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Friday, 2020.02.14 №6 (131)

A WEEKLY GLOBAL, NATIONAL, INDEPENDENT, ANALYTICAL NEWSPAPER COVERING THE POLITICS AND ECONOMICS OF MONGOLIA
(IN ENGLISH, JAPANESE, RUSSIAN AND MONGOLIAN)

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WEEKLY



DeFacto **ARTICLE**

№514

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Human development is **THE GOAL OF MONGOLIAN DEVELOPMENT**

DeFacto **REVIEW**

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The government has devised the long-term development policy "*The Foresight 2050*" and submitted it to the Parliament. This document presents three-phase development policy, that is to be implemented over the next 30 years, each phase lasting for ten years. In doing so, they set out their goals in nine major areas. One of these areas is human development. In pursuit of this goal, the document states "to create capabilities to ensure quality of life, social security, guarantee family life with favorable social conditions, to provide everyone with high quality education which will lay the foundation of national development and develop socially active Mongolian citizens; to increase the HDI up to 0.9 and rank among the top ten in the happiness index". Reaching 0.9 in the HDI implies the level of western countries such as Norway, Germany and New Zealand.



MEASURING COUNTRY DEVELOPMENT BY HUMAN DEVELOPMENT

The concept of human development was popularized in the 1980s, and its theoretical foundations have been laid out by Nobel laureate economist Amartya Sen, who developed the "Capabilities Approach" theory in 1980. A. Sen asserted that development cannot be measured only by economic growth (GDP), since it requires capabilities and functions for a person to build a happy life. Development was understood as economic growth because economists in the past focused solely on resources. But a more important notion is whether the people have the capability to create a life in which they are convinced of their well-being. For instance, it wouldn't make sense for a disabled person to obtain a bicycle. Vice versa, there is no need for a bicycle if the environment itself is dangerous.



According to A. Sen’s theory, poverty is not just about the shortage of money or resources. Poverty is due to the lack of capabilities for people to live well. For example, a person with a serious illness cannot entertain economic relationships like others. No large sum of money can be spent effectively, if the person who has inherited it, is an illiterate.

Based on this concept by A. Sen, the UN developed the Human Developed Index. To compile this index by country beyond the GNI per capita based on purchasing power parity (PPP), additional three indicators are calculated, such as life expectancy, expected years of schooling and the mean average years of schooling. The following table illustrate show the HDI of Mongolia has changed over the years.

Table: Human Development Index

	Average life expectancy	Expected years of schooling	Mean years of schooling	GNI per capita PPP\$ (2011)	Human Development Index
1990	60.3	10.2	7.7	5,048	0.583
1995	61.2	7.7	7.8	4,176	0.553
2000	62.9	9.4	8.2	4,646	0.589
2005	65.1	12.7	8.6	5,938	0.649
2010	67.4	14.6	9.5	7,086	0.697
2015	69.1	15.0	10.1	10,435	0.736
2016	69.3	14.2	10.1	10,324	0.730
2017	69.5	14.2	10.2	9,892	0.729
2018	69.7	14.2	10.2	10,784	0.735

As can be seen from the table above, the HDI of Mongolia was 0.735 in 2018. According to “The Foresight 2050” it is estimated to reach 0.9 in 2050. However, the Millennium Development Goal adopted in 2005, was set to bring the Human Development Index to 0.83 by 2015. It remains yet to be achieved by 2020. How realistic are these goals? Was the government ever held accountable?

Resource: UNDP

IS POLICY MAKING JUST A “PAPER FACTORY”?

The government of Mongolia has generated 567 policy documents since 1990. Among them, of course, few documents cover the entire development of the country. Why is it that all these policy documents only remained paper factory products?

While many reasons make a case in answering this question, the main reason remains the overgeneralization and lack of focus in defining the objectives. Secondly, social consensus was not sought during the conceptualization of these goals. Moreover, because the set objectives were too broad, it was impossible to create a social consensus. Thirdly, the development goals are not aligned with the state budget.

