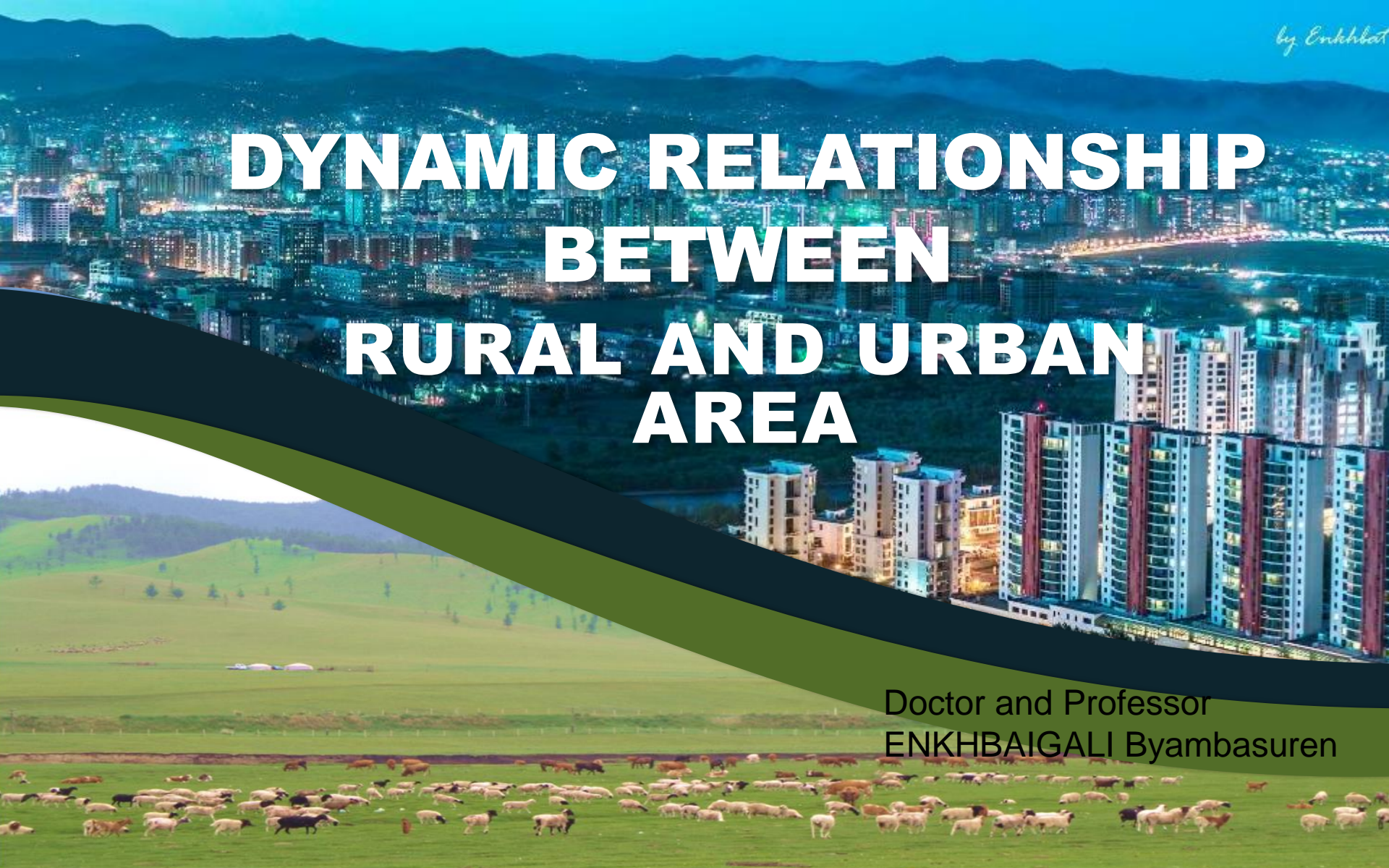


DYNAMIC RELATIONSHIP BETWEEN RURAL AND URBAN AREA

Doctor and Professor
ENKHBAIGALI Byambasuren





RESEARCH QUESTIONS

Does solving city problems will lead more population density?

What are effects of infrastructure investments in middle and long term both in rural and urban area?

Does system perspective will give us opportunity to solve city problems with less cost or more cost?



WHAT DOES THE STUDY SEEK TO DO? (STATEMENT OF THE PROBLEM AND OBJECTIVES)

- ✓ **Which factors are interlinked with urban and rural area development?**
 - ✓ Does rapid increase of difference between investment in urban and rural area have significant role?
- ✓ **What are the causes and determining factors for balance between rural and urban area that requires nontraditional strategy?**
 - ✓ Is traditional strategy to solve problems of urban and rural area achieving balanced growth?

