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DeFacto **ARTICLE**

№511

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Mongolian political and
economic observer, columnist

DAIRY FOR CHILDREN AND FUTURE OF THE NATION



DeFacto **INTERVIEW**

Michael S. Klecheski
U.S. Ambassador to Mongolia

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DAIRY FOR CHILDREN AND FUTURE OF THE NATION



It is said that happiness and success of the individual very much depend on the amount of nourishment obtained in childhood. If nutrients needed in childhood are not received, the income as an adult could be affected. As a matter of fact, microelements such as iodine, iron and calcium could be linked to economic development. Such conclusions were reached by 2019 Nobel Prize winning MIT economists Abhijit Banerjee and Esther Duflo. This conclusion is based on studies of poverty and government efforts to solve poverty around the world, included in their book called “Poor economics” in 2010.

Generally, social inequality and the source of poverty are evolving during the childhood of the individual and in some cases even before birth. Policymakers in many countries have therefore implemented special programs for young children, particularly those of school age for example, breakfast or school milk programs for young children.

CHINA AND SOUTH KOREA

China has instituted the School Milk Program in 2000 to reduce poverty and improve the quality of education by compensating for malnutrition of children. They have organized numerous activities at the national, provincial and city levels, including the establishment of units and suppliers responsible for this program, as well as certification and assurance. Consequently, the label “school milk” emerged. Within 5 years, it covered 2.4 million students from ten thousand schools in 28 provinces and 60 cities. Studies have shown that children, who drank two mugs of milk per day, have grown faster than children, ▶▶

- ▶ who did not drink milk (by 7.2 mm in 6 months), also their teeth were whiter than of those who did not drink milk. This program has helped the young generation of China to grow taller and have healthier teeth.

The School Milk program has a beneficial impact not only on the nations' health but on China's economy as well. The dairy industry has been developed and brought a qualitative upgrade to its value chain. China produced 8 million tonnes of milk in 1999, 14 million in 2002 and 35 million tonnes in 2017.

South Korea has a School Breakfast Program implemented since 1953 with the help of the UN Children's Fund. Launched after the Korean War, the program covers

all elementary, middle and high school students, regardless of their household finances. And in the 1970's, the School Milk program was introduced as well. [Research](#) has shown that school children with dairy programs get about 1.5 times more protein than children whose school has not yet implemented the program and receive more than half of the required minimum quantity of the calcium.

[Studies](#) in some countries have shown that young children not only receive the necessary amount of protein and other nutrients from dairy products, but also develop a habit of consuming dairy products for life. The benefits of this program are generally recognized and implemented internationally.

Countries	Year started	Name of program	Coverage
Bangladesh	2013	School milk from small farmers	17 primary schools
China	2000	National School Milk	Nationwide
India	2006	Sanjivani	Gujarat state
Mongolia	2006	School Lunch	Nationwide
Nepal	2003	School milk	Kathmandu Valley
Philippines	1995	Local milk feeding	Selected localities
Sri Lanka	2014	School milk program	Nationwide
Vietnam	2016	National school milk program	Nationwide

Source: *Dairyasia.org*, 2017

MONGOLIA

In Mongolia, the Breakfast Program was implemented in middle schools in 2006. Unfortunately, this program is measured by the amount of money spent, not the nutritional value that each child receives. Initially, the cost per child was estimated at 300 MNT and a year later at 600 MNT. In spring 2019, the Parliament approved a law which replaced the Breakfast program with a Lunch program. Social media criticism emerged as the when lunch budget increases, the price to buy products increases as well. Politicians merely care about the amount of money spent on programs rather than being concerned with the amount of calories and nutrients delivered. Mongolia has no evaluative culture and official studies that would summarize the results of the Breakfast Program are non-existent. According to some parents, this program helps school children, especially those from low-income families.

