

JICA Country Analysis Paper for Mongolia

Japan International Cooperation Agency
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JICA analyzes the development of countries in the JICA Country Analysis Paper (JCAP), which is to be utilized in considering and providing effective cooperation with Official Development Assistance recipient countries. JCAP provides development information for the Government of Japan in formulating aid policies such as “country assistance policy.” The actual cooperation contents and projects to be implemented shall be considered and determined in accordance with policies of the Government of Japan, the size of the budget of each fiscal year, and the circumstances surrounding the project.

List of Abbreviations

Abbreviation	Formal name in English
AI	Artificial Intelligence
AQR	Asset Quality Review
COVID-19	Coronavirus disease
DX	Digital transformation
FRC	Financial Regulatory Committee
GDP	Gross domestic product
GHG	Greenhouse gas
ICT	Information and communication technology
IDI	ICT Development Index
IMF	International Monetary Foundation
ICT	Information Communication Technology
JDS	The Project for Human Resource Development Scholarship
JICA	Japan International Cooperation Agency
MNT	Mongolian Tugriks
ODA	Official Development Assistance
OTC	Over The Counter
UB	Ulaanbaatar

* Conversion rate used in the report: MNT1 = JPY0.041 (as of November 2022),
 \$1 = JPY136 (as of December 2022)

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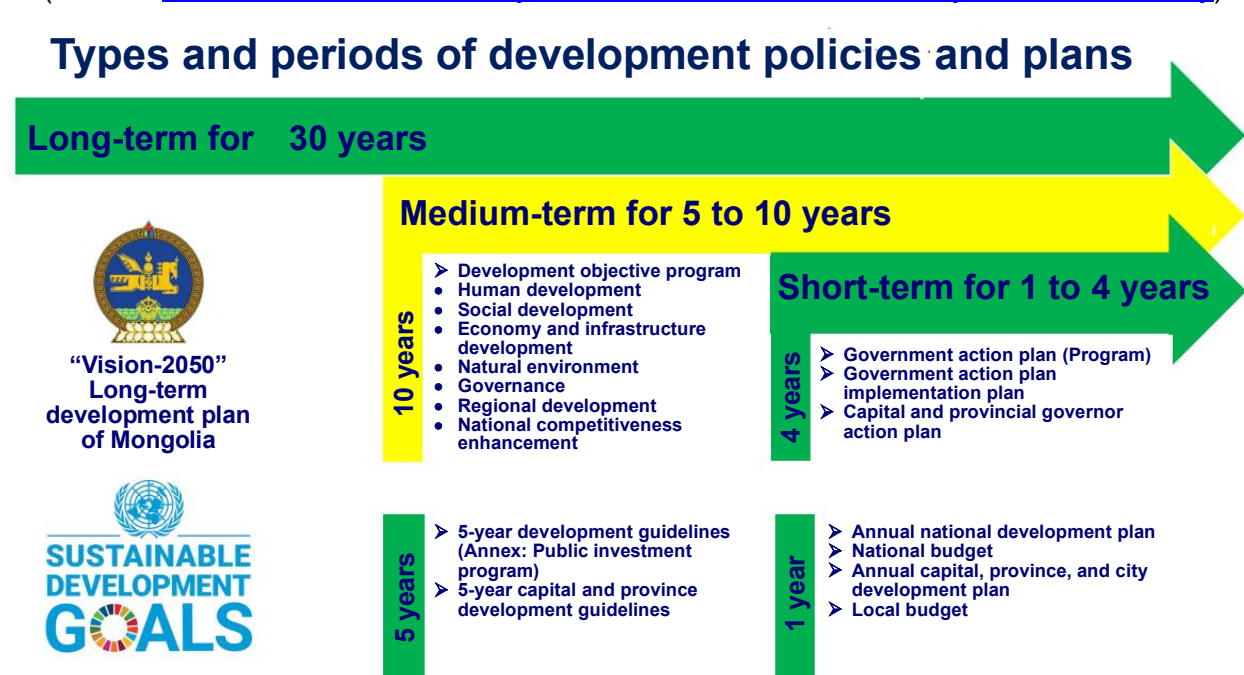
Chapter 1 Development Policy and Plan of Mongolia and Analysis of Major Development Issues and Sectors in Mongolia

1.1 Development Policy and Plan of Mongolia

Considering the 30 years since the shift from a socialist to a democratic nation, the Government of Mongolia (hereinafter referred to as “the Government”) formulated a long-term development policy to 2050, Vision-2050, in 2020. This national plan stipulates “By 2050 Mongolia shall become a leading Asian Country in terms of its social development and economic development while sustainably preserving its nature, language, national border, and culture.” The Government explicitly indicates relationships between the key development issues listed in this long-term development policy and Sustainable Development Goals (Chart 2). Medium- and short-term plans have also been formulated under the long-term development policy.

Chart 1 Long-term Vision of Mongolia “Vision-2050”

(Source: [Material for a seminar held by the Research Institute of Economy, Trade and Industry](#))



The Government reviewed its level of achievement of SDGs and compiled a report titled “Mongolia National Voluntary Review 2019.” This review in 2019 appreciated the spread and progress of activities toward the achievement of SDGs at various levels of society including the Central Government of Mongolia, local governments, private sector, civil society, academia, and international organizations. Meanwhile, it pointed out the necessity of tackling air pollution as a multisectoral development issue, the Mongolia’s high vulnerability to climate change impacts, and the existence in society of a group that

has been left behind from benefits arising from national economic growth. It concluded that governmental agencies, private entities, and civil society members should further put their effort in concert on practicing each measure.

Chart 2 Mapping of SDG targets against Vision-2050 (by percentage)

(Source: Vision-2050 of Mongolia)

No.	SDGs	Aligned targets and fully implemented	Partial aligned and fully implemented	SDG targets
1	No poverty	86%	100%	7
2	Zero hunger	100%	100%	8
3	Good health and well-being	85%	92%	13
4	Quality education	90%	100%	10
5	Gender equality	56%	89%	9
6	Clean water and sanitation	100%	100%	8
7	Affordable and clean energy	100%	100%	5
8	Decent work and economic growth	75%	92%	12
9	Industry, innovation and infrastructure	88%	100%	8
10	Reduced inequalities	80%	90%	10
11	Sustainable cities and communities	60%	100%	10
12	Responsible consumption and production	82%	91%	11
13	Climate action	60%	80%	5
14	Life below water	Not relevant for the country		10
15	Life on land	50%	75%	12
16	Peace, justice and strong institutions	83%	92%	12
17	Partnership for the goals	37%	53%	19
	Total	69%	83%	169

The medium-term plan of the next priority is the “New Recovery Policy” formulated in December 2021, focusing on the recovery of Mongolian society and economy from the impact of COVID-19. Aiming to remove the negative socioeconomic impacts of COVID-19, conquer difficulties, and solve issues limiting Mongolia’s medium- to long-term growth, the New Recovery Policy highlights the following six issues. The relevance to the New Recovery Policy for socioeconomic recovery from COVID-19 should be considered in determining the direction of assistance to Mongolia for the JCAP revision.

- (1) Recovery of border checkpoints: development of hard and soft infrastructures for border checkpoints to increase passenger and cargo processing capacities and establishment of connections between border checkpoints and roads and railways to enhance transport and logistics competitiveness
- (2) Recovery of the energy sector: renewals of deteriorated thermal power plants, expansion of the transmission network system, and development of renewable energy to the appropriate level
- (3) Recovery of industries: development of processing facilities for mineral resources and leather, for example, to increase the added values of exporting products, increases of production outputs of agriculture and stock raising, and promotion of ICTs and digitalization
- (4) Recovery of the central and rural areas: development of public transportation modes to solve congestion in Ulaanbaatar (hereinafter referred to as “UB”) and establishment of satellite cities and special economic zones
- (5) Recovery of green development: removal of environmental pollutants and construction of waste treatment facilities to improve the meadow environment
- (6) Recovery of efficiency of public administration agencies: development of laws and digitalization of administrative procedures to establish a business environment, promotion of public and private partnerships, and eradication of corruption

1.2 Major Development Issues of Mongolia

Geopolitical factors substantially influence the economic structure of Mongolia. Its economy is dependent on two bordering countries, China and Russia; 80% and 10% of Mongolia’s exports are to China and Russia, respectively; and 40% and 30% of Mongolia’s imports are from China and Russia, respectively. It is also strongly dependent on the mining and quarrying sector, with an approximately 25% share in GDP, and mineral resources, accounting for approximately 80% of exports (as of 2021). Manufacturing, wholesale, retail, and other value-added industries are poorly developed, making the industrial structure of Mongolia quite unbalanced with a heavy weight on mineral resources. Although accounting for approximately 30% of GDP, agricultural and stock raising industries are lacking value chains as the harsh climate conditions and the vastness of national land have been limiting its production output at a certain volume. Revenue from mineral resources is not properly allocated, hampering efficient public investment. With the recognition of the importance of a balanced economic structure, the Government has been mainly working on agriculture and stock raising activation, ICTs and other new industry promotion, improvement of the public finance management approach, and human resource development, among others, to achieve objectives described in the New Recovery Policy for recovering from severe economic damage from

events including border closure against COVID-19 and the expansion of inflation resulting from the Russian invasion of Ukraine. Overviews of major development issues are described in the following sections.

