

GOVERNMENT OF MONGOLIA
Task force to develop comprehensive
national development strategy

MILLENNIUM DEVELOPMENT GOALS BASED
COMPREHENSIVE NATIONAL DEVELOPMENT
STRATEGY OF MONGOLIA
(Draft)

ULAANBAATAR CITY
2007

Summary of the Millennium Development Goals-based Comprehensive National Development Strategy

The Millennium Development Goals-based comprehensive national development strategy has been developed as per the Decree No 05, 2006 of the President of Mongolia.

The development of the NDS is based on the Constitution of Mongolia (1992), the Development Concept paper of Mongolia (1996), the 21st century sustainable development programme of Mongolia (1998), National Development programme of Mongolia (2005). **304** key policy documents and papers of Mongolia developed during the last 15 years have been reviewed and the progressive elements from these documents were integrated, including “the National Security Concept of Mongolia”, “the Foreign Policy Concept of Mongolia”, “EGSPRS”, “Mongolia report on MDGs”, “Regional development concept of Mongolia”, “Mongolia MDGs” (Parliament resolution No 25), the Regional development programmes of Western, Khangai, Central, Eastern and Ulaanbaatar regions. In addition, proceedings of the symposiums and conferences on NDS, compiled findings and reports from scholars and experts who participated in the public tender/contest to develop NDS have been reviewed and integrated. Moreover, comments and suggestions from the political parties, NGOs, the private sector raised during the open debate launched in media have also been taken into account. Applying GMF – economic model developed by the UN, the economic development forecasts and estimations were developed.

The priority outcomes, the implementation strategy and expected outcomes of NDS, achievement of MDGs are considered in two phases, phase one from 2007-2015; phase two from 2016-2021.

The NDS will be reflected in detail in the medium and short term development policy documents, the Government action programme as well as in programmes undertaken jointly with the international partners and donors.

The Introduction, the background, the challenges encountered to the national development, the environment, the justice, the public administration, the key outcomes of NDS, the implementation strategy chapters are written by Dr. Prof. R. Batmend (Project National Advisor), the development vision, the priorities chapters by R. Batmend and Dr. Prof. Ts. Demberel (Dean of Khan-Uul university), Dr. Prof. L. Tsedendamba (Academic supervisor of the National Development Institute) the human development, health, education, family, science and technology chapters written by Dr. Prof. J. Batsuuri (Director of Human studies national center) and Ts. Demberel, the economic chapters written by L. Tsedendamba, the national security, the foreign affairs, the defense policy chapters written by Dr. Prof. D. Myagmar (Director of Strategic studies institute).

Task force to develop the MDG-based NDS

Table of Contents

Acronyms	4
Introduction	5
One. Background	7
Two. Situational analysis and environmental assessment of Mongolia's development	10
Three. The vision of Mongolia's development and priorities	13
Four. Priority outcomes, implementation strategies and expected outcomes of Mongolia's national development strategy	14
4.1. Priority outcomes and implementation strategies of human development in Mongolia	14
4.2. Environmental policy, priority outcomes, implementation strategy and expected outcome	36
4.3. Economic development policy	38
4.4. Regional development policy	63
4.5. Development policy on legal and judicial reform, state structure, public administration and civil service	66
4.6. Priority outcome and implementation strategy of the national security	71
4.7. Priority outcomes and implementation strategy of the foreign relations	72
4.8. Defense sector policy and strategy	75
Five. Key outcomes of the policy implementation and implementing mechanism	76
Annexes	
Annex 1: Future development indicators estimated by econometric model GMF	
Annex 2: Foundations of the MDG based Comprehensive National Development Policy	

ACRONYMS

MDGs	Millennium Development Goals
NDS	National Development Strategy
GDP	Gross Domestic Product
S&T	Science and Technology
GNI	Gross National Income
GMF	General Macroeconomic Framework
ICT	Information and Communication Technology
NSC	National Security Council
FTN	Free Trade Negotiations

**MILLIENNIUM DEVELOPMENT GOALS-BASED COMPREHENSIVE
NATIONAL DEVELOPMENT STRATEGY OF MONGOLIA**

**“Under the eternal blue sky, with favour of the destiny
the future shall be created though” Chinggis khaan**

Introduction

1. Millennium Development Goals-based comprehensive national development strategy (hereinafter referred to MDG-based NDS) shall newly identify for coming fifteen years the social, economic, scientific, technological and civilization progress as well as Mongolian human development in democratic society through creative economic growth in close integration with global and regional development. This strategic document differs from the **vision** by the strategic aims to achieve MDGs, to review the national development policy through identified development priorities and implementation frameworks.

2. Mongolia has gradually overcome numerous challenges of the transition from administrative state system to multiparty democratic system, from socialist economy to market economy, major transformations in social relations, mentality and mindset, and has come to the phase of stabilization. New economic opportunities are opened up and favorable conditions for development are in place.

Nevertheless, a number of poor is growing who face challenges in access to education and health services, cases of maternal and infant mortality, HIV/AIDS increased, there is social disparities due to uneven distribution of the national revenues, there is a growing environmental degradation due to global warming and human activities, the social frustration is growing that has negative effect on social morale and ethics. All these led to reducing trust of Mongolians to the state and future. These issues are challenges to be addressed by Mongolian ourselves.

There have been a number changes in the external environment as well. Technological progress thanks to ICT technology development, cross-boundary economic, financial and business activities that go beyond one nation's borders and the growing process of globalization. New groupings and powerful states are emerging in EuroAsia with more integrated economies that eventually have impact on the global geopolitics. Neighbouring and partner countries have identified development strategies for 2030 and undertake active interventions. As for Mongolia, there is a growing support and assistance from the neighbouring countries, partners and the international community enabling favorable environment for development.

There is a **demand** to define the medium and long term comprehensive national development policies and strategies articulated in comprehensible manner in response to the international commitments of the country to achieve MDGs considering the emerged internal and external factors.

3. The **overall goal** of MDG-based NDS is to achieve MDGs, to reduce poverty and reach a level of middle income country by enabling favorable social development

conditions and adjustment to the global development trends through implementation of MDGs, human development; guaranteeing human security; enabling sustainable economic growth to ensure well being of people and to synchronize with the global development; prevention from and minimization of negative impact on people of environmental and climatic changes.

4. The **objective** of MDG-based NDS is to safeguard and guarantee the core interests of Mongolia by promoting national dignity through prioritization of Mongolian human development including education, health and environmental sustainable development; capacity development and intellectual development; achievement of MDGs; promotion of knowledge-based economic growth that practices application of high technology and ecologically friendly manufacturing and services; nurturing governance system that serves the people, ensures human rights and freedom, follows democratic principles and free from corruption and bureaucracy.

5. The process of development of the MDG-based comprehensive NDS included analysis, review and comparative studies of global and regional development patterns with the national context, undertaking of SWOT analysis of the country's social and economic situation and identification of the development trends of the country, application of GMF – macroeconomic model developed by UN as well as draft policy documents developed by line ministries, proceedings from the conference on NDS and findings of selected 10 works from the public contest among the scholars and professionals on development of NDS have been reviewed and incorporated into this draft document. In addition, feedbacks and suggestions of participants in the public debates organized through media, comments from political parties, NGOs and private sector have been duly reflected. The structure of the draft NDS consists of this document, economic estimations and rationale for MDG-based NDS (Annexes 1, 2).

6. The development of the national development strategy is based on the following key policy documents:

Fundamental policy documents: The development of the NDS is based on the Constitution of Mongolia (1992), the Development Concept paper of Mongolia (1996), the 21st century sustainable development programme of Mongolia (1998), National Development programme of Mongolia (2005). In addition, 304 key policy documents and papers of Mongolia developed during the last 15 years have been reviewed and the progressive elements from these documents were referred to, including “the National Security Concept of Mongolia”, “the Foreign Policy Concept of Mongolia”, “EGSPRS”, “Mongolia report on MDGs”, “Regional development concept of Mongolia”, “Mongolia MDGs” (Parliament resolution No 25), the Regional development programmes. The priority outcomes, the implementation strategy and expected outcomes of NDS are considered in two phases, phase one from 2007-2015 to achieve MDGs, to lay down the foundations of knowledge-based economy; phase two from 2016-2021 to develop the knowledge-based economy, to lay down the foundations for intensive development. The NDS will be reflected in detail in the medium and short term development policy documents, Government action programme as well as in programmes undertaken jointly with the international partners and donors.

ONE. Background

1.1 Global and regional development trends

The world is gradually moving from industrialized society to the digital and information society based on the scientific and technological progress. The emergence of knowledge-based economy and technological progress derived from the ICT progress and activities of MNCs (multinational corporations) has brought the globalization. The process of globalization enables a totally new context of the economic and market relations based on cross-boundary flow of human capital, goods and services that lead the nations to closely align the human and social development and economic forecasts with the global and regional developments. The world nations become increasingly inter-dependent on each other with industrial capacity in one country, with available financial resources in another country, with available raw materials in the third country and cheap labour force in the fourth country and altogether enable growing resources and opportunities for closer collaborations among countries. In addition, there have been noted some possible negative side-effects that require unavoidable considerations. In this context it is critical to assess and forecast the positive and negative implications of the global, Asian continent and in particular North-East Asian region developments on Mongolia.

Globalization. Although there have been observed developments to slow down the globalization process, the process is gradually moving forward with more flexible pace and adjustments making closer the world nations. In 2004 the global estimations indicate that the global trade turnover increased by 10.35 and FDI flow increased by 6%. The financial and in-kind support of member states to the UN peace-keeping initiatives has significantly increased. A number of global tourists has reached another record numbers and use of internet has widespread in countries with the least likelihood to occur. The globalization process contains four key indicators of economic integration, capacity for technological connectivity, inter-personal relations and political involvement. Applying these criteria the nations were ranked in 2005 with Singapore as a number one followed by Switzerland and USA. From the former socialist countries, Czech, Slovenia and Hungary are among top 20 countries. Russian Federation is 47th, China is 51st. Singapore has been first for consecutive two years ranked as first in economic integration or trade, FDI flow and a number of international calls and ranked fourth in tourism. USA is leading in technological connectivity, China with USD 1 trillion in foreign trade turnover ranked third as a major global trader.

The lessons from the globalization process indicate that the over-protectionist policy, the cautious position in the international affairs will undermine the current development state of the country, lead to further backwardness from the global development trends.

Economy. Two thirds of the world population lives in countries integrated to the world economy. By 2020 this practice will further expand. Analysts estimate that in coming 15 years the development gap between countries that benefit from the economic, social and technological globalization and backward developing countries will increase. By 2020 the global economy will expand by 80% compared to 2000 and income per capita will increase approximately by 50%. The economic growth of developing countries will further expand the group of middle income countries

leading to significant changes in the social structures. By 2020 and beyond that year, it is forecasted that annual average economic growth of developing countries will outnumber the growth of high income countries. The global economic growth has been sustainable in recent years as IMF economists forecasted it will reach 5.6% in 2006. Although the growth of newly emerging powers and developing countries will be high, the quality and economic capacity of the USA and Western countries will continue to dominate. International analysts and experts continuously refer to the adjustments in the global development patterns and trends towards Asia. ***In the future, the innovative approach in all sectors of the society and economy will play a critical role and the knowledge-based economy shall become the core capital.***

Labour market. There is a tendency for fundamental changes in the patterns of global industry, trade, employment and wages. Largely highly educated with potential for further growth, workforce that becomes increasingly attractive, competitive and low cost, in addition, technological innovation promotes mobile workforce globally. It is becoming common for such mobile workforce to “quit” their jobs, undertake re-profiling and changing the profession and all these trends require from employer to offer competitive remunerations. As Europe and Japan is ageing, the demand for guest workers in these countries will substantially increase leading in those developing countries to additional source of income that exceeds revenues from exports.

Technological revolution. Those countries that can succeed in accessing new technologies and their adaptation in the country as part of the globalization will gain comparative advantages. Application of new technology will broaden human knowledge, contribute to the well being of people. These kind of technological innovations include discoveries in medicine to treat and eliminate some diseases, ageing , facilities to enhance food and drinking water production, mobile telecommunications, technologies that can facilitate the translations, trade and even to certain extent political relations.

In the future it is considered that the technological development trends will not only intensify the technological progress but also revolutionize all spheres of life through synergy of ICT, biology, materials and nano-technologies.

Geopolitics. Similar to impact made by Europe in 19th century and the USA in 20th century, China and India are emerging as global players that lead to adjustments to the global map of geopolitics. 1900 years were referred by scholars as “American” so that the early of 21st century is dominated by development of emerging developing countries led by China and India. The USA will continuously dominate in the global economy till the time one forecasts in this document.

Governance. Scholars view that those regimes that managed the challenging processes in 1990s will fall down by 2020. Those authoritarian regimes will face a challenge to move toward democracy, whereas new and young democracies will be fragile and may face lack of reform capacity. As migration of the population is growing so that, a number of countries will become multi-national and multi-religious, and the countries will face a challenging task of respect for migrants’ ethnicity and religion and to integrate them into the society.

Broad technological expansion will also bring new challenges to the government. The tendencies for continuous upgrade of hard-and-software, PC capacity by individual users eventually have hidden political context. The individuals will have impact to influence on the Government and even demand the Government to behave in due manner.

Following factors may undermine and slow down the globalization process: international terrorism and local conflicts will substantially increase security costs of international trade, promote practicing protectionist measures for border controls, have negative effect on trade partners and financial markets.

Governments of developing countries will face a challenge to address problems in education, health and environment, nurturing freedom and democracy values and most importantly to serve for the people of the country on a sustainable basis.

1.2. Regional development trends.

The Europe and US-centered global development is gradually shifting to Asia and the newly emerging and rapidly developing economies with growing population such as India, China and Indonesia are coming to the center.

Asian countries are likely to take the leading positions in aggregate way on a number of social and economic indicators. Asia is already leading on world population, GDP, ratio of trade turnover, international reserves. Depending on the population growth and pace of economic development of China and India, the world prices of raw materials and commodities have reached unprecedented high level in last 20 years. International reserves of Japan, China and Korea amount to three fourth of the global international reserves.

Asia is expanding not only in terms of financial and economic development, but also Asian culture and art is rapidly expanding worldwide. Asian countries are continuously integrating in terms of trade and economic relations, and the unified Asian bonds market is established and the discussions are on-going at the highest level to establish Asian Monetary Fund and to introduce Asian single currency.

In sum, the global development trends are:

1. Human development is the priority with focus on poverty and unemployment reduction
2. Development without harmful impact on the environment
3. Rapid development of emerging new technologies, including telecommunications, bio, nano and robotics and space studies
4. Prevention from the natural disasters
5. Promotion of regional collaborations and free trade
6. Promotion of region-wide service industry
7. Reduction of disparities in a given country's development
8. It can be considered that there is a trend for significant investments into the Science and technology sector and the findings of studies are applied in the industry and their efficiency is maximized.

TWO. Situational analysis and environmental assessment of Mongolia's development

2.1 Current situational analysis Mongolia's development

Development trends of Mongolia. The aforementioned trends contribute to enabling environment for foreign trade, economic and trade terms, easies access of the country to the global market, presenting goods and services of the country to the rest of the world. The key challenge is to lay down the foundations for the development through achievement of MDGs. The strengths and weaknesses of the country are presented below as follows:

Positive indicators: 1) school enrollment; 2) literacy rate; 3) vaccination; 4) number of doctors per1,000 people; 5) gender ration in general education schools; 6) age structure of the population; 7) foreign trade turnover; 8) macroeconomic indicators; 9) reduced tax burden.

Backward indicators: 1) population growth and life expectancy; 2) maternal mortality; 3) air pollution; 4) ratio of forest areas; 5) availability of classrooms; 6) unemployment; 7) energy supply; 8) housing supply; 9) government expenditure; 10) lengthy process to issue permits and licenses; 11) transaction cost and time for foreign trade activities; 12) food supply from the domestic market; 13) investments to the science sector; 14) protection of intellectual rights; 15) narrow base of export revenues; 16) limited diversity of economic structure.

Mongolia and MDGs. The Millennium Declaration issued from the world summit in 2000 and the consequent approval of MDGs became a critical monitoring tool for developing countries and their Governments to assess the degree of human orientation in their policies. The Parliament of Mongolia reviewed MDGs in 2005 and approved Mongolia MDGs by Resolution No 25 and assigned the Parliament Standing Committees and the Government to ensure the implementation of MDGs.

UN taking into account the demand for financial support and assistance from the international organizations and donor countries for least and developing countries to achieve MDGs is actively seeking options to increase official development assistance.

Although there have been noted a number of positive trends in the macroeconomic indicators such as economic growth of 6-10.6% in recent years, one digit inflation, significant reduction of foreign trade deficit, surplus in the budget, the country is still behind on some indicators stated in MDGs, including a low GDP per capita, high unemployment and poverty rates, heavy dependence on global prices in foreign trade.

Mongolian development level compared with other countries in early 21st century or nowadays, the following negative features are highlighted:

1) **There have not been observed significant results in achieving MDGs.** High poverty rate accompanied by unequal access of citizens to education and health services, degraded environment and air pollution, shortage of drinking water and adequate housing. Thus, the achievement of MDGs shall continuously be on the agenda as priority.

2) **The economic growth in Mongolia has not achieved the required level.** In last 4 years the economic growth of Mongolia has been 6.5% in average. The majority of the economic growth is linked to price increase of selected commodities in the global market. For the low income developing country as Mongolia it is essential to have annual economic growth of 10% with more focus on quality.

3) **Economic growth depends on few selected sectors.** Mining industry, animal husbandry based agriculture sector and wholesale and retail sales are key economic sectors. 5.6% out of 6.2% of economic growth is comprised from these sectors. Therefore, it is essential to further diversify the economy.

4) **Income per capita has not increased substantially.** The annual average growth of GNI per capita in Mongolia is too low, hence the living standard of people is low with likelihood to be involved into the cycle of poverty“. The findings of NSO commissioned “Living standard measurement of households” survey in 2004 indicate that 36.1% of the population is poor. It is essential to strengthen the middle class of the society, minimize the income poverty, undertake prudent policy of re-allocation of wealth.

5) **The economic structure has not improved.** In 2006 the GDP of Mongolia is comprised from 41% in services, 41.4% in industry, 17.6% in agriculture sector respectively, the proportion is similar to the structure of GDP of other developing countries. Therefore, it is essential to promote the manufacturing in services, high technology based SMEs and industry.

6) **Unclear policy to promote the private sector.** In 1989 the private sector composed 3.3% only of GDP whereas in 2004, the rate reached to 76.0%. it is required to encourage the export-oriented industry in the private sector, to seek opportunities to access the world market, to enable conditions for free competition in domestic and regional markets, to minimize barriers and obstacles in smooth functioning of markets.

7) **The budget revenue has not increased on sustainable basis.** In 2004 the public investments increased by 21.3% and it declined in 2005. On the other hand, the achieved economic growth is not maximized to ensure a basis for future economic growth. Therefore, it is important to intensify the investments needed to achieve MDGs, in particular, to promote and enable terms for increase of FDI.

8) **The growing migration with consequent negative consequences.** The causes for growing migration are the underdevelopment of regions and rural areas, the limited opportunities for rural population to enjoy the conditions for adequate living. Therefore, it is important to pursue a policy encouraging development of regions, reducing urban and rural disparities, ensuring balance economic development.

9) **The global warming and human caused activities negatively affect the environment.** Due to global warming and human activities in last 30 years there are tendencies for increased desertification, soil erosion, pasture degradation, shortage of water resources and some biological species, increased sequence for natural disasters. Therefore, it is essential to put the policy as priority the environmental protection, the

sustainable management of natural resources in line with principles of global sustainable environmental development.

10) **Continued social instability.** The social frustration has not decreased in this context of poverty level of 36%, Gini coefficient of 0.390, the public wealth is being concentrated in very few hands, unequal access to the wealth all these lead to growing urban and poor, rich and poor disparities. It is viewed important to substantially reduce poverty, to improve the social harmony in relations within the society, communities and individuals and to build the trust.

11) **Continued poor governance.** The principle “The Parliament approves and Government executes” should be strictly followed with further improvement of legislative, executive and judiciary powers and to link the performance of the state and senior officials with citizen results through practicing democracy and efficient public administration, undertaking of public administration and civil service reforms, strengthening civil society.

2.2. Environmental assessment

Comparative advantages of the development: 1) lessons of history and traditions; 2) unique environmental system with almost complete wilderness and virgin nature with rare animals and flora, vast territory with abundant natural resources and the adjusted nomadic lifestyle; 3) abundant mineral resources; 4) relatively highly educated population.

Development weaknesses: 1) small, scarcely resided population, limited workforce, in particular skillful workforce and professionals with knowledge of market economy; 2) low level of S&T development, limited competitiveness of quality goods and services; 3) harsh climatic conditions, the animal husbandry, arable industry are highly dependent on the weather conditions; 4) narrow structure of the economy with poorly developed infrastructure; 5) remoteness from the major continental and regional international routes and its landlockedness; 6) Fragile ecosystem with limited capacity for rehabilitation; 7) Severely restricted capital, financial and international reserves, economy is dependent on few number of commodities; 8) poor governance.