However, this type of program is designed to cover the nutritional and vitamin deficiencies of young children. According to the 5th National Nutrition Survey of the Population of Mongolia, 7 percent of children aged 6-11 years are stunted and 3 percent are thin. Also 22 percent of all children are overweight and 6 percent are fat.

In this context, the experience of other countries has proven that it is more efficient to include milk specifically in our Lunch program. In Mongolia, only 5 percent of school children use dairy at school. (Research on Secondary School Food and Service, 2018). In fact, we can easily provide sufficient milk to our children.

Self-sufficiency ratios of milk							Export percent-age by 2013
	1963	1973	1983	1993	2003	2013	
Afghanistan	99.7	99.3	98.3	98.2	95.6	88.1	0.0
Bangladesh	95.2	85.5	83.5	87.2	87.9	82.4	0.0
China	99.5	100.0	98.3	97.9	94.6	83.0	0.3
India	97.4	98.6	99.6	100.0	99.9	100.0	1.6
Indonesia	58.2	36.8	26.4	55.9	40.6	34.9	3.2
Mongolia	90.8	82.6	83.3	98.8	96.4	98.3	0.0
Myanmar	48.8	87.8	95.9	89.8	87.9	94.8	0.0
Nepal	100.0	100.0	97.2	98.2	97.7	98.7	0.0
Philippines	6.0	5.0	3.9	1.1	0.6	0.6	5.1
Sri Lanka	58.7	61.7	52.5	57.8	23.1	37.3	1.2
Thailand	2.3	3.5	6.9	15.6	38.0	46.9	14.4
Vietnam	99.7	99.3	98.3	98.2	95.6	88.1	0.0

Source: *Dairyasia.org*, 2017

As can be seen from this table, Mongolia has all the potential to increase milk supply contrary to China. But despite the availability of milk, the supply infrastructure is lacking. Dairy products are more delicate and require more stringent standards and controls. While poverty is at the heart of many social issues, it is crucial to address the fact that one necessary and ignored decision is the introduction of milk to the children's Lunch Program.

2020.01.15



MICHAEL S. KLECHESKI

U.S. AMBASSADOR
TO MONGOLIA

DeFacto INTERVIEW

For interviews in Mongolian, English and Russian, visit <http://jargaldefacto.com/category/8>

“ WE ARE DOING OUR BEST TO HELP YOUR GOVERNMENT AND CIVIL SOCIETY WORK TOWARDS GETTING OFF THE GREY LIST ”

Michael S. Klecheski is the U.S. Ambassador to Mongolia. Prior to coming to Mongolia, he served as the Deputy Chief of Mission of the US Embassy in Manila, Philippines. He also worked as the Deputy Chief of Mission to the US Embassy in Astana, Kazakhstan and as a political officer at the US Embassy in Moscow, Russian Federation. Moreover, he also served as the reconstruction team leader in Al Diwaniyah, Iraq. In the US, Ambassador Klecheski has worked as a senior monitoring specialist at the State Department 24-hour watch desk and as the specialist responsible for NATO affairs. Finally, he would also serve as the Director and Acting Director for Russian Affairs at the National Security Council.

Jargal DeFacto: Good Evening sir!

Michael S. Klecheski: Good Evening! It is a pleasure to be here.

JD: Merry Christmas!

MK: Thank you. Merry Christmas and happy holidays.

JD: It is a wonderful holiday that is celebrated internationally. You are a very multinational person as a U.S Ambassador of Polish heritage with a Filipino wife and three children. Prior to working in Mongolia, you worked in Kazakhstan, Russia, Philippines and Iraq. This is your first Christmas in Mongolia, what are your impressions?

MK: First of all, it is an honor to be here and I will tell you that I enjoy reading your website, sometimes in Russian but usually in English. This is indeed our first holiday season in Mongolia as we arrived here in February. So far it has been wonderful if not a little exhausting at times because Mongolians definitely know how to party around the holiday season. All the hospitality that I have experienced throughout the year has been one of the striking features of Mongolia.

JD: Are you a Christian yourself?

