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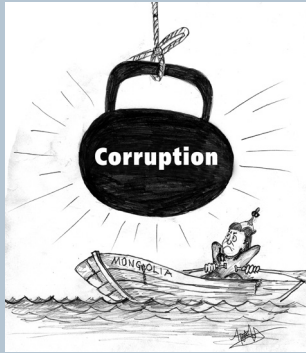
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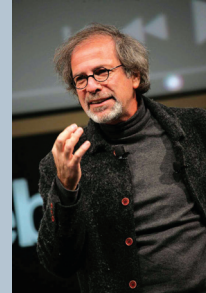
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The Maestro of Motivation



The reason why I wanted to do it in this country, as always, has to do with the good luck of bringing me together with your deputy minister of finance. We worked together at Davos.

Where Does Responsible Mining Begin?



“Politicians used to run politics for themselves. Now they run it for the nation's leading sector”, said the head of the Save the Mining movement, B. Agvaandondov.

A Nation With Nothing to Lose



“The ‘wealth curse’ means having enormous natural resources. One day is exploration, and extraction is the next”, said B. Adya, a herder living in Saintasagaan Soum, Dundgobi Aimag.



“Construction Expo 2012” is planned to be held on 15-19th March at Misheel Expo. Construction material trading enterprisers, construction and real estate companies are expected to participate that expo. Furthermore, reconstruction and interior design and insurance companies have confirmed to attend. The main purpose of the expo focuses on introducing necessary innovative technologies in construction sector and giving citizens complex information on broadening of its supply market. The expo is considered to be a link bridge between those companies and citizens.

-Mongolian Road Association has decided to construct roads between Yaarmag Bridge and the Airport, Songolon crossroad and Yaarmag checkpoint, which are 13.7 kilometres of road in total. These roads are planned to have three lanes on each side. Also, the plans to expand and reconstruct 22.5 kilometres road in the direction of the Airport-Biocomplex-the Bird Factory are in its final phase. Furthermore, the Ulaanbaatar city financed road construction of “Khuchit Shonkhor” market to Bayankhoshuu is planned to take place soon. These building processes and unfinished road construction of the previous year are going

to start mid March. Road of Power Plant number IV, 10.6 kilometres road directing the western checkpoint of the city, Ajilchin Street 3.5 kilometres, Sansar fuel station to Dambadarjaa 6.7 kilometres, renovation of Sansar tunnel, Zaluuchud Avenue 0.9 kilometres road are included in the construction plan.

-The government has awarded the herdswomen for their excellent herding abilities and product manufacturing as well as their nobility towards their children. Currently, about 45 percent of the herders are women. These 21 herdswomen, aged 29-75, have breed nearly 3000 cattle and have given birth to 4-13 children.

Business

“Lady Entrepreneur” awards was organised on the 6th of this month. The event, originally took place every year, has been organised every two year since 2002. The primary goal of the event is to support women’s involvement in business sector and to exchange experiences.

-Cologne, Germany. Used machineries and equipments were put on display during the “USETEC” expo on the 5th-7th March. Representatives of Mongolian Business Council and German Agency for International Cooperation’s Integrated Mineral Resource Initiative Programme / IMRI/, in cooperation with “German-Mongolian Business Association” attended the expo, said project expert O. Batbold. Representatives were ac-

quainted with the “Schulte Strathaus” company and with the biggest port of Duisburg.

The advantages of the expo open up the opportunities to purchase German standard machineries and equipments and to establish connection with procurer companies that enables a trade from the home country. Mongolian representatives have negotiated to collaborate with German and American procurer companies. Project expert O. Batbold said it was interesting that expo participants were speaking various languages.

At the expo 446 trading companies in total have presented their cars and equipments. Among these companies such as Siemens, Richter, Zeiss and Stenzel attracted the attentions of 10,000 guests from 103 countries. The majority of the participants were from Russia, Turkey and India.

The next “USETEC” expo is planned to take place in Koln in 20-22 March 2013.

Stock Market



-The executive director of the Mongolian Development Bank, L. Bolormaa and the CEO of “Sumitomo Mitsui Banking” Corporation, T. Kitayama have signed the mutual memorandum of Mongolian Development



Bank and “Sumitomo Mitsui Banking” Corporation. Both expressed their gratitude on collaboration and investment opportunities for infrastructure, mining and constructions projects.

-The fuel prices, which were increased by around MNT 270, have been decreasing. Lastly, on the International Women’s Day it was decreased by MNT 50, which led back its previous prices. Regarding this matter, Mongolian Trade Union has announced a press conference. They have notified the results of the trilateral agreement. However, S. Ganbaatar has said that he fears that the price decrease might not continue for long.

-In scope of “100,000 housing” project, D. Khayankhyarvaa, Minister of Finance and Ts. Dashdorj, Minister of Road, Transportation, Construction and Urban Development have signed the credit regulation of the project. The regulation instructed to have appliers, who have never applied for a housing credit. Also it includes directions for monthly payments, which must not exceed more than 45 percent of three month income of the applying household.

-The Mongolia IPO-2012 forum was held on 7 March and was led by Tony Weeresinghe, director of the Global Development Department of the London Stock Exchange. The Mongolian govern-

ment is currently collaborating with the group from London to develop its financial market. The executive director of the Mongolian Stock Exchange, Kh. Altai said the forum was meant to establish a connection among Mongolian companies that are willing to release initial public offerings and international investors. The forum was attended by representatives from the London exchange and other international financial participants.

Politics

-According to the 12th session of the government, in purpose to protect domestic market and supply, meat export is limited until 1st July 2012. The Minister of Food, Agriculture and Light Industry, was ordered to increase the production and import of pork, poultry and fish products.

-A compensation proj-



ect initiated by S. Erdende and G. Bayarsaikhan, members of the Parliament, was introduced to the head of the Parliament. If the draft law is ratified 200,000 people, who were made redundant during the social transition of 1990-1994, and over 700,000 citizens would be included in pension insurance during their unemployed years 1995-2000. Thus, they must pay 10 percent allocation to social insurance, based on minimum wage

standard during the time of unemployment.

Mining

-Coal export from Tavantolgoi mine has started. Representatives of "Erdenes Tavantolgoi" company and Japanese "Mitsui" company have



signed a mutual memorandum in Japan. "Mitsui" company had offered to build a power plant and a thyme factory. The memorandum enables cooperation on coking coal trade. The cooperation is considered to be a realisation of coal export to a third market.

Rio Tinto's country director to Mongolia has told that the Oyu Tolgoi

project would consume less water than any other mine in an overall pledge for the company to meet its social commitments to Mongolia.

Cameron McRae, Oyu Tolgoi's president and the country director to Mongolia for Rio Tinto, explained how his engineers have developed methods to use water most efficiently for the Oyu Tolgoi copper and gold project at a press conference with the journalists of the club Uurchlult on 7 March. The copper enrichment plant would require around 100,000 cubic meters of water in order to produce 110,000 tonnes of ore a day, with 90 percent of water used for production. The Oyu

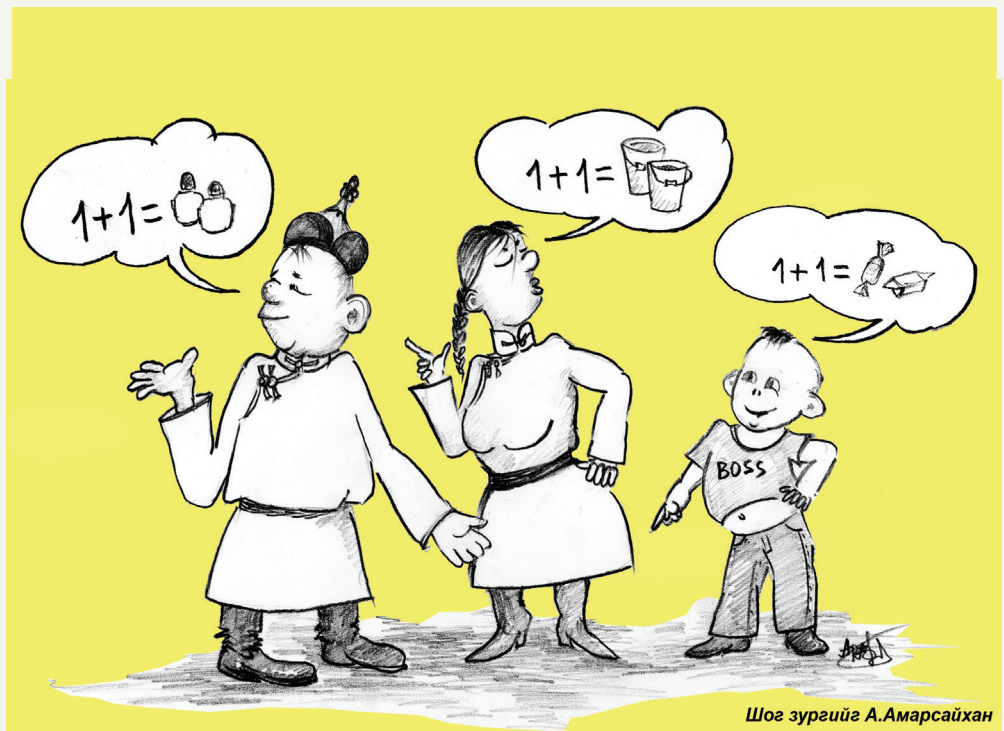


Tolgoi mining company is currently trying to attain an ISO 14001 certificate, which acknowledges the highest standards for environmental safety.