1.2.1 Public finance and financial system

The mining and quarrying sector accounts for 20% to 25% of GDP (from 2011 to 2021), more than 80% of the total export value, forming a mineral resource-dependent economic structure. Although once recovered in 2018 after the economic stagnation in 2016, the economy has been experiencing large-scale expenditures against COVID-19 since 2020. Its fiscal deficit amounts to -12.8% of GDP, USD1.9 billion (approximately JPY270 billion, IMF, 2021).

Challenges are consistent revenue and expenditure control as well as the formulation and management of a macroeconomic policy that can limit impacts of rises in global resource prices and of changes in the Chinese economy. Recently the Government has worked on the improvement of its revenue and expenditure management with measures including the formulation of a public investment plan that is consistent with its long-term development policy and the development and amendments of tax legislation. JICA has provided the Mongolia Tax Authority with long-term assistance for strengthening its tax collection function. Accordingly, the tax revenue-to-GDP ratio increased 8.9 times in the past 20 years. The Government's effort on the revenue-related system establishment and function strengthening has started bearing its outcome.

The Government has established a Sovereign Wealth Fund with revenue from mineral resources to explore measures to alleviate impacts of global energy price fluctuations on its finance and economy. There is still room for improvement concerning proper fund allocation and use decisions. Further transparency of public finance management and proper management of the public investment plan are required for stabilizing the national administration. Efforts on institutional improvements in response to the global society's trend with the taxation system and internal audits, among others, need to be continuously implemented.

Chart 3 GDP by divisions in 2021

(Source: National Statistical Office of Mongolia)

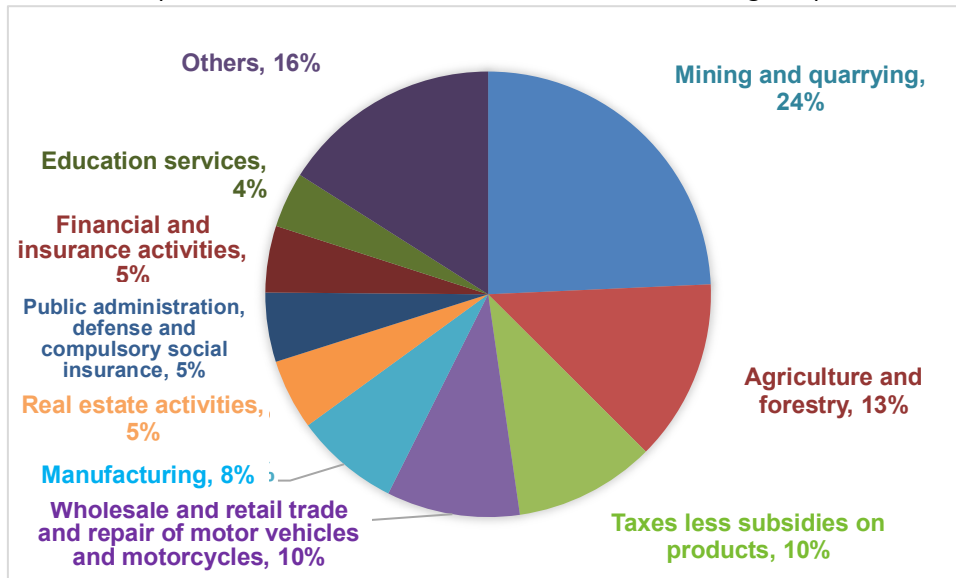
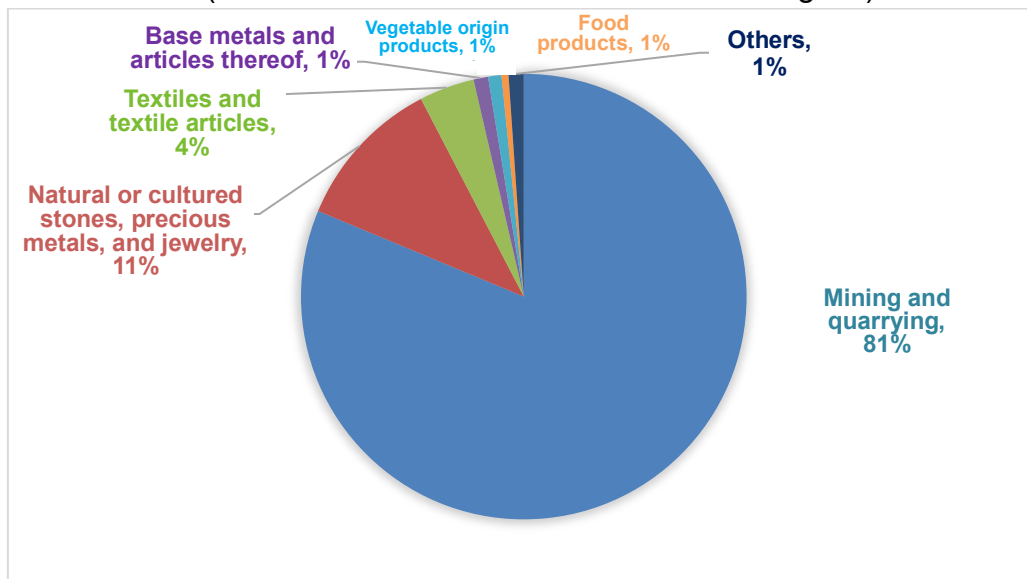


Chart 4 Export by commodity groups in 2021

(Source: National Statistical Office of Mongolia)



A sound financial system should be established and stably operated from a macroeconomic policy perspective. Mongolia’s macroeconomy is facing a stagflation risk due to a slowdown in its growth, commodity price increases, and a decrease in employment. Tight finance and monetary policies should be implemented to stabilize its economy. In addition to keeping the policy–interest increase policy to cope with high inflation mainly resulting from events on the supplier side, such as the situation in Ukraine and China’s zero-COVID-19 policy, acceleration of mineral resource exports

and development of industries other than mining and quarrying are urgently needed to counteract the decrease in foreign currency reserve and MNT depreciation. The keys to the success of such a tight monetary policy are securing the independence of the Central Bank of Mongolia by banning it from performing quasi-financing activities and promoting bank sector reform. To keep the sustainability of public external debts, the Government should exert efforts to manage public investments while limiting its financial deficit by continuously strengthening financial disciplines. Although the Government has formulated a Mid-Term Financial Framework to secure the consistency between the budget and the medium- to long-term policies, a Mid-Term Budget Framework for more precise budget control should be formulated for rational, efficient expenditure management and strategic, efficient implementation of public projects. The macroeconomic analysis method for refining the financial and budget planning processes, of which JICA has provided Mongolia with assistance, has room for improvement.

Mongolia's financial sector has been heavily depending on the banking division. Although private fund has been increasing in the past decade, Mongolia's monetary market lacks long-term, low-interest, and highly liquid resources and tools that can meet the needs of businesspersons and are required for sustaining and expanding the private fund. The monetary sector has to be developed further with measures including reductions in the financial intermediation cost, improvement in accessing financial services, introduction of long-term financial tools for facilitating investments, and for strengthening of financial market supervision or regulation structures, such as FRC.

The Government has also highlighted the importance of developing a balanced capital market to further support economic growth and enhance the standard of living for its citizens. As a result, the value of the capital market of Mongolia hit a record high at approximately MNT6.9 trillion (approximately JPY283 billion) as of the end of 2021, a year-on-year 97.5% increase, accounting for approximately 14% of GDP. Although the scale of markets, especially that of the bond market, is rapidly expanding, the situation that banks are the main player in the financial sector remains unchanged. Accordingly, Mongolia is still facing the need to upgrade its capital market for expanding nonbanking divisions, such as securities and insurance, and to develop a legal environment to address such a change including regulations and financial systems that comply with global standards.

The Government has been promoting a banking sector reform in recognition of high bad loan ratios of 25% to 34% even with major industries, namely, mining and quarrying

and agricultural and stock raising industries (as of 2021, IMF) as well as in response to an indication by IMF of a capital shortage. Furthermore, in response to the high bank lending interests over the past 20 years, the Government announced “2018 to 2023 strategies to increase lending interests” and has been working, to decrease the lending interests, on (1) the establishment of a stable macroeconomic environment; (2) enhancement of the influential power of political interest; and (3) strengthening of risk control capacity, efficiency, and governance of banks. Although the Government especially asked major banks to list and limit the shareholding ratio per a shareholder to 20% or lower by June 2022 as measures to strengthen governance in banks by avoiding the polarization of bank owners as part of its effort on the banking sector reform, the IMF suggested the Government to perform an asset quality review again. Accordingly, each bank in Mongolia is now preparing to perform it by the end of June 2023.

