

STATE GREAT HURAL (PARLIAMENT) OF MONGOLIA

RESOLUTION

12 February 2008

No.

Ulaanbaatar City

**RE: Endorsement of the Millennium
Development Goals (MDGs)-based
Comprehensive National Development
Strategy of Mongolia**

The State Great Hural (Parliament) of Mongolia RESOLVES hereby:

1. To endorse the Millennium Development Goals (MDGs)-based Comprehensive National Development Strategy of Mongolia as set in the Annex.

2. To entrust the Government of Mongolia (Prime Minister S.Bayar):

1/ To take actions with regard to organizing the implementation of strategic objectives set forth in the Millennium Development Goals-based Comprehensive National Development Strategy of Mongolia, reflecting the in the Government Programme of Action, annual State budget and annual Main Guidelines of Socio-Economic Development, and implementing them;

2/ To elaborate anew or renew National Programmes in line with the Millennium Development Goals-based Comprehensive National Development Strategy of Mongolia, and organize the work on their implementation.

3. To recommend respective Governments in future to take actions with regard to elaborating mid-term policy documents, targeted programmes and projects aimed at implementing the strategic objectives set forth in the Millennium Development Goals-based Comprehensive National Development Strategy of Mongolia, submitting to the State Great Hural for endorsement, reflecting them in the Government Programmes of Action and organizing their implementation.

(signed)

**D.LUNDEEJANTSAN
SPEAKER**

STATE GREAT HURAL OF MONGOLIA

MILLENNIUM DEVELOPMENT GOALS-BASED COMPREHENSIVE NATIONAL DEVELOPMENT STRATEGY OF MONGOLIA

INTRODUCTION

1. The Millennium Development Goals (MDGs)-based Comprehensive National Development Strategy of Mongolia defines in a comprehensive manner its policy for the next fourteen years aimed at promoting human development in Mongolia, in a humane, civil, and democratic society, and developing intensively the country's economy, society, science, technology, culture and civilization in strict compliance with global and regional development trends.
2. The objective of the MDG-based Comprehensive National Development Strategy of Mongolia is to protect and strengthen Mongolia's sovereignty, and develop it into a middle income country through achieving its Millennium Development Goals attaching high priority to promoting private sector-led dynamic economic growth, human development in Mongolia including education, healthcare, as well as sustainable development of science, technology and environment, strengthening intellectual development and human capacity; creating a knowledge-based economy sustained by high technology, which respects environmentally friendly production and services; fostering a democratic system of governance, which serves its citizens, protects human rights and freedoms, and is free from corruption and red tape.
3. The long-term development policy of Mongolia, its priorities, and strategies for their implementation and expected outcomes are defined in the MDG-based Comprehensive National Development Strategy of Mongolia in two phases: first, to achieve the Millennium Development Goals and intensive development of its economy in 2007-2015, and second, to make a transition to knowledge-based economy in 2016-2021.

ONE. GENERAL BACKGROUND

1.1. Global development trends

Driven by scientific and technological revolutions, the humankind is making a transition from an industrialized to a knowledge-based, globalizing society. As the world economic and market relations are influenced by boundless information flow, huge movements of people, goods and services, and, based on that, a totally new context of globalization is emerging, countries around the world started to define their long-term policies for human, social development and economic growth coordinating them closely with global and regional development trends. Therefore, in order to make Mongolia's development dynamic and sustainable it is necessary to formulate long, medium and short-term development policies and strategies taking due account of global development trends, in particular, those of Asia, Central and Northeast Asia, both positive and negative impacts of globalization.

Countries which mastered new technologies, one of globalization strengths, and succeeded in their localization are getting more development opportunities. It is expected that future trends of technological development will not only accelerate technological progress in some areas, but also revolutionize all spheres of life through synergy of information and new technologies like bio-technology.

1.2. Regional development trends

Asia is emerging to become an important global development epicenter in addition to America and Europe, and this process is gaining momentum with rapidly developing economies and growing populations of India and China and attracting due attention of the world.

Countries in Asia are becoming more integrated in terms of their trade and economic relations; in addition to the evolving process of creating a common Asian bonds market, discussions are underway with regard to establishing an Asian Monetary Fund and introducing a single Asian currency.

The global and regional development trends could be summarized as follows:

- Countries would accelerate their development if they can take due advantage of globalization.
- Opportunities would be increased for reducing unemployment and poverty through joint efforts with a primary focus placed on human development.
- Development gaps within countries would be eliminated.
- In addition to promoting environmentally friendly development, the capacity to prevent natural disasters would be enhanced.
- Opportunities would be increased for accelerating the development of new technologies, including information, communication, bio and nanotechnology, robotics and space technology.

- Substantial investments would be made in developing science and technology, and their achievements shall be introduced into manufacturing and service sectors promoting their efficiency.
- Development of regional cooperation and free trade, as well as region-wide service and production shall be promoted.

TWO. CURRENT SITUATION OF MONGOLIA'S DEVELOPMENT AND ITS ASSESSMENT

2.1. Current situation of Mongolia's development

Development trends for Mongolia. Intensification of global and regional economic development, creation of more favorable foreign economic and trade environment shall provide additional opportunities for Mongolia to be linked to regional and world markets smoothly, and offer its goods and services to the rest of the world. This would provide Mongolia with favorable conditions to achieve its Millennium Development Goals and embark on the road of intensive development.

Strengths and weaknesses of the country's development as commonly viewed in the world are as follows:

Development strengths:

- Good enrollment in primary education and high literacy rate,
- High immunization coverage,
- Relatively high number of medical doctors per 1000 people,
- Proper age structure of the population,
- Macroeconomic indicators are improving,
- Proximity to huge markets of Russia and China,
- Abundant mineral resources,
- Rich historical heritage and traditions,
- Unique natural ecosystems inherited in their virgin nature, rare species of fauna and flora, rich and vast lands, and unique nomadic lifestyle adapted to them.

Development weaknesses:

- Slow population growth and comparatively short life expectancy,
- High rate of infant and maternal mortality,
- Small population scattered throughout vast territory, limited labor forces, particularly shortage of highly qualified engineers, technical workers, specialists with appropriate knowledge of market economy,
- Insufficient quality of education, low level of scientific and technological development, poor capacity of goods and services to compete at world markets their quality,
- Extreme climate conditions, high dependency of livestock and agricultural production on changes in weather conditions,
- Small percentage of forests, intensively growing desertification, highly vulnerable ecosystems, poor recreation capacity of nature,
- Limited and unreliable energy supply, poor development of infrastructure,
- Remoteness from major continental and regional international roads and communication centers, landlocked location,
- Shortage of adequate housing,
- High level of unemployment and poverty,
- Narrow-based economic structure,
- Excessive Government expenditures,
- Lengthy procedures of issuing special permits, widespread corruption and red tape, weak capacity of civil service,
- Narrow-based structure of foreign trade, including exports structure,
- Small domestic market,
- Limited financial resources and foreign currency reserves, dependency of the economy on small number of products
- Insufficient budget funding for healthcare, education and science sectors, and inefficient spending patterns in these areas,
- Poor protection of intellectual rights.

THREE. PRINCIPLES, VISION AND PRIORITIES OF MONGOLIA'S DEVELOPMENT

3.1. Principles of Mongolia's national development

The MDG-based Comprehensive National Development Strategy of Mongolia shall be based on the following principles:

- Promote democracy, justice, human rights, freedom, equality, and national unity,

- Create conditions for every citizen to participate, contribute and lead the country's development,
- Build capacity and structure for the implementation of development policies and strategies,
- Ensure dynamic and sustainable development based on principles of market economy,
- Allocate funds in accordance with policy priorities and needs, ensure transparency, monitor their spending, evaluate outcomes and make plans for future,
- Promote partnerships of all stakeholders,
- Develop the capacity to adapt to changing conditions,
- Promote accountability at all levels, ensure transparency and respect the law.

3.2. Values of Mongolians

The following values shall be embraced in the MDG-based Comprehensive National Development Strategy of Mongolia:

- Comply with the Constitution of Mongolia,
- Live and work in justice, keep the society in harmony and peace,
- Promote individual and social progress with own hands in cooperation with others,
- Encourage patriotism that is based on the principle of protecting and strengthening independence and sovereignty through promoting the country's development.

3.3. Vision for Mongolia's national development

The vision for Mongolia's national development by the year 2021 is defined as follows:

"Mongolia is a country with vast lands, abundant natural resources, admirable history, and glorious future."

"We, Mongols, shall respect our history and culture, have our national dignity, be highly educated and confident in ourselves so as to realize our desires and aspirations, live comfortable, prosperous and contented lives in our homeland."

Mongolia's development is a guarantee of its security and independence. The root source of its development lies in the national unity.

3.4. Stakeholders, their duties and participation in implementing the MDG-based Comprehensive National Development Strategy of Mongolia

Partnerships among stakeholders: citizens, economic entities and organizations, the State and civil society shall play a crucial role in achieving the objectives of the MDG-based Comprehensive National Development Strategy of Mongolia. Role of stakeholders and their participation in promoting national development are defined as follows:

Citizens shall:

- Take care of their families, live healthy lives, provide proper upbringing and education for their children,
- Be economic and spend their incomes wisely,
- Refrain from and avoid developing bad habits,
- Be highly educated and have the capacity to continuously improve their knowledge,
- Meet their commitments while enjoying their rights and freedoms, respect the rights and freedoms of others,
- Actively participate in the life of society, express their views and opinions,
- Enjoy their legal right to monitor the activities of state organizations.

Economic entities and organizations of all forms shall:

- Strive to create new jobs,
- Provide for healthy environment, safe working conditions,
- Improve professional skills of their employees and provide support in their social welfare,
- Carry out their obligations under national legislation,
- Protect environment and introduce environmentally-friendly technologies,
- Compete fairly at the market,
- Ensure transparency of their activities and reporting.

The civil society shall:

- Establish an effective control over the performance of state organizations and their senior officials,

- Add their voices and actively participate in decision-making on important public issues.

The State shall:

- Create favorable environment and conditions for its citizens to live healthy and safe lives, run business and make investments,
- Establish a sound and reliable banking and financial system, ensure its healthy and transparent environment,
- Provide for responsible, open and fast-to-deliver public administration management, transparency in data and information services, increase the participation of civil society and private sector in decision-making,
- Create conditions for providing high quality, accessible public services to citizens, and their fast delivery,
- Improve legal framework for doing business through eliminating red tape, and reducing the number of legal acts.

3.5. Priorities of the MDG-based Comprehensive National Development Strategy of Mongolia

The MDG-based Comprehensive National Development Strategy of Mongolia shall be implemented within the framework of the following six priority areas:

- Achieve the Millennium Development Goals and provide for an all-round development of Mongolian people.
- Intensively develop export-oriented, private sector-led, high technology-driven manufacturing and services, with particular focus on information, communication development, promoting bio and nanotechnology, transit transportation, logistics, financial mediation services, deeper processing of agricultural products, and create a sustainable, knowledge-based economy.
- Exploit mineral deposits of strategic importance, generate and accumulate savings, ensure intensive and high economic growth, and develop modern processing industry.
- Ensure intensive development of the country's regions, their infrastructure, and reduce urban-rural development disparities.
- Create a sustainable environment for development by promoting capacities and measures on adaptation to climate change, halting imbalances in the country's ecosystems and protecting them.
- Consolidate further political democracy, foster a transparent, accountable, just system free from corruption and red tape.

FOUR. HUMAN AND SOCIAL DEVELOPMENT OF MONGOLIA

Within the framework Mongolia's development priority 1:

A policy shall be pursued to fully achieve the Millennium Development Goals and reach human development index of 0.83 by 2015, continuously improve the "Quality of life of Mongolians" through creating favorable conditions to live healthy, long and peaceful lives, respect their history and culture, work creatively, uncover and develop their intellectual abilities, talents and skills, enjoy ample choices and opportunities. The achievement of the Millennium Development Goals shall be ensured through policy actions to provide support for employment and entrepreneurship of Mongolian citizens, increase jobs places, strengthen families, develop capacities to improve their livelihood, and enhance social security and social welfare system.

4.1. Policy on unemployment and poverty reduction

In achieving the Millennium Development Goals, a policy shall be pursued to reduce poverty by intensifying Mongolia's economic growth, reducing unemployment, strengthening families, developing livelihood capacities, fundamentally modernizing the employment, social security and social welfare system.