"We are investing in many activities that have nothing to do with producing copper", said McRae. "We support the local communities, training colleges, universities, and the art council. We are trying to do things in a way that has the maximum positive impact. We think not only about what we do, but how we do it".

Oyu Tolgoi is the largest untapped deposit of gold and copper in the world, with 450,000 tonnes of copper and 330,000 ounces of gold. The project is a joint venture between Ivanhoe Mines and the Mongolian government, with 66 percent and 34 percent stakes respectively.

Oyu Tolgoi plans to begin production in August this year.





Corruption

Strong Laws and Poor Attempts

By B. Enkhtsetseg

There is a Mongolian saying that you need to pay a fee for every step you take in life. Perhaps this should be the free market slogan. The list is of added-on fees endless but some when taking out loans, receiving treatment from a hospital, and getting accepted into a position for work or into a school. Being penniless means having no options to move forward.

The global civil society organisation to combating corruption Transparency International gave Mongolia a score of 2.7 out of 10 and ranked it 120th out of 183 countries in its 2011 Corruption Perceptions Index. In 2010 Mongolia was slightly

better off, ranked at 116th. The country took four steps backward in a year. China, however, maintained its position at 75th last year. It looks like corruption is still growing in Mongolia. The den where corruption is most comfortable is politics, and today the young generation is rushing to civil service offices for employment, like a hungry crowd rushing to a cafeteria.

"When students are asked if they would steal, almost everybody says no, but then again, when asked whether they would take a bribe, two-thirds said yes", said, S. Davaasuren, a teacher at the National University of Mongolia at this year's Mongolia Economic Forum.

Davaasuren said she gave this survey to her students, the next generation of workers. What happens if a majority of youths think this way? Parliament member S. Oyun said prevention and education should be one of the priorities of anti-corruption measures.

"There are two classifications. Those that take the largest bribes are carnivores, and those that accept smaller ones are considered herbivores. It is very clear which areas are most corrupt if we think about the fact that our country has sold 60 to 70 percent of all its land", said Ch. Nergui, executive director at the Mongolian National Chamber of Commerce and Industry (MNCCI).

The ritual for corruption today has the suborner taking a bow while the recipient leans back. In Chapter 28 of the regulatory guidebook *The Malfeasance Crimes in Criminal Law*, it describes the harsh punishments given to both parties. This oppressive rule was first passed 10 years ago. There was a passage within Article 269 that said, "A person who voluntarily confesses to giving a competent authority a bribe shall be released from his or her criminal liabilities".

But this note was removed on 1 February 2008. Article 270 of *The Intermediation in Bribery of Criminal Law*, from the 2002 package of corruption codes, however, has a passage that says, "A person who voluntarily reports to a competent authority about intermediation in bribery shall be released from criminal liability".

Fewer reported cases of corruption in recent years juxtaposed against research that says otherwise suggests that although the laws have become tougher corruption continues in peace through narrower channels. The bribes are still apparently going from one sleeve to another undetected. There are many people who criticise these anti-corruption policies. This law has pushed people to let every instance of corruption pass out of fear of punishment to everyone involved. Some believe the disadvantage of this is it only forced people to become less obvious about their corruption.

"A law can be gauged when all ▶▶

possible consequences have been determined”, said a member of the Association of Mongolian Advocates, L. Enkhsaikhan. “In regard to the person who has given a bribe, if the law was amended and a way to exonerate the one who receives the bribe was put in place, it must be very clear who should be let go in every case. Otherwise, it leaves the possibility for each party to accuse the other falsely for their own self interests”.

During the special session for the Partnering Against Corruption Initiative (PACI) at the Mongolia Economic Forum, this year participants suggested that the law needs to be amended and clarified. Yet some claim Mongolia has a good legal environment without proper enforcement.

“This issue won’t be solved within a day or two”, said elected official Oyun. “To have gradual real change, many laws have to be implemented at the same time. Introducing only a few laws enhances the threat as it is a good way for offenders to overcome this obstacle because corruption is hard to detect”.

Those who took part in the special session said they have formed the conditions to increase the risk of getting caught and lower the rewards by aligning legislations and policies to the conventions of corruption alongside capital and income reports.

The Anti Corruption Agency now has work to do. But enforcing the law is the real headache. There is hope that corruption can be pushed back if the laws are served. According to MNCCI executive S. Nergui, carnivores (or policy makers) are at the core of the corruption issue. So it can be concluded that although the laws exist, strong political will is missing.

“Bribery increases the expenses of a company by 10 percent”, said J. Bayartsetseg, legal advisor to the President at the Mongolia Economic Forum. Over 150 big private Mongolian companies committed to the Partnership Against Corruption Initiative at the World Economic Forum, demonstrating the private sector’s opposition to corruption. I have heard that there is no other country in the world where this many companies have joined together like

this”.

Continuing that thought, P. Tsagaan, senior advisor to the President, said “If the private sector gives off a strong front and the state supports them, as it is doing now, Mongolia has a good chance of eliminating corruption (but maybe not entirely) after a few years”.

The development of a country rich in natural resource demands good governance. Australia, Hong Kong, Singapore and New Zealand are bright examples of countries using capital for development when the principles of good governance, such as the implementation of laws, transparency, responsibility, and anti-corruption measures stand well enough. The other side can be seen in the resource-wealthy yet financially poor African countries. These are clear examples of weak governance overwhelmed by conflicts of interests, starvation and deep poverty.

This is not an issue that should leave one feeling apathetic. If the link between corruption and growth is not cut, the situation will grow worse and will surely lead the country to extreme poverty and weakness. ■

Budget

The Good Goal

By B. Uuganbayar

The participants at this year’s Mongolia Economic Forum noted that budget expenses and deposits derived from taxes, and the incomes of Mongolian citizens and businesses do not have participate enough in the government monitoring. In search for a solution, they have exchanged their opinions and ideas.

A Closed and Disorganised Budget

The large document directing investments towards improvements to the lives of citizens and the nation’s development is, of course, the budget. However, the role society

plays in authorising government spending is unsatisfactory to many.

“On the other hand, the the in authority has the right to control and spend the budget. That method, which has resulted in misappropriated funds for the last ten years, resulted in widespread corruption”, said Ts. Oyungerel, head of Mongolian Democratic Women’s Committee.

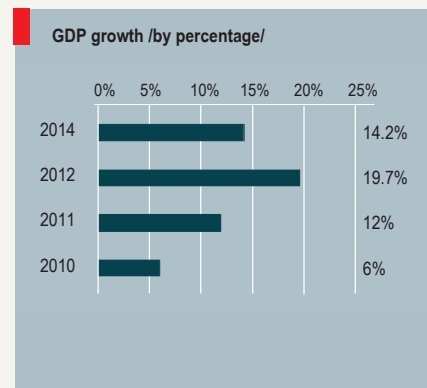
She also said that the last option left for monitoring the budget is leaving the responsibility up to citizens. Although there has been progress in securing an open budget in the last two years, the manager of the Open Society Forum, N. Dorjdari, criticised the fact that the same has not been done in rural provinces and private organisations. He also noted that it is important to have open hearings when passing the budget. In addition, he said the executive governance branch has been working insufficiently.

These issues are at the root of unnecessary and poor spending. It is especially true for investment expenses because funding has been poorly calculated, or expenses are simply executed annually for profit. Minister of Finance, D. Khayankhyarvaa, explained the reasons for unsatisfactory budget planning and the scarce number of investments:

“The explanation related to »

Comparison of budget income and poverty level

	1998	2011	2012
State budget	330 billion MNT	5.1 trillion MNT	6.3 trillion MNT
Poverty	35.6%	39.2%	-



► this issue is linked to the personal interest in profits and property among government officials and Parliament members. In addition, members of Parliament are often seen as the people responsible for budget spending. And this is wrong”.

Other participants also mentioned the need for a legal environment that prevents Parliament members from diverting budgeted funds for themselves. S. Tumengerel, the general director of the firm Uguuj, said expanding the budget and increasing the salaries of workers to state organisations has negative effects on the private sector. He added that middle-income citizens have very little understanding of ways to pay taxes and their importance. How are they able to improve the economy when they are not capable of making adjustments to the budget? Experts have criticised the passage of irresponsible budgets and amendments to the budget. Generally, all the speakers agreed the budget was closed and disorganised.

The Ingredients to a Transparent Budget

“It is a big mistake to keep citizens away from the taxing environment. It should be monitored if each citizen is paying his taxes. Thus, the citizens as well as business owners must

learn the ABC’s of finances”, said B. Lkhagvajav, an advisor to the Prime Minister. He also mentioned the necessity of improving the legal environment and that the laws are not keeping up at the same pace as economic development.

