

Issues and Dynamics: Urban Systems in Developing East Asia

Mongolia

Level and Rates of Urbanization

Mongolia is dominated by one city, Ulaan Baatar, thus to a very significant extent, discussion of urbanization in Mongolia centers on this city. Ulaan Baatar's population is 736,000 (2000), about 33% of the country's 2.4 million population. The population growth *rate* of Ulaan Baatar is 2.5% (per annum), near the East Asian norm, but has previously been much higher. Approximately 70% of recent population growth in Ulaan Baatar was the result of immigration. The overall level of urbanization is surprisingly high considering the country's level of economic development; Mongolia is already 57% urbanized. Essentially, urban population growth exceeds that of employment. Darkhan, the second largest city, contains less than 80,000 people. Of concern, the annual population growth rate of the provincial towns, known as *aimag* centers, is negative (-1.6%). In sum, Mongolia has a very unbalanced urban system with virtually all dynamism focusing on Ulaan Baatar.

Urban Poverty Dynamics

Average incomes in Ulaan Baatar are not higher than for the country as a whole, an unusual situation, probably a product of the imbalance between population growth and employment creation, as noted above. The city can essentially be divided into two areas, a built up area of walk up apartments (legacy of the Socialist era) and official enterprises, and a large temporary city (*Gher*), including areas where people live in tents, surrounding the formal built up area. Forty-seven per-cent of the population lives in the *Gher* area. Incomes, and especially living conditions, of those living in the *Gher* area tend to be significantly lower than those living in the core city. For example, there is no piped water supply or central heat distribution in the *Gher* area. Of special concern is the high number of street children throughout the city.

Currently, 25% of Ulaan Baatar's population is characterized as poor, a very high rate by East Asian developing city standards. Poverty is highly concentrated in two groups: 39% of poor families are headed by single mothers, while an additional 20% of the poor are pensioners. The *aimag* centers are experiencing increasing poverty levels, due to lack of economic opportunities in these provincial cities. Of late, the people of Mongolia have been migrating to urban centers, in part to survive the harsh climatic events²⁰ that have killed their livestock in recent years. Most migration has been to Ulaan Baatar. Erdenet, Darkhan, Khovd, Choibalsan, and other smaller urban centers have also attracted some migrants from the rural areas. However, employment opportunities and services are underdeveloped in these areas, and governance is often weak in secondary cities due to lack of capacity in the local government.

On the positive side, literacy is very high (96%), offering potential for people to move out of poverty quickly if appropriate training and economic development frameworks are in place.

Physical Dynamics, Infrastructure, and Service Delivery

In addition to the large disparity in living conditions between the *Gher* and formal urban areas, the major issues facing Ulaan Batar are environmental. Air pollution is serious, a product of dust (including from disruption of habitat in surrounding suburban areas), smoke from 70,000 stoves in the *Ger* area, and proliferation of motor vehicles. There are 40,000 registered vehicles in the Ulaan Batar area – a high number considering the level of economic development. In addition, associated with its desert location, the city is subject to flash flooding.

Competitiveness and Urban Economic Change

The urban economy of Mongolia is currently under considerable stress, typical of the transition from a command and control to market economy. Urban industry is dominated by agri-business, e.g., food processing, livestock products export, and the cashmere industry (the latter is under considerable competitive pressure from Chinese producers). Given the land-locked nature of the country, many strategies typically pursued by developing East Asian cities such as export-oriented manufacturing are probably not viable. Therefore, the challenge is to increase value added in agri-business. In addition, tourism, which uses Ulaan Bataar as a base, has considerable growth potential.

20. Natural disasters called “Dzud” hit Mongolia during the winters of 1999 and 2000.