REGIONAL FEATURES AND LEADING DIRECTIONS

WESTERN REGION

FEATURES

- Located in the economic development axis of Western Mongolia
- A cradle of multi-ethnic cultures
- Has picturesque landscapes combining deserts and mountains

LEADING DIRECTIONS

- Trade and services based on the economic corridor
- Pastoral livestock farming and irrigated agriculture
- Border region tourism

NORTHERN REGION

FEATURES

- Has freshwater natural scenic areas
- Home to the city of Erdenet
- Contains major mining industries

LEADING DIRECTIONS

- Heavy and light industry
- Intensive livestock farming
- Eco-tourism
- Green development

CENTRAL REGION

FEATURES

- Provides 60-70% of the country's total crop yield
- Located close to Ulaanbaatar and Darkhan-Uul city
- Home to 2 of Mongolia's 4 free trade zones
- Basic social services are fully provided

LEADING DIRECTIONS

- Agro-industrial clusters, intensive agriculture, and food processing
- Economic free trade zones
- Integrated complexes of heavy and light industries
- Science and technology centers

KHANGAI REGION

FEATURES

- Has the Khangai Mountains and natural scenic areas
- Leads in pastoral livestock farming
- Production of livestock-based products is developed
- Rich in mineral resources

LEADING DIRECTIONS

- Specialized tourism
- Agriculture
- Green development
- Light industry

GOBI REGION

FEATURES

- Has four major foreign trade ports
- Rich in coal and mineral resources
- Good renewable energy sources
- Industrial region

LEADING DIRECTIONS

- Mining
- Heavy industry
- Construction materials production

EASTERN REGION

FEATURES

- Close to the markets of China and Russia
- Has international-class junction ports
- Meat processing industries are developed
- Rich in strategically important deposits

LEADING DIRECTIONS

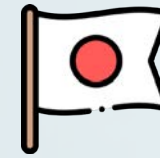- Intensive livestock farming (focused on meat export)
- Free trade zones
- Border region tourism
- Mining and heavy industry

Map regions: Баян-Өлгий, Увс, Ховд, Завхан, Говь-Алтай, Хөвсгөл, Архангай, Баянхонгор, Өвөрхангай, Орхон, Булган, Сэлэнгэ, Дархан-Уул, Төв, Говьсүмбэр, Дундговь, Өмнөговь, Дорноговь, Хэнтий, Дорнод, Сухбаатар

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"LAW ON APPROVING THE CONCEPT OF REGIONAL DEVELOPMENT"

NATIONAL DEVELOPMENT COMPREHENSIVE POLICY BASED ON THE MILLENNIUM DEVELOPMENT GOALS

"MONGOLIA'S LONG-TERM DEVELOPMENT POLICY 'VISION-2050'"

"ON DECLARING 2024 AS THE 'YEAR OF SUPPORTING REGIONAL DEVELOPMENT'"

2001

2008

2020

2023

2003

2016

2021

"LAW ON REGIONAL DEVELOPMENT MANAGEMENT AND REGULATION"

"MONGOLIA'S SUSTAINABLE DEVELOPMENT VISION – 2030"

"NEW RENAISSANCE POLICY" – URBAN AND RURAL REVITALIZATION

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REGIONS

SOME ECONOMIC INDICATORS, 2023

	WESTERN	KHANGAI	NORTHERN	CENTRAL	GOBI	EASTERN
GDP, billion ¥	155.3	100.0	220.0	134.6	185.8	110.0
Employed Individuals, thousand people	160.6	115.1	116.3	90.4	89.8	89.9
Turnover in Trade, billion ¥	45.2	26.8	43.2	93.5	51.4	41.5
Land Area, thousand km²	415.3	234.2	149.8	39.5	355.1	286.2
Population, thousand	413.7	297.7	302.6	300.9	211.8	229.4
Base Expenditure of the Budget, billion ¥	11.0	7.4	7.5	7.6	8	6.5

