



STUDY SUMMARY 2019

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Agenda

1. Mongolia's Sovereign Wealth Funds and Their Economic Impact
2. Mineral Commodity Exchange in Mongolia
3. FDI in Mongolia Summary
4. Sustainable Development and Mining

Mongolia's Sovereign Wealth Funds and Their Economic Impact

- In the previous series of studies (“Revenue Management”), the impact of the FSL as well as its four requirements on the economy were assessed; therefore, the latest study looks into the impact of the sovereign funds.
- Objective: Assess the impact of the FSF and FHF on the economy
- Methodology: In-house dynamic computable general equilibrium (CGE) model which is used to simulate the economy for the next 23 years (2019-2040)
- Four scenarios:
 - Baseline: Both FSF and FHF are absent
 - Scenario 1: FSF present; FHF absent
 - Scenario 2: FSF absent; FHF present
 - Scenario 3: Both FSF and FHF present

Mineral Commodity Exchange in Mongolia

- In the previous “Marketing and Trading in the Mining Sector” study, one of the problems associated with the export of mineral commodities was the fact that there were neither commodity trading platforms nor any organized mineral commodity exchanges in Mongolia.
- Objective: Assess the necessary conditions to establish a mineral commodity exchange and evaluation of alternative options
- Methodology: Literature reviews and interviews with key stakeholders

FDI in Mongolia Summary

- FDI is crucial to economic growth and encourages trade flows and social developments
- Objective: How to increase FDI inflows into Mongolia
- Methodology: The FDI study series uses a combination of CGE modelling and literature review
- FDI series:
 - Base study: identify causes of FDI fluctuations, economic impact, how to attract more FDI
 - Follow-up 1: comparative analysis of Chile and Mongolia; terms of trade
 - Follow-up 2: comparative analysis of Mongolia, Kazakhstan, Peru and Zambia
 - Follow-up 3: conflict resolution and arbitration

Sustainable Development and Mining

- As natural resources are inherently finite, the benefits from the mining sector must be absorbed in the economy in a way that is sustainable and long-lasting. The study reviews the issues related to sustainable development of the mining sector in Mongolia
- Objective: Assess mining contributions towards sustainability
- Methodology: Literature review and case study
- IIED's four spheres:
 - Economic sphere (impacts on the macro-economy, foreign trade, public finances, etc.)
 - Social sphere (impacts on education, employment and technology)
 - Environmental sphere (impacts on the supply chain of the mining sector and its assessment)
 - Governance sphere (impacts on the policy field and corporate governance)