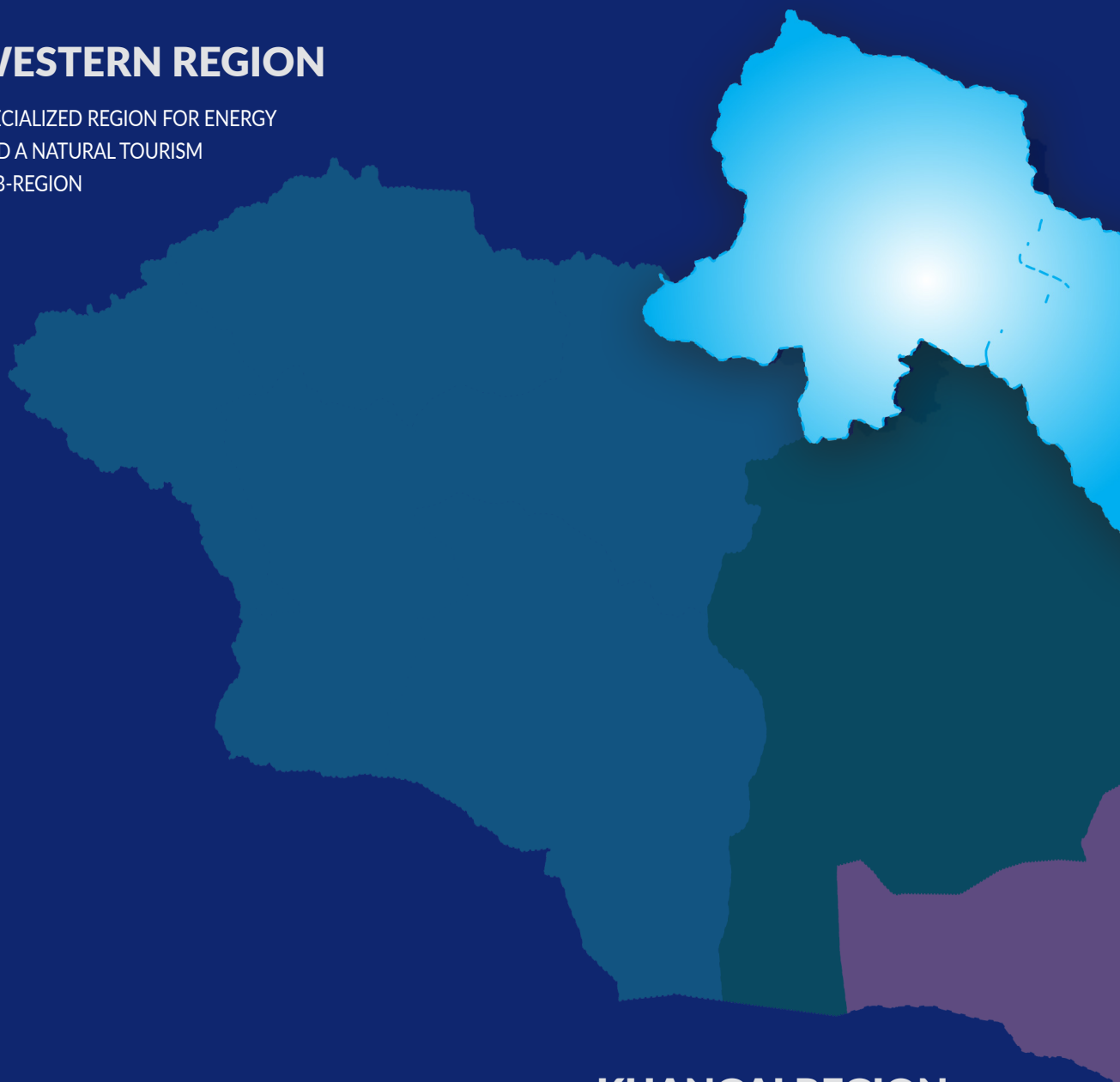
SPECIALIZED REGION FOR NATURE-BASED
TOURISM AND AN INDUSTRIAL SUB-REGION

WESTERN REGION

SPECIALIZED REGION FOR ENERGY
AND A NATURAL TOURISM
SUB-REGION

KHANGAI REGION

SPECIALIZED REGION FOR TRADITIONAL ANIMAL
HUSBANDRY AND A URBAN DEVELOPMENT SUB-REGION



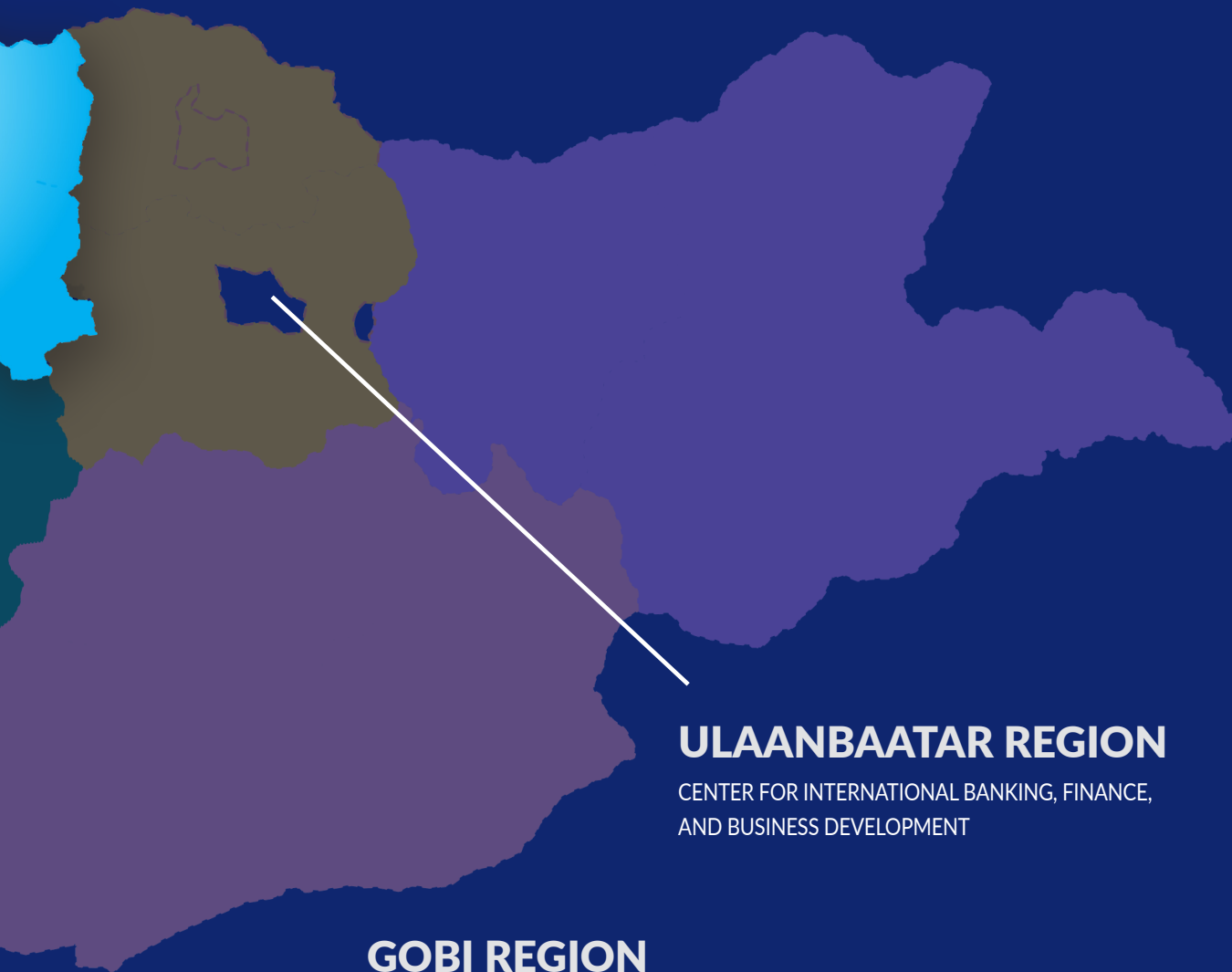
THE "REGIONAL DEVELOPMENT CONCEPT OF MONGOLIA" WAS REVISED AND APPROVED BY RESOLUTION NO. 64 OF 2024 OF THE STATE GREAT KHURAL OF MONGOLIA.

CENTRAL REGION

SPECIALIZED REGION FOR AGRICULTURE AND AN INDUSTRIAL SUB-REGION

EASTERN REGION

SPECIALIZED REGION FOR HISTORICAL TOURISM AND AN AGRICULTURAL SUB-REGION



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INTRODUCING THE NEW DEVELOPMENT MODEL OF THE NORTHERN REGION



Mongolian Economy magazine supports Mongolia's initiative to pursue a region-based development model and has committed to serving as a public information platform for the implementation of this policy. In this context, we launched Regional Development magazine. Our first issue, published in 2025 under the theme "A New Development Model for Mongolia," provided a comprehensive overview of the Regional Development Concept—explaining what regional development entails, its implementation strategy, the geographic characteristics and distinctions of each region, main projects and infrastructure initiatives, and approaches to attracting investment.

In this issue, we turn our focus to the Northern Region, presenting a detailed overview of its development objectives, priorities, and pathways for growth. Under the Regional Development Concept, the Northern Region comprises Bulgan Province, Orkhon Province, and Khuvsgul Province. The region's core development goal is to expand economic cooperation with the Russian Federation and European countries, while leveraging Lake Khuvsgul, the ecosystem of the Selenge River Basin, and the area's natural, historical, and cultural heritage to develop a specialized nature-based tourism zone alongside an

"industrial sub-region."

Under the Government of Mongolia's 2024–2028 Action Program, 14 mega projects are planned across four core policy pillars. Among them, two flagship projects—the 310 MW Eg River Hydropower Plant and the Copper Processing Complex—will be implemented in the Northern Region. Once realized, these projects are expected to act as powerful catalysts for regional development, accelerating industrial growth and strengthening the economic base.

The Regional Development Concept also outlines additional projects tailored to the region's geographic location, natural conditions, resource endowment, and infrastructure capacity. By aligning high-value nature-based tourism assets, an emerging industrial foundation, and the region's strategic border location, policymakers aim to transform the Northern Region into a new pillar of Mongolia's national economy.

We are pleased to present to our readers this issue of Regional Development magazine, dedicated to "A New Development Model for the Northern Region."

Editorial of Regional Development Magazine

Greeting

REGIONAL DEVELOPMENT DRIVES NATIONAL DEVELOPMENT



Mongolia's Regional Development Concept designates the Northern Region as a specialized nature-based tourism zone and an industrial sub-region, defining it as one of the country's priority development areas.

This policy document sets out the objective of reducing regional and local development disparities, diversifying the economic structure, and balancing population migration, with the goal of increasing local development indicators by 20 percent. As the saying goes, when the direction is right, the destination is closer. With the State Great Khural approving the Main Guidelines for Mongolia's Development for 2026–2030, the country's development direction has been clearly defined. What now matters most is the effective implementation of these policy documents and the achievement of tangible results.

One of the eight policy objectives outlined in the five-year Main Guidelines for Mongolia's Development for 2026–2030, adopted under the overarching vision of “New Confidence – Bold Reform,” is Regional Development. Through the implementation of regional development policy, Mongolia has entered a phase of more structured and balanced growth.

We must reduce excessive centralization. The state budget should focus on financing nationally significant mega projects, while local development challenges should be addressed by local governments themselves. We are committed to genuine reform-strengthening fiscal autonomy, devolving financial authority, and empowering local administrations to take responsibility for their own development.

Across the Northern Region, agricultural production has supplied the market with 82.8 thousand tons of meat, 26.0 thousand tons of milk, 4.5 thousand tons of wool, 1.1 thousand tons of cashmere, and 2.8 million hides and skins. Going forward, it is essential to promote research-based, science-driven production in the agricultural sector. Mongolia's greatest

advantage in industrial development lies in organic food production.

To accelerate the development of the Northern Region, proposals for priority projects have been collected from the ministries and local authorities, consolidated, and ranked. Based on this process, five mega projects are planned for implementation:

- Construction of a copper concentrate smelting and processing plant (Bayangol and Jargalant soums, Orkhon Province);
- Expansion of Murun Airport to a 4C-class and assessment of its capacity to receive international flights (Khuvsgul Province);
- Construction of the Eg River Hydropower Plant (Khutag-Undur soum, Bulgan Province);
- Diversification of vocational and technical education institutions in line with regional economic priorities and labor market demand, and establishment of training and production bases in the regions (Khuvsgul and Bulgan provinces);
- Relocation of the School of Geology and Mining and the School of Information and Communication Technology of the Mongolian University of Science and Technology to Orkhon Province.

In line with the Regional Development Concept, Mongolia has adopted a seven-region system and established regional councils in each region. The chairmanship of each regional council will be exercised on a rotating basis by the governors of the provinces. In addition, expanded meetings of the regional councils will be hosted annually, on a rotating basis, by the provinces within each region.

Regional development drives national development. The participation, commitment, and collective effort of every citizen are crucial to the success of regional development.

PRIME MINISTER OF MONGOLIA
GOMBOJAV ZANDANSHATAR

Greeting

REGIONAL DEVELOPMENT REFORM WILL BE LAUNCHED WITHIN THE FRAMEWORK OF FIVE REFORMS



Dear Esteemed Readers,

The Government of Mongolia has introduced the comprehensive “New Confidence – Bold Reform” program, under which the Regional Development Reform is a key component.

To implement this overarching reform, a series of initiatives are being undertaken to translate the Regional Development Policy into concrete actions and measurable results. The “Regional Development Concept” approved by the State Great Khural in 2024 serves as the foundational document for transitioning each region toward a balanced and sustainable development model that leverages the unique advantages of each area.

In support of this policy, a draft amendment to the Law on Regional Development Management and Coordination is being prepared. This legislation will clarify the governance and organizational structures for regional development, define the structure and functions of regional councils, and establish a system for planning, executing, and monitoring annual state budgets in alignment with regional development objectives.

In parallel, the development of a “Regional Development Targeted Program” has been initiated. This program will define the economic functions of each province and locality based on their natural conditions, resources, and comparative advantages, and implement projects and activities through effective public-private partnerships. The aim is to foster sustainable and relatively balanced social and economic growth across the regions.

Aligned with this national framework, provinces and localities are preparing medium- and short-term development plans to ensure coherence across national, regional, and local policy levels. Three tiers of policy—Regional Development Concept, Regional targeted programs, and local planning—have been fully integrated and coordinated strategy for development has been founded. This approach

ensures that major infrastructure projects supporting regional development are anchored in and guided by these policy documents.

The central objective of the Regional Development Policy is to support enterprises, manufacturers, and service providers through enhanced market access, linking them to domestic and international markets, and creating new business and investment opportunities. In doing so, disparities between urban and rural areas are reduced, and citizens’ quality of life is improved.