Source: NSO Mongolia

Current Situation of Regional Budgets, Taxes, and Investments

Transfer of Revenue Allocated to the Local Development Fund of Provinces and the Capital City in 2024

Billion, YEN

NORTHERN REGION
2.8

KHUVSGUL
0.7

ORKHON
1.5

BULGAN
0.6

CENTRAL
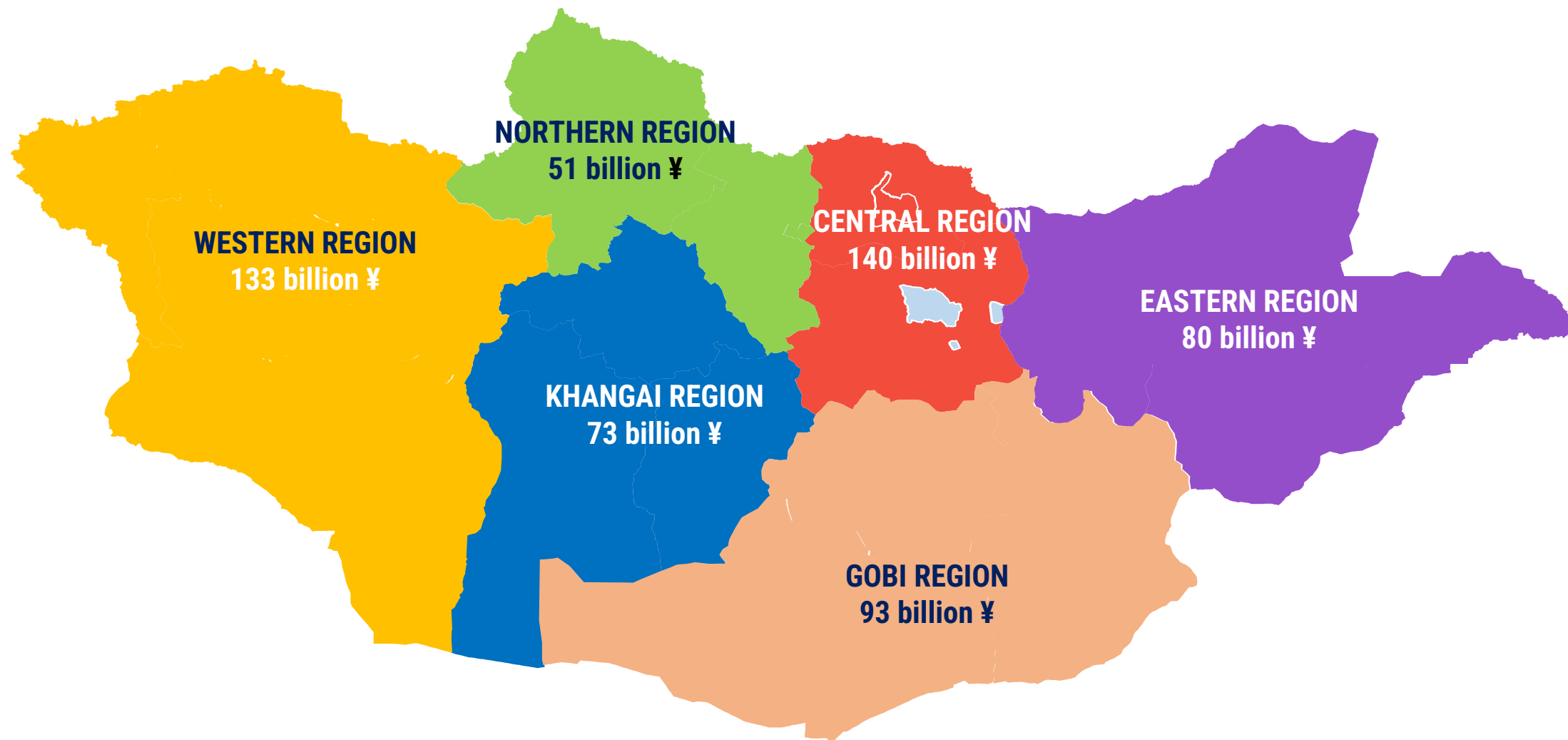**3.3**

SELENGE
0.3

DARKHAN
0.9

ULAANBAATAR
2.15

TUV
1.2

UVS
0.6

BAYN-ULGII
0.5

ZAVKHAN
0.6

KHOVD
1.3

ARKHANGAI
0.5

BAYNKHONGOR
0.9

UVURKHANGAI
0.63

GOBI-ALTAI
0.75

KHENTII
0.8

DORNOD
1.1

SUKHBAATAR
0.8

GOBISUMBER
0.3

DUNDGOVI
0.68

DORNOGOVI
1.8

UMNUGOVI
2.0

WESTERN REGION
3.7

EASTERN REGION
2.7

KHANGAI REGION
2.1
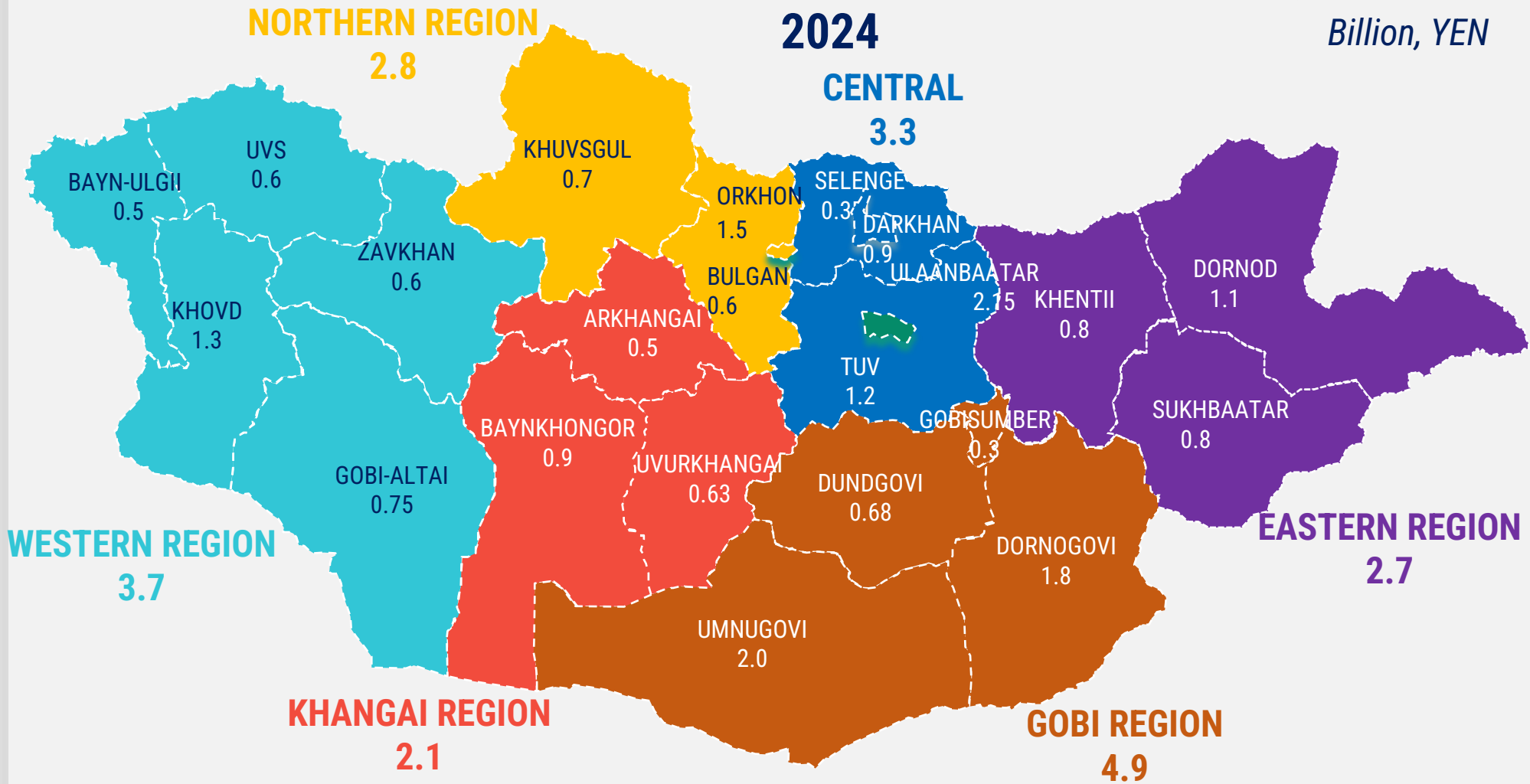
GOBI REGION
4.9

Growth from 2023

CENTRAL REGION	
DARKHAN-UUL	48.0%
SELENGE	32.0%
Төв	33.0%
EASTERN REGION	
DORNOD	22.0%
SUKHBAATAR	3.0%
KHENTII	46.0%
GOBI REGION	
GOBI-SUMBER	19.0%
DORNOGOVI	62.0%
DUNDGOVI	32.0%