1.2.2 Governance

Mongolia ranked 110th, among 180th, in the Corruption Perceptions Index as of 2021¹, almost as flat as 111th in the previous year. To improve such a situation, the Government expressed its effort to improve the transparency and efficiency of public administrative services in Vision-2050 and other policies. Specifically, focusing on the improvement in transparency and efficiency of public administration agencies and based on the recognition that improving the Government's transparency requires digitalization of its duties, Mongolia is promoting efforts to establish E-Mongolia (digitalized government), referring to Estonia's effort.

¹ Corruption ranking data for Mongolia from 1999 to 2021 and prediction from 2022 to 2024 (tradingeconomics.com)

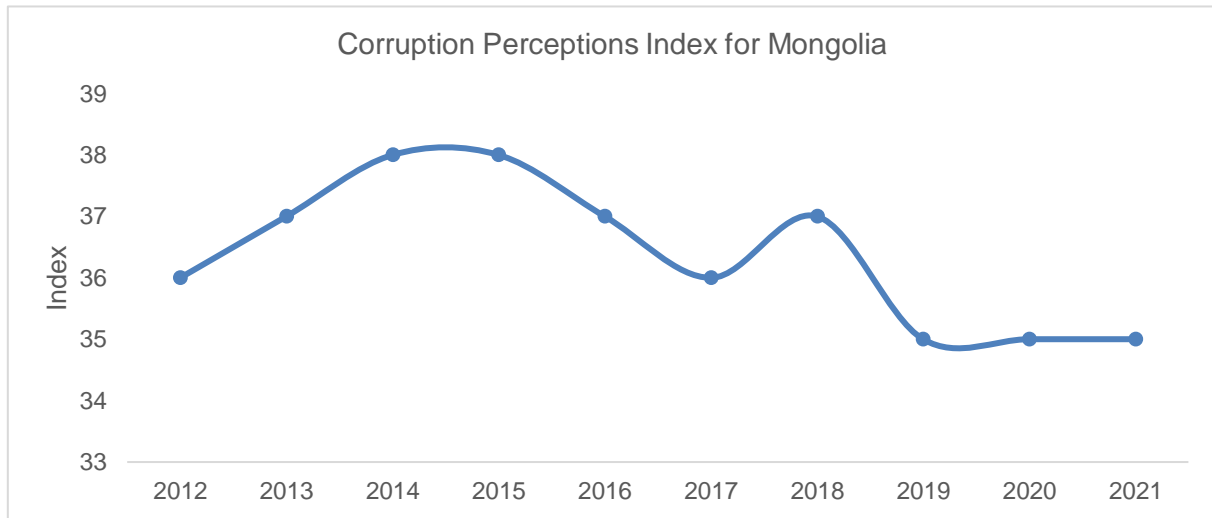
Chart 5 Corruption Perceptions Index Rank of 2021

(Source: Transparency International)

Rank	Country	Index
18	Australia	73
18	Japan	73
66	China	45
96	Indonesia	38
102	Kazakhstan	37
110	Mongolia	35
110	Thailand	35
140	Myanmar	28
144	Kyrgyzstan	27
157	Cambodia	23

Chart 6 Shift of Corruption Perceptions Index for Mongolia

(Source: Transparency International)



The utilization of digital technologies and ICTs are increasingly highlighted in the long-term development policy of Mongolia. Along with it, the strengthening of cybersecurity is recognized as another challenge. Accordingly, the Ministry of Digital Development and Communications was established in 2021. Associated legislation has also been developed including the cybersecurity and personal information protection acts, which were enforced in 2022. The Government is currently working on the formulation of detailed regulations for operating these acts and cybersecurity strategies. In addition to linkage of the ICT system and data of each ministry or agency, measures for developing government officials' ICT capacities and enhancing citizen' digital literacy to facilitate

the use of E-Mongolia are necessary.

Mongolia's public administration services are adversely affected by frequent organization reorganizations and low retention ratios of government officials. In Mongolia, when a new minister took office after a regime change, for example, there is often a large-scale shuffle of personnel, not only the vice minister and directors general but also officials at the director level, generating a tendency of disruptions in the continuity of policies. The Civil Service Law has been established in 2019, aiming to solve this issue, develop human resources for a long term, and retain officials. In response to increasing criticism of corruption and graft since 2021, the Government has started a drastic civil service system reform comprising the establishment of an act on public officials' ethical behavior and other items. JICA will monitor progress toward and consider assistance for an improvement in Mongolia's civil service system.

The gender gap concerning participation in economic activities and educational opportunities is not significant in Mongolia, ranking 70th in the Gender Gap Overall Index (World Economic Forum, 2022) (Japan ranked 116th). Mongolia's rank in the political empowerment subindex is 113th, indicating that women are less involved in the political context.

1.2.3 Transportation and urban development

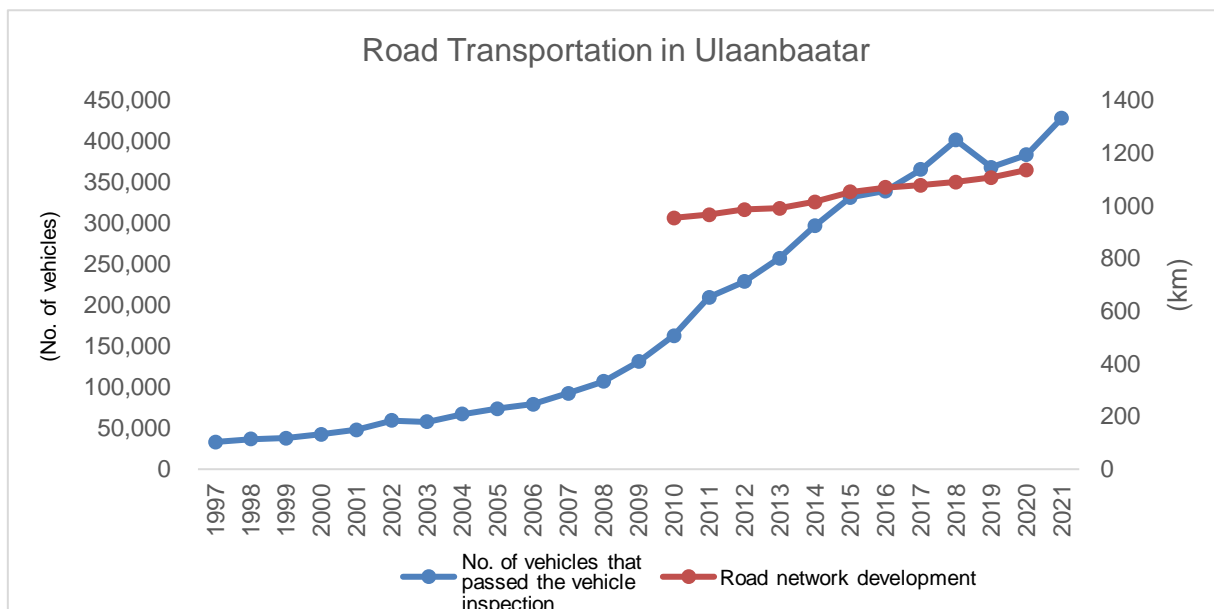
Along with the population increase in UB, it has been experiencing chronic traffic congestion resulting from an increase in the number of vehicles that exceeded the existing road network's capacity. The unimproved road network against the increase in the number of vehicles, shortages in public transportation modes and services, the resulting boost in the number of car owners among the population (note: the ratio of registered standard cars per population has been increasing annually: 17% in 2016 and 21% in 2021), a shortage of parking space, traffic rule and manner violations, and the lack of sufficient traffic control capacity are major factors causing the congestion. Although the number of vehicles that passed the vehicle inspection increased by 83% by 2020 from that of the baseline year of 2011, the increase in the road network capacity remains at 18%.

Traffic congestion requires slow driving and longer travel times, making traveling in UB inconvenient, increasing the number of traffic accidents; decreasing access to education, medical care, and other public services; dragging economic activities down; and increasing exhaust emissions and resulting air pollution. Improvement in road and bridge maintenance and management capacities is also required to cope with the

climate of Mongolia, which experiences a substantial temperature drop in winter.

Chart 7 Annual shifts in the number of vehicles that passed the vehicle inspection and the road network capacity in UB

(Source: Medium and long term master plan for road network development in UB City 2030, National Statistical Office of Mongolia)



Concerning urban development and function strengthening, Mongolia has been experiencing traffic congestion, air pollution, and an overcrowded educational environment resulting from the extreme population concentration in UB. To solve these issues, the Government has determined to formulate a new plan to develop urban areas around the new airport and other areas and started working on the collection of various stakeholders' opinions and designing a feasible project. Although there is an inflow of the rural population in UB, surrounded by randomly scattered ger areas without infrastructure, negative impacts on the environment have emerged in these areas. Accordingly, the UB government is promoting the use of apartments while developing infrastructure for residents wishing to live in the ger areas.

