

MONGOLIA

Infrastructure Strategy Review Making Choices in Provision of Infrastructure Services

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**Government of Mongolia: Working Group
Technical Donors Meeting
October, 2006.**

Mongolia: Infrastructure Strategy

- **The Process and Outputs**
- **Factors Shaping Infrastructure Strategy Demand**
- **Key Choices to discuss this morning**

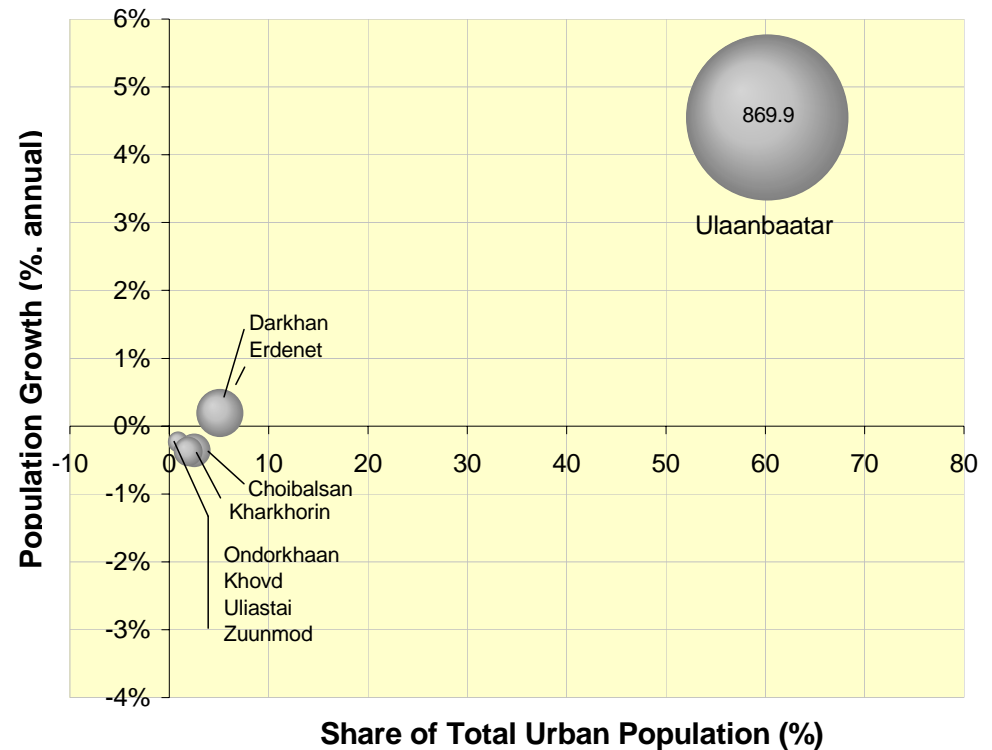
Process and Outcome

- **The Process** – An interactive process, bringing together international practices:
 - Meeting in Washington, March 2005. Field work in the late 2005.
 - Preparation of about 12 background notes in sector and themes, discussed in Washington on June 2006.
 - Submission of final draft report in November, 2006
 - Launching of Infrastructure Strategy report in a two day meeting in early 2007.
- **Outcome** A live document that can shape and form policy discussions on PIP, National Development Plan, and Regional Development Strategy....it has been difficult for the team to assess choices as well.

