NECESSITY AND THE RATIONALE TO IMPROVE THE CURRENT DEVELOPMENT POLICYMAKING AND PLANNING SYSTEM IN MONGOLIA

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I. DEVELOPMENT TRENDS

II. CURRENT SYSTEM OF DEVELOPMENT POLICYMAKING AND PLANNING IN MONGOLIA

III. NECESSITY AND THE RATIONALE TO IMPROVE THE DEVELOPMENT POLICYMAKING AND PLANNING SYSTEM
Today:

1. Worldwide economic uncertainty is increasing and economic recessions are becoming more frequent.
2. International political, economic and security issues are becoming more interrelated and connected.
3. Influence and portion of Asian countries in World economy is expanding rapidly.

**Pillars**

1. REGIONAL COOPERATION
2. BANKING AND FINANCIAL SYSTEM DEVELOPMENT
3. INFORMATION, INNOVATION AND HIGH TECHNOLOGY
4. CLIMATE CHANGE
5. COMPETENT HUMAN CAPITAL
I. MONGOLIA NEEDS TO ENSURE THE FOLLOWING DEVELOPMENT FACTORS THROUGH ITS DEVELOPMENT POLICYMAKING AND PLANNING SYSTEM

- Politics and economics
  - Ensure stability
- Human resource
  - Educate to be internationally competent
- Geopolitics
  - Ensure equilibrium
- Environment
  - Protect and ensure sustainability
- Competitive ness
  - Supply Mongolian brand products and services to the international market
- Mineral resources
  - Utilize effectively and efficiently

MINISTRY OF ECONOMIC DEVELOPMENT
I. DEVELOPMENT POLICIES OF MONGOLIA

General economic policy and planning
Limited state intervention in the market/ export-driven
Economic development, local development

New Economic Policy (NEP) 1971-90

Balanced growth: Sharply eradicate poverty and change economic structure


Balanced development: Create a more united and judicial society

National Vision Policy /NVP/, 2001 - 2010

To become a competitive nation, Ensure sustainable and high growth, improve development quality

New Economic Model /NEM/, 2011-2020

High Income, inclusive and sustainable and quality growth

Vision 2020
Balanced growth, Developed country

Post-independence /1957-1970/

MINISTRY OF ECONOMIC DEVELOPMENT
I. DEVELOPMENT POLICY AND PLANNING SYSTEM OF MALAYSIA

1. Research
   Plan
   Formulate
   Ministries and government agencies in cooperation with relevant organizations do the following:
   - Define priority development policies
   - Draft program and project proposals

2. MINISTRIES AND AGENCIES
   Goal & major issues:
   - Concept
   - Scope
   - Cost

3. Acceptance criteria:
   - Growth and income source
   - Reduce poverty
   - Increase jobs
   - Sector and regional distribution
   - Support infrastructure
   - Quality of living

4. ECONOMIC PLANNING UNIT, RELEVANT ORGANIZATIONS
   - All projects with financing sources are coordinated with action plans
   - Allocation among sectors and regions
   - List of projects and programs

5. ECONOMIC PLANNING UNIT
   - Coordinate targets with macro policy and sector strategy
   - Assess available resource
   - Approve
   - Government
   - Parliament

6. POLITICS
   - Define the organizations responsible for the implementation of projects and programs
   - Implementation
   - Monitoring and evaluation

MINISTRY OF ECONOMIC DEVELOPMENT
6
<table>
<thead>
<tr>
<th></th>
<th>Long – term</th>
<th>Mid- term</th>
<th>Short - term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeframe</td>
<td>10-30 years</td>
<td>3-5 years</td>
<td>1-2 years</td>
</tr>
<tr>
<td>Goal, target</td>
<td>General</td>
<td>SMART</td>
<td>SMART</td>
</tr>
<tr>
<td>Is priority defined</td>
<td>Yes</td>
<td>Yes</td>
<td>Unnecessary</td>
</tr>
<tr>
<td>Technical analysis on current situation</td>
<td>General</td>
<td>4-5 pages</td>
<td>Unnecessary</td>
</tr>
<tr>
<td>Strategy, funding source</td>
<td>Unnecessary</td>
<td>Brief</td>
<td>Detailed</td>
</tr>
<tr>
<td>Whether it has different phases</td>
<td>Has phases</td>
<td>Can have phases</td>
<td>Unnecessary</td>
</tr>
<tr>
<td>Whether it has costs</td>
<td>Unnecessary</td>
<td>It has costs if necessary</td>
<td>Necessary</td>
</tr>
<tr>
<td>Whether it is measurable</td>
<td>Possible to measure the impact</td>
<td>Possible to measure the impact and the results</td>
<td>Possible to measure the impact and the results</td>
</tr>
<tr>
<td>Responsible agent</td>
<td>Unnecessary</td>
<td>Relevant ministry and other organizations</td>
<td>Relevant agency/organization</td>
</tr>
</tbody>
</table>
II. DEVELOPMENT POLICY DOCUMENTS OF MONGOLIA

