



Geopolitical realities and COVID-19 impact on the implementation of the 2030 Agenda and achievement of SDGs

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1

THE CURRENT ECONOMIC SITUATION IN MONGOLIA AND THE EFFECTS OF THE PANDEMIC/WAR ON THE ECONOMY

MONGOLIAN ECONOMY HAS BEEN SEVERELY IMPACTED BY THE COVID-19 PANDEMIC AND RUSSIA'S INVASION OF UKRAINE.

THE COVID – 19 PANDEMIC



CHINA

Zero-Covid policy

2020-2022

178 DAYS

Borders closed*

2020-2022

~30% ↓

Difference in pre-pandemic
export trend and today's trend.

2022 III / 2021 III

79 DAYS

Domestic quarantine between
2020-2021

2020-2022

41.5% ↑

COST OF FOOD

2022 II / 2020 II

~25% ↑

PRICE OF OIL

2022 III / 2022 I

~2 times ↑

2022 II / 2020 II

~1 Bill. \$ ↓

IMPORT FROM EUROPE

2021

~50% ↓

NUMBER OF FLIGHTS

February, 2022

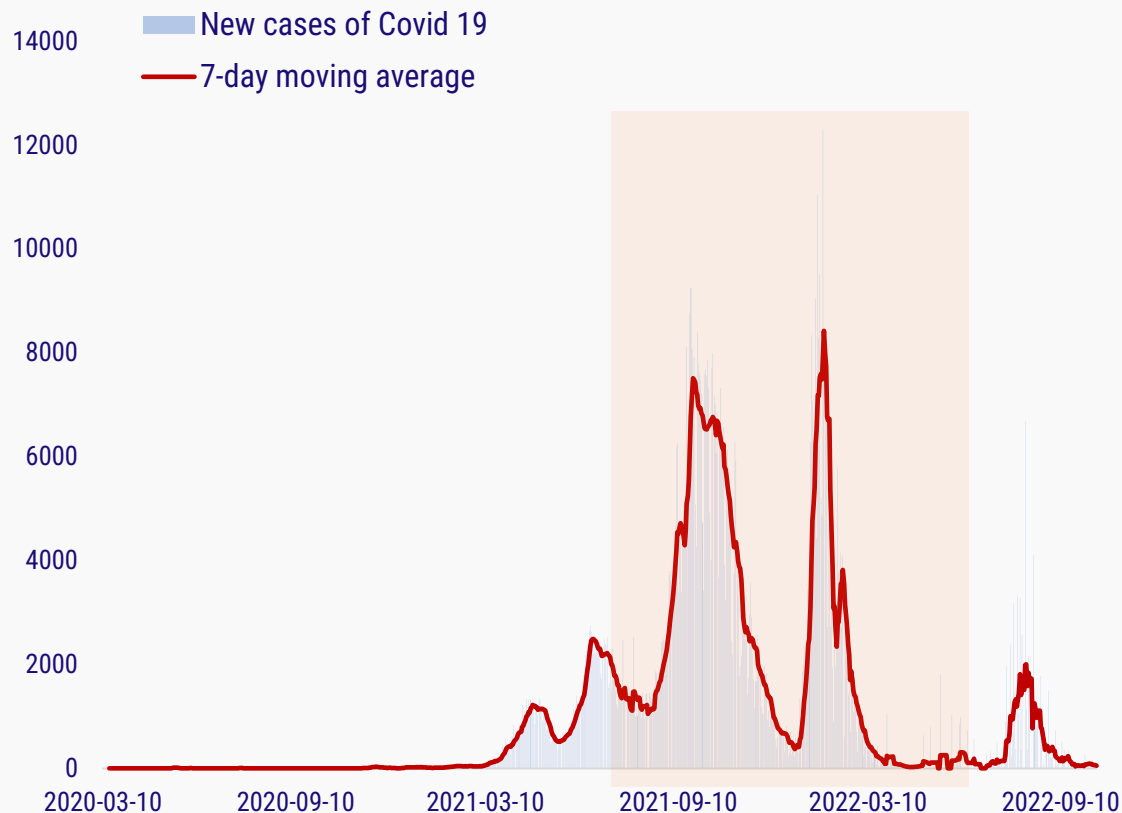
RUSSIA'S INVASION OF UKRAINE



*About 90% of exports are through 3 border crossing points /Gashuunsuhait, Shiweekhuren, Zamiin-uud border crossing points/, and 90% of imports are through on 2 border crossing points /Zamiin-uud, Altanbulag border crossing points/.

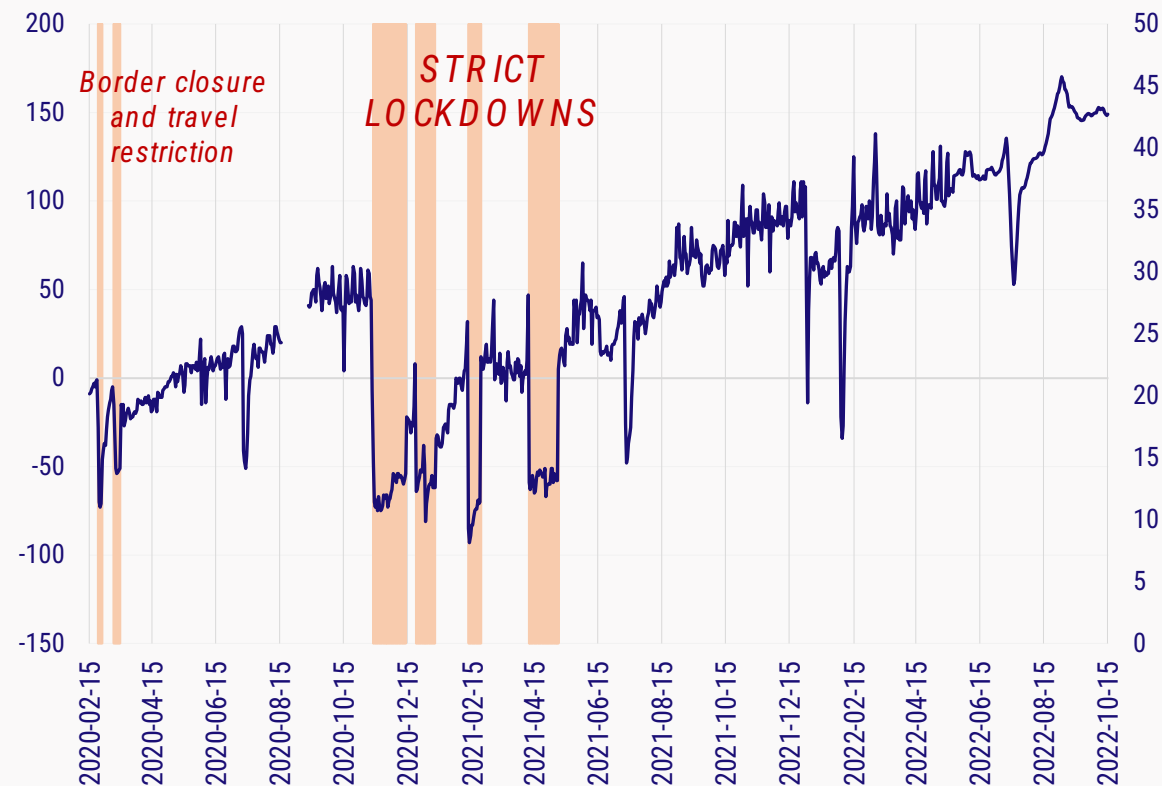
DURING THE FOUR STRICT LOCKDOWNS, SERVICE SECTOR HAS SHRUNKEN DEEPLY.

