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DeFacto **ARTICLE**

*Jargalsaikhan Dambadarjaa,  
Mongolian political and  
economic observer, columnist*

**TEACHER DEVELOPMENT IS  
NATIONAL DEVELOPMENT**

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**WEEKLY**

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**JARGALSAIKHAN Dambadarjaa**

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## TEACHER DEVELOPMENT IS NATIONAL DEVELOPMENT

**A**fter a 23-year pause, the Mongolian Teachers Conference is being organized. Over this period of time, which is a whole generation from a demographic point of view, Mongolia's education sector has evolved significantly in its framework, legal environment, structure, and training curricula. Simultaneously, Mongolia's population has grown to

3.2 million. If we look back, we have changed our law on education 24 times in the last 16 years, which brings the total number of rewritten clauses to 300. It shows how unstable our education policy has been over the years, and prompts us to take a moment to reflect on the past and plan for the future.

### EDUCATION IN MONGOLIA – IN NUMBERS

**Secondary education:** As of the 2018/2019 academic year, Mongolia has a total of 803 secondary schools, 80 per cent of which are public and the remaining 20 per cent of which are private. High schools comprise 70 per cent of the public secondary schools and 80 per cent of private ones. Approximately 70 per cent of all schools are in regional and rural areas, while 30 per cent are located in the capital city. Given that 45 per cent of Mongolia's population resides in Ulaanbaatar, schools in the capital city have exceeded their capacity, while schools in the countryside are looking for students. This is why we have 8,451 students studying in triple shifts. They are in 212 classroom groups in 28 schools, 25 of which are in Ulaanbaatar. Out of these students, 85 per cent are in elementary, 12 per cent in middle, and 3 per cent in high school grades. For some reason, the youngest students are the last to get home from school during the day.

This year a total of 600,000 students are studying in secondary schools, while the number was 580,000 last year. Ninety-three per cent of these students go to public schools. One classroom group has 28 students on average, whilst this average rises to 38-54 at 35 secondary schools in Ulaanbaatar and 3 schools in aimags.

Secondary schools employ around 50,000 people in total, 90 of which work in public schools. 30,000 of these employees are teachers, 82 per cent of whom are female.

If we look at the teachers, 22,000 have a Bachelor's degree, 3,000 have a graduate diploma, 4,347 have a Master's degree, and 19 have a Doctorate / PhD. One-third of all teachers have been teaching for 2-5 years, and 20 per cent for 5-10 years.

**Tertiary education:** Mongolia currently has a total of 94 tertiary education institutions, 37 per cent of which are universities. In addition to the universities, there are 52 colleges, 7 vocational schools, and 3 branches of foreign institutions. Out of these institutions, there are 14 public universities and 4 public institutes. Eighty-six of all these institutions are located in Ulaanbaatar.

A total of 158,000 students go to these tertiary education institutions, with 56 per cent of them in public institutions, 44 per cent in non-public institutions, and 0.2 per cent in foreign institution branches. If you look at their area of study, 27 per cent are majoring business, management and law, 15 per cent in education, 14 per cent in engineering and manufacturing, 14 per cent in health and social care, and 9 per cent in arts, humanities and other areas.

The tertiary education institutions employ a total of 13,000 people. Approximately 6,700 are teachers / professors, 63 per cent of whom teach at public institutions.

### DIFFERENCES IN EDUCATION, AND SOCIAL DIVISION

Nowadays the public and private sectors are working side by side at all levels of education. Twenty per cent of all secondary schools are private, however they account for only 7 per cent of all students and 9 per cent of all teachers. The private sector also comprises 80 per cent

of tertiary education schools, 44 per cent of students, and 37 per cent of teachers and professors.

Developing countries generally see more private schools established because the public budget is often not sufficient to meet the demand for education at all ►►

► levels. In Mongolia, where we see bigger differences between the quality of education at public and private institutions, our society is seeing more division and discrimination. Private schools charge larger tuition fees, therefore they are able to offer higher pay to teachers and a better learning environment to students. Those who can pay are increasingly having their children go to private schools. But both parents and students are growing frustrated, because the cost of going to a private school is increasing every year.