Development policymaking, budgeting and planning now

**STRATEGY**


Government Action Plan /2012-2016/

Sector Master Plan
- Education 2006-2015
- Health
- Science and Technology 2007-2020 etc

National Programs-131 /Water, Land, Industry etc/

Strategic plan of Aimags
- Zavkhan Ainag Comprehensive Development Plan 2009-2021 etc

Annual Socio- Economic Development Guidelines

**FUNDING SOURCE**

Medium Term Fiscal Framework, 3 year frequency

Operational and investment expenditures of State Budget in the given year

Budget Expenditure of Aimags in the given year /Aimag Governor/
II. CURRENT DEVELOPMENT POLICYMAKING AND PLANNING IN MONGOLIA

Political Parties → Election Action Plan → Government Action Plan

LONG-TERM SECTOR STRATEGY
NATIONAL DEVELOPMENT STRATEGY
SECTOR MASTER PLAN
STATE SECTOR POLICY

NATIONAL PROGRAMMES
SUB PROGRAMMES
PLANS

PROBLEMS

MINISTRY OF ECONOMIC DEVELOPMENT
II. IT IS NECESSARY TO IMPROVE THE CURRENT DEVELOPMENT POLICYMAKING AND PLANNING IN MONGOLIA

The impact of policy implementation is unsatisfactory (Current Situation)

1. Formulation of policy document is unsatisfactory.
   - No legal environment

2. Consistency and coordination of policy documents are weak. Regulation is not strict.
   - No legal environment

3. Continuity of policy is lacking.
   - Policies are inconsistent.
   - No legal environment

4. System of managing and regulating implementation is undeveloped.
   - Design of implementation is not determined in process of formulating policy document.
   - No legal environment

5. Capacity of monitoring and evaluation is insufficient.
   - Budget and financing is incoherent.
   - Credit from foreign and domestic investors will be declined.
   - Commitment of international donors, partner organizations, countries will be decreased.
   - National interest will be conflicted.
   - Reputation at international level will be deteriorate.

Results of policy document implementation will stay unsatisfactory if current situation persists in future.

Socio-economic development will slow down.

Objective of policy document will be unrealizable.

Allocation of resources will still be inefficient.

Conflict of interest will be increased.

Commitment of international donors, partner organizations, countries will be decreased.

National interest will be conflicted.

Credit from foreign and domestic investors will be declined.
Between 1991 and 2013, a total of 452 policy documents were drafted and approved by the Parliament and Government.

<table>
<thead>
<tr>
<th>Policy Document</th>
<th>Timeframe</th>
<th>Approving authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>State policy for mineral sector</td>
<td>2013-2024</td>
<td>Parliament</td>
</tr>
<tr>
<td>Development Concept for Mongolia /Policy/</td>
<td>1996-2015</td>
<td>Parliament</td>
</tr>
<tr>
<td>National Mother and Infant Health Strategy</td>
<td>2011-2015</td>
<td>Sector Minister</td>
</tr>
<tr>
<td>Public Ecological Education Program</td>
<td>1997-2030</td>
<td>Government</td>
</tr>
<tr>
<td>National Reproductive Health Program</td>
<td>2007-2011; 2012-2016</td>
<td>Government</td>
</tr>
<tr>
<td>Education National Program</td>
<td>2010-2015; 2016-2021</td>
<td>Government</td>
</tr>
<tr>
<td>Government Action Plan</td>
<td>4 years</td>
<td>Parliament</td>
</tr>
<tr>
<td>Socio-economic Development Guideline</td>
<td>Annual</td>
<td>Parliament</td>
</tr>
</tbody>
</table>
II. CASE 2: National Comprehensive Development Strategy

- Analysis on the current situation and future trends is limited and section on national values and principles have little significance.

- It is a very broad document, including many targets. Around 120 strategic goals and over 500 activities are included.