1.2.4 Environment, climate change measures, and disaster preparedness

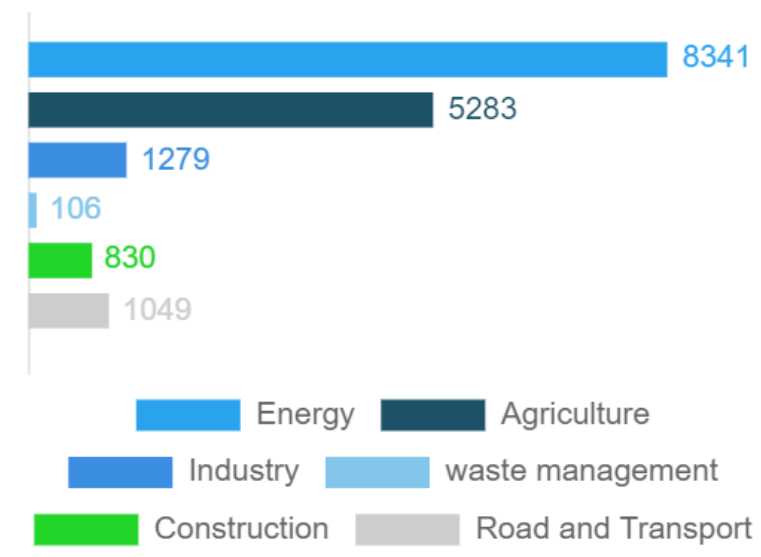
Mongolia has set its GHG emission reduction target for 2030 as -22.7% compared with that of the BAU² scenario. Mongolia, however, lacks the capacity to implement policies for achieving the target. Neither systems nor technologies to measure and monitor GHG emissions are sufficient. The introduction of renewable energy to the energy sector, energy-saving efforts, and improvement in energy efficiency are necessary to reduce GHG emissions. There are delays with the Government in developing the bases

² When no additional measure is taken.

for these efforts such as a policy to promote GHG emission reductions and action toward electricity grid stabilization. Having been heavily dependent on coal as its major energy source, Mongolia also needs to commit to zero or low-carbon, being discussed in the global society.

Chart 8 GHG emission reduction target by sector (by 2030, in 1,000 t-CO₂)

(Source: Nationally Determined Contribution Mongolia)



The air quality of UB is improving in recent years, but one of main cause of air pollution is coal combustion. Because it is rich in coal resource, Mongolia has been dependent on coal for power and heat supplies. In particular, coal usage by households in the ger area in UB, is recognized as a problem; thus, there are ongoing efforts to shift the ger heat source to electricity and develop an improved fuel with little air pollutant emissions. Another cause of air pollution is chronic traffic congestion. Annual increases in the urban population and number of car owners are requiring effective measures against pollutant emission sources, such as road signal controlling for congestion alleviation and road network improvements. The Government’s capacity to measure and monitor air pollutants needs to be strengthened to quantitatively understand the impact of each air pollution countermeasure.

UB is also facing issues in waste management and water pollution control. The priorities of UB are to establish resource cycling systems and to work on environmental and living environment conservation. Although the types of waste are diversifying and the volume of waste is increasing, hazardous waste such as E-waste, waste cars, and livestock residues are not being properly treated. Waste reduction, proper treatment, and promotion of recycling are required as measures against these issues. There is also

concern for the impacts of water discharged from factories, even though it is failing to satisfy the effluent standard, to rivers, which function as sources of water for living, on humans, and livestock. The reasons for this practice are the mass volume of effluent discharged from factories in the surroundings of UB, insufficient water quality monitoring system, and a deteriorated primary treatment facility for factory effluent. There remain issues concerning the wastewater management system and its operation, such as an improvement in the Government's capacity to regulate and supervise effluent and subsidies for introducing effluent pretreatment equipment.

Mongolia's climate change issues include changes in the precipitation volume, precipitation pattern and temperature rises, causing further climate change, a water resource shortage, soil and meadow degradation, and drought. Mongolia is vulnerable to natural disasters, especially Dzud.³ The year 2010 saw the damage of Dzud on its agricultural output totaling the equivalent to 2% of GDP. The damage of Dzud is predicted to increase unless adaptation measures are taken. Mongolia has not yet prepared a long-term low-emission development strategy despite the Secretariat for the United Nations Framework Convention on Climate Change's expectation for submission. Mongolia is required to promote agricultural and stock raising technologies that are resilient to climate change and to properly strengthen its water resource management capacity.

As for disaster preparedness, the occurrence of a large-scale earthquake at the Hustai (Khustain) fault near UB might collapse 60% of buildings in UB. An earthquake-resistance assessment of 199 buildings in UB revealed the necessity of some earthquake-proofing measure in 185 buildings. Many public facilities and equipment established during the former Soviet era in the central part of UB are old and have not yet undergone renovation. These public facilities located in the central part of UB need earthquake proofing. The Government is now willing to promote earthquake proofing of public buildings using an earthquake-resistance assessment method. Prior to this effort, the development of human resources for supporting operation standardization among the public administration, designers, and constructors is necessary.

1.2.5 Private sector development

Industrial diversification is indispensable for Mongolia's stable economic growth, dependent on the mining and quarrying industry. The foundation stone of industry development in Mongolia is to activate small- and medium-scale enterprises, which

³ Climate disasters that bring devastating impact on every resource of nomads with a cascade of torrential snow, low temperatures, strong wind, feedstock depletion, etc.

account for 70% of all enterprises as well as the total labor force in Mongolia. Strengthening the business management capacity of small- and medium-scale enterprises affected by COVID-19, in particular, is continuously deemed to be a priority issue of Mongolia.

Many small- and medium-scale enterprise owners are lacking capacities and knowledge of business management strategies, labor management, and marketing, among others, which is an issue against their development. The mining and quarrying sector is also dominant in terms of access to corporate credits. High loan interests, short loan periods, high-security requirements, insufficient credit screening, and other factors are preventing small- and medium-scale enterprises from accessing funds. Such a poor access to financial services needs to be improved. Another background factor is the difficulty in collecting corporate credit information, such as corporate profile, business scale, and financial condition.

Business exchanges between Mongolia and Japan have gained momentum since the conclusion of the economic partnership agreement between the two countries in June 2016. There is also a necessity for measures to make the most of Mongolian talents with advanced knowledge working in Japan or other foreign countries in Mongolia as returned labor force.

Although the Government has designated its digital and ICT industry, in addition to mining and quarrying, as a sector to be further developed, the small domestic market for the industry is hampering its growth. The ratio of workers in the ICT sector to the national population is relatively high, but its absolute number is at the lowest level among Asian countries. Building the domestic industrial environment where Mongolian nationals with advanced talents and experiences of working overseas can return and work is thus necessary. Conversely, startup launches or participation is gaining momentum among young people equipped with digital knowledge and entrepreneurship. Further growth of these enterprises is expected. Mongolia's ICT Development Index point is relatively high, at 4.96 points, among developing countries. Highly educated human resources majoring in the fields of science and technology are many. These Mongolian nationals with talents are cheaper compared with those of other offshore bases in Asia, such as Vietnam and India, making Mongolia advantageous to these countries. In addition to the formulation of the digital and ICT industry activation strategy by the Government, measures should be introduced to expand to overseas markets, promote networking with foreign investors, and develop and strengthen the startup ecosystem involving industries, public agencies, and academia for continuous

business startup promotion.

On the basis of the recognition that there is a gap between academia (higher education) and the needs of industries, the Government is working on university curriculum improvements and instructor education. Further efforts on strengthening education and research systems and promotion of industry–academia–public partnership for developing outstanding industrial human resources are necessary.

Concerning the tourism area, tourism development that takes advantage of precious tourism resources and beautiful nature has a potential for both the private sector and rural development. An urgent challenge is to build a recovery strategy for the tourism industry, which has been seriously damaged by COVID-19, and recover tourism demand in coordination with stakeholders in the private sector. Although a national policy on tourism has been formulated, the number of plans being implemented is limited. Issues that should be addressed are securing funds and the poor implementation capacity of governmental agencies resulting from repeated organizational reforms in the Government. An additional impact that is expected with tourism promotion is employment creation. Nevertheless, the number of tourists drops in the coldest season, producing difficulty for tourism businesses to hire employees over a year and thus limiting the scale of human resources in the tourism sector. Other issues include tourism resource protection and the development of infrastructure, such as accommodation facilities and traffic networks.

1.2.6 Agricultural and stock raising industry

The agricultural and stock raising industry accounts for approximately 7.6% of Mongolia's GDP as of 2021, following the mining and quarrying industry. Almost 30% of the labor force engages in this core industry of Mongolia. Among the manufacturing industry, two sectors of food products and textile processing account for approximately 21% of the total sales of the industry as of 2019. While Mongolia's economic growth is slowing down mainly due to drops in mineral resource prices, the agricultural and stock raising and their product processing industries are positioned as key industries for diversifying Mongolia's industries.