Phase one (2007-2015)

Strategic objective 1. Halve poverty by implementing a pro-poor economic policy directed at fostering relatively wealthy middle-class and ensuring income growth:

- Synchronize the Economic Growth Support and Poverty Reduction Strategy (EGSPRS) with the priority objectives outlined in the MDG-based Comprehensive National Development Strategy of Mongolia and update it every two years, intensify its implementation.
- Increase job places in coordination with economic growth and investment measures, and hold unemployment rate not higher than 3.0 percent.
- Create a nation-wide database on family, population and livelihood level. Extend support to unemployed, poor and extremely poor citizens in obtaining livelihood sources and increasing their income by providing professional training and experiences, job places and access to development loans and aids.
- Provide economic incentives to business entities and institutions that create new jobs.

Phase two (2016-2021):

Strategic objective 2. Create a regulatory mechanism to ensure full participation of all forms of enterprises and citizens in poverty reduction, and rapidly reduce poverty.

- Enhance mechanism for coordination of intersectoral activities aimed at poverty reduction.
- Create a fund for poverty reduction measures and provide it with financial sources.
- Develop and implement poverty reduction policy and programme based on citizens' needs and capacity.

4.2. Policy on gender equality

Implement a policy on promoting gender equality in the family, economic and social relations, politics, cultural life and human rights.

Both phases (2007-2021):

Strategic objective 1. Nurture a concept of gender equality in combination with the best traditions of national culture and achievements of human civilization:

- Reflect the issue of ensuring gender equality in the state policy and legislation, and enforce a law on gender equality.
- Promote gender sensitivity through education curricula at all levels.
- Cultivate the culture of equal participation of men and women in property and labour relations.
- Create conditions for ensuring gender equality at decision-making level.

4.3. Policy on family development and demography

Pursue a policy of creating favourable conditions for families be united and harmonious, have their children grown up in safe and healthy environment, respect traditions and customs, protect and care the nature and environment, develop one's talents, be knowledge-thirsty, creative, responsible citizen, be owner of one's destiny, and aimed at the country's population growth.

Both phases (2007-2021):

Strategic objective 1. Implement a comprehensive policy to develop family into a favourable environment to live in:

- Make family an environment for preserving and developing further inherited cultural values and traditions.
- Develop a "Family development plan" that would take into account peculiarities of poor and vulnerable families and be prepared with their participation, and take continuous measures to improve their livelihood based on it.
- Create conditions for children - orphans, abandoned, neglected or running away from families - to live with families or in family-like caring environment.
- Develop and implement a "Programme on comprehensive development of family and child."
- In every family keep a "family tree" book and strive to protect from hereditary diseases and intellectual deficiency.

Strategic objective 2. Implement a human rights-based and family-centred comprehensive state policy to support vulnerable groups of the population:

- Broaden and develop preventive, developmental, protective and intermediary social services that meet peculiar needs of particular social groups.
- Cultivate among children and youth democratic values, patriotism, national traditions, language, culture and customs.
- Create environment allowing issues of demographic structural changes and of life expectancy be reflected in social policies, programmes and development plans.
- Create favourable conditions for protection of the rights of disabled people and their active participation in social life.

Strategic objective 3. The state shall support building favourable family conditions to allow parents raise their children healthy, well-educated and well-brought up. Pursue a policy of population growth by encouraging delivery and thus increasing the annual average birth rate.

- Develop and implement national standard of free medical check-ups, treatment, and nourishment, special supplementary food for mothers and children from conception until the age of one.
- Ensure maternity leave allowances be not lower than mother's monthly salary, and social and health insurance taxes are paid by the state.

- Legitimize and implement salary, social and health insurance incentives system for parents of four and more children aged 0-18 years.
- Implement a policy of providing subsidized housing to families with four and more children aged 0-18 years.

Strategic objective 4. The State is to draw exceptional attention to ensure that children from the moment of birth to the age of six are brought up in a family or in family-like environment, given proper rearing and morale, and provided with pre-school education:

- Create conditions for breastfeeding, and special medical monitoring of children till the age of six.
- Provide children aged 0-6 years from families below the poverty line with healthy food, suitable for their age and at subsidized prices.
- Increase the role of parents, health, educational and social welfare organizations in rearing the children physically and mentally healthy, with proper national language and mentality.

4.4. Education development policy

A policy shall be pursued to develop education and make it a social commitment, lift up the national education system to international standards and continuously increase intellectual, creative and capable human resources. A national “Education” programme shall be implemented. Introduce 12-year general education system from 2008 and enrol by 2015 all girls and boys in primary education, alleviating gender inequality at all levels of education. Pursue a policy to bring the professional vocational and higher educational systems to international standards. Make a transfer by 2021 to educational system meeting international standards. Promote nation-wide an environment to live with high respect for intellectuality, adjust training programmes at all levels of education to match the new intellectual approaches of the 21st century.

Phase one (2007-2015)

Strategic objective 1. Provide students with equal opportunities for accessible, qualitative education that meets their needs:

- Create conditions to enrol all toddlers in preschool education.
- Achieve gender balance among students and teachers of educational establishments of all levels.
- Provide support for re-education.
- Organize preschool education for herders’ children aged 0-6 years in forms meeting conditions of their nomadic lifestyle.
- Enrol fully six year-old children in schools.
- Implement a programme to increase educational level of boys.
- Increase the number of children to reside in dormitories by 2.1 times.
- Continue “Lunch” programme at general education schools.
- Raise the literacy rate up to 99.0 percent by 2010.

Strategic objective 2. Enhance all level educational standards and curricula to meet students’ needs and social requirements:

- Set criteria for educational standards based on scientific and technological achievements.
- Direct all-level educational curricula at nurturing national consciousness and awareness, feeling of pride of own history and culture, at cultivating sense of respect to own as well as foreign culture, sense of appreciation of education, at developing creative mind, skills, knowledge and proper upbringing, and providing multiple choices to students.
- Ensure educational curricula plans meeting international standards be introduced at all schools.
- Develop “laboratory structure in pilot schools” to serve as a start-up and adjustment mechanism for educational reform. For this, by means of selecting or newly establishing involve in this structure up to 10 schools from Ulaanbaatar and up to 2 schools from aimags to support the educational renovation initiative.
- Continuously improve public teaching of Mongolian language and script, provide conditions at schools of all levels to master fully mother language and use it, improve and develop writing and oratory skills.
- Ensure that English become the lead publicly-taught foreign language by 2015.
- Improve the quality of English language teaching by 2015 and ensure that possessors of higher education be able to use professional information and data in English. Ensure that the civil service be competent to function in English by 2021.
- Strengthen research capacity to conduct analysis of education developmental policy, develop theoretical and methodological basis of renovation, and financially support it from the state.

Strategic objective 3. Provide a comprehensive solution for the professional and methodological development of teachers, their salaries, incentives and social issues, and substantially increase investment:

- Upgrade professional training system for teachers and management-level staff and increase participation of professional NGOs.
- Address social welfare issues of teachers and educational managers through developing their skills, establishing adequate performance evaluation criteria, raising salaries and incentives.
- Provide hardship allowances for geographical remoteness and severe climatic conditions.
- Starting from 2007 increase expenditures for national in-country training by six-fold compared those of 2004, and ensure an annual 10 percent increase thereafter.

Phase two (2016-2021)

Strategic objective 1. Enhance the role of the State in bringing the educational system and quality to international standards:

- Provide support to public and privately-owned institutes and universities in their transforming to campus modality.
- Establish foreign-invested vocational training centres with progressive methodologies and provide overall support to high school graduates in obtaining vocational education.
- Increase number of institutions offering IB diplomas supporting them by budgetary and tax policies.

Strategic objective 2. Develop and implement open content and flexible forms of education that would allow citizens to improve their education and benefit from re-profiling trainings:

- Create favourable legal framework to provide support through the State policy to the leading professionals, implement targeted programmes to nurture talents and skills, increase funding for these programmes, and finance rationally.
- Initially, select 1000 young people by special criteria and, after a proper preparation, send to study abroad in the areas of mining, bio and nanotechnology, information technology in countries that made remarkable achievements in these areas. The State shall fully cover the tuition fees.
- Improve quality of technical, vocational and higher education, enhance enrolment planning and coordination.
- The State shall guarantee academic and independent status of universities and provide special support in strengthening their scientific capacity.

Strategic objective 3. Enhance school-centred management and renew schemes, reflecting structure, features and location of educational institutions:

- Improve administrative and professional management of educational sector.
- Renew schemes, reflecting structure, features, size and location of kindergartens and schools of all levels.

4.5. Healthcare sector development policy

The National Health Development Policy of Mongolia aims to provide equal, accessible, fair, qualitative and effective medical services and assistance to the population, steadily reduce disease and mortality rates, support population net growth and increase life expectancy. The health sector financing is to be brought to international standards and made appropriate. Develop and implement a national programme “Health”. Implementation of the Health Sector Master Plan is to be fully ensured by 2015.

Phase one (2007-2015)

Strategic objective 1. Strengthen, in a comprehensive manner, capacity of soum and family clinics to provide primary medical services, conduct diagnosis, treatment and vaccination, combat dental disease, prevent Sexually Transmitted Infections (STIs), Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS) and tuberculosis, enhance maternal and infant healthcare:

- Enhance the system of maternity and child protection.
- Introduce diagnostic and therapeutic methodologies and technologies for dental and systemic disease at soum level.
- Develop capacities to combat STIs, HIV/AIDS and tuberculosis.
- Create a system of mobile family doctors for herders.
- Provide hardship allowances for difficult climatic conditions and geographical remoteness.

Strategic objective 2. Develop capacities of soum, aimag, district hospitals, national clinics and professional centres:

- Create conditions at aimag and district hospitals for early diagnosis and treatment of cancer.
- Improve services of specialized clinics and professional centres to the level of developed countries.

- Constantly renew methodology and technology of medical services of health organizations of all levels in accordance with current international standards.
- Introduce methods of distance diagnostics and treatment at hospitals.
- Computerize medical case records.

Strategic objective 3. Provide medical organizations with highly professional and skilled personnel:

- Instil patient-centred approach at health organizations.
- Bring human resources and professional training to international standards.
- Improve system of wages, incentives and allowances for doctors and specialists.

Strategic objective 4. Decrease incidence of diseases and premature mortality, increase life expectancy. Cultivate proper habits of healthy lifestyle and health care:

- Create conditions for the population to lead healthy lifestyle and physical development.
- Broaden advertisement and training on healthy lifestyle and protection of health from climatic hardships and hereditary disorders.
- Develop multiple forms of rehabilitation and nursing services.
- Introduce selected methods of traditional medicine in healthcare services.
- Introduce up-to-date production technologies for pharmaceuticals, medical tools, supplies and equipment.
- Enhance private sector activities in health sector.
- Develop risk management capacity to cope with natural calamities, mass diseases and ad hoc accidents.
- Provide support to individual and collective efforts and initiatives aimed at protecting health by facilitating mass participation and improving intersectoral cooperation.
- Create conditions to support health-supporting environment in soums, districts and settlements as well as in families and working place.
- Ensure establishing healthy and secure environment where the population is provided with secured drinking water, sanitary conditions are improved and effective chemical and waste management is made a part of it.

Phase two (2016-2021)

Strategic objective 1. Develop a unified management and financial structure in health sector:

- Introduce a system of individual health insurance.
- Steadily increase financing of first aid services suiting it to the population's health needs and appropriately distributing aid and services resources within the levels.
- Segregate rights and obligations of health organizations offering health services and a financing organization, and create a contract-based unified system of management and financing with performance-based funding.
- Introduce a regulatory mechanism of collective responsibility to efficiently utilize financial and technical aid from international partners bearing the sector's long-term development strategy and policy.

Strategic objective 2. Provide the population with safe and quality-tested medicaments and medical tools, introduce proper medical technology and develop infrastructure within the sector:

- Ensure uninterrupted, overall and accessible supply of necessary medicaments and medical tools to the population.
- Create conditions to ensure quality and safety of medicaments, medical tools, medical equipment and of biologically active elements.
- Cultivate appropriate medicine in-take among population and medical organizations.
- Develop up-to-date production technologies of medicament, medical tools and equipments.
- Create a system of uninterrupted supply of medical and laboratory equipment and maintenance, and develop diagnostic capacity.

4.6. Culture and art development policy

Pursue a policy of strengthening the position of the national culture in the world's culture, introducing artistic and cultural products into economic circulation and protecting intellectual property by securing and developing progressive findings and values of Mongolian civilization within a reasonable balance between tradition and innovation.

