

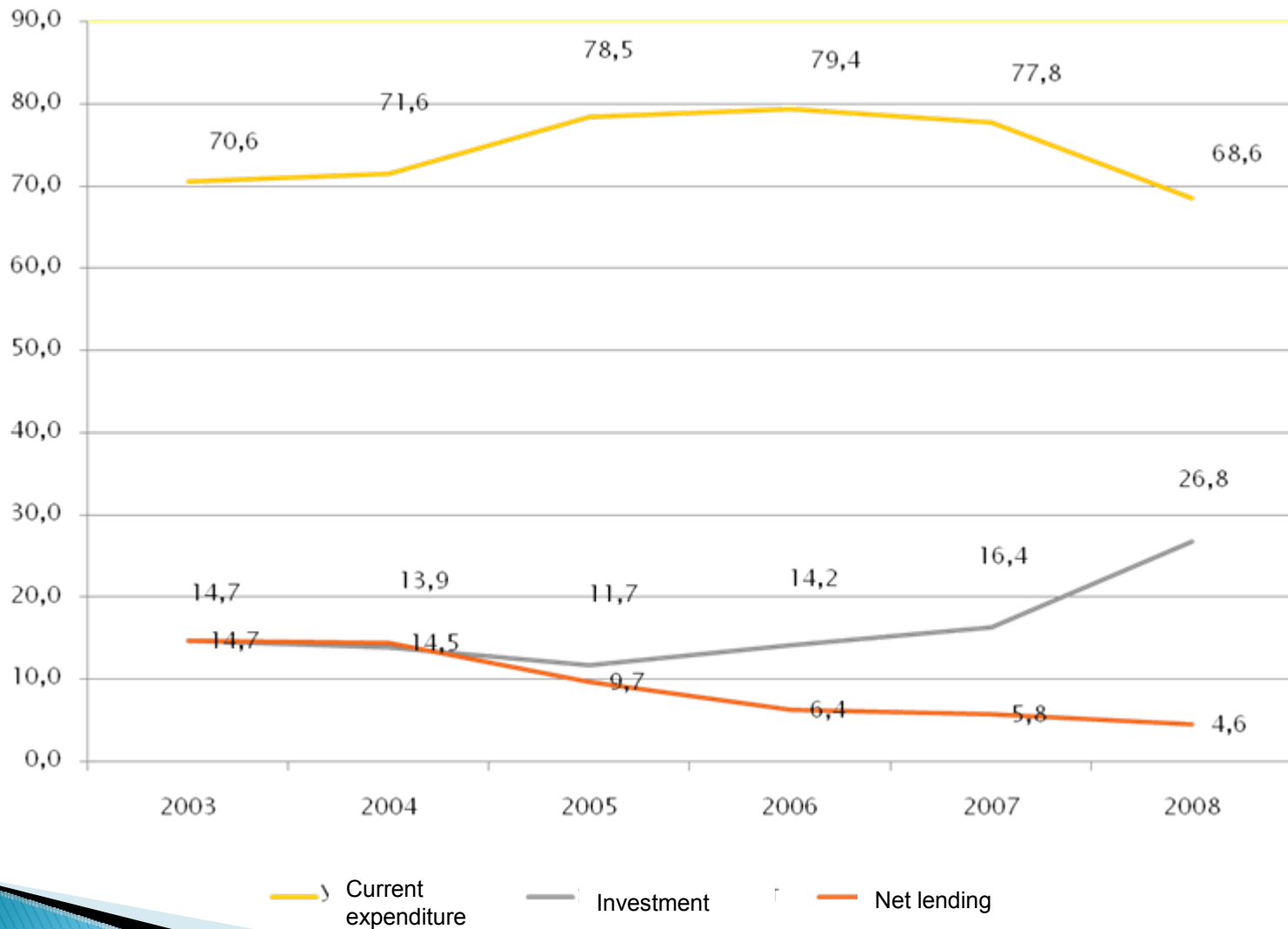
PUBLIC INVESTMENT PROGRAM

D. Battur
State Secretary
Ministry of Finance

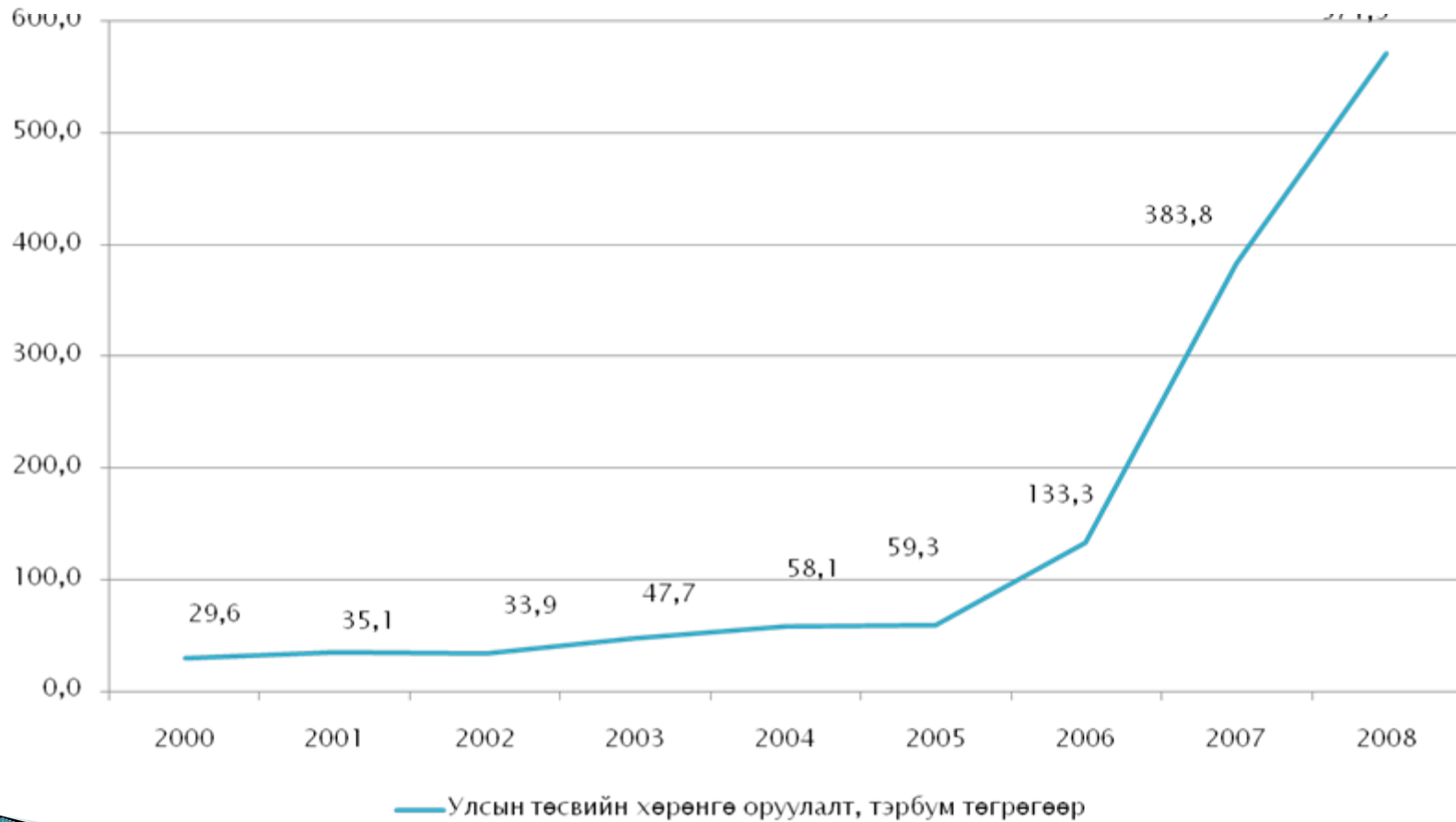
Public Investment Policy

- ▶ Realize the Government Action Plan
- ▶ Be consistent with regional development concept
- ▶ Apply innovations and new technology
- ▶ Achieve MDGs
- ▶ Development a free economic zone
- ▶ Develop domestic production
- ▶ Support health and education sectors