This policy is fully aligned with Vision-2050, the New Recovery Policy, and the Government’s 2024–2028 Action Program. Regional development is not merely a state-driven initiative—it relies on collaboration among the private sector, local governments, and citizens to achieve tangible success.

We are confident that, together, we will usher in a new era of regional development and lay a solid foundation for Mongolia’s sustainable and balanced growth.

We wish our readers every success and achievement in your endeavors.

MEMBER OF THE STATE GREAT KHURAL,
MEMBER OF THE GOVERNMENT OF
MONGOLIA,
DEPUTY PRIME MINISTER OF MONGOLIA
KHASSUURI GANKHUYAG

HISTORICAL TRENDS AND ORGANIZATIONAL STRUCTURES



ADMINISTRATIVE AND TERRITORIAL DIVISION OF THE BOGD KHANATE MONGOLIA

1919



ECONOMIC ZONING SCHEME DEVELOPED BY I.KH.OVDIENKO



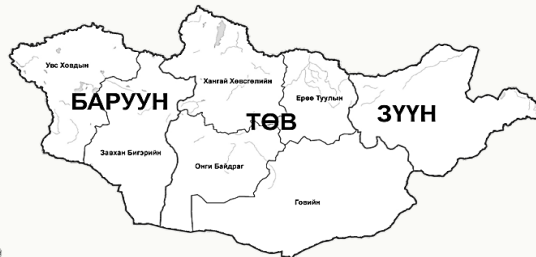
THE ECONOMIC ZONING IDEA PROPOSED BY D.DANDARBAATAR AND D.SAIN-ER

1967

1997

1961

ECONOMIC ZONING SCHEME DEVELOPED BY P.A.ALAMPIEV AND CH.SEREETER



1997

ECONOMIC ZONING IDEA PROPOSED BY M.ENKHSAIKHAN

1969



THE "ECONOMIC REGION" MAP DEVELOPED BY B.GUNGAADASH



OF TERRITORIAL DISTRIBUTION IN MONGOLIA

In the history of Mongolia's regional development policy, several regionalization models have been proposed since the period of the Bogd Khanate of Mongolia.

Under the Regional Development Concept approved by Resolution No. 64 of the State Great Khural in 2024, Bulgan, Orkhon, and Khuvsgul provinces—comprising the Northern Region—have, in most cases, consistently been grouped within the same regional framework.



THE "ECONOMIC REGION" MODEL APPROVED WITHIN THE FRAMEWORK OF MONGOLIA'S REGIONAL DEVELOPMENT CONCEPT

2001



ECONOMIC ZONING MODEL PROPOSED BY TS.SUKHBAATAR

2018

2011

THE ECONOMIC ZONING PROPOSED UNDER THE DEMOCRATIC PARTY'S "MONGOL CITIZEN-2020" PROGRAM



2020



ECONOMIC ZONING MODEL PROPOSED BY P.RINCHINBAZAR AND D.ERDENEBAYAR

Main article

NEW DEVELOPMENT MODEL OF NORTHERN REGION



THE TWO MEGA PROJECTS IN THE NORTHERN REGION WILL SERVE AS CATALYSTS FOR DEVELOPMENT AND HELP DRIVE GROWTH IN THE INDUSTRIAL SECTOR.



Global development theories are shifting to prioritize regional models. Countries now place greater emphasis on regional development models. Every nation possesses a unique history, culture, and heritage. Mindsets also differ across various territories. Consequently, heavy-handed, uniform policies are losing favor to approaches based on specific local characteristics. Development rooted in geography, population distribution, and resources is now considered the most effective strategy. Mongolia adopted its regional development policy in 2001, two decades after the theory gained global traction. However, implementation remained lackluster. Twenty-three years later, in 2024, the country reaffirmed its commitment to this path. The State Great Khural approved the "Regional Development Concept of Mongolia." This document clarifies that the nation's future lies in regional progress. Political parties, business leaders, economists, and scholars reached a consensus on this direction.

Mongolia now holds a clear compass for future progress. The country looks forward in one direction with a unified policy framework.

Why Regional Development?

Population growth stands at 1.9 percent in Ulaanbaatar but only 0.4 percent in rural areas. The capital city accounts for 70 percent of the GDP, while provinces contribute 30 percent. Poverty affects 21.6 percent of the capital's residents compared to 30 percent in rural regions. Trade and services are concentrated in the city at 79 percent, with 21 percent in the countryside. Higher education shows a massive gap, with 96 percent of universities in the city and only four

percent elsewhere. These figures highlight the harsh reality of national development. They prove that the capital has reached its breaking point. Meanwhile, rural populations are thinning, and development there lags by 1.5 years.

The Northern Region

Under the regional development framework, the Northern Region includes Bulgan, Orkhon, and Khuvsgul provinces. This region aims to expand economic relations with the Russian Federation and European nations. It will become a specialized natural tourism zone and an industrial sub-zone. This growth relies on the ecosystems and

BULGAN PROVINCE



heritage of Lake Khuvsgul and the Selenge River basin. Eleven local development centers have been identified: Bulgan, Khutag-Undur, Khishig-Undur, and Dashinchilen in Bulgan province; Bayan-Undur in Orkhon province; and Murun, Renchinlkhumbe, Khatgal (Alag-Erdene), Tarialan, Galt, and Tsagaan-Uul in Khuvsgul province. The Government of Mongolia's 2024-2028 Action Plan outlines 14 mega projects. Two of these will be implemented in the Northern Region. These are the 310 MW Egiin Gol Hydropower Plant and the Copper Processing Complex. These projects will act as catalysts for growth and drive industrial expansion. The development concept also includes other programs based on geography, natural resources, and infrastructure. Additional projects will reflect geographic location, natural conditions, resource potential, and infrastructure capacity. In Bulgan province, the 310 MW hydropower plant on the Eg River will serve as a key source for regulating the integrated energy system. Bulgan ranks third nationwide in agricultural land and crop production. The province has strong potential to establish a specialized agricultural production and technology park.

KHUVSGUL PROVINCE



Local development centers will promote clusters in manufacturing, services, trade, exchange platforms, transport, and logistics. The private sector and cooperatives will receive support. The breeding of nucleus herds tailored to regional characteristics will be implemented based on scientific principles. Tourism is a cornerstone of development in the Northern Region and a key driver of Mongolia's wider tourism economy. Shaped by its distinctive natural landscape and geographic location, the region is well positioned to expand cross-border and border-area tourism. A dedicated tourism zone will be developed around the ecosystem of Lake Khuvsgul, alongside the establishment of the Blue Pearl Natural Science Museum complex through a public-private partnership. To strengthen the sector, Khuvsgul Province's airport will be upgraded to 4C classification, capacity at the Khankh border crossing will be expanded, and new road links will be built connecting Khankh to Khatgal and Murun to Telmen soum. At the same time, technical and vocational education institutions will be adapted to reflect regional economic priorities and labor market

ORKHON PROVINCE



needs. Cross-sector training and production bases will be established in Khuvsgul and Bulgan provinces to support skills development and local employment. By the end of 2024, the Northern Region's population reached 308.7 thousand, accounting for 8.7 percent of Mongolia's total population. In Orkhon Province, a production and technology park will be developed, bringing together a copper processing plant, metallurgical and chemical industries, and related support facilities. Leveraging its geographic location and existing infrastructure, Orkhon is set to emerge as the region's transport and logistics hub. As part of its development as an industrial sub-region, a Training-Research-Production Integrated Complex will also be established, closely aligned with regional economic priorities and labor market demand. To address population concentration and meet the resulting demand for healthcare services, the region will expand the scope of its diagnostic and treatment centers. Specialized care will be developed in areas such as trauma and surgical services. In addition, a warehouse for medicines and medical equipment will be established to strengthen supply.

Main interview



DEPUTY PRIME MINISTER
KH.GANKHUYAG:

**The Northern Region
is A New Beginning for
Integrated Development of
Nature, Industry, and
Infrastructure**

Mongolia is moving its long-term development strategy from planning to real-world implementation, and the Northern Region is the clearest example of this shift. By leveraging its valuable natural tourism resources, industrial base, and strategically located border areas, the government aims to transform the region into a new pillar of the national economy. We discussed these plans with Kh. Gankhuyag, Member of the State Great Khural and Deputy Prime Minister of Mongolia.

The idea of regional development has been discussed for many years. Can we say that it has now moved into the stage of actual implementation?

Absolutely. Today, we've moved regional development from plans and research on paper to real, on-the-ground implementation. Previously, this policy was mostly discussed at the conceptual or research level. Now, the key policy documents have been approved, and concrete projects, investments, and timelines targeted at each region are being carried out.

We've clearly answered the questions: "Which direction should this region develop in? What are its unique characteristics and strengths?" In practical terms, that means we've developed feasible projects and models that align natural tourism assets, industrial bases, strategic border locations, infrastructure planning, processing industries, and logistics networks. This is not just a vision or a slogan—it's a fully funded, time-bound plan. As a result, we are taking real steps to make the Northern Region a new pillar of Mongolia's economy.

When the government plans the development of the Northern Region, what core principles guide the strategy? How are you balancing multiple priorities like environmental protection, economic growth, and citizens' livelihoods?

The main principle we follow is balanced development. That means economic growth, environmental protection, and people's livelihoods should not conflict—they must reinforce each other. Take Lake Khuvsgul and the Selenge River Basin: these are invaluable resources, not just for Mongolia but for the wider region as a whole. You can't talk about long-term development without protecting them. That's why our policy aligns tourism and industrialization with environmentally friendly technologies and sustainable development principles. Currently, manufacturing accounts for 63.7 percent of the Northern Region's GDP, which is a major advantage. But this production needs to move up the value chain, adding more processing and higher value. For example, the planned copper processing plant, and metallurgy, and chemical complex in Orkhon Province isn't just a single enterprise—it will create regional opportunities in supply chains, transport, logistics, maintenance, and skilled labor demand. This approach will diversify the Northern Region's economy, reducing reliance on a single sector, while simultaneously implementing a balanced policy that supports environmental protection, industrial growth, and improved livelihoods.

What is the economic significance of the Northern Region's border locations?

The fact that Bulgan and Khuvsgul provinces share a border with Russia is a major strategic advantage. This isn't just about exports and imports—it opens up broad opportunities for transport, logistics, tourism, and regional cooperation. Expanding the Khankh and Baga-Ilanikh border crossings, increasing their processing capacity, and modernizing the road and rail networks will position the Northern Region as a key northern economic gateway. The construction of roads and railways along the Ulaanbaatar-Kharkhorin route aligns perfectly with this objective.

We are taking real steps to make the Northern Region a new pillar of Mongolia's economy.

Last spring, the Northern Regional Council held its inaugural meeting in Bulgan Province. What major decisions did the government take, and why were they important? The first meeting of the Northern Regional Council was a crucial event, showing that regional development is no longer just plans on paper—it's starting to happen on the ground. With the full government present in Bulgan, we were able to address the Northern Region's development challenges across sectors in a coordinated way. Several major, principle-based decisions were made

at the meeting.

First, key infrastructure projects in the Northern Region were officially designated as top priorities for state investment. This includes the expansion of the Khankh and Baga-Ilankh border crossings, the connecting roads, and the urgent development of the feasibility study for rail connections.

Second, guidance was provided for developing specialized, environmentally friendly tourism zones in the Lake Khuvsgul and Selenge River Basin. The aim is not to expand tourism randomly, but to grow it in a structured, quality-focused way that aligns with environmental protection.

Third, concrete mechanisms to support industry—especially processing and value-added production—were established. Ministries will oversee the development of engineering infrastructure, skilled labor, and the integration of small and medium-sized businesses into supply chains for major projects in Orkhon and Bulgan provinces.

Most importantly, these decisions were approved with clearly defined responsibilities, timelines, and funding sources. Put simply, we have moved past generic slogans of "let's do it" to the practical stages of "when, who, and how." I view this as a fresh start, not only for the Northern Region but for Mongolia's overall regional development policy.

A main feature of the Northern Region is the development of natural tourism. Khuvsgul province, for instance, holds a dominant position in tourism compared to other provinces. By developing this sector at the policy



level, what tangible benefits can be provided to residents?

Tourism means much more than simply welcoming incoming visitors. It serves as an economic engine that directly boosts local incomes, small and medium-sized businesses, and the service sector. We aim to transform tourism around Lake Khuvsgul from a seasonal activity into a sustainable, year-round industry. To achieve this, plans have been developed to upgrade the airport to 4C classification and improve road and transport infrastructure. We

also intend to build the "Blue Pearl" Natural Science Museum Complex, creating a center that merges local culture, nature, and travel. Through these efforts, the benefit of the tourism sector will be felt directly and tangibly in the daily lives of residents. We anticipate this will support local enterprises, generate jobs, and ultimately enhance the overall quality of life.

What role will major energy and infrastructure projects play in developing the northern region? How will they impact regional

economic growth, production, logistics, and the livelihoods of local citizens?

Energy is the foundational element of any region's progress. Without a stable and reliable power source, manufacturing, infrastructure, and service sectors simply cannot advance. Today, the 310 MW Egiin Gol Hydropower Plant is a major project underway in the Northern Region. Commissioning this facility will add a reliable energy source for the entire country, not just this region. It will create vital opportunities to support industry, services, and tourism.

Furthermore, the transport and logistics center to be established in Erdenet city will consolidate production and trade flows. This hub will become a strategically important junction for the entire region. Consequently, the Northern Region will serve not only as an industrial base but also as a focal point for unlocking the nation's boundless economic potential. Infrastructure improvements will have a direct impact on creating jobs, enhancing the business environment, and raising the living standards of local citizens. Therefore, major energy and infrastructure projects represent far more than mere technical construction. They act as the primary driving force behind sustainable regional economic growth, diversified manufacturing, tourism, and logistics network expansion.

What role will human resources and education policies play in implementing major projects in the Northern Region? How is this being managed at the policy level? We will not measure the Northern

Region's progress solely by infrastructure and industrial projects. While massive undertakings are necessary, having capable professionals to operate them is far more critical. Therefore, human resources and education policies have been carefully tailored to match the regional economic development plan. For example, the "Training, Research, and Production Complex" planned for Orkhon province will serve as a model for preparing specialists directly linked to the industrial sector. Practice and production bases established in Khuvsgul and Bulgan provinces aim to train a skilled workforce and prepare local citizens for reliable employment. Thus, education and vocational training aligned with regional economic policy will form the firm foundation for sustainable growth.

We are also focusing on increasing access to health and social services. Diversifying diagnostic, treatment, and surgical care across the region will reduce the need for residents to travel to the capital. Measures such as building a pharmaceutical and medical supply warehouse in Orkhon province are already planned. Similarly, a sub-center for infectious disease preparedness will be established in Khuvsgul province. All these policies, infrastructure upgrades, and human resource initiatives were officially approved during the Northern Regional Council's first session.