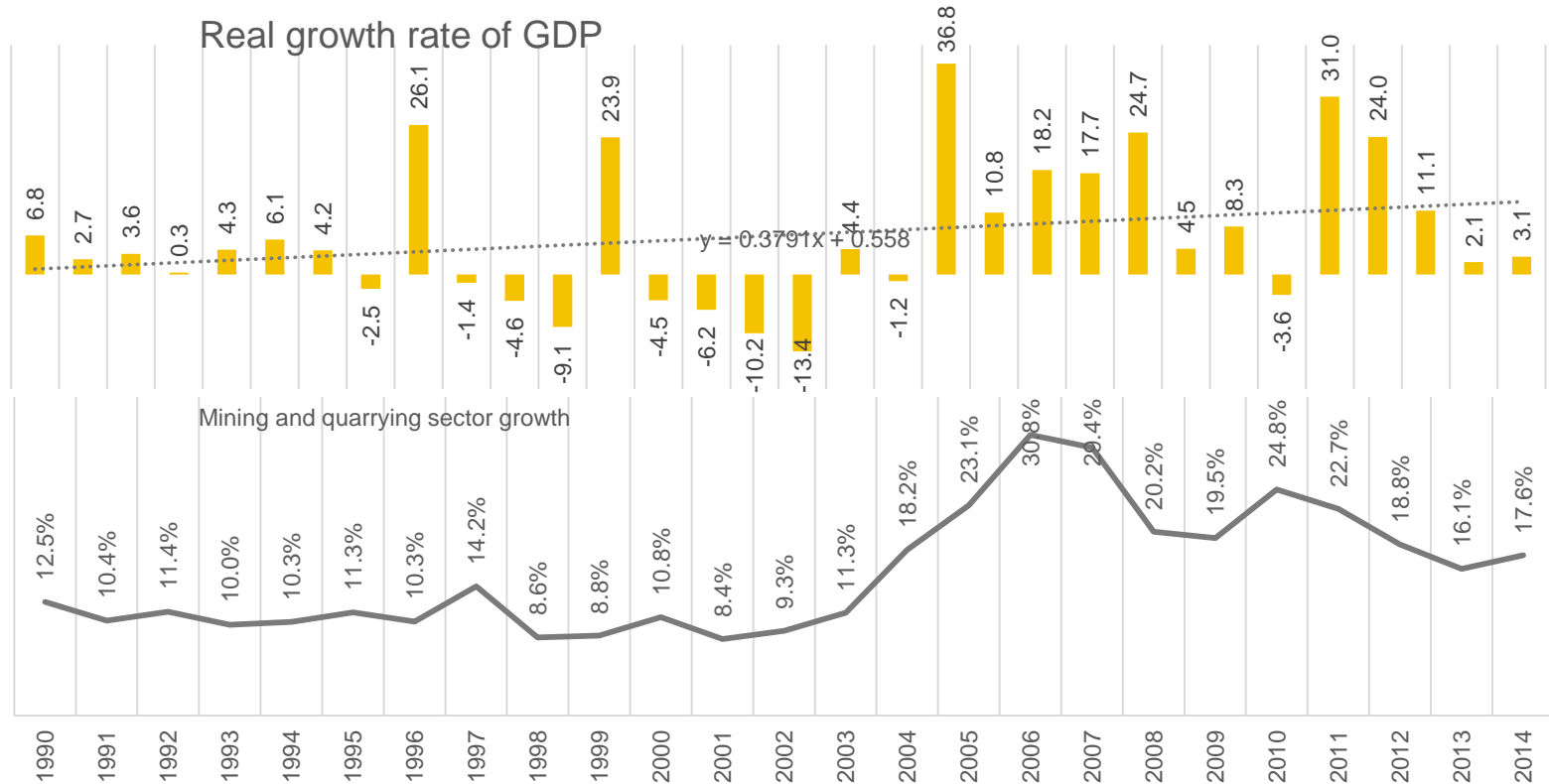


ANALYSIS OF RURAL AND URBAN LINKAGES IN MONGOLIA

Macroeconomic overview

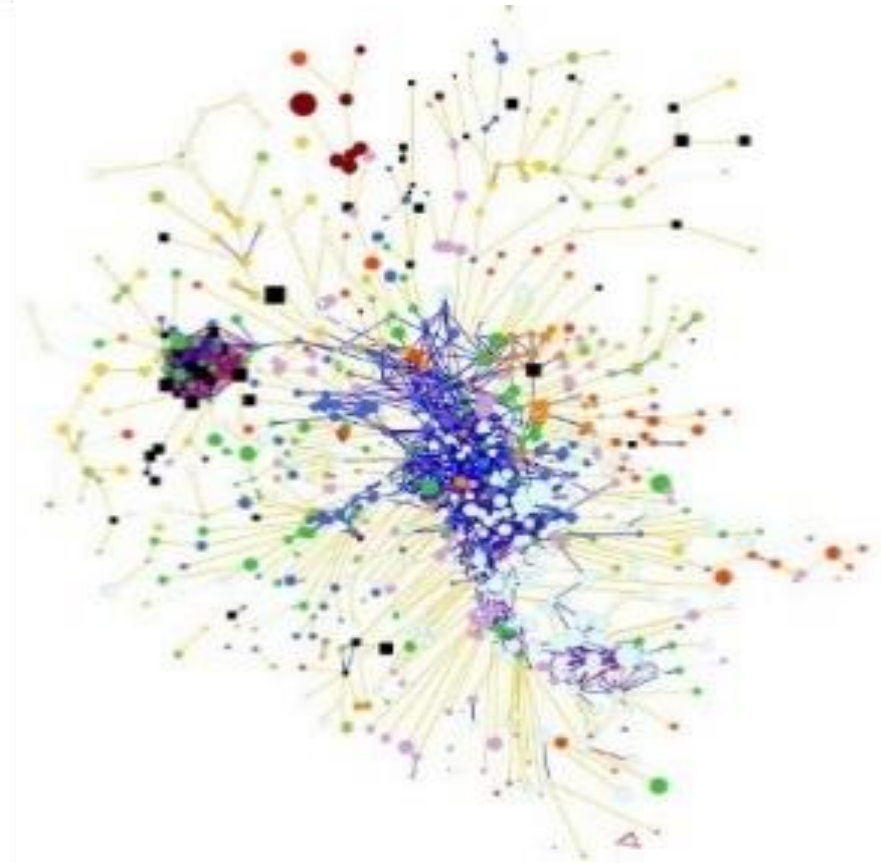
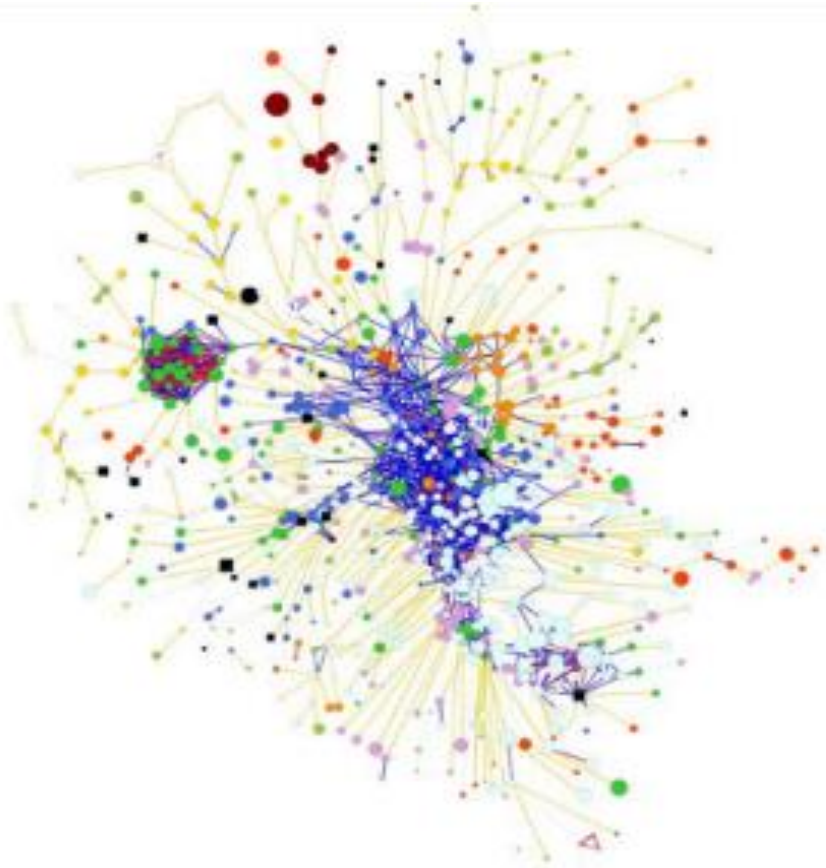


REAL GROWTH RATE IS STRONGLY RELATED TO MINING SECTOR GROWTH



NETWORK REPRESENTATION OF MONGOLIA'S PRODUCT SPACE FOR 1975 AND 2008, WITH NODES PAINTED FOLLOWING THE CLASSIFICATION OF LEAMER.E

(EXPORTED GOODS FOR 4 DIGIT PRODUCTS VALUED AT OVER US50000, CALCULATED USING UN'S COMTRADE DATABASE)