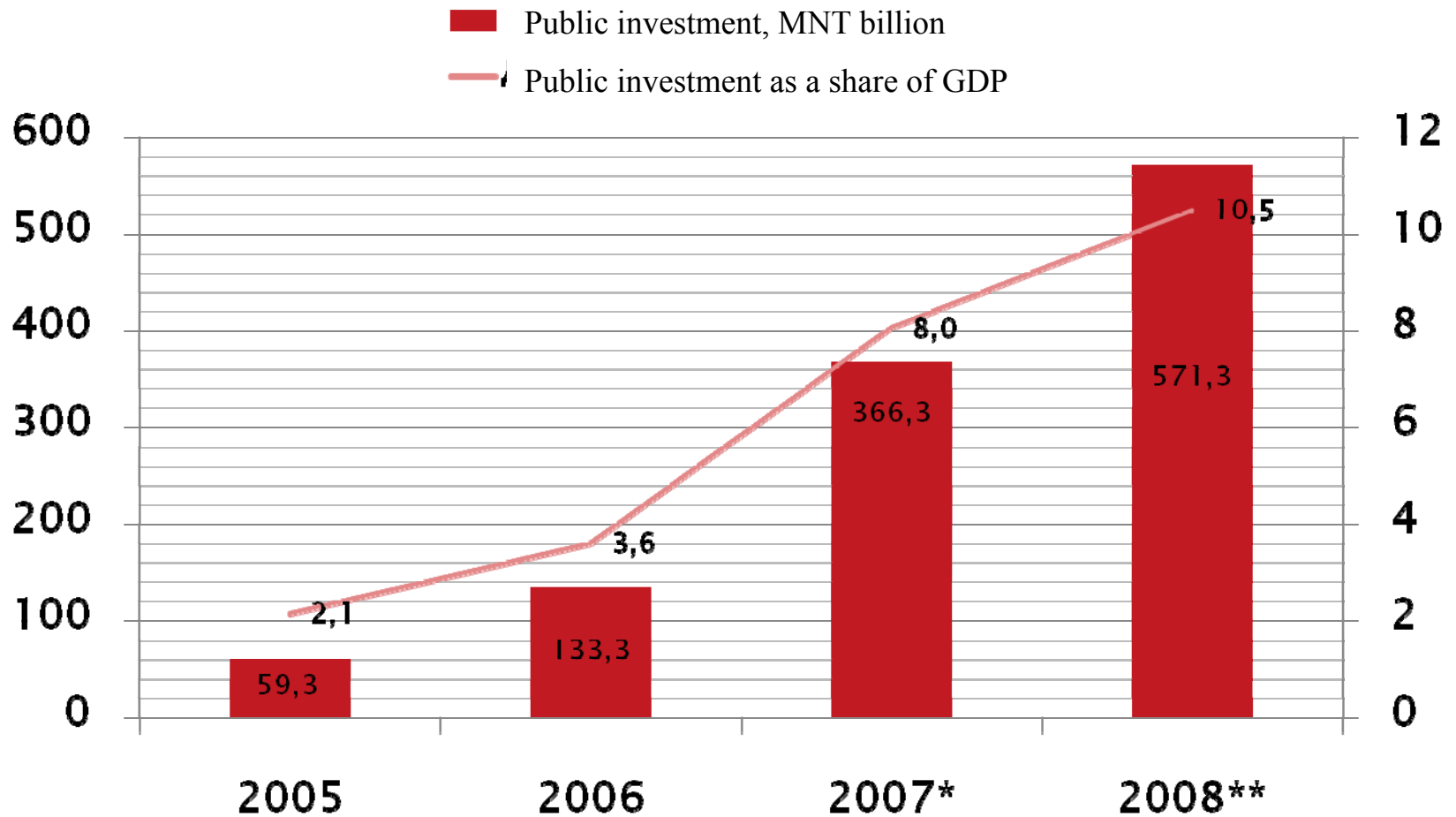
Structure of Government spending



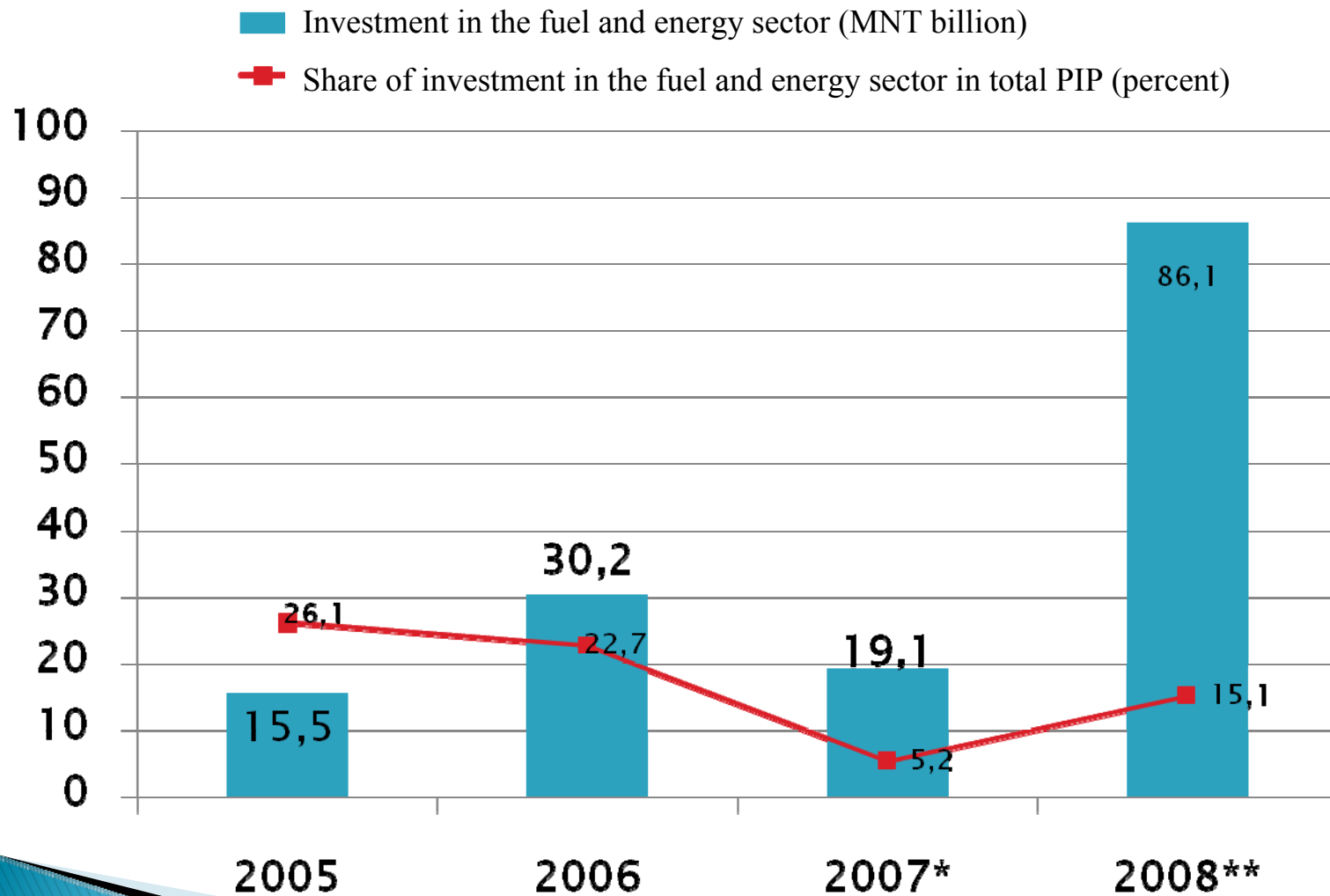
Public Investment (in billions of MNT)