Both phases (2007-2021):

Strategic objective 1. Establish favourable economic and organizational environment for dynamic development of national culture:

- Accelerate transition of culture management, organization and financing to the market economy; improve professional and managerial skills at all levels.
- Develop and implement a legal regulation for a partial financing of creation, work or undertaking of national or international significance from development foundations.

Strategic objective 2. Provide population with accessible and good quality arts and culture services, meet intellectual needs of citizens:

- Conduct a step-by-step research and identify intellectual needs of different nationalities, national minorities and different demographic groups of Mongolia, and choose appropriate types and effective forms of arts and culture services for them.
- Create an environment to preserve and develop traditional Mongolian script.
- Provide State support to preservation, protection and restoration of tangible and intangible heritage of the Mongolian traditional culture, and make it accessible to national and international cognition and education.
- Develop and implement state-supported programmes and projects for national and classical art forms and various art forms for children.
- Develop and pursue a standard to introduce up-to-date quality requirements for material basis of art and cultural organizations, their edifice, sanitary conditions, aesthetics, equipment and service quality.

4.7. Science and technology development policy

A policy shall be pursued to develop scientific and technological capacities, establish an effective structure of national innovation, and enrich technological renovation of leading economic sectors with achievements of domestic research and foreign technological progress.

Both phases (2007-2021):

Strategic objective 1. Establish and develop research and development (R&D) competitive firms that meet market needs and requirements:

- Develop and implement a “Targeted programme to support young researchers,” develop a human resource and financing policy in the science and technology sector, and renovate its implementation.
- Conduct and refine structural changes in the science and technology sector.
- Newly establish no less than 5 national research centres.
- Improve management, action and financing mechanism in science and technology sector, and continuously increase DGP percentage of expenditures for research and processing work.
- Identify principal priorities of Mongolia’s science and technology sector, core technology, prioritise research and development and increase their effectiveness.

Strategic objective 2. Establish effective national system of innovation and productivity; increase its contribution to economic and social reform:

- Create a system to identify development course of Mongolia’s production and technological development and elaborate medium- and long-term forecasts.
- Significantly increase involvement of the private sector in ordering and implementing scientific, technological and innovation programmes and projects.
- Establish legal and organizational basis for national innovation structure.
- Establish and develop elements of innovation in infrastructure of production, services and technology.
- Pursue a policy to support effective innovatory actions by financial and economic means.
- Introduce and cultivate the innovatory culture in scientific, technological and production spheres.
- Ensure continuous support to a nation-scale innovation project by co-financing it from Mongolia’s Development Fund, Small and Medium Enterprises Support Fund and Science and Technology Fund.

Strategic objective 3. Enhance legal environment and institutional system to protect and utilize the outcomes of research and development R&D work:

- Improve a legal environment for protection and utilization of intellectual property rights that appeared as a result of research and development funded by the state.
- Create an integrated database of state-funded research findings, and encourage their economic commercialization and use.
- Provide State support for making top theoretical research works accessible to the public.

Strategic objective 4. Increase effectiveness of international cooperation in science and technological sector.

- Identify principal priorities in the scientific and technological cooperation on international and regional levels.
- Diversify the measures to increase foreign aid and support aimed at strengthening material basis of laboratories, experiments and tests of research organizations, and at preparing researchers highly trained in leading spheres of science and technology.
- Provide state support in acquiring and introducing high and cutting-edge technologies by inviting foreign investment, establishing joint ventures, purchasing special certificates, know-how and equipment.

4.8. Social welfare and labour policy

Implement a social welfare policy primarily targeting low-income and vulnerable groups. Investing in social welfare is considered as an investment to future generations. Through implementation of appropriate social development policies, a favourable social environment for human development and population growth shall be created and quality of life of Mongolians improved.

Both phases (2007-2021):

Strategic objective 1. Establish a family, society and community-based welfare system and bring the welfare service to international standard:

- Establish a multi-faceted welfare service that is based on needs and choices of the most needy households and citizens, and create a system of welfare delivery involving the participation of private sector and civil society organizations.
- Develop a mobile social welfare services for rural population.

Strategic objective 2. Securing citizens' labour rights and developing productivity and skills, provide support in increasing the citizens' livelihood by making labour market regulation effective and appropriate through increasing salaries, ensuring stable business and working environment and implementing employment policy to nurture social partnership:

- Broaden supply and demand research of the labour market and improve coordination of employers, employment seekers and professional training organizations.
- Formulate and implement a policy of overseas employment by adjusting between overseas and domestic labour market supply and demand.
- Develop appropriate legal environment by improving safety and hygiene of labour environment bringing it to international norms.
- Within the policy and actions of implementing the Law on small and medium enterprises, increase employment by creating and maintaining specialized business incubators and broadening small-scale loan, on-the-job and student-centred training.
- Formulate a state policy of vocational education and training, and enhance the capacity of personnel trained with the support of private sector adjusting to meet the needs and demands of the labour market.

Strategic objective 3. Formulate and implement policy and programme to support appropriate employment of various population groups including vulnerable social groups:

- Conduct assessment of employment needs of social groups including women, elderly citizens, herders and handicapped citizens, and formulate and implement an appropriate support programme.
- Create a favourable legal and economic environment to develop incentives of highly educated and skilled Mongolian overseas workers to return, and provide support to their initiatives to create jobs within their specialization.
- Improve registration, information and organisation of the informally employed and, with participation of the state, civil society organizations and professional unions, increase their access opportunities to social services.
- Broaden economic and business assistance to the informally employed aimed at developing their market competition capacity.

- Ensure comprehensive and synchronize measures over youth employment broadening educational, vocational and health services to employed children and providing jobs to their family members.

Strategic objective 4. Enhance the social insurance system:

- Establish a multi-layer and multiple-choice pension system.
- Mandate social insurance coverage for all employees of legal entities.
- Ensure implementation of effective policy of military and public pension insurance, establish pre-conditions for creating a system of complete accumulation of insurance fund.
- Develop a social insurance system based on market principles, enhance mechanisms of accumulating finances in social insurance funds, and create a legal environment for turnover of accumulated capital.

FIVE. ECONOMIC GROWTH AND DEVELOPMENT POLICY

Within the framework of Mongolia’s development priority 2:

To promote its economic growth and development Mongolia chooses a strategy focused on developing export-oriented manufacturing and services led by the private sector.

The main goal of its economic policy is to achieve, in 2007-2015, the Millennium Development Goals, reach an average annual economic growth of 14 percent, increase GDP per capita to at least 5,000 USD, and establish the basis for intensive economic development; to maintain an average annual economic growth at no less than 12 percent in 2016-2021, consolidate and develop a knowledge-based economy, increase GDP per capita to a minimum of 12,000 USD, create economic capacity and resources to reach the level of the world’s middle income countries.

Intensive economic growth will be achieved continuously increasing labor productivity and investment efficiency. At first, the mineral extraction industry will be developed more progressively, followed by intensive development of processing industry. The country will make its economy multi-faceted developing further private sector-led, high-technology based, export-oriented, dynamic processing industry, and become relatively low dependent on mineral resources.

Development disparities in urban and rural areas will be eliminated through dynamic development of its regions and infrastructure, and favorable business environment and conditions will be established, that would lead to the balanced economic development of the country.

5.1. Macroeconomic Policy

Favorable macroeconomic conditions for the implementation of the MDG-based Comprehensive National Development Strategy of Mongolia shall be created.

5.1.1. State budgetary policy

The State budgetary policy shall be aimed at enhancing macroeconomic growth, ensuring budget sustainability and balance, increasing the real income of the population and its access to social services through rational distribution of financial resources among the priority areas, and fully supporting the real development of sectors. The budgetary policy shall be aimed at achieving the Millennium Development Goals. Mineral deposits shall be commercialized and exploited, and the income from taxes and natural resource usage fees shall be accumulated in “Mongolia’s Development Fund”, and distributed through it to citizens and properly utilized.

Both phases (2007-2021):

Strategic objective 1. The budget planning shall be accordingly enhanced to implement the MDG-based Comprehensive National Development Strategy of Mongolia:

- Create and introduce a legal coordination for preparing and implementing the State budget in line with the MDG-based Comprehensive National Development Strategy of Mongolia.
- Enhance budget management and financial power of local authorities, improve the accountability system, and achieve better coherence between national and local budget planning.
- Plan and finance the budgets of state organizations based on their actual needs.
- Ensure the transparency of budgets.

Strategic objective 2. Budget investments shall be accurately coordinated and increased in line with the MDG-based Comprehensive National Development Strategy of Mongolia, and shall be distributed based on medium and long term development programmes and projects:

- Allocate budget investments based on targeted programmes, socio-economic development master plans and projects.
- Increase investment in infrastructure development.
- Increase on a regular basis budget investments in education and health sectors, especially in the country's regions and rural areas, in line with the Millennium Development Goals.
- Provide support through budget investments for the introduction of modern information and communication technologies, the improvement of technical education system.

Strategic objective 3. The budget expenditure policy shall be focused to a greater extent on groups of population with low and medium incomes:

- Increase the State budget allocations for creation of new jobs, raising general educational level, decreasing maternal and child mortality, and halting the spread of contagious diseases.
- Increase funding for social welfare, pensions and social assistance funds in close coordination with the growth of DGP.
- Increase allocations for social care and services for vulnerable groups, and financial assistance to elders.
- Provide support from the State budget for training overseas highly-qualified specialists.

Strategic objective 4. Generate savings by exploiting mineral deposits of strategic importance, using internationally recognized financial mechanisms, and accumulate in "Mongolia's Development Fund" which will be aptly used for accelerating the country's socio-economic growth. A national programme "Minerals" shall be elaborated and implemented:

- A procedure shall be elaborated and introduced for distribution of some parts of revenues accumulated in "Mongolia's Development Fund" to citizens through a "Bounty of Homeland" form in order to provide them with equal development opportunities.

5.1.2. Taxation Policy

The taxation policy will be aimed at creating favourable conditions for private sector-led economic development with overweening export-oriented production and services.

Strategic objective 1. Export-oriented production and services, as well as some import-substituting production shall be supported through adequate taxation policy:

- Support the introduction of advanced technologies in the minerals, wool, cashmere, meat, milk and leather processing industries, as well as the production of some import-substituting foodstuff.
- Support the production of electronics and knowledge-intensive, small-size products.
- Attract investments from domestic and renowned multinational corporations.
- Provide support for export-oriented services, tourism sector, and production of brand products.
- Aim the customs duty policy at supporting the establishment of optimal correlation between production and consumption, relevant structure, the growth of competitive domestic production, the import of advanced equipment and technologies, and the export of processed end products.

Strategic objective 2. Increase the State budget revenues through the introduction of ecological taxation, expanding the taxation base and improving the tax collection:

- Keep the taxation burden at appropriate level and improve the taxation system by bringing the classification and methods of taxation to international standards, ensuring interconnection between tax income and economic growth.
- Increase the number of countries with whom Mongolia concluded agreements on avoidance of double taxation on income and assets, and promote mutual exchange of information.
- Keep the income tax rate at appropriate level, increase the role of assets and consumption taxes, taxes and fees accumulated from the use of land, air spaces, and natural reserves in forming the budget.
- Limit improper consumption by increasing the variety of special taxes, introduce ecological taxes on production and services which have negative effects on nature and environment.
- Introduce a system of reimbursement on tax overpayment.
- Introduce taxes on accumulated taxes and loans.
- Use adequately tax amnesties and other methods of tax coordination to reveal the shadow economy.

Strategic objective 3. Prudent taxation policy shall be implemented to promote the country's regional development:

- Support small and medium size enterprises and services in remote and poorly developed areas.
- Promote the development of major regional centers.
- Establish industrial technological parks.
- Support the establishment of free economic and trade zones.

5.1.3. Monetary and loan policy

Actions shall be taken to rationally manage inflation. Support shall be provided for export production; realistic exchange rate of Mongolian currency for foreign currencies shall be attained and stably maintained. Favorable environment for investment and business activities shall be created through enhancing banking and financial system and services, and lowering loan interest rates.

Both phases (2007-2021):

Strategic objective 1. Rationally manage inflation and keep exchange rate of national currency at appropriate level:

- Maintain annual inflation rate lower than 3 percent and eliminate the burden of inflation on economy.
- Make a transfer from a reserves-based to an inflation-focused form of monetary policy.
- Create favorable legal environment for savings insurance.
- Implement an effective and sound policy on foreign currency management; maintain the stability of national currency exchange rate.