How do you envision the Northern Region's development? What results do you foresee emerging from the integration of the region's natural resources, industry, infrastructure, and tourism?

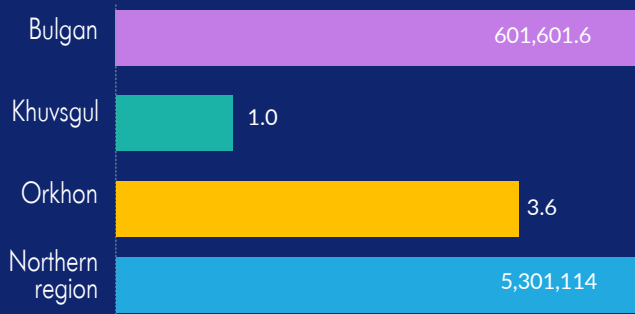
We are striving to develop the Northern Region into a model of sustainable growth that integrates environmental protection, industry, infrastructure, and tourism. Policies and plans are underway to protect valuable natural resources while simultaneously fostering value-added manufacturing and strategic logistics centers. We are also actively turning the advantages of a border location into real

We will not measure the Northern Region's progress solely by infrastructure and industrial projects.

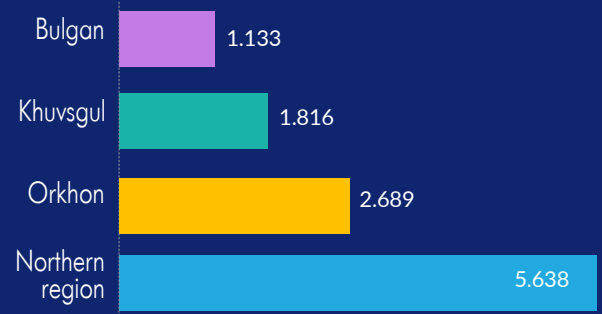
economic prospects. Within this framework, the Government of Mongolia is working to provide citizens with stable employment and ensure access to quality education and healthcare locally. These efforts aim to reduce the relocation of young people to the city by enhancing their ability to live and work comfortably in their hometowns. Looking ahead, diversified, multi-pillar structure – encompassing manufacturing, tourism, services, and logistics – will prevent over-reliance on a single sector. This approach ensures local progress makes a tangible, lasting contribution to the national economy. In this sense, the development of the Northern Region extends far beyond its own borders. It stands as a vital example of long-term sustainable progress, demonstrating Mongolia's regional development policy through concrete actions and real results.

Info

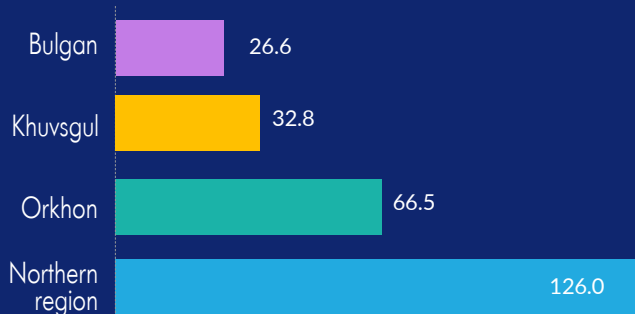
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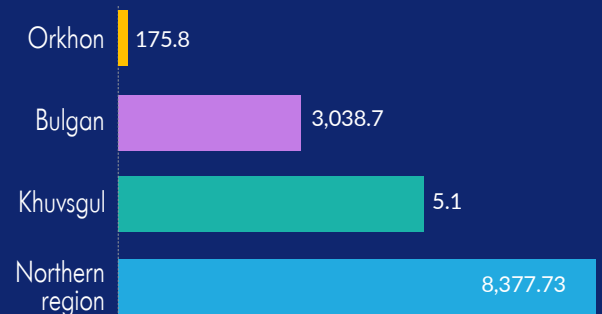
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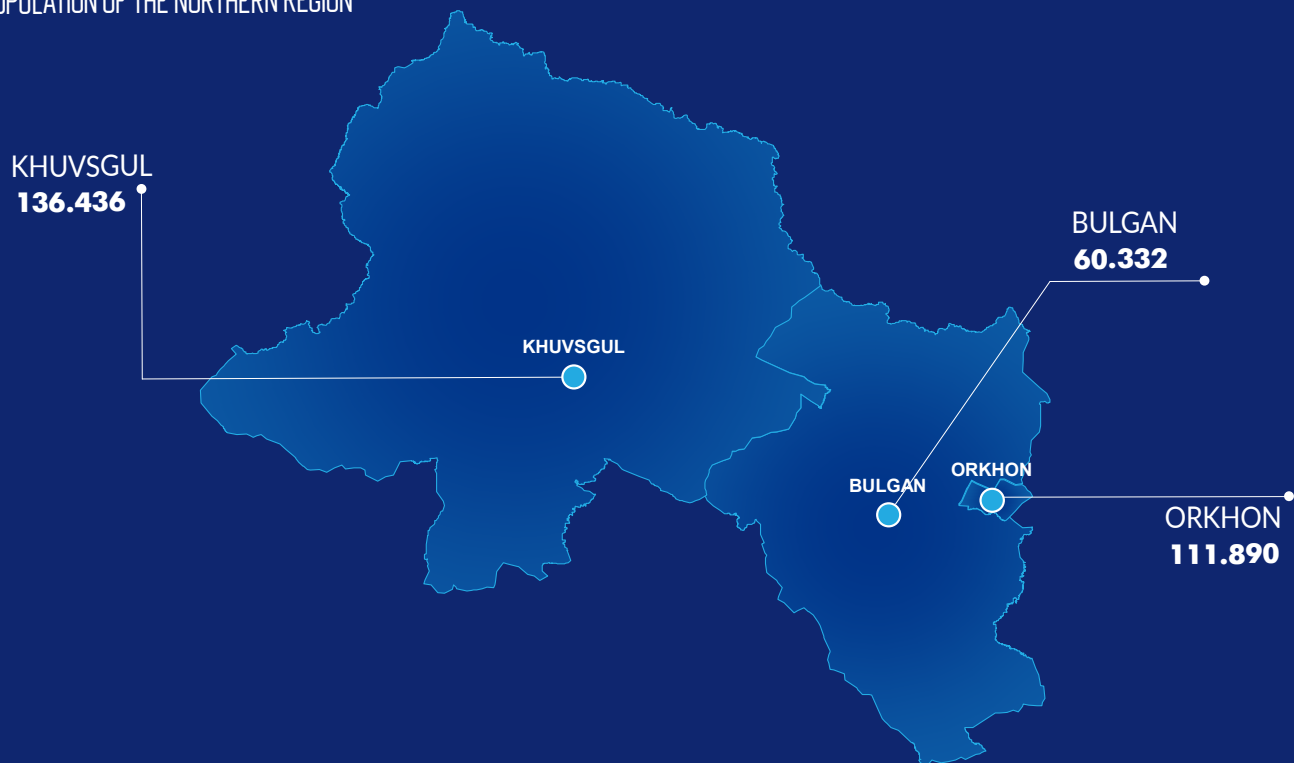
EMPLOYED POPULATION /THOUSAND PERSONS/



NUMBER OF LIVESTOCK /MLN HEADS/



POPULATION OF THE NORTHERN REGION



REGIONAL DEVELOPMENT POLICY

CATALYST FOR LOCAL DEVELOPMENT

FREE ZONE, SPECIAL ZONE AND INDUSTRIAL AND TECHNOLOGY PARK

A REGIONAL BRAND WITH GEOGRAPHICAL INDICATION

RAW MATERIAL AND PRODUCT PROCUREMENT, SORTING, PROCESSING, AND PRODUCTION

TRANSPORTATION, LOGISTICS, TRADE AND SERVICE CLUSTER



11 REGIONAL DEVELOPMENT CENTERS

KHUVSGUL

- Murun
- Renchinlkhumbe
- Khatgal
- Tarialan
- Galt
- Tsagaan-Uul

BULGAN:

- Khutag-Uundur
- Khishig-Uundur
- Dashinchilen
- Bulgan

ORKHON:

- Bayan-Uundur

Tourism

TOURISM IS THE PILLAR OF NORTHERN REGION DEVELOPMENT



Regional Development Concept: Considering the region's natural and geographical characteristics, cross-border and transboundary tourism will be developed. A special tourism zone based on the ecosystem of Lake Khuvsgul will be established through public-private partnerships. A "Blue Pearl" natural science museum complex will be built in Khatgal village, Khuvsgul province.



The Northern Region's greatest comparative advantage lies in nature-based tourism. Khuvsgul Province is Mongolia's principal tourism hub. While international visitors largely gravitate toward the Gobi, Lake Khuvsgul remains the country's most popular destination for domestic travelers. According to 2024 statistics, a total of 285,500 tourists visited the area. More than 20,000 international visitors traveled to Khuvsgul Province, while over 200,000 domestic tourists chose the destination. In addition, 40,132 visitors arrived from Russia. Tourism is one of Mongolia's most significant and untapped economic development sectors. Given its exceptional natural environment and rich national heritage, the Northern

Region has strong potential to develop as a distinct tourism sub-region. The area is endowed with striking landscapes, lakes, and river systems, as well as a wide spectrum of cultural and historical sites—from Turkic and Uyghur heritage monuments to more recent monasteries and temples. These assets create favorable conditions for developing tourism products based on cultural heritage. By leveraging cultural and creative industries, the region can simultaneously promote tourism, creative enterprises, small and medium-sized businesses, and household-level production—key drivers for sustainable livelihoods and improved quality of life. Within the framework of the Northern Region's tourism strategy, local governments

now need to agree on region-specific tourism packages and advance their coordinated implementation. A central objective of the policy is to encourage tourist flows to Khuvsgul Province to pass through Orkhon Province and Bulgan Province, enabling these provinces to retain a greater share of tourism-related revenue. Developing joint tourism products will be essential to achieving this goal.

Key tourism routes to Khuvsgul Province:

- Ulaanbaatar – Orkhon Province – Bulgan Province – Khuvsgul Province
- Ulaanbaatar – Lun soum – Bulgan Province – Khuvsgul Province



THE NORTHERN REGION'S BUSINESS MOMENTUM



REGIONAL DEVELOPMENT PROJECTS AND PROGRAMS
WILL BE IMPLEMENTED THROUGH PUBLIC-PRIVATE
PARTNERSHIPS.

Policymakers state that the Regional Development Policy is being pursued with a strong reliance on the private sector. The core objective of the regional development framework is to support and collaborate with the private sector in order to attract greater investment, thereby accelerating *national, regional, and local development*.

Over the past three decades, the state has played a leading role in driving national development. Looking ahead, however, the next phase of growth will depend largely on stronger and more active participation from the private sector.

The regional development approach is explicitly business-oriented, focusing on supporting enterprises, strengthening the private sector, and attracting both domestic and foreign investment. Development projects and regional growth programs are designed to be implemented primarily through public-private partnerships, signaling the government's commitment to creating a more favorable business environment across regions.

To reflect regional economic priorities, the policy emphasizes

building a supportive legal and regulatory framework. Manufacturers and service providers will be backed through targeted tax and investment policies. Small and medium-sized enterprises, cooperatives and producers supported through the New Cooperative Movement, alongside start-ups and innovation-driven projects being brought into the formal economy. The government also aims to create conditions that allow businesses to expand, merge, collaborate, and specialize. In practical terms, this means establishing a stable and predictable legal environment while investing in both soft and hard infrastructure. These intentions are clearly set out in the Regional Development Policy, and work is already underway to revise and update relevant legislation.

Supporting the private sector is seen as essential to accelerating regional development and sustaining economic growth. Enterprises operating in free zones, special economic zones, and industrial and technology parks will benefit from various tax incentives. There is also a strong emphasis on creating an organized system for exporting goods

produced in industrial technology parks and developing international-standard sales channels to support businesses' growth.

A new tax policy based on the Regional Development Concept will be implemented.

This includes:

First, new tax policies tailored to the specific characteristics of each region will be introduced.

Second, exemptions from customs duties on processing equipment, and adjustments to value-added tax regulations (restrictions remain for products such as alcohol and tobacco)

Third, investors and companies that contribute to social sector development will be eligible for tax deductions of up to one percent of their annual sales revenue.

The regional development policy is also closely linked to international economic cooperation, particularly with Mongolia's neighboring countries. The government plans to rapidly develop border ports to improve trade flows, while continuing efforts to expand free trade agreements. Mongolia currently has trade agreements with Japan, the European Union, South Korea, China, and India under the Asia-Pacific Trade Agreement, and negotiations with Russia, China, and South Korea are ongoing.

Finally, aligning national development with large-scale regional initiatives such as the Eurasian

Economic Corridor and the Belt and Road Initiative is viewed as a key driver of faster growth. This outward-looking, market-driven approach lies at the heart of the new development strategy.

NORTHERN REGION BUSINESS OVERVIEW

The business and investment climate in the Northern Region enjoys clear advantages compared with other regions of the country. One of the biggest strengths is Erdenet Mining Corporation, which has long been a backbone of Mongolia's economy. Plans to build a copper processing plant alongside the existing complex could become a powerful catalyst for regional growth. Instead of operating in isolation and competing for small, short-term gains, the time has come for local entrepreneurs to specialize, collaborate, and unite around larger, long-term opportunities. Policymakers are encouraging businesses to unite by sector, forming clusters that can drive faster, more sustainable growth.

This means companies in Orkhon Province joining forces with partners in Bulgan Province and Khuvsgul Province, attracting investment together and positioning themselves within a regional cluster.

Businesses should already be thinking strategically about how they can plug into major projects such as the copper processing plant. How can they become suppliers? Or which regional partners can they work with to generate real returns? Alongside the copper project, large-scale initiatives like the Egiin Gol hydropower plant point to a future where numerous SMEs emerge, jobs multiply, and household incomes rise. Capturing these opportunities locally will require ambition, preparation, and coordinated action from the private sector—starting now.

There is also a strong opportunity to move beyond intermediate production. By turning regional industrial outputs into finished products, businesses can integrate into interregional value chains

and, ultimately, international ones. Researchers note that if Mongolia brings currently underutilized resources into circulation—nurturing them from the primary stage through processing, technology, and innovation into export-ready products—agricultural productivity could increase two- to threefold in the near term. If processing industries shift decisively toward finished goods, output could double.

Another defining advantage of the Northern Region is its population base. Khuvsgul has over 136,000 residents, Orkhon more than 111,000, and Bulgan over 60,000. This concentration of people naturally supports stronger business activity and economic momentum. The region also benefits from universities and colleges, while Orkhon's long-standing industrial base—shaped by more than four decades of manufacturing experience—has already fostered a production-oriented mindset. These factors form a powerful platform for sustained regional business growth.