UMNUGOVI	61.0%
KHANGAI REGION	
ARKHANGAI	15.0%
BAYNKHONGOR	36.0%
UVURKHANGAI	16.0%
WESTERN REGION	
BAYN-ULGII	15.0%
GOBI-ALTAI	12.0%
ZAVKHAN	-5.0%
UVS	13.0%
KHOVD	47.0%
NORTHERN REGION	
BULGAN	50.0%
ORKHON	97.0%
KHUVSGUL	13.0%

Funding for the State Budget Investments and Government External Loans and Aid from 2016 to 2024, in billion yen

NORTHERN REGION
51 billion ¥

CENTRAL REGION
140 billion ¥

WESTERN REGION
133 billion ¥

EASTERN REGION
80 billion ¥

KHANGAI REGION
73 billion ¥

GOBI REGION
93 billion ¥

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BUDGET POLICY MEASURES

CORPORATE INCOME TAX **40%** THE COMPOSITION OF LOCAL REVENUE

ALL Billion төг.	2022 202.7	2023 841.4	2024 759.0

Central Region

Billion tugrug

AIMAG	2022	2023	2024 хян.
TUV	0.4	8.8	5.0
DARKHAN-UUL	0.4	5.4	3.6
SELENGE	6.2	21.0	18.0

Gobi Region

Billion tugrug

AIMAG	2022	2023	2024 хян.
DORNOGOVI	12.0	27.6	28.0