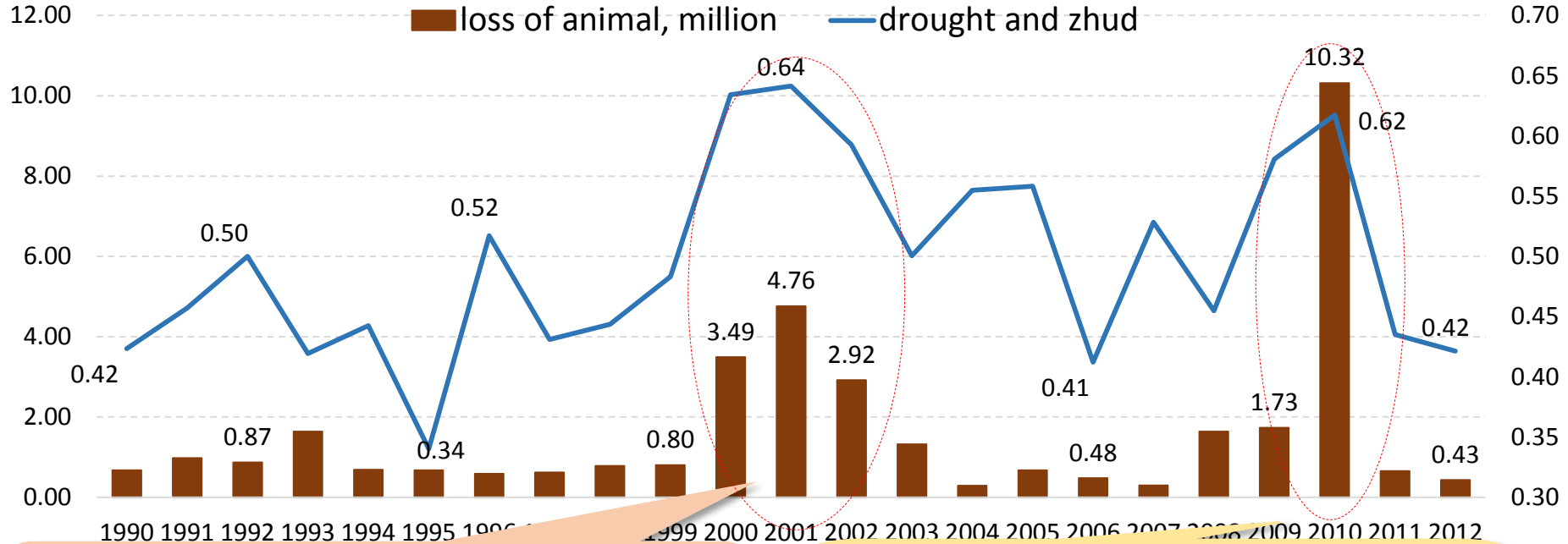


ANALYSIS

**ECONOMIC FACTORS
AFFECTING RURAL-URBAN
LINKAGES**



DROUGHT AND ZHUD HAS STRONG IMPACT ON MIGRATION: ADAPTATION TO CLIMATE CHANGE GAINING IMPORTANCE



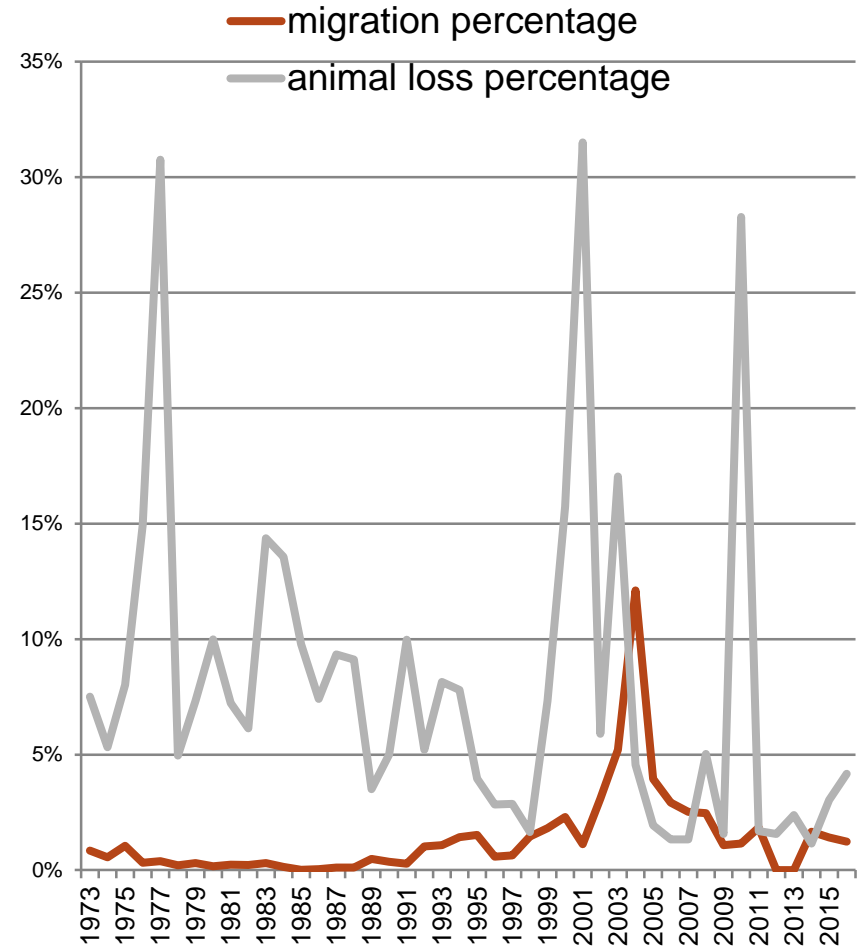
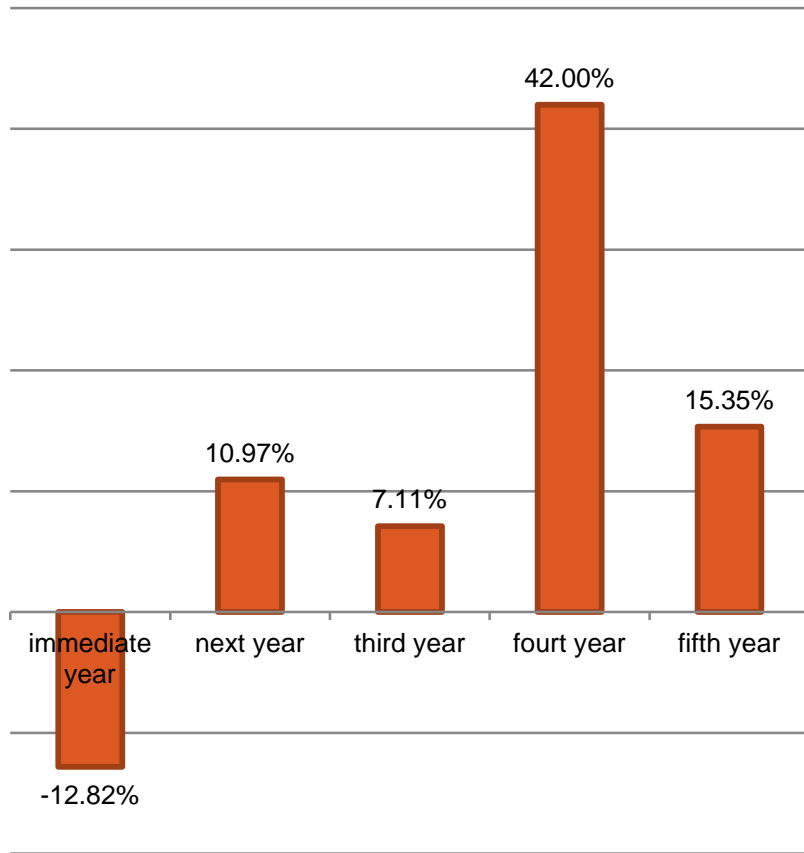
1999-2000 drought and zhud

- 11 million animal dead
- 12.3 thousand families lost all animals
- in 2003 and 2004 82 citizen migrated to capital city, 10 times higher number than previous years
- Rural poverty increased by 33 %, reaching 43.4

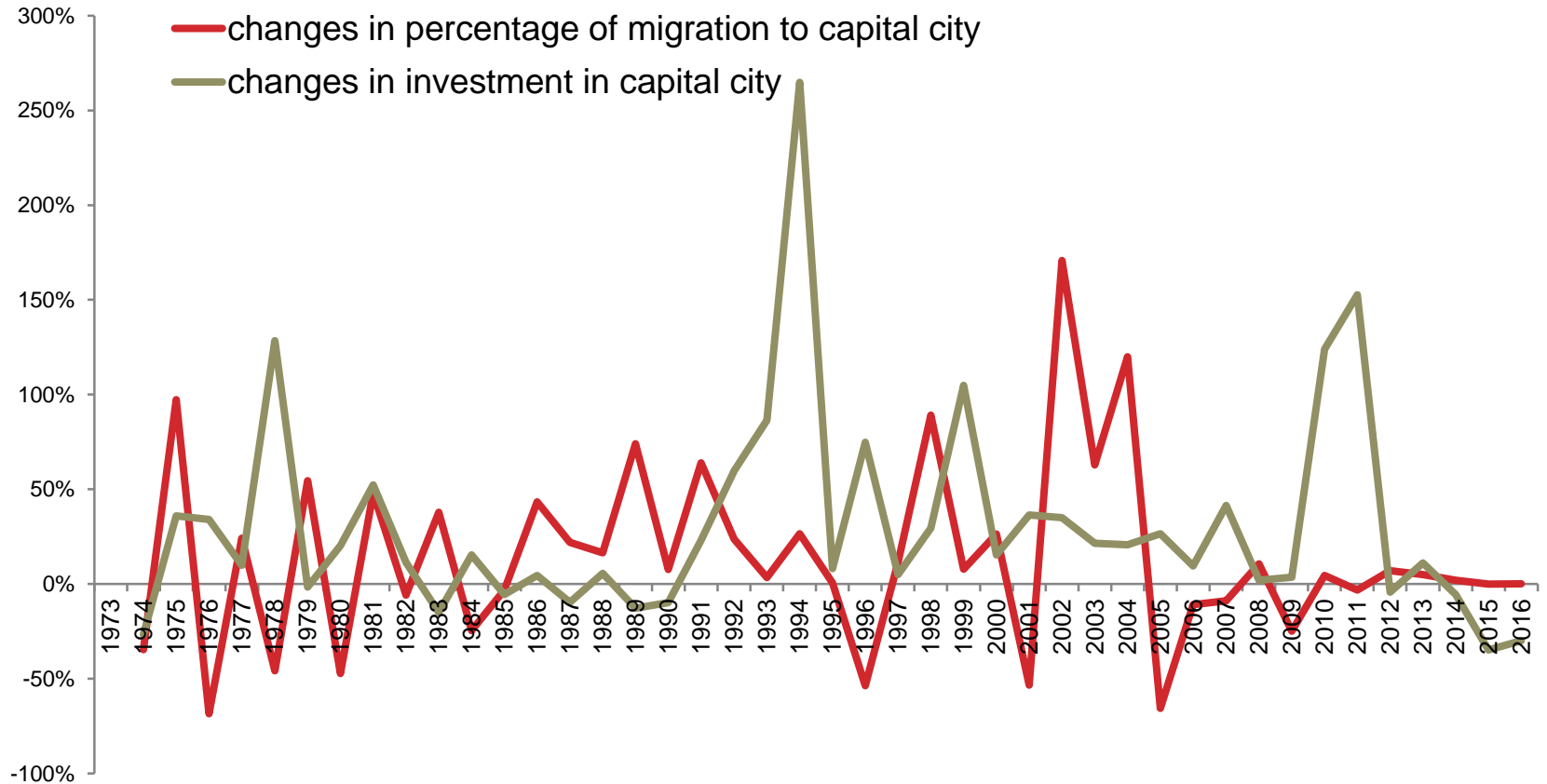
2009-2010 drought and zhud

- 10 million animal dead
- 32.7 thousand families lost more than half of animals and 8711 families lost all animals
- in 2009 and 2010, 65 thousand people migrated to capital city, 5 times more than average of last 10 years

