



- USAID assistance saved Mongolian businesses \$15 million over 18 months through the simplification of government procedures, and promises greater savings in future years.
- USAID assistance in streamlining the tax code expanded the tax base and increased transparency and accountability.
- USAID has helped 20 small businesses enhance their competitiveness and increase sales by \$2 million in the past year, supporting economic diversification and employment.

Photo credit: N. Tsolmon

## Country Profile

Mongolia, a stable and emerging democracy in East Asia, is richly endowed with mineral resources, promising major economic and social benefits for its people. However, the country's dependence on extractive industries and its underdeveloped manufacturing and services sectors have exposed it to sharp economic fluctuations and weakened its employment generation potential. By successfully addressing these challenges, Mongolia can promote sustainable and inclusive growth, contribute to stability in a rapidly changing region, and transition from a donor-recipient relationship with the United States to one based on commerce and partnership.

After more than two decades supporting Mongolia's transition to a democratic and market-oriented system, USAID is now focused on promoting a more transparent, reliable and improved business environment and an increasingly diversified private sector that will help to spur equitable economic growth and greater employment opportunities.

## OUR WORK

Landlocked between China and Russia, Mongolia has a population of 3 million living in a country the size of Western Europe. Owing in part to USAID's robust assistance since 1991, Mongolia has made remarkable progress in establishing a democratic society and an open, market-oriented economy. The impacts of USAID's sustained assistance are reflected in national policies that encourage private investment and enterprise development, the emergence of Khan and Xac Banks as sound and reliable financing sources for Mongolian companies, and innovative initiatives that promote environmentally sustainable use of pasture lands and access to new markets for pastoral and nomadic communities. This period has also seen remarkable improvements in human development, including a tripling of per capita income, life expectancy increasing from 60 to 68 years, and steady gains in educational attainment. Home to vast mineral resources, Mongolia achieved an economic growth rate averaging more than 10 percent per year between 2010 and 2013.

While recent reductions in mining sector investment and the global decline in commodity markets has slowed overall GDP growth, other untapped aspects of Mongolia's economy present encouraging prospects for diversification. Unlocking this potential requires accelerated efforts to promote economic competitiveness and develop non-mining sectors, such as leather and cashmere products, agriculture, and tourism.

USAID is scaling back its presence in Mongolia as the country's relationship with the United States evolves into a mutual partnership based on shared interests rather than one of donor and aid recipient. Current activities focus on creating a welcoming environment for domestic and international business and fostering sustainable, private sector-led economic growth in support of Mongolia's emergence as an economic and trade partner in the region. In addition, USAID continues to implement smaller projects in the areas of disaster preparedness, cooperative development in the dairy and farming sectors, and the empowerment of people with disabilities.

## ECONOMIC GROWTH AND TRADE

USAID supports and complements the efforts of the Government of Mongolia to improve the business enabling environment, strengthen the competitiveness of Mongolian enterprises and develop the non-mining sectors in support of a diversified economy. USAID also encourages public-private dialogues to ensure that government policies are informed by and implemented with input from the private sector.

Our activities assist the Mongolian government in reforming the regulatory framework governing key business activities, including cross-border trade, taxation, business start-ups and commercial arbitration. Improved regulatory procedures in these and other areas are reflected in the World Bank Group's *Doing Business 2015* report. Mongolia marked clear advances to its business enabling environment by improving 14 places since 2012, moving from 86th to 72nd out of 189 economies.

USAID is also supporting the Quality Supplier Development Center, a local non-governmental organization recently established with our assistance that works to increase the capacity and competitiveness of Mongolian companies. The Center provides training to Mongolian businesses in areas such as food safety, occupational health and safety, and other best practices. Additionally, the Center helps Mongolian small- and medium-sized suppliers meet buyers' requirements for quantity, quality, price and time — both domestically and in the export markets. It also promotes and facilitates the purchase of locally procured goods and services by large companies operating in Mongolia.

## CONTACTS

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USAID works with small businesses to increase the capacity and competitiveness of Mongolia's private sector. Photo credit: N. Tsolmon



USAID provides training to customs and tax officials to streamline business processes and increase trade. Photo credit: N. Tsolmon