

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Mongolia: 2017 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
317.74	-	9.70	3.00	330.44

- = nil.

Notes:
Commitment is the financing approved by ADB's Board of Directors or Management for which the investment agreement has been signed by the Borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Mongolia: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	41	166.30	7.08
Education	29	130.48	5.56
Energy	28	118.30	5.04
Finance	52	386.89	16.47
Health	39	225.03	9.58
Industry and Trade	12	110.30	4.70
Information and Communication Technology	1	2.00	0.09
Multisector	7	21.90	0.93
Public Sector Management	52	401.90	17.11
Transport	48	567.98	24.18
Water and Other Urban Infrastructure and Services	28	217.61	9.27
Total	337	2,348.69	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

Mongolia: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007-2017

No. of Transactions Signed	Amount (\$ million)
Loans	90.00
Equity Investments	-
Guarantees	-
Total	90.00

- = nil.

ADB assistance to Mongolia raises standards of living by combining targeted financing with best-practice knowledge from around the world.

MONGOLIA

In 2017, Mongolia started to recover from its recent economic stagnation, with increases to commodity prices and higher foreign direct investment in mining as the main drivers of growth. However, the downturn of recent years has left significant economic challenges for the country, including debt accumulation, banking sector vulnerabilities, and rising poverty. Strengthening social protection and diversifying the economy are essential to ensure sustainable and inclusive economic growth with associated poverty reduction.

The Asian Development Bank (ADB) has been Mongolia's largest multilateral development partner since 1991, playing a central role in the country's transformation to a middle-income, market-based economy. ADB has approved sovereign loans totaling \$1.95 billion, grants totaling \$237.21 million, and technical assistance projects worth \$149.4 million for Mongolia. From 2007 to 2017, ADB committed a total of \$90 million for nonsovereign loans.

In 2017, ADB committed \$317.7 million for three projects and approved \$75 million for two additional loans. ADB also committed \$9.7 million for 14 technical assistance projects.

Cumulative disbursements to Mongolia for lending and grants financed by ordinary capital resources (OCR), the Asian Development Fund, and other special funds amount to \$1.49 billion.

ADB-SUPPORTED PROJECTS AND PROGRAMS

In May 2017, ADB approved the country partnership strategy, 2017-2020 for Mongolia. The strategy addresses key development challenges in a period of economic difficulty for the country. ADB will help Mongolia restore macroeconomic stability by



developing a resilient and diversified economy anchored on sustainable and inclusive growth. The bank will continue to upgrade infrastructure and services in ger areas (traditional tent communities) of the capital, Ulaanbaatar, where the majority of the city's poor residents live. The second phase of a major urban investment program will expand roads to relieve traffic congestion; finance socioeconomic facilities; improve water supply, sewerage, and heating services; and create jobs and housing opportunities for about 400,000 people.

ADB approved a \$150 million policy-based loan to help Mongolia improve fiscal policy management, including regulations to target and consolidate social welfare programs. This is complemented by investment projects to ensure equal participation for people with disabilities in economic and social activities by providing improved access to basic services and jobs. ADB also helped upgrade pre-primary, primary and secondary schools, with improvements envisaged to benefit around 15,500 poor students.

In May 2017, ADB signed a \$100 million policy-based loan for a program to help the Government of Mongolia develop

a plan to rehabilitate, stabilize, and strengthen the finance sector. It will also strengthen competition and governance in the banking industry, and facilitate the privatization of the State Bank LLC.

To facilitate international trade for Mongolia, ADB continued its support to improve key border crossing points, develop harmonized and simplified import and export procedures, and modernize sanitary and phytosanitary measures. The bank also helped provide targeted training for Mongolian customs officers in risk management and joint customs control.

ADB is helping to reduce Mongolia's carbon footprint and optimize power systems through a \$1.75 million technical assistance package to develop regional interconnections of electrical grids, using renewable resources, across Northeast Asia.

Degradation of Mongolia's almost 27,000 square kilometers of peatlands has led to substantial increases in greenhouse gas emissions. Through a \$400,000 grant from the Japan Fund for Poverty Reduction (JFPR), ADB has helped address this degradation and

improve water stability in the Hangai mountains. In Khuvsugul Lake National Park, ADB supported an ecotourism project, with \$3 million from the JFPR, to protect the pristine lake and generate local employment.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance. In 2017, \$3.17 billion of financing for 29 nonsovereign transactions funded by ADB's own resources were approved. Total commitments achieved in 2017 amounted to \$2.29 billion for 27 transactions. Both OCR approvals and commitments were at record highs in 2017. Around \$5.9 billion of cofinancing from commercial and official sources were mobilized. Total OCR outstanding balances and commitments of ADB's nonsovereign transactions as of 31 December 2017 amounted to \$10.9 billion.