Strategic objective 2. Enhance banking and financial system and services:

- Develop banking and financial system in line with the general pattern and development trends of those countries which reached high standards of their development, conduct the provision of financial services through commonly accepted forms.
- Establish and operate a state-owned “Development Bank”.
- Improve bank solvency and ensure fair competition at banking and financial markets.
- Develop stock market, sell stocks capable to compete on foreign stock markets thus strengthening overseas financial sources, expand the trade of Government bonds, especially aiming at investment promotion.
- Stabilize mortgage cooperatives.
- Improve market-based, risk control management of banking and financial organizations.
- Strive to transform Ulaanbaatar city into a major banking and financial center in the Northeast Asian and Central Asian regions.
- Support the establishment and operation of specialized organizations, i.e. cooperatives, unions, export-import banks – that support export production.

Strategic objective 3. Create favorable investment and business environment by lowering interest rates on loans:

- Increase the loan resources, promote lower loan interest rates coordinating it with loan supply and demand; and implement it within the policy on decreasing bank risks.
- Lower interest rates of trans-lending foreign loans aimed at promoting small and medium enterprises and increasing job places and prolong their terms.
- Coordinate monetary growth in the given fiscal year with the economic growth.
- Stimulate investments by attracting long-term funding sources from foreign markets.

5.1.4. Debt policy

Conditions shall be created for sustainable development free from debt burden. A policy shall be pursued to decrease foreign loans and increase investments. Domestic savings will be increased.

Both phases (2007-2021):

Strategic objective 1. Maintain the volume of foreign loans at a proper level and decrease loan related risks:

- Identify and take actions to meet the needs for mid- and long-term government loans in each economic and social sector within the framework of the MDG-based Comprehensive National Development Strategy of Mongolia.
- Maintain at a manageable level the share of foreign loans in GDP.
- Pursue a policy to receive from international financial organizations and donor countries loans, more particularly grant aids, which are financially and economically viable and required for the achievement of Millennium Development Goals.

- Develop domestic financial market, utilize resources to the fullest extent, increase domestic accumulations decreasing dependence on foreign loans and aid.
- Pursue a policy to get loans that allow the performance of debt service without burdening the budget.
- Encourage to a greater extent directing grant aids to the social sector.

Strategic objective 2. Improve and develop further debt management:

- Establish a viable debt management system.
- Establish a legal coordination framework whereby the Government determines the ceiling for loans for each year and the State Great Hural endorses it.
- Effectively use foreign loans in accordance with their targets, create and implement a mechanism to evaluate and monitor their outcomes, improve the monitoring of foreign loans obtained by private sector, and reduce the loan related risks.

5.1.5. Policy for improving competitiveness

Mongolia's capacity to compete shall be improved using macro-economic incentives.

Both phases (2007-2021)

Strategic objective 1. Promote human development in Mongolia and improve the capacity to compete:

- Enhance consistently technical and managerial skills of Mongolian people, encourage the introduction and localization of foreign education systems, together with their teaching staff, that would help to improve engineering and technical professional training.
- Set forth and implement an objective to train Mongolian employees and workers with specialized qualifications and skills.

Strategic objective 2. Introduce advanced technologies in manufacturing and service sectors, improve their capacity to compete:

- Create favorable economic and legal environment to attract direct foreign investment.
- Establish and operate free economic zones and other zones with special legal status, and promote introduction and localization of advanced technologies.
- Provide incentives to economic entities and organizations that allocate and use financial resources for studies and research works, for use of copyrights, and support the localization of advanced technologies.
- Provide incentives for introduction and localization of advanced technologies at regional centers.

Strategic objective 3. Improve business environment and stimulate competitiveness:

- Introduce, in a systematic manner, new advanced forms of services aimed at establishing efficient, red tape free public services.
- Create modern infrastructures in road and transportation, information, communication, and energy sectors capable to compete in Asia and the region.

5.1.6. Strategic objectives of foreign trade policy

Favorable foreign trade environment shall be created for implementing the strategy for economic development prevalent with export-oriented production and services.

Both phases (2007-20210):

Strategic objective 1. Increase rationally the variety and quantity of export products:

- Reduce step by step the export of minerals and raw materials of animal origin, and increase the export of end products.
- Increase the export of small-size, knowledge-intensive products and services.

Strategic objective 2. Expand and improve the variety and quantity of import products in line with the long-term trends of economic development:

- Support the production of selected import-substituting products.
- Support the import of advanced technologies, small-size, knowledge-intensive machinery and equipment.

5.1.7. Development of private sector.

Private sector based on market economic principles and fair competition shall play a leading role in the national development of Mongolia, particularly, in creating new jobs, increasing the income of citizens and eliminating poverty.

The State shall bear the responsibility to provide support for the development of private sector, remove difficulties it faces, and create for them favorable environment for getting into foreign markets.

Strategic objective 1. Develop and strengthen the public-private partnership:

- Invigorate the activities of the public-private consultative committee, and consolidate a mechanism for conducting its activities regularly.
- Create an environment for transparent and fair activities of private sector.
- Pay attention to enhancing the social role and responsibility of private sector.

Strategic objective 2. Improve the legal framework for business activities and limit to a required extent the Government involvement in the activities of private sector:

- Review the structure and system of State coordination and make it more efficient.
- Review the legal acts that govern the activities of private sector, including business startup, conduct, business closure and others, and make them more rational by reducing their number, simplifying and improving their quality.

5.2. Policy of real economic sector development

Within the framework of Mongolia's development priority 3:

The development of real economic sectors will be aimed at achieving the Millennium Development Goals, accelerating economic growth, and establishing a knowledge-based economy. The share of service and industrial sectors in GDP shall be continuously increased and will reach 85 percent in 2015, 92 percent in 2021, and an economic structure similar to those of middle income countries shall be created.

5.2.1. Industrial development policy

5.2.1.1. Development policies for geology, mining and minerals, and heavy industry

Actions shall be taken to exploit mineral deposits of strategic importance based on the use of advanced technologies, intensify economic development, improve the structure of economic sectors, and build up financial capacity and savings for developing a knowledge-based economy.

Phase one (2007-2015):

Strategic objective 1. Mineral deposits of strategic importance shall be exploited. Pursue a policy that enables the State to hold over 51 percent of the share of those mineral deposits geological surveys and resource estimations of which were financed by the Government:

- Start the exploitation of mineral deposits: copper and gold of Oyu Tolgoi, copper of Tsagaan Suvarga, coal of Tavan Tolgoi, silver of Asgat, nonferrous metals of Tsav, iron ore of Tumurtei, coal and bitumen of Choir-Nyalga, brown coal of Tsaidam, uranium of Mardai and Gurvanbulag, and other major deposits of strategic importance.
- Increase the capacity of Erdenet Ore-dressing Corporation, and enhance the product processing.
- Significantly increase the production of cathode copper and steel.
- Start processing coking coal.
- Master technologies for extracting fuel and petroleum from coal.
- Increase the volume of oil extraction.
- Improve the level of mineral raw material processing, and increase the production of end products.
- Expand geological exploration and mineral surveys.
- Create legal environment for halting the inclusion into economic circulation of those mineral deposits, which have little efficiency.
- Create legal environment for activities to exploit mineral deposits by micro-mining methods based on principles of being state regulated, environmentally friendly, safe for living environment.

Strategic objective 2. Protect nature and environment in mining sector and maintain the ecological balance:

- Improve the rehabilitation of mined areas.
- Introduce unified standards for exploitation technologies.
- Undertake ecological and economic assessment of land in use; improve the mechanism for estimating, imposing and making payable penalties for ecological damages, compensation payments and fees.
- Improve safety and health conditions of mining, encourage and expand underground exploitation of minerals and processing of minerals deep underground.
- Create and introduce incentives for mines that produce minimum waste and introduce advanced machinery and technologies.
- Halt issuing special licenses for minerals exploitation in river outfalls, basins, forest zones, Gobi oasis, lakes and ponds, memorable historic places in order to secure the ecological balance paying particular attention to reducing negative effects including deterioration of surface and underground ecosystems, pasture deficiency caused by climate change, mining production; take step by step measures to partially limit them in future; improve legal environment for developing responsible mining industry.

Phase two (2016 -2021):

Strategic objective 1. Intensify exploitation of mineral deposits of strategic importance, introducing advanced machinery and technologies in mining and natural resource sectors; expand processing and sale of end products:

- Introduce advanced, sophisticated technologies that maximize the utilization of mineral resources, produce minimum waste and are environmentally friendly.
- Maintain at an appropriate level the volume of mineral resource extraction, enhance the level of processing and significantly increase the development of end products.
- Build large plants of oil extraction and processing to fully meet domestic needs and export oil products on international markets.
- Develop small and medium size enterprises and services affiliated to mining and heavy industry complexes.
- Parallel to developing mining sector create conditions for manufacturing mining products using advanced technologies, specially value added end products at deposits of non-ferrous metals and rare elements, for developing industrial and technological parks.

5.2.1.2. Policy of processing industry development

Processing industry capable to compete shall be developed and economic specialization shall be improved considerably.

Phase one (2007-2015):

Strategic objective 1. Expand production of end products capable of compete at international markets:

- Develop production of export-oriented, knowledge-intensive, small-size products capable to compete.
- Produce ecologically clean products and compete at international markets.
- Produce diagnostic materials and medicines by bio-technological and genetic engineering methods, encourage the use of nanotechnology.
- Develop the processing of textile, sewn and woven products, wool and cashmere, raise their ability to compete.
- Create centers for mastering and localization of advanced technologies.
- Develop production of foodstuff and consumer products that can be manufactured domestically and decrease high level dependency on their import.
- Process domestically construction raw materials widely found in the country using advanced technology, manufacture flat glass, mineral paints and other products.
- Extract oil products from peat and coal.
- Increase oil extraction and processing.
- Process rolls at ferrous metal mills and promote the manufacturing of common purpose construction parts, small-size machinery, equipment and their parts widely used in animal husbandry, crop farming, construction, light industry, food production and energy sectors.
- Smelt copper, manufacture and export communication cables, coil wires, spare parts of machinery and equipment.

Strategic objective 2. Industrial technological parks shall be established and developed with available domestic and external resources for regional development:

- Create legal framework for establishing industrial technological parks.
- Establish and operate industrial technological parks in some major regional centers and cities.
- Implement programmes targeted at regional development such as “Processing of cashmere, camel and sheep wool”, “Development of leather production” using environmentally friendly and advanced machinery and technology.

Phase two (2016-2021):

Strategic objective 1. The share of knowledge-intensive, advanced technology-based production shall be strengthened and increased:

- Increase extraction and processing of oil and oil products and fully meet domestic needs.
- Develop some sectors of small industry to manufacture spare parts for radio and computer equipment, small-size machinery.
- Develop chemical industry, master the technology to comprehensively process coal, and manufacture various kinds of end products for export.
- Introduce technology for manufacturing new materials in areas of ceramics and optics for computer and electrical devices, and produce products.

5.2.1.3. Development policy for small and medium-size enterprises and services

Favorable conditions shall be created for developing vigorously small and medium-size enterprises and services, for substantially reducing unemployment and poverty.

Phase one (2007-2015):

Strategic objective 1. Favorable legal environment shall be created to support the development of small and medium size enterprises:

- Adopt and implement respective legislation, including laws on provision of financial aid to small and medium-size enterprises, on credit collateral fund.
- Support export-oriented small and medium-size enterprises through customs duties and VAT policies.
- Enroll small and medium-size entrepreneurs in credit insurance services.
- Create legal environment to protect rights of small stakeholders.
- Expand the provision of small-size equipment leasing services to support small and medium-size entrepreneurs.

Strategic objective 2. Make services provided by the State for small and medium-size entrepreneurs more efficient and prompt:

- In aimags, cities, soums and districts establish centers to provide citizens wishing to run small and medium-size enterprises with necessary data and information, assistance in choosing appropriate equipment and machinery, consultancy and services in preparing projects and their selection.
- Receive proposals and opinions from professional associations which represent interests of small and medium-size entrepreneurs and reflect in policy decisions related to them.
- Provide support to small and medium-size enterprises in accordance with the concept of regional development, create and operate the business incubators.
- Transfer fully into online modality the services of issuing special permits that are provided in conformity with the law on special permits for economic activities.

