

Coronavirus response in 2021: building back better

Update on Mongolia (16 June 2021)



Covid-19 policy response

- **Mongolia launched a Covid-19 package worth around 9 per cent of GDP in 2020.** It focused on liquidity and solvency measures for households and businesses, support for key export-oriented industries and greater healthcare and food affordability.
- **A MNT 10 trillion package (5 per cent of GDP) will be implemented in 2021-23,** largely financed by the central bank. It includes measures to increase access to credit, save jobs, provide housing, support agricultural production and develop non-mining export products.
- **Mongolia received US\$ 99 million in emergency financial assistance from the International Monetary Fund** to help it meet urgent budgetary and balance-of-payments needs stemming from the Covid-19 outbreak and to support the most affected sectors and vulnerable groups.

Macroeconomic indicators (%)

	2018	2019	2020
GDP growth	7.2	5.1	-5.3
Annual inflation (end-year)	6.8	7.3	3.5
Government balance/GDP	3.0	0.8	-9.7
Current-account balance/GDP	-16.8	-15.6	-4.4
Net FDI/GDP	-14.9	-17.6	-6
Public debt/GDP (end-year)	72.6	69.5	69.6
Unemployment rate (end-year)	6.25	6.01	5.95

Short-term indicators

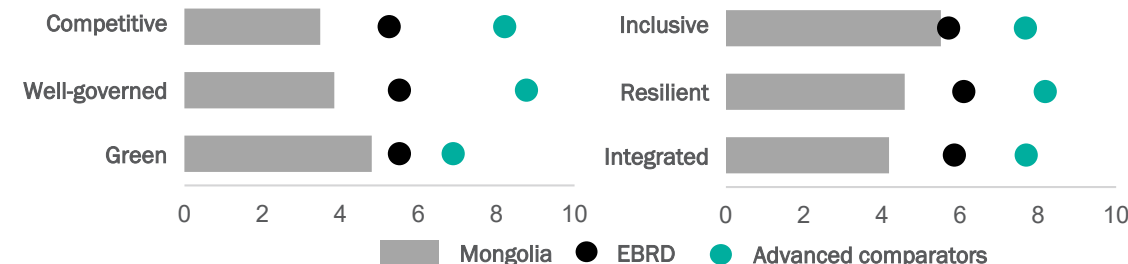
EBRD GDP growth forecast (June 2021) 2021: 6.3%; 2022: 6.0%

Quarterly GDP growth: 15.7% (Q1 2021, y/y)
Retail trade: +16.1% y/y (Jan-Apr 2021)
Exports: +81.8% y/y (Jan-Apr 2021)
Inflation: 5.6% y/y (Apr 2021)
Sovereign bond yield: 3.45% (2 June 2021)

Key short-term priorities

- Support small and medium-sized enterprises in priority value chains.
- Resolve differences with Rio Tinto over the Oyu Tolgoi project – a major concern for Mongolia's investment climate.
- Develop a low-carbon transition plan for the energy sector and the economy as a whole.

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Competitive

- Support programmes targeting specific value chains (dairy, wool) are being rolled out in cooperation with development partners.

Well-governed

- A new investment act is being drafted that envisions the reactivation of investor protection mechanisms, including an investment council.

Green

- The Zayshan-Ulaanbaatar electricity transmission line is being built to connect new renewable energy sources to the national grid.

Inclusive

- A total of MNT 6 trillion (15 per cent of GDP) is scheduled to be spent in 2021 on job support, mortgages and repo financing loans, along with MNT 1 trillion on housing infrastructure and MNT 500 billion on youth employment training in 2021-24.

Resilient

- Ongoing banking-sector reform caps bank ownership concentration and requires them to undertake an initial public offering to improve corporate governance standards.

Integrated

- Discussions are advancing on the China-Russia gas pipeline, to pass through Mongolia.
- Border crossing points are being upgraded to comply with healthcare requirements.

Digital

- E-Mongolia, a one-stop shop for government services launched in October 2020, has gained more than 700,000 users in the five months since launch.

To learn more about the EBRD's support for Mongolia visit: <https://www.ebrd.com/mongolia.html>.

¹ For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.