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 helpful for achieving balanced growth?
ANALYSIS OF RURAL AND URBAN LINKAGES IN MONGOLIA

Macroeconomic overview
REAL GROWTH RATE IS STRONGLY RELATED TO MINING SECTOR GROWTH

Real growth rate of GDP

y = 0.3791x + 0.558

Mining and quarrying sector growth


12.5% 10.4% 11.4% 10.0% 10.3% 10.3% 14.2% 8.6% 8.8% 10.8% 8.4% 9.3% 11.3% 18.2% 23.1% 30.8% 26.4% 20.2% 19.5% 24.8% 22.7% 18.8% 16.1% 17.6%
GROWTH OF SECTORS ARE UNBALANCED
(GROWTH OF ECONOMY IS BASED ON FEW 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 US$50000, CALCULATED USING UN'S COMTRADE DATABASE)
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

- Immediate year: -12.82%
- Next year: 10.97%
- Third year: 7.11%
- Fourth year: 42.00%
- Fifth year: 15.35%

Migration percentage versus animal loss percentage from 1973 to 2015.
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)

\[ y = 0.7175x - 2.4667 \]
\[ R^2 = 0.5384 \]
THE HIGHEST BARRIER ACCORDING TO BUSINESSES AND LOCAL ENTERPRISES IS ACCESS TO FINANCE

Barriers according to Businesses and local enterprises

- Access to Finance: 20.5
- Tax rates: 12.9
- Political instability: 11.3
- Licenses & Permits: 9.4
- Corruption: 8.5
- Inadequately educated workforce: 7.2
- Practices of competitors in the…: 6.7
- Access to Land: 5.5
- Tax Administration: 5.4
- Electricity: 3.8
ELECTRICITY ACCESS AND QUALITY IS LOW IN RURAL AREA BUT ABOVE AVERAGE OF OTHER COUNTRIES

<table>
<thead>
<tr>
<th>Region</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>68%</td>
<td>26%</td>
</tr>
<tr>
<td>Developing countries</td>
<td>64%</td>
<td>26%</td>
</tr>
<tr>
<td>WORLD</td>
<td>68%</td>
<td>26%</td>
</tr>
<tr>
<td>Developing Asia</td>
<td>74%</td>
<td>30%</td>
</tr>
<tr>
<td>Mongolia</td>
<td>73%</td>
<td>30%</td>
</tr>
<tr>
<td>Middle East</td>
<td>78%</td>
<td>30%</td>
</tr>
<tr>
<td>Latin America</td>
<td>82%</td>
<td>30%</td>
</tr>
<tr>
<td>Transition...</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Improved auto road length has been increased dramatically since 2010.
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

\[ y = 9.6467x - 6.8108 \]
\[ R^2 = 0.3516 \]

\[ y = 12.141x - 27.772 \]
\[ R^2 = 0.412 \]
CORRELATION BETWEEN INTEREST RATE SPREAD AND DOMESTIC INVESTMENT IS -0.78152, STRONGLY NEGATIVE.
NUMBER OF BIG COMPANIES ARE NOT INCREASING, MARKET STRUCTURE IS NOT SUITABLE FOR SMALL AND MEDIUM COMPANIES
LOCAL INTERACTION
RURAL, PERI-URBAN AND URBAN AREAS
THE MAIN REASONS OF MIGRATION TO URBAN AREA

- To have a job: 15.70% (female), 26.90% (male)
- To study: 17% (female), 21.40% (male)
- Others (to access better health services and others): 16% (female), 17% (male)
- To have access better education for children: 13.90% (female), 14.60% (male)
- To stay close to relatives: 14.10% (female), 13.10% (male)
- To get close to market: 5.00% (female), 7.30% (male)
- To study: 34.30% (female)
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

unemployment in central region, 9.2
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

- To get a job: 26.90%
- To study: 21.40%
- To stay close to relatives: 16%
- To have access to better education for children: 14.60%
- Others (to access better health services and others): 13.10%
- To have access to better education for children: 7.30%

- Female
- Male
- Linear (male)
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....
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.
   o 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 likages should be considered as one system.
THANK YOU