The current tax system has become advantageous to those who are able to pay and disadvantageous to those who are not. The registration of tax payers must be improved to create a discount system. On the other hand, in order to enhance people’s involvement in government, the legal environment must be improved and sessions must be held regularly. To do so, small steps must be taken. For example, government could introduce a mechanism that would allow citizens to decide how 20 percent of the total budget should be spent. Investments without proper research should not be financed.

The general director of the oil firm Petrovis, J. Oyungerel, mentioned the importance of open debates to discuss the annual budget. Klaus Rohland, the World Bank’s country director to China, Mongolia and Korea, emphasised the importance of improving auditing practices. The Deputy Auditor General of Mongolia, B. Batbayar, explained the necessity of an implementing mechanism to improve the competencies of auditing organisations and budget monitoring.

In some developed countries, the same issues are resolved by establishing a public accounting committee and receiving feedback reports from auditors. It is also important that citizens have the ability to demand a final report on budget expenditures.

Finally, the best method is through the collaboration of citizens and social organisations for budget control so no chance is given for misappropriated funds. Participants at the forum agreed to enhance monitoring efforts towards the ones who are responsible for the state budget. ■

Development

New Methods for Development

By E. Zorigt

In an effort not to be late to board the development train, Mongolians must stand at the railway station at the right time with the right tickets. Our ticket is a green economy and the time is today. Thus, at the Mongolian Economic Forum was the session “From a Brown Economy to a Green Economy”. Find out who said what about a green economy.

What Is Green and What Is Brown? Or Reforming the Mindset

D. Tsogtbaatar, Minister of Nature, Environment and Tourism

There is no complex concept of a green economy. A green economy is formulated in many different ways. Generally, if we could compose six objects, then the green economy concept could be created: creating and improving clean energy, green construction, environmentally friendly transportation, water management, disposal management and land management. However, the green ►





government is crucial. These are the problems we are facing.

D. Zorigt, Minister of Minerals and Energy

Introducing a green economy is the problem we face. A green economy should provide solutions to the 4,900 hectare field that hasn't been rehabilitated by mining companies and the air pollution in Ulaanbaatar. The economy is linked to mining. Thus, it is important to make the mining process green and environmentally friendly. But the law and its implementation are not monitored. This must be considered. First, we need monitoring from government. The priority is to improve the monitoring mechanism and resolve financial problems.

B. Byambasaikhan, Executive Director of Newcom

There are three concepts to a green economy. Namely, they are scaling down, recycling and long-term usage. These must be incorporated in our lives. For example, there are energy saving lamps we can use. These save about 80 percent of power consumed. This is a very broad concept. Do we have a policy? Yes, we do. By 2020, 20 percent of energy consumption will be supplied by renewable energy. However, the implementation of policy for monitoring is very bad. The ministries support such actions but they get stuck at the next level. They make certain allegations if a project is presented. This is the reality. This must be solved first.

Many opinions and ideas were presented during the forum. Some of them were new and innovative. For example, speakers presented new ideas, such as establishing a green fund, a green credit system, making Mongolia a so-called "energy paradise", and involving the private sector in energy production. Participants were in agreement over the fact that Mongolia must get on the development train towards a green economy and green development. As Minister D. Zorigt said, "We are on the same train. Only we have to steer it in the right direction". Participants also said it was necessary to create a united concept and maintain strict monitoring. ■

► mindset to link these and the creation of a legal environment is important. In short, the green economy means being capable of preserving the environment for our future, as if we entered and left walking on our toes. It is important to have the mindset that accepts a green economy. There are some countries that consider a green economy as a hindrance to development. This is wrong. To the contrary, a green economy is a new method for green economic development. We need assets. Even if we have the purest of hearts, the green economy won't develop unless we can make money.

D. Demberel, Parliament Speaker

In regard to our cattle-breeding culture and traditions, we have certain experiences with a green environment and lifestyle. However, the green economy we are talking about now is a bit different from the development of the 21st century. The scope of a green economic policy is huge. But implementation has to be started with the little things, such as placing flowers on the school windows for example. In order to implement government policy, we have to start with our surroundings and minds.

P. Tsagaan, Senior Advisor to the President

Research reveals that our country is among those with huge environmental pollution issues. Thus, it is time for us to support a green economy. To do so, we have to

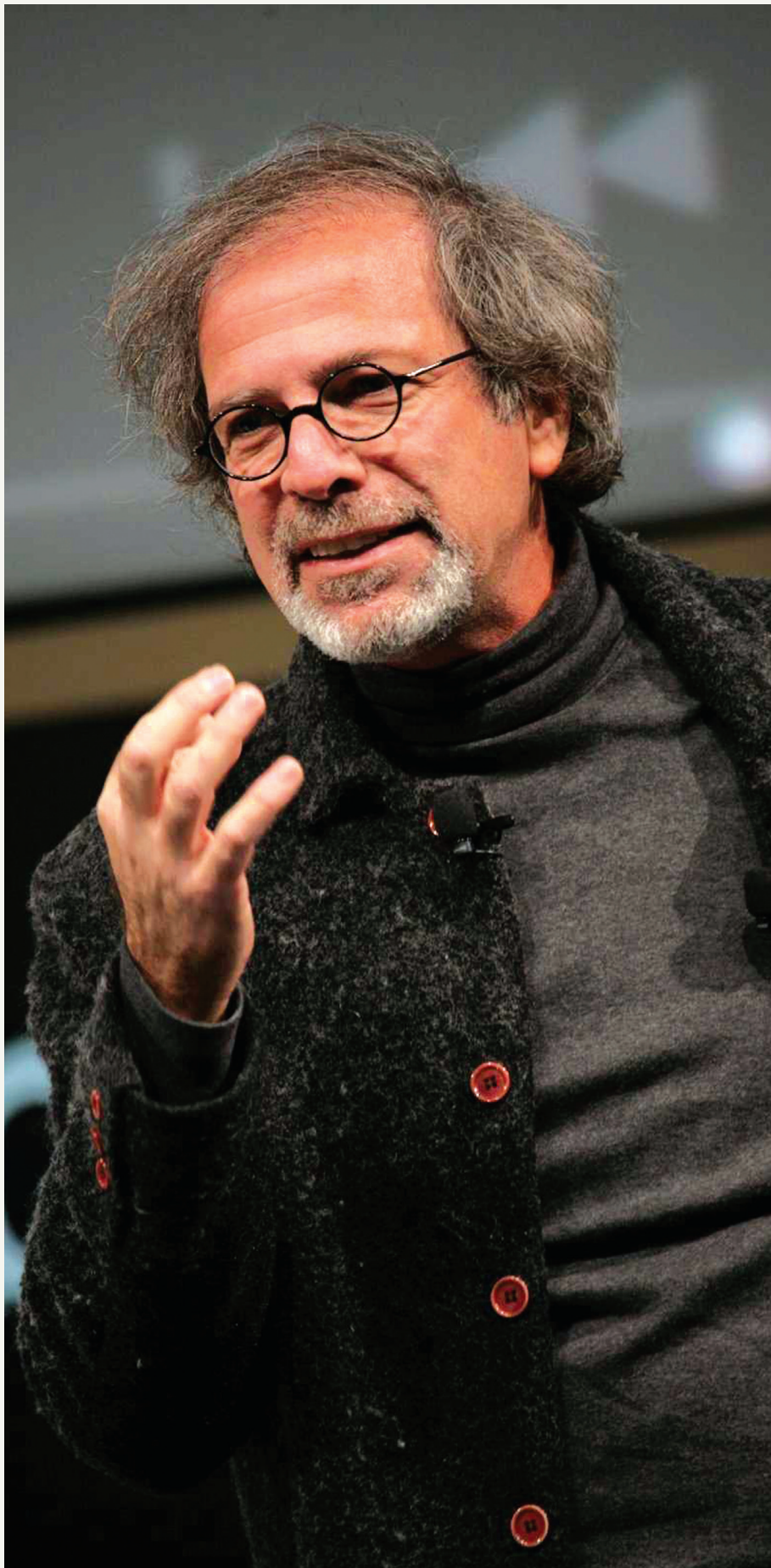
support any kind of ideas related to renewable energy. Also, we are being wasteful, which is causing poverty. By being wasteful I am not talking about money. In particular, there are only a few who pay attention to heat conservation. But a green economy stores heat. Thus, a green economy is not only a road to development but also a big push towards the exit from poverty.

Ch. Saikhanbileg, Member of the Parliament

We have to make our brown economy iridescent and support other sectors. A green economy is a relative concept that can be understood under the terms love and happiness. I personally think it depends on three factors. First, is creating economic benefactors. However, it must be achieved by ensuring environmental stability. And also there are justice and stability. We tend to polarise on certain issues. If there are talks about a green economy, we will discuss it for quite a long time. But we have to learn from other countries' mistakes. This is our chance.