On the other hand, the 2017 Global Human Capital Report, prepared by the World Economic Forum, ranked

Mongolia 11th in 'Capacity', 49th in 'Deployment', and 59th in 'Development' of human capital and intellect. In Mongolia, the capacity of human capital is being unlocked by our teachers, especially those who teach at elementary schools. Teachers have always been deeply respected in Mongolian society. Educating our people and enabling them to develop our country and improve livelihoods is made possible because of teachers. However, Mongolia now needs to advance its education system and develop the teachers, in order to effectively respond to scientific and technological revolutions and equip students with the best knowledge and skills.

## EDUCATION REFORM

First of all, Mongolia needs urgently to increase the funds spent on education, improve learning facilities at public schools, and increase the base salary of teachers, especially those who teach at elementary classes and preschools.

### **Funds allocated for education in some countries as of 2015 (percentage of GDP)**

|          | Percentage of GDP | Percentage of public budget expenditure |
|----------|-------------------|---|
| Estonia  | 5.2               | 13.0                                    |
| Finland  | 7.1               | 12.5                                    |
| Israel   | 5.9               | 15.0                                    |
| Mongolia | 4.2               | 12.4                                    |

*Source: World Bank*

We need to reinvigorate the policy of regional development, allow more financial authority for regional centers, and establish a place where teachers are trained. Only that way, will we be able to reduce overcentralisation of our population.

Education can remove social disparity and establish balance. Therefore, our policy needs to focus on setting consistent curricula across the country, suspend public budget spending on private schools, and expend the funds on public schools instead, so that schools don't have to do triple shifts and can eventually do one shift. We can offer incentives to companies, so that they are more likely to invest in secondary school education.

The education institution, which is under the Ministry of Education, should be responsible for making sure that our education policy meets changing circumstances, and that teachers are continuously learning and well trained.

We need to provide students an opportunity to

get customised training from their teachers, receive individual advice, and enjoy good facilities, including clean, comfortable learning environments. This also includes facilities designated for teachers to rest and prepare for classes.

We should let kids be kids, avoid putting too much pressure on them, give them fewer classes, stop forcing classes before 9am or after 3pm, assign a teacher or a mentor that can continue helping in the long term, and not let them spend more than 30 minutes on homework or get stressed with grades and tests.

It is also time to give more respect and significance to the hard work teachers do, and make behaviours the start of education. Teachers shouldn't be competing for what marks their students achieve, but should be given incentives to collaborate with each other and take advantage of online tools and platforms. This will help us to set up a system where teachers are selected competitively.

Finland was successful in implementing these changes, and now they recruit one person out of 10 applicants as a teacher. Finnish students are a global leader in almost all metrics internationally. Finland is now one of the countries with the highest quality of education and one of the least corrupt.

Compared to Mongolia, Finland has a bigger population (by 2 million) and a smaller territory (5 times as small), but their GDP per capita is 50,000 USD, which is 12 times as much as Mongolia's. Fifty years ago, Finland was a developing country with an economy based on agriculture. Today they are one of the most highly developed countries in the world. Their education system is said to be the underlying factor in this impressive transition.