Development opportunities: 1) geographic location attracts strategic interests of powers, 2) rapid adoption and application of S&T progress, 3) Maximization of two neighbouring powers, 4) Competitiveness at global market with goods produced applying specific technologies, 5) Joining Asian economic groupings, benefiting discounts in transport, customs duties and tariffs, 6) Supply of energy to southern neighbour, strengthen the position through transit transport services.

Development risks: 1) possibility for social and economic disorder in the nation-wide scale, 2) likelihood of natural disasters in the country, 3) falling into lengthy governance crisis, 4) Widespread of contagious diseases, 5) Errors in the foreign policy that accidentally affect core interests of any country that may lead to force major factors, 6) religious and belief divide of the country due to polar division of viewpoints.

THREE. The vision of Mongolia's development and priorities

3.1 Guiding principles of Mongolia's national development

The long-term comprehensive development strategy shall follow the guiding principles, including:

- Development of Mongolia largely on self-reliance basis
- Practicing open and predictable policy to the international community and the people
- Mongolia will align development pace with the globalization and global development trends
- Promotion of effective international partnerships
- Focusing the development to regions and rural areas
- Protection and rehabilitation of environment
- Sustainable use of natural resources
- Practice civilization development through valuing justice, public morale and ethics
- Nurture Mongolian valuing education and profession and good health
- Develop friendly society that aims to improve public harmony and trust
- Develop sustainable public administration that serves for interests of the citizenry

3.2 Values of Mongols

The NDS of Mongolia defines the following values:

- 1) Strictly follow principles of the Constitution of Mongolia
- 2) Aim to live and work in justice and harmony, generate wealth, recover economy, aim for social harmony
- 3) Aim to create the wealth by own hands
- 4) Aim to effectively and on sustainable basis use natural resources capitalizing the comparative advantages of Mongolia
- 5) Fully accept the concept of sustainable development that will enable meeting demands and needs of future generations
- 6) Aim to industrialize the country, raise the livestock, diversify the economy enabling economic growth and sustainable development
- 7) Value sovereignty of the homeland and protect it by any cost
- 8) Protect and value the virgin nature and environment of the homeland
- 9) Protect the national security as a key source of the country's social and economic development.

3.3. Vision of Mongolia's national development

As stipulated in the Constitution of Mongolia "mission is ... to develop human, civil and democratic society in homeland...", the long-term vision for 10-15 years of Mongolia's national development is defined as follows:

*"Mongolia-trustworthy and prosperous country"
WE, Mongols will provide enabling environment and prosper the homeland living in harmony with virgin nature, learning for life to wisdom, knowledge and skills, living*

long, healthy lives, building economy in creative way, enriching the wealth, valuing the national culture and traditions, living in peace and harmony.

3.4 The National development model of Mongolia

The national development of Mongolia is “Sustainable development model with creative economy that values Mongolian human”. It means that a Mongolian will be continuously learn and be capable to benefit from the social wealth and opportunities for enabling living and working environment will be expanded, besides, the human development and economic growth will not have harmful effect on the nature and environment. *Therefore, health, education and environmental development will be priorities of the Mongolian development policy.*

3.5. Priorities of the MDG-based national development strategy

The NDS shall contain the following nine priority areas:

- 1) The achievement of MDGs, the provision of the human development shall be the core of the policy and the development of education, health, environment and science and technology will be given the priority
- 2) Family-centered human development in particular, the maternal, children and population policies will be given particular attention
- 3) Unity of people’s mind set and mentality, friendliness, trust, social justice and political stability will be ensured, the traditional culture and traditions will be developed with enrichment from the modern development patterns
- 4) Unemployment and poverty will be reduced through converting the economic growth as an engine of the development
- 5) Knowledge-based economy will be gradually developed through promotion and development of the export-oriented, private sector-based, high technology-based industry and services
- 6) Balanced economic development will be ensured through building enabling business environment, developing regions and infrastructure, reducing urban and rural disparities
- 7) Foreign policy consistent with the interests of people of Mongolia will be pursued, the economic cooperation of Mongolia in the global and regional markets will be expanded, enabling business environment will be provided through high economic growth
- 8) Sustainable development environment will be put in place to inherit to the next generations through halting the imbalances of eco systems, protective use of natural resources
- 9) Democracy will be fostered through development of the political system, public administration, capacity building of civil service, society free of corruption and bureaucracy will be developed.

FOUR. Priority outcomes, implementation strategies and expected outcomes of Mongolia’s national development strategy

4.1. Priority outcomes and implementation strategies of human development in Mongolia

The fundamental basis to develop human, democratic society in Mongolia is to provide enabling conditions for multi spectrum human development, improve the quality of living, prolonging lives and raising healthy population.

This comprehensive policy shall continuously enhance the “quality of life of Mongolian” through enabling favorable conditions for healthy living of Mongolian men, valuing wisdom and knowledge, continuously learning, working creatively, living in peace and expanding choices and opportunities, achieving 0.8% of human development index by 2021. Successful implementation of the comprehensive NDS policy shall enable achievement of 1,7,8, 10, 11 targets of the MDGs.

4.1.1. Priority outcomes, implementation strategy and expected outcomes of the family development

The policy will be pursued to raise healthy Mongolian children in safe environment who respect and value traditions and customs, environment, develop talents, are eager to learn and develop into creative and accountable citizens.

4.1.1.1 Priority outcomes, implementation strategy for Mongolian family development

Priority outcome 1. The state policy will be focused on developing the Mongolian family as a favorable environment for living of Mongolian people

Implementation strategy:

- “Mongolian family development” national programme will be developed and undertaken to protect Mongolian families from breakups, violence and poverty, to develop as a favorable environment for human’s living
- Risks of unregulated abortions will be reduced

Expected outcome:

By 2015

- “Comprehensive contents of Mongolian children” developed and development programmed strategy updated every 5 years reflecting the age, mentality, intellectual specifics of children (Volume of Children studies knowledge will be defined in 120 types at macro level)
- Methodologies and techniques designed and introduced for psychological and health counseling and coaching for victims and those who commit domestic violence
- Strategy to develop capacity of households, improve their living disseminated at national level
- Modules developed and operationalized for child protection and socialization based on families
- In 2008-2015 “Mongolian family development” national programme developed and implemented

Implementation strategy:

- Favorable environment for protection of child living in difficult conditions will be created based on child care relations similar to family relations

Expected outcome:

- The public oversight and accountability strengthened to parents and families who commit serious crimes against child, family and public morale such as change of children, illegal adoption, leaving and making lost, avoidance by parents or adopting parents to feed and care after children
- By 2015 problems of street children and children out of parents' care through encouraging "adopted" parents and families based on relatives, local communities and neighbourhood, provide child care services similar to family care, expand initiatives of so-called "champion of behaviour", "blood brother and sister", "sponsorship initiative" to address problems of children at risk.

Priority outcome 2. Conditions will be provided for Mongolian people to live healthy, with clean genes, clear mindset adjusting to changing climatic conditions.

Implementation strategy:

- Policy pursued to prevent from weak physical development, genetic mental problems through recording the family tree books
- By 2008 the programme of intellectual ecology of Mongolian people will be pursued
- Public perception and grounds will be provided to value wisdom and knowledge at nationwide
- Promote the leading intellectual and creative social class that drives the development
- State will promote any initiatives aimed to enlighten, develop intellectually the society and encourage the "Saturday" as intellectual investment day.

Expected outcome:

By 2010

- System operationalized for birth registration and insurance coverage of children immediately upon birth including the family origin, parents' names, ethnical origin, age, gender, place of birth, citizenship, health condition
- Monitoring system introduced to protect, prevent from the population and genes bank from drugs
- Every family mandatory records the family tree book
- Identify the degree of physical development and healthiness of members of Mongolian families and determine the key factors.
- Undertake a comprehensive review, develop and implement the policy regarding the Mongolian expatriates, their employment and studying, migration, marriage with foreigners, smuggling, state of adoption of children to foreigners.

By 2015:

- Enable a legal framework to develop every child with his/her individual talents and skills through comparative identification of Mongolian children IQ vis-à-vis their physical development.
- The degree of physical development and healthiness of Mongolian children will be increased from 68.3% to 80%.
- Legal framework will be put in place to ensure civil, political and cultural rights of Mongolian citizens and their children who are abroad on temporary or long term residence.

Priority outcome 3. The state will provide enabling family environment for Mongolian women to deliver in her reproductive age, bring up the children, ensure their education and development and will aim to have TNK above 2.8.

Implementation strategy:

- National standard will be developed and operationalized for free medical care, treatment, support, supply of additional feeding of pregnant women and their delivered babies till one year age.

Expected outcome:

By 2010

- National standards developed for health service and nutritious feeding and supply for children
- Policy to promote national producers identified to encourage consumption of iodine and iron enriched foodstuff
- Standards for long and short wave networks in settled areas, radio stations, their frequencies and ultraviolet waves defined to determine the degree of possible harm on health of infants and children and to develop related standards and procedures
- A specific programme will be developed to address the dental diseases among adults and children
- System put in place to supply with adequate standard medical care and additional feeding for mothers and infants by 2015.

Implementation strategy:

- Retain the job post of delivered mother, ensure that child benefit is at the same level of the wage, calculate social and health insurance contributions as an employee.

Expected outcome:

- Introduced and practiced new ways of child care and development adjustable to needs and affordability of delivered mothers and young families
- System is put in place to retain job posts of delivered mothers, to ensure child benefits are similar to wages
- “Family development centers” established in settled areas
- By 2015, social and health insurance contributions of delivered mothers will be calculated as employee.

Implementation strategy:

Policy will be pursued to provide wage and adequate housing from the state to mothers who delivered not less than 4 children and brought them up to 6 years.

Expected outcome:

- Policy designed and implemented by 2010 to provide additional monetary benefits aimed to support family and children needs, to mothers who delivered two and more twins or who delivered in consecutive years
- By 2015 a legal framework is put in place to enable parents of four and more children aged 0-18 with wage, social and health insurance incentives

- By 2015 a policy is implemented to provide households with four and more children aged 0-18 with housing.

Priority outcome 4. The state will give a particular attention to Mongolian children from the birth to 6 years old to enable family favorable environment, raising, morale development and pre-school education.

Implementation strategy: The state will enable conditions for infant breast feeding, and protect health through medical care and treatment of children till 6 years old.

Expected outcome:

- By 2015 consumption of breast milk substitutes reduced twice
- By 2010 initiatives expanded to newly establish summer camps, maternal and infant recreation facilities, development centers, sports halls, extracurricular activities and clubs, the state policy defined to support these initiatives.

Implementation strategy: National standards will be developed and practiced to encourage games and nutritious food for children aged 0-6 adjusting to age specifics.

Expected outcome:

- By 2010 standards developed for nutritious food required for Mongolian children and practiced in schools, kindergartens, care centers, summer camps
- By 2015 national standards developed suitable for Mongolian children respective of their age, mentality and safe games, clothes and facilities and national producers promoted.

Implementation strategy: policy will be pursued to supply families and children' organizations with information and advocacy tools, textbooks to raise pre school children in the spirit to value and protect national traditions and customs, environment, to have friendly relations with peers, to be human and kind, to raise children valuing wisdom.

Expected outcome:

- By 2010 services provided free for children to visit museums, art galleries in order to enable better learning by Mongolian children of the national history, traditions and customs, methodologies developed and applied to initiate children's tours and tourist packages to historical sites, natural places and exchange programmes of children
- By 2010 "Children's Goodwill ambassadors" practiced and capacity built to monitor enforcement of children's rights and reduce instances of violation at national and local levels
- By 2010 state policy on "Support to participation of children and adolescents in the social development" implemented and enabling environment for children's participation in the national development process created
- By 2015 development of media and communication tools, art works, dramas, operas and literature works for children promoted and their quality and access improved
- By 2015 preparations completed to broadcast TV programmes with simultaneous translation for people with development needs

- By 2015 options identified to protect children from negative impact of information, coded system introduced in public information and media means and virtual world in line with users' age, mentality and development specifics
- By 2015 nation-wide, comprehensive service standards developed and operationalized to respond and react to information related to any misconducts against children's morale, physical and intellectual development, to any attempts to involve children into crimes, pornography, bad habits violence and trafficking, public and media oversight strengthened in these initiatives.

4.1.2 Priority outcomes, implementation strategy and expected outcomes of the education development

Efforts will be made to develop education as the public priority, lift up the national education system to the international standards and develop intellectually creative human resources.

By 2008, the 12-year general education system will be introduced and from 2015, all girls and boys will be enrolled in the primary schools (gender inequality at all levels of schools be cleared) – MDG Goals 3 and 4. By 2021, foundations of the international competitive education system will be put in place.

Priority outcome 1. Equal opportunities will be provided to students to possess accessible, quality education that meets their demands and ensure their learning rights.

Implementation strategy:

- Conditions will be ensured to fully enroll infants to preschool education and to expand works to prepare herders' children to schools
- Causes for drop-outs and out-of schools of school age children will be tackled and number minimized
- Gender equality will be ensured in all levels of education system, opportunities will be provided to encourage male teachers to work in secondary schools
- Literacy programmes will be expanded for school drop-outs, youths and adults as well as support will be provided to compensate gaps in education
- All students of secondary schools and adults enrolled in non-formal education will be involved in "School feeding" programme

Expected outcome:

- Infant education services introduced suitable for herders' nomadic lifestyle
- Equality and access of services increased through enabling different options of types, modalities of social services for infants
- Comprehensive management practiced for health, feeding, care, support and education services of infants
- Children of 6 years old fully enrolled in schools
- Secondary school dormitory coverage increased by 2.1 times. Number of herders' children coverage in dormitories increased by 40.5% reaching in total 75%
- Number of grade failures reduced by 60% compared to 2005
- More than 6,000 people enrolled in literacy education programmes and by 2008 literacy rate will achieve 99.0 from 97

- Conditions enabled for life-long learning and through improvement in quality of life the poverty will be reduced
- Policy and legal framework enabled and efficiency increased of non-formal education and adults' education.

Priority outcome 2. Develop educational standards and curriculums, renew in comprehensive manner the policy, strategy, standards and rules to implement it.

Implementation strategy:

- The secondary education school system will convert to 12 year schooling.
- Develop the content and curriculums in a comprehensive capacity- knowledge based pre-school, primary and secondary education standards and learning model.

Expected outcome:

- Since 2008-2012 start using the Latin alphabet at national level and use English as second official language.
- Convert the secondary education school system to 12 year schooling, develop and implement the content and curriculums in a comprehensive capacity-knowledge based pre-school, primary and secondary education standards and different learning model plans and programs.
- The secondary education will change in conformity with the 21st century knowledge based new trends.
- Enhance the sustainable development education for citizens and learners.

Priority outcome 3. Improve the management of planning, collecting, adequate allocating, spending, monitoring and disseminating the information on budget and financial resources needed for creating the environment enhancing equal access to high quality education for all people.

Implementation strategy:

- Improve the provision of textbooks in secondary schools.
- Assure the healthy conditions for learning and teaching by repairing the buildings of secondary schools, dormitories and kindergartens, construct new buildings decreasing thus the load and pressure on schools and kindergartens.
- Supply the secondary schools, dormitories and kindergartens with toys, equipment, supplies and furniture.
- Create possibilities to access to kindergartens and secondary schools for disabled children, increase the provision of specific supplies.

Expected outcome:

- The children whose rights to schooling were restricted and violated will be able to have the access to education.
- Reduce the disparities in access to and quality of the education in urban and rural areas.
- By 2015 the average of enrollment will attain 99.1% in primary education; 97.2% in secondary education and 98.3% in basic education; by 2020 the enrollment in all levels of education will attain 100 %.

- Attain real progress in professional and methodological development of teachers who will have the possibility to perform the different versions of plans, new standards and curriculums.
- The efficiency of social participation in education development will increase and the conditions needed for quality education of learners will ameliorate.
- The people with primary and secondary education will have the equal possibility to have good education of successive level, to live and work independently.
- In 2008-2009 school years the secondary education will shift to 12 year schooling.
- The conditions will be created for mutual recognizing the educational documents with foreign countries.

Priority outcome 4. Resolve in a comprehensive manner the issue of professional and methodological development of teachers, of wages and incentives, their social welfare issues, increase funding to human resource development.

Implementation strategy:

- Improve and renew the system of training of teachers and school managers.
- Create and develop the school centered upgrading teacher training system.
- Improve the system of assessing the professional capacities, quality and productivity of work of teachers and of school managers, of their wage and incentives, of social protection.

Expected outcome:

- The system of training of teachers and school managers will be renewed.
- All schools will have the professional teachers.
- The percentage of utilization of teachers was in 2004 133.9 %; in 2015 it will be the same in urban and rural areas – 100 %.
- The school centered, based on development needs of teachers system of upgrading teacher training will be created.
- The total expenditures for the upgrading teacher training at home will be increased since 2006 in comparison with 2004 by 6 times and by 2015 it will be increased annually in average by 8 %.
- The expenses on upgrading teacher training will be reflected sufficiently in school budget.
- The question of housing of teachers will be resolved.
- The new system of social protection and insurance of teachers will be created and the prestige and place of teachers in the society will be increased sensibly.

Priority outcome 5. The role of government aiming to approach the education system to the international level will be intensified.

Implementation strategy:

- Create a secondary school responding to the international standards.
- Participate in the program responding to the international education standards
- Create the University responding to the international standards. (2016-2021)

Expected outcome

- Create 8 complexes of secondary school responding to the international standards, 10 schools of non state owned close to the international model.
- The number of schools involved in international IB program will be increased.
- Create 2 Universities close to the international standards.
- The Master's and Doctoral training will be close to the international standards.

Priority outcome 6. The educational organizations such as kindergartens and schools will be connected to Internet and the information technology will be introduced into training, information exchange, monitoring and assessment, registration and accounting.

Implementation strategy:

- Introduce at all levels of learning the methods of distance education.
- Provide secondary schools with computers and connect with the Internet. Introduce the methods of `Computer learning`.

Expected outcome:

- From 1250 pupils of the primary school 250 would be users of computer, (One computer for 250 children), from 250 pupils of secondary school 50 would be users, and 25 pupils of last grades would attain 5.
- Create a stable network of distance education.
- The computer based technology will be introduced into learning.

Priority outcome 7. Develop the education with open curricula and flexible methods providing the citizens with continued and transferable professional learning responding to their needs to provide a high quality and sustainable livelihood.

Implementation strategy:

- Provide legal environment for supporting by state policy the leading national specialists and implement targeted programs in order to develop their capacities.
- Increase the quality and enrolment rate of the technical education and professional training.
- Improve the planning and coordination of the quality of learning and of enrolment in High schools.

Expected outcome:

- With the improvement of the services of the MSTB (?) will be increased the level of occupation and decreased the level of poverty and increased employment
- The enhancement of the capacities of professional workers will support the development of production and services, and the economic growth.
- The competitiveness and prestige of higher education will increase in Mongolia.
- The growth of capacities of the human resources in high schools and development of standards and attestation will increase the possibility for citizens to receive a qualitative high education and to learn continuously.
- The capacities of professional workers of Mongolia will be strengthened and will influence on national economic growth.

- The University and High schools learning will be corresponding to the economic structure and to the needs of labour market.
- The professional and gender proportion of the entering the High schools will become appropriate.
- The possibilities of social protection and learning of the students will be adequate.

Priority outcome 8. Improve public and professional administration of the education by developing the adequate distribution of duties in decision making, the correlation of powers and duties and ethics at all levels of structure and organization of education administration, by promoting the school centered management.

Implementation strategy:

- Undertake the legal environment supporting the organization's development by optimizing the distribution of responsibilities of the education decision making, improve the legal environment supporting the school centered management.
- Improve the system of information, monitoring and assessment of education.
- Renew the management of technical and vocational training.

Expected outcome:

- Introduce the school centered management culture.
- Create an adequate decision making education system.
- Create an information based management methods and culture.
- Increase the level of adequate real character of the assessment and analysis.

Priority outcome 9. Increase the responsibility of the government of Mongolia and intensify the involvement of domestic and international non-governmental and organizations, economic entities, citizens, specialized international and financial organizations in assuring the demands of education development, improve the forms of fructuous cooperation with these organizations.

Implementation strategy:

- Improve the economic and financial system at all levels of education and perform the budget and financial regulation mechanisms.
- Develop the education system and enlarge the framework of learning environment aiming to transform into a favourable environment of citizens, family, solidarity, social and cultural environment for receiving the education, doing practice and creating new knowledge.

Expected outcome:

- Create a system supporting the pupils and students in performing their challenges.
- The education expenditures will be planned on the basis of development needs.
- The funding resources of the education will increase and the means and methods of its qualitative and effective use will be created.
- The education and training activities will be a cause of all people.

Priority outcome 10. Renew and perform the structure, form and schema of location at all levels of learning institutions.

Implementation strategy:

- Newly design and make appropriate the structure, forms, size and location kindergartens and secondary schools.
- Newly design and make appropriate the structure, forms, size and location of primary vocational, secondary and high schools.