DUNDGOVI	0.07	7.7	1.9
UMNUGOVI	44.5	568.9	500.0
GOVISUMBER	0.2	0.4	0.6

Western Region

Billion tugrug

AIMAG	2022	2023	2024 хян.
KHOBD	10.5	25.3	13.0
GOVI-ALTAI	0.09	0.3	0.3
BAYN-ULGII	0.1	0.5	0.6
ZAVKHAN	4.9	1.5	1.0
UVS	0.2	0.7	0.8

Eastern Region

Billion tugrug

AIMAG	2022	2023	2024 хян.
KHENTII	4.9	2.6	0.9
DORNOD	8.7	10.6	12.0
SUKHBAATAR	13.8	15.4	15.0

Khangai Region

Billion tugrug

AIMAG	2022	2023	2024 хян.
ARKHANGAI	0.3	1.2	1.1
UVURKHANGAI	0.3	2.1	1.8
BAYNKHONGOR	0.1	0.7	0.7

Northern Region

Billion tugrug

Аймаг	2022	2023	2024 хян.
KHUVSGUL	0.3	1.0	0.9
ORKHON	94.1	138.9	153.0
BULGAN	0.6	0.6	0.7

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Source: Ministry of Finance

INFORMATION ON TAX REVENUE PERFORMANCE

> In 2023, out of a total tax revenue of 12.6 trillion tugrug collected in the budget, 1.2 trillion tugrug, or 9.6%, was contributed by the Gobi region, leading other regions.