2019.04.10 ■

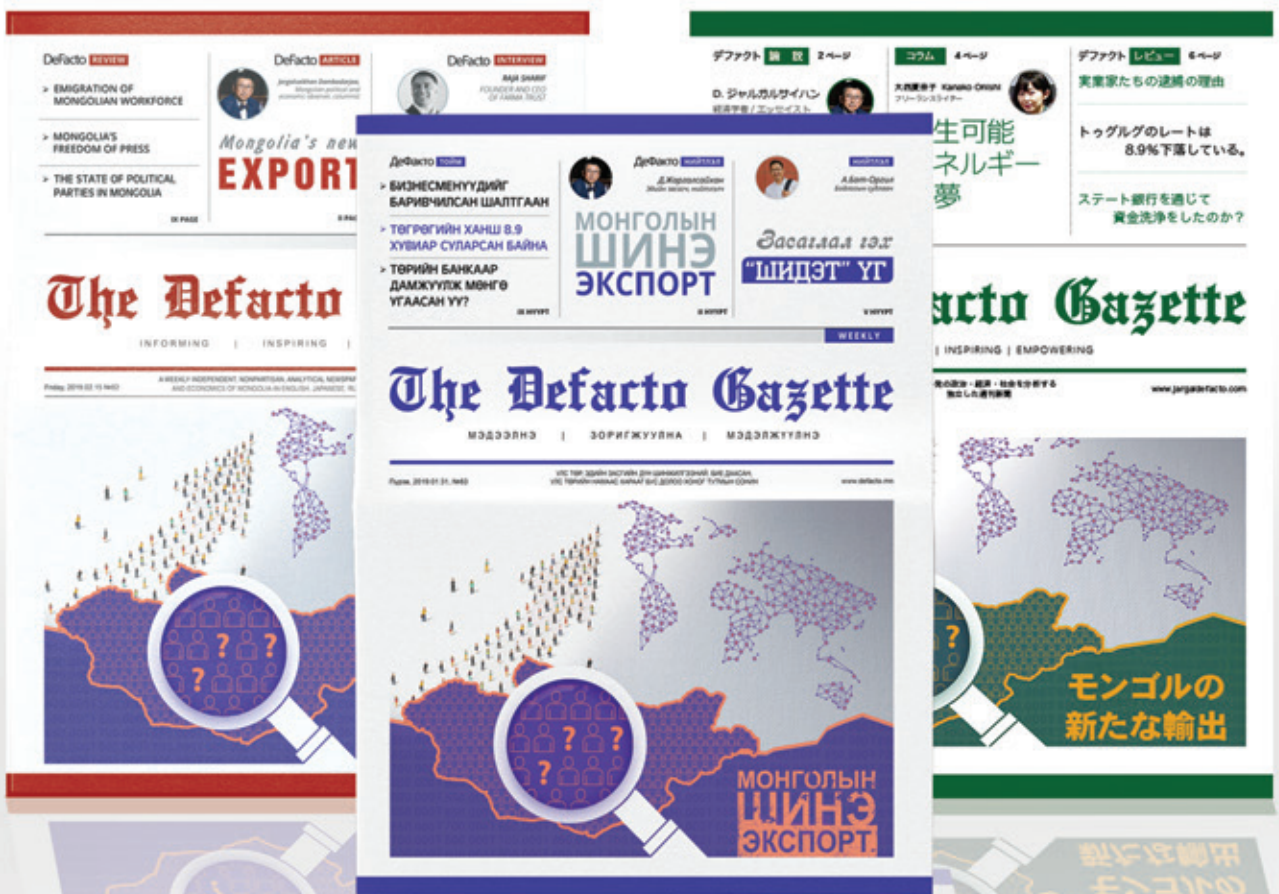


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Anand Tumurtogoo

**Commentator:**  
Jargal Dambadarjaa

## LIQUIDATION OF CAPITAL BANK

Mongolia is encompassed under an IMF program for 3 years, 1.5 of which has passed. Within these 18 months, the IMF produced an asset quality report of all banks in Mongolia. It was then determined that there was a need for more capitalization of Mongolian banks. This was done with all banks claiming to have undergone more capitalization last year and we are awaiting an independent report on the process. It has however already been determined that a number of banks have not done enough to increase the quality of their assets.

According to the Minister of Finance, Capital bank has had issues over the last 5 years. There was no state money put into the bank since 2016 but prior to that, a 104 billion MNT pension fund and 135 billion MNT in health insurance was entrusted to the bank. The funds were appropriated to the bank by Mr. S.Erdene, the head of the Democratic party who was at the time the Minister of Labor and Social Protections.

The infusion of public money into Capital bank, a relatively small financial institution did not end there however as the Development bank of Mongolia put 52 billion MNT into the bank and 47 billion MNT of the infamous Small and Medium Enterprise fund was also placed in the bank. Finally, two public universities, the Mongolian National University of Education and the Mongolian National University of Medical Sciences placed 2 billion MNT and 4 billion MNT into the bank respectively, constituting a total of 340 billion of MNT in public money entrusted to the bank.