Erdenes Industrial Technology Park

Policy Perspectives



U. Khurelsukh:
President of Mongolia

The national initiatives and programs launched by the President of Mongolia, such as "Billion Trees," "Food Revolution," "White Gold," "Healthy Mongolian People," and "Outreach 2100," must align closely with the "Regional Development Concept" to ensure that Mongolia's progress is accessible and beneficial to all its citizens.



N. Uchral:
Speaker of the State Great Khural

I started the "Let's Liberate" initiative to remove bureaucratic obstacles that restrict individuals from exercising their economic freedom. The legal environment will empower citizens to start their business directly without waiting for state approval. By allowing local authorities to retain more of the Royalty for Mineral Resource, attract investment, and establish public-private partnership agreements, this reform will expand local fiscal autonomy and create more space for business activity.



G. Zandanshatar:
Prime Minister of Mongolia

The state budget should focus on financing nationally significant mega projects. We are committed to genuine reform-strengthening local fiscal autonomy, devolving financial authority, and empowering local administrations to take responsibility for their own development. To accelerate the development of the Northern Region, proposals for priority projects have been collected from the ministries and local authorities, consolidated, and ranked.



T. Dorjkhand:
Deputy Prime Minister of Mongolia

The regional development potential lies in creating markets or human concentration, followed by infrastructure such as roads and energy. The foundation for their implementation is regional development.



Kh. Gankhuyag:
Deputy Prime Minister of Mongolia

Our aim is to develop the Northern Region as a model of sustainable growth that integrates environmental protection, industry, infrastructure, and tourism. Policy and planning focus on protecting natural assets, fostering value-added processing industries, developing strategically significant logistics centers, and leveraging border location advantages for economic opportunities.



S. Byambatsogt:
Minister, Chairman of the Cabinet Secretariat

The Government aims to boost public sector productivity, advance the digital transformation of public services, and strengthen local governance, with an initial focus on simplifying land ownership for citizens. Legal reforms are underway to transfer ownership of 1-5 hectares of land to herders, improving their quality of life and enabling sustainable local development.



J. Enkhbayar:
First Deputy Prime Minister and Minister of Economy & Development

Today, the food, agriculture, and light industry sectors account for 60% of economic growth. This reflects the tangible results of regional development policy. I would like to add that with coordinated, long-term strategies, each region can achieve sustainable success.



B. Mendsaikhan:
Policy Advisor to the Deputy Prime Minister on Regional Development

The essence of regional development policy is to turn special and free economic zones into the 'engines' of the economy. Leveraging the advantages of the northern region to open new export gateways and diversify the economy is a key step in regional development policy.

We present the views of Members of State Great Khural elected from the Northern Region.



J. Bat-Erdene:
*Member of the State
Great Khural*

Agriculture is not only about livestock or grain—it underpins national sovereignty, food security, and regional development. Government-supported projects and programs, such as the “New Countryside” and “New Cooperative” initiatives, provide real leverages for citizens’ livelihoods. The Regional Development Policy framework ensures sectoral coordination and infrastructure development.



D. Uuriintuya:
*Member of the State
Great Khural*

The Northern Region is a strategic development hub combining mining, industry, agriculture, and logistics. Regional development should not be limited to infrastructure and buildings but follow a people-centered model based on equitable opportunities and skills. There is significant potential to integrate industrial and mining growth with agriculture in the Northern Region.



L. Munkhbaatar:
*Member of the State
Great Khural*

Collaboration among government, private sector, and researchers is essential for the Northern Region development. Efforts should focus on expanding regional infrastructure, empowering the workforce, securing energy supply, and creating a favorable tax environment for local businesses. Early stages of these efforts are already underway.



B. Bat-Erdene:
*Member of the State
Great Khural*

The Northern Region offers vast opportunities for the tourism sector and also has potential for agriculture and light industry. Priority should be given to establishing light industry businesses and addressing infrastructure and energy needs to support growth.



D. Batlut:
*Member of the State
Great Khural*

Through the Regional Development Policy, the Northern Region will become a specialized industrial and tourism sub-region. Infrastructure projects will include road networks, a copper smelting plant, a cancer treatment center, an international airport, and a high-capacity hydropower plant.



L. Enkh-Amgalan:
*Member of the State
Great Khural*

One goal of regional development is to improve living standards of citizens, reduce air pollution, and increase access to housing. Mortgage programs will support not only urban housing but also energy-efficient private homes, improving quality of life and aligning with household income levels.



Ts. Davaasuren:
*Member of the State
Great Khural*

“A country without manufacturing is like a car without wheels,” and “Fools rush in where angels fear to tread.”

Academics and Researchers



D. Erdenebayar:

Executive Director of the National Institute of Regional Development and Associate Professor

Defining the economic roles, diversification, and interconnections of regional growth centers will be a crucial step in turning regional development policy into real, on-the-ground results.



G. Battuvshin:

Director, School of Management, Mongolian University of Science and Technology, Ph.D.

Policy planning has been undertaken to develop the Northern Region through an integrated approach combining tourism, science, and agriculture. Particular emphasis will be placed on strengthening human resource policies, as well as enhancing research and academic capacity, including the establishment of research and training centers. Priority should be given to generating value-added products by developing the tourism, agriculture, and processing industries in the Northern Region.



Kh. Tselvelmaa:

Director, School of Management, Mongolian University of Science and Technology, Ph.D.

Each country has its own practices of developing regional clusters. I think Mongolia is now at a stage to find its own unique development path.



R. Rinchinbazar:

Professor, Ph.D., National University of Mongolia

Reducing regional development disparities requires the establishment of economic zones. By fostering development tailored to the specific characteristics of each territory, regional development will play a key role in successfully achieving the nation's social and economic development objectives.



B. Narantuya:

Head of the Department of Public Administration, National Academy of Governance, Ph.D.

Regardless of where they live, citizens shall enjoy equal opportunities for development, are able to fully exercise their rights, and have easy access to the services they need. Development is about ensuring that people can do business in local markets, earn income, improve their livelihoods, and achieve a better quality of life. In this sense, regional development can be seen as a practical mechanism that brings these goals closer.



S. Dulam:

National Teacher, Ph.D. in Linguistics, Professor

Each region of Mongolia has its unique cultural, historical, and geographic characteristics. In the Northern Region, I see strong potential for unique cultural tourism products rooted in ancient shamanistic traditions, the Dayan Deerkh Cave, distinctive reindeer herding and livelihoods of the Tsaatan people.

Local Leaders



D. Purev-Ochir:

Governor of Bulgan Province, Head of the Northern Regional Council

The Northern Region can grow by integrating smart agriculture, tourism, and industry. Bulgan has been identified as the most attractive province for relocation. That is true. Our province boasts its natural beauty, infrastructure, and available expansion space. With proper planning and effective policy that guides residents in a unified direction, Bulgan Province has the potential to achieve rapid development. In the near term, our priority is to establish an Industrial technology park in Bulgan Province.



J. Ganbold:

Chair of Bulgan Province Citizen's Representative Council

We plan to connect the Regional Development Concept with local policy documents, include it in development programs, contribute to regional projects, and oversee their implementation. Our province has many strengths—agriculture, tourism, and natural resources. There's a real opportunity to use these advantages under regional development and turn it into a new growth leverage. That's why Bulgan Province will take a leading role in regional development. We're committed to making decisions that are sustainable, transparent, and based on citizens' participation.



B. Zorigtbayar:

Governor of Orkhon Province

Orkhon is planned as a transit city and industrial hub supporting nature-based tourism. Projects include a year-round water park whose construction work is expected to begin next year, the Erdenet Arena, and industrial parks supported by the Erdenet Mining Corporation. In accordance with our future development policy, three major programs with 60 sub-programs will be implemented in phases: 2024–2028 and 2028–2032.



D. Munkhbat:

Chair of Orkhon Province Citizen's Representative Council

The main law of the Regional Development Concept was approved back in 2003, 22 years ago, and it's been amended 12 times since. The law still doesn't clearly define the roles and responsibilities of local governments, and there are a lot of gaps. So the first step should be to update the Law on Regional Development Management and Coordination, making sure it aligns with Vision–2050, the New Recovery Policy, and the Government's action program.

D. Purevdorj: *Chair of Khuvsgul Province Citizen's Representative Council*



Every province in the Northern Region has its own pressing issues. It's essential to create a legal framework that allows each region to develop according to its unique characteristics. There are still many issues that the state needs to address. For example, under the 'Smart

Province' policy initiative, we need to focus on digitalization, joint planning, result monitoring and evaluation—basically, introducing a system for coordinated regional development. In Khuvsgul, we're working to make tangible progress in tourism.



OPTIMIZING PROVINCIAL AND REGIONAL DEVELOPMENT PLANNING

REGIONAL DEVELOPMENT INDEX



Under the mandate of the German Federal Ministry for Economic Cooperation and Development (BMZ), the German Agency for International Cooperation (GIZ) officially handed over the updated

version of the Regional Development Index (RDI) e-platform to the National Institute of Regional Development on September 25, 2025, as part of the “Inclusive Economic Growth” (ICED) project.

The RDI e-platform is a critical tool for evidence-based regional development planning and for strengthening institutional and technical capacities at the local level.

SIGNIFICANCE OF THE REGIONAL DEVELOPMENT INDEX

ASSESS AND RANK A DEVELOPMENT LEVELS ACROSS PROVINCES AND SOUMS

OPTIMIZE BUDGET ALLOCATIONS AND MAXIMIZE RETURNS ON PUBLIC INVESTMENT

STRATEGIC ALLOCATION OF REGIONAL DEVELOPMENT FUND RESOURCES

FOUNDATION FOR EVIDENCE-BASED, REGIONALLY TARGETED DEVELOPMENT POLICIES

TOOL TO MEASURE THE IMPACT OF INVESTMENTS, PROJECTS, AND PROGRAMS



REGIONAL DEVELOPMENT INDEX

PUBLIC INVESTMENT SHALL BE PLANNED BASED ON THE DEVELOPMENT LEVELS OF PROVINCES AND REGIONS.

21

PROVINCES DEVELOPMENT INDEX

330

SOUMS DEVELOPMENT INDEX

33

INDICATORS



LEGAL BASIS

Law on Budget

Article 59 of the Law on Budget. Unified Regional Development Fund

59.3. When determining the annual transfers from the Unified Regional Development Fund to local budgets, the following indicators are used as the basis:

- 59.3.1. Regional Development Index (RDI)
- 59.3.2. Population
- 59.3.3. Territory
- 59.3.5. Evaluation of the previous year's planning, expenditures, and activities



Regional development fund

“On Approving the Methodology.”

Government Resolution No. 20 of 2018



EDUCATION



HEALTH



ECONOMY



INFRASTRUCTURE

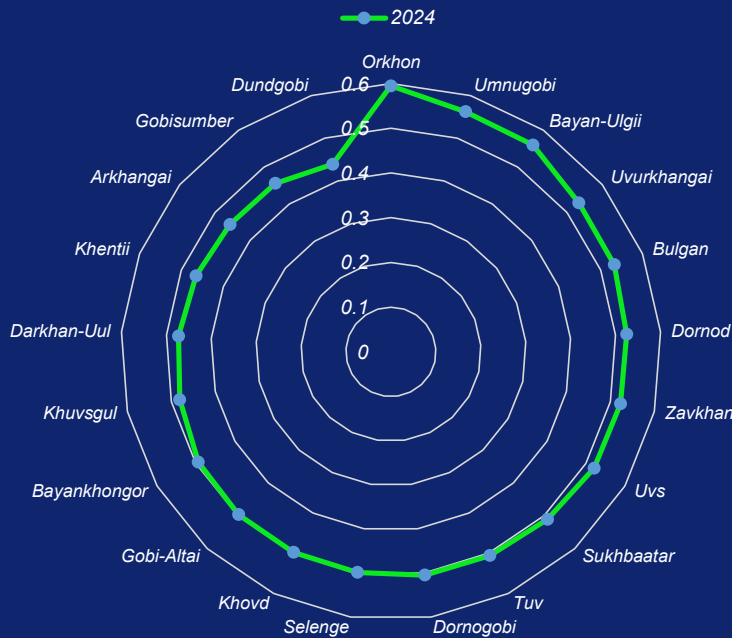


ENVIRONMENT



SOCIAL

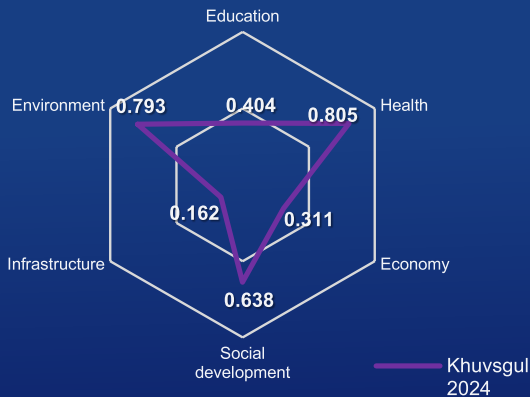
MAIN INDEX



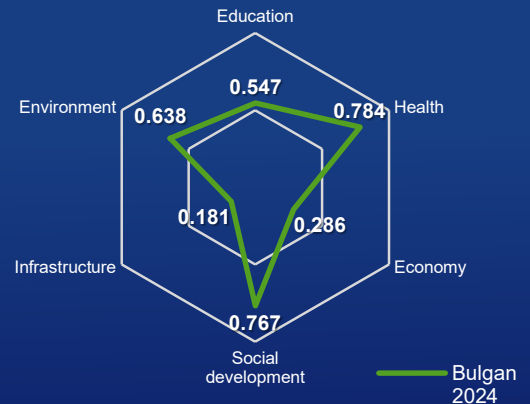
The Government of Mongolia approved the methodology for calculating the Regional Development Index (RDI) under Resolution No. 20, in 2018. According to this methodology, the development index is determined using 33 indicators across 330 soums.