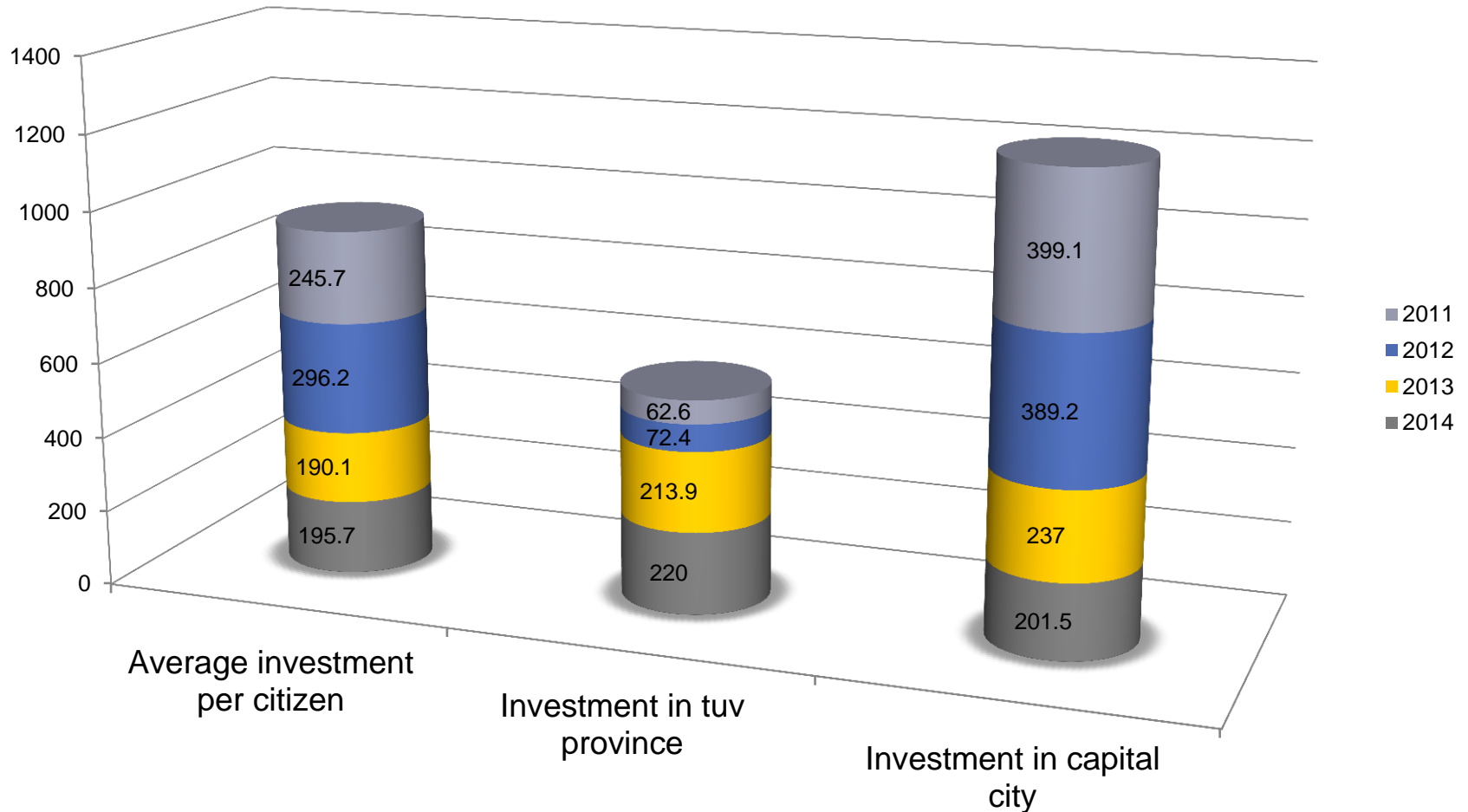
CORRELATION BETWEEN ANIMAL LOSS AND MIGRATION TO CITY INCREASES FROM 2ND YEAR



CHANGES IN PERCENTAGE OF MIGRATION TO CITY IS RELATED TO NUMBER OF JOBS CREATED IN CITY, MARKET CLOSENESS AND INVESTMENT IN HEALTH AND EDUCATION IN CITY

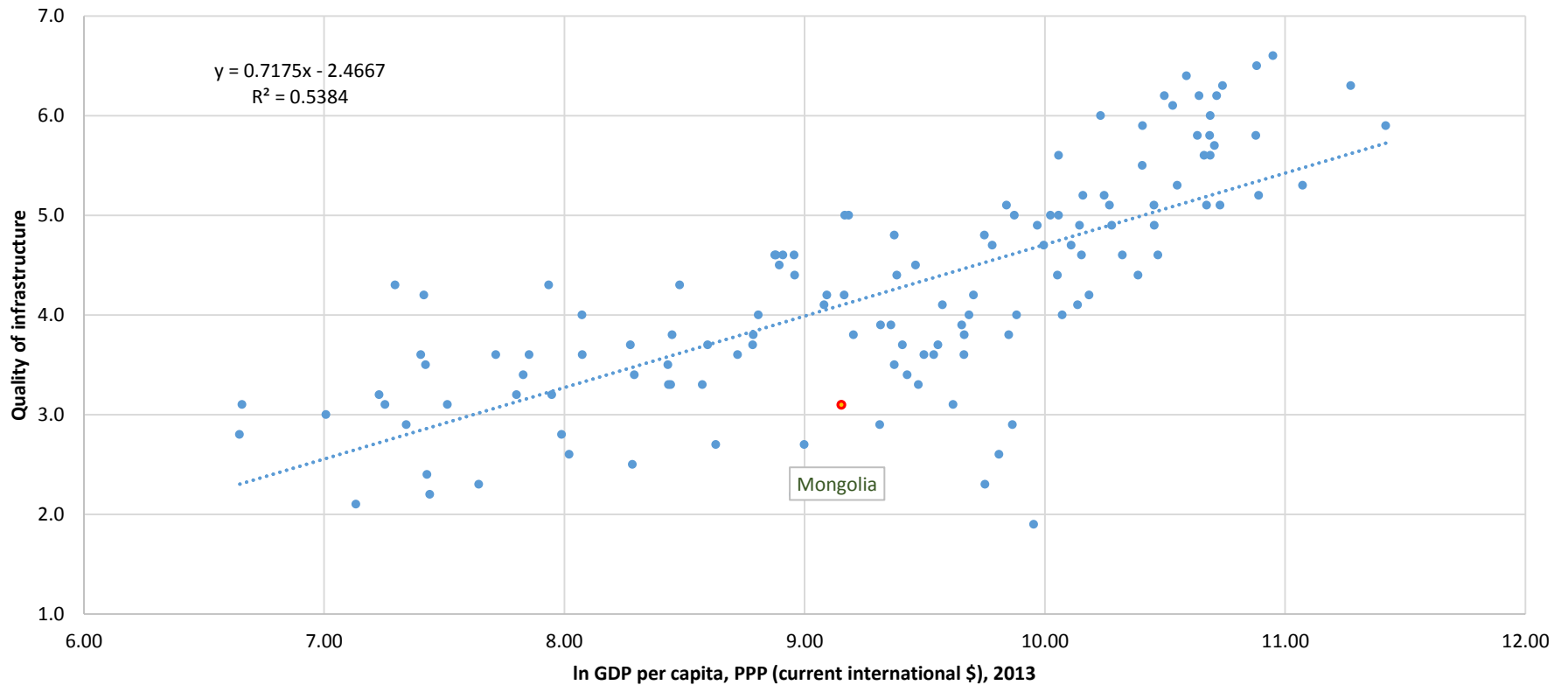


INVESTMENT IN REGION CLOSE TO CITY IS FAR BELOW AVERAGE, WHILE INVESTMENT IN CITY IS HIGHEST



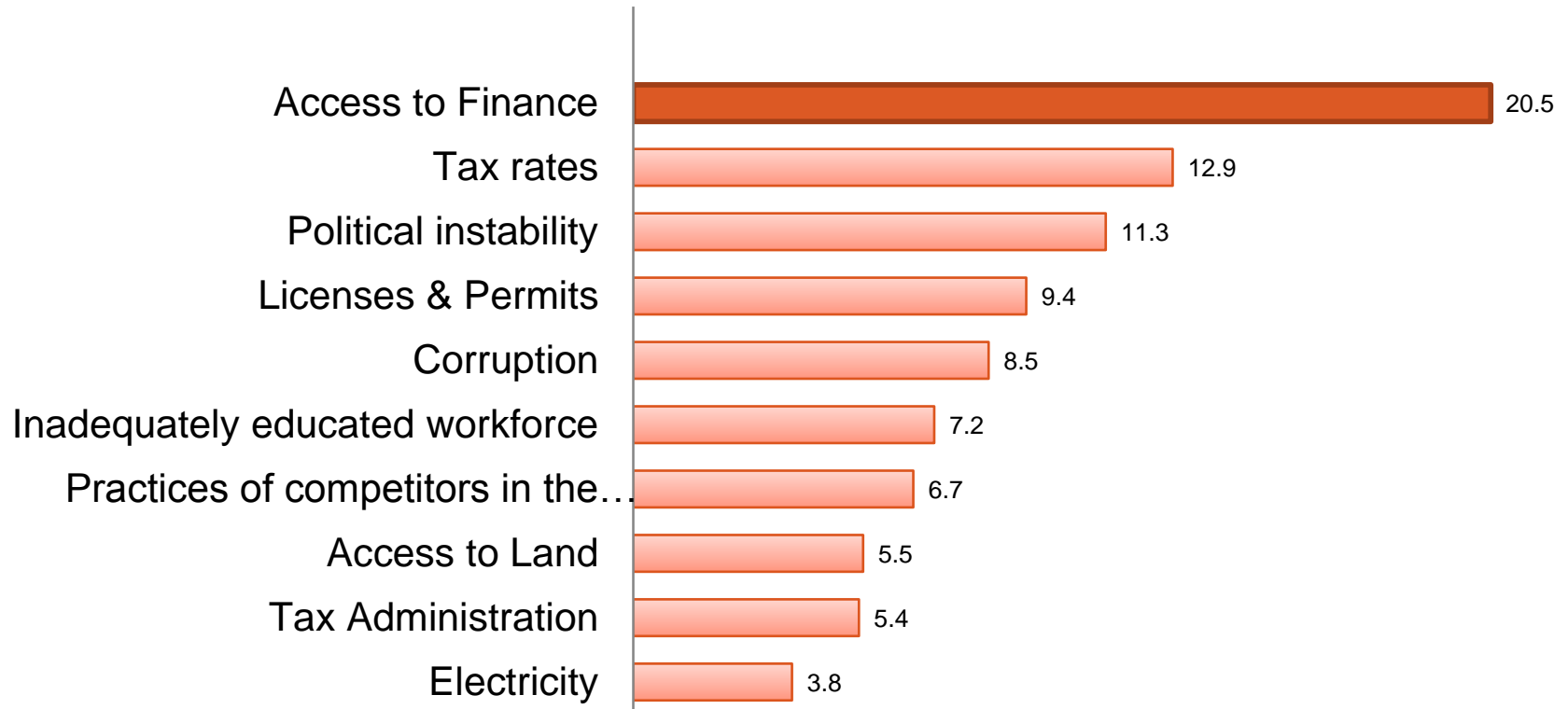
QUALITY OF INFRASTRUCTURE IS BELOW AVERAGE AMONG OTHER COUNTRIES

Quality of overall infrastructure 2013, (1=not reliable at all; 7=extremely reliable)