ADB's [Trade Finance Program](#) (TFP) fills market gaps by providing guarantees and loans through partner banks in

Mongolia: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2006	100.0	1
2008	100.0	1
2009	50.0	2
2010	33.3	3
2011	33.3	3
2012	0.0	2
2013	100.0	1
2014	100.0	1
2015	100.0	3
2016	0.0	1
2017	100.0	1
Total	57.9	19

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' *Fact Sheet*, the success rate reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and does not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2017.

Mongolia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2016–2017

No. of Ongoing Loans ^a (as of 31 Dec 2017)	2016 (\$ million)		2017 (\$ million)	
	2016 (\$ million)	2017 (\$ million)	2016 (\$ million)	2017 (\$ million)
Contract Awards ^{b,c}	52.81	71.34	104.90	273.12
Disbursements ^b	104.90	273.12	3	3
No. of Ongoing Grants ^a (as of 31 Dec 2017)	2016 (\$ million)		2017 (\$ million)	
Contract Awards ^{b,c}	2.37	6.58	3.70	1.39
Disbursements ^{b,d}	3.70	1.39	26	26
Actual Problem Projects (%) (as of 31 Dec 2017)	26			

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Mongolia: Projects Cofinanced, 1 January 2013–31 December 2017

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	12	171.86
Grants	8	20.48
Official loan	2	48.02
Commercial cofinancing	3	103.36
Technical Assistance Grants	31	29.11

^a A project with more than one source of cofinancing is counted once.

Mongolia: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2016		2017		Cumulative (as of 31 Dec 2017)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	68.84	0.61	223.35	2.14	896.40	0.53
Consulting Services	6.59	1.05	9.09	1.23	35.82	0.30
Total Procurement	75.43	0.63	232.44	2.08	932.22	0.51

Top 5 Contractors/Suppliers from Mongolia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2013–31 December 2017

Contractor/Supplier	Sector	Contract Amount (\$ million)
HKB International Holding LLC & Xinjiang Road and Bridge Construction Group Co. Ltd. (JV)	TRA	27.42
Interscience Co. Ltd.	EDU, HLT	4.65
Comfort Impex LLC	HLT, WUS	3.85
Khurd JSC and Xinxiang Gongshen Boiler (JV)	WUS	3.72
IT Zone LLC	EDU, FIN, HLT, TRA, WUS	3.42
Others		429.68
Total		472.74

EDU = education, FIN = finance, HLT = health, TRA = transport, WUS = water and other urban infrastructure and services.

Top 5 Consultants from Mongolia Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2013–31 December 2017

Consultant	Sector	Contract Amount (\$ million)
Monconsult LLC	ANR, HLT, TRA	2.40
Fenco LLC	HLT	0.90
Magic Jet LLC	HLT	0.75
The Development Horizons Foundation	MUL	0.39
MTU LLC (Lead Member)	WUS	0.37
Individual Consultants		14.84
Others		2.36
Total		22.00

ANR = agriculture, natural resources, and rural development; HLT = health, MUL = multisector; TRA = transport; WUS = water and other urban infrastructure and services.

support of trade. Since 2009, ADB's TFP has supported more than 12,000 small and medium-sized businesses across developing Asia—through over 16,500 transactions valued at over \$30 billion—in sectors ranging from commodities and capital goods, to medical supplies and consumer goods. In 2017, the TFP supported approx. \$4.5 billion in trade through approx. 3,500 transactions.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP and Supply Chain Finance Program.

From 1994 to the end of 2017, cumulative direct value-added (DVA) official cofinancing commitments for Mongolia amounted to \$136.99 million for 31 projects, and \$43.15 million for 50 technical assistance projects. Cumulative DVA commercial cofinancing for Mongolia amounted to \$137.41 million for three investment projects.