REGIONAL DEVELOPMENT INDEX

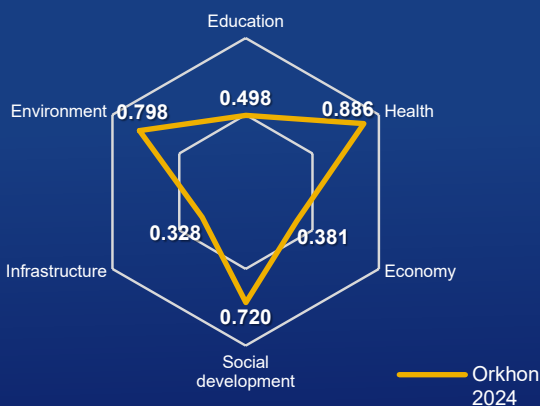
Development index of Khuvsgul Province **0.470**



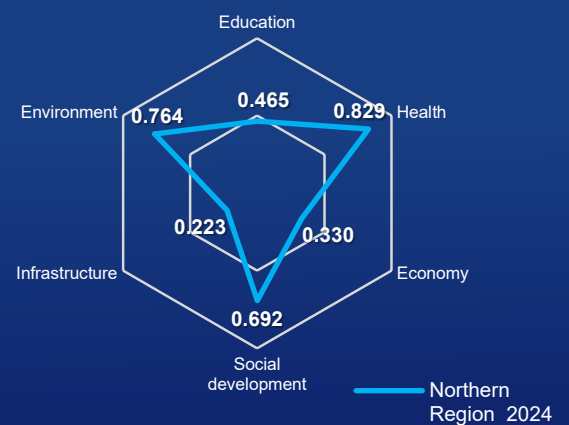
Development index of Bulgan Province **0.493**



Development index of Orkhon Province **0.496**



Development index of Northern Region **0.496**



REGIONAL DEVELOPMENT INDEX AND THE NORTHERN REGION:

DEVELOPMENT MAP OF THE NORTHERN REGION

Northern region is located close to central provinces, and it combines moderate population density with an economic structure rooted in livestock, small-scale industry, and services. This means an economic diversification is the key driver of future growth. The greater emphasis needs to be placed on developing small and medium-sized enterprises, processing industries, tourism, and eco-tourism.

Northern Region Development Index stands at 0.496, suggesting a stable, and considerably average level of development. Education, healthcare, and public services are relatively strong while infrastructure access and economic performance are below average.

GATEWAYS TO IMPROVE REGIONAL DEVELOPMENT

To accelerate development in the Northern Region, it is essential to diversify the

economy, strengthen infrastructure, and improve the quality and accessibility of social services. Equally important is creating real economic opportunity for local communities, supporting entrepreneurship, and attracting investment. The region's natural assets are among its greatest advantages. Preserving these while using them wisely—particularly through sustainable tourism—offers a path toward development.

NORTHERN REGION TRANSPORT AND LOGISTICS NETWORK



PLANNED TRANSPORT AND LOGISTICS NETWORK

Roads

Ulaanbaatar – New Kharkhorum city highway;

Baga-Ilenkh Port – Khutag-Uundur soum highway;

Railways

Ulaanbaatar–New Kharkhorum city first-class freight and passenger railway

Transport and Logistics Infrastructure

- 1 Regional Transport and Logistics Center/Dry Port
- 11 Local Transport and Logistics Centers

D. ERDENEBAYAR: The Northern Region is a Pillar Zone of Mongolia's Sustainable Economic Growth

As Mongolia begins to implement its regional development policy, the country is moving to a new stage of development that promotes balanced growth based on the unique characteristics and advantages of each region, rather than concentrating development only in the capital. A clear example of this is the development policy and planning for the Northern Region. In this context, we spoke with Dr. D. Erdenebayar, Executive Director of the National Institute of Regional Development and Associate Professor, about the goal of developing the Northern Region—with its natural resources, traditional industries, and strategic transport and logistics location—into a pillar of the national economy.



What are the main principles followed in planning the development of the Northern Region?

The main philosophy of the regional development policy is that each region develops based on its own characteristics and advantages, while at the same time growing in coordination and balance with other regions. If regions can develop in a complementary and mutually supportive way, the national economy

will become more stable and resilient.

The Northern region already has a strong foundation in mining, forestry, water resources, agriculture, and processing industries. Sharing a border with Russia and located at the intersection of international rail and road corridors, this area has transport and logistics potential. We have planned this region's future based on hard data and detailed calculations rather than mere guesses or wishes.

What were the main tasks completed during the first year of implementation?

The most important task was gathering accurate data to build our policies. We conducted exhaustive surveys across every province and soum in the North, looking at everything from migration patterns and job markets to infrastructure and natural resources.

But more importantly, we didn't

just look at spreadsheets; we sat down with local leaders, business owners, and the people living there. We needed to see the challenges with our own eyes. This hands-on approach ensures our plans aren't just academic exercises that sit on a shelf—they are practical tools tailored to real local needs.

How do you differentiate the roles of provinces and soums in your long-term plan?

We are not trying to develop every province and soum identically. Instead, we used a scientific approach to determine which settlements can act as primary development centers and which can serve as supporting sub-regions.

Mongolia is vast, and our population is widely dispersed. It is more efficient to focus development in specific areas and let the economic benefits ripple out to the surrounding communities. Following this logic, we have identified 91 settlements nationwide to serve as designated centers.

How many development centers are you planning to establish in the Northern region?

Well, we plan to establish 11 local development centers in the Northern region. Currently, a feasibility

study has been completed for an industrial, service, trade, exchange, and logistics complex in Bulgan province's local development center. This complex capitalizes heavily on local natural resources.

Furthermore, beyond the province centers, we will include soum centers that boast strategic locations and potential for manufacturing, logistics, or tourism. We selected these locations based on population concentration, transport networks, raw materials, and market proximity.

In the case of Khuvsgul and Bulgan provinces, we see incredible potential in directing investments toward smart agriculture, tourism, and light industries fueled by agricultural yields.

Our analysis shows that tourism, smart agriculture, light industry, and mining-based heavy industry have the highest investment potential. Tourism, in particular, can easily become a leading sector.

Developing these priority areas will attract investment and allocate resources efficiently. This translates directly to higher living standards, longer life expectancies, and lower crime rates. Ultimately, a region's success depends on the dynamic

”

We have continuously conducted research and analysis to identify which theoretical approaches and methodologies can be applied most effectively. Today, the world is transitioning from an industrial society to one that is increasingly information-driven and globalized, powered by rapid advances in science and technology. Another feature of this era is that national development is increasingly concentrating around specific “centers of development.” For this reason, it we need to define a new development model tailored to our country’s unique characteristics, based on research in spatial and regional sciences.

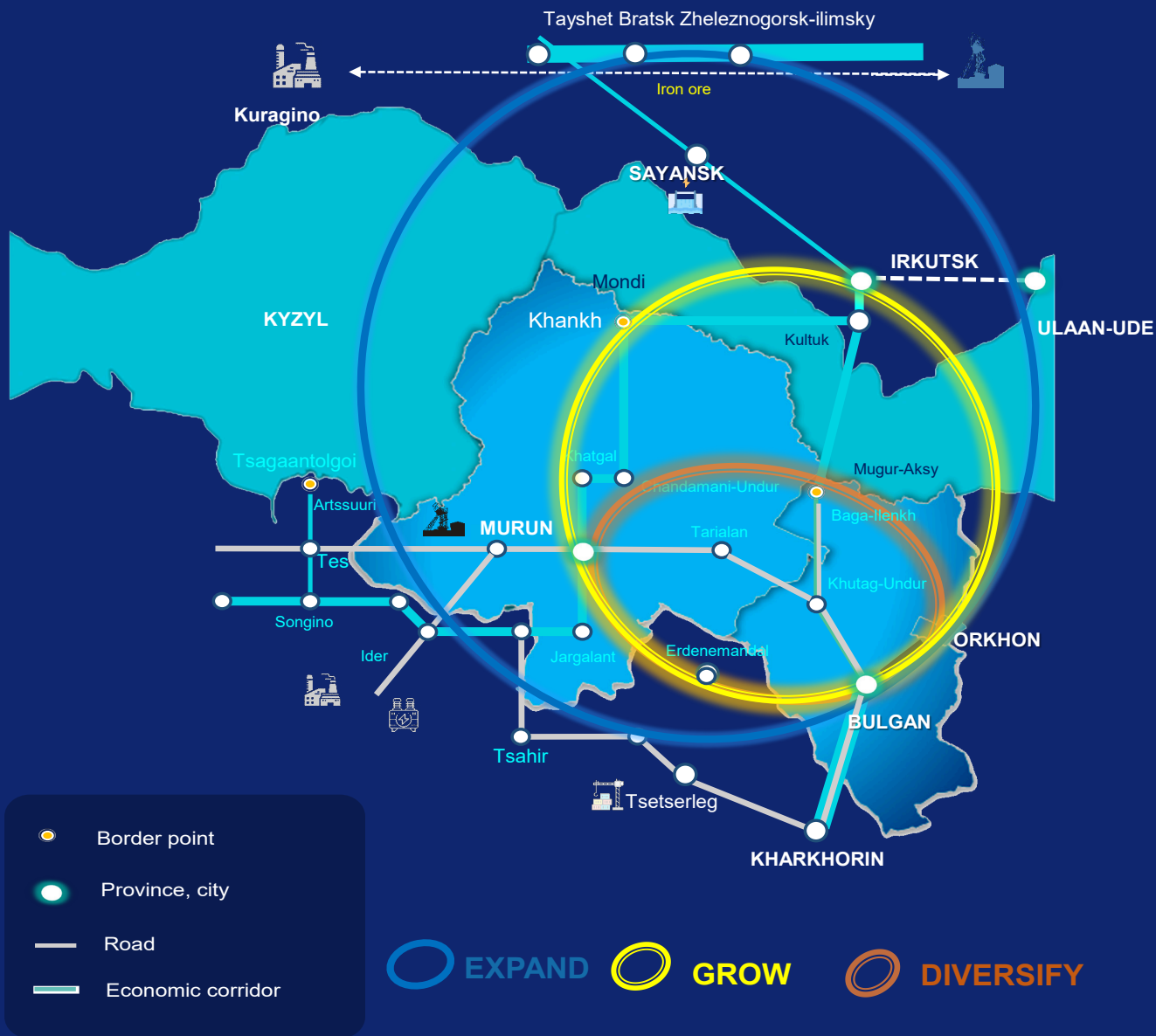
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interaction between its natural conditions, capabilities, and strategic investments.

Regarding Bulgan province, the Government Resolution 209 from 2025 specifically outlines establishing a Northern Region Livestock Product



NORTHERN REGION ECONOMIC INTEGRATION



REGIONAL INTEGRATION

Yenisei Siberia - Khangai Mountain Region Provinces

Countries: Mongolia, Russia
Provinces, Regions: Khuvsgul, Bulgan, Orkhon, Krasnoyarsk Krai, Irkutsk Oblast
Border ports: Khankh-Mondii, Baga-Ilenkh-Mugur-Aksy

ECONOMIC CORRIDORS

1. Krasnoyarsk - Tayshet - Irkutsk - Baga-Ilenkh - Bulgan - Kharkhorin
2. Krasnoyarsk - Tayshet - Irkutsk - Khankh - Khatgal - Murun

MAIN DIRECTIONS

- SUPPLY POLICY
- FREIGHT AND PASSENGER FLOW
- DEMAND-SUPPLY
- INTEGRATED TRANSPORT AND LOGISTICS SYSTEM

INDUSTRIAL DEVELOPMENT STRATEGY AND PLANNING

- ENHANCE INTERCONNECTIVITY OF REGIONAL INDUSTRIES
- EXPAND COLLABORATION IN AGRICULTURE AND MANUFACTURING SECTORS
- ENSURE ENVIRONMENTALLY AND ECONOMICALLY BALANCED DEVELOPMENT

Mega Project

SHAPING THE FUTURE OF THE NON-FERROUS METALS INDUSTRY



FEASIBILITY STUDY
CARRIED OUT BY
THE STATE-OWNED
CHINESE COMPANY,
CHINA ENFI
ENGINEERING CO.,
LTD.

To boost Mongolia's economic growth, increase export revenues, reduce energy dependence, and modernize infrastructure, the government has planned 14 major mega-projects for 2024–2028. One of the most important of these is the Copper Concentrate Processing Plant in the Northern Region, which is expected to be operational by 2027–2028, with preparations already well underway.

So far, all critical studies for the plant have been completed and approved. These include the feasibility study, detailed environmental impact assessment, technology assessment, and baseline geocological and hydrogeological surveys. A technical framework for selecting the

construction contractor has also been developed, and in 2025, the Prime Minister issued Decree No. 60, establishing a working group to organize an international open tender.

For over 30 years, Erdenet Mining Corporation has been studying copper concentrate smelting and processing technologies. By comparing technologies used in more than 120 similar plants worldwide, and carefully considering investment and operating costs, metal recovery rates, reliability, safety, environmental impact, and the specific characteristics of ore from the Erdenet Ovoo deposit, the project has finalized the choice of a new Chinese processing technology best suited for the plant.

In 2025, Erdenet Mining Corporation plans to sell **60,000 tonnes** of copper concentrate through the exchange. So far, five successful trading sessions have been held, resulting in the sale of 25,000 tonnes.

During the first half of 2025, the company surpassed its ore mining and processing targets, and fulfilled **109 percent** of its revenue plan.

In 2024, Erdenet Mining Corporation contributed MNT **273 billion** to the National Wealth Fund.

This initiative not only strengthens Mongolia's industrial capacity but also lays a foundation for long-term growth in the Northern Region, positioning it as a hub for modern mining and processing technology. The decision was discussed at an expanded meeting of the Board of the Mongolian-Russian joint venture and the Technical Council of Erdenet Mining Corporation, after which the feasibility study was commissioned and approved by the sector's Professional Council.

After conducting a comparative study of modern copper concentrate smelting technologies, Erdenet Mining Corporation selected the fully automated SKS technology, which does not require additional pre-treatment of copper concentrate, allows processing of low-grade concentrate, and offers relatively low capital and operating costs. In 2019, the company signed a contract with China ENFI Engineering Co., Ltd., a state-owned enterprise of the People's Republic of China, to prepare the feasibility study based on this technology. The feasibility study prepared by ENFI was supported at the expanded meeting of the Mineral Resources Professional Council under the Ministry of Mining and Heavy Industry on June 22, 2022. An updated feasibility study, refined based on pilot test results for elemental sulfur production, was approved on August 12, 2025.

The core facility of the Industrial and Technological Park will be the Copper Concentrate Smelting and Processing Plant. The total investment for the project is estimated at USD 772.9 million, with a projected payback period of 8.8 years. The plant is planned to produce 124,000 tonnes of cathode copper annually.

Erdenet Mining Corporation is not only a leading and model mining enterprise, but also the cradle of

THE COPPER CONCENTRATE SMELTING AND PROCESSING PLANT WILL SERVE AS THE CENTRAL FACILITY OF THE INDUSTRIAL AND TECHNOLOGY PARK.

generations of skilled engineers and miners – a major center of professional expertise. Therefore, establishing a “Mining–Metallurgy–Chemical Industrial Complex” in the form of an Industrial and Technological Park based on this foundation is a strategically important decision, emphasized B. Altangerel, Head of the Industrial and Technological Park Project Unit at Erdenet Mining Corporation.

Establishing processing plants in the format of an Industrial and Technological Park will contribute significantly to transforming Mongolia into an industrialized nation, diversifying and expanding the economy, developing non-ferrous metallurgy and related industries,

localizing technology, and creating new jobs.