MK: I really don't have a particular religion.

JD: Many Mongolians are also not religious and simply respect all religions. Still, what is your most memorable Christmas memory?

MK: It is when we had all three of our kids together, it has been a while because two of them are in the US and one in the Philippines. This year, two of them are here with us so it is also a very nice experience. Wherever we are in the world, we celebrate the holidays, always with a Christmas tree so it is a nice feeling, especially when family members can join us.

JD: I think this mood can be extrapolated to the relations

between our two countries. Can you reflect on last year's milestones and those in the near future?

MK: This has been a remarkable year and I am not sure I expected it to be such a year of improving relations when I first got here. Your President's visit to Washington and the meeting of our Presidents was a major milestone. It established the Strategic Partnership which we are now pursuing. Our relationship with Mongolia has been strong ever since we first established diplomatic relations. I think the fact that Mongolia took a very courageous step of pursuing democracy at a time when not every country was doing so was one of the reasons we have the foundation for a strong relationship. It has been strong throughout but in the last 7-8 months, it has dramatically improved to an unprecedented level of cooperation. Aside from the meeting of the two Presidents, we had a lot of high level visits by American officials here such as the first visit of the Secretary of Defense in his current capacity outside of the US including Mongolia. Our National Security Adviser at the time, Mr. John Bolton and a group of economic officials at very high levels have also come here. Back in 2018, your Prime Minister and our Secretary of State made 2019 the US-Mongolia Year of Youth and we have had programming the whole year.

JD: Regarding economic cooperation, I believe there are areas that can be improved such as foreign direct investment and so on. What is your position on this?

MK: I agree that there is a lot of room for improvement. We have not even reached the high that we had a few years ago but we are working very actively towards it and I think there is two dimensions to it. One is helping to improve the investment climate. Obviously, foreign companies are looking for a strong investment climate where they can feel confident and where the rule of law gives them protections, assurances.

JD: Speaking on this, there is a transparency agreement which recommends friendlier investment conditions in Mongolia. How is this going on now?

MK: We are becoming closer and closer to full implementation of an agreement that from our perspective is very important as it is from your perspective. The transparency agreement essentially creates the conditions for the public, the business community to be able to comment on draft legislation and even draft regulations pertaining to economic issues. It would allow for considerations of the impact a potential legislation will have for not only the public but the international community at large to take place. We are working hard towards its creation and it should be reasonably soon.

JD: During consultations, Mongolian legislation needs to be available in English for international stakeholders.

MK: This is the core element of it. We are helping with a website (www.legalinfo.mn) in order to modernize and reinforce it.

JD: I think we also have to mention the Millennium Challenge Account, Mongolia which has provided a total of 500 million USD in grants to Mongolia. Can you briefly discuss this project?

MK: US taxpayers are contributing 350 million USD alongside a contribution from the Mongolian side towards a very ambitious program to address the water issues that will emerge in Ulaanbaatar in the near future.

JD: So you are addressing issues before they emerge and informing the public of your operations.

MK: Exactly, and the fact that it is a grant is tremendous from our perspective as there is no debt trap. It is the second compact and not every country gets two compacts.

JD: This is why I would like to thank you on behalf of ordinary people, Ulaanbaatar residents in particular who will not face challenges that would have otherwise been inevitable.

MK: The technical aspects are important but so is the good governance angle. The Millennium Challenge Corporation always includes governance in its projects.

JD: This augments the recent economic cooperation with Russia and China in the form of the pipeline agreement so Mongolia is lucky to have such neighbors and third neighbors. What is your evaluation of Mongolia's third neighbor policy?

MK: It is very clear from our perspective that Mongolia very much values its third neighbors and they always make clear to us that the U.S. is a principal one. We are very much committed to being the best third neighbors we can be in all the different realms.

JD: There is a concern among some people about what will happen if Mongolia joins the Shanghai Cooperation Organization. What is your stance on the issue?

