

Assessing Mongolia's Mining Investment Environment

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- for technical work

MNMA Members

- for their active participations in the survey

Assessing the Mongolian mining investment environment

□ Objective

- To contribute to improving the mineral policies and regulations in Mongolia
- To report the potential investors about the Mongolian mining investment environment and competitiveness

□ Coverage

- Mining and exploration companies, equipment and machinery dealers, service providers, non-governmental organizations, and academia
 - Sample size: 93

 - Timing: June - August 2010
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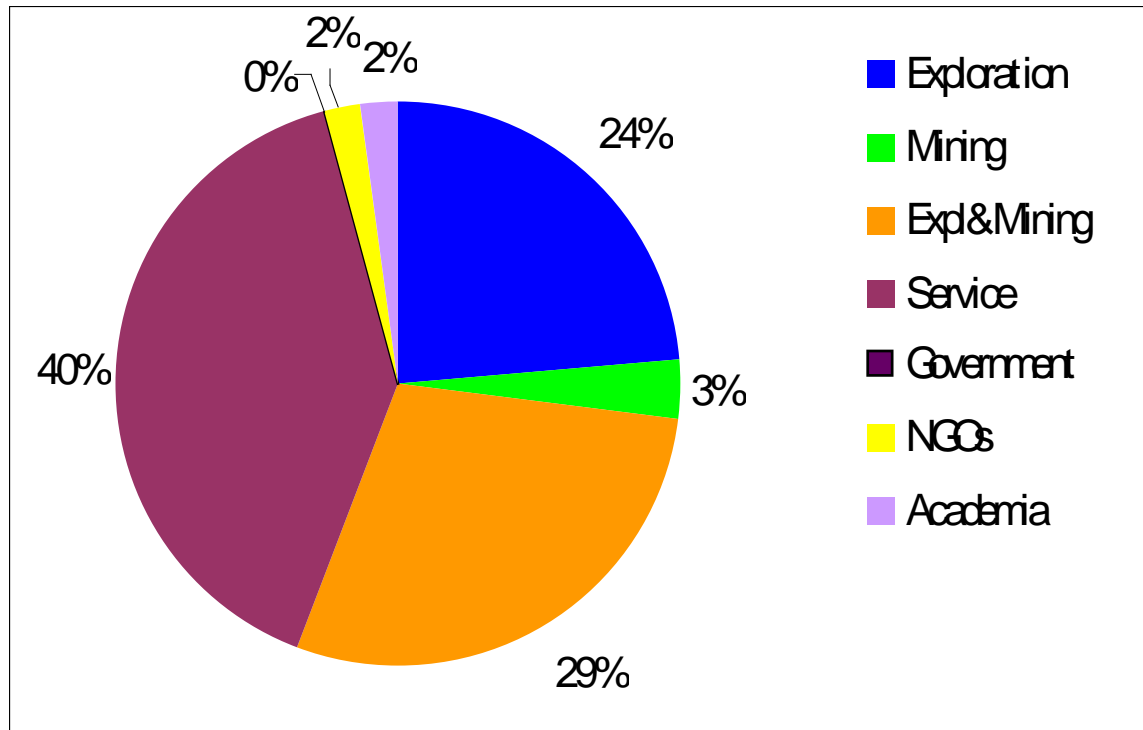
Assessing the Mongolian mining investment environment

□ Methodology

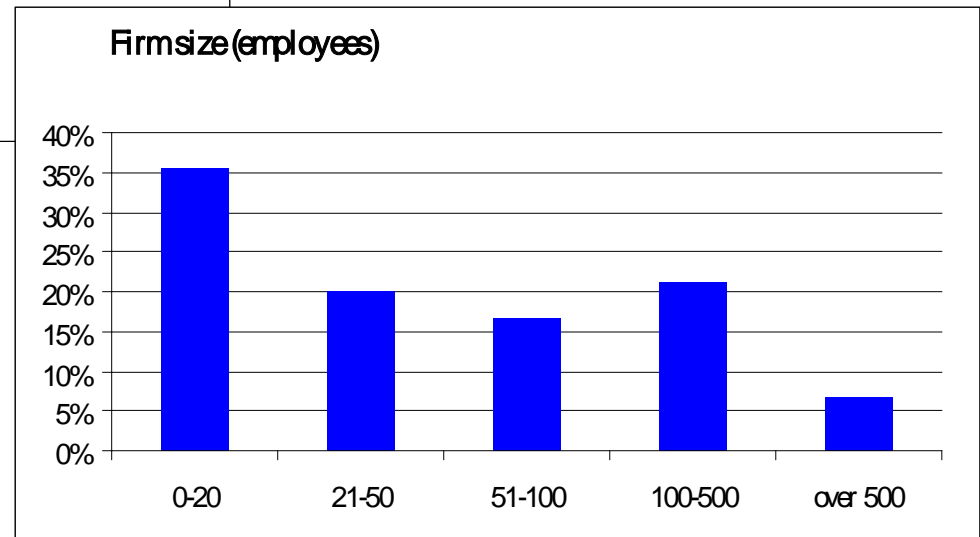
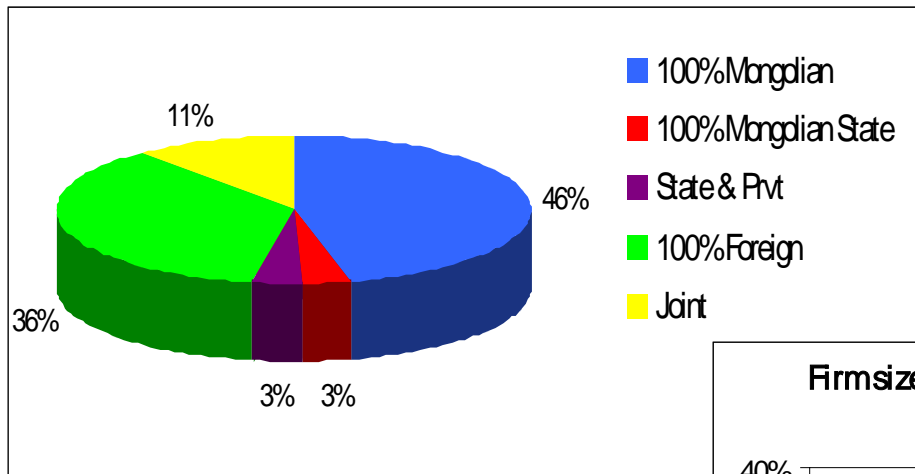
- Survey questionnaire (19 close-ended questions)