At present, infrastructure development within the Industrial and Technological Park is underway in accordance with detailed engineering designs. Progress includes: roads (60%), railway (98%), water supply and sewage systems (100%), and power supply (13%). Erdenet Mining Corporation is fully financing these infrastructure works.

Within the framework of the Industrial and Technological Park, in addition to the Copper Concentrate Smelting and Processing Plant, feasibility studies have been approved for a Molybdenum Concentrate Processing Plant, a cathode copper plant using heap leaching technology for oxidized ore, the Erdenet Machinery Complex, and cable and wire manufacturing plants. Furthermore, plans are in place to establish supporting industries, such as copper powder and copper tube production, to prepare raw materials and further process finished products.

COPPER PROCESSING PLANT

Objective: To process 560,000 tonnes of copper concentrate annually and produce 125,000 tonnes of cathode copper, 72 kilograms of gold, 38.2 tons of silver bullion, and 182,000 tonnes of elemental sulfur, generating USD 1.1 billion in annual sales revenue.

Financing: Investment by state-owned enterprises, public-private partnerships, and other funding sources.

Expected Outcomes: The cathode copper plant will significantly contribute to the development of domestic copper wire, cable, and electrical equipment manufacturing industries. The annual production of 182,000 tonnes of elemental sulfur, which is widely used in the chemical and fertilizer industries, will expand opportunities for producing value-added products.

Significance: Depending on the profitability of future projects implemented within the complex, the Industrial and Technological Park has full potential for continuous expansion. It will create new jobs, attract major domestic and foreign investors, ensure long-term operational sustainability, and provide a solid foundation for the effective implementation of small and medium-sized enterprise development programs.

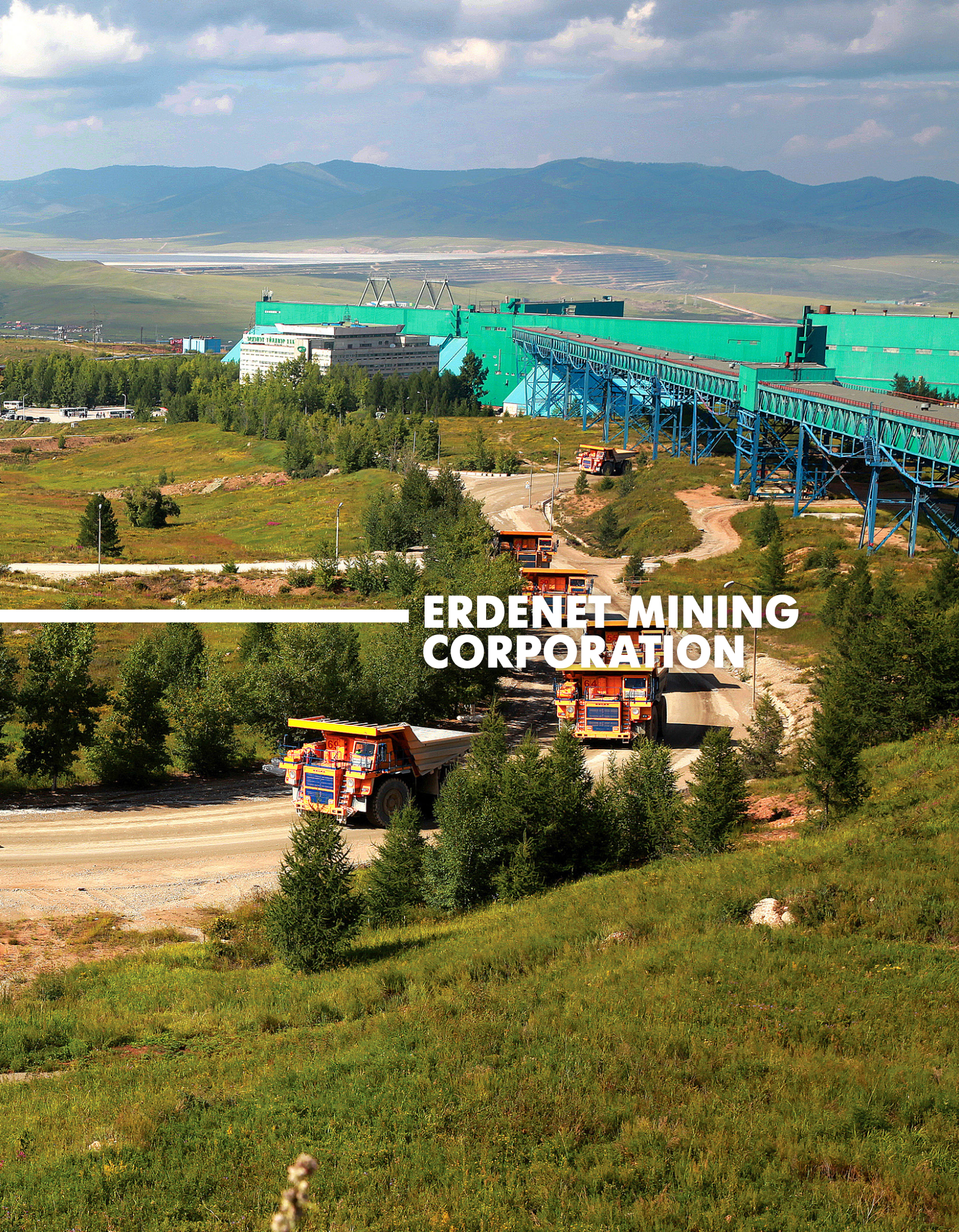
NORTHERN REGION

By expanding economic relations with the Russian Federation and European countries, the Region will develop into a specialized natural tourism zone and an industrial sub-zone based on the ecosystems of Lake Khuvsgul and the Selenge River basin, as well as its natural, historical, and cultural heritage.





MAJOR DEVELOPMENT PROJECT



ERDENET MINING CORPORATION

REGIONAL DEVELOPMENT POLICY

” SPECIALIZED TOURISM REGION AND INDUSTRIAL SUB-REGION ”

MAJOR PROJECTS AND INITIATIVES FOR IMPLEMENTATION

NORTHERN REGION

CULTURAL AND TOURISM SPECIAL ZONE, GEOPARK

Considering the region's natural and geographical characteristics, cross-border and transboundary tourism will be developed. A special tourism zone based on the ecosystem of Lake Khuvsgul will be established through public-private partnerships.

A "Blue Pearl" natural science museum complex will be built in Khatgal village, Khuvsgul province.

ENERGY

A 310 MW hydropower plant will be built on the Eg River in Bulgan province as a primary source for regulating the operation of the central energy system.

The Khuvsgul province airport will be upgraded to a 4C category.

Regional data center will be established in Murun.

In line with the region's leading economic sectors and labor market demand, vocational and technical education institutions in the provinces will be specialized. Additionally, an intersectoral training and production center will be established in Khuvsgul and Bulgan provinces.



TOTAL 22 PROJECTS

Transportation and logistics

5

Urban development, port and development

5

Culture and tourism

4

Education and health

5

Energy

1

Production and service

2



A "Training, Research, and Production Complex" will be established in Orkhon Province in line with the region's leading economic sectors and labor market demand.

TRANSPORTATION AND LOGISTICS HUB, BORDER POINTS

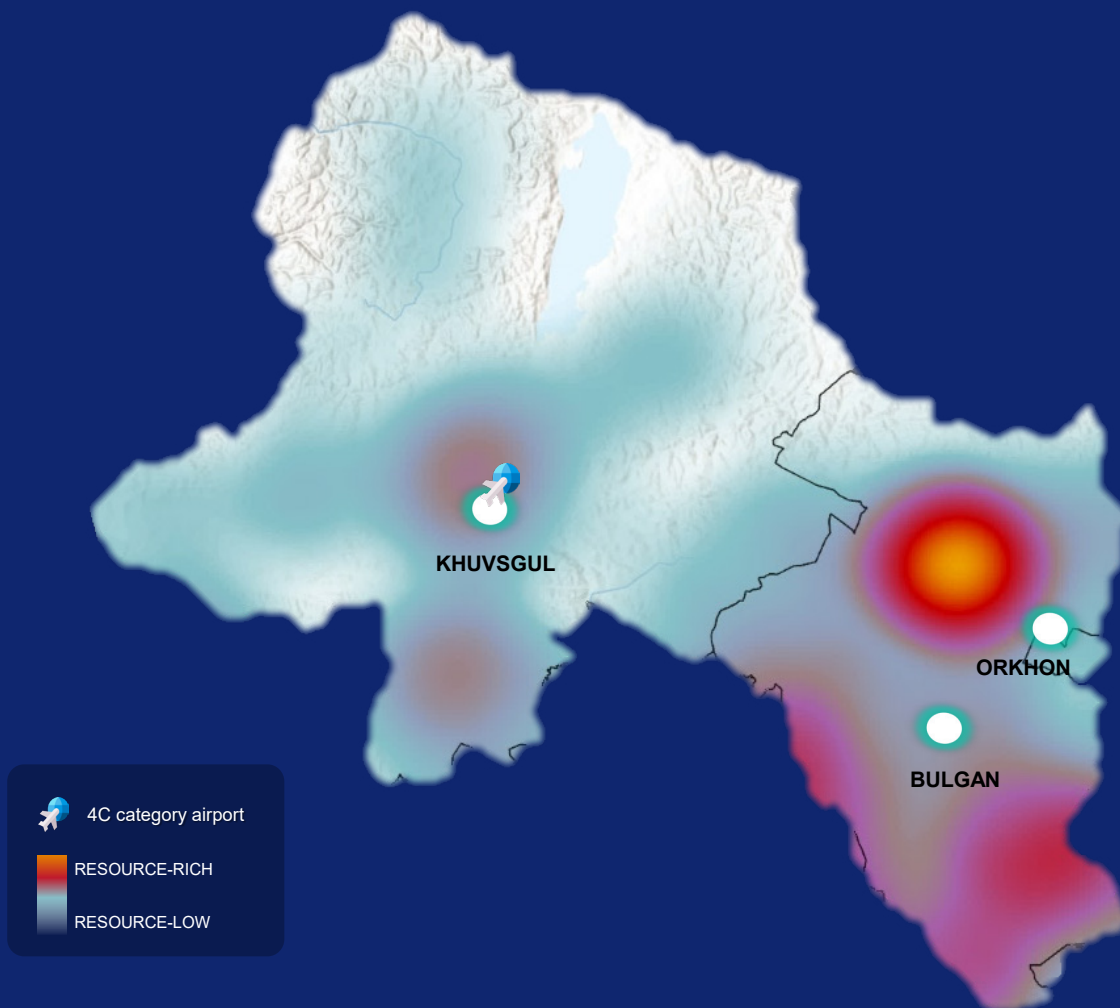
A regional transportation and logistics center will be established in Erdenet City.

The Khankh and Baga-Ilenh border crossings will be expanded, increasing their capacity.

HEAVY INDUSTRY TECHNOLOGY PARK

A production and technology park will be established in Orkhon province, featuring a copper processing plant, metallurgical-chemical plants, and other related facilities.

“REGIONAL DEVELOPMENT POLICY” TOURISM IN NORTHERN REGION



STATE SUPPORT

LAND POSSESSED AND USED FOR THE PURPOSE OF A PRODUCTION AND TECHNOLOGY PARK

10 YEARS • 100% exemption from land fees

CONSTRUCTION MATERIALS AND EQUIPMENT USED IN THE CREATION OF CAPITAL ASSETS

4 YEARS • Customs duties and VAT may be deferred once

REAL ESTATE LOCATED WITHIN THE TERRITORY OF A PRODUCTION AND TECHNOLOGY PARK

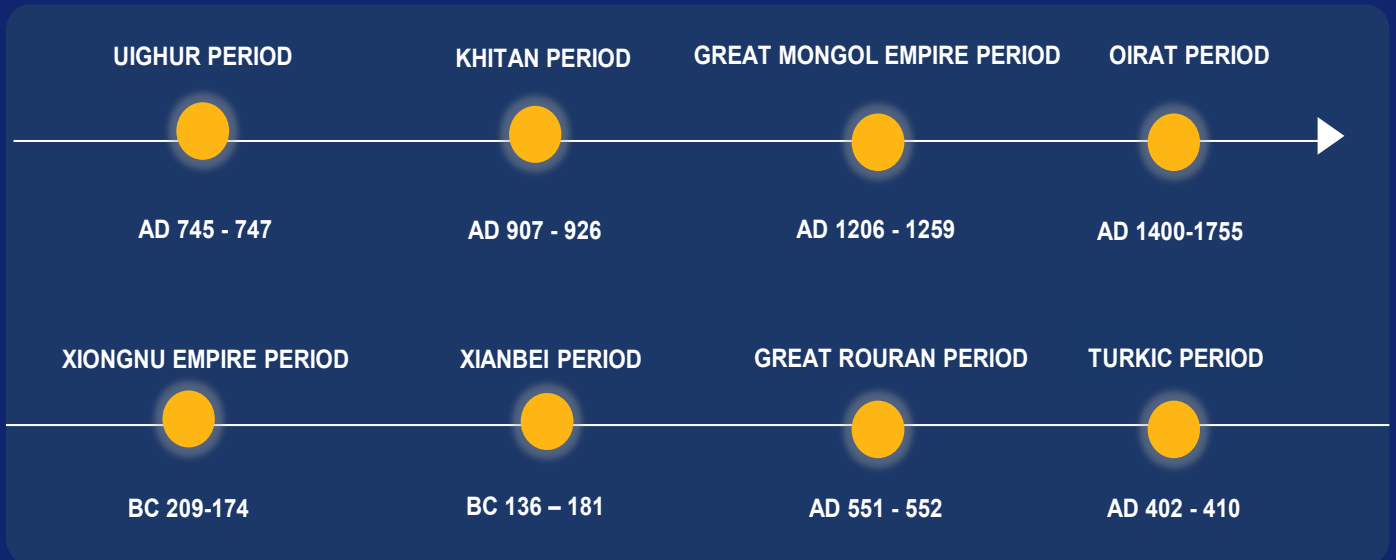
FIRST 5 YEARS • Exempt from immovable property tax

REAL ESTATE LOCATED WITHIN THE TERRITORY OF A PRODUCTION AND TECHNOLOGY PARK

NEXT 5 YEARS • 50% exemption from immovable property tax

NATIONAL VALUES

HISTORICAL AND ARCHAEOLOGICAL HERITAGE



CULTURE, TOURISM SPECIAL ZONE AND GEOPARK

3.3.1 Considering the region's natural and geographical characteristics, cross-border and transboundary tourism will be developed. A special tourism zone based on the ecosystem of Lake Khuvsgul will be established through public-private partnerships.