MK: Obviously, it is a sovereign decision that Mongolia will have to make but I hope they make it in the context of understanding what implications there may be for their neighbors, those in and not in the SCO.

From our perspective, establishing systems of transparency such as the transparency agreement is the best way to fight corruption because it is not a personalized approach that will come and go but an institutionalized approach.

JD: As you know, Mongolia has been grey listed and a very high-level delegation from the US visited Mongolia and pledged their support in Mongolia getting out of the list. Also, the perspective is that this will serve as a good chance to improve governance in Mongolia. What is your take?

MK: That is exactly right. The grey list is not a political statement of any kind. It is a technical evaluation of whether a country meets the standards to avoid having terrorist financing, money laundering flow into that country. I don't think any country wants to be the venue to which terrorists bring their money because it is convenient. For that reason, we are doing our best to help your government and civil society work towards getting off the grey list. We have two particular areas of cooperation with one being the Treasury Department technical advisory, very experienced on grey list issues working in the offices of Mongolian government agencies. We are also providing a website that allows Mongolia to identify suspicious transactions. We are doing a lot but the international community is also doing a lot.

JD: Individuals using any sovereign country for terrorism purposes is the concern of the international community.

MK: Absolutely. It is not in our interests if Mongolia becomes a country where terrorist financing flows and it is not in our interests at all that Mongolia stay on the grey list.

JD: We are still under an IMF program and there is a risk of high foreign debt payment default, with Mongolia scheduled to repay 3 – 4 billion USD from 2021 to 2023. The grey list is a concern of everyone involved in the finance sector. Let's shift to the regional context where there is a trade war between China and the US as well as sanctions against Russia. This seems to be leading to the integration of the two economies and Mongolia will hopefully benefit from this as it is in the middle of the two countries. How do you see the role of Mongolia economically and politically in this regional context, perhaps in relation to North Korea?

MK: One of the things that really struck me about Mongolia is the value it attaches to its sovereignty and independence. Obviously, it is going to have economic relations with its geographic neighbors but it is important that they maintain the conditions of economic sovereignty and Mongolians understand this very well. Meanwhile, we are offering alternatives in terms of financing and alike but we also stressing the importance of things like good governance. We are frankly concerned that some of the approaches of China to economic interaction does not always reflect good

governance. There is corruption, debt traps as we mentioned earlier and other elements that are a real concern for us. We really want to on the one hand offer alternatives but on the other hand, an alternative model that involves good governance because good governance is at the core of things like fighting corruption effectively and I know this is an important issue in Mongolia with high profile.

JD: It is one of the reasons we are grey listed. I saw the report and there are 11 or so indexes of performance and we are still having problems in four of them. One of them is high-level corruption with two former Prime Ministers, the Minister of Finance and others being arrested and released, creating confusion among the public. Do you believe that the Chinese model of fighting corruption is effective?

MK: From our perspective, establishing systems of transparency such as the transparency agreement is the best way to fight corruption because it is not a personalized approach that will come and go but an institutionalized approach. This includes things like procedures, best practices but also training for the practitioners and I am very proud to say that the US has been increasingly working on addressing the challenges of Mongolia's judicial system. We send judges to the U.S. on a whole range of programs such as Open World so they see how we do it in the U.S. We want to disseminate both our successes and how we tackle our challenges.

JD: Democracy is not perfect. I have lived in your country and I have seen that it is the only country where people are not afraid to discuss the problems they face. We use the term freedom to refer to both liberty and freedom so as an American, what is your take on those concepts?

MK: Freedom is at the core of democracy and it is a very broad range of ideas that can be discussed for hours but the ability to express yourself, the ability to hear a range of views is a vital part of freedom which is why we are very much encouraged by Mongolia's freedom of the press. Freedom also includes certain rights such as religious freedom where Mongolia really has a tremendous amount to be proud of, in contrast to the situation in Xijang where from our perspective, religious freedom is being constrained very severely. Religious freedom and other freedoms are very important and we continue to see them as essential. My take is that Mongolia is very much aware of this and values it.