There are also deposit holders, the 99.5% of whom are luckily covered by deposit insurance corporations which is covering deposits of up to 20 million MNT. There are only a few hundred customers that have deposits of more than 20 million MNT. The bank liquidation process is going on and a representative from the Central bank is there to restructure the leadership of the bank.

Since 1990, around 20 banks have gone bankrupt and each time, it was a very painful process. We have a two-tier banking system with the Central bank overseeing the operations of the 14 commercial banks. Therefore, questions are raised to the Central bank when a bank goes bankrupt. On the other hand, all the state-owned companies and ministries have accounts in what we call the State fund which operates as a transaction bank.



**КАПИТАЛБАНК**  
МОНГОЛ УЛСЫН АРИЛЖААНЫ АНХНЫ БАНК

However, public officials have been known to place public money into commercial banks for the purposes of gaining their interest. It is unclear however how much those interests are and this certainly contributes to the widespread corruption Mongolia is facing. The state comprises 31% of the Mongolian GDP and is the largest employer so questions such as whether the state should be able to compete with private entities in commercial banks or regarding the guards against the misuse of funds have to be raised. This calls for clear procedures and a distinguishing of private and public enterprises.

Capital bank comprises 1% of the banking system so its liquidation will not have catastrophic impacts. It also sends a clear message to commercial banks which possess issues with their loans. It also signals the need for commercial banks to follow the rules, laws and procedures governing their operations. The message to the Mongolian government is to refrain from competing with private entities or utilize public money as a vehicle to further their own interests.

The retirement and health insurance funds are usually the largest funds in a country and should be taken special care of. Investing money from those funds here or abroad with good intentions is essential for a developing country like Mongolia, especially one that has such a high inflation. The interests on the money should therefore at least equate to the inflation rate. The depository insurance corporations of Mongolia and not the state is responsible for the deposits of individuals in commercial banks. They operate by collecting taxes from commercial banks which they then use to cover deposits of up to 20 million MNT in the event of bankruptcy.

Those with holdings of more than 20 million MNT should go through a lengthier process to regain their

funds. This is due to the fact that the bank would have to collect on the collateral the bank's bad loans were borrowed against. Individuals which secured those loans have to first liquidate their assets and reimburse the bank. Funds generated from this process shall be devoted to insuring deposits of over 20 million MNT.

The previous leaders of Mongol bank should have been on alert following an appropriation of 100 billion MNT in retirement funds to a relatively small banking institution. Moreover, the new leadership of Mongol bank failed to take the necessary steps to investigate and correct this

indiscretion. In the meantime, 200 billion more MNT in public money was appropriated to the bank. Also, the bank was a family owned one which contradicts the IMF recommendations.

When the owner and executive-director are the same person, there is less chance of good loans being given out through proper credit committee procedures. More often than not, loans go to companies related to them which is an issue because loans going to them are rarely less than 5% of their capital which creates difficult circumstances.

## 7<sup>TH</sup> MONGOLIAN TEACHER'S CONFERENCE

The 7th Mongolian Teacher's Conference was held at the State Palace from April 11-12. I take the view that the main asset of a country is its people. Those people are prepared from early childhood in the education system by teachers. Therefore, for proper development of this wealth, teachers need to be developed. Based on this, it is easy to make the connection that teachers' development is a nation's development.

I compared how well Mongolia has developed its teachers with other countries. In terms of spending on education, Estonia devotes 5.2% of its GDP to education while this number is 5.9% for Israel and 7.1% for Finland. The number for Mongolia is 4.2% however so it could even double its spending on education. When we consider the percentage of budget devoted to education, the number for Estonia is 13%, 12.5% for Finland and 15% for Israel while Mongolia devotes 12.4% of its budget to education.

This is the first teacher's conference in 23 years and a government decision was made that subsequent conferences shall take place every 5 years. It is also encouraging that in a cabinet meeting which was held simultaneously with the conference decided that an increase in the education budget was warranted. This new commitment to education would be spearheaded by the establishment of a new center for returning teachers.