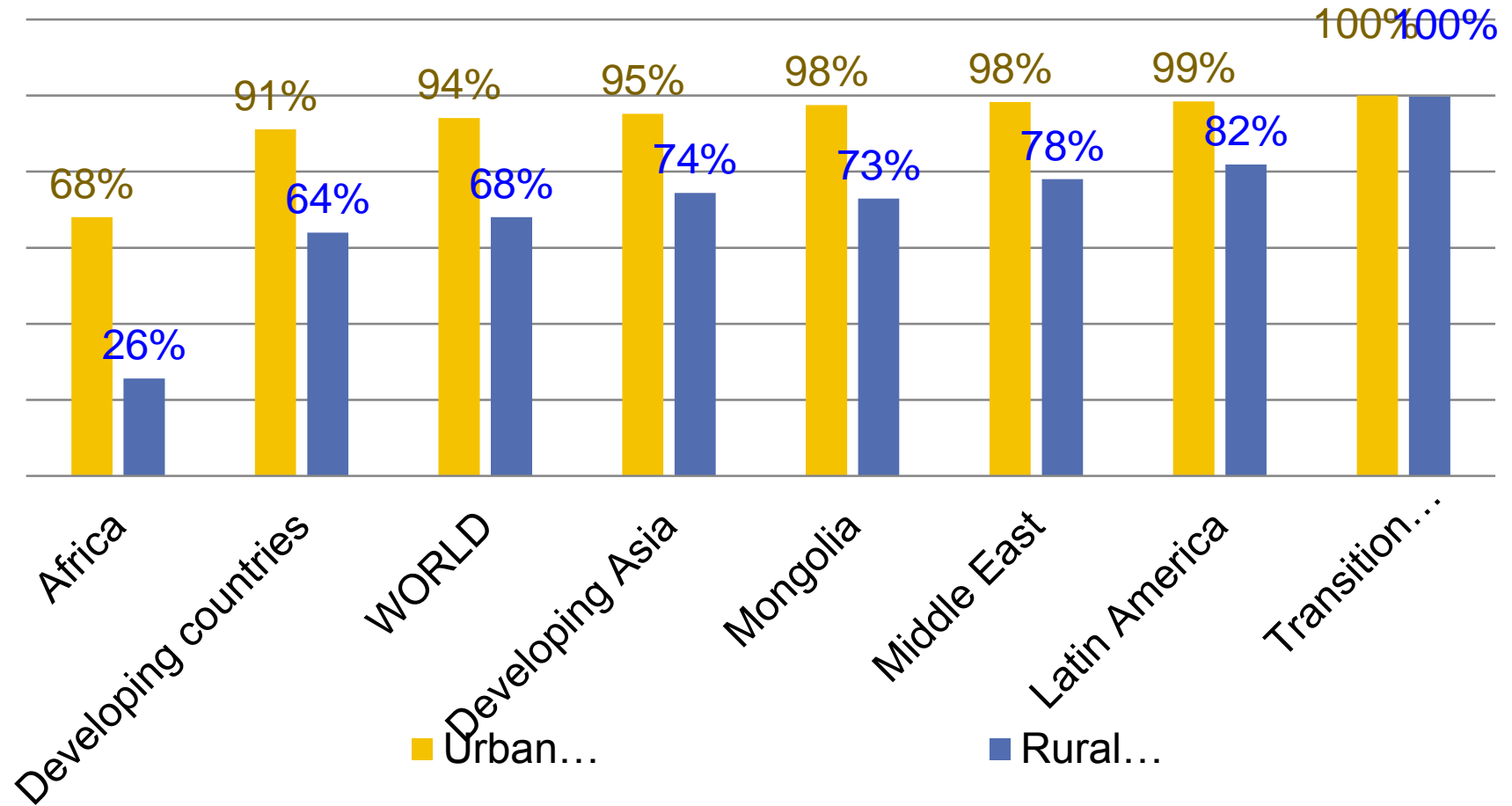


THE HIGHEST BARRIER ACCORDING TO BUSINESSES AND LOCAL ENTERPRICES IS ACCESS TO FINANCE

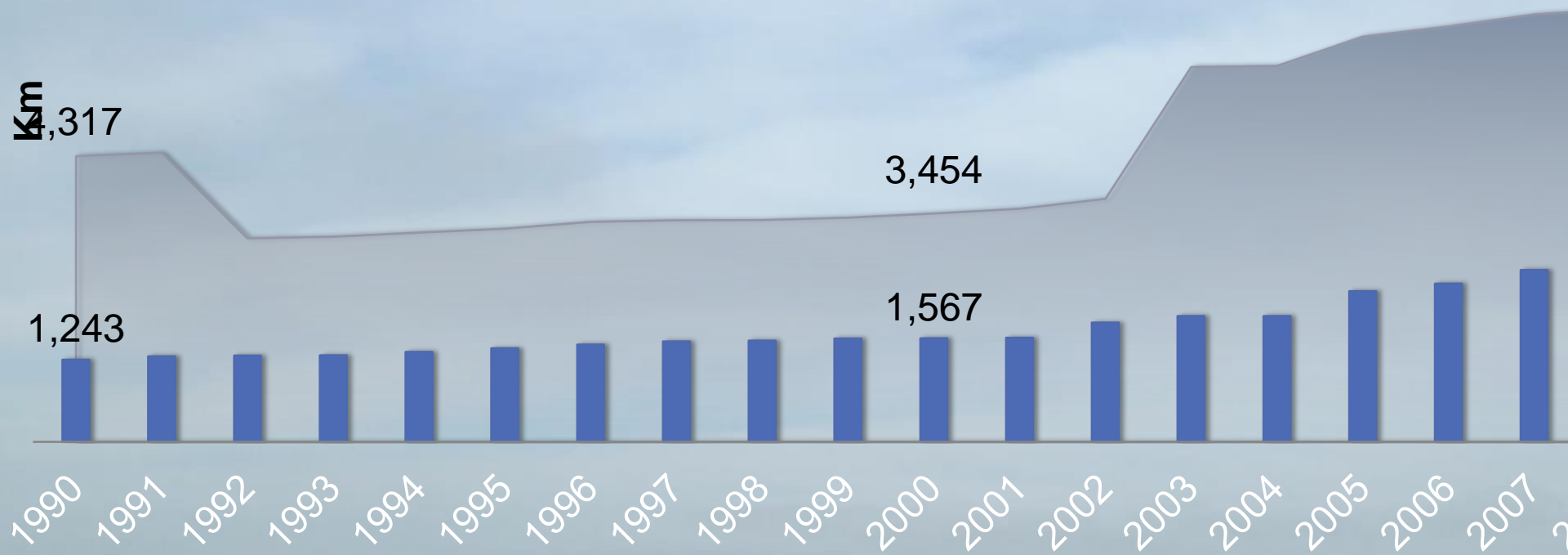
Barriers according to Businesses and local enterprices