We are always talking about a Travel Responsibly program which we implement with the Mongolian government, Foreign Ministry and other embassies.

JD: There are a multitude of beliefs and after travelling to many countries and meeting different people, I believe that we just need to respect each other's religion and that this will lead to less of a chance of radicalization of particular religions. Going back to the Year of Youth, we have a lot of graduates, some such as me from the US and this creates lasting relations. How you evaluate the Year of Youth?

MK: I have been very impressed by the programs which range from culture, music, technical skills, and training in a whole range of issues which are all very important. However, you mentioned alumni and I think that is another important point to make. It was just a few days ago that I once again celebrated the holiday season with an organization that you know well which brings together Mongolian alumni from American schools and programs. It is one of the finest alumni associations, at least as far as the State Department is aware, in the world. You really are pathbreakers.

JD: As a former President of the association, I can say that the State Department was very supportive. Those who graduated in the US don't need explanation into the care of the disabled, creating a supportive environment and infrastructure for those with limited mobility. For example, there are no special needs schools in the US with all students attending the same schools. This mentality change can be implemented in Mongolia through the efforts of those graduates. I think public diplomacy is becoming more important between our countries which can be seen in travels between our countries. How much travel is there to the US from Mongolia?

MK: There is a lot of people travelling and we try to make the visa process as easy as it can be. This doesn't mean everyone gets a visa and we are aware of that. The more Mongolians travel to the US and come back within the limitations of their visas, the easier it is for others as well. We are always talking about a Travel Responsibly program which we implement with the Mongolian government, Foreign Ministry and other embassies.

JD: I think your campaign has had an impact and that people are travelling more responsibly recently. This is a sign that people are understanding each other's rules and regulations. There are interesting years ahead and we are proud of our alumni's who graduate in the US. The HU band recently returned from a tour in the US and this also demonstrates the fact that we are getting closer.

MK: Yes. My son went to visit The HU in New York, having been in Mongolia right before and was very impressed. This kind of cultural ties really strengthen the broader ties.

JD: With this energy, may the new year bring more power, results and inspiration to our relations and I would like to thank you for being on my program on this important day for many people around the world.

MK: Thank you! It has been a pleasure.

This interview originally aired in December 2019.

You can watch the full 30-minute interview at www.jargaldefacto.com



Host:
Namsrai Tsend

Commentator:
Munkhdul Badral

DeFacto **REVIEW**

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CHANGES TO THE CRIMINAL CODE OF MONGOLIA

The Criminal Code of Mongolia was amended during last week's session of Parliament due to instances of corruption and abuse of power being dismissed as a result of the expiry of the statute of limitations. Following the amendments, previously dismissed cases can be reopened with the changes facing opposition from some lawyers who claim that it will undermine the legal situation of the defendants. Moreover, defamation was reclassified from the Law on Infringement to the Criminal Code with lawyers claiming that this constitutes an attack on freedom of expression and that it will be especially harmful to the media and journalism sectors.

This is a clear example of how the legal system is hijacked to benefit a few group of people at the expense of the general population. The Criminal Code was amended in 2017 with minimal attention being paid to the statute of limitations provision which it shortened until last year when a few major corruption cases were dismissed due to the statute of limitations. These involved cases of private companies taking out multimillion dollar loans from foreign banks with public companies such as Erdenet Mining Corporation and Ulaanbaatar Railways as collateral.

The massive public outcry led to the Criminal Code being amended again but most legal scholars agree that laws can't be enforced retroactively. Legislation being enforced retroactively could undermine the entire legal system of any country. Let's suppose that someone is serving a 2-year sentence but there is a massive outcry that he should have been sentenced to 10 years. What legislators should not do is act on this outcry and retroactively extend their sentence.