NUMBER OF COVID-19 CASES HAS PEAKED DURING FOUR DIFFERENT PERIODS.



The first case of COVID-19 infection was registered in Mongolia on November 11, 2020. After the first case of COVID-19, there were three big waves. The last wave started just before school on late August 2022 and is now subsiding.

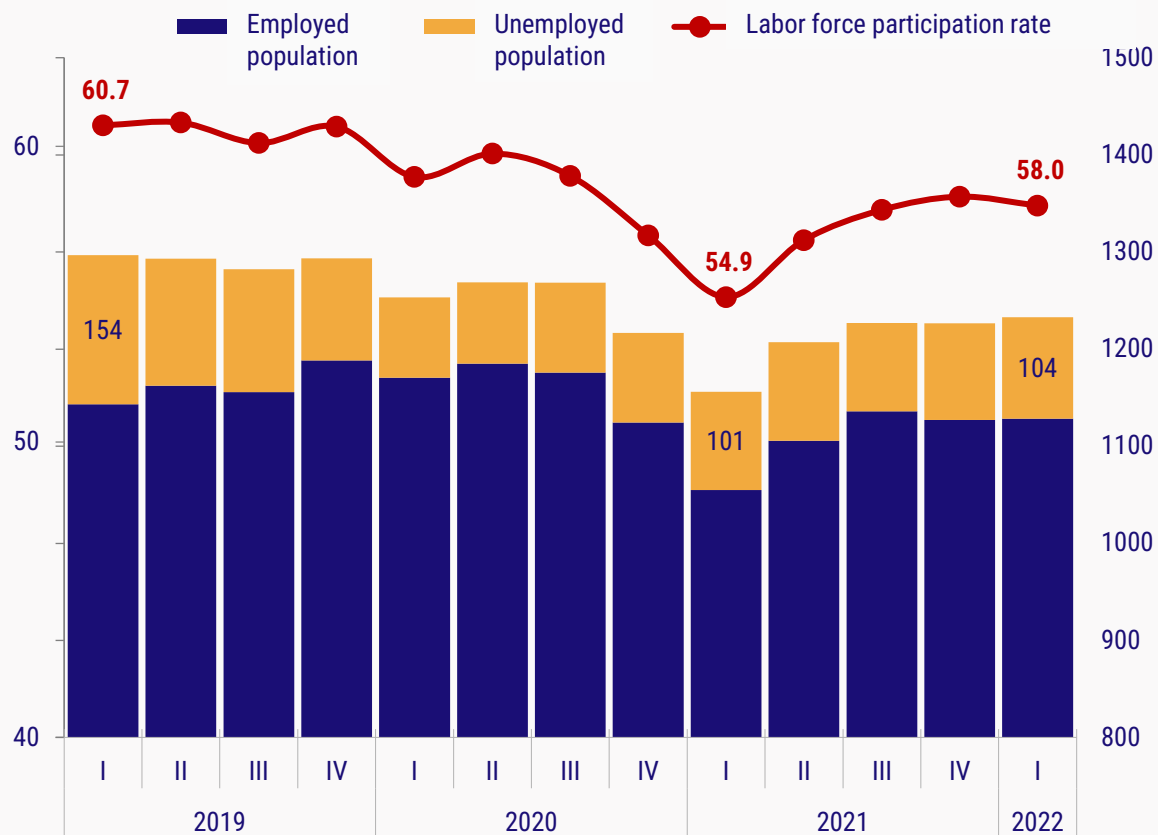
THERE WERE A FOUR OF STRICT LOCKDOWNS IN 2020 AND 2021.



Restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters **suffered** the most during the **strict lockdowns**, which stretched for **79 days** in total.