Phase two (2016-2021):

Strategic objective 1. Development of some service sectors shall be accelerated to a greater extent and their share in the economy shall be increased:

- Increase production of information and communication technologies including software applications.
- Specialize in manufacturing some products of world known large producers.
- Develop inter-sectoral services such as transit transportation and financial intermediations.

5.2.1.4. Development policy for agriculture and food industry

Agriculture and food industry shall be developed into a modern agricultural and industrial complex through raising their capacity to compete at the market, strengthening their ability to meet risks; the needs of population in flour, meat, milk, potato and other vegetables will be met fully by domestic production, and measures will be taken to ensure their sufficient supply, improve quality and health security.

Phase one (2007-2015):

Strategic objective 1. Both nomadic and intensive animal husbandries shall be developed in combination taking into account regional peculiarities, the outbreak and spread of contagious animal diseases decreased substantially, and the production, processing and export of animal products will be increased:

- Start application of modern technologies to protect animals from contagious and parasitic diseases.
- Strengthen hardy qualities of Mongolian livestock by averting them from genetic diseases and re-enforcing their biological capabilities including that of withstanding climate challenges.
- Improve the quality of livestock and breeding.
- Increase the capacity of pastures by using them rationally, introducing their ownership, improving, protecting and rehabilitating overgrazed pastures, and reduce the vulnerability and risks in animal husbandry.
- Enhance legislation regulating pasture use and ownership relations, improve pasture management based on traditional methods, and adhere to the principle of including wild animal needs for pasture and fodder in estimating the pasture capacity.
- Introduce achievements of biotechnology, and expand animal breeding products manufacturing.
- Establish and develop unified non-formal training system for cattle breeders, for introducing achievements of science in animal husbandry production, improving methods of cattle breeding.

Strategic objective 2. Crop-farming production shall be increased by improving land use, developing irrigated cultivation and introducing biotechnology:

- Enhance legal environment for ownership of lands used for crop-farming and intensive farming.
- Provide support to individuals, economic entities and organizations involved in intensive farming through budget and tax policies.
- Create rational irrigation system, offer leasing services of irrigation machinery and equipment, improve ownership and use of irrigation constructions and structures based on market principle.
- Utilize widely early ripening types of seeds and increase the variety of cultivating plants.
- Encourage economic entities that import or produce domestically small-size, modern machinery and equipment facilitating household business activities.
- Create areas for planting fruits and fruit trees, and expand the plantation of fruits and berries.
- Fight plant diseases and pests, improve the quality of breeds, and develop greenhouse farming.
- Elaborate and implement a policy on developing seeds hardy to drought and localized seeds.

Strategic objective 3. Advanced technology will be introduced in food processing and competitiveness of products shall be improved:

- Increase the manufacturing of ecologically clean foodstuff and selected food products that can replace imports.
- Develop food production using modern machinery and technologies, provide the population with nutritious, high quality, and safe foods in balanced and sufficient quantities, and start supplying them at international markets.
- Create wholesale centers and stock markets in appropriate regions and establish a rational network for food marketing.

Strategic objective 4. Improve water supplies for crop-farming and pastures, increase water reserves to meet the drinking water needs and requirements of rural population:

- Irrigate some unutilized pastures by digging wells, collecting rainfall and increasing the flow of springs and water sources.
- Increase the supply and improve the quality of drinking water for herders.
- Build hydro-technical systems for adjusting the flow of some rivers, collecting water from rain and snowfalls and using it during drought and dry seasons.

Strategic objective 5. Complex measures shall be undertaken to revive and develop fodder production, improve fodder quality, nourishment, increase its supply and sufficiency:

- Implement “Fodder” programme and improve fodder and water supply.
- Create favorable legal environment for fodder production, its supply and use, and support it through state policy.
- Create a system to plant and localize new types of fodder seeds of good quality and nourishment, which would give rich harvest, to support seeds production, and provide private economic entities, farmers with fodder seeds supply.
- In order to raise the risk meeting capacity of nomadic animal husbandry, provide support and develop further the best experiences and methods of herders to feed their cattle during selected periods of the year.

Strategic objective 6. Advanced technology aimed at protecting soil from erosion, preserving its fertility, reducing the humidity loss shall be introduced in crop-farming:

- Increase the volume of fallow land to be cultivated by chemical methods.
- Introduce methods to prepare fallow land using green fertilizer and handy technology.
- Provide economic entities and farmers with state assistance in purchasing agricultural machinery and equipment needed for introducing advanced technology.
- Provide the fields under crops with straw covers, and protect them with fences.
- Enhance legal environment and monitoring system with regard to protecting and preserving soil fertility.

Phase two (2016-2021):

Strategic objective 1. Introduce biotechnology, improve livestock breeds, and raise the volume of crop yield:

- Develop the production of animal vaccines, sanitizers and disinfectants using biotechnology, promote livestock health, and implement the programme “Livestock quality”.
- Increase crop capacity of each hectare by promoting wide-scale introduction of modern irrigation technologies.
- Transform and develop agriculture as agro-industrial complex mutually assisting each other.
- Provide assistance in improving fuel and energy supply for cattle-breeders.

Strategic objective 2. Proper sanitary and hygienic standards shall be set for food production and services, as well as at all levels of food consumption; the population will be supplied with safe and sufficient amount of foodstuffs:

- Based on the population needs, promote robust development of small and medium-size food production enterprises equipped with advanced technologies; meet domestic demands for ecologically clean foodstuffs and increase exports.
- Improve the system of monitoring food quality, food safety standards, develop and upgrade laboratory tests and examinations to the level of developed countries.

5.2.1.5. Tourism development policy

Development of tourism shall be accelerated and make it as one of the leading sectors of the country’s economy. A national programme “Tourism” shall be developed and implemented.

Phase one (2007-2015):

Strategic objective 1. Increase capacity for tourist transportation, lodging and providing services; improve roads, communication and energy supply in main tourist areas:

- Increase the number of direct flights to countries, which represent the main tourist markets for Mongolia, open new destinations.
- Carry out the work on improving roads, communications and energy supply in main tourist areas in close connection with the development policies and plans of other sectors.

Strategic objective 2. Construct large tourist complexes; develop new types of tourist attractions and trips, based on specific features of different regions of Mongolia:

- Reduce dependence on seasonal change and increase the number and variety of products and services.
- Establish and operate a structure in charge of implementing tourism policy.
- Bring the number of tourists visiting Mongolia to one million.

Phase two (2016-2021):

Strategic objective 1. Accelerate the development of tourism industry improve the quality of services and bring to international standards:

- Enhance standards for all kinds of services and improve the monitoring of service delivery.
- Upgrade the level of education and training of personnel to international standards, and improve the structure and organization of tourism sector.
- Increase the number of tourists visiting Mongolia and make it equal the country’s population.

5.3. Infrastructure development policy

Within the framework of Mongolia’s development priority 4:

Infrastructure shall be developed to meet the needs and demands of the population, users and economic development of the country. The policy will be aimed at exporting energy; regional roads and transport shall be upgraded to a new level becoming as a “bridge” connecting two neighbours, Asia and Europe, and providing transport brokerage services. Private sector participation in infrastructure development will be encouraged.

5.3.1. Roads and transport development policy

Phase one (2007-2015):

Strategic objective 1. Legal environment for development of roads and transport sector shall be improved:

- Improve norms, regulations, standards for constructing, repairing and maintaining roads.
- In addition to revising legislation on roads, transport, civil aviation, railways, water transport, relevant standards, norms and regulations, adopt and enact new laws as required.
- Renew transport related contracts and agreements in line with international conventions, standards, requirements and development trends; accede to universal international agreements.

Strategic objective 2. Road network shall be expanded and developed:

- Give priority to construction of roads, which run along the routes linked to the international road network.
- Complete the construction of horizontal and vertical lines of the Millennium Road.
- Complete the construction of paved roads along some vertical lines of the country’s infrastructure network.
- Build paved roads to connect regional and provincial centres to the capital city, followed by interlinking regional and provincial centres.

Strategic objective 3. Modern equipment and advanced technologies shall be introduced into the road sector; the quality of roads, road constructions, as well as their maintenance and services will be improved:

- Introduce road construction technologies which suit the nature and climate conditions of Mongolia; renew equipment and technologies.
- Improve road testing, experimental and research works.

Strategic objective 4. The capacity of railways to compete shall be raised and the traffic safety will be improved:

- Construct the second railway line linking two neighbouring countries.
- Supply the main railway line with electricity.
- Study the possibility of constructing a new railway exit to the country’s western region and start its construction work.
- Expand railway network in Gobi and Eastern regions.
- Plan the construction of an integrated domestic railway network in coordination with the exploitation of mineral deposits, and start its implementation.

Strategic objective 5. Actions shall be taken to deepen further air transport reform process, develop its infrastructure, expand the range of services, and develop air transport into a private sector-led branch capable to compete at the international markets:

- Build international airports in Ulaanbaatar, Choibalsan and Khovd cities, a new airport in Kharkhorin, and equip airports in rural areas with paved runways, lighting, and landing systems.
- Increase private sector participation in air transport.
- Improve the safety of international transit flights over the territory of Mongolia, and increase their numbers.
- Increase the number of international destinations and flights.

Strategic objective 6. Favourable legal environment shall be created for private sector participation and investment in the sea and water transport, and areas of its operation will be expanded:

- Develop water transport sector; provide it with modern vessels, and support private sector participation and investment in this sector.
- Obtain access to the sea through leasing sea ports, and start performing registration of sea vessels independently.

Strategic objective 7. Road network and the quality of public transport services in Ulaanbaatar City shall be improved:

- Improve the road network in Ulaanbaatar coordinating it with the city planning and transport policy.
- Assemble and produce domestically electric transport vehicles. Introduce a system of new means of public transport

in Ulaanbatar City and a management and transport regulation system “Smart” for handling street traffic.

Strategic objective 8. Adverse impacts caused by motor vehicles on environment, population and street traffic shall be significantly reduced:

- Make vehicles in Ulaanbaatar and other big cities shift to liquefied gas.
- Improve the system of imposing taxes on vehicles taking into account the impact that they cause to nature and environment.

Phase two (2016-2021):

Strategic objective 1. Actions shall be taken to expand road and railway networks, develop air and water transport, and complete the work on connecting the capital city, centres of aimags and regions by paved roads:

- Complete the construction of paved roads along the vertical line of infrastructure network.
- Create and operate a new, effective system of road exploitation.
- Complete the construction of railway network which encompasses the whole territory of Mongolia.

5.3.2. Energy sector development policy

Phase one (2007-2015):

Strategic objective 1. Favourable conditions shall be created for development establishing an “Integrated energy system of Mongolia,” increasing the profitability of energy sector. The energy sector will be strengthened with the capacity to export energy.

- Define the policy of energy supply to Gobi regions, and provide with the sources of energy supply the mining plants to be built in the near future at Oyu Tolgoi, Tavan Tolgoi and Tsagaan Suvarga mining deposits.
- Connect energy systems of eastern and western regions with the central energy system, thus increase their power by 3-4 times.
- Enhance energy security, establish energy infrastructure links with two neighbouring countries, and resolve optimally the issue of exports and imports based on patterns of consumption.
- Build and use new sources of electric and thermal power in Ulaanbaatar City.
- Complete the implementation of “Integrated energy system of Mongolia” programme and meet the country’s energy needs fully by domestically produced energy.
- Build hydro power plants on big rivers.
- Ensure intraregional energy connections.
- Start exporting energy.
- Implement step-by-step a policy on using nuclear energy, set forth and start implementing the objective to build a nuclear power plant.

Strategic objective 2. Electric power supply to soums, settlements and herder households shall be improved:

- Apart from connecting by air transmission lines soums and settlements, which are not linked to the integrated energy system, ensure steady supply of electricity using renewable and other sources of energy.
- Within the framework of a “100, 000 Solar Gers” programme, provide all herder households with solar and wind energy sources.
- In soums and settlements located in the vicinity of coal deposits, build and start operating small electric power plants, which use gas fuel from coal.

Phase two (2016-2021):

Strategic objective 1. The efficiency of Mongolia’s integrated energy system shall be further increased, and most favourable conditions for its development will be created:

- Increase the efficiency of regional energy systems.
- Create a modern system to regulate energy flows.