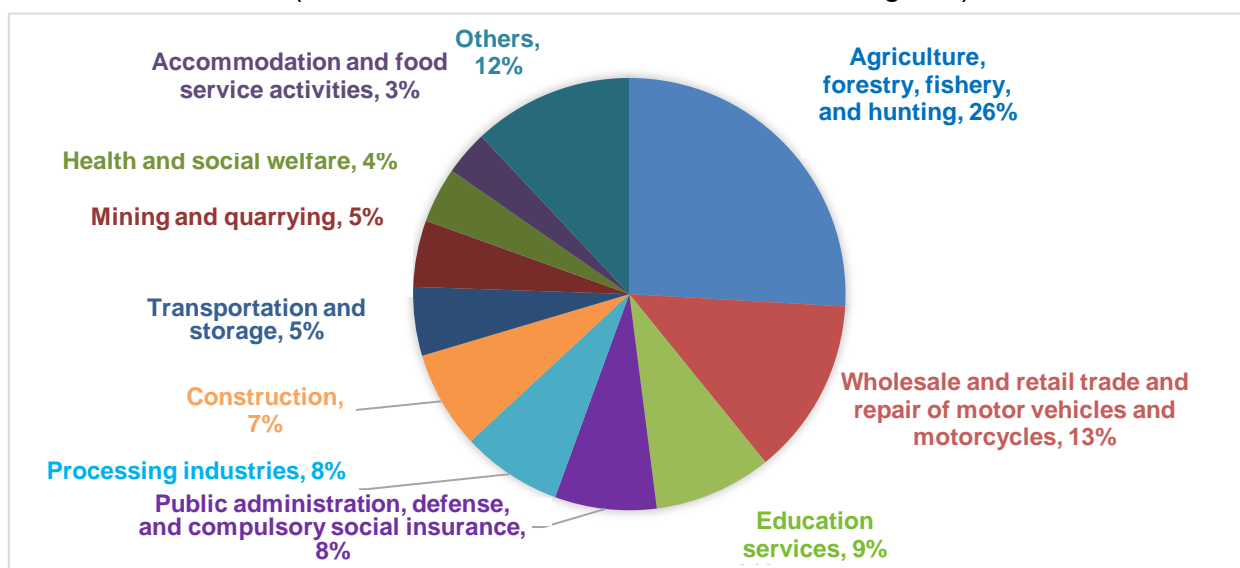
In the livestock sector, the dramatic increase in the number of livestock animals after the transition from socialism has become a serious issue, causing deterioration of grasslands, one of the important natural resources of Mongolia. The sustainability of stock-breeding businesses is being threatened by grassland degradation mainly resulting from livestock balance changes, Dzud, and foot-and-mouth disease and other

infectious diseases. Before livestock animals lose weight in winter, a large number of these animals are slaughtered in autumn. The way of slaughtering is unhygienic, lacking screenings for whether animals are healthy or sick. These products are distributed without producer and production area labels, reducing their market values. Actions required in this area are a reinforcement of edible meat supply chains, establishment of meat product standards to add value to them, and infectious disease control that satisfies export standards in the veterinary hygiene field. In the course of these efforts, the development and promotion of retail businesses of products made of meat and furs of rapidly increasing goats and sheep populations should, especially, be prioritized.

In the agricultural sector, the cultivated area and yields have been increasing, but the production output and volume of supplies of domestic vegetables are failing to meet their demand partly due to the harsh climate condition. To shift from being approximately 50% dependent on imported vegetables from China and other countries, Mongolia needs to increase domestic vegetable production and supplies by increasing the productivity of domestic vegetable cultivation and introducing measures to extend annual cultivation periods.

Chart 9 Number of employees by industry in 2021

(Source: National Statistical Office of Mongolia)



Specific potential activities include the development of seeds adaptable to Mongolia's climate and introduction of seedling and transplant cultivation in greenhouses for enhancing added values and competitiveness. The self-sufficiency of wheat, among all cereals, is 100%, whereas the domestic production and distribution systems for

rapeseeds for oil and livestock feeds have not been established yet. As mentioned earlier, the Government has announced its objectives of having a food self-sufficiency ratio of 100% and a shift from a food-importing country to a food-exporting country (food supply and security measures in June 2022). These objectives require Mongolia to activate local businesses and create new industries by establishing the legislative environment and improving operations in the agricultural and stock raising sector. Furthermore, potentials of agricultural and livestock product-related products (e.g., cashmere, sea buckthorns, pet food made from unused resources such as hooves of goats and sheep, and beekeeping) for exporting should be identified to formulate industry clusters toward the establishment of an organizational foundation of export-oriented business products and strengthening of market competitiveness of each product.

The spread of COVID-19 since 2020, the zero-COVID-19 policy of China in 2021, and the Russian invasion of Ukraine in 2022 have segmented Mongolia’s import-dependent food supply chains. Food security has been threatened by sharp rises in food prices and foodstuff shortages, revealing the vulnerability of Mongolia’s food system. The key to securing food security in Mongolia is improving the resilience of the whole value chain from production, processing, distribution, and sales toward the establishment of a sustainable food system. Challenges of special significance are the improvement of processing technique level, development of distribution networks including cold chains, and attainment of quality and hygiene control at global standards. Because 70% of farmers in Mongolia are small scale with agricultural land of 1 ha or smaller, measures to elevate their incomes by changing their awareness to that of being market oriented, for example, should be included in the food production support package.

Chart 10 Import ratio by food product in 2021

(Source: Food Revolution magazine)

Rank	Item	Import ratio (%)
1	Fish	100
2	Rice varieties	100
3	Sugar	100
4	Vegetable oil	100
5	Chicken	99
6	Fruit	98
7	Salt	97

8	Milk (powder)	82
9	Kinds of butter	67
10	Egg	49
11	Vegetables	38
12	Milk products	41
13	Food products made of wheat flour, such as bread	33
14	Wheat flour	1
15	Meat	0
16	Potato	0

1.2.7 Health and medical care

Mongolia needs to strengthen its urban and rural systems for developing health and medical care personnel toward the provision of high-quality care. A lack of established doctor, nurse, and midwife training systems for university graduates has resulted in the fact that a considerable number of medical practitioners are equipped with poor clinical experience. Although efforts to strengthen the doctor education system with training after graduation and curriculum improvements have been implemented under JICA's assistance, the clinical practice opportunity is still short, and the expansion and enrichment of human resource development opportunities are required especially in rural areas. Establishing model hospitals that provide clinical practice opportunities is expected for Mongolia to expand training knowledge and opportunities.

The gap in accessing high-quality medical services is evident between rural and urban areas. Although the Government has been promoting assignments of young medical practitioners after graduation to rural areas to secure Mongolian nationals with medical talents in these areas, many of them wish to work in UB after a certain work period in the assigned areas. Medical facilities and personnel are therefore concentrated in urban areas with a large population. Many patients are distrustful of medical services provided by the primary and secondary levels, namely, family doctors and local hospitals, and directly access the tertiary medical services located mainly in UB. Although the infant and maternal mortality ratios of Mongolia are improving, those of rural areas without sufficient infrastructure are lagging behind UB. Enhancing the diagnosing capacity of medical practitioners with a reinforced training system is necessary to manage the geographical disparities in medical services.

Chart 11 Infant mortality per 1,000 live births
(Source: National Statistical Office of Mongolia)

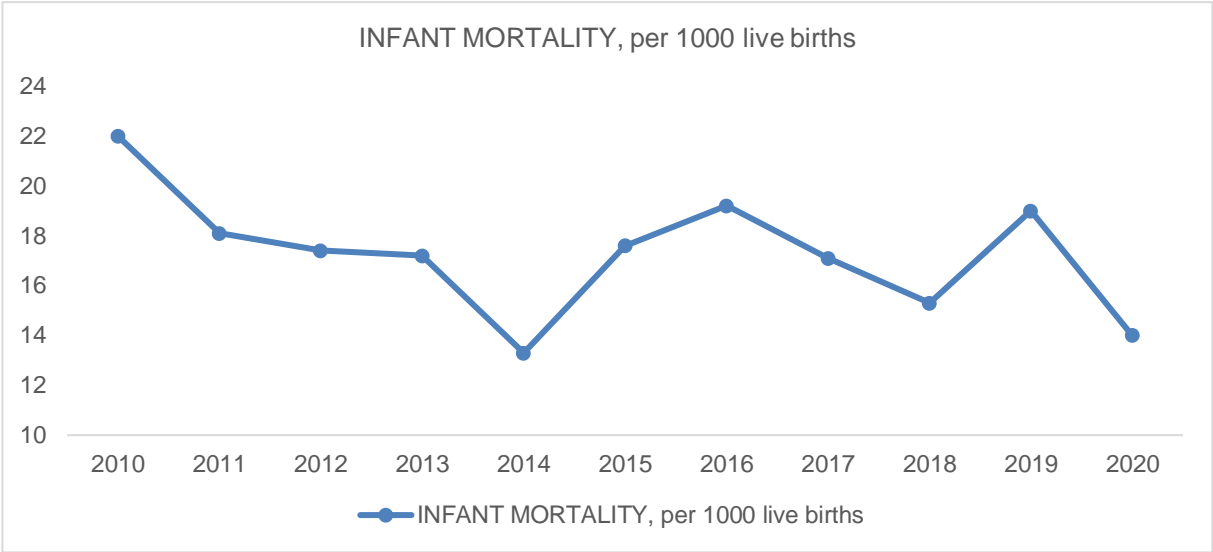
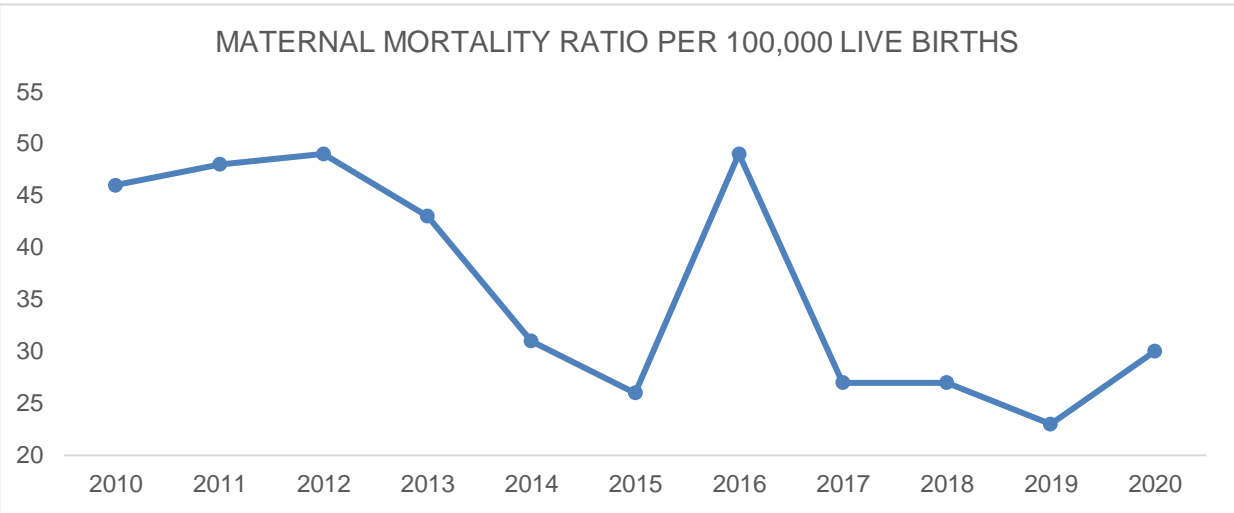