P. Erdenejargal, Executive Director of the Open Society Forum

Ecological efficiency is important. If a brown economy focuses on a sum, then a green economy generates profits with the least amount of expenses. The most important thing we need is to create change in our minds. Also intercommunication from



Our Guest

The Maestro of Motivation

By B. Enkhtsetseg

A chaotic cloud of sound hangs over the stage, while the instrumentalists of the orchestra practice their different roles in anticipation of the beginning of the rehearsal. As the Maestro raises his hand there is a moment of silence. The magic then commences—from the hundred instruments comes one clear, unified and powerful sound. Led by the silent Maestro, each individual musician plays in perfect harmony working towards the shared goal—a magnificent performance. »

► “Hello, Everybody”!

“Thank you for coming for something which is not economics”. This is how Itay Talgam, who started out his music career as a pianist but later switched to conducting, led the audience for his presentation “Music as a Metaphor for Conducting Business”. Talgam met for an interview after his fascinating presentation at the Mongolia Economic Forum.

Why do you think politics and business are similar to music?

The reason is that they are all about people. In business, politics, society and music—it is always about getting the best out of people in a coordinated way. When you know people have different thoughts, ideas and interests, they still have to work together for the good of society and for the good of music. So I see these things are very similar to each other, and it is true all over the world.

Why did you decide to give a presentation in Mongolia?

The reason why I wanted to do it in this country, as always, has to do with the good luck of bringing me together with your deputy minister of finance. We worked together at Davos. We met there and then opportunity arose.

And then I heard about Mongolia. I heard details about the incredible opportunity people have here now, the changing culture of the market, and everything that has to do with it. This is very exciting. I have to say that coming to Mongolia and everything I have seen exceeds my best expectation because I have met so many people who are, first of all, simply nice, knowledgeable and so committed to real change. That is something really good.

How did you come up with the idea to make, music, politics and economics one in the same?

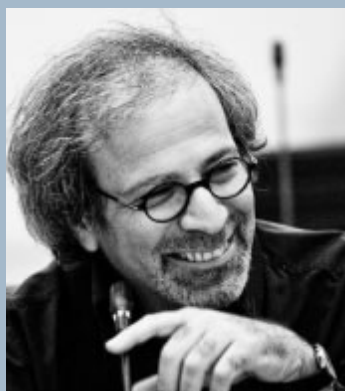
I am a music conductor. Yeah, I have to tell you that music is a musician’s world. But sometimes within music, it is rather narrow. Music can do so much more than just be music. It can mirror so many things in the world. And by doing this, music can not only enrich other people but also can become enriched from other professions, ideas and thoughts. So, for me, bringing together musicians

and non-musicians in the concert hall like an audience to an orchestra is one way of doing it. But bringing an audience and music together outside of a concert hall is more rewarding because it is always surprising for people, and then it has a greater effect.

Why did you change your path from that of a music conductor?

I really do believe that your profession is the only way to the

actualisation of bringing your vocation or goal in life into reality. My intention was never to be a conductor; my intention was to communicate with people through conducting and music. I think I still have the same goal and I still want to communicate. Everything I do is done differently. You might ask, if one has studied to be a conductor for so many years and has an international career, why give it up? But I don’t feel that I gave ►



Itay Talgam

Conductor Itay Talgam is one of the leading figures in the Israeli music scene. Talgam is a champion of contemporary music, and in particular music of contemporary Israeli composers. His outstanding achievements were acknowledged by audiences, critics, as well as by Israel’s composers Association, which in 1994 awarded him an honorary prize for his personal contribution in performing and promoting Israeli music.

As Music Director of the Tel-Aviv Symphony Orchestra and of Musica Nova Consort Talgam won the prestigious prize for “Best performance of the year” for Israeli orchestral music, awarded by the National Council for the Arts.

Talgam’s International Debut took place in 1987, when he was chosen by Leonard Bernstein to perform in a special concert with the Orchestre de Paris, the great Maestro himself conducting the

second half of the same concert. Since that highly successful performance, Talgam conducted many orchestras in Europe - being the first Israeli conductor to perform with the St. Petersburg Philharmonic Orchestra and with the Leipzig Opera house. He also performed in the United States, and, naturally, conducted and recorded many times with all of Israel’s major orchestras, including the Israel Philharmonic Orchestra, the New Israeli Opera, Jerusalem Symphony, Israel Chamber Orchestra, etc.

A native of Tel-Aviv, Itay Talgam received his Artist Diploma in conducting from the Jerusalem Rubin Academy (under Prof. Mendy Rodan) in 1987, Winning scholarships from the America-Israel cultural foundation. He then studied in the Accademia Chigiana, Siena, with Maestri Franco Ferrara and Guenady Rozhdestvensky and in Tanglewood, USA, under Maestri Seiji Osawa, Leon Fleisher and Lenny Bernstein. He also studied General Philosophy at the Hebrew University of Jerusalem, winning his degree “Cum Laude”.

Itay Talgam has taught orchestral conducting at the Rubin Academy for music, Tel-Aviv University, and the Academy for Music and Dance in Jerusalem. In addition to his current conducting activities, he is intensely involved in many educational projects, both as a fellow of the Mandel School for Educational Leadership in Jerusalem, and as the creator of the unique ‘Maestro’ leadership programs. He is also a member of the Israeli National Council for the Arts music section.

Itay Talgam is permanent guest conductor of the Philharmonic Orchestra of Transilvania, Cluj (Klausenburg).



▶ it up. I really feel that I took everything that I am and transferred it to another outlet.

This ability to change is part of what I speak about. Why do we need to change? How can you prepare yourself for change? It is so important. We spoke about Mongolia experiencing continuous change. This is exactly what I did with myself. I think I'm best equipped to speak about this.

Have you heard Mongolian music yet?

We had a chance to listen to the two stringed musical instrument [the morin khuur or horse head fiddle] played by the national orchestra at the party. It was so beautiful and extremely professional; and also very serious.

What did you think about the Mongolian conductor?

It was hard to tell. But I think he must have done a very good job because the result was really good.

What message do you aim to leave people with your presentations?

Basically, it is about collaboration and how to work together. Leadership is a part of working together with people. The thing is, I cannot change people's lives. It does not work like this. But I can plant seeds of thoughts and ideas; something visual that will bring music into people's lives for the first time, which is good thing.

Many people say after my presentation they want to go and look up those conductors and find more on the internet.

Another thing is I believe that each one of us has many more possibilities and capabilities than we actually use. We do things in certain way. You ask certain questions. Certainly you could think of 100 more questions. I am sure you do your work very well. So, you ask, why change? And then you meet someone or something happens, and then you think, okay, I also have another side to myself. I have more of an emotional side that I never dare expose.

I am funny. I can laugh without people and that brings out something else in them. Through things like this (these different types of conducting) I can help people bring out something in themselves that they were not aware of. It is good enough for me. That is my goal. I am doing it in many different places. Today, it is Mongolia.

Do you have many different types of presentations related to conducting that are like this?

I have a lot of different materials. Of course, every presentation is always completely different, even if I use the same materials. What I prefer is a smaller audience that is able to have a conversation. When you have a dialogue with people that is when you learn. So it is not about me lecturing, it is more about me listening.

What is the bond or connection between the economy and music that you describe in your presentations?

I have heard from many successful businessmen that the economy and business are not all about the final

profit line in a budget or annual report. It is important; that is why we do business. But so many people are becoming more and more aware that they need meaning. Why do we need money? How do we distribute that money throughout society? These are questions that I believe are very essential to the people.

It is not only accounting and numbers. It is, again, the people behind all that. They need a meaning that brings morality and ethics. These were obviously missing in the last crisis when people were only interested in money. That is not enough. So again the connection is people and the values of those people. It is also the way you come to realise those values in the rhythms of music and in your own business. I really do believe they are very similar. For me it is about creating an environment in which everyone can excel, where each individual can transform his or herself into a better individual. So it does have to do with morality.

What country will you next surprise with this message? What country is at the top country of your wish list?

I want to be more involved in African countries because I have been to South Africa, working, conducting and speaking. But the whole continent is so exciting for me. I loved being there as a tourist. But I never got involved in any initiatives. It is because those countries are so rich in tradition, religion and art, and yet are so poor. So much is there but somehow it has not been realised.

You must have heard of the coexistence of urban and nomad life in Mongolia. What is your first impression of Mongolia on this first visit?

I cannot say a lot about my impression about this country because I was only in Ulaanbaatar. But people are so nice, intelligent, beautiful looking and serene—not aggressive. I think the way people live here is fascinating. During my visit, we will have a little tour in the countryside. I cannot wait. I realise that two days is too short. I need a lot more time to do everything. I hope I will have a chance to come back. I like it here a lot. ■

Уул уурхайг
Улс төрөөс тусгаарлая!



“Discover Mongolia”

Where Does Responsible Mining Begin?

By B. Bayartogtokh

“Politicians used to run politics for themselves. Now they run it for the nation’s leading sector”, said the head of the Save the Mining movement, B. Agvaandondov. “It is true that the contributions from mining in our country cannot be erased. Experts warn that the mining sector’s involvements in politics is growing”.

There have been several conferences and forums focusing only on mining. The investors who participated didn’t hide their anxieties from political risks, laws and regulations, and the perception against them. They emphasized that if the Mongolian government would act responsibly towards its laws opportunities would open up for stable investment and long-term projects.