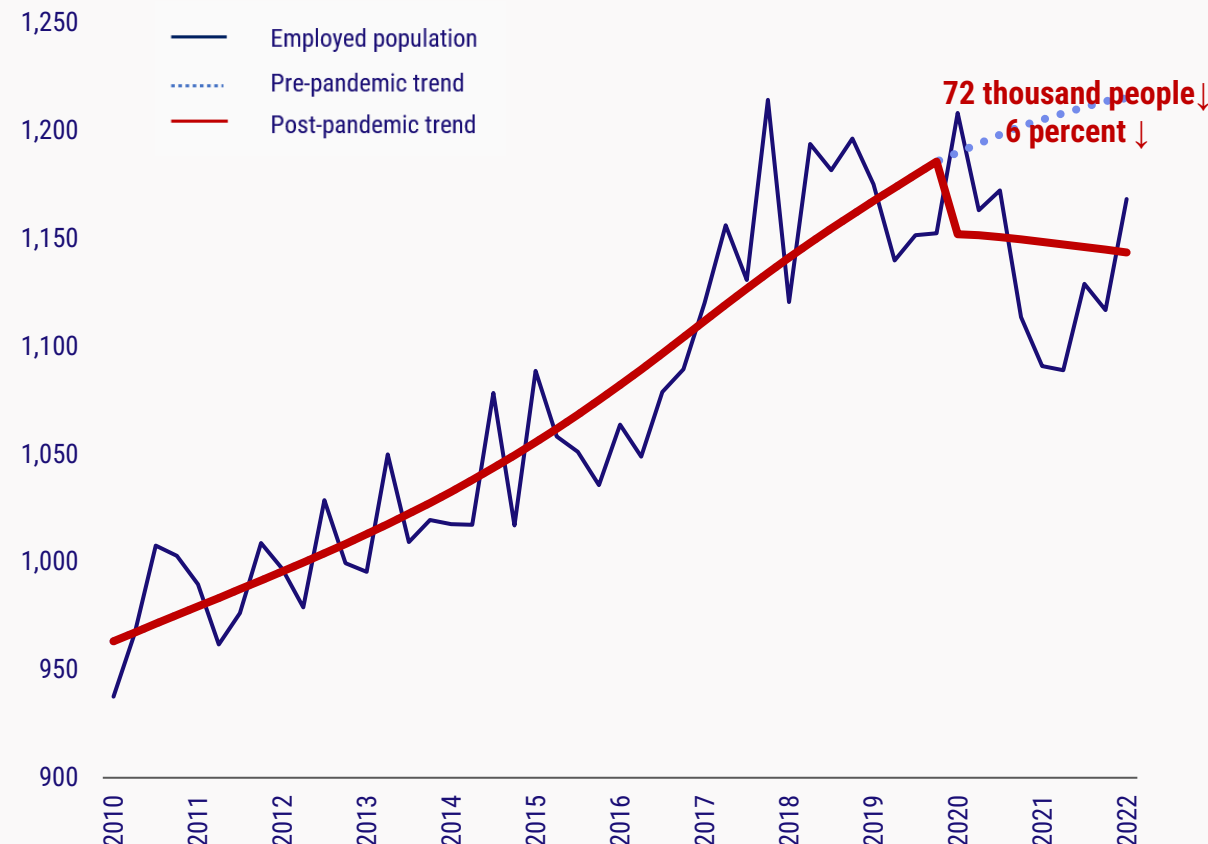
EMPLOYMENT HAS NOT REACHED ITS PRE-PANDEMIC LEVEL.

LABOR FORCE PARTICIPATION RATE



The labor force participation rate dropped from an average of **61 percent** in 2017-2019 to **55-58 percent** in 2021.

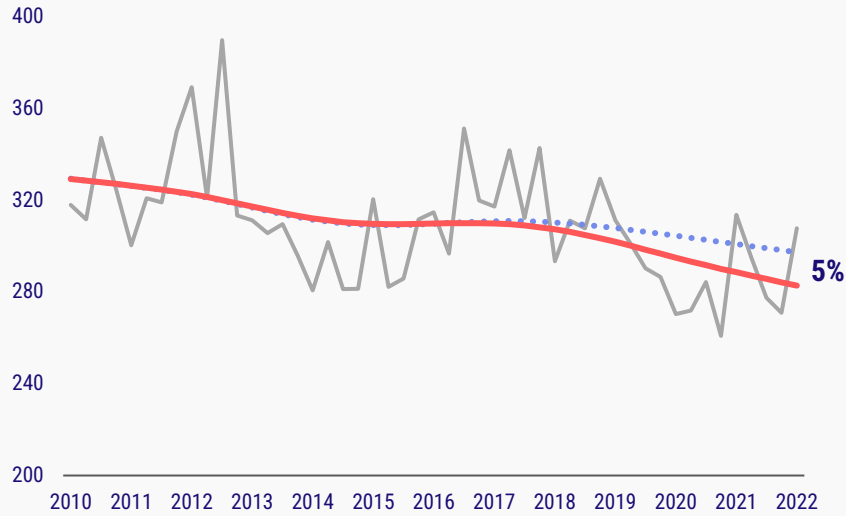
EMPLOYED POPULATION, THOUSANDS



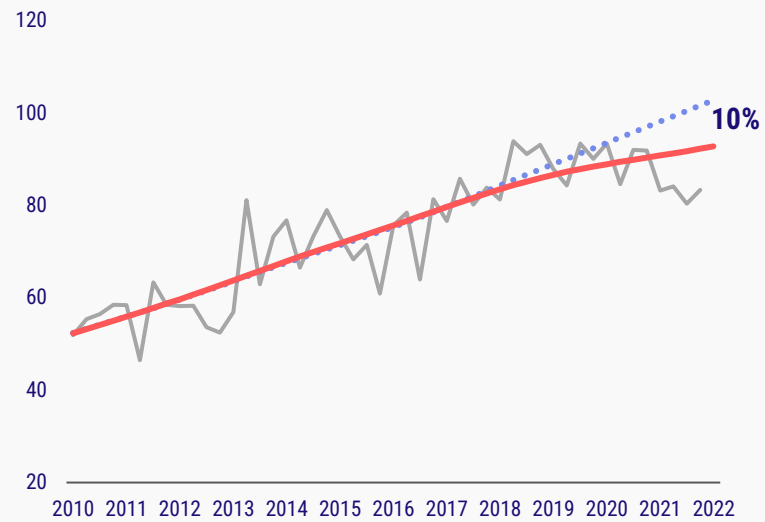
The employed population is **6 percent** or **72,000 people** less than the pre-pandemic levels.

DUE TO COVID-19, THE DEMAND FOR LABOR HAS FALLEN IN MOST SECTORS.