TARVAGATAI BASIN, BULGAN



URAN DUSH KHAIRKHAN, KHUVSGUL



URAN TOGOO, BULGAN

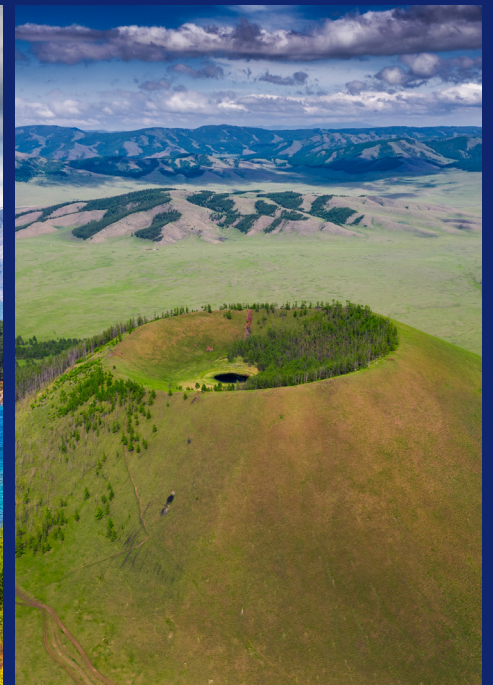


Photo by: B.Erdenebulgan

BULGAN PROVINCE

16 SOUMS AND **1**
SETTLEMENT

POPULATION: OVER **60,000**

LOCATED **430** KM FROM
ULAANBAATAR

EQUIPPED WITH A
LOCAL AIRPORT

LIVESTOCK POPULATION
3.0 MILLION

SOUMS POPULATION
2,000-4,000 RESIDENTS

PROVINCE CENTER
POPULATION AROUND
12,500

19,000 HOUSEHOLDS

INCLUDING **12,500** HERDER
HOLDS

AND **732** FARMING
HOUSEHOLDS

51% OF GDP COMES FROM
AGRICULTURE

35% OF GDP COMES FROM
SERVICE SECTOR

17,000 CHILDREN

Source: NSO, Statistics
department of Bulgan Province





Photo by: B.Erdenebulgan

REGIONAL DEVELOPMENT POLICY

” SPECIALIZED TOURISM REGION AND INDUSTRIAL SUB-REGION ”

MAJOR PROJECTS
AND INITIATIVES FOR
IMPLEMENTATION

BULGAN PROVINCE

INDUSTRY AND SERVICES

Private sector enterprises and cooperatives will be prioritized in developing cluster-based complexes for manufacturing, services, trade, commodity exchanges, and transport logistics within local development centers /Bulgan Province, Khutag-Undur, Khishig-Undur, and Dashinchilen/

ENVIRONMENT

1.5 million hectares of land within the Selenge River basin, which serves as a source area for river flow and is home to rare and endangered species of flora and fauna, will be designated as a State Special Protected Area.

ENERGY

A 310 MW hydropower plant will be constructed on the Egiin Gol in Bulgan Province, a key regulating source for the energy system.

EDUCATION

To align with regional economic priorities and labor market demand, vocational and technical education institutions across provinces will be diversified, and an interdisciplinary training and production base will be established in Bulgan Province.

TRANSPORT, LOGISTICS AND BORDER PORTS

Construction of the Baga-Ilenkh border port – Khutag-Undur soum road

Expansion of the Baga-Ilenkh Border Port to increase throughput capacity

Upgrading Ulaanbaatar – Kharkhorin road to four lanes

Construction of the regional section of a first-class freight and passenger railway along the Ulaanbaatar – Kharkhorin corridor

TOTAL 8 PROJECTS

Production and service

1

Second phase
2025-2040 year

Energy

1

First Phase
2025-2028 year

Environment

1

Third phase
2025-2050 year

Education

1

First Phase
2025-2028 year

Transport and logistics

4

Second phase
2024-2040 year



- Auto road
- Planned road
- Planned railway
- Economic corridor

ORKHON PROVINCE



FOUNDED AROUND THE STATE-OWNED MINING ENTERPRISE " **ERDENET MINING** " CORPORATION, THE CITY OF ERDENET EXPANDED RAPIDLY AND EMERGED AS ONE OF THE LANDMARK INDUSTRIAL ACHIEVEMENTS OF THE 20TH CENTURY IN MONGOLIA.

IN **1974**, THE SETTLEMENT OF " **ERDENET KHOROO** " WAS ESTABLISHED WITHIN BULGAN PROVINCE.

IN **1976**, IT WAS OFFICIALLY FOUNDED AS **ERDENET CITY**, BECOMING MONGOLIA'S THIRD MODERN CITY.

FOLLOWING ADMINISTRATIVE AND TERRITORIAL REFORMS IN **1994**, THE AREA WAS REORGANIZED INTO **ORKHON PROVINCE**.



POPULATION: **106,400**

HOUSEHOLDS: **30,300**
ACROSS 29 BAGHS

ANNUAL POPULATION
GROWTH: **1.1%**

YOUTH AND CHILDREN
ACCOUNT FOR **57.6%**
OF POPULATION

GEOGRAPHY AND CLIMATE:

ORKHON PROVINCE IS LOCATED
371 KM FROM ULAANBAATAR

BORDERS BULGAN PROVINCE
AND SELENGE PROVINCE

ELEVATION: **1200** METERS
ABOVE SEA LEVEL

TOTAL AREA: **84.4** THOUSAND
HECTARES

LAND:

54.9 AGRICULTURAL LAND

24.5 URBAN AND SETTLEMENT AREAS

18,8 FOREST FUND LAND

1.4 ROADS AND INFRASTRUCTURE
NETWORKS

0.3 WATER BODIES

0.1 STATE SPECIAL-USE LAND

Source: NSO, Statistics department of Orkhon Province

REGIONAL DEVELOPMENT POLICY

” SPECIALIZED TOURISM REGION AND INDUSTRIAL SUB-REGION ”

MAJOR PROJECTS
AND INITIATIVES FOR
IMPLEMENTATION

ORKHON PROVINCE

INDUSTRY AND SERVICES

Industry and technology park will be established in Orkhon Province, featuring copper processing and smelting facilities and Metallurgical and chemical plants.

Private sector enterprises and cooperatives will be prioritized in developing cluster-based complexes for manufacturing, services, trade, commodity exchanges, and transport logistics within local development centers /Bayan-Undur/

AGRICULTURE

Breeding programs will be implemented to develop core livestock herds adapted to regional characteristics.

EDUCATION

A “Training–Research–Industry Complex” will be established in Orkhon Province, aligned with regional economic priorities and labor market demand.

TRANSPORT AND LOGISTICS

A regional transport and logistics hub will be developed in Erdenet.

HEALTHCARE

A regional pharmaceutical and medical supplies reserve warehouse will be established in Orkhon Province.

Services at the regional diagnostic and treatment center will be expanded and diversified, particularly in trauma care and surgical services.

TOTAL 7 PROJECTS

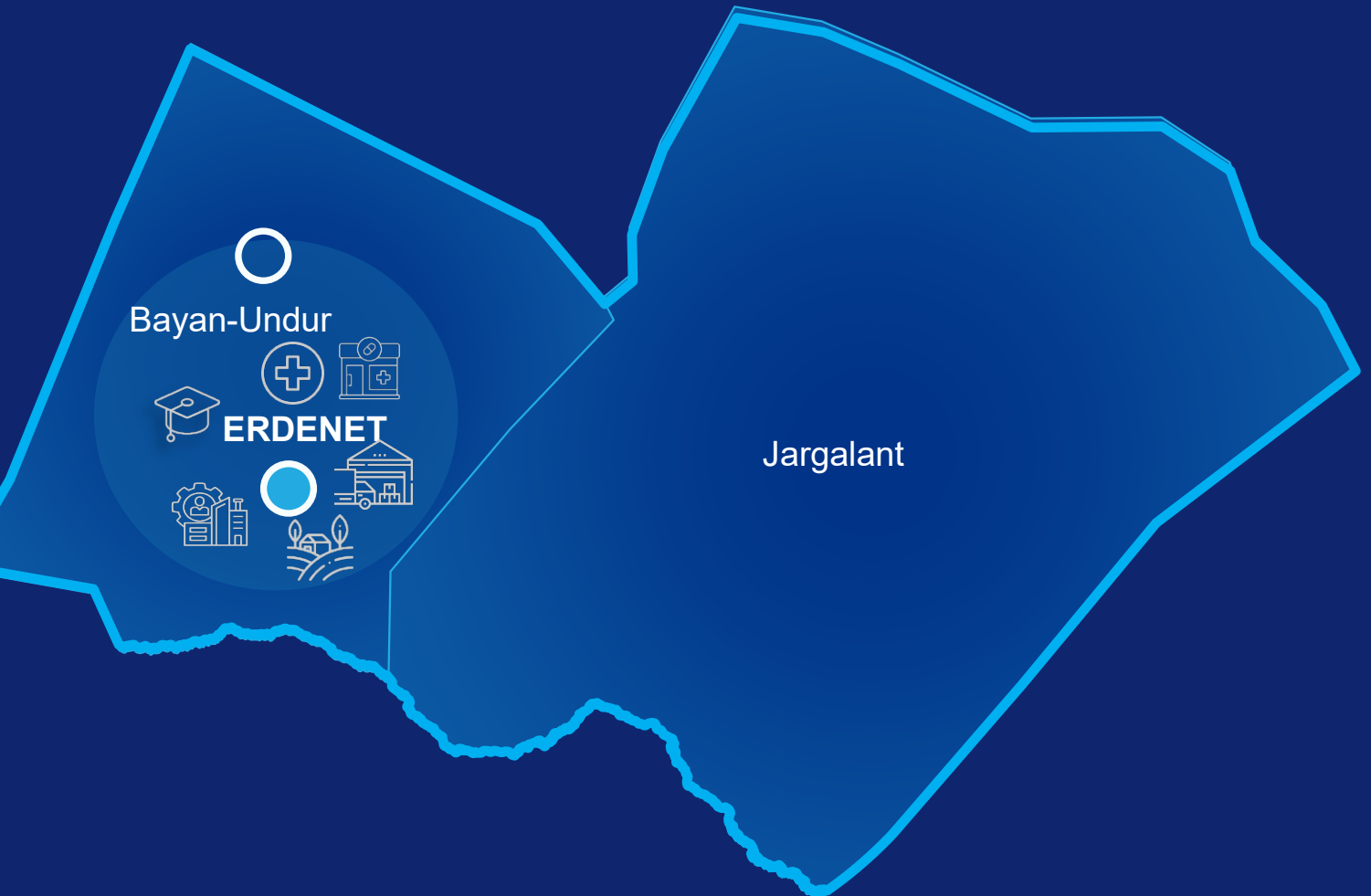
Production and service **2** First phase 2024-2028 year

Agriculture **1** Third phase 2024-2050 year

Education **1** First phase 2024-2030 year

Transport and logistics **1** Second phase 2030-2035 year

Health **2** First phase 2025-2030 year



 Agriculture	 Manufacturing
 Education	 Service
 Health	 Regional Diagnostics And Treatment Center

KHUVSGUL PROVINCE

KHUVSGUL PROVINCE WAS ESTABLISHED IN **1931**

ORKHON PROVINCE IS LOCATED **750 KM** FROM ULAANBAATAR

IT BORDERS RUSSIA TO THE NORTH; ZAVKHAN, BULGAN, AND ARKHANGAI PROVINCES TO THE WEST, SOUTH, AND EAST

TOTAL AREA IS **107,200 KM²**

IT IS THE **6TH** LARGEST PROVINCE IN MONGOLIA.

LOCATED **1,500-3,000** METERS ABOVE SEA LEVEL

POPULATION IS **136,436** WITH **40,352** HOUSEHOLDS

HOME TO MULTICULTURAL ETHNIC GROUPS, INCLUDING KHALKH, DARKHAD, KHOTGOID, URIANKHAI, BURYAT, AND TSAATAN

125,000 DOMESTIC AND INTERNATIONAL TOURISTS VISIT THE PROVINCE PER YEAR

20% OF ALL TOURISTS VISITING MONGOLIA TRAVEL TO KHUVSGUL PROVINCE.

Source: NSO, Statistics department of Khuvsgul Province





REGIONAL DEVELOPMENT POLICY

” SPECIALIZED TOURISM REGION AND INDUSTRIAL SUB-REGION ”

MAJOR PROJECTS
AND INITIATIVES FOR
IMPLEMENTATION

KHUVSGUL PROVINCE

INDUSTRY AND SERVICES

Private sector enterprises and cooperatives will be prioritized in developing cluster-based complexes for manufacturing, services, trade, commodity exchanges and transport and logistics /Renchinkhumbé, Tsagaan-Uul, Khatgal, Tarialan, Galt/

TOURISM

Considering the region's natural and geographical characteristics, cross-border and trans boundary tourism will be developed. A special tourism zone based on the ecosystem of Lake Khuvsgul will be established through public-private partnerships.

Develop the “Blue Pearl” Natural Science Museum Complex in Khatgal.

SCIENCE AND TECHNOLOGY

A regional data center will be established in Murun city.

A doppler weather radar station will be established in Khuvsgul Province.

Murun’s radio and broadcasting station will be upgraded to digital radio technology.

LIVESTOCK

Breeding programs will be implemented to develop core livestock herds adapted to regional characteristics.

A sub-center for preparedness against zoonotic and infectious diseases will be established.

TRANSPORT, LOGISTICS, AND BORDER PORTS

Regional sections of the Khankh–Khatgal and Murun city–Telmen soum north-south highways will be built.

Throughput capacity of the Khankh and Baga-Ilenkh border ports will be expanded.

Khovsgol Province Airport will be upgrade to Class 4C standards.