5.3.3. Fuel sector development policy

Phase one (2007-2015):

Strategic objective 1. Small-size power plants shall be supplied with gas fuel produced from coal:

- Build small-size plants to produce smoke-free fuel out of coal.
- Build and operate medium and large-size industrial complexes, which produce liquid fuel out of coal.

Strategic objective 2. Coke-chemistry and coal, energy, chemical industrial complexes shall be built and put in operation:

- Based on coking coal deposit at Tavan Tolgoi, process coal, set up and operate a coal chemistry research laboratory centre.
- Produce petroleum products from coal.

Phase two (2016-2021):

Strategic objective 1. A large capacity power plant using clean coal technology shall be built and reach full industrial capacity to produce petroleum products from coal:

- Build a fuel, energy and coal chemistry complex at Choir-Nyalga coal deposit.
- Obtain new kinds of fuel from coal such as hydrogen, methanol, DME and others.
- Reach full capacity in coke-chemistry production and export not less than 5 million tonnes of coke annually.

5.3.4. Information and communication technology development policy

Information and communication technology is viewed as the main accelerator of Mongolia's economic and social development in the 21st century.

Phase one (2007-2015):

Strategic objective 1. The most favourable environment shall be created for the development of information and communication technology sector in terms of software, technology, legal framework, structure and organization, financial, economic and human resources:

- Fully transfer land-based network of information and communication to digital technology, switch to 3G spectrum, open two combined land-based/satellite high-speed broadband Internet gateways.
- By the year 2010, launch small-size, multifunctional satellites into geostationary orbital slots allocated to Mongolia by the International Telecommunications Union, and create a reserve Internet gateway.
- Establish and develop production of information technology equipment, manufacture software, create necessary conditions for localization and export, provide all kinds of assistance and support from the State.

Strategic objective 2. Actions shall be taken to introduce widely the achievements of information and communication technology into all spheres of social and economic life:

- Start providing distance medical treatment, distance primary healthcare assistance, and create necessary conditions for highly qualified medical doctors to offer distance medical advice and treatment.
- Introduce e-banking services, e-payment, e-commerce, non-cash circulation and e-services in social welfare sector.
- Actively develop wireless communication systems in rural areas, and by the year 2015, provide up to 60 percent of the population with a new generation of mobile services using main land-based network; ensure coverage of up to 50 percent of the entire territory with such services using solely the main land-based network.

Phase two (2016-2021):

Strategic objective 1. Information and communication technology sector shall be reformed and improved in terms of software, equipment and information supply, technological, structural, organizational, financial, economic and human resources and legal environment:

- Increase the speed and rate of information transmission, and switch to 5G spectrum.
- Provide for a total of 4 international Internet gateways.
- Increase the number of security servers.
- Connect all soums and settlements by fiber optic cable and small capacity digital radio relay systems by the year 2021, and provide up to 70 percent of rural population with an opportunity to receive online public and commercial services.
- Starting from 2016 create a small-size, moderately priced optical or radar distance surveillance satellite system in the geostationary orbital slot, and make use of satellite imagery in geodesy, cartography, weather forecasting, environmental monitoring, agriculture, security and defence, as well as in times of natural disasters and

emergencies.

- Launch extra small, multifunctional and fully digital communication satellites of new generation into the geostationary orbital slot starting from 2016.
- Enable each person residing in Mongolia to have access to information, communication and technological services in either fixed or mobile form on up to 95 percent of the country's territory by 2021.
- Increase production and export of software.

5.3.5. City planning and construction development policy

Construction and development of urban settlements shall be accelerated with due account taken of proper patterns of population settlement. Production of construction materials will be brought to the level of countries with medium level of development. A national programme "Cities" shall be prepared and implemented.

Both phases (2007-2021):

Strategic objective 1. A proper population settlement system shall be developed and favourable living conditions for residents of cities and other settlements will be created:

- Develop and implement a state policy on population settlement, improve legal environment for city construction and enhance the norms and standards of urban planning.
- Back up the implementation of a regional development policy with an urban development policy.
- Create most favourable conditions for developing the main regional centres into cities with no less than 50 000 residents each at the first stage, and with approximately 100 000 residents each thereafter.
- Reduce population density in the capital city, develop satellite cities of Baganuur, Nalaikh, and Bagakhangai, and ensure proper level of population density there.
- Improve engineering infrastructure and land use in rural towns and settlements in line with relevant provisions of the master plan.

Strategic objective 2. Actions shall be taken to construct buildings, which meet modern-day quality standards, create and develop manufacturing of new kinds of construction materials, and municipal economy:

- Enhance national capacity for erecting high-rise buildings and big manufacturing facilities.
- Introduce new equipment and advanced technology into manufacturing of construction materials, improve the quality of products and increase their variety.
- Upgrade to international levels the norms and standards pertaining to buildings and manufacturing of construction materials.
- Develop to a greater extent the manufacturing of construction materials based on local resources of raw materials.

Strategic objective 3. The quantity of housing shall be significantly increased to meet the needs of population. A national programme "Housing" will be implemented:

- Increase financial sources for the construction of housing, create and develop a system of primary and secondary markets of long-term housing credits, establish a housing construction fund and introduce a contractual savings system.
- Connect ger districts of the capital city to the central utility system and fully provide their residents with drinking water.
- Develop ger districts into residential areas with the participation of residents themselves; increase the supply of housing in accordance with the purchasing power of the population.
- Provide housing subsidies and discounts for low income citizens and vulnerable groups of the society.
- Support private sector participation in building infrastructure for new residential areas and districts.
- Provide the majority of households with housing by the year 2021.

Strategic objective 4. Land use in cities and other settled areas shall be improved, and the system of property registration and its overall performance will be enhanced:

- Accelerate the land reform; improve legal framework for giving land into private ownership of citizens free of charge, and putting land into economic circulation.
- Create a national land information system, and deliver prompt services to the public.
- Create a land monitoring network; develop and implement programmes and projects to recreate ruined and degraded lands.
- Enlist each property in the national property rights registration database, improve and strengthen property registration system.

Phase two (2016-2021):

Strategic objective 1. City planning shall be further improved and the production of new kinds of construction materials will be increased:

- Intensively develop main regional centres.
- Create free economic and trade zones; in the vicinity of big mineral deposits build modern world-class cities and settlements.
- Introduce new equipment and advanced technology into manufacturing of construction materials, improve the quality of products and increase their variety.

5.4. Regional and rural development policy

Within the framework of Mongolia's development priority 4:

Regional development policy shall be implemented continuously and the development gap between urban and rural areas will be significantly reduced.

Phase one (2007-2015):

Strategic objective 1. Planning and management of regional development shall be improved, regional development will be accelerated:

- Implement development programmes for the Western, Khangai, Central, Eastern and Ulaanbaatar regions until the year 2015.
- Prepare and implement development programmes for the main regional centres including Khovd, Uliastai, Erdenet, Kharkhorin, Darkhan, Zuunmod, Undurkhaan and Choibalsan cities, for aimags and micro-regions; as well as master plans for settlements.
- Establish and operate an effective system and structure of local governance.

Strategic objective 2. Actions shall be taken to make the economic growth of Western, Khangai, Central, Eastern and Ulaanbaatar regions the important development factor, to ensure the achievement of the Millennium Development Goals. A national programme on "Rural Development" shall be prepared and implemented:

- Make a prudent choice of large-scale national and regional projects, which can serve as "locomotives" for national and regional development, properly coordinate their implementation and create a large number of new jobs; significantly reduce the level of unemployment and poverty.
- Accelerate the development of industrial and service sectors in rural areas, develop agriculture, and improve the sectoral structure of economy.
- Develop an optimal network of intensive animal husbandry on the basis of main regional centres, aimag centres and large mining plants; establish and develop a sound farming network based on irrigated crop-farming.
- Ensure steady development of high technology-based services capable to compete at world markets, as well as manufacturing of knowledge-intensive, small-size products in Ulaanbaatar region.
- Reduce migration to cities by developing production and social infrastructures in rural areas, as well as creating favourable conditions for conducting business activities.

Strategic objective 3. The basis shall be laid down for developing a knowledge-based economy in the country's regions:

- Create and operate free economic and trade zones in satellite cities of Ulaanbaatar City, as well as in Zamiin Uud, Altanbulag, Tsagaannuur and other settlements; introduce high technology.

Phase two (2016-2021):

Strategic objective 1. Disparity in urban-rural development shall be significantly reduced, and a knowledge-based economy will be intensively developed in rural areas:

- Ensure smooth operation of industrial technological parks, and expand export-oriented manufacturing and services at the regional level.
- Accelerate the development of industrial infrastructure and complete the construction of regional energy and paved roads networks.
- Establish modern information and communication networks in rural areas.
- Transform tourism and processing industry into leading sectors of rural economy.

SIX. ENVIRONMENTAL POLICY

Within the framework of Mongolia's development priority 5:

A policy, which envisages a set of integrated economic, social and ecological measures aimed at protecting the environment, including the measures to protect atmosphere, land, mineral wealth, water, forests, species of fauna and flora; proper utilization of mineral resources, their rehabilitation; measures on adaptation to climate change, reducing the adverse impacts of desertification and drought; halting the emission of hazardous chemicals and radioactive waste; and improving waste management shall be implemented.

Both phases (2007-2021):

Strategic objective 1. Limit and halt environmental pollution and degradation:

- Implement a rehabilitation policy based on economic assessment of damages caused nature and environment.
- Implement a set of legal, economic, managerial and organizational measures to reduce air pollution in Ulaanbaatar City, major towns and large settlements.
- Prepare and implement a programme and plan of actions to reduce air pollution in Ulaanbaatar City and major towns.
- Increase the use of renewable sources of energy, including the use of solar, wind and hydro energy on their own or in combination with each other.
- Implement an integrated policy of using new technology and management to collect, transport, store, sort out, recycle, and reuse solid waste in urban and other settled areas and thus, create new job opportunities.
- Within the framework of the Clean Development Mechanism (CDM) of the Kyoto Protocol, implement a joint project to reduce greenhouse emissions and sell it at a market price.
- Create an environment monitoring system meeting international standards.

Strategic objective 2. Implement an integrated policy aimed at proper use of land and mineral resources:

- Enhance the natural resource management at national and local levels by improving laws and regulations on the use of mineral resources and environmental protection; introducing economic instruments to enforce laws, and establishing a self-financing mechanism; and improve coordination among different sectors.
- Create a national land heritage fund, comprising of pristine areas dear to many generations of Mongolians, enhance the state policy and management of specially protected areas.
- Expand the network of specially protected natural areas, create a sound structure of its administration, and introduce a modern-day security management.

Strategic objective 3. Necessary conditions for protecting and ensuring proper use of water resources, preventing their shortage, and providing the population with water, which meets health requirements, will be created. A national programme "Water" shall be implemented:

- Enhance the legal environment for protecting and proper use of water resources; improve water resource management to save water, its structure and organization.
- Resolve the problem of public and industrial water supply through replenishing surface water reservoirs by putting some of them into economic circulation.
- Increase water reserves to supply water for cities and mining plants.

Strategic objective 4. Conditions for sustainable use and protection of forest reserves, reforestation and maintaining ecological balance shall be created:

- Explore forest reserves by using satellite data and remote sensing, determine the sprawl, structure, and composition of forests, develop forest mapping and sustainable forest management programmes, and create a forest database based on geographical information systems.
- Within the framework of a medium-term strategic objective, undertake measures to make climate milder, restock woodlands and create green zones in Gobi and steppe regions to facilitate fight against desertification, soil erosion, and sand movement.
- Strengthen forest protection through introduction of modern management methods; create a liability system to ensure proper use and protection of forests by allowing local residents and communities to own up to 20 percent of forests on a contractual basis.

Strategic objective 5. Contain the depletion of animal and plant life, and create conditions for their natural recreation and sustainable use.

- Revise procedures related to ensuring sustainability and natural growth of populations of rare and extremely rare species, create economic and legal environment for their protection, explore ways of creating reliable biological resources by using biotechnological achievements to perform assisted reproduction, and create and protect gene pools of rare and extremely rare species.
- Secure support from international organizations, donor countries and individuals for efficient implementation of long and short-term projects designed to establish and protect reserves and habitat of wildlife, and increase domestic and foreign funding sources.
- Take measures to study the dispersal and reserves of rare and extremely rare plant species, create and protect their gene pool, establish a system of registration, information and monitoring, elaborate a plan for their proper use, provide for restoration and cultivation of rare plants.