During its deliberation, Members of Parliament agreed that the shortening of the statute of limitations in 2017 was ill advised as it opened the door for corruption cases being dismissed while they were being investigated. They claim that extending the statute of limitations will allow for the reopening of corruption cases that were dismissed due to statute of limitations but legal scholars claim that this would be unconstitutional and that it



would not hold up to any challenge brought to the Constitutional court. It is therefore entirely possible that this is a measure by parliament to save face and appease the public outcry with the impending election looming.

Reclassifying the offence of defamation can be detrimental to journalism and I believe that Mongolia has taken a major step back in the area of democratic institutions. Freedom of Speech, freedom to publish, freedom to investigate and the protection of journalism is fundamental to any kind of democracy. In 2017, defamation was taken out of the Criminal Code and put into the Law on Infringement, thereby shortening the process and the maximum sentence to a fine of 2 million MNT. This was seen as a step in the right direction but it did not protect journalists with journalists increasing self-censorship.

Every international organization has advised us that defamation should cases should never be tried in a criminal code but in civil court. Victims of defamation should be able to sue the culprit in civil court but reclassifying it into the Criminal Code is a big step back for freedom of speech in Mongolia and it will further undermine Mongolian democracy as journalists will have to be extra careful to avoid any defamation allegations. Even if journalists do their work and write an accurate article of investigative expose, they can still be sued and tried for defamation. I am not a legal scholar but our constitution provides freedom of expression so a challenge to the Constitutional Court may be successful.

SOCIAL AND ECONOMIC SITUATION OF MONGOLIA 2019 AND 2020

On the 16th of January, the National Statistics Office presented the Social and Economic Situation of Mongolia preliminary report. With political parties keen on making promises to improve the social and economic situation, we shall compare this year's statistics to that of last year. We don't officially know what the GDP growth last year was but the Prime Minister announced that it grew by 7.3%. It was irresponsible of the Prime Minister to announce the GDP growth prior to the National Statistics Office as economic statistics are utilized by businesses for making major strategic decisions and foreign investors to determine the economic prospects of Mongolia.

A disheartening pattern we should pay attention to is the slowing GDP growth. Everyone from the ADB to the World Bank has lowered their forecasts for 2019. For example, ADB initially projected a growth of 6.9% but later lowered it to 6.7%. They would also lower their projection for 2020 from 6.5% to 6.1%. They still refer to resilient economic growth but are also stating that it is stabilizing to a certain extent.

Our exports grew last year and our trade surplus as well as foreign currency reserves have never been this high. However, despite coal exports growing from an annual standpoint, we saw the drop over the last few months of 2019. This is perhaps an indication that we should not be overly optimistic about 2020. Macro-economically, Mongolia is growing but within small and medium enterprises, the largest employers in Mongolia, non-performing loans are growing, indicating that the GDP growth is not reaching the whole population, benefiting the few companies engaged in exports. Moreover, our economic growth in terms of dollars has been insignificant, constituting 12 billion USD over the last 3-4 years.

Historically, our government has been prone to exaggerating economic numbers and we have not moved away from this practice yet. Our budget deficit is increasing but our GDP growth has allowed it to decrease in relation to it in accordance with our IMF agreements. However, we still approve large budgets containing a significant number of projects which we may not be able to finance

WILL THE SHARIIN GOL MINE GO BANKRUPT?

On the 14th of January, staff of the Shariin Gol mine initiated a complaint with the Energy Regulatory Commission of Mongolia claiming that the mine will no longer be able to operate due to misguided government policies. Deficit is a common issue in the energy sector as the prices for fuel, energy and other resources are controlled by the government. While the Shariin Gol mine has not officially filed for bankruptcy, this demonstrates that it is in a state of bankruptcy as it cannot pay its employee salaries.

meaning the government will have to borrow again. The election in the middle of the year means that we will not be aware of the effects of such an expensive budget until the end of the year and maybe into next year.