Expected outcome:

- The schools will develop in conformity with different models with optimal size, structure and forms.
- The main condition of comprehensive solution of accessibility, quality and equality will be resolved.
- The decentralization of population in cities and migration from cities to rural areas will influence in adequate sedentary and density of the population.

4.1.3. Priority outcome of human health development, implementation strategy, expected outcome

The national health –intellectual development policy in Mongolia is aimed to steadily reduce the diseases and mortality cases, to support the net growth of the population and to increase the average life expectancy by delivering the equal, accessible, fair, quality and efficient, people centered health care services.

Priority outcome 1. Promote material basis and capacities of sum and general practices to standard level; improve the quality and access of primary health care.

Implementation strategy:

- The quality and accessibility of sum and general practices, the capacities of doctors and other specialists will attain the required level, and health services will be organized in a form of migrant units, more responding to the needs of nomadic way of life of herders.
- The sum and general practices will be developed in order to conduct the vaccination of the population, to prevent HIV/AIDS and other diseases, the traumas and bad habits, to protect the environment, to learn healthy life style, attain primary health knowledge and education.
- Provide the doctors and staff of general practices working in sum of rural baghs of herders by free housing and by bonuses for climate conditions and remoteness.

Priority outcome 2. Create and develop a flexible and accessible system of health consultations and diagnosis for population.

Implementation strategy:

- Introduce at sum level the technology of preventing, diagnosing and treating the cardiovascular diseases and atherosclerosis.
- Introduce at aimag and district level the early diagnosing and treating liver, throat, stomach, lung, breast and uterus track's cancer.

- Develop the services of national specialized clinics and medical centers to the level of developed countries by improving the services of aimag and district clinics and hospitals and enhancing its quality.

Priority outcome 3. Provide the health care organizations of all levels by sufficient quantity of advanced technique and facilities of diagnosing, treating and preventing and of standardized medications and hospital equipment.

Implementation strategy:

- Define the overall necessary services in all levels of health assistance; renew constantly preventing, diagnosing and treating equipment in conformity with current world standards.
- Liquidate, sharply decrease the infectious diseases by conducting the vaccination, and create a state fund necessary in the condition of disasters, spreading of infectious diseases.
- Reinforce the material basis for emergency health assistance, constantly introduce the results of the progress in the diagnosing, treating and of information technology.
- Provide disabled and elderly by complex health care program using such forms as health care, rehabilitation and nursery.
- Support by government policy the development of private health organizations.
- Introduce in health care services the efficient methods of traditional medicine, make appropriate the most commonly used medications to the norms defined by WHO, support the using of medications on the basis of flora and fauna originated of the country and corresponding to the requirements.
- Introduce in pharmaceuticals new technique and technology, especially the biotechnological methods, make efforts to provide the most part of necessary medications and preparative's by domestic production.

Priority outcome 4. Decrease the rate of illnesses and increase the rate of average life expectancy by enhancing the preventive diagnosing, prevention and health care and creating appropriate habits of life style.

Implementation strategy:

- Create a national system of mandatory preventive diagnosing of health of the citizen of Mongolia, develop the public opinion aiming to feed rationally, develop physically, renounce to bad habits, to use the medications.
- Protect the human fund of the country from hereditary diseases, native malformations and deformity; protect the population from the environmental and climate factors influencing the most on family hereditary diseases.

Priority outcome 5. Prepare highly skilled health care specialists, responsible and with good knowledge and professional ethics.

Implementation strategy:

- Establish and improve the system of responsibility of medical personnel in all levels of health assistance, establish client-oriented services.

- Reach to the international standards in human resource development of the health care sector and in continued training of developing the professional skills, establish and implement the gradual system of salaries and incentives.

Priority outcome 6. Improve the management and information system of health care; provide open, true and fast information.

Implementation strategy:

- Introduce a modern technique and technology network in information database, unified domestic and international network; distance diagnosing, advertising and training.
- Public administration of all levels will have the responsibility and duties in the implementation of human health development policy.
- The health care organizations will introduce in its activities the medical principle of basing on evidence.

Priority outcome 7. Increase the efficiency of health care system funding, expand the resources, and assure the sustainability of its activities.

Implementation strategy:

- Support in conformity with the development policy of the international and domestic investment in the health care sector, assure the required financial resources.
- Create an improved health insurance (HI) system, form an optimal proportion of revenues and expenditures of the HI fund, develop the system of social insurance and private health insurance in order to funding those medical assistance and services, which are not covered by budget financing.
- The health financing will aim to assure the equal and quality medical assistance, increase the efficiency of expenditures, introduce an expenditure mechanism estimated per client and increase the health expenditure to 8% of GDP.

Expected outcome:

At phase I in 2007-2015:

- The objectives defined by MDG in reducing the maternal and child mortality rate, improving the supply of food and microelements, liquidating the incidences of tuberculosis, preventing the HIV/AIDS, conducting the vaccination of children, increasing the rate of average life expectancy will be performed.
- The 80.0% of general practices will be supplied by necessary diagnostic equipment and facilities, defined in conformity with a special list, especially cardiograph and echosonograph.
- The 60% of soum clinics will be supplied by necessary equipment, defined in conformity with special list; stationing and moving X ray machine, the complex equipment for stationary dentist.
- All family and soum clinics will have sufficient number of specialized general practioner, specialized doctors, professional nurses, midwife and assistant doctor.

- The health care centers in aimag and soum will be supplied by necessary equipment, defined in conformity with special list, such as computer tomography, stationary echosonograph, polycardiograph machines.
- The clinics of each aimag will be equipped with renewed equipment in rehabilitation and maternity divisions and supplied with professional doctors.
- The district clinics will be supplied with diagnostic and treatment equipment and will be newly opened the surgery and maternity divisions.
- In aimag and soum clinics will be introduced distance diagnosing methods.
- Will be introduced the new practices of transplantation of kidney and of treatment of eye diseases, registering the history of illnesses by computer system, of comprehensive facilities of surveillance of health state of patients.

At phase II in 2016-2021:

- The indices of MDG on health and life expectancy of the citizen of Mongolia will be performed.
- The family and soum clinics will have the diagnostic and treatment equipment and facilities in 100%.
- The national system of mandatory diagnosing the health state of the population will be established.
- The system of preventing the health of the population from hereditary diseases and deformities, from the diseases tending to be transmitted hereditary, diseases due to the environment and climate factors will be established.
- The system of medical assistance, diagnosing and treatment will be created, the quality and accessibility of health care services will be increased.
- The system of administration, financing and information of health care organization will be renewed and established.

4.1.4. Priority outcome, implementation strategy and expected outcome in culture and art development

Reinforce the place of national culture in world culture, protect and develop the best traditions and cultural values and civilization of Mongolia in a adequate interrelation of traditions and renovation, make the passage into the year 2021 under the symbol of Renaissance of Mongolian culture and art 2021

Every citizen of Mongolia would respect his culture and the culture of others, would acquire the knowledge, skills and education to freely create, disseminate and have equal opportunity to have access to. The products of culture and art will be commercialized.

Priority outcome 1. Increase the role of culture and art in the dissemination of rich traditions of Mongolian culture, in educating every citizen of Mongolia in the spirit of national identity, the respect of his history and culture and the patriotism.

Implementation strategy:

- Consider the cultural policy as important as political and economic policies and aim to develop the Mongolian culture in its peculiar characters, enrich it by best acquisitions of world culture, create a favourable legal environment

for governmental and non-governmental organizations and citizens to conduct the cultural activities and support the public participation and initiatives.

Expected outcome:

- The knowledge of the population on material and artistic forms of culture created by Mongols many thousand years before would expanded and the national characters in cultural and artistic life will dominated creating so the immunity against the influence of other cultures.

Priority outcome 2. Develop the national culture in close coordination with the needs of modernity and consider the years of 2007-2021 as an important phase in the renaissance of national culture.

Implementation strategy:

- Promote in new phase the intellectual needs of the society by assuring the open development of all forms of art, and activating the free thinking and professional skills of the artists, enhancing the level of esthetic and artistic education of citizens.

Priority outcome 3. Create a favourable economic and organizational environment for the intensive development of the national culture.

Implementation strategy:

- Reject the old system of administration, organization and funding of culture, improve at all levels of the sector the free thinking of artists, management, marketing education, professional and leadership skills.

Expected outcome: The economy with multiple cultures will be formed responding to the needs of the new social system and will be assured the functioning of organizations of culture and arts and improved the capacities of its surviving in the conditions of market economy.

Priority outcome 4. Increase the role played by culture and art in creating the democratic, civil and human society.

Implementation strategy:

- The adequate interrelation between the society and culture, state and culture, individual and culture will be formed; the integral parts of which will add and influence each other, and will be created healthy conditions of existence of the democratic, civil and human society.

Priority outcome 5. Make a sensible progress in delivering the quality and accessible culture and arts services and respond to the intellectual needs of the population.

Implementation strategy:

- Conduct study and define the intellectual needs of different nations, nationalities and national minorities and all demographic groups of Mongolia, choose and perform the genres and efficient forms of services of culture and arts.

Priority outcome 6. Conduct state policy aiming to restore and protect the traditional material and non material cultural heritage of the Mongols, to disseminate it as a part of national and world wide knowledge and education, to perform the activities for its development.

Implementation strategy:

- Protect and develop the traditional cultural and technological non-material heritage of the Mongols by studying it and restoring, including it in national and world heritage list, disseminate as a part of universal knowledge.
- Conduct a comprehensive study and identify the material cultural heritage of the history of the Mongols, preserve, protect and restore it, include in national and world rare heritage list, disseminate it as a part of universal knowledge.
- Include in the curriculum of primary and secondary schools the teaching of the world and traditional Mongolian non material cultural and technological history, acknowledging on cultural history and education.

Expected outcome:

The services of cultural sector would attain new phase of development, the intellectual needs of the citizens will expand and will play an influence in activating the policy and activities of central governmental organization responsible for the culture.

4.1.5. Priority outcome of science, technology and innovation development, implementation strategy, expected outcome

Mongolia is choosing the perspective of development in 21st century based on new scientific knowledge and advanced technology.

In the coming years Mongolia will establish a system base on cooperation between education-science-production and will perform a comprehensive policy of preparing a personnel with high skills and capacities.

By 2021 the national innovation system will be established; the advanced proposition Learning-Innovation-Efficient for the society services` ill be performed and established a S&T sector able to assure the quality of life of people and its security.

4.1.5.1. Imperative tasks of the science, technology and innovation sector to be implemented before 2021.

Create a legal environment for preparing by state policy the leading specialists in the field of science, technology and innovation, implement the targeted programs supporting the technological capacities.

4.1.5.2. Long term priority outcome, the strategy

Priority outcome 1. Create a competitive sector of R&D able to respond to the development of Mongolian individual, environment, culture and civilization, also to the needs of market.

Implementation strategy:

- Define the priority areas of S&T sector appropriate to the economic restructuring and streamlines and establish a system for its implementation.
- Restructure the administration and organization of the S&T sector responding to the needs of market economy and 21st century of open society.
- Activate the funding of the S&T sector and activities of S&T Fund, finance the comprehensive themes after preliminary monitoring and assessment of the S&T project and use the international standards to assume the responsibility.
- Make more open the activities of the research organizations, involve in its activities domestic and foreign skilled researchers, and use more flexible technology of concentrating their intellectual resources.
- Intensify the cooperation between research organizations and High schools and Universities and perform the principle every researcher to have his disciple, every teacher to conduct the studies, use the resources of students, studying the magistrate and doctorate as a resource for research studies.
- Reform the human resource policy and its implementation.
- Reinforce the role of the R&D sector in national economic system.
- Consider the international cooperation of the S&T as one of the principal factors of reinforcing the capacities of the sector and support all forms of cooperation by involving actively in international and regional research programs and networks.

Expected outcome:

- The conditions of sustainable and progressive development of the S&T sector will be created.
- The favourable working and living conditions to work in S&T sector will be created.
- Not less than five national research centers will be created and created so the resources for studying economic and social challenges.
- The mechanisms of administration, organization and financing of the S&T sector will become more open and flexible and will be created the conditions for enhancing the efficiency of the sector, using more rationally the labour, materials and financial resources.
- It will be progress in scientific and research activities of High schools and Universities and improved the cooperation between learning and research.
- The percentage of young researchers among all staff will increase by 15% and expand the post-doctoral researches.
- The transfer and acclimatizing of the foreign advanced technology will be activated.
- International technology, financing and personnel will be increased in the development of priority areas of the science.

Priority outcome 2. The efficient national innovation system will be created

Implementation strategy:

- Create economic stimulus supporting sustainable science-production cooperation and joint researches.
- Perform the policy supporting the forms of innovation funding.
- Create and develop the elements of innovation infrastructure.

- Develop the system of providing the participants of innovation activities by necessary information, advising and preparing the personnel.

Expected outcome:

- The efficient national innovation system connected with global innovation system and able to respond to needs of R&D and industrial sector of the country will be created.
- The national legal, organizational and infrastructure system of innovation activities will be created.
- The market relations of intellectual resources, innovation properties and products, innovation supporting services will be formed.
- The different forms of funding of innovation activities and state support will be put in place.
- The centers of innovation will be created by corporative activities of research Institutes, of small and medium size innovation business entities and of big enterprises.

Priority outcome 3. Create a legal environment and a system of protecting the results of the R&D activities.

Implementation strategy:

- Improve the system of protecting and application of the rights of intellectual property created as a result of R&D activities.
- Create unified information database of the results of scientific and research works, conducted by budget financing, advertise it, support the activities aiming to commercialize it and to use it.

Expected outcome:

- The improvement of protecting the rights of intellectual property of results of research work conducted by budget financing and of its using the research Institutes, researchers and scholars will have more possibility to obtain the fruits of their creation.
- A unified system of information of results of research work conducted by budget funding will be created and it will be open for the scholars, researchers, students, business men who may use it in research goals and commercialize it.
- The number of license contract on using the results of research work will increase annually by 10% in average.

Priority outcome 4. Through technological process and creative innovation system the knowledge will become a factor of economic growth.

Implementation strategy:

- Create the conditions for increasing technological and innovation needs in industrial sector, make a technological reform, support by economic means the efforts aiming to deepen the level of technological development, to create a technological park and innovation network.
- Make a technological reform in economy and increase its competitiveness by developing advanced technology as nano, bio technologies, information and electronics, by active participation in international technological cooperation.

- Create a sustainable legal and organizational environment supporting the cooperation between public, private sectors in S&T activities.
- Create a system defining the streamlines of technological development of Mongolia, elaborating a long term technology forecast and of technological assessment.
- Reinforce in national economic system the place of R&D sector.

Expected outcome:

The conditions for the technological reform of the economy will be created by developing the advanced technology.

- Condition to establish and develop “Technology hub” that can compete in some economic priority sectors of Mongolia shall be formed based on the national specific and advanced technology.
- Many technological small and medium enterprises shall be established and science and industrial cooperation shall be expanded.
- Technology market that will bring and use the accumulated intellectual capital, knowledge and technology under the economic turnover shall be developed.
- Economic mechanism to develop and introduce high technology and encourage a performance that can increase innovation demand shall be in place.
- Private sector participation shall be increased in subscription and implementation of the scientific, technological and innovative programmes and projects.

4.1.6. Priority outcomes of demographic policy, implementation strategy and expected outcomes

Population that meets development requirements in terms of net growth, age and sex structure and that has balanced and sustained life in the original country and territory will be the guarantee of Mongolian national development. Policy to reduce deepened income disparity, encourage births and increase population number shall be considered.

Priority outcome 1. Create a condition for keeping Mongolians’ genetic fund clean and healthy, for a woman to have not less than four kids and get them grow healthy and for keeping the adequate composition in the age and sexual ratio of the population where it has bottom up reproduction.

Implementation strategy:

- Bring the annual average population growth from 1.8 percent during 2007-2015 till not less than 2.3 percent for the years of 2016-2021 and have 3.5 million populations in 2021 through policies focused on family, mothers and children.
- Reduce income disparity of population, alleviate the poverty over fifty percent by 2015 than in 2000, keep the poverty rate at no more than 10 percent of population and basically have zero poverty by 2021.
- Based on the accessible and qualified education and health services and intense development of small and medium enterprises that can support livelihood of people, create a condition for reducing the phenomenon where people moved out of their original home country and entered messy migration by 75 percent in 2015 and fully stop it by 2021.

- Demographic policy shall be defined consistently with family development as family is the core of this policy.

4.1.7. Policy objectives of the social welfare and labour sector

Social welfare policy that focused more on low income, poor and vulnerable group of population and that supported economic growth shall be implemented.

It shall be considered that investment in the social welfare is the investment in the future generation.

Based on the implementation of the adequate social development policy, create a favorable social environment to blur poverty and to provide human development and population growth and improve life quality of Mongolian people.

Priority outcome 1. Upgrade quality and access of social welfare services, diversify types and scope of the services and improve them.

Implementation strategy:

- Improve quality of people's lives through encouraging people's initiatives to work while relying on their own capability and resources, support and develop their life and letting them participate in social life in active and effective manner.
- In order to reduce burden to the economically active members of the family, create and develop social services for the children, elders and disabled who require special cares.
- Extend scope of the support to the families that aimed to provide equal participation of the parents in the children rights, development and protection.
- Create new types of child care, protection and development services that are convenient to the needs and possibility of the young family.
- Strengthen sector management and information system, improve capacity of human resources and have reserves of the professional staff that are capable to deliver social protection services in standard level.
- Increase private sector and civil society participation in the delivery of the social protection services to the population and regularize basic principles of community partnership.
- Set up efficient control system for the quality, access and capital expenditure of the social protection services and move to the principle where performance and financing are reported transparently.
- Introduce new services to take care of the social vulnerable group such as elders, children and disabled who are living under difficult condition, within the family and the community.
- Change the cash assistance system of the social welfare and care that is centrally managed and that supports over relying mentality and move to the comprehensive service that relies on the private sector, civil society and community and that aims to support and help family development.

Priority outcome 2: Create adequate and efficient infrastructure for the delivery of the social protection services to the citizens in particular, those who are living in the rural and remote areas and regularize the operations.

Implementation strategy:

- Keep the unemployment rate at no more than 3.0 percent of the economically active population through linking the employment promotion policy with macro economic, poverty reduction and growth provision policies.
- Provide private sector entities with economic incentives if they created new jobs for the unemployed and poor people and for those who have lower than living standard condition income.
- Increase private sector and civil society participation in the employment promotion services.
- Set up a legal environment so that people can work for several jobs at the same time using their capacity and increase their income.

Priority outcome 3. Implement a programme to deliver employment services to the youth, formal sector employees, and workers in abroad, poor and extreme poor.

Implementation strategy:

- Create jobs and working condition that can attract interests of highly professional personnel working and living out of Mongolia and return those who obtained advanced education back to the country.
- Develop services to provide Mongolian citizens who are interested in working and studying abroad with required information and support them.
- Implement a programme to deliver employment services to the unemployed extreme poor.
- When promoting the employment in consistent with labour market demand and specifics of the rural and local areas, link it with the objective to provide the herders with livestock and develop cooperatives and farming business while taking their environmental implications and pasture and water resources into account.
- Provide methodological support to formulate and analyze a policy and improve capacity to monitor and evaluate the policy implementation.

Priority outcome 4. Provide support to reduce poverty and unemployment and improve living standards of citizens through increasing employment and making labour market coordination adequate and efficient.

Implementation strategy:

- Promote vocational and skill training that is consistent with market demand and provide support to introduce on-job training and special training scheme and increase technical possibility, capability and accessibility for conducting skill training for the firms and business entities.
- Encourage starting business of youth who have new initiatives and innovations and who have no experience and collateral through business incubators, small loans and micro financing mechanisms.
- Take and implement legal, economic and organizational measures that are directed to transfer informal sector workers to the formal sector gradually.
- Match activities of regional methodological centers, employment training centers and employment education centers that are established to support regional development with labour market policy that aims to provide local economic growth and implement them.

- Create integrated information system and database and increase an opportunity for the citizens and employers make information based selection.
- Implement a project “Labour Exchange”.
- Improve micro finance activities aimed to promote employment and create jobs, develop a law on small credits and get it approved.

Priority outcome 5. Define a target group of poor and extreme poor families working in the agricultural sector according to the criteria that are described in advance, re-direct rural employment services to meet their needs, provide advices on employment, organize training and deliver incubator services.

Implementation strategy:

- Support activities to establish wholesale networks in the soums and residential areas in order to purchase and sell competitive on the market export products and raw materials.
- Set up a mechanism to intermediate and promote local poor and unemployed citizens for employment.
- Conduct a detailed study to identify whether or not the minimum labour wage meets the needs of people’s lives, revise the minimum wage on timely basis so that it can meet the life demand and use it as an incentive to increase employment interests of citizens.

Priority outcome 6. Improve social protection for the population through strengthening social insurance system and making the social welfare and care services more qualified and accessible.