Strategic objective 6. Promote capacity to adapt to climate change and desertification, to reduce their negative impacts:

- Undertake a science-based assessment of climate change effects and define their prospects, and implement a policy in line with the concept of sustainable development.
- Assess areas affected or are at the risk of being affected by drought and erosion due to environmental degradation and climate change, define their prospects, and enhance the capacity to adapt to the peculiarities of those areas.
- Choose and cultivate those sorts of grain, potato and vegetables, fodder plants which are hardy and capable to adapt to environmental and climate change, develop new sorts, and introduce advanced methods and technology in crop-farming.
- Develop and implement a policy with regard to regulating the population and structure of livestock in accordance with pastures' capacity.
- Develop in combination both nomadic and intensive animal husbandries capable to adapt to environmental and climate change, which would be more productive and with good biological capability.
- Increase public participation in the activities related to climate change and desertification, to defining and introducing adaptation measures, means to cope with climate change, to reducing their adverse impacts, expand the work on providing to the public related knowledge and information.

SEVEN. LEGISLATIVE AND STATE STRUCTURE DEVELOPMENT POLICY

Within the framework of Mongolia's development priority 6:

Implementation of the MDG-based Comprehensive National Development Strategy of Mongolia is directly linked to legal environment, stable functioning of government institutions, civil service competency and system of accountability.

7.1. Legal reform

Both phases (2007-2021):

Strategic objective 1. Strengthen government institutions and improve legal environment to ensure transparency and accessibility of public services:

- Ensure accessibility and transparency of public services.
- Study best practices pertaining to values; legal culture; new, progressive and universally applicable regulatory measures adopted in the world legal systems, and introduce them.
- Ensure that the drafting of legal acts is based on analysis and research, and systematization of this process.
- Provide for greater consistency between laws and regulations, eliminate incongruities between articles and provisions of different laws, and complete the encoding of laws in a systematic and swift manner.
- Create a system of strict obedience by the law.

Strategic objective 2. Guarantee protection of human rights:

- Improve the system aimed at ensuring direct enjoyment of human rights and freedoms through balancing the distribution of state powers.
- Create legal environment for compensation of damages incurred by illegal actions of other people.
- Ensure the right to a healthy and safe environment for people.
- Provide for special protection of the rights of disabled citizens.
- Improve legal environment for protecting the rights of children.

Strategic objective 3. Improve legal framework for creating a safe environment in the society:

Create a legal system centred on the safety of the population.

Strategic objective 4. Improve the political system, deepen the development of democracy:

- Ensure conformity between the national legislation and international treaties which Mongolia is a party to.
- Provide consistent support to civil society organizations and foster a system of democratic governance which encourages the partnership between civil society and the State.
- Create an atmosphere of respect for law, justice and human rights, develop and strengthen civil society.
- Ensure private sector participation in economic decision-making, and create a favourable legal environment conducive to it.
- Improve the administrative and territorial organization through decreasing the number of constituent units, reduction of official red tape, and improve the quality of public services.

7.2. Development of Mongolia's state structure and public administration

Improve and foster administration of legislative, executive and judicial powers that is democratic, transparent, accountable, consistent with the rule of law and interests of the citizens and efficient.

Both phases (2007-2021):

Strategic objective 1. Foster a parliamentary system and ensure stability of public policy.

Strategic objective 2. Ensure transparency and citizens participation in the public administration decision-making process:

- Increase the number of female candidates in parliamentary elections to no less than 30 percent of the total number of candidates.
- Ensure transparency of the law-making process in the Parliament and increase public participation.
- Strengthen the law-enforcement function of the Government.
- Reinforce the Anti-Corruption Agency and support its activities.
- Improve the system of holding high-ranking public officials accountable to the public for their actions.

Strategic objective 3. Create necessary conditions for ensuring independent and fair functioning of the judiciary:

- Undertake comprehensive measures to improve legal foundation for the activities and organization of the judicial branch of government and deepen judicial reform.
- Improve management and human resource supply.
- Implement basic UN principles pertaining to independence of the judiciary.
- Prepare and consistently implement a programme to ensure economic independence of the judiciary.
- Establish personal and institutional independence of the general judicial council and judges, and improve the legal regulation on its protection.
- Improve a system of selecting, appointing, promoting, and dismissing judges.
- Introduce a practice of implementing norms of international treaties and customs.

Strategic objective 4. Enlarge administrations and territories based on the economic capacity and human resources:

- Merge neighbouring soums in terms of administration and territory to make larger soums.
- Create a system of settlements and increase their economic capacity.
- Strengthen the capacity of baghs and khorooos as primary administrative units that provide public services to citizens.
- Reinforce and develop institutions of local governance to enable them to independently deal with issues of local development.

Strategic objective 5. Reform state registration and information system, and establish an accurate and reliable system and database of electronic information:

- Complete a shift to an electronic form of state registration, computerize state registration verification documents and use them in combination with other electronic data.
- Convert civil registration documents to electronic form.
- Renew address registration in the capital city, aimag centres and large settlements, introduce an integrated, nation-wide system of address codes, and create a comprehensive registry of addresses, geographical names of places and water bodies in line with international standards.
- Provide for a swift improvement of the whole registration and information system.

7.3. Public administration and civil service reform of Mongolia

Implement a policy of civil service reform so as to strengthen its capacity to implement the MDG-based Comprehensive National Development Strategy of Mongolia and deliver public services in line with needs and demands of recipients.

Both phases (2007-2021):

Strategic objective 1. Develop strategic planning and performance management capacity of the civil service:

- Strengthen capacity of the civil service, especially that of general managers, to perform strategic planning.
- Strengthen performance-based management of the civil service.

Strategic objective 2. Bring to a new level policy and analytical capacity of the civil service and leadership capacity of the civil servants:

- Develop capacity of the civil service to make policy statements, and perform analysis, control, monitoring and evaluation tasks.
- Select high-ranking public servants, especially general managers, through a process of open and competitive selection process.

Strategic objective 3. Ensure organizational and human resource development:

- Foster performance-oriented, learning institutions with transparent internal decision-making.
- Equip each civil servant with human resource management skills.

Strategic objective 4. Improve human resource management information system and system of wages and benefits:

- Create a new, nationwide human resource information system for civil service.
- Adjust the civil service wage system in line with labour market conditions, promote transparency, and improve it through linking the wage system to a sound performance appraisal management mechanism.

Strategic objective 5. Provide for an adequate size of the civil service and improve the quality and access to public services:

- Gradual transition to a capable and small civil service bringing its size to an optimal level through conducting a functional review of central and local state administrative institutions at all levels.
- Introduce social auditing of the quality and accessibility of basic public services.
- Provide for non-partisan status of the real and general service civil servants, enhance authority of the Civil Service Council, provide for stability of the civil service, create a system of human resource procurement, and improve the overall quality of civil service.

7.4. National security policy

Pursue a peace-loving and balanced policy in international relations. Consistently pursue a policy of proactive participation in the efforts to establish a common security mechanism in the Asia-Pacific region, especially Northeast Asia. Safeguard the independence and sovereignty of the country on international arena through consolidation of the state institution in accordance with the traditions and continuity of the national statehood, steady development of national economy, society and civilization, and securing of democracy, human rights, freedoms and responsibilities. Strengthening the country's international competitive edge by making use of its relative economic advantage and developing mutually beneficial cooperation with other countries should solve the issue of robust national development, which is the country's security guarantee.

Both phases (2007-2011):

Strategic objective 1. Develop cooperation with foreign countries to safeguard against international, non-traditional security threats and protect the population against natural disasters:

- Actively cooperate with relevant foreign organizations in the fight against trans-national crimes such as international terrorism, separatist activities, penetration of radical religious beliefs, spread and transit of drugs, illicit trade in weapons and human trafficking.
- Conclude agreements with neighbouring and other countries on the provision of legal assistance in pursuing, identifying, and punishing criminals regardless of national borders.
- Expand international cooperation aimed at safeguarding against natural disasters and preventing the spread of various contagious diseases.
- Cooperate with neighbouring countries on ensuring the quality and safety of imported goods, foodstuffs and drugs.

Strategic objective 2. Implement a national security policy aimed at ensuring a robust economic development, stable political and social situation, and environmental protection:

- Create conditions wherein the police, intelligence services, courts, and prosecutors fight crimes without violating basic human rights and ensure social order; citizens respect law and social order, understand the work of law-enforcement organizations, as well as support and cooperate with them.
- Establish an integrated mechanism of preventing natural disasters and providing assistance to their victims.

Strategic objective 3. Revise the National Security Concept, the Law on National Security, the Law on the National Security Council and other relevant legislation in line with the objectives of the MDGs-based Comprehensive National Development Strategy of Mongolia; create a mechanism to monitor and assess the enforcement of these laws, regulations and strategies, as well as the implementation of the decisions thereof by the National Security Council:

- Revise laws and regulations governing the implementation of the national security policy and other related activities in line with the objectives of the MDGs-based Comprehensive National Development Strategy of Mongolia.
- Determine the appropriate structure, organization and the competence of the National Security Council, and improve the mechanism of implementing and monitoring the enforcement of recommendations made by the National Security Council.
- Coordinate the implementation of the MDGs-based Comprehensive National Development Strategy of Mongolia with the State policy of ensuring and strengthening the national security.
- Develop and introduce core indicators to assess state of national security.

7.5. Foreign policy

Steer the country's foreign policy at creating a favourable external environment for implementing the MDGs-based Comprehensive National Development Strategy of Mongolia and forging effective partnerships with other countries.

Create conditions for reliably protecting the security and independence of our sovereign nation by maintaining friendly relations with the two neighbours and other countries in the world, strengthening the country's position on international arena, creating a network of mutually beneficial political, economic and humanitarian cooperation with leading regional and world powers, as well as protecting the legitimate interests of Mongolian citizens and legal entities abroad.

Both phases (2007-2021):

Strategic objective 1. Implement a peace-loving and active foreign policy:

- Pursue a peace-loving, non-confrontational, open and multi-pillar foreign policy.
- Attach priority importance to maintaining mutually beneficial, balanced relations with the two neighbouring countries. Pursue a policy of gaining access to the markets of these countries while receiving the preferences enjoyed by developing and landlocked countries.
- Pursue a policy of maintaining comprehensive partnership relations with the United States of America, Japan and the European Union.
- Expand Mongolia's relations with India, the Republic of Korea, and ASEAN countries and work towards further developing partnership cooperation with these countries in the fields of investment, culture, and humanitarian affairs.
- Stimulate and expand traditionally friendly relations and cooperation with the countries of Eastern Europe.
- Actively develop further the relations established with Turkey, Kazakhstan and some Arab countries.
- Expand relations with the specialized agencies of the United Nations and other organizations, and utilize their assistance and experience in implementing the MDGs-based Comprehensive National Development Strategy of Mongolia.
- Seek constructive participation in regional political and economic integration schemes and gain membership in the Asia-Pacific Economic Cooperation (APEC).
- Attach priority to joining the negotiations to advance mutually linked cooperation processes in Northeast Asia and East Asia, and strengthen the country's position in these regions.

Strategic objective 2. Develop effective foreign economic relations:

- Pursue a policy of diversifying as much as possible the country's foreign economic relations.
- Develop national policy on concluding free trade agreements that respect situation of a small developing state and seek to conclude such agreement with some countries.
- Pursue a consistent policy of actively promoting the interests of land-locked countries, including by making progress in ensuring a notable reduction and subsequent elimination of transit and other fees imposed on Mongolian goods in

transit through the territories of the Russian Federation and the People's Republic of China.

Strategic objective 3. Activate foreign relations in other fields.

- Implement a policy of protecting the rights, freedoms, legitimate interests, and safety of Mongolian citizens residing in other countries, expanding ties of cooperation with ethnic Mongolians abroad, encouraging mutual support in preserving the Mongolian language, culture and traditions, as well as attracting their assistance to development of Mongolia.
- Adhere to the principle of assigning to Mongolian diplomatic missions to foreign countries and international organizations not only professional diplomats, but also people well qualified in economics, science and technology.

7.6. Defence Policy

In setting and implementing its domestic and foreign policies, the Mongolian state will keep strengthening the country's defense capacity at the center of its attention and will establish an effective system of general management and civilian control of Armed Forces. A local defense system fitting Mongolia's Regional Development Programme will be created.

Both phases (2007-2021):

Strategic objective 1. Establish and strengthen integrated defense system based on local defense.