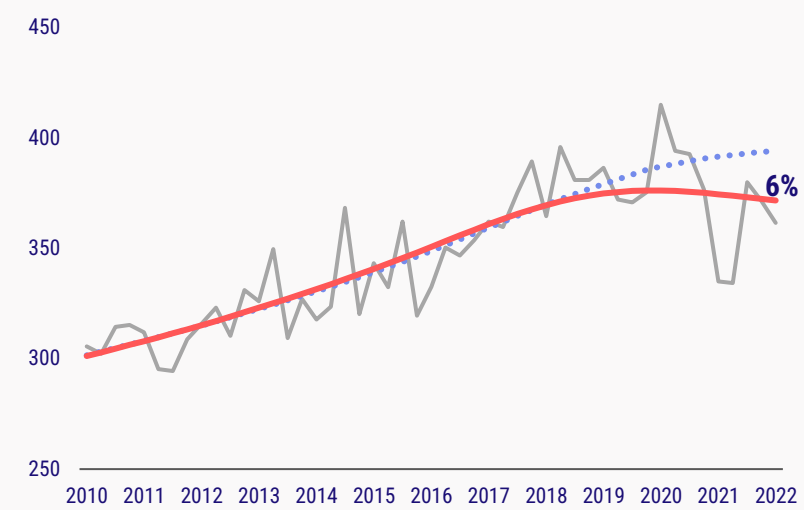
AGRICULTURE



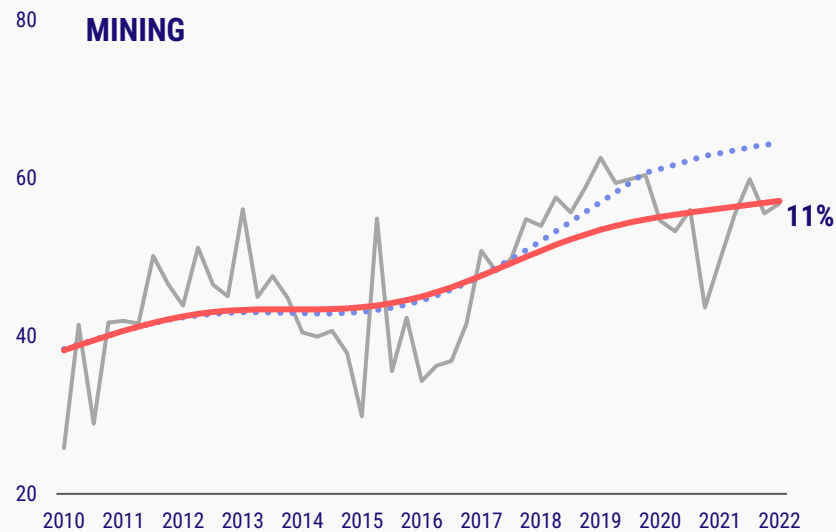
MANUFACTURING



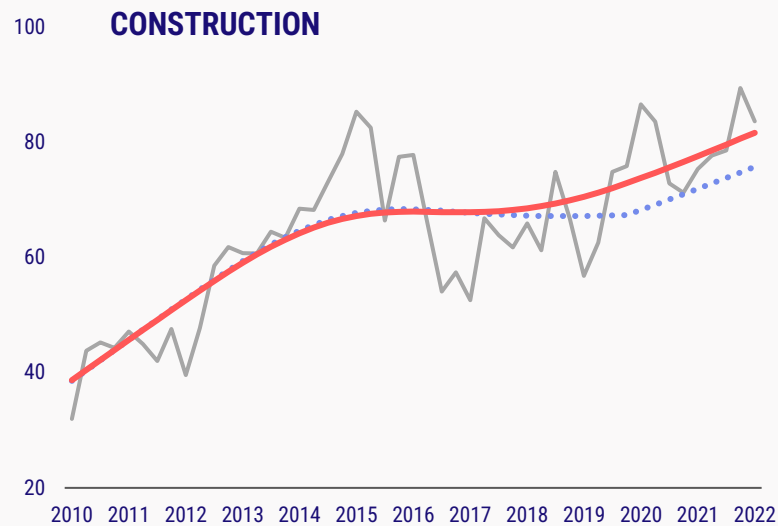
OTHER SERVICES



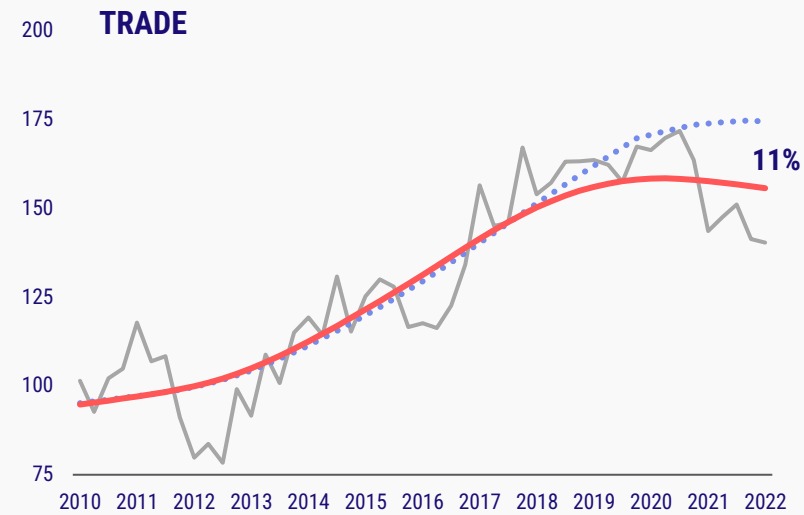
MINING



CONSTRUCTION



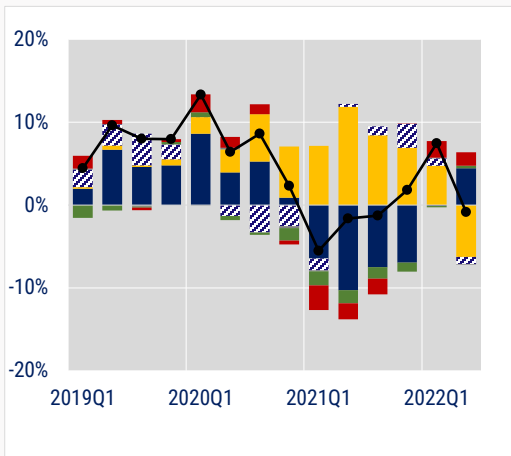
TRADE



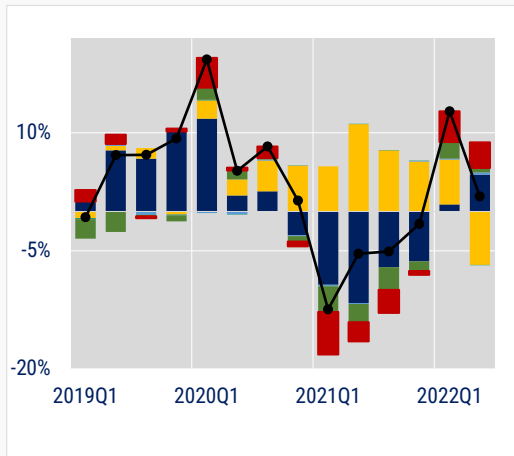
HOUSEHOLD INCOME STRUCTURE IS WEAKENING.