Implementation strategy:

- Move to the obligatory social insurance system where it covers all working in the legal bodies such as business entities, firms and non-government organizations.
- Set up national basic pension insurance system and cover self employers, herders, students and unemployed people.
- Aim for equaling pension age of males and females gradually, increase females’ pension age step by step starting from 2010 and bring it up to sixty in 2021.
- Pension fund premium paid by the employer shall be decreased by 4.0 percent and brought down to 9.5 percent and increase paid by insure contributions by 2.0 percent and bring it up to the 7.5 percent.
- Set up State pension system consisting of national basic pension insurance, employee pension insurance and pension insurance for soldiers.
- Reduce financial burden to the government through developing private sector additional protection system.
- Abolish pension insurance premium at zero and decrease health insurance contributions paid both by the employer and employee by 0.5 percent respectively.
- Reduce share of the state in paying 80 percent of social insurance premium for the civil servants and increase their wage amount.
- Cover soldiers under the social insurance and regulate that so that state pays 30 percent and soldiers pay 70 percent of total social insurance premiums.
- Take measures to involve total economically active population, in particular herders and self employers, under the compulsory pension insurance. Encourage creation of additional private pension system.

Expected outcome:

Sustained population growth will be in place and quality of people's lives will be improved. Access to the employment services shall be improved, employment will be increased and poverty will be reduced as aimed in the Millennium Development Goals. Coverage of the social insurance will be extended and premium collection shall be improved. Coverage of the social welfare services shall be more targeted and efficiency will be enhanced.

4.2. Environmental policy, priority outcomes, implementation strategy and expected outcome

Basis of the sustained development will be comprehensive socio-economic and ecological measures such as protection of air, land, underground resources, water, forest, animals and types of plants, adequate utilization of natural resources, rehabilitation, reduce implications of desertification and drought, reduce poisonous chemicals and radioactive waste and improving management to reduce and destroy disposals, that are aimed to protect the surrounding environment.

Priority outcome 1. Improve living condition of citizens and increase their ability to adjust in the changing climatic condition.

Implementation strategy:

- Develop adequate pastoral utilization management system.
- Identify harsh climatic zone of Mongolia scientifically and implement differentiated social and economic policies.
- Conduct an assessment on future climatic outlook of Mongolia and its implications under certain time frequency and implement relevant measures and policy.
- Revise changes in the basic climatic elements of Mongolia and make a decision over conducting an assessment on the implications of the climatic changes in the natural zone, region and soil efficiency.
- Extend environmental monitoring database and reduce size of the area per one point. (2015-2021)

Priority outcome 2. Restrict and stop environmental pollution and deterioration.

Implementation strategy:

- Develop new sources of fuel through introducing a new fuel technology to fluid and gas firing the coal.
- Develop single and combined consumption of coal gas, solar and wind energy sources under the framework of increasing consumption of renewable energy.
- Implement comprehensive new technological and managerial policy in the process of collecting, transporting, keeping, classifying, recycling, re-using and destroying the solid waste of city and residential areas at an environmentally healthy method and create new jobs.

Priority outcome 3. Implement integrated policy on the adequate utilization of the land and underground natural resources.

Implementation strategy:

- Improve natural resource management at the national and local levels through strengthening regulatory framework for mineral resource utilization and environment protection, providing law enforcement, introducing economic tools and incentives and creating self financing mechanisms and upgrade cross sector coordination.
- Set up a national eco-zone heritage fund that should be specifically protected by Mongolian nationals and that should keep its pristine view forever.

Priority outcome 4. Create a condition to protect water resources from pollution and shortage, to adequately utilize and to provide population with water source that meets hygienic requirements.

Implementation strategy:

- Strengthen legal mechanisms that regulate matters with regard to water resource protection and its adequate utilization and improve water resource management and structure.
- Solve water supply for population and industry through bringing certain portion of the on-ground water under business turnover and extending it.

Priority outcome 5. Provide a condition to protect and rehabilitate a forest and to keep ecological balance through establishing sustained forestry resource utilization management.

Implementation strategy:

- Conduct an exploration and study for the forest pool through distance investigation method that uses satellite information, identify spread, composition and structure, develop a project on the forest mapping and sustained forest management and establish a forest information system/database based on the geographical information system.
- Under the mid term strategic objectives and under the objective to soften climate and to fight with desertification, soil break, wind storm and sand movement, establish a green line through rehabilitating the forest and planting trees in Gobi and steppe zones. (rehabilitate not less than 10 thousand hectares of forest territory annually during 2005-2015)
- Introduce ad-hoc management and technology in forest protection and set up an accountability mechanism to protect, rehabilitate and adequately utilize the forest through letting the local citizens and cooperatives own up to 20 percent of total forestry pool on contract basis. (rehabilitate not less than 15 thousand hectares of forest territory during 2015-2025 and aim to have the forest with 18.3 million hectares of territory)

Priority outcome 6. Restrict the shortage of animal and plant world resources and set up a condition to let them be rehabilitated through natural evolution and to utilize them on sustained basis.

Implementation strategy:

- Revise arrangements with respect to providing popular sustainability and regular growth of rare and extreme rare animals, set up legal, regulatory, financial and economic framework to protect them, use bio technology achievements for their

artificial breeding, gene pool formation and protection, investigate and develop ways to have reliable biological sources.

- Identify reserves and location of animals and hunting sources and provide support to efficiently implement long and short term projects that are funded by the international organizations, donors and individuals and that can increase foreign and domestic financial resources designed to protect types and genus of the wild animals.
- Conduct a study on territorial spread and number of rare and extreme rare plants and take measures to set up a mechanism for their breed pool protection, gene pool establishment, improve recording, monitoring and evaluation system, planning of utilization arrangement and replanting activities for the plants and take the spread territory under the state special protection.

Priority outcome 7. Provide integrity in environmental protection and resource management.

Implementation strategy:

- Link cross sector management activities in environmental protection.
- Implement “Ecologically Clean Development Mechanism”.
- Make operational the “Consulting Mechanism for Environmental Implications Assessment”.

4.3. Economic development policy

Mongolia is choosing economic development strategy that is dominated by export oriented industries and services. Primary objective of the economic development policy is to implement the Millennium Development Goals for the years of 2007-2015, bring annual economic growth at 14 percent on average and the Gross Domestic Product per capita 6 million tugrug or 5 thousand dollars, establish foundations of knowledge based economy, keep the average economic growth at not less than 12 percent for the years of 2015-2021, develop the knowledge based economy further, increase the Gross Domestic Product per capita up to 12-15 thousand dollars during these years and to create economic capacity and resources required to enter middle income country rank. Increase mineral resource extraction during 2007-2015, slow down the extraction during 2016-2021 but enhance finished products’ industry.

The economic development policy shall be implemented for long term and on sustained basis under the framework of the comprehensive National Development Policy.

4.3.1. Macro economic policy

Create a favorable macro economic condition to implement the Millennium Development Goals based comprehensive National Development Policy. Direct the state budget planning and fiscal expenditure policy for the purpose of implementing the Millennium Development Goals. Strongly support the export oriented industries and services with tax policy. Adequately manage and coordinate the inflation and provide stability in tugrug exchange rate. Strengthen banking and financial system and banking and financial services, reduce loan interest rate and create an extreme favorable investment and business environment. Enhance competitiveness of

Mongolia using macro economic incentives and create a favorable foreign trade condition.

4.3.1.1. Priority outcome s of state budget policy, implementation strategy

Priority outcome 1. Improve budget planning in consistent with the implementation of the Millennium Development Goals.

Implementation strategy:

- Set up regulatory arrangements to develop and implement the state budget in close link with the comprehensive national development policy.
- Direct the state budget in the implementation of the priority outcome s of the comprehensive national development policy.
- Improve the link and consistency among the Medium Term Budget Framework, annual socio-economic guidelines and state budget.
- Improve the link and consistency between the central and local budget planning.
- Enhance the power and size of the local budget management and finance and improve accountability system.
- Plan and finance the budgets of the central government organizations in consistent with their real needs.
- Set up and operationalize the independent body in charge of nationwide long, mid and short term national development planning and monitoring of its implementation.

Priority outcome 2. Increase the public investment programme amount adequately in consistent with the MDG based comprehensive national development policy.

Implementation strategy:

- Plan the public investment programme based on certain target programmes, economic and social sector development master plans and projects whose outcomes are specifically estimated and developed under the comprehensive national development policy framework.
- The public investment programme shall be directed to implement the Millennium Development Goals, support economic growth, improve economic sector composition and create knowledge based economy.
- Increase the investment in the road, transportation, energy, IT and telecommunication infrastructures. Support larger scale, the so called “Locomotive” projects that can accelerate regional development with PIP.
- The public investment programme shall also support building of the common infrastructure that is required to establish economic free zones and industrial and technological parks.
- Regularly increase the public investment plan in the education sector based on the Millennium Development Goals.
- The education sector public investment programme shall be directed to improve all sorts of education training material base.
- Increase the public investment programme in order to improve the education sector material base and teaching staff supply in the regions and rural areas.

- The public investment programme shall be directed more to introduce information and telecommunication technology and to improve the system that provides technical and vocational education.
- Health sector investment shall be enhanced in order to implement the Millennium Development Goals and to upgrade quality of the treatment and diagnosis.
- The public investment programme shall be increased in order to improve the health system in the regions and rural areas.

Priority outcome 3. Implement fiscal expenditure policy that is focused more on low and middle income and poor group of the population and that is aimed to implement the Millennium Development Goals.

Implementation strategy:

- Increase the investment in the human development.
- Increase the public investment programme in order to implement the Millennium Development Goals, create more jobs, enhance education level for all and to decrease maternal and infant mortalities and spread of the infectious diseases.
- In close connection with the national income growth, increase the social welfare funding, pension and benefits.
- Increase welfare and service funding focused on the social vulnerable group. Improve financial aid delivered to the elders.
- Enhance budget financing directed to provide environmental sustainability and adjustment in the world climatic changes, under the Millennium Development Goals framework. Finance certain significantly important projects aimed to reduce air, water and soil pollution, decrease the soil deterioration and to protect plants and animal pools, out of the state budget.
- Provide budget support to prepare highly qualified professionals abroad.

4.3.1.2. Priority outcome s of the tax policy, implementation strategy:

Priority outcome 1. Support export oriented industries and services and some import re-placing production with adequate tax policy.

Implementation strategy:

- Introduce advanced technology in the processing industries such as minerals, raw material, wool, cashmere, meat, milk, hides and skins.
- Support industry of electronics, small scale products with high capacity.
- Support industries of some types of food products that can replace imports.
- Support the investment of both domestic and multinational firms of high developed countries through adequate tax policy.
- Increase industry of export oriented brand new products.
- Redirect customs tariff policy to create adequate industrial and consumption balance and structure and to encourage competitive domestic production growth, ad-hoc techniques and technology import and manufacturing product export.
- Provide sufficient support to the export oriented services, in particular tourism sector.

Priority outcome 2. Extend tax base, improve tax collection and increase budget revenue sufficiently.

Implementation strategy:

- Provide consistency between the economic and tax revenue growth and keep the tax burden at appropriate and lower level. Strengthen tax system.
- Set up a tax on accumulated tax and loan tax and enforce it.
- Sufficiently extend the tax base and increase tax income. Move tax income information and tax control to the electronic system completely.
- Restrict shadow economy based on the prudent tax policy.
- Appropriately use tax holiday and other incentive mechanisms to reveal the shadow economy.

Priority outcome 3. Support the regional development with tax policy and implement the Millennium Development Goals.

Implementation strategy:

- Support remote, distanced and weak developed regions, rural small and medium enterprises and services with tax policy.
- Support the development of regional pillar centers with tax policy.
- Support civil servants working in the weakly developed regions, aimag and soums with tax policy.
- Support the development of state sub-border regions with tax policy.

4.3.1.3. Priority outcome s of money and loan policy, implementation strategy:

Priority outcome 1. Adequately manage and coordinate the inflation expressed by consumer price index and provide stability in the tugrug exchange rate.

Implementation strategy:

- Keep the inflation at less than 5 percent and abolish inflation burden in the economy.
- Shift from the reserve money policy types to the inflation focused monetary policy.
- Improve money structure and adequately arrange the size of the money.
- Implement a policy that is to prevent from inflation growth in close link with the long term development policy. Implement an adequate policy that can prevent from the supply and demand inflation.
- Develop liberalized exchange rate policy.
- Increase the amount of the net international reserves with respect to the economic growth.
- Create a favorable legal framework for the deposit insurance.
- Prudently manage the dollarization process. Set up foreign currency bureau, link the local currency with certain foreign currency and make the local currency exchange rate and inflation closer to the tied up currency and create a favorable foreign investment, trade and financial condition.

Priority outcome 2. Strengthen banking and financial system and banking and financial services.

Implementation strategy:

- Strengthen the banking and financial system consistently with the common practice established in the highly developed countries. Develop the banking

system appropriately on the specialized services such as common services and financial intermediaries etc.

- Establish state owned “Development Bank” and make it operational.
- Improve payment capability of the banks and enforce fair competition on the banking and financial market.
- Government and the Central Bank shall provide support in order to improve payment capability of the commercial banks.
- Strengthen non-banking financial system and operations.
- Develop securities and capital market. Issue competitive treasury bills on foreign market and increase foreign capital sources. Based on the capital market, prevent from the banking sector monopoly.
- Strengthen risk management system of the banking and financial institutions.
- Make Ulaanbaatar city as a larger banking and financial center of the Eastern and Northern Asia and Central Asia regions. Encourage establishment of specialized, export promotion institutions such as corporations, associations, export-import bank etc.
- Increase public trust in the banking and financial institutions and citizens’ deposit in the commercial banks.
- Provide support to increase private remittance in-flows coming to Mongolia.

Priority outcome 3. Reduce loan interest rate and create a favorable investment and business environment.

Implementation strategy:

- Reduce the loan interest rate appropriately in consistent with loan demand and supply. The Central Bank shall help the commercial banks to find cheap credit sources and create a favorable condition to reduce the interest rate through reducing the deposit rates.
- The loan interest rate reduction policy shall be closely linked with the policy to decrease risks for the banks.
- Develop and implement a law on real investment consistently with the national development priority outcome s.
- Develop housing finance/mortgage market. Regularize activities of the Housing Finance Corporation.
- Reduce on-lending interest rate of the foreign loans that are aiming to promote Small and medium enterprises and increase jobs and extend their maturity.
- Link annual broad money growth with the economic growth.
- Government and the Central Bank shall jointly organize measures to activate investment through mobilizing a long term funding source from the foreign market.

4.3.1.4. Priority outcome s of the debt policy, implementation strategy:

Priority outcome 1. Keep the foreign debt amount at the adequate level and reduce debt risks.

Implementation strategy:

- Under the framework of the comprehensive national development policy, identify and determine long and mid term foreign loan demand of the government by each of the economic and social sectors and provide enforcement of the policy.
- Keep the foreign loan share in GDP at the adequate level.
- Consider a policy to borrow from the international financial institutions and donor countries, the credits that are highly efficient both in terms of the economy and finance and that are required to implement the Millennium Development Goals.
- Develop domestic financial market and fully utilize the resources and opportunities. Increase domestic savings and reduce dependency from foreign loans and grants.
- Sufficiently extend the trading of the government treasury bills. Expand the government treasury bills trading for the purpose of investment. Issue long term treasury bills and consider a policy to sell them on the foreign market.
- Consider a policy to receive a loan whose debt service can be done with no fiscal burden.
- Redirect foreign grants to the social sector.

Priority outcome 2. Improve and strengthen debt management.

Implementation strategy:

- Set up an adequate debt management structure. Create a condition where the loan objectives can be tightly monitored in close link with the expected outcomes in terms of the credits.
- Create a regulatory arrangement where the government is in charge of estimating the top ceilings of the possible loan that can be received within that particular year and introducing it to the Parliament for its approval.
- Set up a recording and control mechanism to efficiently disburse the foreign loan in accordance with the stated purposes and to calculate its outcomes and provide enforcement of this mechanism. Improve foreign loan record and control of the private sector and reduce debt risks.
- Match the debt policy with the economic growth and stability promotion fund policy.
- Improve capacity of the debt management personnel.

4.3.1.5. Priority outcome s to improve competitiveness and implementation strategy:

Priority outcome 1. Develop Mongolian human capital and increase competitiveness.

Implementation strategy:

- Actively develop Mongolians based on their basic intellectual advantages and expand the opportunities to enter foreign, high intellectual technology.
- Regularly enhance technical and managerial skills of Mongolians. Improve engineering and vocational trainings.
- Let Mongolian workers work in the firms and enterprises that have direct investment from highly developed countries and those have advanced technology and increase their qualifications and knowledge.
- Regularly enhance English language knowledge of population.

- Intensively introduce modern, information and communication technology in all spheres.
- Implement a special programme to specialize Mongolian workers in the developed countries.

Priority outcome 2. Introduce latest, ad-hoc technology in the production and services and enhance competitiveness.

Implementation strategy:

- Create a favorable economic and regulatory condition to attract the foreign direct investment. Create an extreme favorable condition to attract investments of the multinational corporations of the highly developed countries.
- Support establishment of free economic zones and other specifically regulated zones, making them operational and introduction of advanced technology in those zones.
- Create a favorable environment to localize advanced technology in the regions and rural areas.
- Establish and operationalize advanced technology localizing centers such as industrial park, technology park, development park, business incubator park, export goods production park, service and trade export park and combined industrial park etc.

Priority outcome 3. Improve business environment and increase competitiveness.

Implementation strategy:

- Provide political and economic stability and improve legal and regulatory framework for business.
- Abolish bureaucracy of the government and state organizations and shuts down corruption and bribe opportunities.
- Introduce new types of productive services in the operation of the state organizations.
- Develop the regions and rural areas, reduce urban and rural development disparity and create a favorable environment to deal with business.
- Develop modern road, transportation, information communication and energy infrastructure that are competitive in Asia and in the region. Establish horizontal and vertical axis of the auto road and form integrated paved road grid. Extend and improve air transportation services.

4.3.1.6. Priority outcome s of foreign trade policy, implementation strategy:

Priority outcome 1. Create an extreme favorable, foreign trade environment.

Implementation strategy:

- Conduct active operations in the world, Asia and other regions and create a favorable foreign trade environment. As a member of the WTO, use favorable trade terms effectively.
- As a land-locked, developing country with zero sea port, develop bilateral and multilateral cooperation on empowering the concessional terms to transport the

goods through the transit country territory with fewer barriers. Fully utilize export quota and other special terms.

- Actively participate in the international and regional trade integration and consolidate country views and position. Conduct active operation among the regional economic and trade cooperation organizations and consolidate share of Mongolian export products.

Priority outcome 2. Adequately increase quantity and types of export products.

Implementation strategy:

- Increase quantity and types of export products in consistent with the comprehensive national development policy.
- Increase mineral resource export that is significantly important in the economic growth, substantially in the first stage of implementing the comprehensive national development policy for the purpose of creating domestic savings, gradually decrease the export in the second stage while increasing the export of the value added mineral products .
- Increase the export in connection with manufacturing sector production growth. Enhance processing the level of livestock originated raw materials such has meat, hides, skin, wool and cashmere and increase export of ecologically clean, value added products that met world hygienic and quality standard requirements.

Priority outcome 3. Improve quantity and types of import products in relation to economic development trend.

Implementation strategy:

- With respect to the objective to develop knowledge based economy, make the quantity and types of the import goods adequate.
- Encourage import of modern techniques, equipment and advanced technology for manufacturing enterprises, services, mining and infrastructure sectors.
- Support imports of techniques and equipment for the industries that produce small scale and high capacity products.

4.3.2. Real economic sector development policies

Real economic sector development shall be redirected to implement the Millennium Development Goals and create knowledge based economy. Use strategic deposits based on the advanced technology and form domestic financial sources and savings that are required to develop modern economic sectors. Introduce high technology in the manufacturing sector and increase production of the value added products that are competitive on the world market. Intensively develop the sectors such as tourism, agriculture, infrastructure, construction and urban development.

4.3.2.1. Industrial development policy

4.3.2.1.1. Priority outcome s of the geology, mining, mineral resource and heavy industrial sectors, and their implementation strategy:

Phase one (2007-2015)

Priority outcome 1. Based on the advanced technology, utilize the strategic deposits, improve economic sector structure, create knowledge based economy and form financial capacity and savings.

Implementation strategy:

- Create a favorable legal and economic condition to attract domestic and foreign investment.
- Increase usage of the mineral resources that are significantly important for the economic growth for the purpose of forming domestic savings that are required to implement the comprehensive national development policy.
- Centralize the mineral resource utilization income into the “Mongolia Development Fund” and disburse it adequately so that Mongolians can benefit out of the income.
- Start utilizing Oyu Tolgoi, Tsagaan Suvarga, Tavan Tolgoi, Asgat, Tsav, Tomortei, Choir-Nyalga deposits and other larger strategic deposits.
- Enhance capacity of the Erdenet plant.
- Sharply increase the cathode copper (99 percent) production. Produce 400 thousand tons of pure copper and 500 thousand tons of steel by 2015.
- Start processing a coke coal.
- Increase extraction volume of the natural oil.
- Upgrade processing level of the mineral raw materials and enhance production of value added products.
- Expand geological study and mineral exploration.
- Focus more on increasing living standards of the population and reduce their poverty when utilizing the mining deposits.

Priority outcome 2. Protect the environment in the mining sector and keep ecological balance.