The Human Development Index is a UN statistic that takes into account a person's income, quality of education, quality of health, quality of government services among a multitude of other factors. We have actually been going down in the Human Development Index for the past 5 years if my memory serves me right. We may have fixed our macroeconomic situation with IMF support but international analysts and economists are pointing out that this growth is not translating to human development. Our quality of education and quality of health are not improving with an average person's income remaining stagnant. If you account for inflation, real income has not seen any growth.

The average salary in Mongolia is about a million MNT but if you take away the mining sector from the equation, people's income has not actually been growing in real terms. In fact, the real income of public servants, especially teachers, doctors and nurses has been falling consistently for the past three years. Therefore, the feeling on the street is that the economy is not growing as the average person's income is not growing and their life is not improving.

It is essential that the government begins to invest real money into our education as any economist will tell you that one investment in the education sector becomes 20 dollars' contribution to the economy. Our government likes to claim that 20% of its budget is dedicated to the education sector but the vast majority of this is directed towards the construction of new schools and kindergartens. There has not been any investment into increasing teacher salaries as they are making less real income than they were only a few years ago. Increasing teacher salaries will enhance the quality of education and in time alleviate the dismal situation we are in whereby our students are getting 20% in Math and Mongolian sections of the college entrance exams.



Our viewers will know that the mine supplies most of the coal to the Darkhan and Erdenet power stations so a continuation of the situation will cast a shadow over our citizens in Darkhan and Erdenet. It demonstrates that our government policy on the energy sector has not changed over the last 30 years and is geared towards keeping electricity prices low to please citizens. Modern economists will however state that subsidizing the production of electricity or even water is an inefficient way to utilize public funds.

In Singapore for example, subsidies are given to the final consumers of electricity rather than its producers and distributors. Electricity and water are essential public goods that the government has to actively pursue but it should not provide subsidies to every step of the supply chain. In Mongolia, the government gives subsidies to the coal mines, the railways, the power stations and the distributors. This results in everyone paying the same amount for electricity regardless of income. Subsidies and social welfare are designed to take care of those in need of those services, not the wealthy.

Therefore, the government has implemented a misguided policy from the onset and they realize this, passing a resolution in 2012 promising the complete liberalization of the energy sector in the upcoming years. However, the implementation of the resolution has been delayed ever since 2012 as they fear the public backlash that will come with its implementation. Compared to similar countries, Mongolia has the cheapest electricity and water prices which is essentially pocket change for the richest but a significant amount for the poorest. The government should therefore liberalize the energy sector and provide electricity and water vouchers to those most in need.

We are fully aware of who needs this help as our government has comprehensive statistics on every household in Mongolia compiled for the purposes of child allowance benefit distribution. Based on this study, some

households already get food vouchers, children's allowance, mothers' allowance and other social benefits. All that is required is a government commitment to implement the resolution passed 8 years ago.

The government needs to do a lot of work to refurbish old apartment buildings and to insulate them better in pursuit of conserving energy. However, they cannot go to every apartment building and force people to insulate their houses better. However, the other part of the equation is that every household needs to become more responsible when it comes to their energy. For example, if they start paying higher heating, electricity and water prices, households will have the incentive to check how much energy they are losing through their windows, walls, ceiling and floors. There are also a number of international organizations helping the government in their efforts. As this is an election year, I don't foresee any changes being implemented.

However, the government will eventually have no choice but to step in, at least in the Shariin Gol coal mine case. In terms of the broader energy policy, more needs to be done to convince the government to do the right thing. Perhaps the government is overestimating the public outcry that will result from the liberalization of the energy sector. Everyone in Mongolia knows that someone living in Zaisan should not be paying the same subsidized electricity price as someone living in the Ger District. If the proper public discussions and awareness campaigns are carried out, I think people will be willing to pay higher prices for electricity and water. The case of water is especially difficult as Ulaanbaatar will run out of fresh water in 10 years. The second compact of the Millennium Challenge Account is a 230 million USD project designed specifically to tackle this issue.

*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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