ELECTRICITY ACCESS AND QUALITY IS LOW IN RURAL AREA BUT ABOVE AVERAGE OF OTHER COUNTRIES

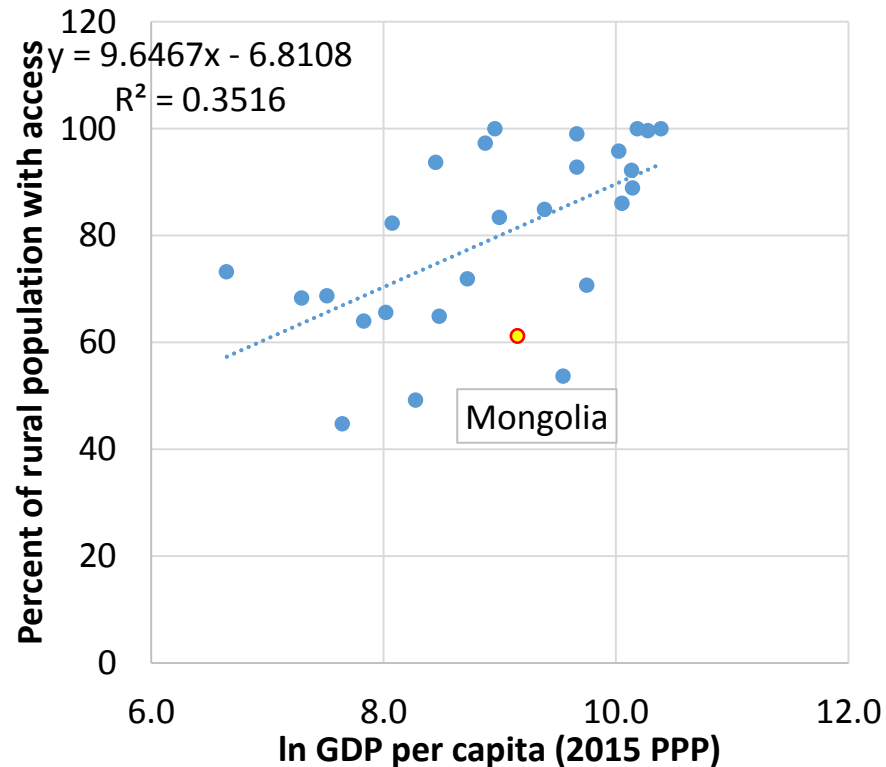


- Improved auto road-total
- Of which: with hard cover

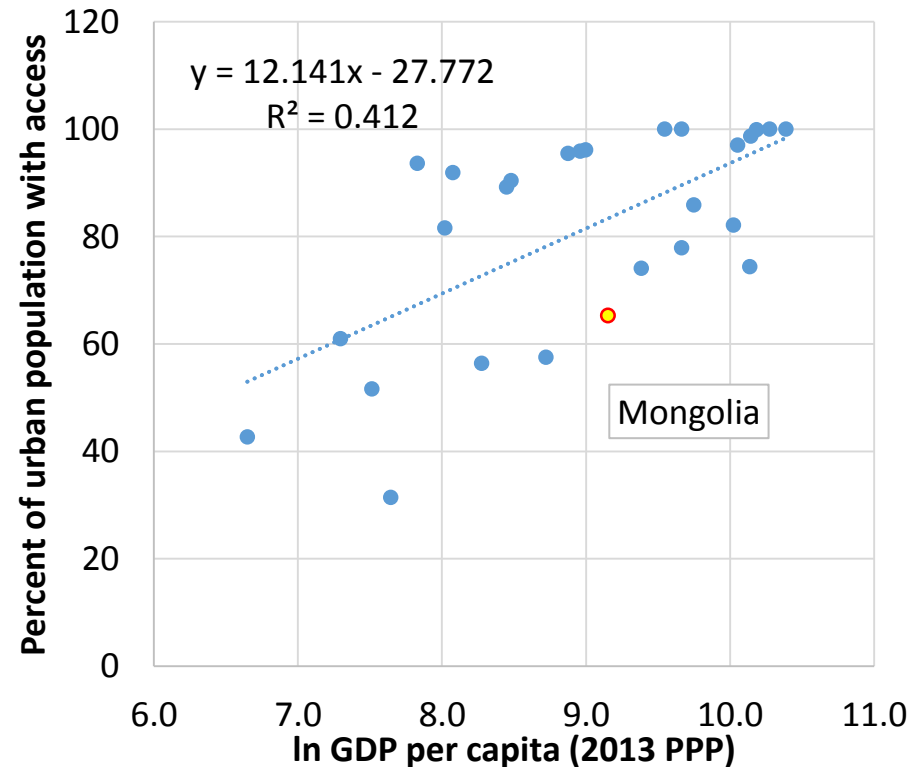


WATER SOURCE IS SCARCE AND SANITATION IS CHALLENGE IN PERI-URBAN AND RURAL AREA

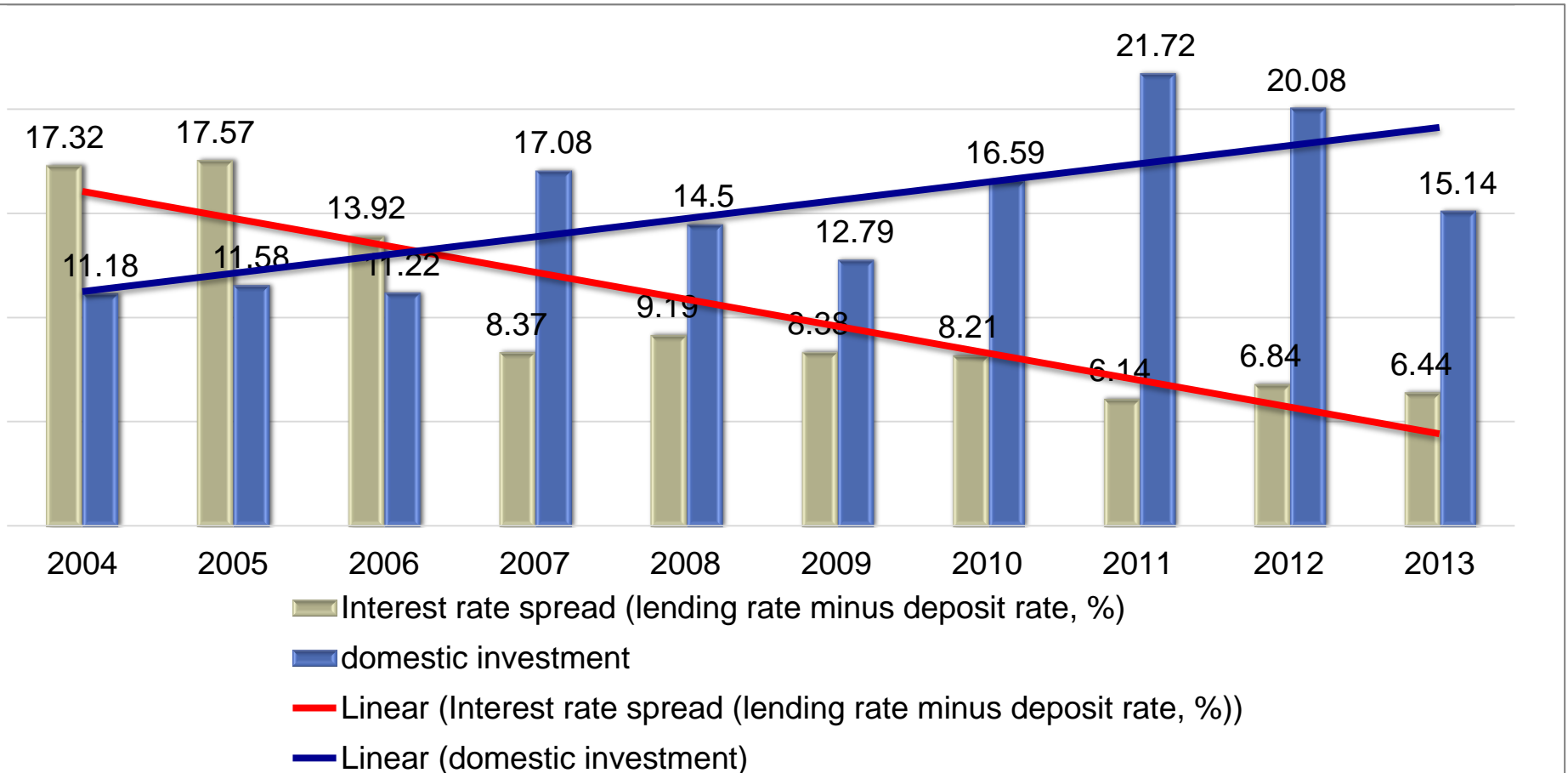
IMPROVED WATER SOURCE, RURAL (% OF RURAL POPULATION WITH ACCESS), 2015



IMPROVED SANITATION FACILITIES, URBAN (% OF URBAN POPULATION WITH ACCESS), 2013

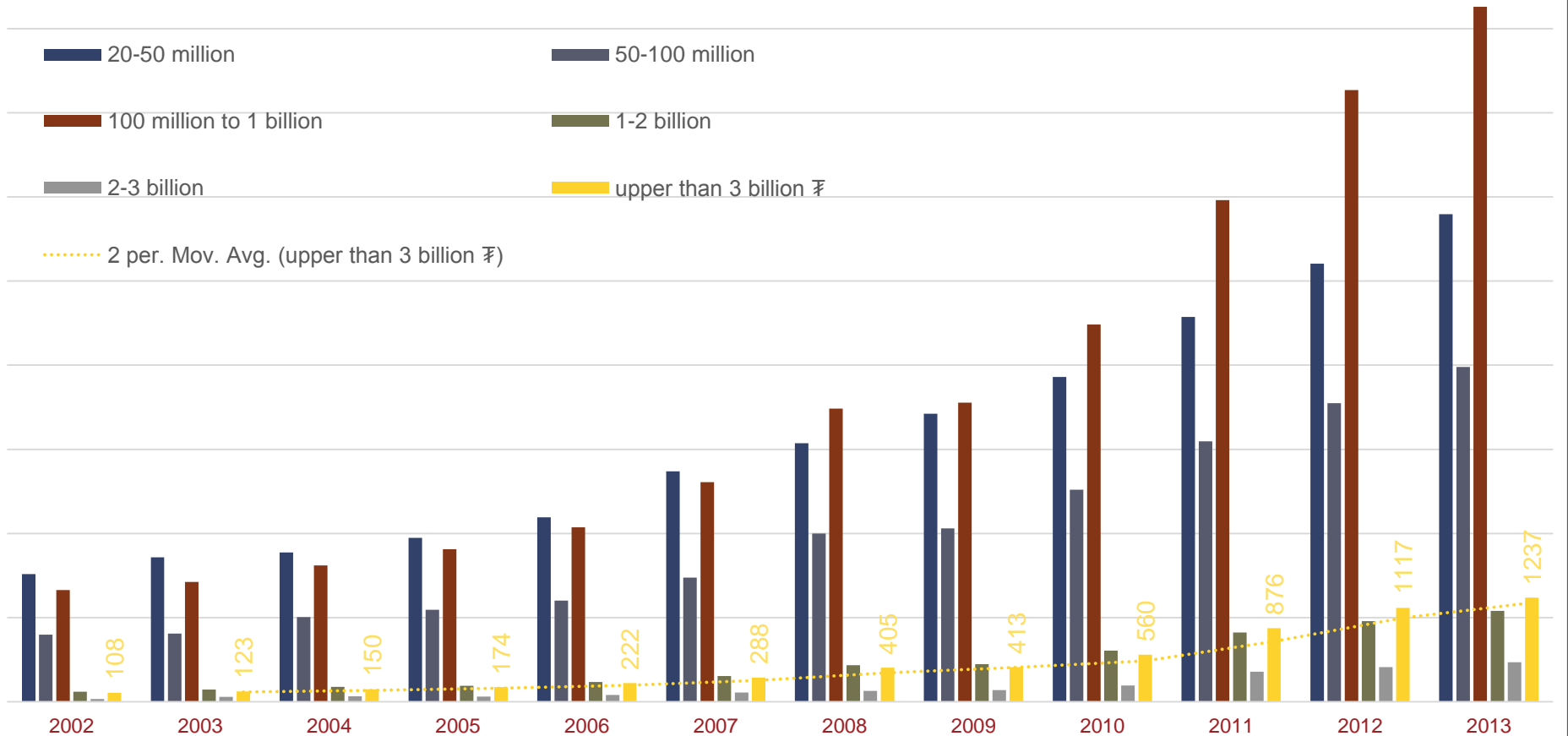


CORRELATION BETWEEN INTEREST RATE SPREAD AND DOMESTIC INVESTMENT IS -078152, STRONGLY NEGATIVE.