TOTAL 12 PROJECTS

Production and service **1** Second phase 2025-2040 year

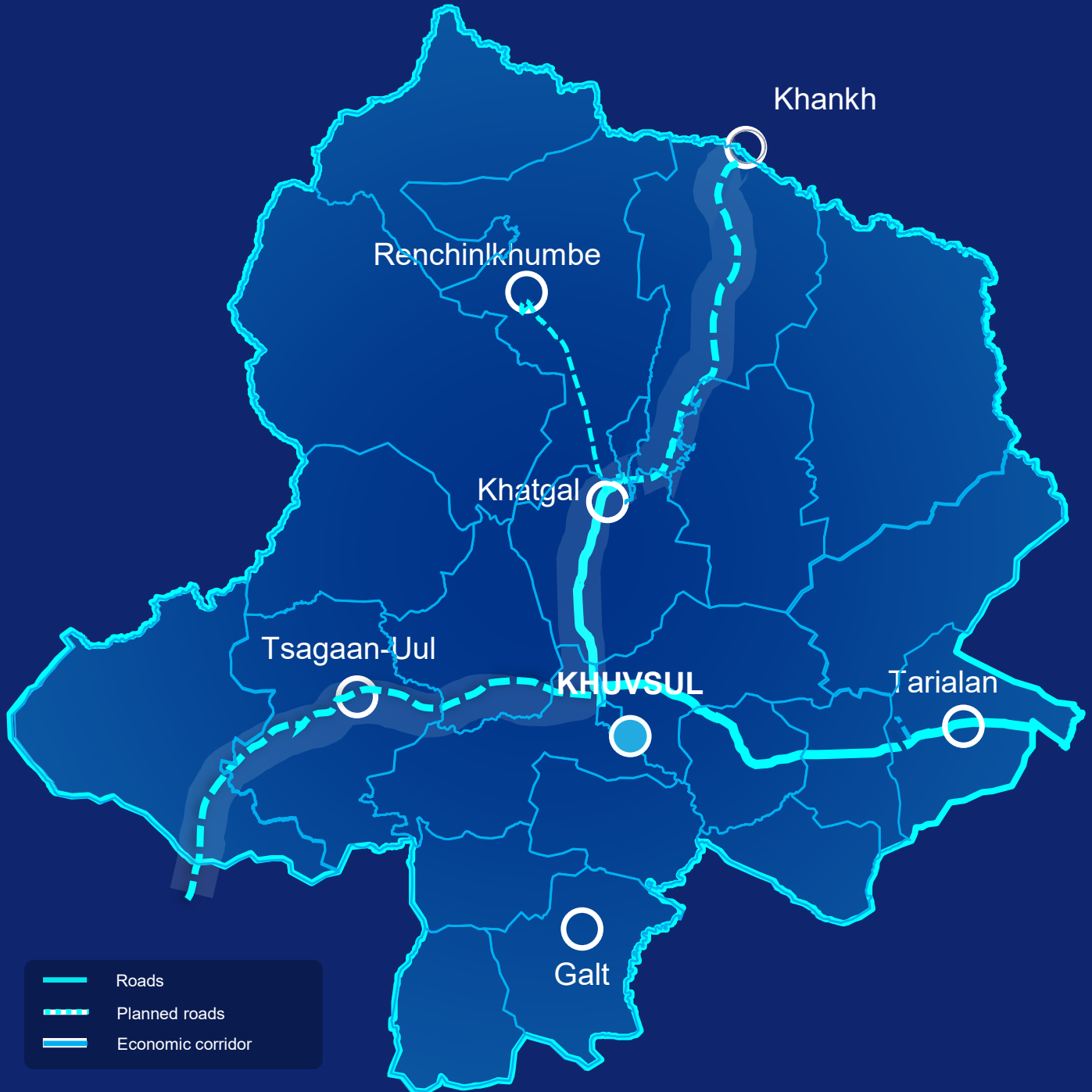
Culture and tourism **2** Third phase 2024-2050 year

Science and technology **3** Second phase 2024-2040 year

Agriculture **1** First phase 2025-2028 year

Education and health **2** First phase 2025-2028 year

Transport and logistics **3** Second phase 2024-2040 year





Public Opinion

THE INAUGURAL MEETING OF THE NORTHERN REGIONAL COUNCIL

The Government of Mongolia, through Meeting Minutes No. 03 dated January 14, 2025, and No. 05 dated January 22, 2025, along with Resolution No. 01 of the National Committee for Regional Development dated February 3, 2025, instructed relevant organizations to strengthen regional cooperation. This directive included organizing the “Meeting of the Regional Council” and implementing comprehensive measures to advance regional development.

Under these decisions, the governors of the provinces in the region will rotate annually as the regional head, following alphabetical order. The Regional Council’s primary objectives are to support the implementation of regional development policy, to develop and carry out the regional development plan, to improve coordination among regional-level projects and programs, and to strengthen institutional management. The Council consists of Members of the

State Great Khural elected from the relevant region, representatives of the Citizens’ Representative Khurals, and governors of the provinces, the capital city, and soums.

In line with the appointment of the new Government of Mongolia and local administrations, and as part of efforts to align policymakers’ understanding and approaches, the inaugural meeting of the Northern Region Council took place in Bulgan Province on April 28, 2025.

As part of the Council’s work,



projects were presented to investors, signaling their potential as drivers of regional growth.

The Government's new development model is based on the principle of "Development with Standards." This approach aims to ensure that all citizens in local areas have access to services, earn a fair income, and enjoy living conditions comparable to those in the cities. Key issues discussed at the meeting included the fair distribution of natural resource revenues, proper population settlement, and restoring trust with the private sector.

The main indicator of the meeting's outcomes is the legal framework that enables concrete action. By Government Resolution No. 204 of April 28, 2025, the acceleration of development in the Northern Region was approved. Resolution No. 209 established a "Production and Technology Park" as a regional economic pillar.

With these resolutions in place, the three provinces of the Northern Region are set to develop in a coordinated manner, laying the foundation for a self-sustaining "Development Hub" independent of the state budget.

At the inaugural meeting of the Northern Region Council, the region's new identity was defined. The Northern Region is now positioned to turn the slogan "New Confidence, Bold Innovation" into tangible results through development with standards, participatory solutions, and a secure future.

efforts have already begun to develop general regional development plans through 2040 in alignment with national policies, to identify five priority projects for each region, and to collect feedback on the revised Law on Regional Development Management and Coordination. The inaugural meeting aimed to establish a shared understanding of development policy, determine priority development directions up to 2040, strengthen the foundation for regional projects through public-private partnerships, and guide regional development activities under a unified policy framework.

The first meeting of the Northern Region Council, conducted within the framework of the Government's regional development policy, was a clear success. It was a results-focused event that defined the region's future direction and advanced public-private partnerships to a new level. The

meeting showed that regional development is more than words on paper—it is a collaborative effort built on active citizen participation. Among the 1,201 attendees were representatives from government, the private sector, international organizations, and the media.

The meeting atmosphere was open, constructive, and creative. Citizens submitted 69 questions and 131 comments online, which relevant ministers addressed directly, demonstrating improved accessibility of government services. Over 571 media pieces were released, helping inform the public about the significance of this reform.

The Northern Region is not only naturally beautiful but also economically promising, as highlighted by the "Brand Exhibition" held during the event. Forty-three enterprises showcased innovative products, and 32 business

KEY GOVERNMENT MEASURES TO BOOST DEVELOPMENT IN THE NORTHERN REGION



Pursuant to Minute No. 03 of the Cabinet meeting dated January 14, 2025; Minute No. 05 of the Cabinet meeting dated January 22, 2025; Resolution No. 01 of the National Committee for Regional Development dated February 3, 2025; and the Cabinet meeting of March 6, 2025, the Government resolved to organize the inaugural meetings of the Regional Councils in each

region, to develop comprehensive regional development plans, and to present and discuss the mega projects for each region.

Within this framework, the first meeting of the Northern Region Council was convened on April 28, 2025 in Bulgan province. During the extended Cabinet meeting, the Government adopted the following key decisions to accelerate the development of the Northern Region:

1. Government Resolution No. 204 of 2025 “On Measures to Intensify the Development of the Northern Region”;
2. Government Resolution No. 209 of 2025 “On Measures to Support the Development of Industrial and Technology Parks in the Northern Region”;
3. Minute No. 20 of the Government meeting dated April 28, 2025.



KEY OUTCOMES

FROM THE INAUGURAL MEETING OF THE NORTHERN REGION COUNCIL

IN BULGAN PROVINCE

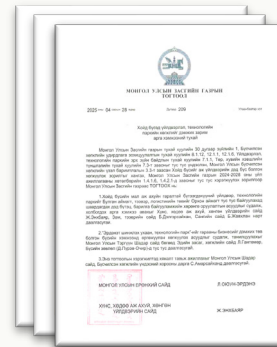
- To establish an industrial and technology park for livestock-origin products;
- To prepare the feasibility study and detailed design for the paved road project along the vertical axis route Baga-Ilenkh border crossing–Khutag–Undur;
- To accelerate construction works of the Dashinchilen–Ulziit–Khairkhan–Rashaant–Murun road.

IN ORKHON PROVINCE

- To designate the “Erdenet Medical” specialized hospital as a sub-center for cancer diagnosis and treatment in the Northern Region;
- To establish a transport and logistics center in Orkhon province;
- To establish a specialized Information Technology Center in Erdenet city.

IN KHUVSGUL PROVINCE

- To start direct international flights between the Republic of Korea and Murun soum of Khuvsgul province, and to expand the airport to 4C classification;
- To resolve the financing for the expansion and modernization of the Khankh–Mond border checkpoint;
- To prepare the feasibility study for a thermal power plant with a capacity of no less than 50 MW in Murun soum.



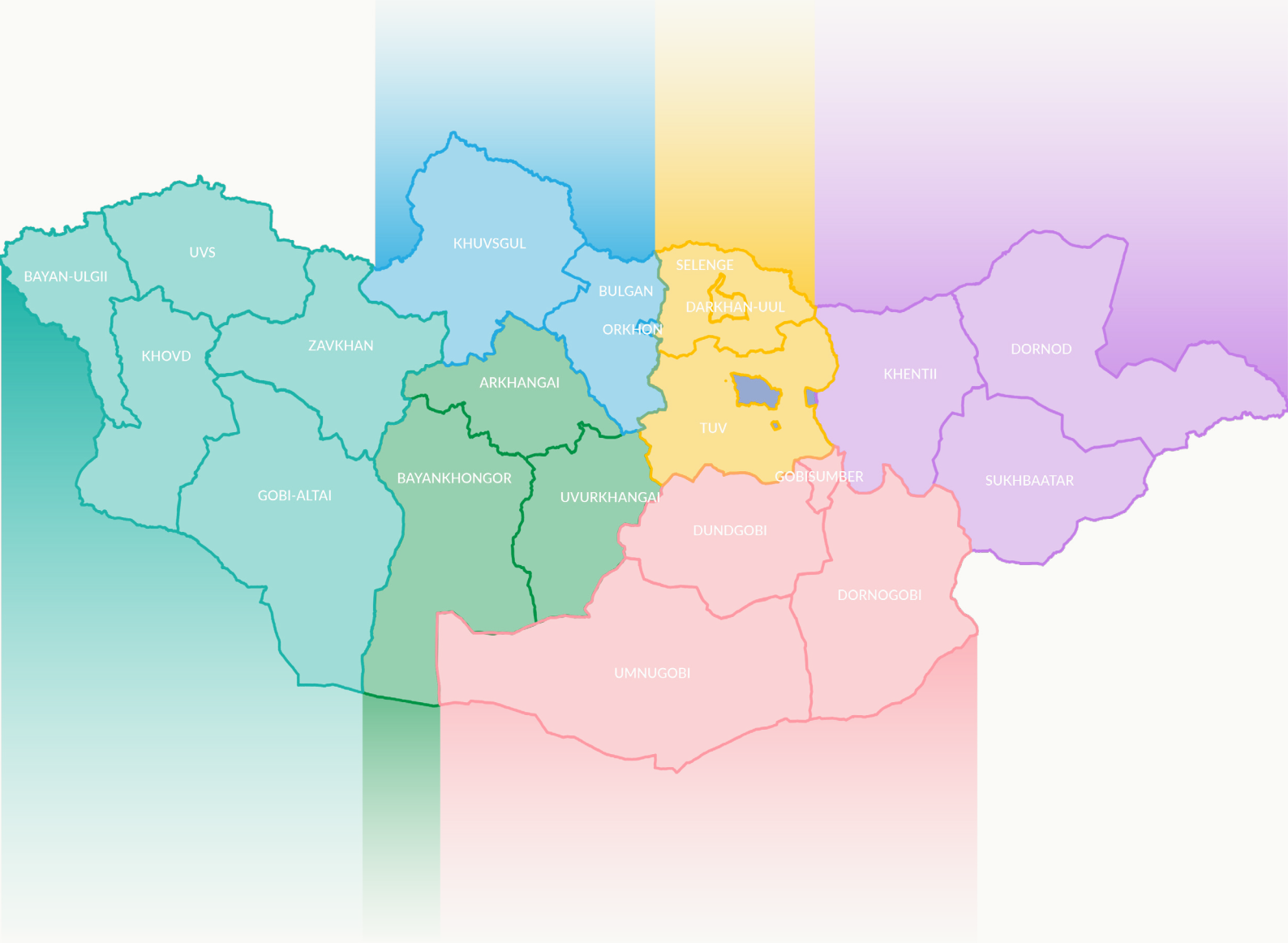
Minute No. 20 of the Government meeting dated April 28, 2025.

1. Government Resolution No. 204 of 2025 “On Measures to Intensify the Development of the Northern Region”

2. “Government Resolution No. 209 of 2025 “On Measures to Support the Development of Industrial and Technology Parks in the Northern Region”

45 REGIONAL DEVELOPMENT PROJECTS AND MEASURES

Industrial & Technological Parks	3
Energy, Roads & Infrastructure	20
Education, Health & Business Development Support:	10
Culture & Tourism Development	6
Environment protection, Agriculture & Industry	3
Digital Transition	3



NATIONAL INSTITUTE OF REGIONAL DEVELOPMENT

The National Institute of Regional Development was established under the jurisdiction of the Deputy Prime Minister of Mongolia (responsible for regional development and emergency management) pursuant to Government Resolution No. 33 dated August 14, 2024.

MISSION STATEMENT

To foster the balanced development of competitive regions by:
 Honoring national cultural values
 Preserving the natural environment and ecological balance for future generations

Advancing diversified, specialized, and cooperative green production
 Promoting regional economic integration
 Ensuring stable, systematic settlement and population distribution across the country.



Staff of the National Institute of Regional Development

FUNCTIONS OF THE INSTITUTE

The National Institute of Regional Development is responsible for:

- Coordinating the implementation of Mongolia’s Regional Development Concept, regional development programs, and the Government’s action plans and policies
- Ensuring coherence and alignment among participating institutions and sectoral activities
- Providing professional support and technical assistance to stakeholders involved in regional development
- As such, the Institute plays a central role in organizing and supporting the effective implementation of Mongolia’s regional development agenda.

WITHIN ITS MANDATE, THE INSTITUTE CARRIES OUT THE FOLLOWING ACTIVITIES:

- Provide professional support and assistance to coordinate the activities of government and relevant agencies at the national level in implementing Mongolia’s Regional Development Concept;
- Organize research and analysis necessary for the development and implementation of regional

- development programs and medium-term policy documents; create, manage, and disseminate a digital information database;
- Participate in drafting legislation under the Regional Development Concept; make policy and planning alignment proposals; and organize stakeholder consultations;
- Based on the results of ongoing long- and medium-term policies, propose necessary resources—both financial and human—for future planning and submit them to the relevant authorities;
- Consolidate and evaluate the outcomes of regional development activities implemented by central and local government bodies, and report to the Deputy Prime Minister of Mongolia;
- Organize the development of feasibility studies and design documents for relevant projects and programs supporting the Regional Development Policy, and ensure their implementation;
- Lead public awareness and advocacy campaigns to promote understanding and engagement in the Regional Development Policy and its implementation.