“To support export-oriented industry, the Mongolian government has appointed the mining sector as the leading economic sector. Thus, introducing environmentally friendly and advanced technologies, and creating a convenient environment

for manufacturing finished products is essential”, said Minister of Mineral Resources and Energy D. Zorigt at the opening ceremony at the Metals Mongolia-2011 forum.

However, L. Naranbaatar, General Director of Glogex Group, said that the disobliging attitude towards investors, which can perhaps be traced back to the so-called “Long Name Law”, hinders development of the mining sector and has cooled off investors from the desire to invest in Mongolia. At Coal Mongolia-2012 participants said that the Mongolian government should stabilise its legal and business environment.

Apolitical Mining

Researcher B. Oyunbileg noted that the mining sector should be separate from politics and vice versa. People associated with the mining sector fear something odd might happen as elections near. Co-Director of the Economic Research Institute B. Tuvshintugs said that he was

concerned that the government might make decisions that would irritate investors and the pace of development for the mining sector. As Tuvshintugs said, it is impractical to make political decisions based on individual interest and to meddle in the development of the mining sector without any research done. To the contrary, it would have major disadvantages. Violating laws and regulations has never been good. Consider the question of where responsible mining begins. The government might ignore the regulations it has passed, but it is not the market rules of the game.

As for today, there are over 400 operation licences under use out of the 1,200 registered licences at the Mineral Resource Authority. Minister Zorigt also said that there has been a draft Law on Stability developed that would allow negotiations with the national and international investors who have invested MNT 200 million in the mineral processing sector. In addition, exemptions have been made on taxes on imported industrial equipment.

People from the mining sector are concerned that politicians might forget their promises after this year’s elections. If they are making empty promises, then what would happen to the lives of Mongolians? It might hinder the development of the mining industry, which has brought recognition to Mongolia. The future of regulations by government and their enforcement are crucial to foreign investors. If the government makes any reckless ▶

► decisions related to the mining sector, then the world might lose interest in Mongolia. The mining industry provided 8,700 new jobs last year, bringing the total to 50,000 people working in the mining sector last year.

Keep Your Words

Wanting to keep one's word is human nature. It is the same for the government. If they say yes to something, they should work to make sure it is implemented. However, politicians themselves say government has grown more irresponsible and so often make changes to laws. This sort of unethical behaviour will certainly have negative consequences for the mining sector. It is not only a matter of correcting the law.

"First of all, the government has to serve. Secondly, the government must enforce its regulations. It is not government's duty to meddle in other acts and cause difficulties for the nation", President Ts. Elbegdorj once said. Mongolia is ranked 100th out of 169 countries in the Human Development Index and 96th out of 143 countries in the Competitiveness Index.

"This growth is directly linked to mining development. However, the development of infrastructure is weak", concluded the Chairman of the National Development and Innovation Committee (NDIC), Ch. Khashchuluun. If the mining sector had not developed, Mongolia would not have the economic growth it has today

The head of the Mining and Heavy Industry Division of the Ministry of Mineral Resources and Energy, B. Batkhuu, said, "Everyone criticises the mining industry. Now we have to support the mining sector, just like we did with agriculture. It's often seen as the worst sector, but it is the sector that feeds Mongolians. Instead of cursing it, let's praise it". The Executive director of the National Mining Association, N. Algaa, added that investors want government to "keep its word".

At the last year's Discover Mongolia international mining forum, Bernard Guarnera, chief executive officer of Behre Dolbear, noted that there was uncertainty to taxes, licence grants and regulations.

"To develop mining, government's

involvement must be reduced", he said. "When I first came to Mongolia in 2005, the legal environment of Mongolia was stable. However, it started to vary from 2006. Even now it is unstable".

What has changed, since then?

Have you heard of any changes related to the legal environment of the mining sector? There have been talks about a general law for the mining industry, but law makers remain silent on the matter. ■



Wealth Curse

A Nation With Nothing to Lose

By B. Altai

"The 'wealth curse' means having enormous natural resources. One day is exploration, and extraction is the next", said B. Adya, a herder living in Saintasagaan Soum, Dundgobi Aimag. He was the only herder to attend the Mongolia Economic Forum. He was the main representative to a sub-meeting called "The Proper Management of Natural Resources and the Diversity of the Economy". Maybe one might wonder why an elderly man wearing a deel even came to the event during this busy time of year when new livestock are being born.

The mining industry is a threat to agricultural and herding lifestyles. Mongolia is faced with the dilemma of choosing whether it should exchange

its traditional ways of life for one centered on the mining sector.

Even though he is a herder, this elderly economist once fanned the flames of democracy in the countryside. Adya could not hide the feeling that he could not stand up to the mining corporations, to which he felt deep regret. He is a person who has seen governments come and go, and he does not even flinch in the face of a snow disaster or drought. This day, however, he had to attend the Mongolia Economic Forum.

There are examples of countries that fell to pieces despite their natural wealth. Which way is Mongolia heading? Countries that have made the mining sector a priority are encouraged to diversify their ►►

▶ economies.

“Can we truly earn any money from mining”? asked Parliament member S. Oyun. “You might think it possible, but there is no proof”.

If mining revenues were distributed properly, it would be a huge opportunity for any country. It is very important to act responsibly towards our country, Mongolia, which holds many different varieties of natural resources. It would be possible to earn revenues from the mining sector if we could implement the right policies that satisfied society rather than antagonise it”.

President Ts. Elbegdorj emphasised: “But we can earn revenue. Mongolia is left to answer the question whether it can properly invest that revenue it has earned or not. In other words, it would be good governance to reduce the economic risk of depending solely on one sector”.

At the forum N. Dorjdulam, a researcher at the Open Forum Society, spoke on the matter: “Allocating natural resources properly is only one possibility available to us. These resources are non-renewable. We mustn’t make a mistake. Allocating wealth revenue unfairly would create instability within society”.

Joining Arms, Falling in Step

The majority of participants at the economic forum discussed issues concerning how reliable government can be and identifying the traits of a good and honorable government, but only a minority of government fits that description.

“Governance technology is being led astray”, said S. Dembrel, director of the Mongolian National Chamber of Commerce and Industry (MNCCI).

Moreover, economists explain that it might be close to establishing a natural resource fund. Experts define good management as the proper use of revenue and directing funds towards the right investments. The Human Development Fund, if viewed as a stabilisation fund, is very short-sighted. If government spending is not reigned in, the wealth will surely run out.

Economist G. Ragchaasuren said that the conditions of the service sector could be a sign of weakness

in the economy, as it is much larger than any other industry in Mongolia. Ragchaasuren stressed that industry is failing to develop properly and could affect the country’s competitiveness. Moreover, it has the disadvantage of perhaps permanently acting as an importer rather than an exporter. Proper investment depends strongly on the right policies. He said that Mongolians need to improve their labour productivity. The Mongolian dream is to spread the wealth from mining properly, earn economic growth for the country, and to live in comfort. These are natural expectations. For that reason, economist Ragchaasuren said Mongolia must work hard before it can become rich.

The Problem Is Government

U.S. President Ronald Reagan once said in an address, “Politics are the biggest danger to the country”. These words are always on my mind: “Government itself is the problem”.

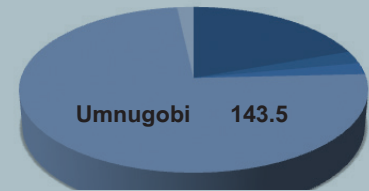
“There are signs that government poses a risk to Mongolia. The government is becoming a danger”, said President Elbegdorj during his speech at the forum. In his speech he asks where the revenue from mining stalls? Where does it go? Are family incomes growing and is poverty shrinking? Is unemployment on the decline?

“The economy would diversify with the establishment of processing industries, the development of small-and medium-sized industry, and support to agriculture. It also requires the development of tourism, information and communications, biotechnology, and infrastructure”, said National Development and Innovation Committee (NDIC) Director Ch. Khashchuluun.

However, there is general agreement that Mongolia produces very little. So there are still questions regarding the many sectors mentioned by Khashchuluun that need answers. What sector should be targeted and how much investment is necessary? How can these investments be found?

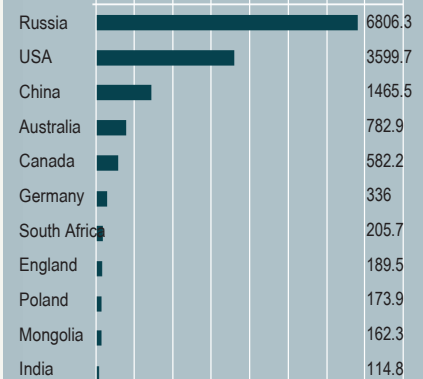
It became clear during the forum that there is no research for setting up industries in Mongolia that could be pursued in addition to mining.

Provinces with special licenses for coal use /square, thous. hectare/s/



Dornogobi	37.8
Baganuur	4.8
Gobisumber	4.4
Central	3.4

Countries with most coal reserves (billion, tonne/s)



Source: Mineral Authority Agency

Instead of handing out allowances of MNT 70,000 to students, at least one industry could be propped up using that money.