GROWTH OF THE ANNUAL AVERAGE MONETARY INCOME PER HOUSEHOLD

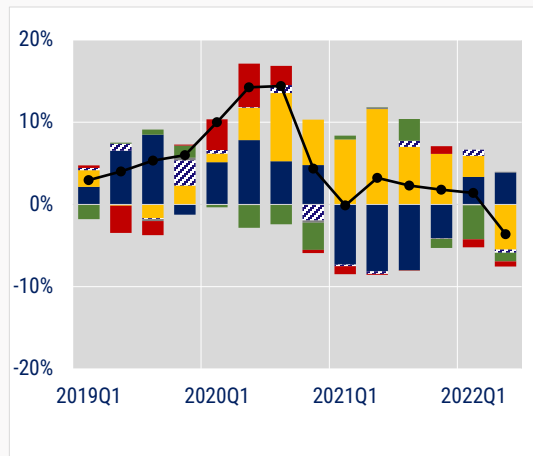
National average



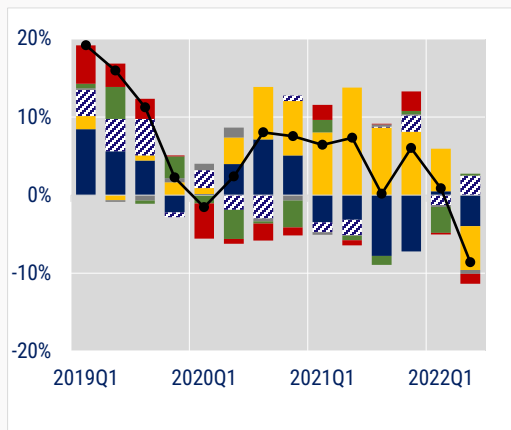
Ulaanbaatar



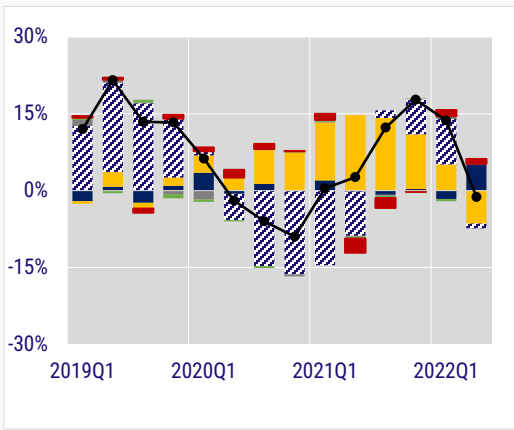
Province centers



Soum centers



Countryside



- The weight of pensions and allowance in the total household income has increased.

- 2018-2020	20%
- 2021	30%

- To gradually phase out support for groups whose primary source of pre-pandemic income is recovering.

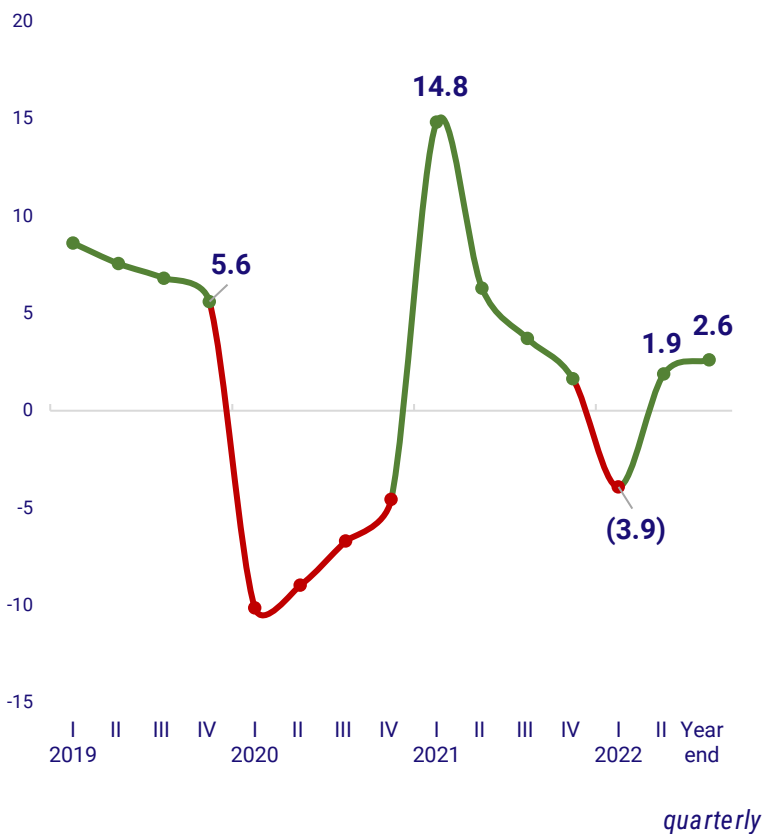
The livestock output income is recovering for households in Soum centers and rural areas.

- To take measures to increase the wages and salaries through intensive promotion for employment.

In the latter half of 2021, wages and salaries has started to recover, albeit at a slower pace.

ECONOMIC GROWTH DECREASES, INFLATION GROWS, EMPLOYMENT FALLS. (STAGFLATION)

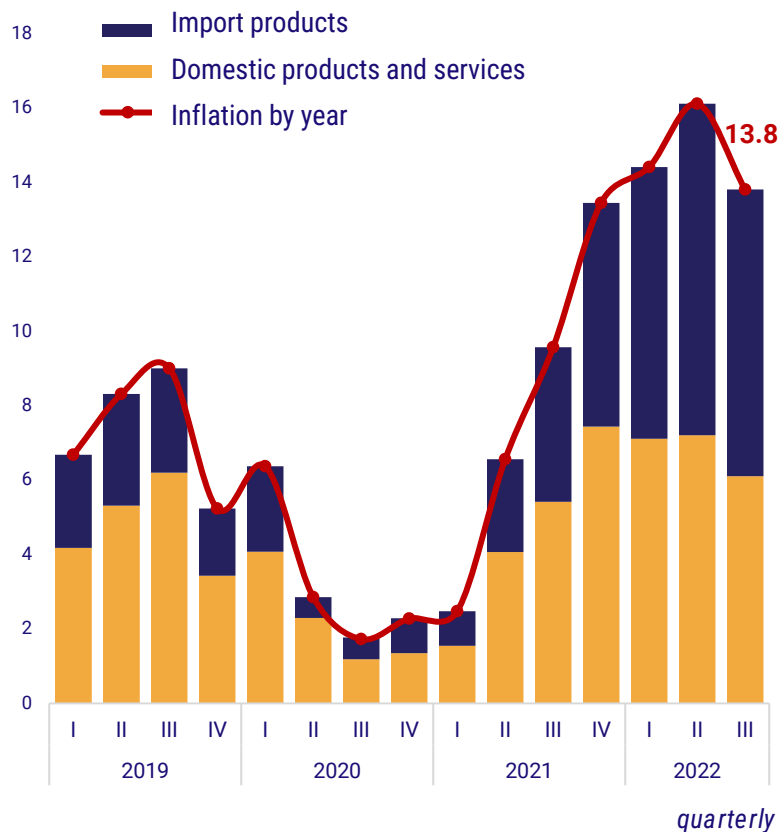
THE REAL GDP GROWTH HAS NOT INCREASED.