Therefore, as an advice to the Government of U. Khurelsukh, we need to regard the HDI as our goal and further discuss on how to achieve its objectives. That means, while the political parties present their campaigns focusing on the HDI, the voters

will get to choose whose methods are better. Lastly, the state budget must be in alignment with these objectives.

One of the countries that has defined its direction of development in this way is New Zealand. Its economic development policy is identified as Wellbeing economics. Their budget policy reflects the development strategy and it includes the following five objectives:

1. To improve mental health
2. To reduce child poverty
3. To remove inequalities for Maori and other social groups
4. To move with the digital era
5. Transition to a sustainable economy that reduces greenhouse gas emissions

HUMANITARIAN, CIVIL AND DEMOCRATIC SOCIETY

Perhaps the only document in Mongolian history that was formed by social consensus is the Constitution in 1992. The introduction of the Constitution codified its development goals to create a “humanitarian, civil, democratic society”. Thus, let us define our development strategy within these measures, not in broader terms. And when we evaluate the results, let us use only the HDI as its measurement.

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Namsrai Tsend

Commentator:
Jargal Dambadarjaa

154 LAWS WERE ADOPTED DURING AUTUMN SESSION

Parliament's regular autumn session concluded this week following 11-months of operation without break. The Speaker of Parliament, Mr. Zandanshatar noted that a session of Parliament had never lasted as long as this one. Sessions of Parliament took place on 86 days during this time with the main session taking place 32 times and other sessions taking place 119 times, contributing to the adoption of 154 laws and 51 Parliamentary Resolutions.

According to the old constitution that was amended last year, Parliamentary sessions should last at least 50 days but this was extended to 75 working days following the amendments. However, despite the length of this session and the amount of legislation passed, we should measure the quality of the work. In this sense, if we look at the efficiency of Mongolian legislation, we are severely lacking. Firstly, there is no independent system to evaluate the quality of laws. In established democracies, there is a concept of Regulation Impact Assessment which does not exist in Mongolia, creating mistrust among the public.

If our legislation is truly of high quality, why are some laws amended every year, every day even. Some examples of this are the Mining Law, VAT Law and Education Law in which 350 or so provisions have changed over the last 10-15 years. This raises important questions and points at issues surrounding the process of preparing, adopting and implementing legislation. We adopted a Legislation on Laws in 2016 which requires a comprehensive needs assessment prior to establishing new laws or amending existing ones. Consultations with stakeholders is essential to this process but this does not occur in Mongolia.



One of the highlights of the session was the amendments to the constitution which were discussed over the last 20 years. The MPP however, was able to leverage their significant majority in Parliament to finally adopt those amendments. It is hoped that these amendments will enhance the quality of Mongolian public governance. Secondly, the legislation over renegotiation of the contract with Oyu Tolgoi, the largest company operating in Mongolia were also adopted. The legislation on government funds was also revisited as a third of the budget expenses go through the over 30 funds.

As the Fund for Supporting Small and Medium Enterprises demonstrated, there is very little oversight over the expenditure of those funds. In this instance, legislators were able to procure funds for their own businesses with significantly lower interest than the market. It is hoped that transparency within those funds will increase in time. It is also worth mentioning that Mongolia entered the FATF grey list during the course of this session. This session of Parliament also authorized the reopening cases whose Statute of Limitations had passed, thereby opening the possibility of corruption cases which had

been closed due to the passage of the Statute of Limitations to be reopened.

According to the Spring session agenda, there are issues such as “The Foresight 2050” – the long-term development concept of the government as well as amendments to the Legislation on the Presidency, Parliament and Government on the docket. It is interesting that “The Foresight 2050” has been developed based on comprehensive research as previous national development strategies were articulated for the upcoming 10 years or so.