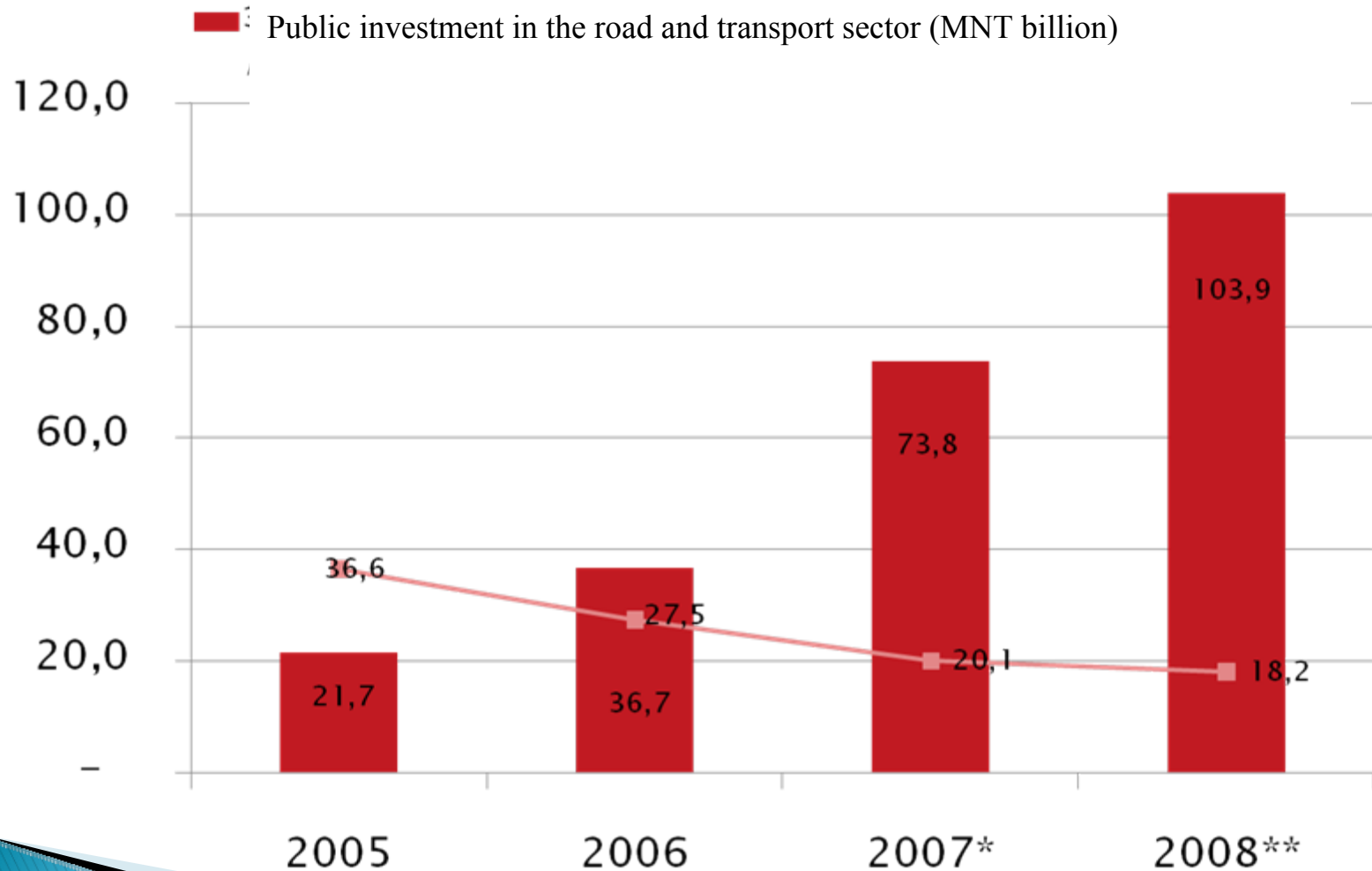
Public investment increased 4.3 times since 2006