- Between 2017 and 2019, average economic growth reached **6.3 percent**. However, in 2020, it decreased to **-4.6 percent**.
- Economy started to recover in 2021, but the recovery is **slower than expected**.

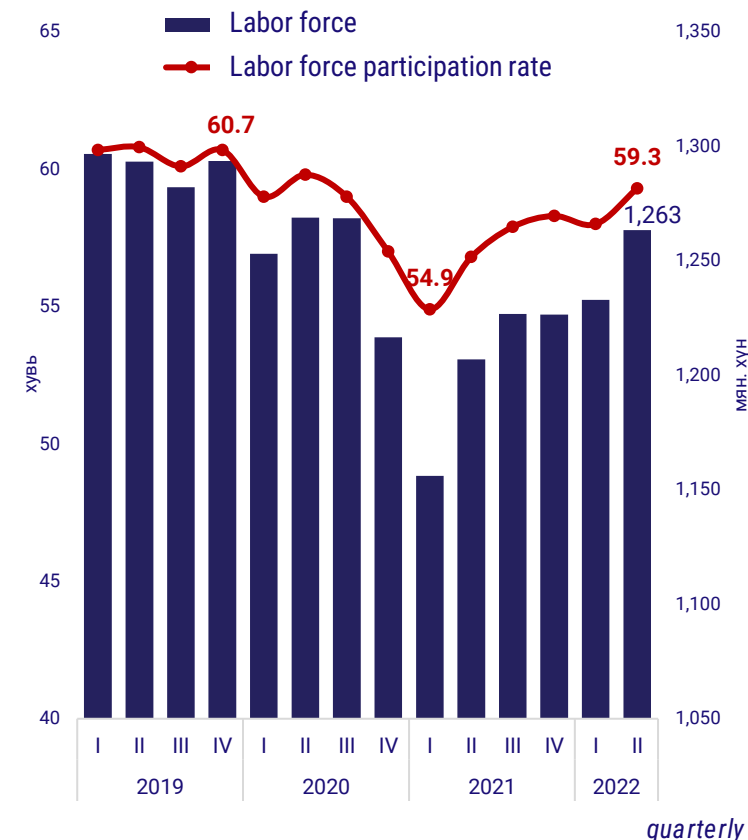
*As of the first 8 months of 2022, GDP increased by 2.6 percent from the same period of the previous year (from monthly GDP growth calculation from NSO).

INFLATION IS ABOVE THE TARGET LEVEL.



Before the pandemic, the inflation of imported goods accounted for about **30 percent** of the total inflation, but as of September 2022, it accounted for **56 percent**.

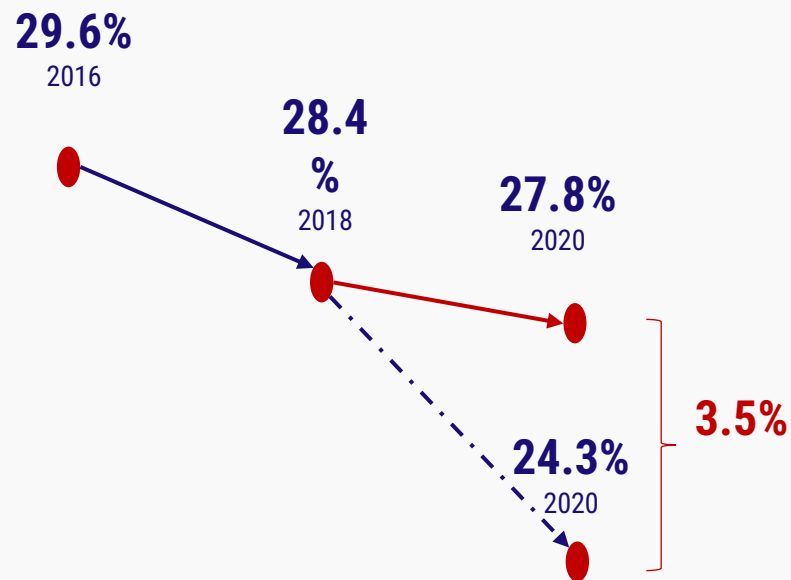
THE REAL GROWTH IN LABOR FORCE PARTICIPATION HAS NOT INCREASED.



Labor force participation, which had fallen sharply since late 2020, has rebounded in recent quarters, but has not reached pre-pandemic levels.

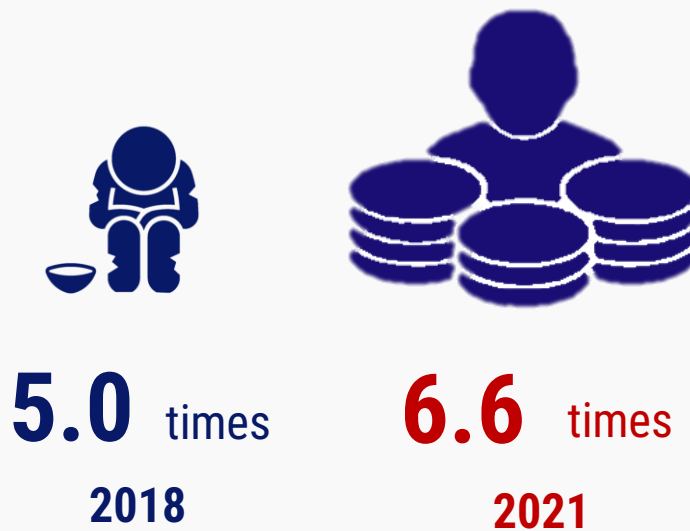
ECONOMIC GROWTH DECREASES, INFLATION GROWS, EMPLOYMENT FALLS. (STAGFLATION)

POVERTY WOULD HAVE DECLINED BY **3.5 PERCENT** MORE IN THE ABSENCE OF THE PANDEMIC.