In 2017, Mongolia received \$19.64 million loan cofinancing from the European Investment Bank for the Ulaanbaatar Urban Services and Ger Areas Development Investment Program—Tranche 2, and \$3.00 million grant cofinancing from the Government of Japan for the Community Vegetable

Farming for Livelihood Improvement Project.

A summary of projects with cofinancing from 1 January 2013 to 31 December 2017 is available at www.adb.org/countries/mongolia/cofinancing.

PARTNERSHIPS

ADB and the government work together on various initiatives with the World Health Organization, UNICEF, the European Investment Bank, the Japan International Cooperation Agency, the German Corporation for International Cooperation, the Gates Foundation, the Clean Energy Financing Partnership Facility, the e-Asia and Knowledge Partnership Fund, the Financial Sector Development Partnership Fund, and UN-Habitat.

ADB is working with nongovernment organizations to bring financial services to Mongolia's poor, expand entrepreneurship by women, and improve child health and nutrition. With the World Health Organization, ADB supported the upgrading of Mongolia's Drug Control Laboratory—now the only globally recognized laboratory in Mongolia's health sector—ensuring access to high quality medicines. To improve secondary school dormitories in the country's west, ADB and UNICEF will cooperate to support the repair, installation, and maintenance of water, sanitation, and hygiene facilities.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries; and several billion dollars in contracts to procure goods,

works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.28 billion in 2016 and \$10.43 billion in 2017. Cumulative procurement since 1966 was \$169.12 billion covering 211,316 contracts.

In Mongolia, 2,578 contracts worth \$896.4 million were awarded to contractors and suppliers since 1991.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$627.79 million in 2016 and \$741.84 million in 2017. Cumulative procurement since 1966 was \$12.02 billion covering 55,420 contracts.

In Mongolia, 1,087 contracts worth \$35.82 million were awarded to consultants since 1991.

OPERATIONAL CHALLENGES

Mongolia is working toward a more resilient and diversified economy. Small and medium-sized enterprises must play a greater role in this process, particularly in developing value chains for Mongolia's unique agricultural resources. This requires the expansion of access to finance, strategic infrastructure investments,

and regional integration to improve access to external markets. Developing a better-skilled workforce and enhancing the quality of life in urban areas will be critical. Policy reform and institutional strengthening will be needed to improve the inclusiveness and efficiency of social service delivery. Rapid urbanization, poorly regulated development of the mining sector, and the impacts of climate change, among other factors, are causing significant environmental degradation and these issues must be addressed.

FUTURE DIRECTIONS

The country partnership strategy, 2017–2020 for Mongolia will guide ADB's investments, policy support, capacity-building assistance, and knowledge products to address Mongolia's most pressing development issues. The bank will help bridge infrastructure gaps, promote renewable energy, advance regional economic integration, expand access to basic urban services, and support agribusiness. Gender

equality will remain a focus across ADB operations. ADB will use partnerships—in power, heating, renewable energy, and water—to transform service delivery, foster private sector participation, and promote green development in Mongolia—one of the countries most affected by climate change. The bank will also intensify its cofinancing partnerships, bringing additional resources and knowledge products to Mongolia's development agenda.



ABOUT MONGOLIA AND ADB

ADB Membership

Joined 1991

Shareholding and Voting Power

Number of shares held:	1,596 (0.015% of total shares)
Votes:	41,203 (0.311% of total membership, 0.477% of total regional membership)
Overall capital subscription:	\$22.73 million
Paid-in capital subscription:	\$1.14 million

Shahid Mahmood is the Director and **Paul Dominguez** is the Alternate Director representing Mongolia on the ADB Board of Directors.

Yolanda Fernandez Lommen is the ADB Country Director for Mongolia. The Mongolia Resident Mission was opened in 2001, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Mongolia.

The Mongolia government agencies handling ADB affairs are the Ministry of Finance and the Bank of Mongolia (the Central Bank).

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2017, lending volume was \$18.72 billion (111 projects), with technical assistance at \$200.53 million (246 projects) and grant-financed projects at \$597.49 million (24 projects). In addition, \$11.92 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2013 to 31 December 2017, ADB's annual lending volume averaged \$14.55 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$617.74 million and \$166.28 million over the same period. As of 31 December 2017, the cumulative totals excluding cofinancing were \$255.14 billion in loans for 2,955 projects in 44 countries, \$8.36 billion in 328 grants, and \$4.27 billion in technical assistance grants, including regional technical assistance grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
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www.adb.org/data/statistics