NUMBER OF BIG COMPANIES ARE NOT INCREASING, MARKET STRUCTURE IS NOT SUITABLE FOR SMALL AND MEDIUM COMPANIES

Number of companies by income level

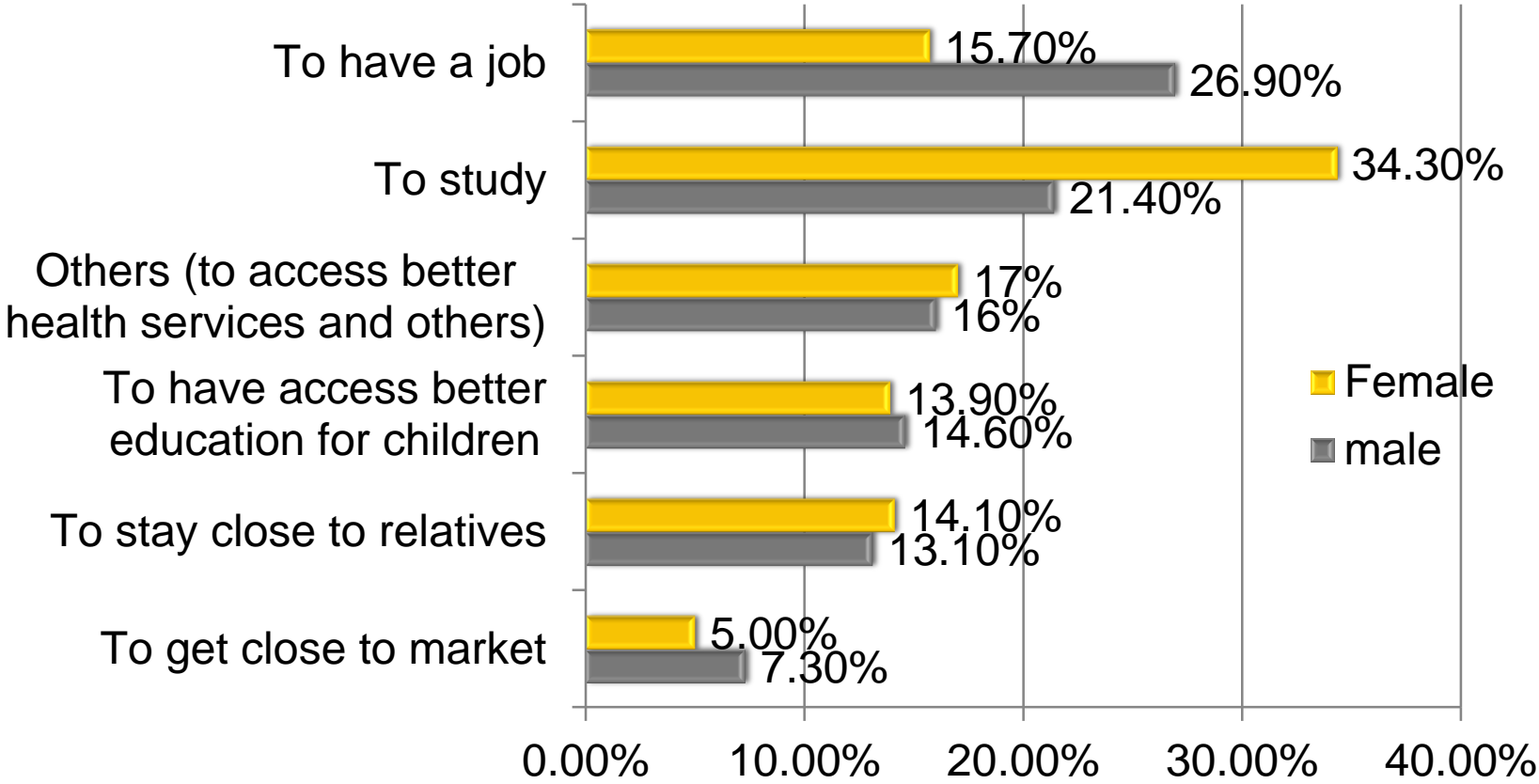




ANALYSIS

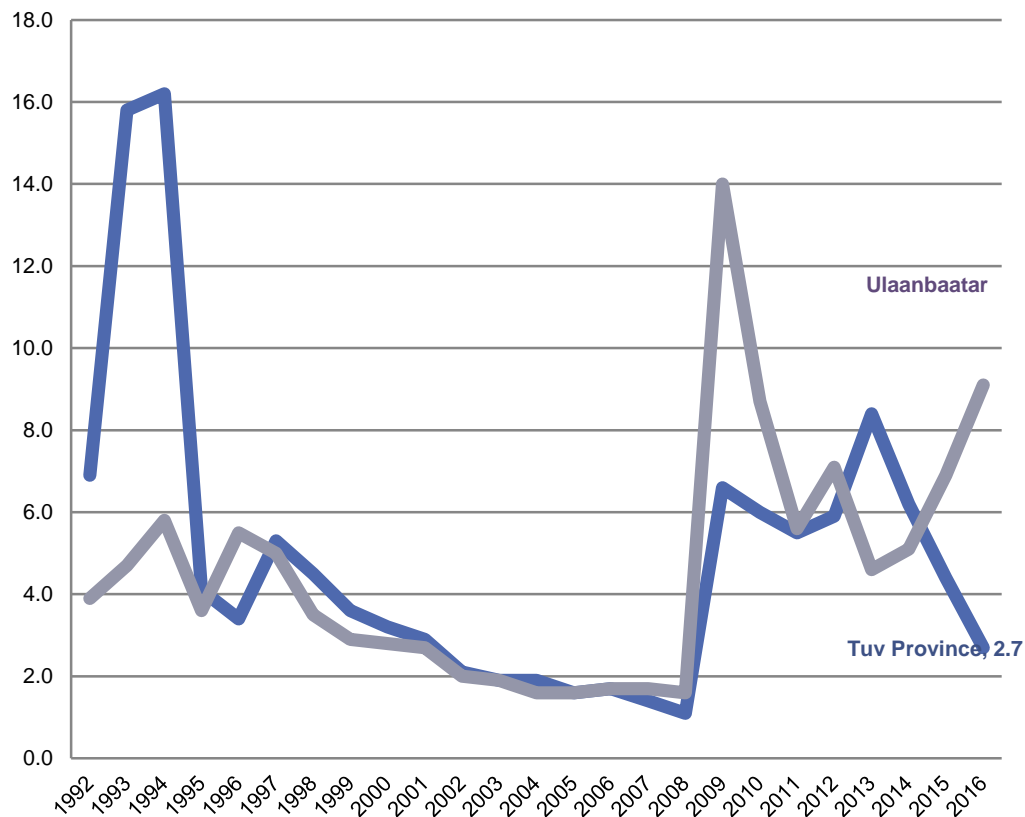
**LOCAL INTERACTION
RURAL, PERI-URBAN AND URBAN
AREAS**