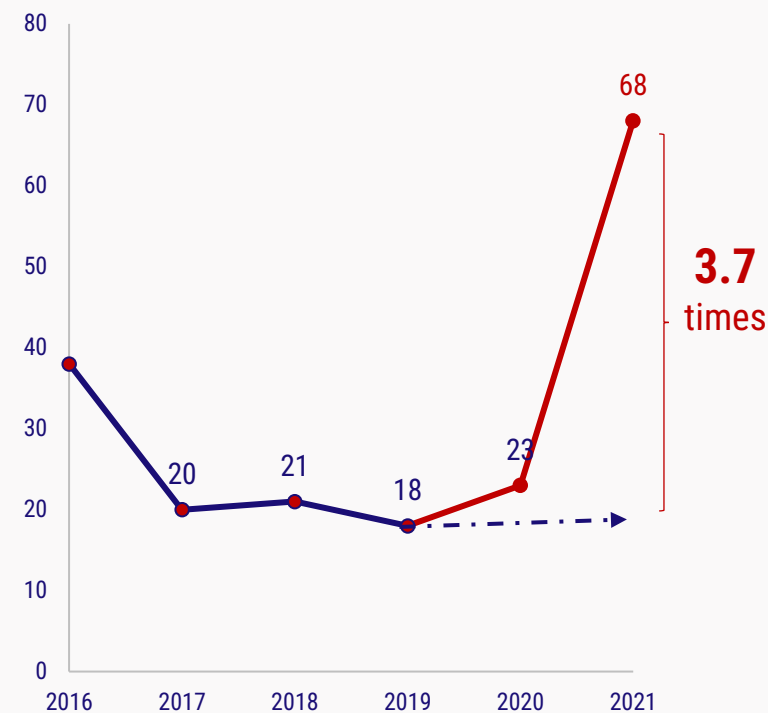
The poverty rate was 28.4 percent in 2018 and was expected to decrease to 24.3 percent in 2020. However, due to the impact of the pandemic, the poverty rate has reached 27.8 percent, which is 3.5 percent higher than the expected rate. During this period of high inflation and a weak labor market, the **poverty risk** has increased following the pandemic and war risk.

CONSUMPTION DIFFERENCE BETWEEN THE POOREST AND THE RICHEST IS EXPANDING.



Inequality has increased considerably in recent years regarding the pandemic situation. In 2018, the consumption of the poorest was 5 times lower than the richest. However, in 2021, this number has increased to 6.6 times.

MATERNAL MORTALITY RATE, per 10,000 live births



The maternal mortality rate, one of the key health indicators, has shown a sharp rise due to the pandemic. The maternal mortality rate per 10,000 live births was 18 in 2019, before the pandemic, and 68 in 2021.

POLICY RESPONSES:



PARLIAMENT OF MONGOLIA



Adopted **COVID-19 law** to alleviate the negative impacts of the pandemic



Medical supplies and key food products **were exempted from VAT** and customs duties



Increased investments to secure the social welfare such as **pension and child benefits**



GOVERNMENT OF MONGOLIA



Organized nationwide **mass vaccination** campaign



The household **utility** bill deferments



COVID-19 pandemic **cash allowance** for all citizens



Nationwide lockdowns and restrictions on public gatherings



BANK OF MONGOLIA



Policy rate

11% → **6%**



Reserve requirement ratio

10.5% → **6%**



Repayment periods of **consumer loans** were **extended** by up to 12 months



Mortgage payments have been deferred until Dec 31, 2021



The asset classification procedure has been modified and related **requirements have been relaxed**



FINANCIAL REGULATORY COMMISSION



Repayment periods of **consumer loans** were **deferred** by up to 12 months



The asset classification procedure has been modified and related **requirements have been relaxed**



Reduced **regulatory fees**

LESSONS LEARNED

- Foreign trade risk bearing capacity is very **weak and not diversified**. /75.8 percent of the total foreign trade turnover is with 2 neighboring countries, 85-90 percent of the exports is made up by the mining sector, 90 percent of exports are through 3 border crossing points /Gashuunsukhait, Shiveekhuren, Zamiin-uud/, 90 percent of the imports are through on 2 border crossing points /Zamiin- Uud, Altanbulag/.
- Although the expansionary fiscal and monetary policies implemented during the pandemic had several considerations /subsidies universally distributed and did not target groups/, it contributed significantly to **reduce the risk of poverty growth**.
- As the pandemic and its cumulative **risks still exist**, we need to focus on **expanding port capacity, reducing transportation and logistics difficulties, and increasing food supplies**.
- Although the difficulties caused by the pandemic have improved **services, access and capacity of the healthcare system** in Mongolia, it had direct **adverse effects** on the achievement of key indicators of poverty, education, sustainable economy, income inequality and accessible infrastructure.
- The pandemic has further increased already high inequality in income, wealth, and access to education and pandemic will likely leave long-lasting scars on the growth prospects.

SDGs MOST IMPACTED BY THE COVID-19 PANDEMIC AND WAR



- Due to the lockdown, business entities stopped their activities.
- Inflation increased greatly.
- Actual income of the household decreased.



- Food supply chain disrupted.
- Price increase in food products



Some indicators related health, such as maternal mortalities, regressing due to the lockdown.



COVID 19 has exasperated the issues of provision of quality education for all. According to UN survey, **21 percent of sampled children did not watch TV lessons.**



- Due to the temporary closure of kindergartens, women's employment rate fell.
- Domestic violence increased.



Border closure and disruptions in transportation sector negatively impacted on **economic growth**, which reached to **-4.7 percent** in 2020. Due to the lockdown, employment decreased in main industries.



Lockdown caused stop of construction works

Transportation declined due to the crisis in transportation, logistic and ports



COVID-19 has further increased already high inequality in income

FOR SUCCESSFUL IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT 2030 AGENDA, NEXT YEARS WILL REQUIRE EVEN GREATER EFFORTS AND CLOSE COLLABORATION WITH INTERNATIONAL INSTITUTIONS.

- Ensure **macroeconomic stabilization**, improve activities of port, transportation and logistics and increase **export volumes to the pre-pandemic level.**
- Advance the **domestic processing level of products** in mining and agriculture sectors by at least one level.
- **Liberalization and reforms** in energy, transportation, and banking sectors.
- Support **private sector and business** (food production, tourism, light industry) and diversify sources and types of financing (Develop capital market, strengthen insurance sector).
- Due to the debt ceiling and vulnerability, the Government has less fiscal space to fill the SDG financing gaps. Therefore, in order to mobilize **more private financing to fill the gaps**, thematic bonds issues and other impact investment instruments are vital to attract international investors.