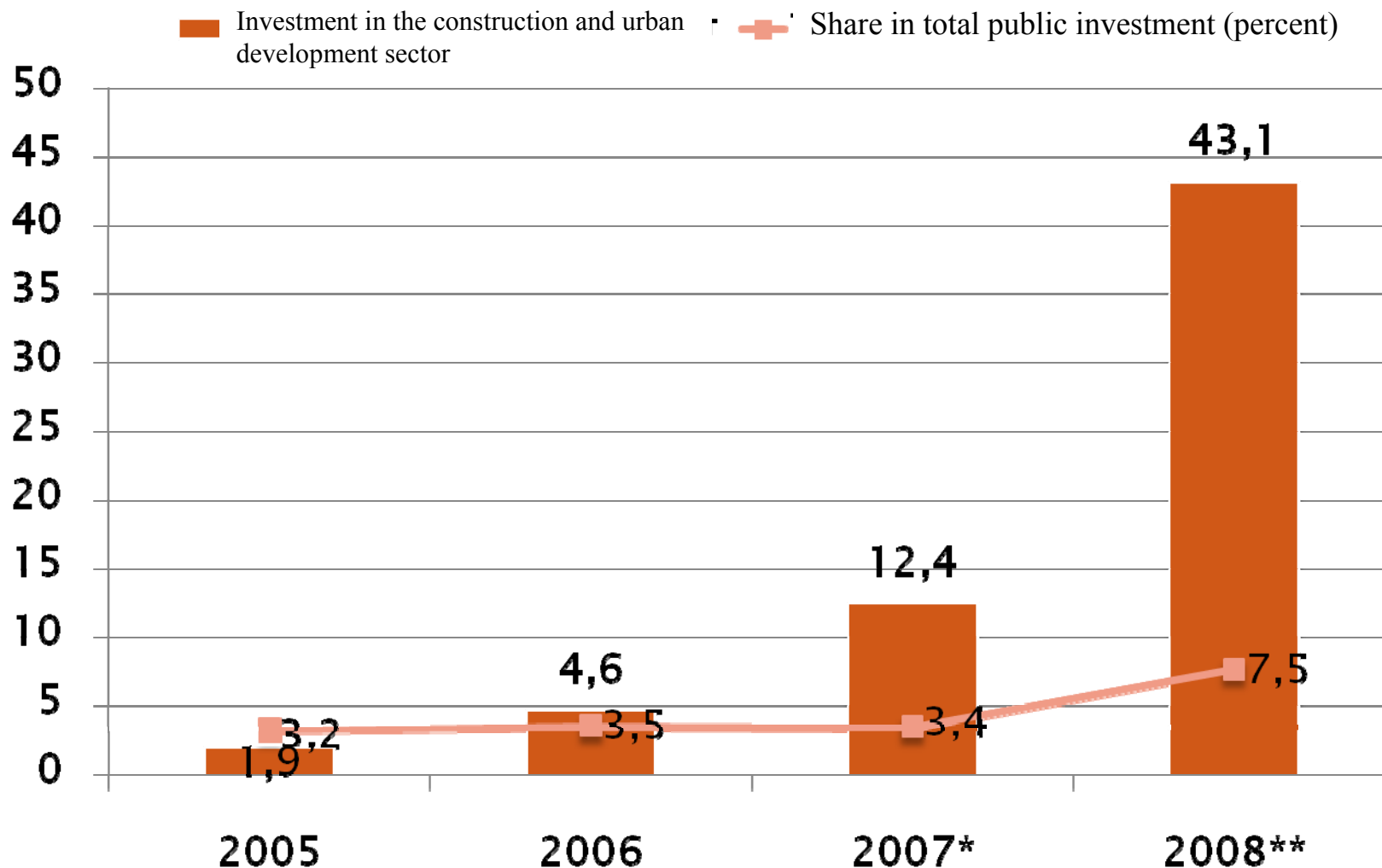
In the fuel and energy sector



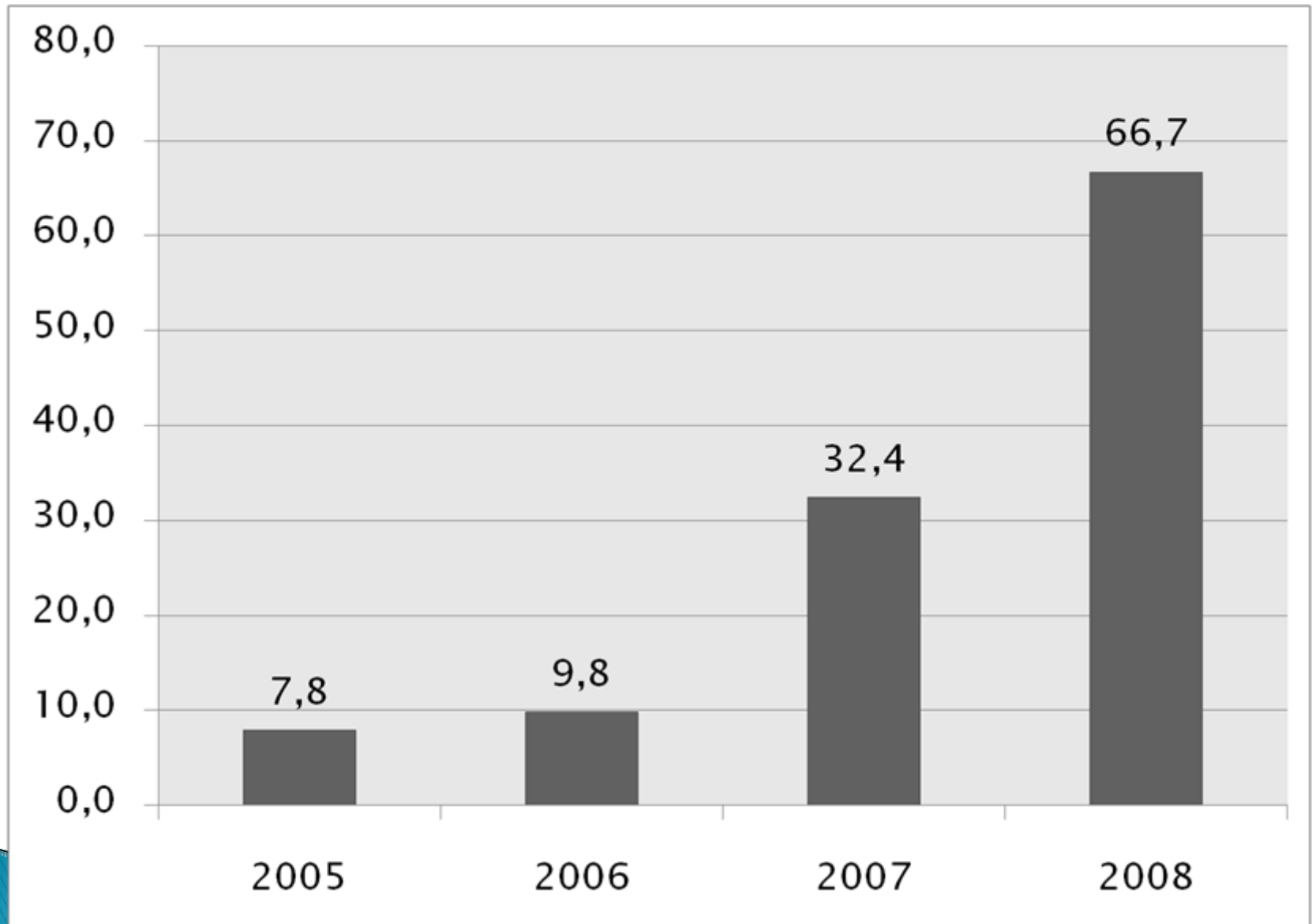
In the road and transport sector