Implementation strategy:

- Improve rehabilitation of the mining extraction field.
- Enforce general standards for the mining extraction technology.
- Conduct ecological and economic assessment of the mining areas in consistent with the soil richness and composition and strengthen ecological loss payment, repayment, fee estimation, accountability and payment mechanisms.
- Improve safety and hygienic conditions of the mining labour. Encourage and expand underground mining extraction and processing.
- Create an incentive to encourage mines that are introducing efficient, latest, high technology and techniques and enforce the incentive mechanism.

Phase two (2016-2021)

Priority outcome 1. Intensively introduce advanced and ad-hoc techniques and technology in the mining and mineral resource sectors and increase production and sell of value added products.

Implementation strategy:

- Widely introduce cheap, less wasteful, environmentally friendly and high technology in order to fully utilize the mineral resources.

- Keep the mineral resource extraction volume at the adequate level, upgrade the processing level and sharply increase the production of the value added products. Produce 900 thousand tons of pure copper and 750 thousand tons of steel annually by 2021. Produce 400 thousand tons of lubricants and mineral fuel materials out of the coal.
- Build a larger scale crude oil extraction and processing plant, provide domestic market needs and supply the foreign market with petrol and oil products.
- Establish a national mining company that can be considered as one of the leading company in the world.
- Develop SME and services following the mining and heavy industry complexes.

Expected outcome: Mining extractive industries shall reach high level of its development. Mining sector share in the national economy shall be increased. Basis of the heavy industry development shall be put in place. Rehabilitation of the mining deposit areas shall be improved.

4.3.2.1.2. Priority outcome s of the manufacturing sector, implementation strategy and expected outcomes:

Phase one (2007-2015):

Priority outcome 1. Introduce advanced technology in the manufacturing sector and increase production of value added products that are highly competitive on foreign the market.

Implementation strategy:

- Create favorable legal and economic conditions to attract the foreign investment.
- Regularly introduce the high technology and develop new types of manufacturing industries that produce the goods that meet world market demand. Develop production of the export oriented, competitive, small scale and intellectually capable products.
- Fully process livestock and agriculture originated raw materials using the high tech produce ecologically clean products and compete on the world market.
- Produce diagnosis, pharmacy and other drugs using bio technology and genetic engineering methods.
- Develop production of the textile, knitted and sewn articles and increase their competitiveness.
- Under the framework of developing export oriented value added production, establish vocational training centers to prepare specialize and re-train the qualified workers and make them operational.
- Establish the centers to reside the high tech and make them operational.
- Constantly improve quality of products in consistent with international standards.

Priority outcome 2. Develop wool and cashmere processing industries as a strategic sector and enhance their competitiveness on the world market.

Implementation strategy:

- Re-direct the wool and cashmere processing industries to produce value added products and develop them.

- Enhance competitiveness of the wool and cashmere industries on the world market through improving techniques and technology and upgrade their product design.
- Create a favorable environment to sell the wool and cashmere products on the foreign market.
- Improve the raw material preparation process in consistent with the standard requirements.

Priority outcome 3. Encourage and develop production of some products that can replace the imports.

Implementation strategy:

- Develop production of some food and consumer goods that are able to be produced domestically and reduce high import dependence.
- Increase production of ecologically clean products that meet international quality standards and requirements.
- Using high technology, process construction raw materials that are widespread throughout the country and manufacture the products such as glass, paints etc.
- Produce oil and petrol products out of coal and firing schist. Decrease natural oil and petrol imports by not less than 30 percent through increasing crude oil extraction and processing.
- Process metal foundries in the metallurgical plant and develop production of commonly used in the livestock, agriculture, farming, construction, light and food industry and energy sectors items such as small scale machinery, equipment, tools and their spare parts.
- Alloy the copper, produce postal cable, cylinder, spare parts of the machinery and equipment and export them.
- Develop spare parts' production of the radio and electronic techniques.

Priority outcome 4. Establish industrial and technology parks in close link with domestic and foreign resources and opportunities of the regions and develop the parks.

Implementation strategy:

- Under the Parliamentary approved guidelines to establish industrial and technology parks, develop a Law on Establishing and Sustaining the Industrial and Technological Parks and provide its enforcement.
- Establish Industrial and technological park in some regional pillar centers.
- Establish “Cashmere, camel wool and sheep wool processing complex”, “Skin and hide industrial complex” and “Wood industrial complex” that have environmentally friendly and modern techniques and technology.

Expected outcomes: High tech shall be introduced in the manufacturing, production will be increased and product competitiveness shall be increased. Manufacturing sector share in the total GDP shall be increased four times. Import volume shall be reduced and more jobs shall be created after manufacturing some imported goods domestically. Positive changes will be made in the foreign trade balance of payment.

Phase two. (2016-2021):

Priority outcome 1. Strengthen and increase the share of intellectually capable and knowledge based production in the industrial sector.

Implementation strategy:

- Develop chemical industry, obtain a technology to fully process the coal, manufacture various value added products and export them.
- Develop some new types of electronics and portable car industry.
- Process livestock and plant originated raw materials using bio technology and genetic engineering methods, create a capacity to diagnose the diseases of population and livestock, produce preventive pharmacy and drugs and export them.
- Introduce a technology to produce new materials in the field of ceramics and optics for the purpose of electronics and electronic techniques and produce relevant products.

Expected outcomes: Qualified product industry that met world standards shall be increased, foreign trade capacity shall be improved and export income shall be increased. Livestock originated raw materials shall be fully processed.

4.3.2.1.3. Priority outcomes of the SME development, implementation strategy and expected outcomes:

Phase one (2007-2015):

Priority outcome 1. Create a favorable legal environment to support SME development.

Implementation strategy:

- Develop a Law on SME and provide its enforcement.
- Develop a Law on Providing a Financial Support to the small and medium size entrepreneurs and implement the law.
- Develop a law on loan guarantee fund for the small and medium size entrepreneurs and implement the law.
- Support export oriented small and medium entrepreneurs with customs tariff and VAT policy.
- Cover the small and medium entrepreneurs under the credit insurance service.
- Determine the priority areas of the SME and implement them.

Priority outcome 2. Make the public services delivered to the small and medium size entrepreneurs efficient and less bureaucratic.

Implementation strategy:

- Consider comments and feedback of the small and medium enterprises and professional associations for making any decisions over the SME policy and reflect their views.
- Regularly operationalize information centers that are to provide the Small and medium enterprises with required information.
- Establish business incubators in consistent with the regional development concept and make them operational.

- Provide more SME participation in the public procurement of goods and services upon subscriptions of the central and local budget organizations.
- Make the standards and rules, except for the compulsory enforced ones such as common interest, public health, surrounding environment, state security, as recommendations and reduce their numbers.
- Transfer the licenses and permissions that are issued in accordance with the Licensing Law, to the on-line service.

Expected outcomes: Favorable environment for the SME development shall be created, number of small and medium entrepreneurs and jobs that belong to the formal economic sector shall be increased and tax base will be extended.

Phase two (2016-2021):

Priority outcome 1. Strengthen legal framework for the SME development and improve public services further.

Implementation strategy:

- Revise and amend relevant legislation and regulations in order to encourage SME.
- Revise priority areas of the SME and implement them.
- Improve technical and professional skill and capacity of the small and medium entrepreneurs.
- Strengthen business incubator services and bring their operations up the developed country level.

Priority outcome 2. Focus more on the service industry development and increase its share in the economy.

Implementation strategy:

- Contract out the information communication technology services in particular, consumption software design.
- Manufacture some products of the larger, world class enterprises.
- Develop cross sector services such as transportation and financial intermediation.
- Deliver management training and re-training services upon request of the foreign citizens and investors in Mongolia.
- Extend and develop business services (accounting, asset management etc).

Expected outcomes: There will be many small and medium enterprises and service industries that reached the level of developed countries. Jobs will be increased. Share of service industry in the economy will be higher.

4.3.2.2. Agriculture development policy

4.3.2.2.1. Priority outcome s of the agriculture and food sector, implementation strategy and expected outcomes:

Phase one (2007-2015):

Priority outcome 1. Sharply decrease cases and spread of the infectious diseases, make the livestock healthier and increase livestock originated product industry.

Implementation strategy:

- Improve patience of Mongolian herds, fully utilize their biological ability and strengthen their risk taking capability.
- Improve quality and breeding of the animals, develop intensified livestock sector by regions.
- Enhance pasture capacity and volume through adequate pasture usage, ownership, improvement, protection and rehabilitation, and reduce risks faced for the livestock.

Priority outcome 2. Improve land utilization, develop irrigated agriculture and increase agriculture sector production.

Implementation strategy:

- Organize land ownership measures for the land that is used for the purposes of agriculture and intensified farming.
- Provide long term, low interest rate leasing service for the purchase of techniques and equipment required for the irrigated agriculture sector.
- Set up an adequate irrigation system through building water pool and wells.
- Enrich sorts of the planted crops and widely use the qualified seed that grows quickly within a short time.
- Use environmentally friendly fertilizer and increase crops per hectare.
- Let the households and organizations plant potato, vegetables and fruits and encourage them to use the vegetables in the lives and consumption, take step by step measures to provide them with good quality seeds and implement the so called “Greenhouse” and “Warehouse” programmes.
- Encourage the business entities that import or domestically produce modern, portable techniques, equipment and tools that can simplify manual household operations.
- Establish fruit tree planting centers and expand the fruit sowing.

Priority outcome 3. Constantly introduce high tech in the food industry and increase competitiveness of the food products.

Implementation strategy:

- Increase production of ecologically clean food products and some import replacing products.
- Develop the food industry equipped with modern high technology and techniques, supply the population with qualified, nutritious and safe food on constant and equal basis and export the food products to the foreign market.
- Upgrade packing of the food products up to the international standards.
- Establish wholesale centers and exchange in the appropriate areas and set up an adequate food product sell network.

Expected outcome: Agriculture industry will be increased on sustained basis and food consumption for the population will be improved. Compared with 2006, wheat industry will be increased by four times, potato and vegetable industry will be increased 1.5 times.

Phase two (2016-2021):

Priority outcome 1. Improve breeding quality of the animals and increase planted crops through introducing bio technology and genetic engineering methods.

Implementation strategy:

- Develop industry for livestock pharmacy, hygiene and disinfection pharmacy and come to the level of developed countries that made their livestock healthier.
- Introduce modern irrigation technology for the agriculture, increase crops per hectare and fully supply the flour, potato and vegetable needs of the population with domestic industries.

Priority outcome 2. Create an adequate clean and hygienic environment in all spheres of the food industry, services and consumption, and provide the population with safe, clean and enough food products.

Implementation strategy:

- Based on the population needs, intensively develop high tech, small and medium size food enterprises, provide the domestic needs with ecologically clean food products and increase the export.
- Strengthen control mechanism for the quality, hygiene and safety of the food products and bring the laboratory tests up the level of the developed countries.

Expected outcome: Food and agriculture industry that meet food safety requirements and that is capable to take any risks will be increased, types and quantity of the export products is to be increased. Compared with 2006, wheat industry will be increased by four times, potato and vegetable industry will be increased 1.5 times.

4.3.2.3. Tourism sector development policy

4.4.2.3.1. Priority outcomes of the tourism sector, implementation strategy and expected outcomes:

Phase one (2007-2015):

Priority outcome 1. Enhance capacity of the tourist transportation and tourist receiving accommodations and improve road, telecommunication, post and power supply of main tourism regions.

Implementation strategy:

- Increase number of direct flights to the key tourism markets and countries and discover new flight directions.
- Improvement of the telecommunication and power supply of the main tourism regions will be implemented in line with other sector development policy and plans.
- Support tourism sector private investment such as establishment of the five star hotels.

Priority outcome 2. Build larger tourism complex and centers and develop new types of the tourism that can attract interests of the tourists by specific regions.

Implementation strategy:

- Decrease seasonal dependence of the tourism sector and enrich types of products and services.
- Develop winter tourism.
- Establish a winter sport complex around Ulaanbaatar city and Huvsgul Lake and spas and resort complexes relying on the Hujirt, Shargaljuut and Tsenher hot mineral water while aiming to receive tourists throughout the year and make them operational.
- Establish tourism vocational training centers in Ulaanbaatar city and regional centers.
- Establish a national tourism center that is in charge of implementing the tourism sector policy and make the center operational.

Expected outcome: Have a million of tourists. New types of tourism that are environmentally friendly and that attracted tourists' interests shall be developed.

Phase two (2016-2021):

Priority outcome 1. Upgrade tourism sector development and improve service quality.

Implementation strategy:

- Provide safety for the tourists and improve the service quality.
- Strengthen all service standards for the tourism and improve the control over it.
- Upgrade the tourism education and training level up to the international standards and strengthen structure and composition of the tourism sector.

Expected outcome: In 2021, number of tourists shall be increased by 2.2 times than present times and will reach two millions. Comfortable travel condition shall be created for the tourists and the tourism sector will be considered as one of the leading economic sectors of the country.

4.3.2.4. Infrastructure development policy

Besides developing the infrastructure in line with the population and consumer needs and economic demand, more focus will be given to export energy, integrate into the regional grid and develop road and transportation while making them a bridge and transport intermediate that connected Asia and Europe. Support private sector participation in the infrastructure sector.

4.3.2.4.1. Priority outcome s of the road and transportation sector, implementation strategy and expected outcome:

Phase one (2007-2015):

Priority outcome 1. Strengthen legal and regulatory framework of the road and transportation sectors development.

Implementation strategy:

- Revise and amend the Law on Auto Road.

- Strengthen norms, rules and standards for the auto road construction and maintenance.
- Revise and make amendments into the Law on Auto Road, Law on Civil Aviation, Law on Railway, and a Law on water Transport and relevant rules, standards and regulations and develop some new legislation.
- Revise transport agreements and contracts in line with international convention, standard requirements and development trends and join some, commonly enforced, international agreements.

Priority outcome 2. Expand and develop auto road network and connect aimag and regional centers and the capital city by paved roads at the first stage.

Implementation strategy:

- Build the auto roads in the directions that are reflected in the international auto road network in the first stage.
- Complete building of the Millennium Road and start building some directions of auto roads in the vertical axis of the infrastructure.

Priority outcome 3. Introduce advanced technology and techniques in the auto road sector and improve utilization and services of the road facilities.

Implementation strategy:

- Develop and introduce auto road building technology that is appropriate for the environmental and climatic condition of Mongolia and conduct technical and technological renovation.
- Improve care and maintenance of the nationwide and local roads.
- Establish a scientific, research and experimental road institute and improve experiments, tests and research work.
- Establish a training center that prepares auto road sector professionals and workers and improve the human resource capacity.

Priority outcome 4. Improve competitiveness of the railway and improve the railway security.

Implementation strategy:

- Start building a parallel railway along with the main railway.
- Take measures to electrify the main line.
- Investigate the possibility of having a railway exit in the western region and implement it.
- Adequately plan the issue of establishing internal network of the railway.
- Introduce a control system of the railway traffic, restriction and security that is relied on modern information and telecommunication online network.

Priority outcome 5. Deepen air transport reform, and improve its competitiveness.

Implementation strategy:

- Build new international airports in Ulaanbaatar city and Kharkhorin and equip the local airports with paved runway line and light systems.
- Increase private sector participation in the air transport.

- Improve safety of the international flights navigating on the territory of Mongolia and increase the number of the flights through strengthening legal framework of the sector, improving utilization of the air space and conducting technical and technological renovation.
- Establish inter governmental agreements on air relations and revise the current ones and increase the number of international flights.

Priority outcome 6. Create a favorable environment for the private sector investment and participation in the sea and water transport and extend their operation.

Implementation strategy:

- Provide the water transport with modern ships and support private sector investment and participation in the sector.
- Mongolia shall have an exit to the sea and shall independently conduct the ship record. Mongolia shall take measures to rent a ship and a crew and upgrade technical safety of the ships.

Priority outcome 7. Improve auto road network and public passenger transportation services of Ulaanbaatar city.

Implementation strategy:

- Improve auto road of Ulaanbaatar city in connection with the urban planning and transportation policy.
- Improve public transportation service in the city. Privatize public transportation companies, liberalize their prices and tariffs and renew the car parks.
- Domestically assemble and produce electronic transport vehicles. Introduce a new transport system in the public transportation service of Ulaanbaatar city and introduce “Prudent” managerial and coordinating transport system in the auto road traffic.

Priority outcome 8. Sharply reduce negative implications of the auto transport vehicles for the surrounding environment, population and traffic movements.

Implementation strategy:

- Transfer transport vehicles of Ulaanbaatar city and other larger towns to the liquid gas fuel and move to the system where the transport vehicles that did not meet quality standards are imposed more tax and hold accountable for the losses and damages.
- Transport vehicles of Ulaanbaatar city and other larger towns shall move to the gas fuel and other non smoking fuel.

Expected outcome: 8000 km of paved road shall be built and utilized. Railway network, transportation and freight forwarding capacity will be improved. Modern information technology and online control systems will be introduced in the railway and railway traffic security shall be improved. Sixty percent of the railway network construction work will be completed. Seventy percent of parallel railway building between Sukhbaatar-Zamiin-Uud directions shall be completed. Railway electrification shall be started. International freight forwarding will be reached 2.0 million tons in 2015. Transport intermediary service will be developed. Private sector participation and investment in the water transport shall be increased and their activities will be improved. Ship recording activities shall be conducted independently.

National sea transport personnel shall be prepared. Control mechanism for the transport vehicles shall be improved and their negative effects to the surrounding environment, population and traffic movement shall be sharply decreased.

Phase two (2016-2021):

Priority outcome 1. Extend and develop auto road and railway networks and fully connect the capital city with the aimag and regional centers with paved road.

Implementation strategy:

- Complete building of paved auto roads in line with the vertical axis of the infrastructure.
- Create highly efficient, new auto road utilization system and make it operational.
- Expand and develop railway network and improve its loading capacity. Expand the railway network in the Gobi and eastern regions.
- Complete building of parallel railway along with the main railway line.
- Upgrade efficiency and loading capacity of the railway through full electrification of the railway.

Priority outcome 2. Develop air transport infrastructure, expand services and make the air transport as a sector that is competitive on the world market and that is dominated by the private sector participation.

Implementation strategy:

- Build new international airports in Ulaanbaatar city and Kharkhorin and equip the local airports with paved runway line and light systems.
- Increase the number of the international flights through strengthening legal framework of the sector, improving organization of the air space and conducting technical and technological renovation.
- Establish inter governmental agreements on air relations and revise the current ones and increase the number of international flights.

Priority outcome 8. Create a favorable environment for the private sector investment and participation in the sea and water transport and extend their operations.

Implementation strategy:

- Provide the water transport with modern ships and support private sector investment and participation in the transportation.
- Mongolia shall have an exit to the sea and shall independently conduct the ship record. Mongolia shall take measures to rent a ship and a crew and upgrade technical safety of the ships.

Expected outcome: Auto road network shall be expanded. Mongolia shall have joined Asia auto road network and over 90 percent of 11218 km nationwide auto roads shall be paved roads. Railway network shall be expanded. Private sector participation and investment in the water transport shall be increased and their operations shall be improved. Mongolia will have an exit to the sea. Flight security provision shall meet international standards, private sector dominated and competitive

on the world market air transport sector shall be formed, air space of Mongolia will be substantially enhanced and number of international flights shall be increased sharply. International airports shall be built in Ulaanbaatar city and Kharkhorin, aimag airports shall have paved runway line and be fully equipped with modern lighting system. Cross country freight forwarding shall reach 3.0 million tons. Public transport vehicles of Ulaanbaatar city shall be fully moved to the utilization of the gas fuel.

4.3.2.4.2. Energy sector priority outcome s, implementation strategy and expected outcome

Phase one (2007-2015):

Priority outcome 1. Establish integrated energy grid of Mongolia, increase efficiency of the energy sector and provide safety in the sector operations.

Implementation strategy:

- Define power supply policy for the Gobi region and create power supply sources for the Oyu Tolgoi, Tavan Tolgoi, Tsagaan Suvarga and other mining plants. Build 220kV energy transmission line from the Central Power Grid to the Oyu Tolgoi.
- Based on the Tavan Tolgoi coal mine, build a power station with up to 500MBt of capacity using foreign investment.
- Connect power system of the Eastern and Western regions to the central energy grid.
- In order to solve energy supply dependency from one country that is negatively effecting energy security of the country, be connected with both neighboring countries through energy infrastructure (build energy transmission line) and adequately solve export and import matters in relation to consumption specifics.
- Build and utilize a new power and heating source with capacity of 400 MBt in Ulaanbaatar city.
- Build a hydropower station on the larger rivers such as Eg.
- Improve modern equipment supply in the energy sector.
- Join the regional integration on the energy sector.
- Investigate utilization of the atomic energy and build atomic power station.

Priority outcome 2. Supply soums, residential areas and herders with electricity.

Implementation strategy:

- Connect 120 soums and residential areas that are not connected to the central energy grid through energy transmission line and supply them with stable electricity using renewable energy and other sources.
- Under the framework of the “100000 solar lights” programme, provide over 120 thousand families with solar and wind energy sources.