Seven Colours

“We do need to develop seven sectors, and make them a top priority to lead the economy”, Parliament member Ch. Saikhanbileg said. He said that government should promote small business, and support traditional herding, farming and handicraft. But it should not act as a barrier. Experts said distributing wealth equally means developing the financial market and creating more jobs by promoting industry. In the words of MNCCI head Demberel, equal distribution means equal opportunities. So it goes, equal allocation follows good governance. ■

A Question for the Experts

How Should Mongolia Allocate Its Wealth?

G. Ragchaasuren, professor of economics at the Queen's University of Belfast in the United Kingdom:

We have discussed how the government should allocate the money earned through its revenue efficiently during the economic forum this year. In other words we talked about how to manage the country's expenses. The main point of the issue is how a big family like Mongolia can efficiently manage its expenses. It is certainly true that its revenue comes from the mining sector. It directly depends upon policies for growth and brings diversity to the economy. We can't rely only on the mining sector without considering how it affects other sectors. Furthermore, we had to make a multi-faceted economic forum a priority issue for government.

Investments such as education, health care, infrastructure, and science, are proper uses of government funds. Consequently, it gives the possibility for the development of other sectors. If unit production cost is competitive with other countries, an industry could survive. The revenue from natural resources is not only spent on our generation but is also handed down to following generations. If the country can behave productively, it can be competitive.



D. Davaasambuu, Senior Adviser to the Parliament Speaker:

First, we should have the ability to trade with international entities. And we do need to understand the world better. If not, the enterprises operating within Mongolia will not be able to set premium prices for the nation's natural resources. You can't begin making deals before understanding the international framework. The different prices of coal must be clearly understood and compared with Mongolia's prices. This is a point where we can start deciding whether we can earn all of the country's revenue from its natural resources.



Secondly, we should think about whether we can allocate revenue properly. Thirdly, as they are non-renewable, the resources will reach their end. How can development continue after the country has spent all of its resources? What other industries would be established? These are the three main issues. The officials at the tax administration and those who are responsible for monitoring the economy

should be hard at work. Authorities need to declare their private income for transparency purposes. We should process coal and copper and then sell them at a value-added price. Finally, we should concentrate on human development and maintaining good governance.

Kh. Vladimir, Executive Director of the National Mineral Resources Association:

Managing natural wealth starts with determining the value of that wealth. Attacks and assaults on our natural resources dominate now. There are no favorable managing systems. Although enormous natural resources exist in our country, we can't evaluate them properly. We have been transferred into a market economy, but in reality we don't understand how we got here. So we need to begin the market economy anew.

The market economy is a property market. The market economy hasn't developed because the property market hasn't developed. There are two methods to allow people to benefit from natural resources. The first is to distribute shares to the people. A profit can be made from dividends or by trading on the stock market. Second is tax treatment, which is very popular in many countries. It is important to tax gold, copper, and coal, depending on the deposit. Unfortunately, we only choose a number that fits overall standards and sign the contract. As a result it is doubtful we can ever benefit. It is necessary to set up a fund based on surplus revenue. The assistance from that fund would make managing wealth possible.

Furthermore, countries with weak governance don't have sufficient growth. Indeed, there are many possibilities for distributing revenue to people through the growth of stock value in a fund or on a capital market. There are lots of funds that behave this way, such as those in Chile and so on.



Alisher Ali, director of Eurasia Capital Investment Bank:

Having enormous natural wealth is a huge opportunity. However, it is important to learn about examples of countries that chose to make the mining sector their top priority. There are many countries ailing due to bad management and policy. For instance, there is Nigeria. Although it has massive oil resources and made this sector its priority, 90 percent of the



population lives in poverty, and the country is debt-ridden. On the other hand, there are many positive examples as well. One of them is Chile. Chile is the largest copper exporter in the world. In a few years, Mongolia will become the second biggest copper exporter.

There is one interesting fact about Chile. What do you think is the percentage of the population employed in the mining sector? Only 5 percent. How do the rest work for a living? South Chile has become a top exporter of wine in the world. Twenty years ago they developed this sector with funds derived from mining. Nowadays this sector has technology that is valued highly around the world.

Another interesting fact is that Chile supplies a quarter of all salmon consumed in the world. Same as before, it has developed this sector with revenue from the mining sector. Now this sector contributes billions to its country's budget and has been employing hundreds of thousands. Here it is the same situation. In Mongolia there are many sectors, except for mining, that can be developed to become competitive in the world. For instance, Mongolia could develop its eco-tourism industry. Also, the Mongolian meat industry could compete well internationally. It could become the largest competitor for meat exports in the world. Moreover, there are broad possibilities for dairy products and cashmere.

D. Ganbayr, Former Commissioner of the Financial Regulatory Commission:

Massive amounts of money are coming into Mongolia. In order to absorb this money into the domestic economy, the most important thing is to increase the skills of employees within the mining sector. Investment into the mining sector must be directed towards farming, meat production, science, education, and domestic industries. Supply and demand are out of balance in our country. A company which lists on an international market must request permission from the Financial Regulatory Commission. We need to change the methods to which mining resources are used. It is important to increase the skills of workers. The value of mining resources will grow whether you want them to or not. It is time to change what we allow for the mining sector and rewrite the tax policy.



B. Battumur, Director of the General Taxation Department:

A Considerable amount of investment from the mining sector has entered into the economy. How shall we spend it? This money needs to be managed well. The government must control the money derived from taxation of the mining sector. Let's create a workplace for every individual. There is a shortage of companies that generate social wealth. Interest rates to loans should be reduced

and the duration of those loan should be extended. Money should be invested into education. We have to spend money to support the education of those without. We should perfectly manage all the money that comes from the natural wealth of the nation.

We should increase investment into other sectors besides mining. More money needs to be spent on health care. Proper management should start beginning now. Next, growth and development may come.



B. Chuluun, Scientist and Secretary of the Sustainable Growth Institute of the National University of Mongolia:

We need to improve competitiveness to properly allocate the revenue from natural resources. Competitiveness could improve if we could make education a priority. It is wise to invest in the education of the younger generation and give them experience with study abroad opportunities. We need to develop the human capital of the nation. We should direct investment from natural resources to aid in the adoption of renewable energy and efficient technology to develop a green economy.



N. Dorjdari, Researcher for the Open Society Forum:

We need to manage all revenue correctly. We should plan the budget with participation from society. If there is no revenue from the mining sector, how can we save our economy? The revenue from mining is massive. Domination of the mining sector over the economy creates many risks. It is necessary to change the legal conditions and policies.

The revenue from mining creates some alternative risks. It could create a situation where the entire country is depending on just a few countries. The worst case would be a wide gap between government and society. We should promote public participation to support responsibility, transparency, strong government policy, and to prevent a repeat of mistakes passed.

Management by the government alone has proven to be a mistake. Indeed, conflicts of interests arise within government. Government should cooperate with private entities and professional organisations to meet its aims. The government does not have to make a decision for public interests. We should have transparency and good governance to allocate the revenue from mining properly. The government should establish an authority to represent the public and allow the public to participate when making policy. A system of accountability must be established because currently none exists, and government revenue goes to waste as a result. ■



Development Leverage

Mongolia's mining sector no longer has a decent name. Evidence of this could be heard at the various forums and conferences held last year and most recently from this year's Mongolia Economic Forum. The time when information about mining was limited is already behind us. The entire world is chatting about the future development and evolution of the Mongolian mining sector.

The world has laid its eyes on the tremendous supply of minerals at Umnugobi Aimag and its undiscovered mines. The Oyu Tolgoi and Tavan Tolgoi projects shine a light on development and are the sources for exasperation to construction and infrastructural development. Mongolians today and their future generations are awaiting the benefits of these mines with open palms. A lecturer at the School of Economic Studies at Mongolia National University, B. Erdenebat, once said that anticipation is both a sense of trust and risk. Hopefully the anticipation here in Mongolia is a precognition of booming development. But are Mongolians ready for it? There is a projection for 25 percent economic growth this year.

"Economic growth does not always lead to development", explains D. Jargalsaikhan in his article "Let's Make Economic Growth an Economic Development".

What tomorrow will look like with economic growth depends solely on the expansion of development to the mining sector. Although the Tavan Tolgoi mine is in its actual position, due to a lack of infrastructure the resources sit idle. Experts familiar with the matter say there are heavy clouds hanging above Tavan Tolgoi because the issues of construction

and infrastructures are not a rumour.

There are currently two paradigms to Umnugobi. The first is construction depending on the development of Oyu Tolgoi. The other is wasteful construction that transports coal from Tavan Tolgoi to Tsagaan Khad in Umnugobi.

At first glance the construction at Oyu Tolgoi looks like an industrial city. So much has already occurred here, but this is just the beginning. Mongolia's development depends so much on this desert plain with only some occasional desert scrub. However, at present development is dark, poor and weak. So, who is the tiller that will release us and allow us to live prosperously and satisfied? Some economists say mining will be the main pillar to development. Responsible mining is a key factor to development. The Oyu Tolgoi mining company is considered to be a stepping stone to development.

