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WEEKLY



DeFacto **ARTICLE**

№516

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A UNIQUE RESOLUTION FOR THE HOUSING PROBLEM

DeFacto **REVIEW**

➤ CORONAVIRUS AND THE WORLD'S ATTITUDE

The Coronavirus that originated in China is a major issue on the world stage with the number of cases increasing every day. Before moving further, it is very important to differentiate between a virus and bacteria.

➤ CORONAVIRUS AND MONGOLIA

➤ CORONAVIRUS AND VACCINES, TREATMENTS

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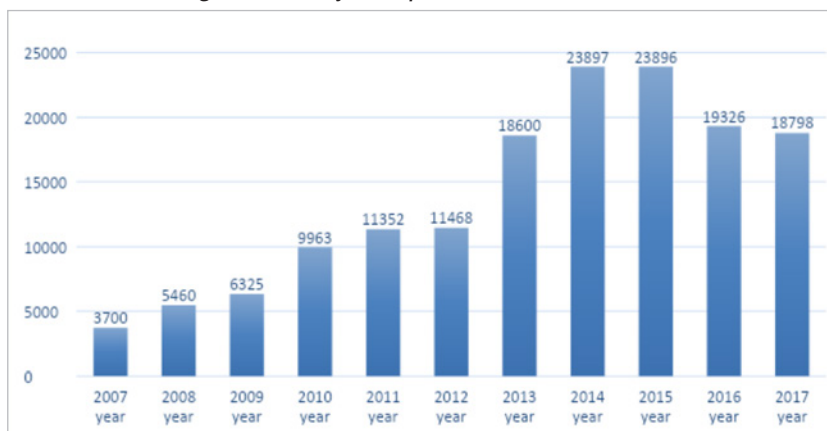


Half of the 3.2 million of the Mongolian population is living in Ulaanbaatar, and half of the capital's population is living in ger districts. With the 19th largest country in the world in terms of size, the roads of the capital no longer accommodate the people and cars, and the city is drowning in serious issues such as air pollution, soil pollution and other environmental problems.

We have been saying for a long time that the key to solving this problem lies in the zoning, planning, and housing, but with meager results. Despite the slight reduction in air pollution this winter due to the use of briquettes, problems of soil degradation and clean water shortage are still not solved. The best solution in the long-run to provide housing to the ger districts, however, despite the many projects being implemented, ger districts are still expanding.

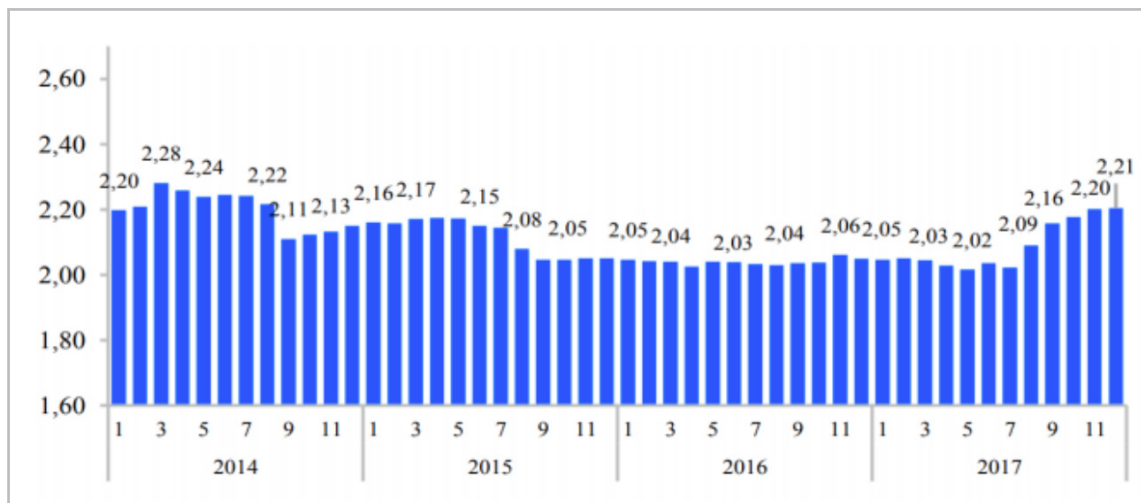
Although 250 thousand of the 840 thousand residents that are living in the ger districts applied for a housing loan, 15% of them did not meet the requirements. From a supply perspective, as of January 2020, 20 thousand apartment units have not been sold and are left vacant in Ulaanbaatar.