Expected outcome: Number of population that is supplied with constant (24 hours) and reliable energy sources is to be increased by 25 percent. Security of the central energy grids shall be enhanced. All soums of Mongolia shall have regular energy supply and all herder families shall be supplied with wind and solar power sources.

Besides supplying domestic energy needs fully, Mongolia shall be exporting the electricity.

Phase two (2016-2021):

Priority outcome 1. Improve efficiency of the integrated power grid of Mongolia and create a favorable development condition.

Implementation strategy:

- Improve power supply of Ulaanbaatar city.
- Enhance efficiency of regional power systems.
- Set up modern system that coordinates energy flows.

Expected outcome: Reliable operations shall be provided in the power and heating supply of the central and residential areas. Share of population that is provided with stable power sources should have reached not less than 95 percent of total population. Energy sector contribution to the state budget revenue shall be increased.

4.3.2.4.3. Fuel sector priority outcomes, implementation strategy and expected outcome:

Phase one (2007-2015):

Priority outcome 1. Build small scale, coal gas stations and improve energy supply for the rural areas.

Implementation strategy:

- Build small scale, coal gas stations in the soums and residential areas that are located closer to the coal deposits and make them operational. The stations shall work using a coal gas fuel.
- Establish portable factories that can produce smokeless fuel out of the coal and make them operational.
- Establish medium and large scale factories and complexes that can produce liquid fuel out of the coal and make them operational.

Priority outcome 2. Establish a coke-chemical and coal, energy and pure chemical industrial complex and regularize its operations.

Implementation strategy:

- Form legal and regulatory framework that can provide government support to the coal extracting and processing industries and implement the legislation.
- Start utilizing a coke coal deposit of Tavan Tolgoi. Establish a coal-chemical research lab or center that is equipped with coal processing, gassing and fluiding equipment and provide regular operation of the lab.
- Produce crude oil products out of the coal and reduce imports.

Expected outcome: While the coal export is increased, an industry that produces crude oil and other chemicals out of the coal shall be developed. Following the coal processing industry, modern infrastructure shall be put in place.

Phase two (2016-2021):

Priority outcome 1. Based on the pure coal technology, build a larger scale power station and fully obtain the production capability to produce natural oil products out of the coal.

Implementation strategy:

- Establish a fuel, energy and coal-chemical complex in the coal covered territory of Choir and Nyalga.
- Produce new types of energy sources such as hydrogen, methanol (methane) out of the coal.
- Own full capacity of the coke-chemical factory and export not less than 5 million tons of coal per annum.

Expected outcome: Through developing deeper coal processing, the coal processing industry shall be considered as one of the leading sector that defines economic development of the country.

4.3.2.4.4. Information and communication technology sector development policy

The ICT shall be considered as a main development accelerator of Mongolia in the 21st century.

ICT sector priority outcomes, implementation strategy and expected outcome:

- Consider the ICT sector as a main tool to provide the social and economic growth of Mongolia and create a favorable development policy, legal and regulatory environment in order to have sustained sector development.
- In order to encourage any activities based on the ICT, create a reliable, information and communication infrastructure and develop e-government and e-service consumption.
- Pay more attention to the human intellectual development in order not to be out-of-date from the fast ICT development. Consider the adequate knowledge, new initiatives and intellectual ideas as an important investment to create any new innovations.
- Re-direct business and private sector activities to increase competitiveness and intellectual capability of the domestically produced goods and support the private sector as a main incentive to provide economic growth.

Implementation strategy:

- Government and the state shall officially announce the ICT sector as a leading development sector of Mongolia.
- Develop the ICT services and consumption as a tool to support the social, economic, rural development and other sectors development.
- Improve legal and regulatory environment, develop and implement package ICT laws and regulations and conduct an adequate regulatory policy.
- Upgrade standardization of the ICT sector.
- Focus more on the preparation of the sector professionals and personnel. Prepare the ICT professionals in the developed countries and create training condition of those countries in Mongolia.

- Set up high speed information and communication infrastructure through shifting the basic information and communication network to the digital technology.
- Create a favorable policy and regulatory environment that can support domestic and foreign investment.
- Government shall support the private companies that deal with a business in this sector, create a favorable business environment for them and help and intermediate them to contract out certain assignments in the foreign countries.
- Reduce government and state burden through developing public and private partnership.

4.3.2.4.4.1. Postal sector development priority outcomes, implementation strategy and expected outcome:

Phase one (2007-2015):

Priority outcome 1. Consider the postal sector development as a main condition for the citizens and entities to deal with economic and business activities and improve its legal and regulatory framework.

Implementation strategy:

- Make amendments into the Law on Post and other relevant legal acts.
- Create a condition and opportunities for the postal service deliverers to be interlinked with each other through general postal network.
- Form a common service functions' pool and take implementing measures.
- Define competitiveness and privatization policies for the postal sector and implement them.
- Improve personnel supply in the postal sector and improve their capacity.

Priority outcome 2. Constantly introduce advanced technology in the postal service and improve post delivery frequency.

Implementation strategy:

- Introduce new types of postal services such as finance, hybrid post, e-mail, fax, e-commerce and logistics etc.
- Establish a factory of mail logistics such as box, envelope, letter etc.
- Upgrade mark industry, mark sell and other relevant service and bring them up to the international level. Improve mark supply of the state fund.
- Develop postal zip coding system and implement it.

Expected outcome: Modern technology shall be introduced in the postal service. A condition to fairly compete on the postal market shall be created. Mail delivery frequency will be increased and mails will be delivered for five days a week.

Phase two (2016-2021):

Priority outcome 1. Upgrade main postal network utilization and transmission capacity up to the international level and improve mail delivery frequency.

Implementation strategy:

- Set up an adequate mail delivery network that covered the whole country.
- Automotize postal shelf service and computerize postal record, accounting and work places.
- Set up a system that delivers all types of postal parcels to the addressed body within short period of time at a cheaper cost.

Expected outcome: Adequate postal delivery system that covered all territory of Mongolia shall be in place. Customer shall be able to receive information based complex services through mail. Mail delivery frequency shall be 7 times a week.

4.3.2.4.5. Urban development and construction sector development policy

4.3.2.4.5.1. Priority outcome s, implementation strategy and expected outcomes of the urban development and construction sector development:

Phase one (2007-2015):

Priority outcome 1. Set up an adequate location and residence system for the population and improve urban development.

Implementation strategy:

- Develop a state policy on population location and residence and implement it. Improve regulatory framework for the urban development and strengthen norms and standards for the urban planning.
- Support the regional development policy with urban development policy. Define a ranking and classification of cities, towns and residential areas within the regions of Mongolia, and improve urban and rural planning.
- Unbundle the population agglomeration of the capital city and create adequate centralization in the regional pillar centers and local towns.
- Improve engineering infrastructure and land utilization of the local residential areas in accordance with the general planning.
- Develop ger area development strategy for the urban and residential areas and provide its implementation.
- Consolidate scientific, technical and technological areas of the construction and urban development and improve urban development norms and normative.
- Create a nationwide construction and urban development online database. Create an online information system of Ulaanbaatar and other larger cities.
- Implement projects and programmes that are aimed to improve ecology of the cities and villages, protect their eco system, combine natural landscape with urban construction etc.

Priority outcome 2. Develop construction and construction material industries and public utility sector that meet modern quality requirements.

Implementation strategy:

- Improve legal arrangements of the construction and construction material industry and public utility sector.
- Improve norms and normative of the construction and construction material industry in line with international standards.

- Introduce modern advanced techniques and technology in the construction and construction material industry.
- Use new types of materials and design in the housing construction and introduce energy efficient, latest technology.
- Strong emphasis will be given to develop construction material industry that is based on the local raw material reserves.
- Strengthen structure and organization of the housing and public utility institutions in consistent with market needs and requirements.
- Implement the second Ulaanbaatar service improvement project.

Priority outcome 3. Visibly improve housing supply for the population.

Implementation strategy:

- Increase the financial sources to build houses and apartments and develop a primary and secondary market system for the long term housing loans.
- Introduce a contracted housing deposit system.
- Establish the housing corporation and make it operational.
- Develop the ger area as a residential apartment area in participation of their residents.
- Create a housing subsidy and discounts for the low income citizens and vulnerable group of people.
- Enhance housing supply that is convenient to the purchasing capacity of the population.
- Support private sector participation in establishing infrastructure of the new apartments and housing micro areas.

Priority outcome 4. Improve land utilization of the cities and villages and strengthen asset registration system and operation.

Implementation strategy:

- Set up an effective control mechanism over the land in participation of the state, government, specialized agency and the public.
- Intensify land reform.
- Create land monitoring network, develop and implement the projects and programmes that are aiming to rehabilitate and improve the deteriorated land.
- Establish national land information system and deliver services to the citizens, legal bodies and public agencies efficiently.
- Cover any asset and property under the state asset and property registration fully and strengthen and consolidate the property registration system.

Expected outcome: Population agglomeration of Ulaanbaatar city will be slowed down. Population number of the regional pillar centers and some other larger towns will reach 40-50 thousand each. Build towns that have 10-20 thousand population and that has modern engineering design and solution based on the larger strategic mining deposits such as Oyu Tolgoi and Tavan Tolgoi. 20-30 thousand families of the capital city ger areas shall be connected into the central grid and 25000 families will have improved their housing condition. Construction material industries shall be established in the local areas, construction cost shall be reduced and number of jobs will be increased. Operations and structure of the public utility sector shall be

improved. Not less than 80 percent of total assets and property that should have been registered shall be covered under the state property right registration.

Phase two (2016-2021):

Priority outcome 1. Based on the adequate location and residential system, strengthen urban development further and create a favorable environment for the residents of the cities and villages.

Implementation strategy:

- Develop satellite towns and new residential areas of the capital city and decentralize high population agglomeration of the capital city.
- Intensively develop the regional pillar centers.
- Connect the ger area of the capital city to the clean and sewage water central grid and improve housing condition of the residents.
- Based on the free economic and trade zones and larger residential areas, build modern cities and villages.

Priority outcome 2. Regularly introduce new techniques and high tech in the construction work and increase production of new construction design and materials.

Implementation strategy:

- Build national capacity to construct multi store apartment houses and larger factory plant.
- Introduce new techniques and technology in the construction material industry, improve product quality and enrich types of the products.

Expected outcome: Regional pillar centers, towns and residential areas shall be developed and an environment where the population can reside and peacefully live in their local areas, shall be created. Construction and construction material industry will reach the level of the middle developed country.

4.4. Regional development policy

4.4.1. Priority outcome s, implementation strategy and expected outcome of the regional development:

Phase one (2007-2015):

Priority outcome 1. Strengthen regional development management and planning and accelerate development of the regions.

Implementation strategy:

- Continuously implement development programmes of the Western, Hangai, central, Eastern and Ulaanbaatar regions till 2015.
- Continuously implement the programmes designed to develop energy, auto road, telecommunication and integrated information network.
- Create legal framework to establish the future Mongolian capital city in Harhorin and provide preparation for it.

- Implement the general urban planning for the regional pillar center such as Hovd, Uliastai, Erdenet, Harhorin, Darhan, Zuunmod, Undurhaan and Choibalsan.
- Develop and implement general development plans for aimag, micro zones and soums and implement general planning for the residential areas.
- Support the development of the remote and distanced regions, rural Small and medium enterprises and services and regional pillar centers with adequate tax and budget policies.
- Establish “Regional Development Fund” and “Regional Agreement” and make them operational.
- Make amendments into the Law on the Regional Development Management and Coordination and other relevant legislation. Form adequate regional management structure and provide its implementation.

Priority outcome 2. Make the economic growth of the Western, Hangai, Central, Eastern and Ulaanbaatar regions as a key development factor and implement the Millennium Development Goals.

Implementation strategy:

- Adequately select and implement the internationally open, larger projects that can be considered as an regional development accelerating “locomotive”, create more jobs and reduce poverty and unemployment.
- Accelerate industrial and service sector development in the regions, intensify the agriculture sector and strengthen economic sector structure.
- Intensively develop the farming business in the regions.
- While relying on the regional pillar centers, aimag centers and larger mining plants, set up an adequate farming network that is based on the intensified livestock and irrigated agriculture sector.
- Develop the natural tourism in combination with ethnical tourism in the Western region, adventure tourism in the Hangai region, historical and cultural tourism in the Central and Eastern regions.

Priority outcome 3. Establish the industrial and technological park in the regional pillar centers, the free economic and trade zones in the regions, make them operational and create basis of the knowledge based economy.

Implementation strategy:

- **In the Central region,** establish the “Darhan”- industrial and technological park that produces export products, “Zuunmod”- development park, “Nalaikh”- business incubator park in the Nalaikh district of Ulaanbaatar city in order to support household industry and business, export industrial park in Baganuur district, “Selenge”- industrial and technological park that produces export products, “Air service international park” – that deals with service and trade export in Bagahangai district and “Golden Gobi development park” – in Choir city respectively.
- **In the Eastern region,** establish the “Dornod” – industrial and technological park that produces export goods and provide its stable operation.
- **In the Hangai region,** establish “Erdenet” – industrial and technological park that deals with exports.

- **In the Western region**, establish “Khovd” – combined industrial and technological park and provide its stable operation.
- Establish free economic and trade zones in Zamiin Uud, Altanbulag, Tsagaannuur and some other aimags, install high tech and develop export oriented industry and service.

Priority outcome 4. Develop industrial and social infrastructure in the regions, slow down the migration process that have negative implications and create a favorable business environment.

Implementation strategy:

- In close connection with the Millennium Road and auto road directions of the vertical axis, start establishing paved auto road integrated network in the regions.
- Under the central energy grid, start establishing highly efficient, sub energy systems in the regions.
- More emphasis will be given to establish specialized treatment and diagnostic centers, universities and VTC in the regions and aimags.
- Adequately reflect demographic aspects and factors in the regional development policy and planning and implement them.
- Implement the national programmes such as “Green revolution”, “Food security and food supply”, “One village, one product” and “Ecologically clean product” in the regions and improve food supply for the regional population.

Priority outcome 5. In match with the specific features of the regions, improve utilization, and protection of the natural resources.

Implementation strategy:

- Conduct ecological and economic assessment of the regions’ land, water and forest resources and improve their utilization and protection. Implement natural usage policy that is convenient with the natural zones and regions.
- Reduce natural pollution and deterioration resulted by the mineral resource extraction.
- Improve water supply in the territory that have a drought and regularize sufficient water consumption.
- Take complex forest protection measures, improve rehabilitation and tighten the control over its utilization.
- Slow down desertification process, drought effects and sand movement and expand the work to rehabilitate the wild plants.
- Implement a policy to protect the biological species in consistent with the specific features of the regions.

Expected outcome: Adequate regional development management and planning structure shall be put in place and relevant regulatory arrangements shall be developed. Economic structure of the regions shall be improved and foundations of the knowledge based economy shall be formed. Business environment will be improved, number of jobs will be increased and poverty and unemployment shall be reduced sharply.

Phase two (2016-2021):

Priority outcome 1. Reduce rural and urban development disparity visibly and develop knowledge based economy in the regions.

Implementation strategy:

- Provide balanced economic development in the regions and enhance share of the industrial and service sectors regularly.
- Establish the future capital city of Mongolia in Harhorin.
- Stabilize operations of the industrial and technological parks and expand export oriented industry and services in the regions.
- Accelerate infrastructure sector development of the industries and complete building the paved auto road network and energy grid in the regions.
- Set up modern information and communication technology network in the regions.
- Accelerate development of the social infrastructure sector and bring regional education and health sector system up to the level of the middle developed countries.
- Make the tourism sector as one of the leading economic sectors of the regions.

Expected outcome: Economic structure of the regions will be improved, knowledge based economy will be created and economic competitiveness shall be enhanced sharply. Business environment shall be improved work places will be increased and poverty and unemployment will be reduced sharply. Regions will have modern industrial and social infrastructure network. Utilization and protection of the natural resources will be improved.

4.5. Development policy on legal and judicial reform, state structure, public administration and civil service

It is considered that implementation success of the comprehensive national development policy will depend on the legal and regulatory framework, stable operations of the state and government institutions, civil service skill and capacity and accountability mechanism. A policy to revise and change them so that they are able to implement the socio-economic development priority outcome s stated in this document and to provide their stable operations, is being considered.

4.5.1. Priority outcome s, implementation strategy and expected outcomes of the legal and judicial reform

Priority outcome 1. Strengthen state structure, build capacity of the state institutes, make the civil service open and transparent and improve relevant legal and regulatory framework.

Implementation strategy: Improve capacity of the legal and supervision institutions and create a legal framework to implement the operational principles that is based on the human rights:

- Make the public service open and transparent.
- Strengthen and systematize the analysis, studies and accessibility of the laws, regulations and other legal acts and improve their inter connection and consistency.
- Implement the international convention and agreements as the national legislation.

Priority outcome 2. Consolidate human rights declared in the Constitution and Common Declaration on the Human Rights.

Implementation strategy: Enhance legal and human rights knowledge of the public.

- Provide the right to be independent and free.
- Right to have compensation for the losses resulted by others illegally.
- Provide the human right to live in the health and safe environment (clean consumption water, clean environment, air pollution, health services, and protection of natural disaster).
- Encourage self management right and create an opportunity for the local areas to independently develop.
- Specifically provide the rights of the citizens with development difficulties.
- Provide children's rights.
- Introduce development trends based on the human rights and consider this principle to formulate state policy.

Priority outcome 3. Strengthen the legal and regulatory scope that can create safety environment in the society.

Implementation strategy: Create regulatory structure that cleared up the safe environment for the population.

- Improve lighting of the streets and squares.
- Create an environment with no vodka and fight with drinking.
- Improve emergency police office.
- Introduce integrated protection system in the apartment houses.
- Strengthen registration and information system for the citizens.
- Provide safety of the traffic movements.

Priority outcome 4. Strengthen political system, deepen and develop the democracy.

Implementation strategy: Set up and develop a rule based, citizen centered state structure with democratic government and improve the implementation of the laws and regulations.

- Enhance parliamentary capacity, democratic basis and effectiveness and establish the executive body structure through developing and specializing the core civil service.
- Provide the tight linkage of the international treaties of Mongolia and national legislation and use them effectively.
- Create a national legal structure that provided economic freedom, let free development opportunity for the humans, convenient with national security requirements and reflected international development trends.
- Provide independent status of the court and judges and strengthen accountability mechanism of the court system.
- Constantly support activities of the civil society institutions and set up a democratic management system that provided civil society and public partnership.
- Form a condition to respect laws, integrity and human rights and develop and consolidate the civil society.
- Provide the private sector participation in the decision making level and create a favorable legal environment to support the private sector.

- Strengthen territorial and administrative unit structure.

4.5.2. Priority outcome and implementation strategy of the state structure and public administration development of Mongolia

Priority outcome . Regularize the clear, competent, over sighted, accountable and stable state structure defined by the Constitution and efficient management of the legislative, executive and judicial governance that is consistent with the interests of the citizens.

Implementation strategy:

- Choose one of the traditional state structures such as parliamentary, combined (presidential but combined with prime minister leading the government) and presidential governance and provide stability of the public administration.
- Oversight legislative power of the Parliament and executive function of the government.
- The cabinet shall organize the law enforcement and be accountable in front of the Parliament.
- Court structure shall protect the laws and regulations.

Priority outcome . Provide openness and transparency in the public administration decision making process and provide an opportunity for the citizens' participation.

Implementation strategy:

- Bring the number of female candidates nominated for the parliamentary election at not less than 30 percent.
- Enhance the participation of the scientists and citizens in the parliamentary law making process.
- Strengthen law enforcement function of the government.
- Tighten the accountability mechanism where the high level government officials are hold accountable for reporting of their work in front of the citizens and voters.

Priority outcome : Make the court institutions independent, accountable, sensitive, fair, accessible and productive.

Implementation strategy:

- Strengthen court and judicial activities and legal basis of the organizational structure and take comprehensive measures to deepen the reforms.
- Improve court power management, economic and human resource provision.
- Implement UN principles on independent judicial bodies.
- Develop and implement a programme on the economic independence of the court institutions.
- Strengthen selection, assigning promotion and firing processes for the judges.
- Introduce a practice to use the international treaties and traditions in the court system.

Priority outcome : Implement the administrative and territorial units as stated in the Constitution and enlarge them based on the economic capacity and human resources.

Implementation strategy:

- Merge closely located soums in terms of administration and territory and enlarge them.
- Create a system of a group of villages and enhance market capacity.
- Consolidate the bagh and khoros as they are the primary level public administration institutions that deliver public services to the citizens. Move to the system where the governors are appointed by upper level governors, the budget is approved by self managing, local institution and disbursed independently by bags and khoros.
- Develop the self managing local institutions with a capacity to independently solve any matters regarding the local development.

4.5.3. Priority outcome s and implementation strategy of the public administration and civil service reform of Mongolia 2005-2015

Within the civil service development scope, the following five mid term, interlinked strategies and priority outcome s are being presented for the civil service reform:

Strategic objective 1. Develop a capacity for strategic planning and performance management:

- Consolidate strategic planning capacity of the civil service, in particular of the general manager (regular training for 1000 managers during 2007-2010, 2000 persons by 2015 and all new managers starting from 2020).
- Gradually weaken some controls over the civil service input, make the results measurable and strengthen monitoring based management capacity through conducting monitoring and evaluation. Establish the system by 2010. 300 professionals shall be trained and prepared. Regularize the training starting from 2015.

