

The Current Status of and Challenges for Regional Development Strategies of Mongolia

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In Mongolia there are 21 aimags and 330 soums. The State Central Organization in charge of Mongolia's Development Policy and Planning is the National Development Agency and its historical track began in 1925.

One of the activities of the National Development Agency is the development of Mongolia's integrated economic and social development policy, including the development of regional development policies. In terms of regional development policy, the Regional Development Concept, adopted by the Parliament in 2001, identifies regional development strategy priorities, establishes a legal environment for regional development, enhances regional banking, financial and infrastructure networks, moreover, facilitates ensuring a relatively smooth development of regional socio-economic and cultural development of regions, and creates an opportunity of self development of administrative and territorial units within the region. Regional Development Concepts and other laws provide the direction and structure of regional governance structures and its activities. According to Regional Development Concepts, the territory of Mongolia has been divided into 5 economic zones. Also it has been identified aimags and pillar cities, which belong to each zone. Each region is diversified in certain sectors, for example, the western region - in agricultural production, Khangai region - in agriculture and industry, Central region - in agriculture, Eastern region - in agriculture, Ulaanbaatar region - in service and industrial sector. As assessed with regional competitiveness assessment, Ulaanbaatar is ranked as the strongest and the eastern region was the lowest.

Within the framework of the "State Policy on Industrialization" approved by the State Great Khural in June 2015, a set of studies on the regional industrial development has been conducted, and figured up the priority industries for industrial development by 5 regions 27 sub-regions. From the matrix is shown that, the agricultural sector is dependent on local specifics, but the investment is with tendency to be supported, while in terms of the mining industry, the sector investment limiting regions and promotion zones clearly defined.

However, policies and systems for regional development have not been strengthened, and the progresses of relevant projects and programs have been slow, less productive and have been facing many challenging. The regional economic regulation tools are still undefined. On the other hand, due to period of urban and rural increasing disparities, the over population density is growing in the capital city, where rapid economic development is going. Measures to mitigate this are a facing problem at the government level. Regional planning is inefficient as regional development planning cannot be carried out as regulated inter-sectoral development within the current legal framework. Also, the main functions of regional development pillar cities and the regional governors are unclear, and the funding and budgeting for the development of regional development issues are still weak.

The National Development Agency has been working on improving and developing for regional development policy. The Working Group will conduct research on implementation of regional development policy and planning, initiate basic research works needed for policymaking, organize meetings and discussions with regional and regional policy and planning experts, conduct experience study and joint projects with international organizations. At the end of 2018, the policy paper will be submitted to the Government.