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**MONGOLIA**



Dr. Amarsanaa J., Director, National Legal Center, and Dr. Fernando Bertoli, Chief of Party, USAID Economic Policy Reform and Competitiveness Project, exchanging a Memorandum of Understanding for Collaboration.  
Photo: T. Altansukh

**PURPOSE OF THE PROJECT**

To accelerate and broaden sustainable, private sector-led economic growth by improving the enabling environment for private sector growth and by increasing the competitiveness

**MAJOR ACCOMPLISHMENTS TO DATE:**

- Worked closely with the Executive and Parliament to assess Mongolia's taxation policies and formulated tax reform proposals that support private sector-led economic growth, job creation, and competitiveness
- Initiated and distributed the popular Policy Brief Series—now in its fifth issue—for public information and discussion of key economic policy issues
- Partnered with Open Society Forum and a Mongolian private firm to analyze the feasibility of establishing a local private equity venture capital fund
- Designed the Mongolian Competitiveness Fund and the Business Development Fund to improve the competitiveness of businesses
- Helped establish a joint European/Mongolian distribution hub for Mongolian-finished cashmere products based in Berlin, Germany
- Negotiated private-public partnership to establish a Tourist Information Center, resolving a long-standing issue in the tourism sector
- Developed a Uniform Chart of Accounts (USOA) compliant with International Accounting and Financial Reporting Standards (IAFRS) for energy sector companies; assisted in converting the accounts of the Central Energy System's generating companies
- Energy Regulatory Authority used procedures developed by EPRC to conduct its first public hearing on energy rate setting—the first open public hearing of its kind in Mongolia and a significant step toward increased transparency and accountability

**FUNDING PERIOD:**

September 2003 – September 2008

**SITUATION AND SOLUTION**

Since the breakup of the Soviet Union in 1991, Mongolia has implemented broad economic and political reforms. A reflection of this successful transformation from a state-controlled to market-driven economy is that the private sector now accounts for over 70 percent of Mongolia's GDP. Despite challenges, Mongolia's economic future looks bright with its well-educated and healthy labor force and abundance of mineral resources. Converging forces such as continuing reforms, Russia's strengthening economy, and China's recent accession to the World Trade Organization are pulling Mongolia onto the world economic stage. As economic reform continued, USAID selected Chemonics to implement the EPRC Project to help accelerate and deepen the policy liberalization process and promote increased competitiveness in the Mongolian economy. EPRC is designed to create synergies by working in the following areas:

- **Economic, trade, financial and policy support:** This task category includes: a) policy assessment and analysis; b) formulation of policy options for improving the competitiveness of the Mongolian economy; c) assistance in consensus building; and d) technical and managerial implementation support.
- **Energy sector reform:** EPRC supports Mongolia's effort to develop and implement a transparent, market-oriented regulatory environment to promote a competitive and efficient delivery of energy services to consumers; commercial practices in energy generation and distribution; and an attractive environment for foreign and domestic private investment.
- **Business development:** EPRC works with individual firms and interrelated groups in key industrial sectors to develop competitive, export-driven businesses. Priority sectors include cashmere, tourism, hides and skins, leather, meat, and textiles.
- **Consensus building, public education and national dialogue:** EPRC supports an improved environment for government transparency and corporate governance that builds consensus among national decision-makers, businesses, local government and community leaders, academic institutions, and civil society representatives by linking policy reform and private sector-led economic growth.

**IMPLEMENTED BY:**

Chemonics International Inc.  
In association with: The Services Group Inc.  
Dexis Consulting Group  
The Asia Foundation  
Crimson Capital  
Making Cents



*Economic Policy Reform and  
Competitiveness Project*

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