A Vast, Dry Land

Prime Minister S. Batbold has promised gross domestic product per capita will reach USD 5,000. However, development clearly depends on Mongolians as well as Oyu Tolgoi and Tavan Tolgoi.

"Capital is divided into three parts: natural, solid and human," said B. Bat, a lecturer at the School of Economic Studies at Mongolia National University.

"Natural capital includes gold, copper and coal. Solid includes finished products such as furniture and human capital means educated citizens. Thus, long-term stable economic development depends on whether we can turn this natural capital into solid and human



capitals".

Mongolia has both the natural capital as well as the labour market. The National Statistics Office has reported that by the end of February 2012 the unemployed population had reached 58,400. This is a 51.6 percent increase from last year. Why is unemployment increasing?

Although construction at Oyu Tolgoi is booming and the Tavan Tolgoi mine's operation contract is nearing its end, unemployment is still present. The same is true even in the United States, China and Korea. Big projects mean more jobs. Cameron McRae, Oyu Tolgoi's president and chief executive officer, has announced that the Oyu Tolgoi project will begin production in August this year and will exploit 450,000 tonnes of copper and 330,000 ounces of gold each year, which would make Oyu Tolgoi the world's biggest untapped gold and copper mine. MNT 7.7 ▶▶



▶ billion has already been invested in to the project before any actual exploitation of the minerals has even begun. Economists note that never before has there ever been such a large investment made into Mongolia.

The enrichment factory would require around 100,000 cubic metres of water for the production of 110,000 tonnes of ore a day. From this, 90 percent would be used for production. Oyu Tolgoi could become one of the world's largest consumer of water among mines in the world. Yet Oyu Tolgoi is somehow managing to be frugal with its water consumption. They should be because Umnugobi is a dry and vast land. Claiming responsibility is our duty

"We invest in many projects other than copper exploration," said McRae, speaking on his company's efforts for corporate responsibility. "For example, we make investments in rural areas, educational centres

and universities, and art committees. We try to make it as profitable as possible for Mongolian people".

This month's statistic review stated that the monthly expenses of a household grew to MNT 584,900, a 23.5 percent increase compared with last year.

"If we think of the Mongolian economy as a car, then Oyu Tolgoi and Tavan Tolgoi have started their engines, and the car has started", said D. Zorigt, Minister of Mineral Resource and Energy in an interview with the newspaper *Unuudur*.

For Stable Development

As of February 2012, Mongolia has commercial relations with 103 countries and total trade circulation has reached nearly USD 1.469 billion, reported the National Statistics Committee. Specifically, mineral resources comprise 97.7 percent of all exports. Industrial production has increased 7.7 percent to MNT 287.8

billion.

Total income from taxes has increased by MNT 106.8 billion, or 37.2 percent, compared with the previous year. The Oyu Tolgoi project is buying MNT 10.4 billion worth of exports every day. By 2019 the country's gross domestic product will grow by 35 percent and exports will have doubled. Half of this growth will come from Oyu Tolgoi alone. At present there are 6,837 Mongolians, 3,632 Chinese, and 772 employees from other foreign nations employed at Oyu Tolgoi. In his article "Leaves of a Maple", D. Jargalsaikhan notes: "... developing the economy and running the mining sector with a long vision [requires] a definite guideline".

How well the mining sector profits, leads towards stable development, and becomes a national treasure depends on the people of Mongolia. Good governance that would allow the equal distribution of this wealth would be a great investment in the future. ■



Business Woman

World's Best

By E. Zooyono

In this edition we have a new column called The Business Woman. For this issue, the column will focus on B. Bolormaa, the chief executive officer of Mongolemimpex. She is the recipient of a Lady Entrepreneur award for 2011 for her efforts in implementing social responsibility. The honour recognises Bolormaa as the "World's Best Business Woman", as a board member of the Business Women Committee. Bolormaa is the head of the Health Committee at the Mongolian National Chamber of Commerce and Industry (MNCCI) as well as the Business Women Committee.

About Yesterday

Bolormaa: I think our family upbringing and education is the basis for our future life. My family and I used to discuss economics, politics and other interesting topics when we sat down to have dinner. Sometimes we even argued because we had different opinions. I learnt about discussing and debating issues from my family members, and it has become a habit.

I used to read a lot. I still do. Additionally, my entire family is very much involved in mathematics. My

father worked at the central bank and held a management position at the international bank. My mother worked at the National Statistics Office her entire life. My sister and I solved arithmetic problems a lot. We used to buy an advanced arithmetic magazine called *Quant* from the Central Post Office. I began studying maths under R. Gonchigdorj, now a member of Parliament, in the ninth grade. Mathematics develops logic. Solving mathematical problems and reading books broadens and improves the mind.

My childhood and upbringing are the basis for my success today. In order to become successful, one has to prepare his or herself. It is important that as parents mothers and fathers focus on their children's intellectual development and instill a resolute character. The secrets to success are an innovative mindset and an ordered, firm personality. I think you get all these from your family and upbringing.

In her childhood, Bolormaa dreamt of becoming a painter. Her teacher once gave her painting tools as a present, which inspired her more. However, as she grew older she began to devote her heart and soul to mathematics.

Today's Success

After pestering her for three days, I was only able to get answers to three questions. Finding time to have a cup of tea and chat with her was difficult because she is such a busy lady. After all, she is responsible for the health of Mongolians.

What is the secret to your tenacity in such a harsh competitive market?

Individual profits are not all that are important to business. A business becomes successful when it has given certain contributions to society. One of the three pillars to the health sector is the pharmaceutical industry. Mongolemimpex's is a precursor to the sector and has a 89-year history. Thus, we have to improve the reputation of the sector's reputation and set an example.

But the sector is very sensitive when it comes to transportation and storage, and these bring many consequences. For that reason, we need the specific abilities of women. Therefore, 90 percent of our employers are women. Team work and good governance are also a keystone to our success. Although we didn't succumb to the volatile market of the 1990s, business was stagnant during privatisation. But today we stand again. This is the result of our team work. There is no single person that can ever claim success. It is always the result and success of a collaborative effort. Everyone in business must acknowledge this.

There are some who will not accept a female manager because they think only men have stability and long-term visions?

Men have many advantages, of course. But there are examples of great achievements in business, even in politics, through the patience, agility and flexible characters of women. Today, we often talk about social responsibility. But how many of us really implement it. Women, however, are capable of taking responsibility. Everyone feels satisfied when their efforts are fruitful and receive a positive response. So a good attitude, generosity and high motivation are important. I personally think skill, creativity and motivation lead to success.

Every woman loves fancy and elegant luxuries. They are born to be elegant. What empties your wallet?

I love to collect books. I absolutely ▶▶

▶ never let my books get dirty, no matter how inexpensive they might be. I also have a collection of silk scarves that I think are very elegant. I add to my collection with scarves from numerous cities such as London, Milan and Paris. But nowadays, I just love being in the countryside. Every Mongolian is proud of their home country. I like to paint for stress relief. It is my hobby. I wanted to be a painter when I was a child.

Her phone rang. I could hear someone saying that people had arrived from Japan to sign a contract. She left with a waving scarf in the wind.

In 2011, her hard work was globally recognised with the honoured title of "World's Best Business Woman". The award was handed to the world's top 21 business women. The award is meant to encourage women in international business and validate the work they have done. Winners are chosen based on their success and contributions to the business world and society. At the opening ceremony, U.S. Representative Carlyne Maloney and State Secretary Hilary Clinton greeted those in attendance. Internationally known leaders and business people

gather at this event to discuss the issues women face and their possible solutions.

Bolormaa dreams of a happy, peaceful life. Every morning she offers her prayers to heaven on behalf of her family before hurrying to work at Mongolemimpex.

As long as every Mongolian woman offers her best wishes to heaven, our nation will be free from suffering and live for eternity. There is a saying of our ancestors that a woman always shows her nobility when making her offering to heaven. This could be the truth. ■

Top Presentation

Earning More with Social Responsibility



M. BOLD
/CEO of TenGer Financial Group/

Bradley Googins, a PhD Professor at the Carroll School of Management said this presentation during the GIZ IMRI's CSR conference in 2011 is the "strongest" he heard in any country.

I would like to share how TenGer Financial Group implements social responsibility. Only when we achieve success can we integrate social responsibility into one's corporate vision. At my firm, 1,500 employees work daily. In order to direct the activities of all these people, we combine corporate responsibility and our vision. This vision is our doctrine, and our doctrine has three objectives. First, operations shall benefit society. They must be environmentally friendly. And finally, the company should earn sound profit. We at TenGer follow these principles, which we consider the three cornerstones of our company. All employees understand them very well.

Henry Ford, the founder of Ford Motors, said: "Business must run at a profit, else it will die. But when anyone tries to run a business solely for profit, then again the business must die; for it no longer has a reason for

existence." I want to add a question to this quotation: where will we go if we struggle toward such a limited interest? If we follow this path, then only poverty and begging await us. Sometimes it seems as though we are already accustomed with all of this.