Fig. 1 Number of new apartments in Ulaanbaatar



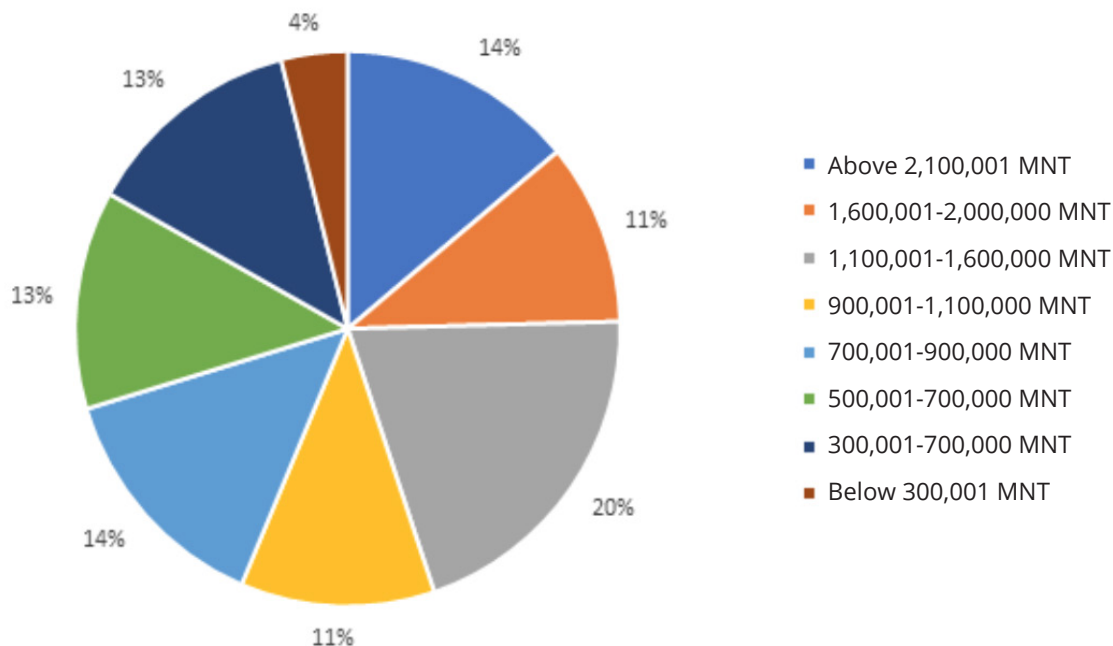
- ▶ Despite increasing the housing supply (Fig. 1), a citizen's purchasing power remains low. On the other hand, it is noteworthy that as the housing supply increases, prices do not decline (Fig. 2).

Fig. 2 Average price per 1 square meter of new apartments in Ulaanbaatar (MNT 1,350,000)



The family the capability to buy a house or apartment is calculated based on whether 30% of the monthly income can be spent on housing. It turns out that 45% of the population do not have purchasing power (Fig.3).

Fig. 3 Mongolia's family income groups, by month



Source: National Statistics Commission, 2019

However, the reasons for why housing prices are not falling are the high interest rates, the tugriks devaluation, and the fact that banks have acquired more houses, the increased cost of construction, and land licensing related corruption and other factors. ▶▶

SINGAPORE RESOLUTION

▶ As a result of smart policies, implemented over sixty years, Singapore has already solved its housing problem. Today, 80% of Singaporeans live in communal apartments, and 90% of them already own apartments. The Housing and Development Board (HDB) has started constructing public residential developments sixty years ago. Their housing becomes 20-30% than from private sector. Households receive low-cost housing through various programs. For example, you can get a loan from your retirement fund through the personal account and get into housing without a pre-payment. Citizens accrue 20% of their salary each month and employers – 17% to the retirement fund. Whenever

family moves to new apartment, they receive an allowance of up to \$80,000 depending on their income, and for moving to an old apartment, they receive up to \$120,000 as allowance. After a certain time, they can own the apartment. If unmarried, a person will not be able to own until the age of 35.

If the public residential development is privately owned, it cannot be sold for the first five years. High-income households cannot buy smaller apartments. Because they are not allowed to buy public apartments build by government funding, they have no other choice but to buy expensive apartments built by private entities.

MONGOLIA RESOLUTION

The Housing Corporation of the Capital City (HCCC) launched the Affordable Housing Program. The residents from areas in Bayankhoshuu and Shar Khad were resettled and seven other areas were acquired outside of the city including the Moringiin Davaa. This spring, infrastructure projects will be launched in these locations funded by HCCC, while business entities will be able to bid for housing construction tenders. The selection will be based on the assessment of the respective entities investment and the number of apartments, including the discounts and free housing, to be handed over to the HCCC. In turn, HCCC will rent out housing at a lower price and provide low-income residents with access to the rent-and-own option. In this way, ten thousand families will be provided with an affordable and ecologically friendly home. Of these, 1500 are rented, 3000-5000 are rent-and-own apartments and the rest will be sold by the developers themselves. According to the

Executive Director of HCCC Sukhbaatar B., this project will be implemented within five years.