Chart 12 Maternal mortality ratio per 100,000 live births
(Source: National Statistical Office of Mongolia)



Under these circumstances, the Ministry of Health of Mongolia has been putting its effort into the establishment of an efficient referral system by integrating medical information (e.g., the development of a system to collectively share electronic health records stored in each hospital) as a countermeasure against the decreased quality of medical services resulting from the concentration of the population’s access to the tertiary medical services. Nevertheless, there has been difficulty in training a sufficient number of Mongolian nationals with the necessary skills to provide a consistent, high level of medical care nationwide. Also, establishment of information management system has not fully finished yet.

During the COVID-19 pandemic, cluster infections in quarantine facilities and in-

hospital infections emerged, revealing the poor infection diagnosing and infection control and monitoring capacities of medical institutions in Mongolia. In addition to newly emerged epidemic infections, measures against pandemics with time-unlimited risks, zoonotic diseases such as tuberculosis, are necessary.

The incidence of noninfectious diseases is increasing along with economic growth, requiring a medical system that can respond to such a change in the disease structure. The diffusion of advanced treatment technologies for cerebrovascular diseases and malignant tumors, for example, and reinforced efforts on disease prevention are also needed. As underdevelopment and malnutrition have become issues concerning children, a well-balanced nutritious diet should be promoted by communicating correct knowledge on diet in classrooms and establishing sound dietary habits.

1.2.8 Education and social security

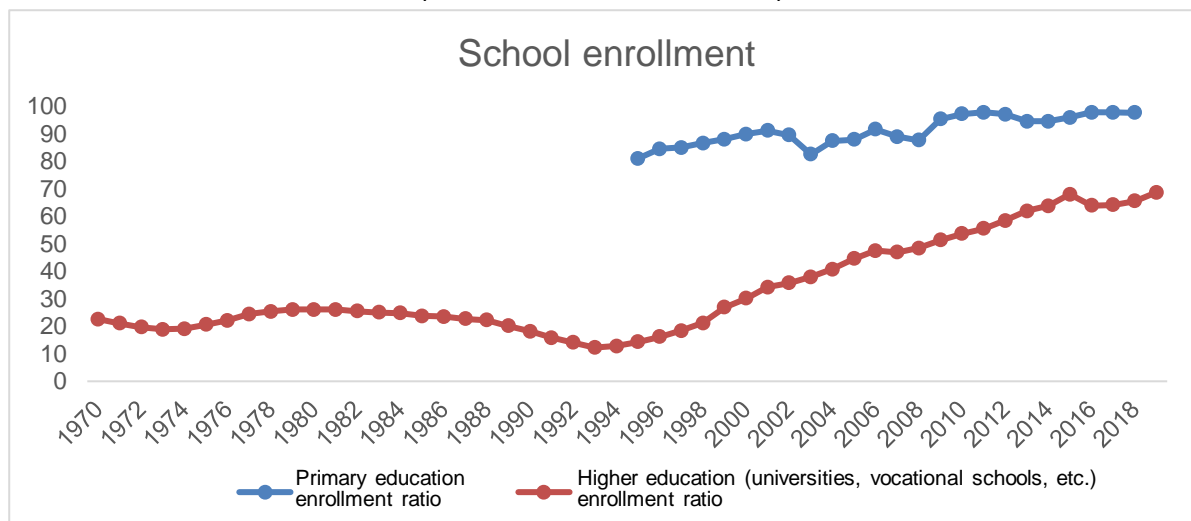
Although the school enrollment ratio is high, at 96% to 97% for primary and secondary education and 68% for higher education, disparities in the education quality between the urban and rural areas as well as in the education level between ordinary households and the segment of nomads, poor households, and children with disabilities remain as issues. The spread of COVID-19, emerged in 2020, has deprived the Government of opportunities to offer quality education for improving students' academic capacities. Under-resourced educational environment, where instructors lack a sufficient teaching skill works, proper facility, sufficient financial resources, especially in rural areas, is the factor driving migration from rural area to urban areas. As a result, the situation in urban schools is worsening due to the increased number of students exceeding the capacity of existing facilities, which makes providing high quality education difficult. In children with disabilities, challenges include the provision of education that is suitable for each child's development and disability characteristics.

In the higher-education sector, there has been an issue that graduates from higher-education institutions cannot meet the technical level required by industries, failing to satisfy industries' human resource needs that have elevated along with the economic growth in the past decade. Mongolian nationals with industrial talents who can be an immediate asset for enterprises are not developed under the existing higher-education system, disrupting the growth of industries. Accordingly, the Government is engaging in the development of talents who can immediately be active players in engineering fields by dispatching students to technical colleges and universities in Japan. It is also working on an improvement in university curriculums, instructor development, and reinforcement of the research capacity for utilizing research outcomes in the private

sector.

Chart 13 School enrollment ratio, primary and higher education

(Source: The World Bank)



In Mongolia, 99% of its social welfare services are paid in cash. The complexity of the benefit-in-cash system resulting from several types, complicated procedures, and vague scopes of recipients, among others, has been hampering proper social welfare service delivery to people who need it. Repeated cash payments during the COVID-19 pandemic have worsened Mongolia's structure that the social welfare budget is putting a strain on the national budget. There are also issues concerning the social welfare service provision system. Capacities of public officials engaged in social welfare, social workers, and nursing care workers should be strengthened. The optimization of duties of social workers who are occupied with the screening of eligibilities for services of the complex benefit-in-cash system is also necessary.

The Government has been supporting the provision of welfare allowances to and employment of the poor under the slogan "from welfare to employment." Its employment promotion program comprising training and loans for starting a business targeted at job seekers and the unemployed has been ineffective; both the number of unemployed persons using the service and the employment ratio after using the service remain low. The Government and private organizations have listed dependence on welfare, low wages, and lack of work motivation as factors for such a low employment ratio.

The environment equipped with buildings and public transportation modes lacking accessibility is another factor delaying the social participation, such as work and school enrollment, of people with disabilities. Furthermore, the increasing senior population is indicating an increase in the needs for nursing care worker development and social infrastructure building for the aging society.

Chapter 2 Focus of Cooperation

2.1 Significance of Cooperation with Mongolia

Assisting the stable growth of Mongolia, located in a geopolitically important area neighboring China and Russia, is the key to the stabilization of the East Asian region. Since the turmoil of Mongolia's shift to a market economy, Japan has actively provided support in the form of ODAs to accelerate Mongolia's economic growth. Such support has contributed to Mongolia's growing trust in Japan; Mongolia has been consistently supportive of Japan in the international arena.

Mongolia is one of Japan's important partners. In addition to the formation of the strategic partnership and active visits by key figures to and from both countries, the number of students per population from Mongolia in Japan is one of the highest in the world: more than 3,000 Mongolian students are studying in Japan. The Memorandum of Cooperation on specified skilled workers was concluded soon after the establishment of the status of residence in Japan. Continuous cooperation for the further development of a sound bilateral relationship is of great significance.

Moreover, supporting issues in Mongolia, which are related to the 10 SDGs described in JICA's Position Paper on SDGs and to which Japan has the potential to contribute, is significant.

