

The Republic of Mongolia

The Center for Global Development prepared this summary based solely on the publicly available proposal submitted by the Republic of Mongolia to the Millennium Challenge Corporation.

Overview

The Republic of Mongolia submitted a proposal for funding from the MCA to support its poverty reduction and economic development program. The proposal does not specify a dollar amount. The fund would support a four-year program, which is part of the Economic Growth Support and Poverty Reduction Strategy (EGSPRS) the government adopted in 2003. Specifically, the financial package would be directed to four areas: business development, education, health and infrastructure. The government's medium-term goal is to reduce poverty rate by 50 percent and create conditions allowing people to work out of poverty.

Context

According to the proposal, over 35 percent of Mongolia's population lives in poverty. Mongolia's EGSPRS pursues three main objectives: ensuring macroeconomic and financial sustainability, supporting the development of the private sector and ensuring sustainable human development. Under this national strategy, the government would achieve macroeconomic and financial stability through public sector reform, i.e., treasury, accounting and civil service.

The EGSPRS relies on the private sector to lead economic growth. To that end, the government aims to implement legal and regulatory reforms in order to create a transparent environment, which is needed to attract foreign direct investment and expand access to foreign markets. The investment is particularly critical for rural development.

Elements of the Proposal

According to the proposal, for the next four years, the government will focus on the four main areas with the greatest impact on national development: business development, education, health and infrastructure.

1. Business Development

This part of the program would generate higher economic growth based on private sector productivity. This project will last three years, instead of four. Investment in this program would:

- provide sources of long-term investment financing using existing and innovative financial mechanisms suitable to the needs of enterprises
- develop entrepreneurial skills in the business community, foster cooperation in the private sector and facilitate the adoption of new technologies

2. Education

Education projects would contribute to economic growth through skill development for young Mongolians. These skills are important for their integration in the global economy. The projects have three strategic objectives:

- Rehabilitate the vocational training program
- Provide youth career guidance and work skills training
- Increase the usage of the English language

3. Health

The goal of health projects is to improve access to health for the population. These projects would help provide treatment services, using modern technology. This part of the program would:

- Establish a system of specialization training and continuous medical education for capacity building
- Build specialized diagnostic and treatment centers
- Introduce tele-medicine and other advances of information technology into health services

4. Infrastructure

This infrastructure project would improve the link between markets and urban centers by:

- Expanding the Sharkhad –Bayangol road and building new road in Gants Hudag (\$14 million)
- Improving Ulaanbaatar road network and the UB-Erdenesant section

Proposed Outcomes

At the completion of the program, Mongolia would:

- Increase investment by providing the necessary sources of finance
- Build a business knowledge base needed for higher productivity
- Acquire a larger skilled workforce, especially among the young
- Close the supply gap in labor markets
- Improve access of Mongolians to information, allowing them to better communicate with the rest of the world, thanks to increase knowledge of English

Description of Consultative Process

According to the proposal, the government organized extensive public discussions and public information events to include all interested parties in the dialogue about the compact proposal. Nearly 900 people representing various segments of society participated in the consultative process.