Three long-term goals were set for the Affordable Housing Program in Ulaanbaatar: to diversify the supply; to establish a sustainable financing mechanism; to create a legal environment and institution for the implementation. The strategy will ensure the full involvement of all relevant stakeholders, including government, private sector companies, tenants and local authorities. The necessary funding will be provided by international institutions with subsidized and highly subsidized long-term loans. For example, an \$80 million loan from the Asian Development Bank and a \$145 million loan from the Green Development Fund are already issued. The HCCC will immediately pay for all affordable accommodation, and developers with a performance of over 70% will be provided with loan guarantees.

ARE THE HCCC PROJECTS ACTUALLY GOING TO BE IMPLEMENTED?

Since the city administration has put an end to fees and bribes by making all stages of the housing construction transparent, this HCCC project may actually solve Ulaanbaatar's housing problems. However, this year of 2020 is an election year, and hence, the implementation may be problematic. Citizens have often seen how the elected government takes down endeavors of the previous one.

Therefore, to separate these projects from politics, now we need the understanding and faith of all citizens. To do this, it is important that the project is open and relevant stakeholders are involved. Otherwise, another dream will just stay on paper and fade over time.

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DeFacto **REVIEW**

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CORONAVIRUS AND THE WORLD'S ATTITUDE

The Coronavirus that originated in China is a major issue on the world stage with the number of cases increasing every day. Before moving further, it is very important to differentiate between a virus and bacteria. Viruses are perhaps thousands of times smaller than bacteria and are also different in that they are organisms that live within cells, akin to a parasite. Bacteria on the other hand, have all the structures of a cell. Viruses use the human cell infrastructure to replicate.

The World Health Organization has reclassified the Coronavirus as a High Risk, electing not to classify it as a pandemic. A classification of a pandemic would have seen the initiation of a significant amount of effort dedicated to not only controlling but reducing the risks of the Coronavirus. The High Risk classification means that there are High Risk countries that are effectively combating against and controlling the Coronavirus. We know the situation in South Korea, Iran and Italy but it has not reached the level of a pandemic. A pandemic refers to a situation where all citizens of the world will be exposed to a given virus during within a certain timeframe. Even the 2003 SARS outbreak had not been classified a pandemic.

When we look at the reactions of countries, China was criticized for initially being slow to react to the outbreak. There was little information about what was happening in Hubei Province and China was slow to inform the World Health Organization and other organizations about the Coronavirus infections there, thereby delaying

CORONAVIRUS AND MONGOLIA

As Mongolia is in the High Risk zone for the Coronavirus, the government is taking all possible precautions to prevent the Coronavirus from entering the country. The actions taken by the Mongolian government and the Minister for Health are relevant and timely. One month since the implementation of the measures, we have no cases. Closing the border with China and commercial flights to

their response. However, once the seriousness of the situation became apparent, the actions China took such as establishing quarantines over entire provinces has been effective. Countries close to China such as Russia, Mongolia, Hong Kong and Taiwan have also taken effective measures to combat the spread of the Coronavirus.

However, countries like Italy and Iran were not responsible and not prepared for an outbreak. We have also seen that the government structure of countries vis a vis democracy, autocracies, etc. is also playing a role. Iran demonstrated that it was not prepared for an outbreak with the situation declining rapidly and the sanctions placed on them have hindered their response. The situation in South Korea is isolated to the city of Daegu and despite infections, deaths, effective measures have seen the situation begin to normalize.

A recent article published in the New England Journal of Medicine demonstrates that the mortality rate is between 1-4% and that the incubation period is between 4-8 days. Compared to some other viral infections, the mortality rate is low. The individuals that died are generally of old age, male with combined diseases also playing a role. Face masks only prevent infected people from passing on their infection. However, the incubation period of the virus makes it difficult to determine who is infected. Therefore, everyone should wear a mask all the time and special masks need to be worn in places of increased viruses such as hospitals and laboratories.

China, South Korea and Japan have helped the situation.