For example, the government is currently defined as the Cabinet but there are other entities such as the President’s Office and Parliament that must be incorporated

into the understanding of government. The legal status of Ulaanbaatar city is also an interesting issue as half of the population lives in Ulaanbaatar whose Mayor is not elected directly. Instead, it is nominated from the members of the City Khural and approved by Parliament. The public is calling for a direct election of their Mayor and the situation will hopefully be discussed in the upcoming session. It is also claimed that the Law on Political Parties and the Law on Political Party financing will also be discussed this session but this is difficult to believe as it has been on the agenda of each session for the better part of the last 20 years. However, as these laws would unearth a significant of corruption given that political party financing is the source of corruption, there will most likely be little traction.

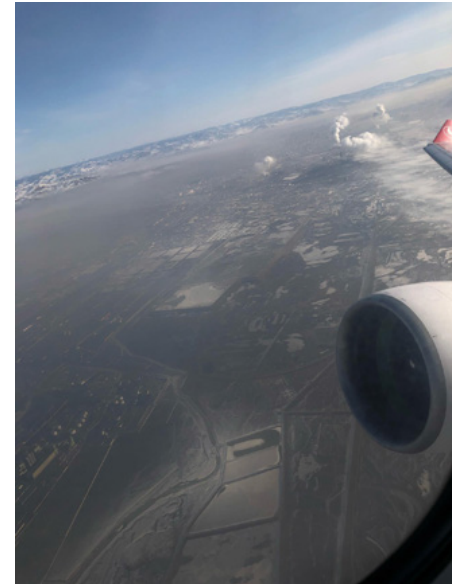


IS IT TRUE THAT AIR POLLUTION WAS DECREASED BY 50%?

Standing, temporary and sub-committees presented their works after the conclusion of the regular Parliament session. During those presentations, the chief of the Air Pollution Reduction Working Group, M.Oyunchimeg said that a total of 75 billion MNT was spent this year to reduce air pollution by 50%. These claims as well as the efficacy of coal briquettes need to be evaluated by professionals. However, at the level of citizens, we have seen a visible reduction in air pollution in society for the first time. Smoke levels dropped and the occasional clean sky was visible.



The coal briquettes were produced by “Tavan Tolgoi Fuel” company, a state-owned company who supplied them at significant discounts leading to long-term debts. Efforts to reduce air pollution began with a ban on the transportation of raw coal into Ulaanbaatar. They then established the briquette factory and installed filters at all schools, kindergartens in Ulaanbaatar. Supposing the air is 50% cleaner, we still have to tackle the remaining 50%. Hopefully, 3-4 years from now, we will have a gas pipeline from Russia to China transiting through Mongolia. Until then, we need to con-



11AM, 2020.02.08
Ulaanbaatar, Mongolia

tinue briquette consumption which requires more work as people were still using smuggled raw coal on exceptionally cold days.

Therefore, we need to increase the monitoring of the utilization of raw coal and it is also encouraging that funds to tackle air pollution are now incorporated into the Ulaanbaatar city and national budgets. According to Ms. Oyunchimeg, the Ministry of Environment and Ulaanbaatar city have 230 million USD at their disposal to tackle air pollution in 2020.

Ms. Oyunchimeg also stated that the government spent 750 billion MNT of the budget of this lower-middle income country on tackling air pollution over the last 10 years with minimal results. It is claimed that the first state audit of those expenses was commissioned this year but it has not been made available to the public as of yet. However, especially in an election year, the public want to know who misused such massive amounts of money in order to hold them responsible at the ballot boxes if the state is incapable of doing so.

The issue is especially poignant given that we lost the lives of countless children due to air pollution. Therefore, the culprits need to be held accountable not only for corruption but for diverting vital resources that could have saved children's lives away from those most in need. Following the introduction of briquettes, several people died due to invisible carbon leakages. A significant amount of money was spent to equip each house with carbon sensors, after which the fatalities related to carbon leakage ceased.

Given that there are only 4 months until the election, I doubt the working group will be able to carry out a comprehensive inquiry into those deaths. Therefore, the responsibility for this lies squarely at the feet of civic society.



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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