2

**ACTIONS BEING UNDERTAKEN TO RELIEVE THE
NEGATIVE IMPACT OF THE PANDEMIC AND WAR AND TO
ACCELERATE IMPLEMENTATION OF SDGs**

MONGOLIA MADE AN INSTUTIONAL REFORM IN ITS DEVELOPMENT POLICY PLANNING FRAMEWORK

POLICY RECOMMENDATIONS FOR CREATING ENABLING ENVIRONMENT TOWARDS SDG

- Develop and implement comprehensive, coherent policies while ensuring their continuity and sustainability
- Strengthen a monitoring and evaluation framework
- Strengthening the institutional framework
- Develop a financing strategy for implementing priority measures towards achieving SDG



SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



GOVERNMENT OF MONGOLIA

**MONGOLIAN NATIONAL
SUSTAINABLE DEVELOPMENT
GOALS, TARGETS AND
INDICATORS**

DRAFT

16 **154** **224**
GOALS TARGETS INDICATORS

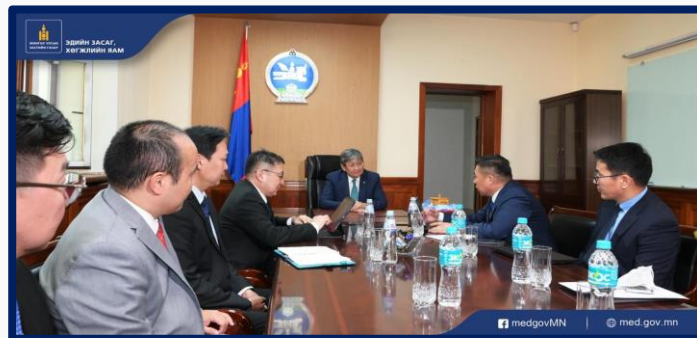
POLICY PLANNING INSTITUTIONAL FRAMEWORK FORMED AT PARLIAMENTARY, GOVERNMENT AND SECTORAL LEVEL

POLICY RECOMMENDATIONS FOR CREATING ENABLING ENVIRONMENT TOWARDS SDG

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MINISTRY OF ECONOMY AND DEVELOPMENT



NATIONAL STATISTICS OFFICE OF MONGOLIA

- *Sub-Committee on SDGs of the Parliament*
- *Multi-stakeholder Council for Sustainable Development*

- *Ministry of Economy and Development to ensure cross-sectoral coordination and localization of the SDGs through integrated development policy and planning*



- *National Statistics Office to develop methodologies for the national SDG targets and indicators and coordinate data collection*

INFF PROVIDES A FRAMEWORK FOR FINANCING NATIONAL SUSTAINABLE DEVELOPMENT PRIORITIES AND THE SDG AT THE COUNTRY LEVEL

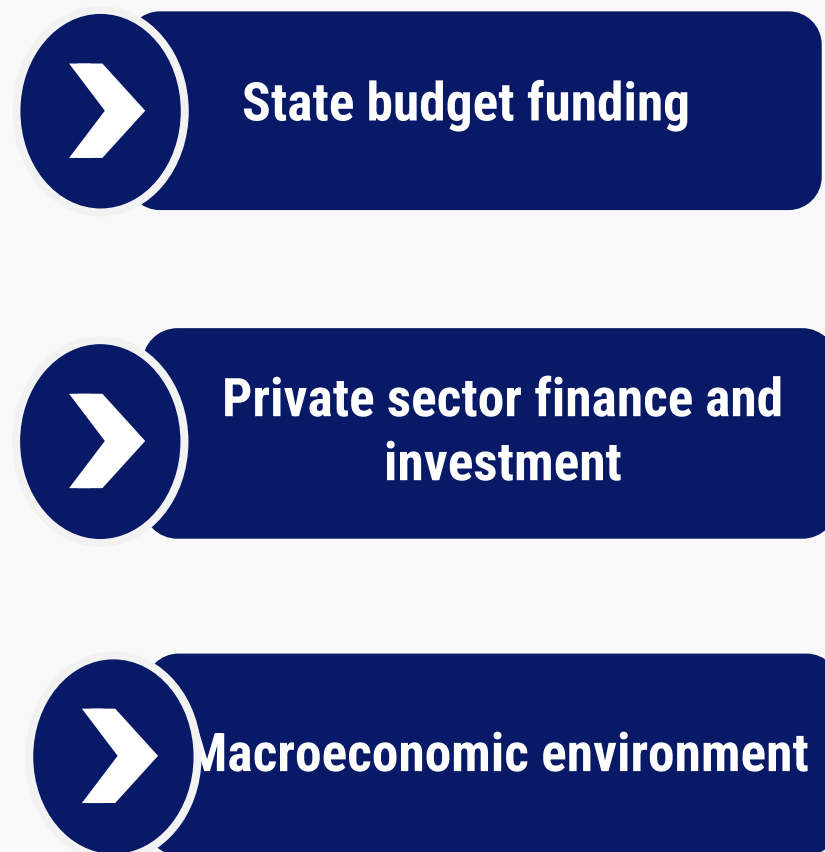
POLICY RECOMMENDATIONS FOR CREATING ENABLING ENVIRONMENT TOWARDS SDG

- Develop and implement comprehensive, coherent policies while ensuring their continuity and sustainability
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INTEGRATED NATIONAL FINANCING STRATEGY OBJECTIVES



INFS SCOPE



3

WAY FORWARD ACTIONS AND EXPECTED RESULTS

MONGOLIA IS GOING TO PRESENT ITS SECOND VOLUNTARY NATIONAL REPORT IN 2023

HIGH LEVEL POLITICAL FORUM THEME OF THE 2023

Accelerating the recovery from the coronavirus disease and the full implementation of the 2030 Agenda for Sustainable Development at all levels



Voluntary National Report representing countries at HLPF-2023



IMPLEMENTING DEVELOPMENT STRATEGIES FOR ECONOMIC GROWTH IS CRUCIAL, HOWEVER ENSURING THE CONDITIONS FOR REAPING BENEFITS OF GROWTH FOR EVERYONE IS ESSENTIAL.

WAY FORWARD ACTIONS

- Strengthen the existing monitoring and evaluations framework
- Ensure the implementation of the SDG targets with the collaboration of the private sector, associations, civil society, academia, media and public
- Raise public awareness about sustainable development and streamline SDGs into local development policies

LONG TERM EXPECTED RESULTS

- Strive for equitable, inclusive and sustainable development through the implementation of the first phase of “Vision 2050”
- Reduce the negative impact of Covid-19 pandemic and increase resilience to crisis
- Ensure multi-stakeholder participation in the implementation of the Sustainable Development Goals and maintain social, economic and environmental policy coherence



THANK YOU FOR YOUR ATTENTION

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