The public includes law makers, the government, cities, regions, and local administrations. Ulaanbaatar (which translates to "red hero") has received nicknames such as "Utaanbaatar" ("smoky hero") and "Hogbaatar" (rubbish hero). This is the environment we live in. Cattle that drink toxic water die because of irresponsible mining practices. The environment also suffers great damage.

Last year when we traveled 10,000 kilometres across western Mongolia, we didn't see any marmots. It is dangerous to destroy nature and kill wild animals for profit. There are many people who hunt animals only for their

own benefits.

There is no need to talk about the work environment. Many people live in conditions harmful to their health. If we continue living any longer in this manner, then we will not have forests tomorrow, and later any air to breathe. Khuvsgul Lake is one of the world's largest fresh water lakes. Can it be considered clean today? Who is responsible for its current condition? Beer cans are thrown everywhere after they have been emptied. It's a shame. As a result, rivers are drying up. One American researcher who conducted a survey at Khuvsgul Lake wrote on the internet: "Mongolia is on the verge of ecological collapse." Today, we are surrounded by unemployment to one-third of the Mongolian population. Instability, disease, poverty, and unemployment surround us. We have become accustomed to all of this. It's social destruction. We talk about economic crisis a lot, but today we are ▶



These photos were used by M. Bold during his CSR presentation at Ikh Tenger in 2011.

- ▶ confronted with social crisis that has become a normal part of our everyday life.

Climate change has gotten worse. In Mongolia temperatures rise twice as fast as the global average-winter temperatures have jumped 3.6 degrees Celsius over the last 60 years. Global temperatures have warmed 0.75 degrees Celsius while temperatures in Mongolia have warmed 2.4 degrees Celsius. It means two-thirds of total water reserves have been wiped away from the soil. All of this is connected to our present topic. Some of these are a result of natural forces, but we have to take measures to reduce and slow down this process.

We keep talking about social

responsibility. It is more important to implement it and, in order to reach success, measure the impact of social responsibility. The relationship between business and the environment can be measured. We know this. For instance, how much rubbish does a business produce in one day. We can measure how much rubbish our company produces in a year. On the basis of this, it is possible to set up a goal for reducing rubbish by 10 or 20 percent? Social responsibility means employing someone without discriminating against one's race or opinions. It is important to identify how many people we have discriminated against, and not repeat those same mistakes.

Fifty-six percent of everyone who

borrowed credit from XacBank come from the rural regions. A total of 70,000 children have savings at our bank. We offered free lessons on finance for 356 children aged 8-10 years old. This year we will involve more children. It is social responsibility. The Ministry of Education supports the work we do. However, mid-level officials from this ministry don't support us. This shows their understanding of social responsibility. We also conduct trainings for children aged 14 to 18. A total of 10,000 schoolchildren from 110 schools are involved in this training. The company covers all expenses. For the attendees, we have opened 5,000 savings accounts. It is one example of implementing corporate social responsibility. ■

Reportage

Happy First Anniversary, Mongolian Economy!

Mongolian Economy has celebrated its first anniversary with pride, celebrating the event with national and international representatives, readers and subscribers. Our team decorated the Temujin II hall of the Chinggis Khan Hotel, with the look and colour scheme of our magazine, where our honoured guests could enjoy our hard efforts. Many found it delightful that we welcomed our guests with a milk toast, rather than vodka, as is the tradition of our staff.

It was 24 February 2011, when

Mongolian Economy first published to reach readers. For us it was a dream come true. As we gave the magazine the name Mongolian Economy, we wanted it to be a compass that would guide Mongolia to the right path and be independent from politics. We also wanted a magazine that had its own value to society.

Even though it was an economic magazine, we did not focus solely on the economy. We strove to become a guide by looking into the economy with the eyes of sincere citizens; to make

the wrongs right; and to encourage what was good. To do so, we wanted to represent reality as it truly is instead of exaggerating the bitter truth. These were the thoughts we had in our mind when the magazine entered the Mongolian media. Although a year has passed, our goal and will has not changed a bit.

In just a year's time, the economy has faced difficulties such as inflation, skyrocketing fuel prices, excessive consumption of power and heat, shortages of bread and meat, and ▶▶

▶ increasing exchange rates—all of which have affected people's lives negatively. During these times, we shed tears along with everyone else, and laughed when they laughed. During the difficult period when the exchange rate swelled, we sailed out to the sea of Mongolian journalism with trustworthy and truthful sources. Now we can face any difficulty. We can walk and speak out. That is how they have assessed us, and by they we mean our readers, subscribers and cooperating organisations.

"When the first edition was published, there were only four of us. But now we have young journalists with high educations, expertise, and innovative visions", said D. Bekhbayar, editor-in-chief of Mongolian Economy during the anniversary ceremony. "Our team members have quadrupled within a year. After the first edition was published, we were anxious to hear what reactions we would get from the public."

"The first call was from Ch. Gankhuyag, the vice minister of finance, who said, 'This magazine has spoken well on economic issues. We want to buy quite a number of magazines for the upcoming Mongolian Economic Forum'. His call gave us encouragement. After this great offer from the vice minister, we rejoiced that we had reached our targeted group of readers".

The attendees awarded us with such a great inspiration that we would never dare forget.

"Mongolian Economy magazine has offered to cooperate as an advisor to the Discover Mongolia forum, which was initiated last autumn", the executive director of the Financial Services Corporation, D. Jargalsaikhan, said. "We thought the magazine wouldn't differ from others. However, they proved us wrong by offering solutions to the issues talked about with innovative ideas".

"We were also pleased that they came to us, offering to continue publishing issues under debate until next year's event. We found many possibilities for cooperation with the team. We hope that you will continue to stick with your policies and to stay independent from any political party".

L. Bolormaa, the editor of Mongolian

Mining gave her congratulations: "A journalist is congratulating another. Bekhee, Otgoo and I are from the same pot. I want to share a memory: about ten years ago, the Minister of Finance of the UK wrote about household income and the tax they paid in a very simple way. After reading that article, we thought that the economy is not as difficult and boring as we used to think".

"To the contrary, we realised how interesting it was, and that we could write about it using simple, true-to-life words. Thus, we started to introduce elements of the economy with a western touch for Unuudur newspaper. And now we are trying to create a new economic environment and trends for Mongolian journalism. I wish you all the best".

The director of the company Uguuj, S. Tumengerel, said: "One year is a very short time in the business sector. However, it is great to see the magazine has achieved so much and even created its own niche. I think the magazine delivers news from different angles of life. Most importantly, it is independent from politics".

Ts. Adiyasuren, director of Eco-Asia University said: "Mongolian Economy is the only magazine that writes about economic, social and environmental issues at the same time. Everyone is talking about the green economy. But it is their duty to guide citizens through all the chaos of opposing information and introduce them to the possible risks. I'm proud that the magazine reports the economy in a simple way and prepares for the future of economic journalists. We collaborate in many ways. We will surely achieve much more. We wish you all the best".

Many honoured guests attended the anniversary, including: Project Director of International Cooperation Committee Stefan Hanselmann; Alisher Ali of Eurasia Capital Investment Bank; Ts. Tumentsoyt, chief representative of General Electric; Ch. Otgochuluu, the Director of the Economic Policy and Competitiveness Research Center (EPCRC); and Executive Director of Newcom Group B. Byambasaikhan. They praised our efforts to create a fresh and unique image for Mongolian journalism.

"We are extremely grateful to all the readers, subscribers and collaborating organisations as you have watched us being born and supported us when we struggled to walk", said Deputy Editor I. Otgonjargal. "It was an exciting moment when we received the very first edition of our magazine. Even after a year, we still have that same sense excitement. We have a big goal ahead of us. Namely, it is to contribute to the development of a green economy and journalism that is independent from politics. In a year we have set one foot forward. We will continue to climb to the top".

We were also praised for our website, mongolianeconomy.mn, the Economy studio and the environmental group we founded, Green Economic Growth.

"Your colleagues have showed what an energetic and united team can achieve in such a short time. If all organisations and colleagues were like that, Mongolia would easily head towards development", said B. Bold, the board director of the Mongolian Stock Exchange.

We would like to thank Bold for his cooperation and the interviews he has given about the stock market. Our readers have surely benefited from the investment and financial related interviews. We are also grateful that you have promised to strengthen cooperative ties.

One of the most exciting moments of the evening was when we awarded our colleagues for their hard work.

EPCRC Director Otgochuluu is a true specialist as well as a writer. His name was announced with reverence by our editors, who came on stage to hand out awards. Otgochuluu was awarded for his articles and the effort he has contributed to our magazine. Our magazine's English editor, Terrence Edwards, was also given an award. B. Bayartogtokh, a young journalist whose articles have received compliments from our readers, was awarded as well for his hard work. Other awards were presented to our accountant B. Enkhtsetseg, Marketing Manager D. Barianjav and sales manager S. Tsend-Ayush.

May we celebrate our 10th, 20th, 50th and 100th anniversaries together with our readers. ■