There is however room for improvement as Mongolia has a High Risk and prevalence for Tuberculosis of which I became aware of during my time as the National Tuberculosis Program Manager. This is mainly due to issues with infection control, legisla-

tion, treating and preventing people from tuberculosis. If these issues persist after Coronavirus, there is a possibility that tuberculosis and other viral infections will continue to be a big problem in Mongolia. Before the Coronavirus, we had huge issues with flu and cold so the Coronavirus has hopefully taught us valuable lessons that we will continue to implement in order to fight against various infections.

berculosis Program is mostly funded by the Global Fund with the government only paying the wages of staff and some other costs. The drugs, laboratory equipment and the tests are procured by the Global Fund. The organization that fights HIV and sexually transmitted diseases as well as the one that fights flu, cold and viral infections are also in the same situation.

Most funding comes from outside the national budget, meaning that Mongolia needs to increase its budget and to increase the capacity of individuals working in the field. There is also a need to increase the technical equipment of the laboratories. For example, the government decided to build the Biosafety III classification laboratory in 2014 but it has still not been completed due to insufficient funds. Health system financing is a very big issue in Mongolia with a recent study demonstrating that 10% of medical expenses are covered by the National Medical Insurance, another 30% by the government and the remaining 60% by the patients themselves.

There are issues of corruption, procurement and drug pricing, quality that surround the Health Insurance Agency in addition to the larger issue of governance within the health system. These issues need to be tackled and without an efficient healthcare system, the fight against infectious diseases such as COVID-19 will not be effective. Therefore, we must improve budget allocation, procurement and reduce corruption within the health sector.

Mongolia's economy is almost 90% dependent on the export of commodities such as choking coal and copper to China. As a result of the closure of the border we are losing 300 billion MNT every month and considering our healthcare budget is 700 billion MNT, we are losing half of our annual healthcare budget every month. If the situation persists, the funding of the health and education systems will really suffer. However, there are encouraging signs that China is tackling the issue and many businesses, factories have resumed their operations.

Source: WHO

For example, there is no legislation in Mongolia that holds for individuals infected with Tuberculosis to be isolated. This leads to individuals dropping their treatments and entering the community despite the fact that they are infectious. There are legislations in many countries that hold for individuals that drop Tuberculosis treatment while they are infectious to be detained and isolated. Mongolia needs such legislation and it would also be possible for individuals with cold and flu symptoms visiting hospitals to be made to put on masks and to be tested for Tuberculosis in an expedient manner. This is essential as the diagnosis for Tuberculosis takes approximately 50 days, meaning someone could have the symptoms and be spreading the disease without being aware of it.

One significant issue in the Mongolian Healthcare sector is government funding. For example, the National Tu-

CORONAVIRUS AND VACCINES, TREATMENTS

The COVID-19 outbreak has been used by populist movements in certain instances with some in the EU calling for a restriction of the freedom of movement within the EU and some blaming Russia for misinformation regarding the US being behind COVID-19. These issues need to be tackled and Mongolia is limiting fake news in the traditional media and social media. There are many countries working to produce a vaccine for COVID-19. It has become a 35 billion USD market and the biggest pharmaceutical companies of the world such as Glaxo (UK), Sanofi (France), and Pfizer (USA) involved in the development of a vaccine. They are working with the Chinese government but the problem is that companies will struggle to make a profit off of vaccines.

In previous cases such as SARS and Ebola, companies developed vaccines at a loss leading to fund-raising efforts from entities such as the WHO and the Bill and Melinda Gates Foundation to augment the development of a vaccine for COVID-19. We will soon have a vaccine but it would not be a permanent solution as most of the deaths are occurring among old people. This brings up the issue of vaccines being less effective for elderly people than younger people. Prevention through wearing masks and washing hands are the most effective measures. As viruses are similar to each other, anti-viral drugs are similar to each other.

Some countries are utilizing HIV treatment for COVID-19 while others are utilizing Ebola treatment. For example, Japan's Fuji Company is testing a drug that was used against Ebola. In the US, they are also testing an anti-viral drug utilized to treat other viral diseases. Therefore, there are existing medicines that can effectively combat COVID-19 and the efforts of countries like China, Japan and Australia should see the development of a dedicated treatment in the near future.

There are Chinese companies that have developed a vaccine which has been approved for clinical trials by the government. While it usually takes 10-15 years for a vaccine to be developed, clinically tested, get registered

with US and EU drug regulatory agencies and enter mass production, the severity of the situation will hopefully warrant and expedited timetable. There is a general consensus within the field that COVID-19 comes from bats and pangolins which are smuggled into China from its neighbours with its meat costing around 3000 USD for 1 kg. It is generally consumed by wealthy Chinese people and is believed to be good for the heart.



Photo: The Guardian

Mongolians should also take note of this as they have a certain affinity for marmots which have also been known to be a host for various diseases.



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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