When we talk about teachers, added attention needs to be paid to pre-school teachers. It is a good indicator that we have 84% enrollment in pre-school while the average across Asia hovers around 50%. Moreover, a quarter of our education budget is devoted to pre-schools. These are good indicators, no doubt but there is more to be done. One of my suggestions was to divert the subsidies from private schools to public schools in order to reduce the quality gap between public and private institutions. 28 public schools with a total enrolment of 8500 students operate three shifts. Over 85% of students affected by third shifts are primary school students. This equates to the youngest students going home the latest home.

Therefore, we can't afford the luxury of providing



subsidies to private schools the tuition of some of which costs 10,000 – 20,000 USD per annum. This does not mean we are neglecting children of private institutions but that we are taking the necessary measures to eliminate third shifts and overcrowded classes. There is also a disparity in that only 30% of schools are in Ulaanbaatar while 45% of the population lives in the city. Ulaanbaatar does not have enough schools and rural areas don't have enough students.

This is mainly due to us losing sight of the regional development of Mongolia. There is a policy, but it was not supported by the necessary decentralization of money. For example, if half of the taxes collected by local aimags are being diverted, they will have no funds to build up social infrastructure. They have the taxing power so there is no reason why they should not be allowed to issue local development bonds against their taxes.

They can construct schools, roads and other infrastructure to increase the quality of life which will deaccelerate the mass migration to Ulaanbaatar. In Ulaanbaatar, the lack of economic opportunities and government involvement in the economy forces individuals to flee to Korea to take up jobs that Koreans refuse to do. There is no reason why we can not make this country one where people can live happily making an honest living by working hard. The quality of local issues also needs to be increased.



## NEW RAILROAD CONSTRUCTION INITIATIVE

On Wednesday, the Cabinet approved the construction of a 414 km railway from Tavan Tolgoi to Zuunbayan in South Gobi. The Mongolian Railways will issue a 750 billion MNT bond from Erdenes Tavan Tolgoi's 2018 proceeds. The initial railroad plans were to construct a railroad from Tavan Tolgoi straight to the south border. This did not materialize however with the project being marred by embezzlement with some individuals including a Korean subcontractor going to prison. In the end he was only fined 30 million MNT although his damages would have amounted to a figure closer to 30 million USD.

We are not aware of where the difference disappeared to but we do know that every Mongolian has paid for the railroad through their taxes. The fact that these issues occurred while the President was the Minister of Road and Transport Development. It is not surprising therefore that the public is asking for the completion of the first project before moving on to their second project to the east.

When it comes down to it, China is the biggest client of our products. The road south, designed for 3,500 trucks is now congested with 15,000 with all politicians getting export permissions and attempting to sell their products. There is an incident on the road every day and people are dying as a result. As for Tsagaan Khad, the Mongolian checkpoint at the border, the situation equates to nothing less than a natural disaster. So, the first project needs to be completed if only for humanitarian purposes.

I recently wrote an article that Mongolia has the potential to become the Asian Panama. We are neighbored by two superpowers who utilize different rails and will never accept each other's. Mongolia therefore becomes the logical buffer where trains could change tracks mid journey, a very valuable proposition to us. In order to make this into a reality, all rails going South should be



compatible with Chinese rails and all rails going North needs to be compatible with Russian rails. Moreover, there needs to be four tracks at the meeting point of those rails so trains can pass freely.

There is talk that the new rail plans are being put in place in preparation for Putin's scheduled visit to Mongolia in August but it is worth remembering that in Putin's last visit to Mongolia, an agreement was signed with Yakunin, the head of Russian rail that the UB rail corridor shall have a capacity of a 100-million-ton load per annum. Promises were made as to the electrification of the rail and the construction of a second parallel path but nothing has materialized as of yet. Questions have to be asked whether this visit is the outlet for more false promises while the railway continues to operate at significant losses.

*This review has been edited here for space and clarity. You can watch the full 30-minute review on the Defacto website [\[HERE\]](#).*

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