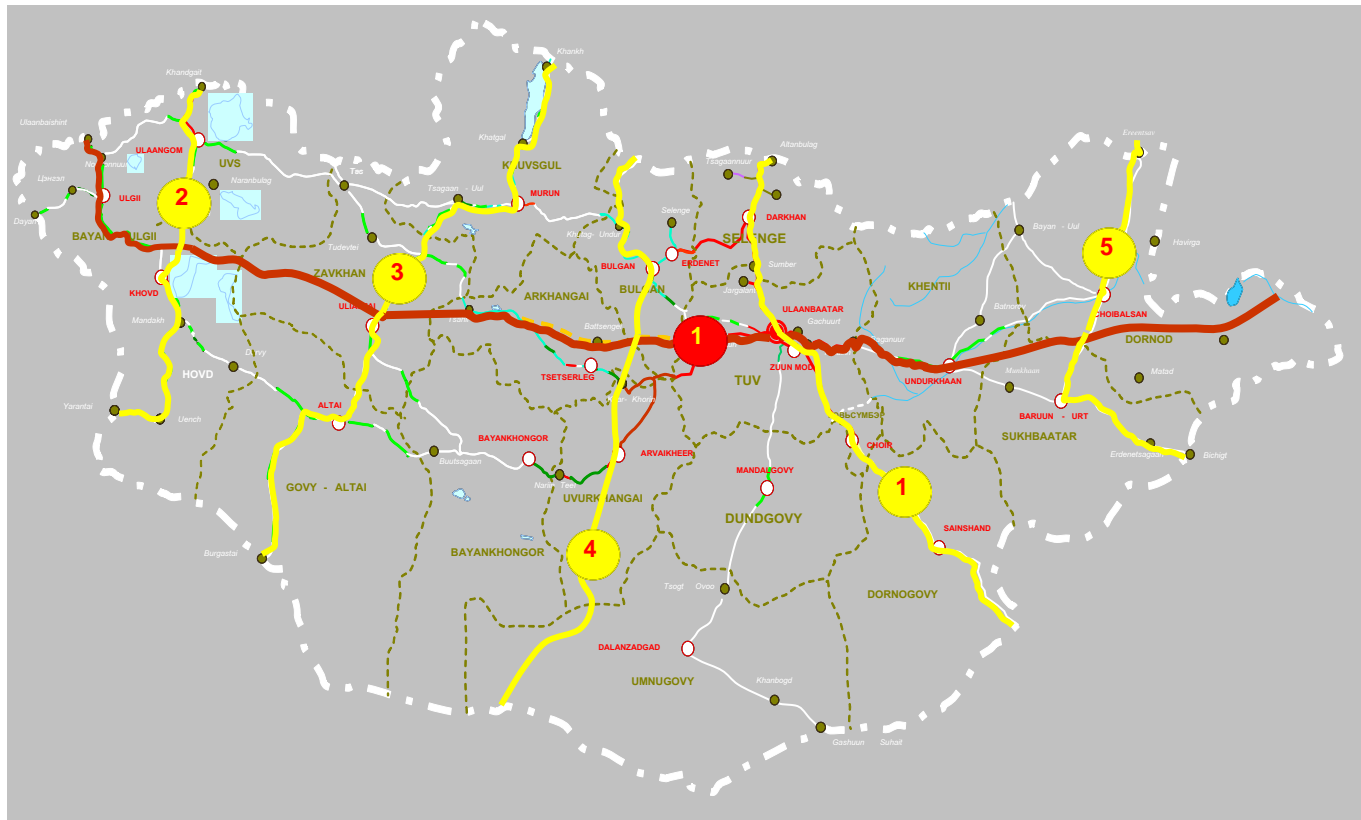
Factors Shaping the IS

- Urban led Infrastructure Investments

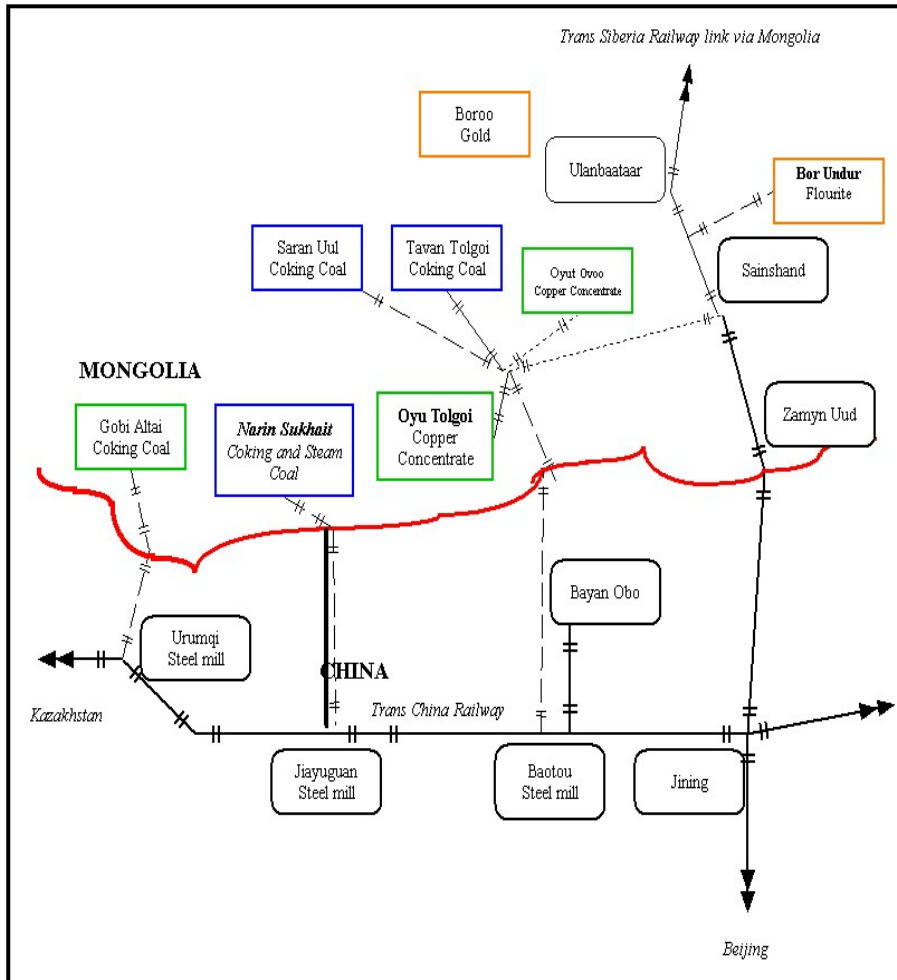
Size and Growth of Ulaanbaatar and Selected Aimag (Pillar) Centers
Size of the Circle=Total Population ('000)



Factors Shaping the IS: Connectivity, with the World and in Mongolia



Factors Shaping the IS: Mining



- A strong role for coordination, but a priority for limited public investment?
- Mine development and related infrastructure should be financially viable
- Role for public investment only if evidence of significant additional economic returns
- Will there be significant economic returns to within-Mongolia rather than direct-to-China mine rail infrastructure?

KEY CHOICES: Prioritizing our Spending

1. How do we improve efficiency and make subsidies and tariffs more equitable?
 - Prices and performance
2. How do we sustain our existing (extensive) infrastructure base?
 - O&M vs rehabilitation vs new construction

Prioritizing our Spending

3. How do we match Millennium goals and investment plans with resources?
 - Choosing within sectors and across them
 - Maximizing non-government financing
 - Targeting high returns
4. How do we gain from economic partnerships with the region?
 - Linking them together or linking our export centers to them?