- Although it is a MDG-based policy document, the goals and objectives are not closely related to MDG targets.
### II. CASE 3: Zavkhan Comprehensive Development Policy

<table>
<thead>
<tr>
<th>Policy document</th>
<th>Legal Authority</th>
<th>How it is correlated with MDG-based National Comprehensive Development Strategy (NCDS)</th>
<th>Policy document quality— if the goal is specific, and technical analysis is done</th>
<th>Correlation between strategies and funding sources</th>
<th>Whether priority policies are defined</th>
<th>Whether there is a budgeted expenditure, whether funding sources are defined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zavkhan Comprehensive Development Policy (ZCDP) 2009-21</td>
<td>Zavkhan Aimag Governor</td>
<td>It is quite correlated with NCDS</td>
<td>SWOT analysis and background introduction and study are included in the Zavkhan Comprehensive Development Policy. In 2009-2015, the goal to decrease composition of agriculture sector in total economic output 79 percent to 20 percent, increase the industrial output to 30 percent from 2 percent, increase service sector output from 19 percent to 50 percent is not attainable. Although it is stated that animal husbandry and wheat products are projected to be increase by 8.7 percent every year, it also states that composition of animal husbandry and wheat output will decrease from 79 percent to 20 percent. These goals are not correlated. No specific action plans are included. There are many ambiguous projections made in this policy document.</td>
<td>There is no concrete correlation.</td>
<td>No priority policies are defined, no implementing phases are defined, monitoring regulations are not defined.</td>
<td>No expenditure is budgeted, no funding plan and sources are defined</td>
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</table>
### II. PROGRAMS IN IMPLEMENTATION IN MONGOLIA AS OF 2013

<table>
<thead>
<tr>
<th>#</th>
<th>Responsible Ministry</th>
<th>NUMBER OF PROGRAMS</th>
<th>NUMBER OF PROGRAMS EXPIRED IN 2012</th>
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<tbody>
<tr>
<td>1</td>
<td>Ministry of Environment and Green Development</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Ministry of Construction and Urban Planning</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Ministry of Defense</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Ministry of Education and Science</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Ministry of Foreign Affairs</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Ministry of Road and Transportation</td>
<td>4</td>
<td>-</td>
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<tr>
<td>7</td>
<td>Ministry of Finance</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Ministry of Culture, Sport and Tourism</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Ministry of Mining</td>
<td>2</td>
<td>-</td>
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<tr>
<td>10</td>
<td>Ministry of Industry and Agriculture</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>Ministry of Labor</td>
<td>6</td>
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<tr>
<td>12</td>
<td>Ministry of Justice</td>
<td>10</td>
<td>4</td>
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<tr>
<td>13</td>
<td>Ministry of Human Development and Social Welfare</td>
<td>6</td>
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<td>14</td>
<td>Ministry of Economic Development</td>
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<tr>
<td>15</td>
<td>Ministry of Health</td>
<td>16</td>
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<td>16</td>
<td>Ministry of Energy</td>
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<td>17</td>
<td>Cabinet Secretariat</td>
<td>3</td>
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<tr>
<td>18</td>
<td>Agencies</td>
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<td>2</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>131</strong></td>
<td><strong>18</strong></td>
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</tbody>
</table>
II. CURRENT PLANNING PRACTICE

THE REASONS FOR UNSATISFACTORY IMPLEMENTATION OF POLICY DOCUMENTS

- Policy document **PLANNING, DRAFTING**
- **NATIONAL** monitoring and evaluation **SYSTEM** is **INCOMPETENT**
- Monitoring and evaluation methodologies are **NOT RESULTS-BASED**, instead **PERFORMANCE-BASED**
- **FUNDING** is uncertain (funding source, expenditure, *pay for performance*)
- **INDEPENDENT AUDITING** is not done
II. CURRENT PLANNING PRACTICE

- Integrated planning system isn’t established;
- Policy document planning procedures aren’t correlated;
- Policies, programs and projects and their funding sources aren’t correlated;
- Implementation of regional, aimag and soum development policies and projects has weak rationale;
- The capacity of personnel responsible for policymaking and planning at ministry, agency, aimag and local levels is incompetent and has to be strengthened;

Therefore, it is necessary and critical to improve the current national development policymaking and planning system.
III. NECESSITY AND THE RATIONALE TO IMPROVE THE CURRENT DEVELOPMENT POLICYMAKING AND PLANNING SYSTEM IN MONGOLIA

• Due to weak development policymaking and planning system, the significant increase in fiscal revenue in the past years weren’t spent effectively and weren’t used to bring stable economic growth

• The lack of strong development policymaking and planning system makes the economy weak; easily susceptible to foreign market recessions and dependent on foreign markets;

• The efficiency and effectiveness of budget, foreign loans and development aids is low due to incoherent planning and budgeting

• In many cases, resources are being scattered because planning is not based on scientific methodologies, local and sector policies are not correlated with and based on national development policies.
Together for Development

THANK YOU FOR YOUR ATTENTION!