Central Region

Billion.tugrug

Types of Taxes	2023	Growth
TOTAL	206.9	+35.0%
PIT	96.9	+31.0%
CIT	48.1	+181.0%
Other	27.2	-12.0%
VAT	16.1	+13.0%

Gobi Region

Billion.tugrug

Types of Taxes	2023	Growth
TOTAL	1,208.7	+252.0%
PIT	626.5	+827.0%
CIT	270.6	+94.0%
Property tax	164.8	+326.0%
VAT	53.6	+82.0%

Western region

Billion.tugrug

Types of Taxes	2023	Growth
TOTAL	147.5	+32.0%
PIT	78.6	+30.0%
CIT	32.1	+67.0%
VAT	15.1	+24.0%
Other	12.6	+1.0%

Eastern Region

Billion.tugrug

Types of Taxes	2023	Growth
TOTAL	134.3	+26.0%
PIT	59.8	+35.0%
CIT	33.7	+6.0%
Other	18.5	+31.0%
VAT	12.8	+34.0%

Khangai region

Billion.tugrug

Types of Taxes	2023	Growth
TOTAL	86.5	+20.0%
PIT	50.2	+35.0%
Other	14.1	-9.0%
VAT	9.6	+37.0%
CIT	7.4	+61.0%

Northern Region

Billion.tugrug

Types of Taxes	2023	Growth
TOTAL	364.4	+29.0%
CIT	147.0	+45.0%
PIT	101.1	+25.0%
Other	68.1	+23.0%
VAT	19.7	+23.0%

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Source: Ministry of Finance

MEASURES FOR THE 2024 BUDGET POLICY.

Salaries, Wages, and Allowances of Civil Servants

For those working in the regions, salaries and incentives will be increased starting from April 1, 2024.

Regional Allowance

If working in a rural area	The monthly basic salary **40%**
The three remote districts of the capital city	The monthly basic salary **20%**

Subsidies

Civil servants working in the **local government**	*A cash bonus equivalent to six months' basic salary once every five years*

EXAMPLES

Salary Changes for Civil Servants Working in Soums

Thousand, tugrug

	Specialist of the Soum's Governor's Office	1,100.0 **+352.0** **1,452.0**
	Teachers	1,273.0 **+381.9** **1,654.9**
	Service staff	750.0 **+330.0 - 510.0** **1,080.0-1,260.0**

Source: MOF

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REGION DEVELOPMENT AND ENSURING BALANCED URBAN BUDGET POLICY

"The interest rate on mortgage loans for citizens who have relocated to rural areas **will be reduced by half.**"

"The interest rate on loans taken by businesses that have relocated to rural areas will be reduced to 1% **and subsidies will be provided.**"

"Local governments will be granted the authority to independently determine the amount of local increases."

"Tax **incentives will be** provided if jobs are created in rural areas."

Tax incentives will be provided to **newly established** businesses operating in rural areas.

"**Monetary incentives** will be provided to provinces that attract a large number of people from Ulaanbaatar."

REGION DEVELOPMENT AND ENSURING BALANCED URBAN BUDGET POLICY

➢ **Regional Revitalization: Aimed at addressing rural depopulation and over-concentration in Tokyo.**

➢ **Social Infrastructure Investments.**

➢ **Sustainable Land Use and Urban Planning.**

➢ **Support for Regional Budgets.**

- Creating jobs in rural areas
- Promoting local industries that utilize regional resources

- Proposals to raise the tax-free income allowance to increase disposable income.
- Balancing tax incentives with the need to sustain public finances.

- Restricted to preserve resources and prevent sprawl.
- Smart city initiatives under Society 5.0 leveraging IoT and AI for efficient urban management.