- Steer the state defense policy to ensure national security, progress and guarantee of a peaceful life for the population.
- While pursuing Mongolia's socio-economic development, accumulate proper reserves for State mobilization in line with defense interests of the country.
- Elaborate the meaning and purpose of the notion of patriotism in connection with aspirations for national development and aim to make it a concept related to everyone.
- Improve health, provide higher education, knowledge and skills to young generation, improve quality of the Armed forces' standing troops and mobilization reserve, nurture a feeling of pride for the country's Armed Forces in all citizens.
- Improve State administration of the Armed Forces and create a professional, integrated management system to unify coordination of General troops, Border troops and Internal troops.

Strategic objective 2. Improve general management and civilian control of the armed forces and develop professional armed forces, capable of executing diverse tasks:

- Gradually transfer General troops into professional military units and detachments with permanent staff, bring military structure, organization, military training, armaments and technical equipment of Border troops and Internal troops closer to international standards.
- Enhance capacity and training of armed forces to participate in the UN peacekeeping and other international operations, strengthen structure and organization of military units and detachments, specially designated for anti-terrorist activities and elimination of consequences thereof, improve their mobility and ensure permanent stand-by readiness.
- Consolidate the system of civilian control of armed forces.

Strategic objective 3. Implement step-by-step renovation of armaments and equipment.

- Within the framework of improving management of defense resources set up "Armed Forces Development Fund" with a purpose of facilitating phased renovation of armaments and equipment of the armed forces and supported by aid, donation and budget funds.
- Improve and upgrade battalions capable of performing peacekeeping operations, military units designated for anti-terrorist activities, anti-aircraft defense forces, military command communication, information system, weapons and equipment using budget investments, international assistance and aforementioned fund.

EIGHT. MAIN OUTCOMES OF POLICY IMPLEMENTATION, MECHANISMS FOR THEIR ACHIEVEMENT

8.1. Main outcomes of the MDGs-based Comprehensive National Development Strategy of Mongolia

By implementing the MDGs-based Comprehensive National Development Strategy of Mongolia the following measurable results will be achieved:

Period of intensive economic development (2007-2015)

The Millennium Development Goals will be fully achieved by 2015:

- As a result of active and rapid economic growth many new jobs will be created, poverty halved.
- Human development index to be 0.83.
- In comparison to the year 2000, under-five mortality rate down by two-thirds, maternal mortality by three-fourth and the spread of the HIV/AIDS consistently reduced.
- A notable progress achieved in fostering gender equality in all areas.
- All children of school age fully enrolled in primary education, gender gap eliminated.
- General education schools transferred to 12-year system, multi-alternative curricula and programmes elaborated and implemented.
- Average annual economic growth no less than 14 percent, GDP per capita no less than 5000 USD.
- Extraction of mineral resources increased noticeably. Share of processing industry in GDP increased fourfold, high technologies introduced and product competitiveness increased.
- Industry for extraction of oil and chemical products from coal established, no less than 50 percent of the domestic consumption of oil and oil products supplied by national industry.
- Tourism sector developed, number of tourists visiting the country in one year reached one million.
- Knowledge-intensive industry and service industry developed and foundation for a knowledge-based economy laid.
- A favorable environment for the development of SME achieved.
- Unemployment noticeably decreased.
- Opportunities for software production and export created, consumption increased.
- 20-30 thousand households in ger districts of the capital city connected to the central public utility systems; nationwide average of 10 thousand households improved their housing conditions annually.
- Agricultural production and food supplies for population improved.
- Livestock breeding quality improved by using biotechnology and genetic engineering, harvest of crops increased. Average annual wheat production increased fourfold, average annual production of potatoes and vegetables increased 1.5 times.
- In infrastructure significant objectives achieved, the length of paved roads reached 8 thousand km. Construction of railroad in Gobi and Eastern region accomplished by 60 percent. 70 percent of the construction work of the second railroad completed. Electrification of the main railroad resolved.
- All soums of Mongolia have permanent power supply, all herder households supplied with solar and wind energy. Domestic power needs fully met and export of electricity started.
- Regional development intensified and excessive concentration of population in Ulaanbaatar eased. Population of some main regional centers no less than 50 thousand inhabitants.
- Emergence of modern towns with population of 10-20 thousand inhabitants alongside large strategic deposits, such as Tavantolgoi and Oyu Tolgoi.
- Family strengthened and population increased. Comprehensive measures to eradicate domestic violence taken.
- Enrollment of children in primary education reached 99.1 percent, in secondary education - 97.2 percent and in basic education - 98.3 percent.
- Number of state or non-state owned general education school centers corresponding to or nearing the international standards to be more than 10.
- Have more than two universities, nearing the international standards.
- Family doctor system fully taken root.
- 60 percent of soum and aimag hospitals and 100 percent of the district hospitals equipped with treatment and diagnostics equipment.
- Medical case records 100 percent transferred to electronic files.
- Number of patients from rural areas arriving for diagnostics decreased by more than 50 percent.
- A treatment and diagnostics center that meets international standards established, number of patients going overseas for treatment and diagnostics noticeably decreased.
- Accessibility and quality of medical services reached 75 percent.
- Air pollution in Ulaanbaatar and other big cities fully eliminated. Comprehensive management of garbage and waste implemented, thus sharply decreasing sources of environmental pollution.
- The size of territories of special significance for preservation of the ecosystem balance of Mongolia enlarged to no less than 20 percent of the total territory, i.e. more than 30 million hectares.
- Drinking water needs of the 70 percent of the urban population and 60 percent of the rural population met.

Transition to a knowledge-based economy (2016-2021)

- At this stage average annual economic growth no less than 12 percent, GDP per capita no less than USD 12 thousand, knowledge-intensive industry and services expanded, knowledge-based economy developed, Mongolia became a middle-income country.
- Mongolian economy as a whole efficient and competitive.

- Shift from extraction of mineral resources to production of end products accelerated.
- Average of no less than 15 thousand households improved their housing conditions nationwide annually.
- Middle-income citizens constituted 60 percent of the total population.
- Enrollment at all school levels reached 100 percent.
- Number of schools and universities with curriculum fully corresponding to international standards increased.
- Financing of research work reached 2 percent of GDP in 2015 and 3 percent of GDP in 2021. One-third of these expenses shouldered by the private sector.
- Mongolia became a country that adopted and mastered modern technology.
- Tourism developed, number of tourists visiting Mongolia a year equaled the country's population.
- Intensive farming developed, food needs of the population satisfied mainly by domestic ecologically clean products, export of food products increased.
- Consumption of oil products fully supplied by domestic production.
- Modern transportation, communication and energy infrastructure, competitive in the region and in Asia, created. Length of paved roads reached 11 thousand km. Exploitation of second railway started, a railroad network in Western, Gobi and Eastern regions established.
- Mongolia fully and reliably met its power, heating and energy needs from domestic sources, and became a supplier of electricity to the world market.
- Regional main centers developed, their population reached no less than 100 thousand people each, favorable conditions created for people to enjoy stable lives and work in their localities.
- Average life expectancy reached 72.
- Needs of soum and aimag hospitals fully satisfied.
- Number of patients arriving for diagnostics and treatment from rural areas to the city decreased by 95 percent.
- Accessibility and quality of medical services reached 95 percent.
- Targeting of social welfare services improved and efficiency increased.

8.1.1. National and regional programmes of Mongolia

The following national programmes will be developed and implemented within the framework of the MDGs-based Comprehensive National Development Strategy:

- “Mineral resources”
- “Technology”
- “Infrastructure”
- “Water”
- “Rural development”
- “Tourism”
- “Housing”
- “Cities”
- “Education”
- “Health”
- “Food security”

The following regional programmes will be implemented, industrial and technological parks and complexes will be established:

- Western, Eastern, Central and Hangai Regional Development Programmes,
- Industrial, technological and business incubator parks in Nalaikh, Bagahangai and Baganuur districts of the Ulaanbaatar city, “Airservice International” park,
- “Darkhan” industrial technological park,
- “Selenge” industrial technological park in Sukhbaatar city,
- “Altangobi” industrial technological park in Choir city,
- “Dornod” industrial technological park,
- “Erdenet” industrial technological park,
- “Kharkhurem (Kharkhorin)” training, scientific, technological park,
- “Khovd”, “Uliastai”, “Undurkhaan” industrial technological parks will be established.
- Zamyn-Uud, Altanbulag, Tsagaannuur free economic and trade zones established.

8.2. System to Implement MDGs-based Comprehensive National Development Strategy

Reform of the functioning of state institutions to the level, wherein a leadership capacity necessary to implement Mongolia's MDGs-based Comprehensive National Development Strategy is created, will be a necessary pre-condition for the successful implementation of this strategy.

The Government, in its draft Action Plan for its term in office, will determine *Government Priorities*, based on the MDGs-based Comprehensive National Development Strategy of Mongolia and will have this draft Action Plan approved in accordance with rules and regulations as stipulated in the relevant laws and will organize its implementation.

8.2.1. Coordination system

Within the framework of the MDGs-based Comprehensive National Development Strategy-based Action Plan the Government will coordinate this long-term strategy through providing strategic planning, policy guidance, setting of programmes, coordination, monitoring and evaluation for each of the Government's main sectors.

An institution responsible for the MDGs-based Comprehensive National Development Strategy of Mongolia will be established within the Government structure. In addition to elaborating long-term national and regional development plans, developing wide-scale programmes, and ensuring inter-sector coordination, this institution will be responsible for monitoring, analyzing and evaluating the implementation of policies, plans and programmes. Furthermore, it will be responsible for monitoring and improving the current policy document, developing a long-term vision for the future, and submitting them to the Government for approval as maybe necessary.

8.2.2. Planning mechanism

The Government will incorporate the MDGs-based Comprehensive National Development Strategy of Mongolia in the main guidelines for Mongolia's economic and social development, budgetary notes, budgets, state monetary policy and ensure its implementation.

8.2.3. Reporting, oversight and evaluation of the implementation outcomes

The Government shall report on the yearly implementation of the MDGs-based Comprehensive National Development Strategy of Mongolia within the first quarter of the next year.

The National Security Council shall oversee the implementation of the National Programmes executed within the framework of the MDGs-based Comprehensive National Development Strategy of Mongolia.

In order to execute constant oversight, monitoring, analyzing and evaluation of the progress and results of the activities, undertaken in the process of implementing the MDGs-based Comprehensive National Development Strategy of Mongolia following activities will be carried out:

Stages for monitoring and evaluation of implementation of the objectives set in the policy document:

Stage 1: First stage evaluation of the Policy Goals (Timeline: 30 June 2010)

Stage 2: Intermediate stage evaluation of the Policy Goals (Timeline: 30 June 2015)

Stage 3: Final stage evaluation of the Policy Goals (Timeline: 30 June 2020)

Monitoring, analysis and evaluation will be implemented by the central and local state administrative institutions with the participation of relevant professional and research organizations and NGOs, in accordance with the integrated plan. Related funds shall be allocated in each year's budget. Monitoring and analysis shall be carried out constantly.

Each objective reflected in the policy document will have indicators to evaluate its implementation results. Indicators to evaluate most important goals will be determined for each sector in advance.

8.2.4. Possible risks to Mongolia's long-term development and risk management

The following possible risks will be taken into account while implementing the MDGs-based Comprehensive National Development Strategy of Mongolia.

Economic risks:

- Sharp drop in prices of gold, copper and coal on world markets
- Discriminatory trade restriction and tariff policy by neighboring countries
- Major regional banking or financial crisis
- Decline or halt in foreign investment
- Sharp rise in oil prices

- Sudden decline in the world economic growth, especially in the People's Republic of China
- Domestic financial crisis, steep budget deficit

Natural and climatic changes, disasters:

- Drought, dzud occurrence over several years
- Excessive impact of desertification
- Other disasters

Risks to population health:

- Major outbreak of contagious livestock disease of category "A"
- Major outbreak of highly contagious diseases such as bird flu and plague
- Major outbreak of HIV/AIDS

Industrial and business risks:

Large-scale, long-term energy black-out
 Industrial or technical disaster
 Breakdown of road, transportation and communication networks

State administration risks:

- Poor implementation of legal acts and regulations
- Absence of visible positive results of the State and government activities
- Weak system of reciprocal oversight among State institutions, unclear power distribution and absence of accountability
- Inability to hold just, transparent elections
- Spread of corruption
- Protracted social crisis

Risk management mechanism for above-mentioned risks will be constantly improved and implemented within intermediate and short-term planning.