2.2 Review of the Direction of Cooperation Based on the Recognition of Current Issues

While confirming certain outcomes of the past cooperation activities in each sector, JICA considered a new direction of cooperation in light of economic and social changes and cooperation records to the present and changes in the assistance needs in Mongolia.

As a result, JICA proposes the following new direction of cooperation that has been determined by considering the fact that it has cooperated for Mongolia's financial structure improvement in response to the 2017 IMF program request following the 2016 economic crises while continuously working on the three priority areas of governance, urban infrastructure development and industry diversification, and social services. JICA also took the following factors into consideration: COVID-19 emergence prior to the full recovery of the Mongolian economy and subsequent spread of COVID-19 and its negative impacts, the socioeconomic impact of Chinese border blockage, external changes and impact caused by the Russian invasion of Ukraine, etc.

2.3 Direction of Future Cooperation (Three-tier Structure)

Mongolia's shift to a market economy following democratization has progressed and its social services have reached certain levels. However, the mineral resources-dependent, vulnerable economic structure remains unchanged. There is no sign of an improvement in the financial condition due to damage from the spread of COVID-19, Chinese border blockage, and the Russian invasion of Ukraine. Considering such an unstable circumstance, JICA has set the basis of its cooperation as contribution to building a more resilient society by providing cooperation in consideration of urgencies and priorities. Specifically, JICA will promote the strengthening of governmental agencies and finance, development of high-quality urban infrastructure, digital and ICT industry development and industrial diversification, and targeted deliveries of social services to the vulnerable population.

Chart 14 Direction of Cooperation (Previous and New) and Global Agenda

(Previous)

Achievement of sustainable economic growth and stable social development	
Priority area (Mid-term goals)	Development issue (Short-term goals)
Strengthening of governance toward the realization of a sound macroeconomy	Improving public financial management
	Promoting the vital market economy
Environment-friendly and balanced economic development	Promoting industrial diversification and enhancing strategic planning of regional development
	Developing high-quality infrastructure to underpin growth
	Creating an environment-friendly safe city
Realization of an inclusive society	Achieving healthcare standards that meet society's needs
	Improving the quality of basic social services
	Promoting social participation and inclusion of people with disabilities



(New)

Basic policy of assistance (overall goal): Achievement of sustainable economic growth and stable social development		Corresponding global agenda
Priority area (Mid-term goals)	Development issue (Short-term goals)	
Strengthening of governance toward the realization of a sound macroeconomy	<u>Strengthening discipline in public finance and developing a financial system</u>	Public finance and financial system
	<u>Strengthening governance</u>	- Governance - Digital for development
Environment-friendly and balanced economic development	<u>Developing the urban infrastructure considering the environment and disaster preparedness</u>	- Urban and regional development - Transportation - Climate change - Environmental management - Energy and mining - Disaster risk reduction through predisaster investment and build back better
	<u>Developing industries for industrial diversification and regional development</u>	- Private sector development - Agricultural and rural development - Digital for development
<u>Realization of a no-one-left-behind society</u>	<u>Improving the quality of and access to healthcare services</u>	- Health - Nutrition
	<u>Strengthening basic social services</u>	- Education - Social protection/disability and development

Chapter 3 Identification of Major Development Issues for JICA to Address

The focus of JICA's cooperation on each development issue is identified in consideration of past issues and the significance of past assistance as follows.

3.1 Priority Area 1: Strengthening of Governance toward the Realization of a Sound Macroeconomy

Conventional assistance has been centered on the improvement in the business environment and investment environment development for managing public finance and promoting the market economy. Taking the current economic and financial situations into account, JICA aims to contribute to medium- to long-term economic growth by focusing on “the formulation and operation of a macroeconomic policy and consistent revenue and expenditure control” and “development and stabilization of a sound financial system” under the development issue (short-term goal) of “Strengthening discipline in public finance and developing a financial system.”

Moreover, “Strengthening governance” is added as a new development issue to recover the functions of the public administration and other public agencies.

3.1.1 Strengthening public finance disciplines and developing a financial system

Sound stabilization of finance is needed to conquer challenges including the increasing deficits due to COVID-19 and the negative impacts on commodity prices brought by the Russian invasion of Ukraine. Measures required for stabilizing the national economy are strengthening Mongolia's own revenues and appropriate resource allocations. JICA will consider the way to build a financial foundation that will enable the Government to effectively allocate its resources and actualize its development policies by strengthening the revenue foundation and improving the consistency between expenditure control and the long-term development policy, discipline on expenditure control, and sustainability of the expenditure control system. JICA will also consider financial assistance for alleviating the level of dependence on China and Russia and saving Mongolia's harsh economic condition.

Fair and equitable taxing and national tax collection contribute to the strengthening of the revenue foundation. JICA has been assisting with the tax administration over a long term since Mongolia's shift to a market economy. The enforcement of the amended tax law formulated while referring to Japan's tax laws has resulted in an improvement in the revenue of the Government. Additionally, JICA will consider assistance on an

improvement in and digitalization of operational processes with big data and artificial intelligence technologies toward further efficient, transparent tax administration. In light of the progress of the current effort to strengthen the public investment planning capacity, JICA will also consider cooperation to improve the efficiency of public investments and strengthen the external audit function for preparing the medium-term budget plan. To address the need for medium- to long-term macroeconomic estimates, JICA will engage in upgrading the macroeconomic forecast analysis mode and continue assistance on regular macroeconomy reporting and development of the policy formulation capacity of government officials.

In the financial sector, assistance in the proper operation of the bond market in compliance with international standards and its regulation and supervision capacity improvement are necessary. Parallel consideration on expansions of over-the-counter products, such as securitized products, development of institutional investors other than banks, the establishment of a rating agency and bond guarantee mechanism to facilitate bond issuance, and other peripheral systems are necessary for further developing the bond market. To facilitate the banking sector reform that has also been proposed by IMF, JICA will consider assistance, referring to the record of its cooperation, to FRC for deepening the bond market by sharing good practices of bond ratings and securitized products, for example.

3.1.2 Strengthening governance

Mongolia has been experiencing substantial economic damage from the spread of COVID-19 and the Russian invasion of Ukraine. Although there is a need for developing the environment for investments, the necessity to address the following issues is more urgent: developing government officials who can properly and efficiently implement public projects and improving the public administration's functions including anticorruption measures. JICA has set "Strengthening of governance" as a new development issue (short-term goal) and a pillar of cooperation. Specifically, JICA will engage in securing transparency with the public administration, promoting the E-Mongolia policy including the development of a legal environment for managing the e-government, standardization of the public administration system, and enhancement of government officials' digital literacy; preventing corruption by utilizing cybersecurity technologies and ICTs; and developing human resources for expanding the foundation base of the digital and ICT area.

Strengthening of functions of the Government/public administration, especially concerning corruption prevention, has been positioned by multiple international

organizations as the most important development issue of assistance to Mongolia. In the judicial area, JICA has supported the establishment of a mediation system. The law enforcement capacity of courts is now being questioned as evident with demonstrations against political corruption in Mongolia. The need for nurturing a sense of ethics among parliament members and civil servants is also increasing. JICA will consider assistance, such as long-term training, for developing human resources for the legal and judicial areas in light of resources available in Japan. This cooperation will contribute to Mongolia's recovery from the negative impacts of COVID-19 (recovery of the efficiency of the public administration's functions).

Furthermore, JICA will consider, referring to the National Personnel Authority of Japan's system, cooperation that contributes to an improvement in the civil servant system of Mongolia as a medium- to long-term issue. Meanwhile, JICA will explore possibilities of assistance in areas in the international assistance framework with which Japan can make the most of its strengths under the partnership of international organizations because improving the whole system is structurally difficult if performed only by Japan. The Project for Human Resource Development Scholarship and long-term training programs that have been implemented to develop young public officers will be continued to contribute to the development of talents among the small population and national development of Mongolia.

3.2 Priority Area 2: Realization of Environment-friendly and Balanced Economic Development

Approximately half of the total population resides in UB. The year-by-year elevation in the population concentration is generating a demand and supply unbalance of daily life infrastructure and several issues resulting from urbanization. Although JICA has provided cooperation independently to each issue, cobenefit-type cooperation is now needed partly because the environment in Mongolia is prone to climate change impacts. Especially from the viewpoints of SDGs, multisectoral efforts against air pollution are likely to push upwardly the entire society's development. Effective efforts would be those that contribute by utilizing Japan's advantageous technologies to both the solution of development issues concerning energy, urban development, transport, environment management, and disaster preparedness and climate change measures. Accordingly, "Developing high-quality infrastructure to underpin growth" and "Creating an environment-friendly safe city" are integrated into a development issue (short-term goal) titled "Developing the urban infrastructure considering the environment and disaster preparedness." JICA will implement cooperation under this goal.

3.2.1 Developing the urban infrastructure considering the environment and disaster preparedness

As for air pollution measures, JICA will continue its cooperation in improving the monitoring capacity of governmental agencies and introducing improved fuel for winter heating. Furthermore, JICA will consider road network improvements, introduction of multilevel intersections, and establishment of a transportation system to alleviate traffic congestion and reduce exhausts from idling vehicles due to such congestion. These actions will contribute to the recovery from the negative impacts of the spread of COVID-19 (recovery of the central and rural areas).