- Subsidies and grants to underfunded municipalities for infrastructure and service delivery.
- Policies to stimulate local economies and reduce reliance on Tokyo.

Western Region

> As of 2023, the Western region has a total of 14.3 million livestock (22.0% of the total livestock in Mongolia), of which 5.8 million are sheep.

> The cost of electricity production is higher than the average price, resulting in losses, and subsidies are being provided from the national budget.

Performance of Subsidies and Incentives Granted to the Western Region in 2023, in million tugrug

	Wool	Leather	Wheat	Vege-tables	Energy	Total
BAYAN-ULGII	766.5	-	-	-	-	766.5
GOVI-ALTAI	198.5	11.9	-	-	1,300	1,510.4
ZAVKHAN	677.0	168.9	-	-	-	845.8
UVS	333.0	-	207.5	68.3	24,000	24,608.8
KHOVD	229.4	-	-	62.0	1,200	1,491.4
AT THE REGIONAL LEVEL	2,204.4	180.9	207.5	130.3	26,500	29,223

Northern Region

Khuvsgul

Orkhon

Bulgan

> As of 2023, the Northern region has a total of 9.5 million livestock, of which 4.6 million are sheep.

> In 2023, the Northern region accounts for 19.0% of the total harvested grain in Mongolia.

Performance of Subsidies and Incentives Granted to the Northern Region in 2023, in million tugrug

	Wool	Leather	Wheat	Vegetables	Energy	Total
Bulgan	107.9	28.6	101.7	1,203.9	12.6	1,454.7
Orkhon	9.3	0.15	96.0	494.6	378.7	978.8
Huvsgul	838.8	88.8	-	269.5	52.3	1,249.4
AT THE REGIONAL LEVEL	956.0	117.6	197.7	1,968.0	443.6	3,682.9

SUBSIDIES AND INCENTIVES

Khangai Region

> As of 2023, the Khangai region has a total of 13.7 million livestock (21.0% of the total livestock in Mongolia), of which 5.9 million, or 43.0%, are sheep.

Performance of Subsidies and Incentives Granted to the Khangai Region in 2023, in million tugrug

	Wool	Leather	Wheat	Vegetables	Total
ARKHANGAI	472.5	353.2	205.8	2.1	1,033.7
BAYANKHONGOR	98.4	8.8	-	-	107.1
UVURKHANGAI	168.3	4.0	67.8	0.07	240.2
At the regional level	739.2	366.0	273.6	2.17	1,381

Central Region

Selenge

Darkhan-uul

Tuv

➤ **The Central region accounts for 60-70% of the total agricultural yield in Mongolia.**

➤ **The Central province supplies approximately 45% of Ulaanbaatar's milk needs, about 40% of its meat, and around 57% of its vegetables.**

Performance of Subsidies and Incentives Granted to the Central Region in 2023, in million tugrug

	Wool	Leather	Wheat	Vege-tables	Energy		Total
DARKHAN-UUL	3.1	-	29.2	556.1	1,882.8	1,000	3,471.3
SELENGE	125.5	0.9	1,172.1	6,841.2	1,983.2	2,000	12,122.9
TUV	461.2	302.6	1,559.2	1,385.4	287.6	-	3,996
At the regional level	**589.8**	**303.5**	**2,760.5**	**8,782.7**	**4,153.6**	**3,000**	**19,590.1**

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Gobi Region

**Govisumber**

Dundgovi

Dornogovi

Umnugovi

> Due to the high energy consumption of mining companies in Umnogovi province, 'Dalanjzadgad Thermal Power Plant' LLC receives most of the subsidies in the Gobi region.

> The cost of electricity production is higher than the average price, resulting in losses, and subsidies are being provided from the national budget.