Strategic objective 2. Upgrade the policy analysis and leadership management:

- Create civil service information database and develop a capacity to conduct policy analysis, monitoring and evaluation; (By 2012, complete establishment of the information system. Complete use of the database by 2015.)
- Select the high ranking officials, in particular the general managers for the civil service through a competitive selection process; (Develop leadership skill of the general managers and other high level officials who are appointed for the core civil service. Complete implementation will start from 2008. Train 3000 managers up until 2015.)

Strategic objective 3. Provide institutional and human resource development:

- Develop a learning institution whose internal decision is transparent and directed to the work performance; (Bring the number of learning institutions up to 20 percent by 2010 and 60 percent by 2015).
- Train the civil servants on the most required skills such as risk management, usage of the IT and human resource management etc. Involve the civil servants under the on-the-job training and outside training throughout the period.

Strategic objective 4. Strengthen human resource management information system, wage and benefit system:

- Form a new, nationwide human resource management information system in the civil service (covers hardware and software, technical equipment and integrated network); Introduce the system in the central level starting from 2008, aimag level for 2009-2013 and soum level starting from 2015.
- Plan the civil service wage bill in a way that it does not make additional burden to the state budget and negatively effect the government operations and that it is disbursed for the delivery of services aimed to reduce poverty and provide economic growth.
- Adjust the civil service wage structure in line with the labour market conditions, make it open and transparent and link it to the performance management.

Strategic objective 5. Set up adequate size for the civil service and enhance quality and access of the civil service.

- Deliver the civil service functions and services in an adequate way and mechanism, conduct functional review of the central and local administrative organizations upon guidance of the government and bring the civil service size onto the adequate level.
- Conduct a consumer satisfaction study on the quality and accessibility of the civil service and publicly inform follow up measures of the study and introduce social audit methodology that covered cycling mechanism.

Long term effects of implementing the above mentioned mid term, civil service reform strategies shall be measured by the provision of human security, stable economic growth, poverty reduction that met Millennium Development Goals and enhanced civil service reputation.

Function of the Civil Service Council shall be moved from adjustment operations to delivering assistance to the overall civil service in improving policy management and managerial methodology and techniques. It will help the government to implement the objective to have professional, flexible and consumer oriented civil service.

Priority outcomes for 2016-2021 are defined as follows:

Priority outcome 1. The civil service should be demand driven, consumer oriented and close to the citizens. It is also responsible to reach realistic outcomes in service delivery, create accountable and fair system in place and meet customer satisfaction.

Priority outcome 2. Develop and implement commonly accepted public administration and civil service reform policy and decisions that are based on the common values.

Priority outcome 3. Radical reform, constant innovation and long term human resource planning and training: Within the comprehensive national development policy, the CSC shall be responsible for long term human resource planning and become capable to conduct a planning that considered private sector competition for talented and skilled workers and demographic trends.

Priority outcome 4. Provide the development of future leaders: Based on evaluating senior managers' capacity, attract youth into the civil service and

implement a programme to prepare future leaders in consistent with the long term strategy of the national development policy.

Priority outcome 5. Form a capable public administration and civil service: Enhance the capacity to implement the state and government policies through constantly developing the public administrative organization, upgrading knowledge and skill of the civil servants and enhancing leadership skills of the all stage senior officials and managers.

As a result of implementing the long term public administration and civil service reform policy and strategy, the following outcomes shall be achieved:

- More specialized and stable civil service shall enable to predict and solve any policies. The stable civil service shall continue policy implementation of previous generation of governments.
- Mongolia shall become a country that protects national and legal interests and that is friendly to the investors. In addition, Mongolia shall also become a country that performs its commitment to the domestic and foreign investors.
- Stability of the civil service shall be improved and corruption shall be reduced.
- More specialized and consistent civil service shall have the capacity to independently solve more complicated and combined problems by 2021.
- Government shall move to the new era where it partners with private sector and civil society in wider scope.

4.6. Priority outcome and implementation strategy of the national security:

Vision of the national security sector of Mongolia is to actively participate in the creation of security cooperation for the Asia and Pacific region in particular, Northern East Asia countries, consider peaceful foreign policy in the international relations, consolidate reputation of the country, provide stable economic and social development and protect human rights and freedom and by all these ways keep and protect independent country quota and status on the international arena.

Priority outcome 1. In order to create a condition that can protect state stability, implement security policies that aimed to provide intense economic development, political and social stability and protect and keep the environment.

Implementation strategy: Provide economic security:

- Develop export oriented, open economy led by the private sector.
- Support beneficial to Mongolia foreign investment and create an economic structure that is capable to quickly adjust in the changes happening on the world market.

Implementation strategy: Provide political stability:

- Support human rights and freedom to have own thoughts and views, own religion, free media, strengthen the mechanism to protect minority interests rather than majority governance, form the civil society and provide political stability in the country.
- Train the enforcement organizations such as police, intelligence, court and prosecutor's office etc to fight with criminals and keep the social order without violating the main human rights on the one hand, and on the other hand train the

public to enforce the state rules, understand and support operations of the above organizations.

Implementation strategy: Provide social stability:

- Implement a programme to provide non formal education for all regarding the national security issue.
- Take all types of measures to fight with poverty and against the unequal income allocation for the population.
- Clear up living and employment legal condition for the foreign residents and immigrants.
- Create a mechanism to provide multisided support to the Mongolians abroad in participation of the state and international organizations.
- Protect and consolidate value of family and support community and private sector organizations working on this matter.

Implementation strategy: Protect the environment

- Define legal content of the terminology “natural disaster”, create a system to help natural disaster victims and widely cooperate with international humanitarian institutions on this matter.
- Create a tough legal and regulatory arrangement whereby mining and heavy industry development does not destroy the environment and does conduct rehabilitation in the country.

Priority outcome 2. Implement peaceful foreign policy and expand foreign cooperation regarding the defense sector, law enforcement institutions, environment and public health protection.

Implementation strategy: Provide the security in the international relations’ sector

- Meet the national security goals and objectives through activating Mongolia’s participation in the international multilateral cooperation.
- Using foreign relations of Mongolian NGOs and individuals and their internationally accepted reputation, expand Mongolia’s position abroad through delivering correct information about the country and realistically disseminating internally organized events.

Implementation strategy: Expand foreign cooperation with law enforcement institutions

- Establish relevant agreements with neighboring and other countries to get legal advices on investigating, revealing and punishing the criminals without being restricted by country boundaries and borders.
- Cooperate with the international institutions to prevent the youth from narcotics, HIV and drug smuggling and create an effective system to fight against the corruption internally.

4.7. Priority outcomes and implementation strategy of the foreign relations

Redirect the foreign policy to create a favorable external condition to implement the comprehensive national development policy and develop efficient partnership.

Priority outcome 1. Implement political foreign policy that aims to create an external favorable condition to help in the provision of the high speed, sustained economic growth of Mongolia.

Implementation strategy: Implement multilateral external policy and develop wide scale cooperation.

- Mongolia shall keep the peace, try not to conflict with any country and conduct an open and multilateral external policy. Within this framework, relate with world countries peacefully and develop mutually beneficial cooperation.
- Consider a policy to attract real interests of the developed countries into Mongolia and prevent from being dependent or highly dependent from any country.
- Give significant importance to the relationship with our two neighbors. National Security Commission shall discuss whether any changes are happening in this relationship balance once every five year and present relevant recommendations.
- Consider a policy to relate with USA and EU on complete partnership level and conduct active operations in this regard. Consider a policy to continue being eligible for the EU provided GSP trade terms.
- Expand Mongolia's cooperation with Japan-the main donor country to Mongolia and develop the cooperation that is based on the complete partnership principle. Under this objective, support influential Japanese firms to provide large scale investment in Mongolia and take measures directed to create a favorable condition for the investment.
- Expand Mongolia's relationship with India, Korea and ACEAN countries and continuously develop our cooperation with them on investment, culture and humanitarian sector. In particular, consider a policy to obtain a status of negotiation partner in the ACEAN. In addition, actively develop our relationship with Turkey, Kazakhstan and some Arabian countries.
- Keep our traditional relationship with Western European countries at the current level and try to expand it in case of opportunity.
- Adequately participate in the regional political and economic integration and enter the APEC (Asia Pacific Economic Cooperation) as a member country. Try to join in the forward looking negotiations on north eastern Asia and East Asia integration. Consult with Japan on the establishment of the North East Asian Development Bank, cooperate with them and try to participate in the negotiation on solving nuclear weapon matter of the North Korea. Consider a trend to actively participate in the projects that covered North East Asia (projects such as the Tumen river).

Priority outcome 2. Consolidate Mongolia's interest by bilateral and multilateral agreements on the international arena. Respect international rules and execute accepted in the agreements functions and duties.

Implementation strategy: Develop economic foreign relations

- Follow the principles, norms and normative of the international business relations and execute accepted in the international treaties own duties in fair and equal manner when developing economic relations with foreign countries. Conduct a policy to diversify the economic foreign relations.
- When establish free trade agreements with the countries, estimate their political and economic implications, and ensure that the agreements do not negatively

effect the national security and be economically efficient and develop such agreements. Aim to establish bilateral free trade agreements with USA, Japan, EU and South Korea first of all.

- Consider a policy to accurately estimate final return of the credits from the international financial institutions and foreign countries. Especially, the credits will only be accepted after estimating their repayment guarantee tightly and accurately. Keep the foreign loan and debt ratio at the level that will not effect national security and economic development and consider a policy to reduce acceptance of the loans while the economy grows. Consider a policy to reduce foreign loan by fifty percent by 2021.
- Conduct a policy that protected rights and interests of the country with zero sea exit. Aim to reduce transit fees imposed for Mongolian goods when they transit over the territory of China and Russia and try to get these fees abolished. Make a progress on this area.
- Put a tight safety and hygienic control over the imported food products and create a system to fight with those who make violations in this regard.
- Consider a policy to widely develop foreign tourism. Encourage and support establishment of larger international tourism complexes based on the natural, cultural and historical heritages. Especially, build modern tourism infrastructure in the places that have more foreign tourists.
- Conduct activities directed to use intellectual and knowledge capacity that is accumulated under the UN system organizations, other intergovernmental organizations, in particular international standard institutions and intellectual property organizations etc for the development of the country.

Priority outcome 3. As a member of the international community, Mongolia shall make efforts to actively contribute in the community events that aim to coordinate urgent and emerging problems faced for the world and the region.

Implementation strategy: Intensify foreign relations of other sectors

- Mongolia's science and technology foreign relations and cooperation should be consistent with the country development objectives, foreign politics and economic policy.
- When develop cultural and humanitarian cooperation with the foreign countries, conduct a policy to expand its legal basis, create a favorable environment, protect rights, freedom, legal interests and security of the Mongolians abroad, expand relationship and cooperation with Mongolian nationals abroad, support each other to keep language, culture and traditions and get their support and help for the development of Mongolia.
- Take measures to prevent from implications of any group and trends that are harmful for the national security, integrity and friendship of the population and Mongolian nationals.

Main tool to implement the foreign policy shall be the Ministry of Foreign Relations which is the state central organization in charge of the foreign relations and its diplomatic representative offices abroad. When other government ministries and agencies tend to move towards receiving any government guaranteed loan and grants from abroad and conducting any other foreign cooperation, they should go through the Ministry of Foreign relations which is the single state administrative organization in charge of foreign relations and implement them.

Consider a principle to appoint professional diplomats as well as highly educated, capable professionals majored in economics, science and technology in the diplomatic representative offices from Mongolia in foreign countries and international institutions.

4.8. Defense sector policy and strategy

Priority outcome 1. Develop the general defense system in the direction of protecting the citizens and property in participation of the citizens themselves and the national army in the direction of executing its main functions and duties as well as participating in the peacekeeping operation of the UN, conducting counter activities against the terrorism, protecting the state border at high professional capacity, protecting the population and property during disasters, larger accidents and other dangers that covered large community and develop them as professional army.

Implementation strategy: Develop the integrated defense system in the direction of protecting the citizens and property jointly in participation of the citizens themselves.

- Create and develop local protection system.
- Train the citizens to have a capacity to participate in the local area protection.
- Enhance citizens' participation in the border protection operation.
- Develop army and citizen cooperation.
- Encourage citizens' views and mentality to protect the home country.
- Create a condition for the reserved officers and soldiers to have a regular connection with the prepared army division and branches.

Implementation strategy: Strengthen organization and structure of the integrated army, enhance the capacity of the army and increase its preparation to conduct counter activities during terrorist operation, protect the citizens during community wide disaster, accidents and other harms and provide safety of the environment.

- Strengthen the policy and regulatory arrangements of the operations of the defense and integrated army system.
- Increase army involvement in creation and development of the local protection.
- Participate in the UN peacekeeping operation and other international operations, improve their capacity and preparation.
- Establish a moving army medical team that is to participate in the peacekeeping operations in 2007-2009 and the assigned medical unit of the army division and the army hospital that are aimed to be placed in the international training center of the peacekeeping operation in 2010-2015 respectively.
- Establish, appoint and take organizational measures for the "Assigned Force" that has flexible and light structure and that is designed to execute multilateral functions during the accidents, dangers and development project implementation. The assigned force shall be set up out of the army divisions and participate in the operations that did not cover much community.
- Create a legal framework for the army involvement in the development projects.

Priority outcome 2. Strengthen organization and structure of the integrated army, restructure reserve management and arrangements, implement weapon and technical reform step by step, strengthen training and preparation system, enhance reputation of the army and the soldiers and improve social protection of the officials.

Implementation strategy: In order to protect from the air attack, start army technical reform through strengthening reserve management, army structure and arrangements of the defense system, reforming weapons and techniques of the army and expanding peace period cooperation of the civic and army organizations.

- Improve long and mid term planning of the reserve management and arrangement of the defense.
- Sep up an “Army development fund” and create an economic basis that should provide future army development.
- Within the framework of providing the army integrity, take organizational and structural measures to involve the border and domestic soldiers and emergency divisions and branches under the structure of the General Army Authority.
- Build capacity of the border and internal soldiers and conduct weapon and technical reform.
- Create a condition for the cooperation of the civic aviation and army organizations.
- Upgrade and develop the army management connectivity and information system in line with international level (implement the projects to provide the army divisions and branches with remotely managed, digital stations, replace the regular telecommunication system with digital techniques and technology during 2007-2012).
- Establish army science labouratory, develop, introduce and produce high tech, support any related initiatives.

Implementation strategy: Strengthen soldier supply, establish adequate ratio of army size to work in the defense sector during the peaceful time, improve human resource management and refine army training, preparation and social protection of the army officials.

- Strengthen training curriculum and programme designed for the regular army staff and soldiers on state, patriotism and army tradition etc.
- Strengthen professional training standards, intellectual capability standards, training content and technology in line with the demand of the highly specialized, capable army.
- Provide training places, classes and internship fields with modern training facilities and other equipment and enhance the training opportunities for the army structure and preparative soldiers.
- Establish regional training centers and use them internationally.
- Solve housing problem of the army officials and soldiers (during 2006-2010, build houses for 10 percent of officers and senior officers, during 2011-2015 for 20 percent and by 2020 provide the remaining 40 percent with houses).

FIVE. Key outcomes of the policy implementation and implementing mechanism

5.1. Key outcomes of the Millennium Development Goals based comprehensive national development policy

The following key results will be achieved through implementing the Millennium Development Goals based comprehensive national development policy of Mongolia:

5.1.1. Outcomes of the phase one (2007-2015)

1. Millennium Development Goals shall be completely implemented by 2015.

- As a result of the intensified and fast economic growth, jobs will be created substantially and population poverty shall have been reduced twice.
- Kids' mortality under age five shall be reduced by two thirds than in 2000 and the maternal mortality by three fourths and spread of the HIV shall have been restricted.
- Show sustainable development principles in the development policy and planning and substantially increase utilization and protection of natural resources.
- By 2015, cover all school age children under the primary education and have zero sexual disparity.
- Shifted to the twelve year general secondary schooling system and multi types of training programmes and plans have been implemented.
- Population shall be supplied with consumer water fully (10th goal of the Millennium Development Goals), 20-30 thousand families of the capital city ger area will have been connected into the central grid. 25000 thousand households shall have been improved their housing condition (11th goal of the Millennium Development Goals).
- Economy will grow at average of 14 percent per annum and the GDP per capita shall reach 6 million tugrug or 5 thousand dollar. Mineral resource extraction shall be enhanced. Manufacturing sector share in the GDP shall increase four times, high technology shall be introduced and product competitiveness shall be enhanced. There will be an industry to produce crude oil out of the coal and other chemicals. By 2015, domestic industry shall provide not less than 50 percent of the domestic crude oil or petrol consumption. As of the tourism sector, Mongolia will receive a million tourists per year and tourism sector will be developed. Intellectually capable and knowledge based industry and services shall be put in place and basis of the knowledge based economy shall be formed.
- Agricultural industry shall be intensified and food supply of the population shall be improved. Livestock breeding quality and growing planting crops shall be improved through the introduction of the bio technology and genetic engineering methods. Annual average wheat industry shall have been increased by four times, and potato and vegetable industry shall have been increased by 1.5 times.
- There will be much progress and achievements in the infrastructure sector. Length of the paved road shall reach 8000 km. up to 60 percent of the railway network construction work in the Gobi and Eastern region shall be executed. Up to 70 percent of the parallel railway building work between Suhbaatar and Zamiin-Uud shall be completed. Railway electrification work shall be started. International freight forwarding shall reach 2.0 million tons by 2015. All soums of Mongolia shall have been provided with electricity and all herder families shall have solar and wind energy sources. Domestic energy need shall be fully provided and Mongolia shall export energy abroad.
- Development of the regions shall have been accelerated. High population agglomeration of the Ulaanbaatar city shall be slowed down. Number of population in the regional pillar centers and some towns shall reach 40-50 thousand. There will be modern towns with 10-20 thousand population that is developed based on the larger strategic mining deposits such Tavan Tolgoi and Oyu Tolgoi.

5.1.2. Key outcomes of the phase two (2016-2021)

- In this phase, the economy will grow at 12 percent on average, the GDP per capita shall reach 12-15 thousand dollar or 15-17 million tugrug. Intellectually capable and knowledge based industry and services shall be expanded and knowledge based economy shall be developed. Mongolia shall become one of the middle income countries in the world. Industry of value added products shall be increased rather than the mineral resource extraction.
- By 2021, share of the middle income population shall reach 60 percent and human development index shall reach 0.8. Based on this, Mongolia shall become one of the ten Asian countries that have leading development in Asia.
- By 2021, all stage of enrollment shall reach 100 percent. Number of schools whose training curriculum meets international standards shall increase substantially.
- Tourism sector will be further developed and Mongolia shall receive 2 million tourists a year. Intensified agriculture and farming business shall be developed and population food supply shall be provided mainly by domestic produced and ecologically clean products and food export shall increase substantially. Petrol products needs shall be fully provided with domestic industries. Country economy shall be fully efficient and competitive. More successes shall be reached to keep adequate ratio of the economic growth and environment balance.
- Competitive in Asia and the region, modern transportation, telecommunication and energy infrastructure shall be in place. Length of the paved auto roads shall reach 11000 km. Railway network shall be built in the Gobi and Eastern regions. By 2021, Mongolia shall provide energy and heating needs with the domestic sources in complete and reliable manner, and become a country that exports the energy to the world market in substantial amount. Regional pillar centers, group of villages shall be developed and a condition where the population can reside and live in the original country.

5.1.2. Key outcome indicators

Criteria of the MDG based comprehensive national development policy will be the indicators such as MDGs, human development index, GDP per capita, economic and human resource competitiveness democratic state management indicators, capacity of the high tech, share of foreign direct investment, export volume and share, housing supply, consumption water supply, fields forested and irrigated with the aim to fight against the desertification and economic structural changes etc. However, these criteria shall be specifically defined by each of the sector.

5.2. Comprehensive policy implementation system

Reforming the state and government operational guidelines up until the national leadership capacity that is required to implement the MDG based comprehensive national development policy and strategy of Mongolia is formed, shall be the precondition the successfully implement the policy and the strategy. (2010)

In its Action programme, the Government shall define its priorities that should be considered during its full authority period based on the comprehensive national development policy and strategy, get the draft programme approved in accordance with relevant regulation and rules and organize its implementation.

Resources that are required to implement the government policies shall be formed out of the following sources and all conditions for their disbursement shall be formed:

- Property and capital of the government of Mongolia;
- Private sector and foreign direct investment;
- Foreign grants and loans.

5.2.1. Consistency framework

Within the scope of the Action Plan based on the comprehensive national development policy and strategy, the government shall provide the consistency of the policy and strategy through implementing its functions to provide each of the sectors with strategic planning and policy guidelines, design and coordinate a programme, conduct monitoring and evaluation.