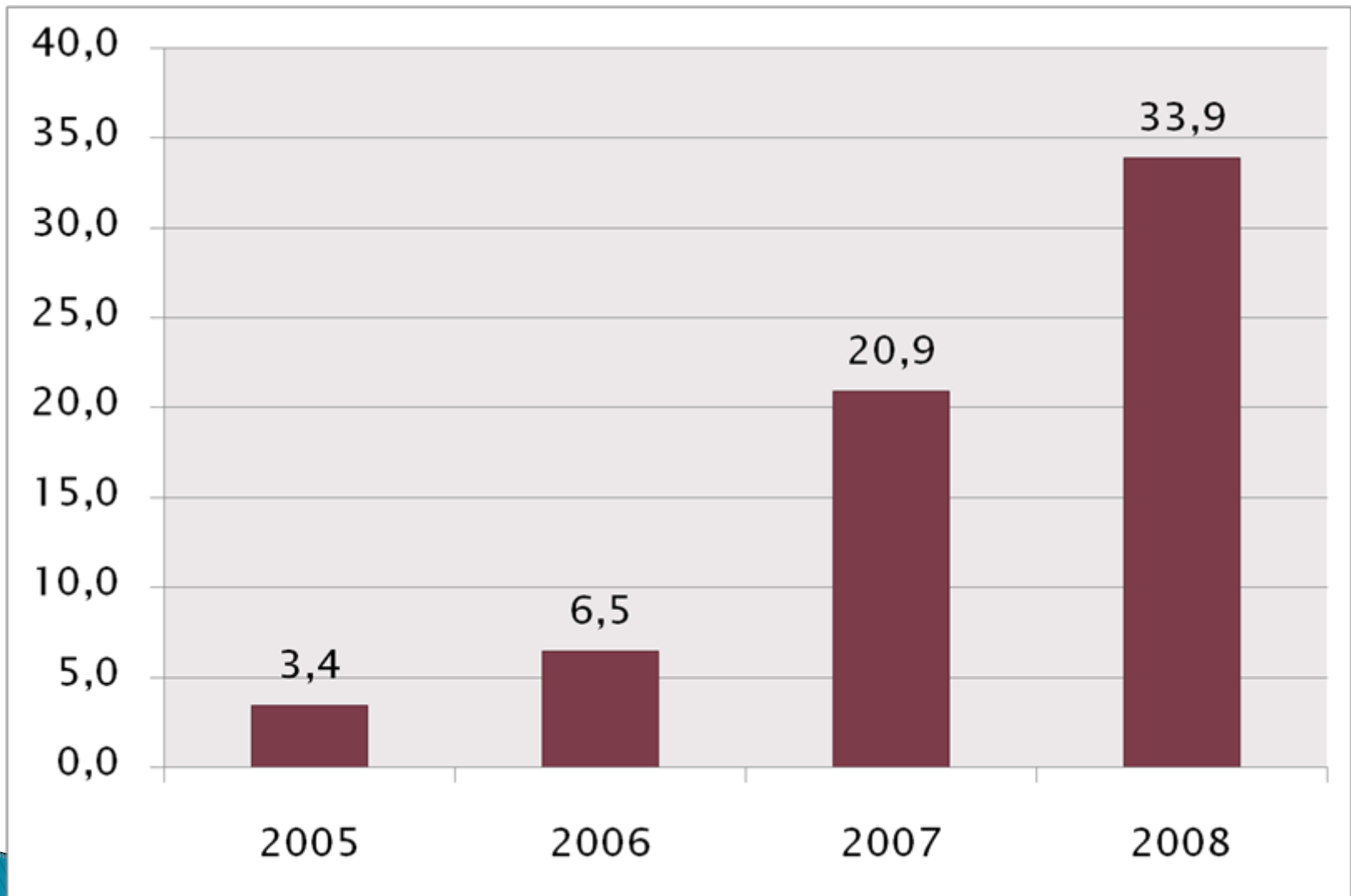
In the construction and urban development sector Барилга, хот байгуулалтын салбарт