Performance of Subsidies and Incentives Granted to the Gobi Region in 2023, in million tugrug

	Wool	Leather	Energy	TOTAL
DORNOGOVI	579.5	1.2	-	580.7
UMNUGOVI	234.8	19.4	3,000	3,254.2
DUNDGOVI	159.1	-	-	159.1
GOVISUMBER	122.3	6.6	-	128.9
At the regional level	**1,095.7**	**27.2**	**3,000**	**4,122.9**

Eastern Region
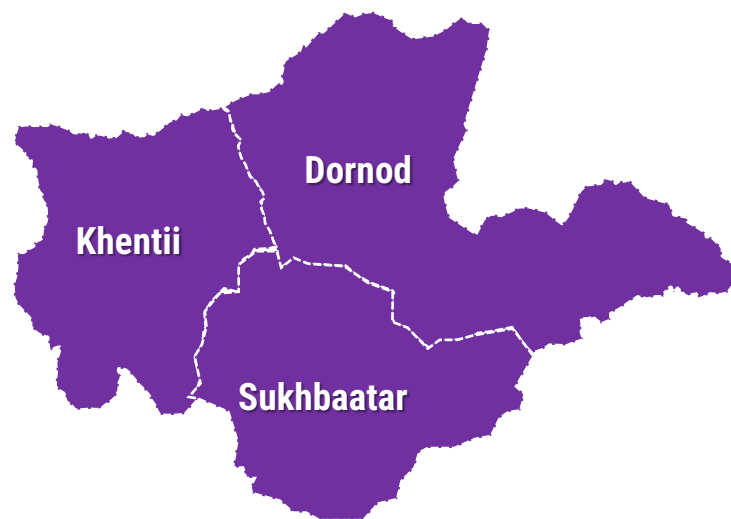
> In 2023, the Eastern region harvested a total of 32.9 thousand tons of grain, which accounts for 7.0% of the total grain harvested in the country.

Performance of Subsidies and Incentives Granted to the Eastern Region in 2023, in million tugrug

	Wool	Leather	Wheat	Vegetables	Energy	Total
DORNOD	153.6	37.1	918.8	2.3	-	1,111.8
SUKHBAATAR	421.6	127.6	96.2	-	450	1,095.4
KHENTII	286.1	85.0	567.9	83.5	-	1,022.5
At the regional level	861.3	294.7	1,582.9	85.5	450	3,229.7

Energy Deficiency

Road Connection

Development of Free Trade Zone, Port City

Attracting Power of Ulaanbaatar City

Human Resource Shortage

CHALLENGES IN REDUCING CENTRALIZATION

"Limited business and job opportunities: The business environment in rural areas is weak, and the market is small, so the number of businesses and job opportunities is limited.

Energy and infrastructure development is weak. In some regions, weak development of infrastructure such as energy and water supply creates difficulties for conducting business in rural areas.

There are significant differences in social services such as education and healthcare: The quality of services in local schools, kindergartens, and hospitals is lower compared to those in the capital.

Excessive economic centralization: Most investments and financial opportunities are concentrated in the capital, which results in slow development in rural areas.

Transportation and logistics issues: Although the road connections between the city and the countryside have improved, accessible transportation systems in provinces and districts remain insufficient.

WITHIN THE FRAMEWORK OF THE POLICY TO ENSURE A BALANCED DEVELOPMENT OF URBAN AND RURAL AREAS, THE FOLLOWING OBJECTIVES WILL BE ACHIEVED.

- **Mitigate the excessive centralization of Ulaanbaatar city**

- **Ensure a balance in urban and rural development**

- **Support local economies**

- **Increase employment opportunities**

Centralization of Ulaanbaatar city

UB

Population capacity
1.3 million

Current population
1.6 million

Utilization
18.3% Exceeded

LAND	0.3%
UNIVERSITIES, COLLEGES	96%
Trade and services	81%
Registered entities	75%
GDP	66%
Hospitalized patients	56%
Public servants	51%
Total population	45%

Giprogor , 1988, HANSKHET, Land Owner, Urban Planning Assessment, 2020, Ministry of Construction and Urban Development

National Statistics Office, Construction Development Center, 2020

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THANK YOU FOR YOUR ATTENTION