The energy area is responsible for a majority of GHG emissions of Mongolia. Although its electricity supply is dependent mainly on coal-fired power generation at present, Mongolia needs to gradually promote the introduction of energy generated with domestic renewable resources. Specific measures include assistance in introducing electricity storage systems, such as pumped storages and storage cells, and advancing grid operation technologies toward the realization of a grid operating system that is capable of coping flexibly with output fluctuations inherent in the introduction of renewable energy sources with variable output, such as wind and solar powers. These measures will contribute to the recovery from the negative impacts of the spread of COVID-19 (energy recovery) as well as the alleviation of dependence on China and Russia. However, with the present technologies, Mongolia still needs to use coal to meet the demand for winter air-conditioning (heat demand), which occupies a large portion of the total energy demand. Toward the realization of carbon neutrality in the future, JICA will consider a vision to lower heat-supply-related carbon emissions.

For the project to develop a satellite city near the New Ulaanbaatar International Airport, as a measure to alleviate the population concentration in UB, JICA will assist in introducing smart city technologies for solving issues of the urban environment and in building a legal system for free economic zones. Additionally, JICA will promote the development of resilient urban infrastructure by providing technical support on earthquake measures and facilitating earthquake proofing of important public buildings. These efforts will contribute to the recovery from the negative impacts of the spread of COVID-19 (recovery of the central and rural areas) and the alleviation of dependence on China and Russia.

JICA will also explore opportunities for project formulations using external funds, such as the Green Climate Fund, and collaborations with other projects to effectively address diverse climate change measures.

3.2.2 Developing industries for industrial diversification and regional development

JICA will assist Mongolia in shifting from overdependence on its mineral resources, which are easily influenced by international resource prices, by developing industries with growth potential and facilitating investments, aiming to develop new key industries next to mining and quarrying. The legal system has been established at a certain level with past efforts on the development of a legal system for facilitating market economy and human resources for engineering fields. Human resources for engineering fields are trained in national universities, science and technology universities, and technical colleges in Japan. Mongolian nationals with talents who completed the training are highly evaluated and actively employed by industries in Mongolia. From now on, JICA will promote cooperation targeted at growth industries, specifically digital and ICTs, agriculture and stock raising, and tourism while considering expansions and enrichments of host educational institutions and areas of engineering for developing human resources for engineering fields.

Especially with the digital and ICT industry, JICA will not only engage in the promotion of the industry itself but also consider placing a focus on DX promotion including data and digital technology utilization with cooperation in other sectors.

In the agricultural and stock raising industry, JICA will consider two-step loans for small- and medium-sized enterprises and continue assistance in establishing a market-oriented agricultural implementation system toward the attainment of Mongolia's objectives of "the food-self-sufficiency ratio of 100% and shift to a food-exporting country." Required assistance measures to the tourism industry for its development are the development of tourism products that take advantage of each area and tourism promotion. JICA will reinforce the functions of the Mongolia–Japan Center for Human Resources Development as a base for developing Mongolian nationals with talents who are to actively function in Japan and contribute to the industrial growth in Mongolia after returning to their home Country and business exchanges. JICA will also consider additional initiatives at the Center, for example, for strengthening partnerships and collaborations between enterprises in Mongolia and Japan.

Although Mongolia aims to alleviate its dependence on mineral resources, the mining and quarrying industry will remain very important over a long time in the mineral resource-rich Country. Accordingly, JICA will keep engaging in efforts to enhance the sector's productivity and add value by utilizing human resources developed through conventional cooperation and other measures.

These efforts will contribute to the recovery from the negative impacts of the spread of COVID-19 (recovery of industries and the efficiency of the public administration's functions) and the alleviation of dependence on China and Russia.

3.3 Priority Area 3: Realization of an Inclusive, No-one-left-behind Society

JICA has been working on the elimination of disparities concerning healthcare and education services and improvement in these services' quality toward the realization of an inclusive society. As for the social security area, JICA has implemented support for people with disabilities and the development of a pension system and other institutional reforms to include people who are left behind because of the non-inclusive social structure. As a result, in the healthcare area, Mongolia–Japan Hospital and other facilities for developing medical care workers who are to be assigned to rural areas have been established. The education environment has also been developed through school constructions, curriculum revisions, and resulting partial amendments in the educational guidelines, leading to improvement in the quantity and quality of education. In the social protection area, an early childcare system for children with disabilities has been launched and preparation and disclosure of the white paper on people with disabilities started, expanding social recognition of people with disabilities, who used to be considered at an inviolable domain.

Mongolia's social security-related expenditure resulting from the economic impacts of COVID-19 is higher among other emerging market economies. The ratio of welfare allowances without any income cap (see attached Chart 4) is especially high. A number of international organizations are requesting the Government to limit recipients of social security services and expenditures from the national social security budget. The preferred objective of future assistance is not to broadly expand social services but to provide social services efficiently and effectively to people left behind in society. Accordingly, JICA integrated the education and social security areas into a development issue (short-term goal) titled "Strengthening basic social services." Aligning with the healthcare area, the priority area (mid-term goal) is changed to "Realization of a no-one-left-behind society." JICA will advance cooperation toward these goals.

3.3.1 Improving the quality of and access to healthcare services

JICA will continue cooperation by utilizing assets of past projects, centered on the key initiative of the development of Mongolian healthcare professionals for the aim of contributing to the achievement of Universal Health Coverage. JICA will also continue its cooperation in developing the education and training system and instructors and

strengthening the research capacity of Mongolia–Japan Hospital, a university hospital developed with Japan’s grant aid, to enable it to function as an educational institution. Furthermore, JICA will work on the comprehensive reinforcement of doctor, nurse, and midwife training after graduation, aiming to improve the quality of medical services in rural areas by developing Mongolian nationals with healthcare and medical talents. As for noninfectious diseases, with which the need to cope is increasing, JICA aims to strengthen noninfectious disease diagnosing and treatment capacities of Mongolia–Japan Hospital, and other institutions while working on building the foundation for lifelong nutrition improvement and disease prevention through establishing the school lunch system.

3.3.2 Strengthening basic social services

Children and vulnerable groups including people with disabilities, the poor, and the elderly are prone to effects of changes in society such as widening geographical gaps in education. Focusing on these populations, JICA will promote cooperation aiming to provide vulnerable groups left behind with education services utilizing measures on the promotion of inclusive education, improvement in the education gap, and enhancement of learning acquisition using textbooks and teaching materials. Concerning higher education, JICA will support the establishment of a structure to develop Mongolian nationals with talents that fit the needs of industries with high growth potential. JICA aims to promote industries in Mongolia by improving the quality of contents of education and increasing the number and enhancing the quality of Mongolian nationals with industrial talents.

Achievements in the social protection area include an advance in the development of infrastructure for securing diversity in society owing to consistent cooperation in people with disabilities and human resource development with training to improve the pension premium collection capacity and capacity to examine the financial resource for the pension sector. JICA will review the social welfare system focusing on the vulnerable population in society identified during the COVID-19 pandemic and promote support for their employment and self-reliance.

Points to be considered for cooperation in Mongolia

- JICA should promote projects to alleviate negative impacts brought to Mongolia by the spread of COVID-19 and the Russian invasion of Ukraine and to support social and public administrative organizations (recovery and reconstruction perspectives). Mongolia is predicted to experience difficulties resulting from those events, namely, delays or halts of fuel and good deliveries via China and Russia and sharp rises in the transport cost. Further inflation and impact on the energy supply are also expected. JICA should pay attention to the instability of the society and economy of Mongolia and be ready for rises in transportation and material costs with equipment provision and infrastructure-related projects. As Mongolia is about to be a medium-developed country, the need for formulating projects that are consistent with Japan's development policy and contribute to solutions to the development issues of Mongolia is greater than ever.
- In line with a policy to actively promote the digitalization of the Government, employing e-government, E-Mongolia, JICA should consider possibilities of DX integration including data and digital technology utilization in determining the contents of cooperation in each area.
- In addition to the small number of officers of a governmental agency, from 70 to 100, the retention rate is generally low partly due to frequent transfers. The revision of the Civil Servant Act in 2019 stipulated, among others, that political appointments shall be discontinued with appointments of directors general or lower positions. Nevertheless, the thorough enforcement of this revision still needs time. Accordingly, engagement of not only Central Ministries or Agencies but also researchers who can function as members of thinktank and stakeholder organizations should be secured in implementing technology transfer activities, such as institutionalization, manual preparation, and seminars, to ensure the succession of outcomes of technology transfer.
- With projects that include activities to consider the development of infrastructure for uses in the cold season or demonstration of such infrastructure, the cooperation period should include a certain monitoring phase. As open-field construction is not allowed during the cold season (especially from mid-November to mid-March) under governmental regulation, the cooperation period should be scheduled with due attention (approval of construction will be decided depending on concrete or asphalt materials, ambient temperature, and other various conditions).
- JICA aims to achieve efficient realization and sustaining improvement of development objectives by further strengthening partnerships among enterprises, NGOs, municipalities, and academia in Mongolia and Japan.