State administrative organization in charge of national development and planning shall be established within the structure of the government and this organization shall implement functions such as developing future guidelines and plans, wide scale programme on national and regional development, providing consistency among the sectors and coordinating their implementation as well as monitoring and evaluating the implementation of the policy, plan and programmes. Moreover, the organization shall also be in charge of reviewing and revising the MDG based national development policy and strategic document, developing long term projections, submitting them to the Cabinet for its decision.

5.2.2. Planning mechanism

Government shall reflect the comprehensive national development policy and strategy in the annual socio-economic guidelines, MTBF, annual budget and monetary policy guidelines and organize their implementation.

5.2.3. Evaluation of the implementation outcomes

Conduct monitoring in the implementation process of the objectives reflected in the comprehensive and future, national development policy and strategic document and organize the assessment of the progress and performance implications as follows:
Stage to monitor and evaluate the implementation progress and implications of the objectives reflected in the policy document:

Phase I: Conduct first stage evaluation on the policy objectives (deadline: June 30, 2010);

Phase II: Conduct mid term evaluation on the policy objectives (deadline: June 30, 2015);

Phase III: Conduct final stage evaluation on the policy objectives (deadline: June 30, 2020);

Conduct the monitoring and evaluation on continuous basis.

Ministries, state and administrative organizations shall conduct the monitoring and evaluation in participation of the relevant professional and research institutions upon the general plan and relevant costs shall be reflected in the annual budget and be implemented.

There should be criteria to evaluate implementation outcomes of each objective shown in the policy documents and indicators for some objectives that have special attention should have been developed in advance for each sector.

5.2.4. Reporting and control mechanism

Relevant institutions shall report the implementation of the objectives shown in the MDG based comprehensive national development policy to the Cabinet at the end of each year and the Cabinet shall report it to the Parliament within the first quarter of the following year.

Table 2. Consolidated table of resources required to meet the MDGs, million tugrug

Sectors		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Бүгд
Infrastructure	Total	144843	352669	539117	620437	910651	695979	584286	335884	321182	347009	4707214
	Current	4219	26745	15786	16005	20021	15452	32512	9930	9598	10167	156215
	Capital	140624	325924	523331	604432	890630	680528	551774	325954	311584	336842	4550999
Education	Total	222921	257350	274917	307513	348550	395792	449574	512709	586485	625007	3757897
	Current	187288	219021	246679	277594	314382	357378	407303	464424	531290	561174	3379245
	Capital	35633	38329	28238	29919	34169	38414	42270	48285	55195	63833	378651
Housing	Total	95874	114036	121740	124320	122880	138900	140340	141780	138098	142565	1184659
	Capital	95874	114036	121740	124320	122880	138900	140340	141780	138098	142565	1184659
Health	Total	261804	283406	301341	309569	332586	344194	365383	381245	402250	425667	3145642
	Current	243235	256240	270909	285740	301665	317939	336955	355574	376234	396749	2898006
	Capital	18569	27166	30433	23829	30921	26255	28428	25671	26016	28918	247636
Lack of food nutrition	Total	168930	181050	190790	202164	213419	225604	237928	250752	264143	276887	2042738
	Current	117803	128695	137629	148268	158701	169638	180804	192318	204237	214784	1535073
	Capital	51127	52356	53161	53897	54719	55966	57124	58435	59905	62103	507665
Environment	Total	25365	81649	112121	61775	92451	55525	51761	41165	44257	65778	606482
	Current	13713	51210	63186	16469	17168	16400	17071	18215	19156	20127	239003
	Capital	11652	30439	48935	45306	75283	39125	34690	22950	25100	45651	367479
Gender	Total	12403	8821	10095	11470	12934	13429	12725	15826	17359	19681	122338
	Current	5460	6628	7720	8916	10157	10457	11580	12802	14109	16182	98550
	Capital	6943	2192	2374	2554	2777	2972	1145	3024	3250	3498	23788
Consumption water, hygienic facilities	Total	90625	92324	105539	107461	108677	106318	97984	91856	82391	73991	866540
	Current	20499	20931	23610	27212	24886	24333	22285	20779	18761	16706	199503
	Capital	70126	71394	81929	80249	83791	81984	75699	71077	63630	57285	667037
Human rights, governance	Total	1685	1922	2174	2480	2854	3317	3895	4625	5555	5782	32604
	Current	1685	1922	2174	2480	2854	3317	3895	4625	5555	5782	32604
Income poverty	Total	1711	44256	87460	55513	49118	13116	8616	10864	8805	8923	286670
	Current	312	439	490	536	636	692	776	864	965	1085	6481
	Capital	1400	43817	86969	54977	48482	12425	7841	10001	7840	7838	280189
Total	Total	1026161	1417483	1745293	1802703	2194120	1992174	1952492	1786706	1870524	1991289	16752784
	Current	594214	711831	768183	783220	850469	915605	1013181	1079531	1179905	1242756	8544681
	Capital	431947	705653	977110	1019483	1343651	1076569	939311	707176	690619	748532	8640050
	Million USD	855,1	1181,2	1454,4	1502,3	1828,4	1660,1	1627,1	1488,9	1558,8	1659,4	13960,7

Table 3: 'Version with zero resource estimation: Key Macro Economic Variables /2007-2015/

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Income, economic growth									
Real GDP growth, percent	7.0%	7.3%	7.2%	7.0%	6.9%	6.7%	6.6%	6.5%	6.5%
GDP growth, by sector									
Agriculture	6.0%	6.3%	6.2%	6.2%	6.3%	6.2%	6.1%	6.1%	6.1%
Industry	7.9%	8.4%	8.1%	7.9%	7.7%	7.4%	7.2%	7.1%	7.1%
Service	6.9%	7.2%	7.1%	6.9%	6.8%	6.6%	6.5%	6.4%	6.4%
Industrial composition, share									
Agriculture	21.1%	20.9%	20.7%	20.5%	20.4%	20.3%	20.2%	20.1%	20.0%
Industry	26.1%	26.4%	26.6%	26.9%	27.1%	27.3%	27.5%	27.6%	27.8%
Service	52.7%	52.7%	52.6%	52.6%	52.5%	52.5%	52.4%	52.3%	52.2%
GDP per capita, thous. Tg	1099.6	1213.3	1336.2	1452.1	1566.8	1679.4	1794.4	1918.8	2053.8
GDP per capita, USD	909.5	1,003.6	1,105.2	1,201.0	1,295.9	1,389.1	1,484.2	1,587.1	1,698.8
Inflation	5.2%	4.2%	4.5%	3.4%	2.4%	2.1%	2.0%	2.2%	2.3%
M2 growth, %	8.7%	9.0%	8.0%	7.5%	7.0%	6.6%	6.1%	5.7%	5.2%
Budget, million tugrug									
Total revenue	1,152,852	1,153,033	1,253,359	1,357,179	1,454,199	1,548,237	1,642,532	1,742,142	1,849,275
Current revenue	1,017,741	1,008,094	1,098,310	1,191,737	1,285,575	1,376,432	1,467,545	1,563,973	1,667,925
Capital expenditure	171,871	165,959	163,489	164,308	167,627	171,014	174,468	177,993	181,588
Current expenditure	784,590	821,267	879,056	940,911	1,004,981	1,064,328	1,120,612	1,182,382	1,250,211
Current balance	196,391	165,806	210,814	251,960	281,591	312,896	347,452	381,767	417,476
Overall balance	0	0	0	0	0	0	0	0	0
Budget, share in GDP									
Current revenue	26.0%	23.0%	22.0%	22.0%	22.0%	21.0%	21.0%	21.0%	21.0%
Capital expenditure	4.4	3.9	3.4	3.2	3.0	2.8	2.6	2.5	2.3
Current expenditure	20.3	19.1	18.5	18.1	17.8	17.4	16.9	16.5	16.1
Current balance (%)	5.1	3.9	4.4	4.9	5.0	5.1	5.3	5.3	5.4
Overall balance	0	0	0	0	0	0	0	0	0
Basic variables									
GDP, current price, million Tg	3869733	4295738	4744309	5185918	5643365	6112333	6617493	7170595	7777650
GDP, constant prices, million Tg	1,512,890	1,625,663	1,747,503	1,875,087	2,010,156	2,151,387	2,298,972	2,454,572	2,619,751
Population number	2,775,981	2,832,059	2,889,271	2,947,638	3,007,184	3,067,933	3,129,909	3,193,138	3,257,643
Poverty rate, %	32.0%	31.0%	30.0%	30.0%	29.0%	27.0%	25.0%	23.0%	20.0%
Gini co-efficiency /index/	0.34	0.34	0.34	0.34	0.35	0.35	0.35	0.35	0.34

Table 4: 'MDG_Base scenario: Fiscal Framework Indicators /2007-2015/

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Government expenditure									
Current expenditure	936,143	1,039,345	1,166,693	1,376,173	1,567,995	1,712,591	1,858,497	2,017,648	2,187,954
o.w: MDG	714,580	771,677	787,480	855,518	921,466	1,019,880	1,087,080	1,188,330	1,251,680
Capital expenditure	507,397	582,713	597,903	598,344	592,158	562,802	558,848	558,121	576,951
o.w: MDG	379,729	453,779	415,051	453,021	396,041	387,536	381,222	379,035	411,691
Total expenditure	1,443,540	1,622,058	1,764,596	1,974,517	2,160,153	2,275,393	2,417,344	2,575,769	2,764,905
o.w: MDG	1,094,309	1,225,456	1,202,531	1,308,539	1,317,507	1,407,416	1,468,302	1,567,365	1,663,371
Government revenue									
Total revenue	1,044,770	1,066,533	1,207,840	1,361,746	1,533,409	1,735,370	1,947,648	2,166,683	2,405,358
Losses and financing									
Fiscal deficit	-398,771	-555,525	-556,756	-612,771	-626,745	-540,023	-469,696	-409,087	-359,546
Financing	398,771	555,525	556,756	612,771	626,745	540,023	469,696	409,087	359,546
Foreign	366,865	366,899	384,032	344,080	310,541	279,606	258,088	237,101	224,618
Domestic	31,906	188,627	172,724	268,690	316,203	260,417	211,608	171,985	134,928
Basic variables									
Fiscal deficit share in GDP (%)	-9.965	-11.772	-10.306	-9.914	-8.802	-6.653	-5.129	-3.969	-3.105
Foreign financing ratio to GDP (%)	9.167	7.775	7.109	5.567	4.361	3.445	2.818	2.300	1.940
Domestic financing and GDP ratio (%)	0.797	3.997	3.197	4.347	4.441	3.208	2.311	1.668	1.165
Fiscal deficit incl grants and GDP ratio (%)	-3.419	-5.937	-4.960	-5.024	-4.557	-2.929	-1.829	-1.036	-0.495
Grants and GDP ratio (%)	6.546	5.836	5.346	4.890	4.245	3.723	3.301	2.932	2.611

Unit: million Tg if not otherwise stated

Table 5: 'MDG_Base Scenario: Long term macro economic framework, 2007-2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue, economic growth									
Real GDP growth, by %	6.9%	8.0%	8.7%	8.1%	7.7%	7.8%	7.7%	7.6%	7.6%
GDP growth by sector									
Agriculture	6.0%	6.9%	7.6%	7.3%	7.1%	7.3%	7.2%	7.2%	7.3%
Industry	7.7%	9.1%	9.8%	9.1%	8.5%	8.6%	8.5%	8.4%	8.3%
Service	6.8%	7.8%	8.6%	7.9%	7.5%	7.5%	7.4%	7.4%	7.3%
Composition of GDP %									
Agriculture	21.1%	20.9%	20.7%	20.5%	20.4%	20.3%	20.2%	20.1%	20.0%
Industry	26.1%	26.4%	26.7%	27.0%	27.2%	27.4%	27.7%	27.9%	28.1%
Service	52.8%	52.7%	52.6%	52.5%	52.4%	52.3%	52.2%	52.1%	51.9%
GDP per capita, thous, Tg	1,129.2	1,304.1	1,506.3	1,732.7	1,981.9	2,271.7	2,554.9	2,860.6	3,185.1
GDP per capita, USD	934	1,079	1,246	1,433	1,639	1,879	2,113	2,366	2,634
Inflation	8.0%	8.0%	7.0%	8.0%	8.0%	7.0%	6.0%	6.0%	5.0%
M2 growth, %	12.0%	12.0%	13.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%
Total investment	1,159,981	1,428,126	1,410,232	1,354,515	1,531,837	1,653,429	1,807,887	1,947,222	2,154,813
Public, million Tg	507,397	582,713	597,903	598,344	592,158	562,802	558,848	558,121	576,951
Private, million Tg	652,585	845,413	812,329	756,171	939,679	1,090,627	1,249,039	1,389,100	1,577,862
Budget, million Tg									
Total revenue	1,306,720	1,341,916	1,496,657	1,663,996	1,835,659	2,037,620	2,249,898	2,468,933	2,707,608
Current revenue	1,044,770	1,066,533	1,207,840	1,361,746	1,533,409	1,735,370	1,947,648	2,166,683	2,405,358
Capital expenditure	507,397	582,713	597,903	598,344	592,158	562,802	558,848	558,121	576,951
Current expenditure	936,143	1,039,345	1,166,693	1,376,173	1,567,995	1,712,591	1,858,497	2,017,648	2,187,954
Total fiscal deficit	-398,771	-555,525	-556,756	-612,771	-626,745	-540,023	-469,696	-409,087	-359,546
Fiscal deficit incl grants	-136,821	-280,142	-267,939	-310,521	-324,495	-237,773	-167,446	-106,837	-57,296
Budget, share in GDP									
Current revenue	26.0%	23.0%	22.0%	22.0%	22.0%	21.0%	21.0%	21.0%	21.0%
Capital expenditure	12.7	12.3	11.1	9.7	8.3	6.9	6.1	5.4	5.0
Current expenditure	23.4	22.0	21.6	22.3	22.0	21.1	20.3	19.6	18.9
Total deficit (%)	-9.96	-11.77	-10.31	-9.91	-8.80	-6.65	-5.13	-3.97	-3.11
Total deficit incl grants	-3.42	-5.94	-4.96	-5.02	-4.56	-2.93	-1.83	-1.04	-0.49
Basic variables									
GDP, current price, mln Tg	4,001,910	4,718,920	5,402,286	6,180,725	7,120,498	8,117,423	9,157,458	10,308,063	11,577,784
GDP, constant prices, mln Tg	1,512,021	1,635,055	1,779,634	1,933,211	2,089,422	2,257,707	2,438,915	2,632,862	2,840,814
Population number	2,775,981	2,832,059	2,889,271	2,947,638	3,007,184	3,067,933	3,129,909	3,193,138	3,257,643
Poverty rate, %	32.0%	31.0%	30.0%	30.0%	29.0%	27.0%	24.0%	22.0%	20.0%

Gini co-efficiency

0.34

0.34

0.34

0.34

0.35

0.35

0.35

0.35

0.34

Table 6: 'MDG_Total scenario: Fiscal framework indicators, 2007-2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Government expenditure									
Current expenditure	818,461	901,999	992,607	1,158,103	1,293,410	1,379,082	1,465,977	1,556,439	1,647,571
o.w: MDG	714,580	771,677	787,480	855,518	921,466	1,019,880	1,087,080	1,188,330	1,251,680
Capital expenditure	890,655	1,006,798	1,155,605	1,359,148	1,465,234	1,323,716	1,194,428	1,107,385	1,121,860
o.w: MDG	705,653	977,110	1,019,480	1,343,650	1,076,570	939,311	707,176	690,619	748,532
Total expenditure	1,709,116	1,908,797	2,148,213	2,517,252	2,758,644	2,702,797	2,660,405	2,663,824	2,769,431
o.w: MDG	1,420,233	1,748,787	1,806,960	2,199,168	1,998,036	1,959,191	1,794,256	1,878,949	2,000,212
Government revenue									
Total revenue	1,045,444	1,070,141	1,270,200	1,488,216	1,716,134	1,992,341	2,246,245	2,463,473	2,675,397
Losses and financing									
Budget deficit	-663,672	-838,656	-878,012	-1,029,036	-1,042,511	-710,456	-414,160	-200,351	-94,034
Financing	663,672	838,656	878,012	1,029,036	1,042,511	710,456	414,160	200,351	94,034
Foreign	366,738	366,898	390,326	411,672	394,067	376,740	358,385	200,351	94,034
Domestic	296,934	471,758	487,686	617,364	648,444	333,717	55,775	0	0
Basic variables									
Fiscal deficit, share in GDP (%)	-16.52	-16.73	-14.69	-14.66	-12.57	-7.50	-3.95	-1.75	-0.74
Foreign financing and GDP ratio (%)	9.13	7.32	6.53	5.87	4.75	3.98	3.42	1.75	0.74
Domestic financing and GDP ratio (%)	7.39	9.41	8.16	8.80	7.82	3.52	0.53	0.00	0.00
Fiscal deficit incl grants and GDP ratio (%)	-10.00	-11.24	-9.86	-10.36	-8.92	-4.31	-1.07		
Grants to GDP ratio (%)	6.52	5.49	4.83	4.31	3.64	3.19	2.89	2.63	2.38

Unit: million tugrug if not otherwise stated.

Table 7: 'MDG_Total scenario: Long term macro economic framework, 2007-2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue, economic growth									
GDP real growth, %	7.4%	8.6%	10.2%	10.1%	9.7%	9.9%	9.3%	8.7%	8.3%
GDP growth, by sector									
Agriculture	6.5%	7.4%	8.9%	9.0%	8.8%	9.2%	8.7%	8.2%	7.9%
Industry	8.4%	9.8%	11.6%	11.4%	10.8%	11.1%	10.4%	9.7%	9.2%
Service	7.4%	8.4%	10.1%	9.8%	9.4%	9.5%	8.9%	8.4%	7.9%
Composition of industry, %									
Agriculture	21.1%	20.9%	20.6%	20.4%	20.2%	20.0%	19.9%	19.8%	19.7%
Industry	26.1%	26.4%	26.8%	27.2%	27.5%	27.8%	28.2%	28.4%	28.7%
Service	52.7%	52.7%	52.6%	52.5%	52.3%	52.1%	51.9%	51.7%	51.6%
GDP per capita, thousand Tg	1,136,122	1,363,318	1,647,500	1,959,722	2,288,349	2,671,742	2,971,008	3,246,053	3,543,088
GDP per capita, USD	940	1,128	1,363	1,621	1,893	2,210	2,457	2,685	2,931
Inflation	8.4%	14.7%	10.2%	8.8%	8.1%	6.2%	2.6%	1.8%	2.7%
Broad money (M2) growth, %	11.5%	11.5%	12.5%	12.5%	11.5%	10.6%	9.6%	8.7%	7.7%
Total investment	1,287,243	1,780,039	1,984,692	2,081,463	2,517,735	2,673,550	2,803,124	2,908,981	3,169,505
Public, million Tg	507,397	582,713	597,903	598,344	592,158	562,802	558,848	558,121	576,951
Private, million Tg	652,585	845,413	812,329	756,171	939,679	1,090,627	1,249,039	1,389,100	1,577,862
Budget, million Tg									
Total revenue	1,307,394	1,345,524	1,559,017	1,790,466	2,018,384	2,294,591	2,548,495	2,765,723	2,977,647
Current revenue	1,045,444	1,070,141	1,270,200	1,488,216	1,716,134	1,992,341	2,246,245	2,463,473	2,675,397
Capital expenditure	890,655	1,006,798	1,155,605	1,359,148	1,465,234	1,323,716	1,194,428	1,107,385	1,121,860
Current expenditure	818,461	901,999	992,607	1,158,103	1,293,410	1,379,082	1,465,977	1,556,439	1,647,571
Total budget deficit	-663,672	-838,656	-878,012	-1,029,036	-1,042,511	-710,456	-414,160	-200,351	-94,034
Budget deficit incl grants	-401,722	-563,272	-589,196	-726,786	-740,261	-408,206	-111,910	0	0
Budget, share in GDP									
Total revenue	26.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Capital expenditure	28.24	26.08	24.28	23.53	21.29	16.15	12.84	10.68	9.72
Current expenditure	25.95	23.36	20.85	20.05	18.80	16.82	15.76	15.02	14.27
Total deficit (%)	-16.52	-16.73	-14.69	-14.66	-12.57	-7.50	-3.95	-1.75	-0.74
Total deficit incl grants	-10.00	-11.24	-9.86	-10.36	-8.92	-4.31	-1.07	0.89	1.64
Basic variables									
GDP at current prices, million Tg	4,016,801	5,012,847	5,978,209	7,018,629	8,295,401	9,468,861	10,473,468	11,477,360	12,694,870
GDP, at constant prices, million Tg	1,520,050	1,654,091	1,826,187	2,020,821	2,228,365	2,457,458	2,701,845	2,951,789	3,208,964
Population number	2,775,981	2,832,059	2,889,271	2,947,638	3,007,184	3,067,933	3,129,909	3,193,138	3,257,643
Poverty rate, %	32.0%	31.0%	30.0%	29.0%	26.0%	23.0%	20.0%	18.0%	17.0%
Gini co-efficiency	0.34	0.34	0.34	0.34	0.35	0.35	0.35	0.35	0.34