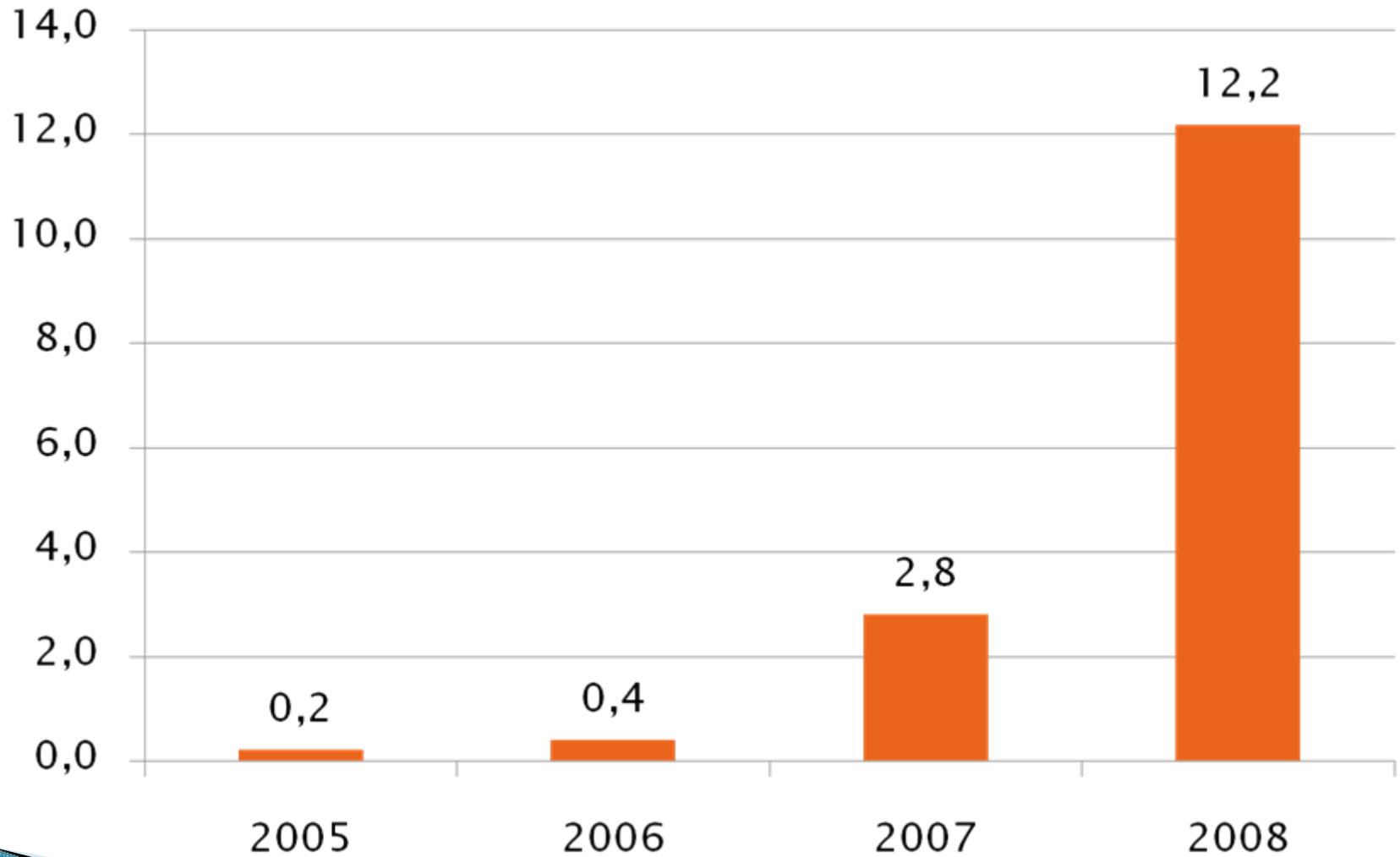
In the education and science sector



In the health sector



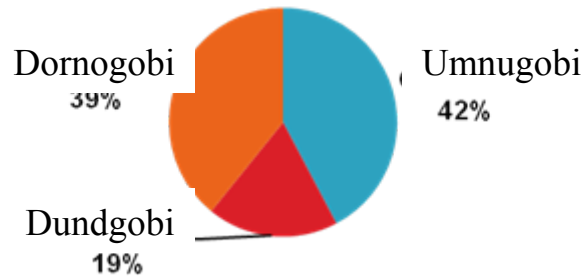
In the industry and trade sector



Investment in the Southern Region

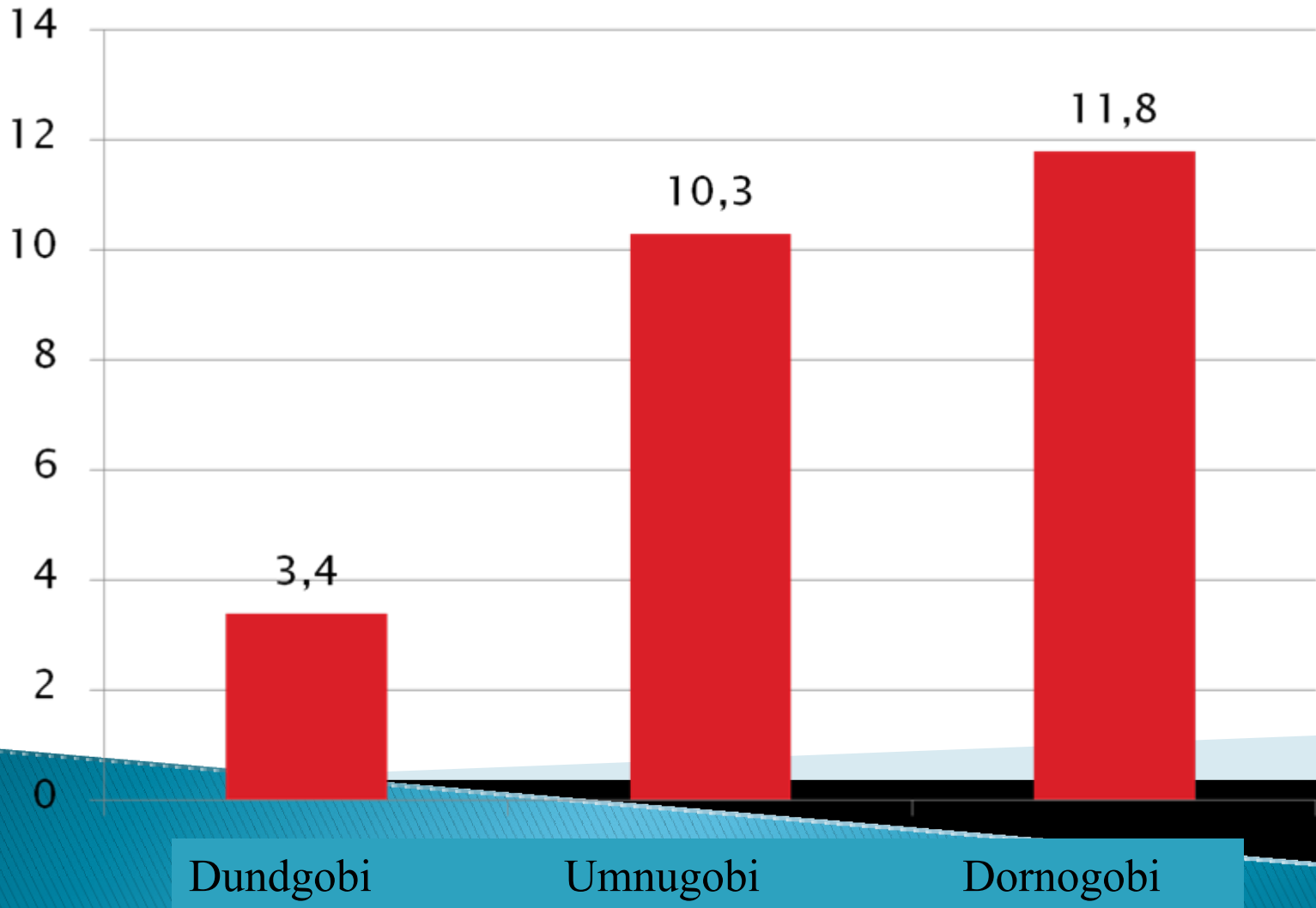
Projects carried out under PIP in three aimags in the Southern regions over 2005-2007

PIP allocations in 2005-2007
(by aimags)



Project and measures totaling Tog 24.2 billion were carried out in Umnugobi, Dornogobi, and Dundgobi aimags under PIP over 2005-2007.

Public investment in 2008 in Umnugobi, Dornogobi, and Dundgobi aimags



Projects required for Dundgobi aimag

- ▶ Increase the number of schools and kindergartens
- ▶ Build paved roads
- ▶ Install water softening device
- ▶ Create green area
- ▶ Build ferro-concrete plant
- ▶ Develop housing

Projects required for Dornogobi aimag

- ▶ Phased infrastructure development in the Zamyn-Uud free zone
- ▶ Streamline operations of the petroleum transshipment facility at Zamyn-Uud at a professional level
- ▶ Increase the number and capacity of schools and kindergartens
- ▶ Upgrade district heating facilities
- ▶ Build new engineering networks
- ▶ Build 0.4kW electricity transmission gridline
- ▶ Install water filters

Activities in the Zamyn-Uud free economic zone in Dornogobi aimag

- ▶ In 2007, PIP supported the construction of security fences and electricity transmission gridline costing Tog 1.3 billion in the Zamyn-Uud free zone.
- ▶ In 2008, Tog 1.9 billion is budgeted for building roads, constructing office buildings for technical agencies, urban development, water source study, and master plan development.

Strategically important Oyu Tolgoi deposit

Launching the development of the world's largest Oyu Tolgoi copper and gold deposit and Tavan Tolgoi coal deposit in the South of Mongolia will boost up the country's GDP and budget revenue, create more jobs, introduce innovations and new technology, increase the energy demand, and contribute to the region's development.

Strategically important Oyu Tolgoi deposit