THE MAIN REASONS OF MIGRATION TO URBAN AREA

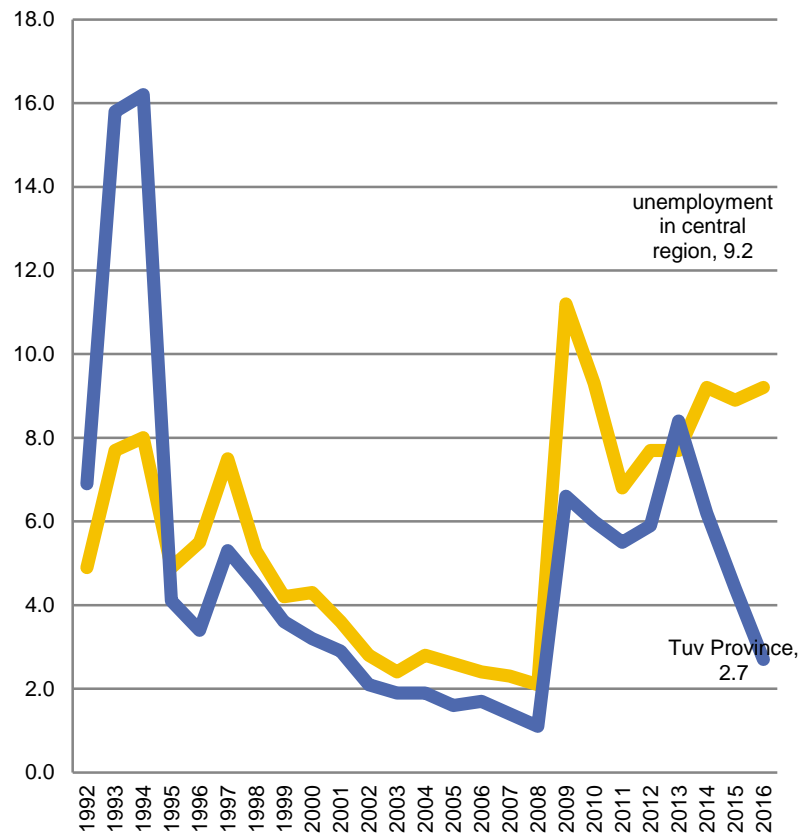


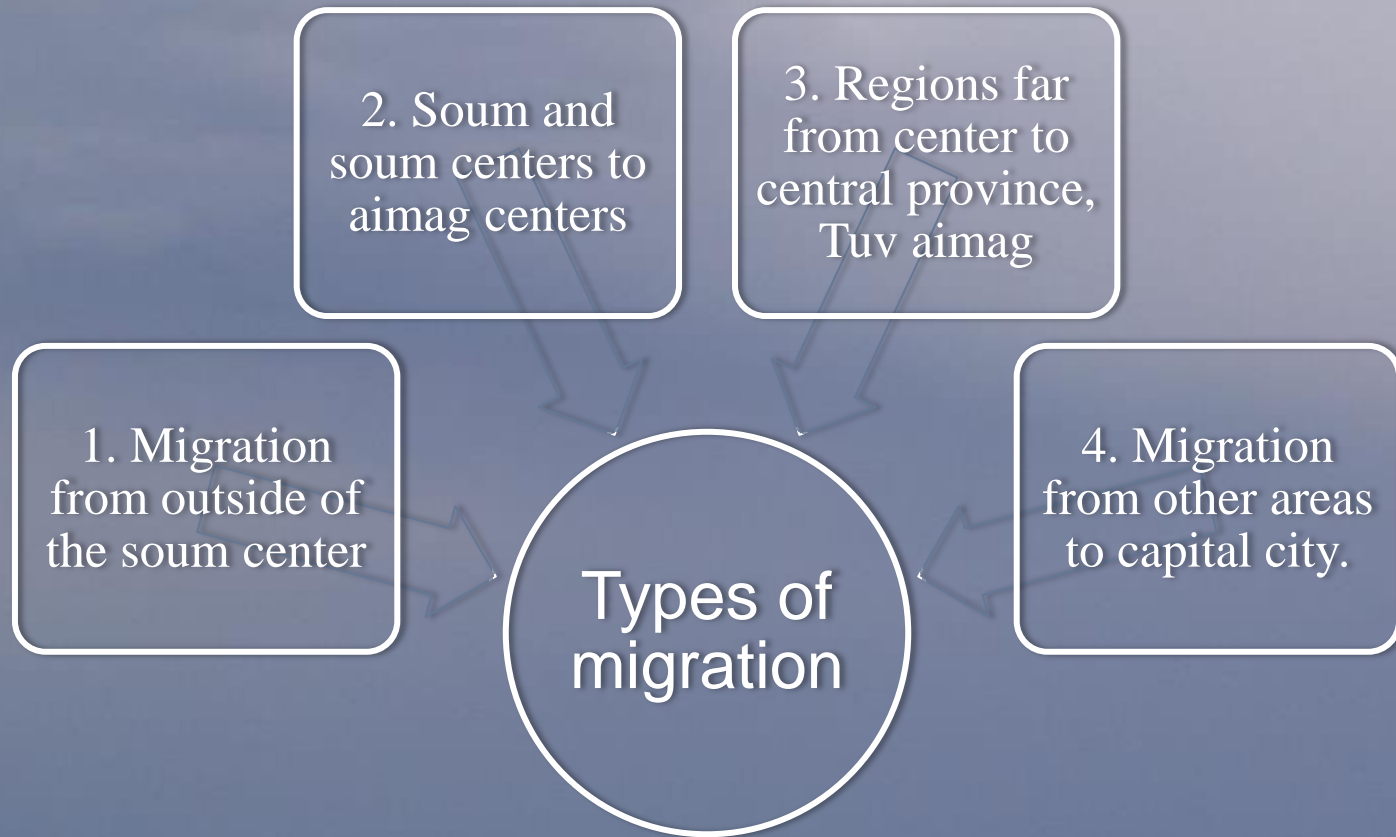
MOVEMENT OF UNEMPLOYED PEOPLE TO CITY IS INCREASING, BUT NOT TO PERI-URBAN AREA FROM REGION

Unemployment of Ulaanbaatar and Tuv province



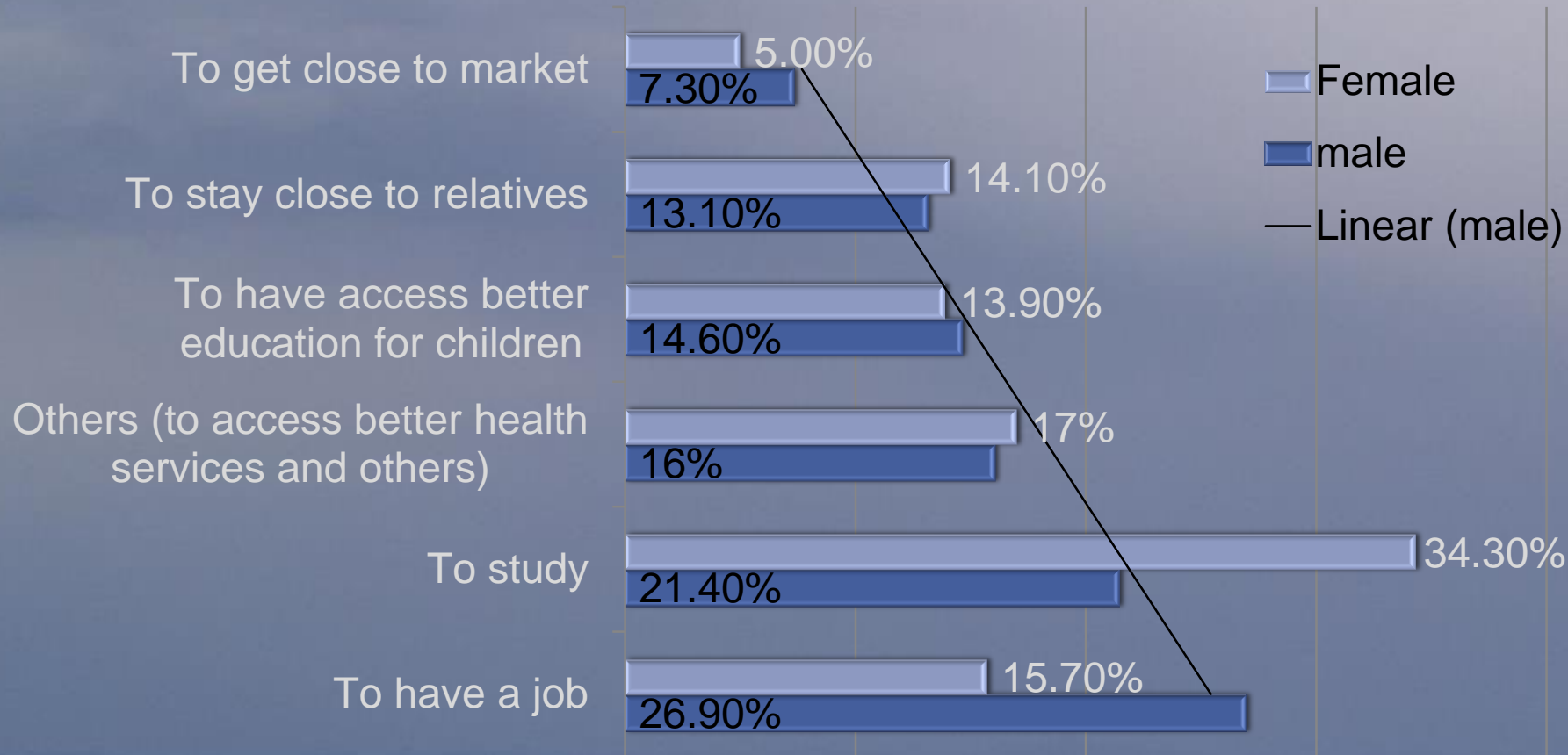
Unemployment in central region and Tuv Province





Migration to Tuv province (province closest to capital city) correlated to unemployment in the central region (Dornogobi, Dundgobi, Umnugobi, Selenge, Tuv, and Darkhan-Uul provinces surrounding Tuv Province and the capital city) with 52.9%.

THE MAIN REASONS OF MIGRATION TO URBAN AREA



CASES OF REVERSE MIGRATION

- ✓ Improving school quality
- ✓ Improved local development planning (with participatory method)
- ✓ Creation of new jobs, supporting with loans from local soum development funds.
- ✓ Promoting agriculture businesses....



IMPACT OF INFRASTRUCTURE ON MIGRATION

In cases of administrative units close to bigger urban area
road increases movement of younger people to rural area



WHAT ARE THE LESSONS, EXPERIENCES AND/OR GOOD PRACTICES THAT CAN BE REPLICATED?

- 1. Migration to city is likely to continue, every year city population increases from 3 to 5 percent in average through migration.**
- 2. Comers from rural area having difficulties in finding jobs, experience, education is needed, automatically slide into poor income society of peri urban area, with lack of access to water and electricity.**
- 3. Investment in infrastructure should go hand in hand with support for SME's and job creation in local area.**

WHAT INNOVATIVE PROCESSES OR SOLUTIONS DOES THE PAPER PROVIDE?

- 1. The reason of migrating and main barriers for businesses are not strongly related to infrastructure requirement.**
- 2. Building infrastructure first, seems like top down planning approach, not contributing people's income level.**
 - In last election party invested in infrastructure significantly failed to win, having only 6.8 percent of seats in Parliament.
- 3. In order to achieve balanced development rural and urban linkages should be considered as one system.**

THANK YOU