- ▶ It is projected that the Oyu Tolgoi copper and gold mine and metallurgic complex will extract on average 52.8 million tons of ore annually, produce 1.5 million tons of concentrate, and employ over 2,000 full-time workers.
- ▶ During the project implementation, the population of Khanbogd soum will increase from current 2,500 to way above 35,000. Accordingly, various infrastructure facilities such as buildings, roads and bridges, production, schools and kindergartens, and hospitals will be developed rapidly in the medium to long term.

Conclusion

- ▶ PIP policy, guidelines, and structure is changing in the light of a progress in socio-economic development, ever increasing demand as well as improved fiscal and financial capacity of the country.
- ▶ The Government refrains from direct investment in production and service facilities and is channeling its investment into road construction and communications and infrastructure improvement to facilitate the private sector development. The share of private sector investment is increasing rapidly as well.

- ▶ Fundamentals of PIP policy in the past years focused on paving the ground for achieving MDGs, promoting domestic production, establishing production and technological parks, developing free economic zones, alleviating poverty through increased income and job creation, and significantly improving quality of education, health, sports, and other social policies.
- ▶ High market prices for copper and gold – key export items for Mongolia – allow for higher funds available for public investment.

- ▶ In 2003-2005, public investment increased on average by 10% annually while in 2006 it increased 2.2 times from previous year and public investment in 2008 is 9.6 times higher than that in 2005.

- ▶ PIP is not only the main instrument to create a favorable infrastructure environment for attracting private sector investment through Government's planned investment in the public sector, but also represents a systematic framework for coordinating the cooperation with donor countries and international banks and financial institutions and is important to adequate aid coordination.

Thank you for your attention.