- *Company characteristics*
 - *Overall economic and political environment*
 - *Governance effectiveness, institutional quality*
 - *Infrastructure, labor/skills, geological database*
 - *Environmental regulations, local community and security*
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Sampling

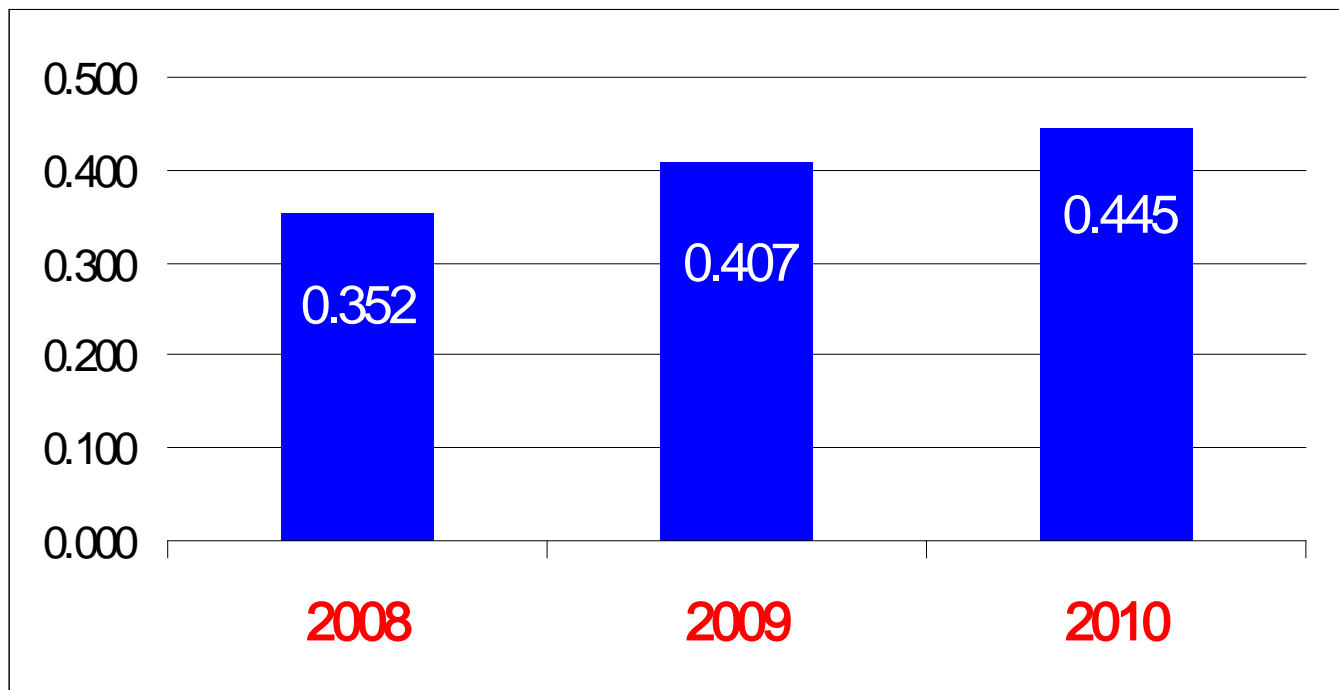


Sampling (cont.)



Results:

Mining Investment Climate (MIC) Index



Results:

Mining Investment Climate (MIC) Index

2010 Ranking	Sub-indices	2009	2010	2010/2009
1	Infrastructure development: Communication	0.706	0.670	-5.1%
2	Overall tax level	0.496	0.587	18.3%
3	Political environment	0.517	0.571	10.5%
4	Quality and availability of geological database	0.467	0.503	7.6%
5	Government intervention in the economy	0.432	0.484	12.0%
6	Security	0.439	0.471	7.3%
7	Environmental regulations	0.408	0.468	14.9%
8	Institutional quality and effectiveness	0.422	0.423	0.4%

Results:

Mining Investment Climate (MIC) Index

2010	Sub-indices	2009	2010	2010/2009
9	Infrastructure development: Electricity	0.332	0.395	18.8%
10	Local community	0.340	0.376	10.6%
11	Enforcing, administering the regulations	0.311	0.368	18.4%
12	Soundness and stability of mineral legislation	0.388	0.364	-6.2%
13	Infrastructure development: Road	0.290	0.347	19.4%
14	Overall economic environment	0.284	0.345	21.5%
15	Skills / Labor availability	0.278	0.304	9.2%
	MIC Index	0.407	0.445	9.2%

Major factors led to a higher index

- Higher scores for 13 out of 15 indices
 - Excl. 2 indices:
 - Infrastructure: Communication
 - Soundness and stability of mineral legislation
 - Top 5 performers generate 60% of the increase in the MIC index.
 - Macroeconomic environment
 - Infrastructure: Road
 - Infrastructure: Energy
 - Rule of law
 - Overall tax level
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Overall economic environment

0.149

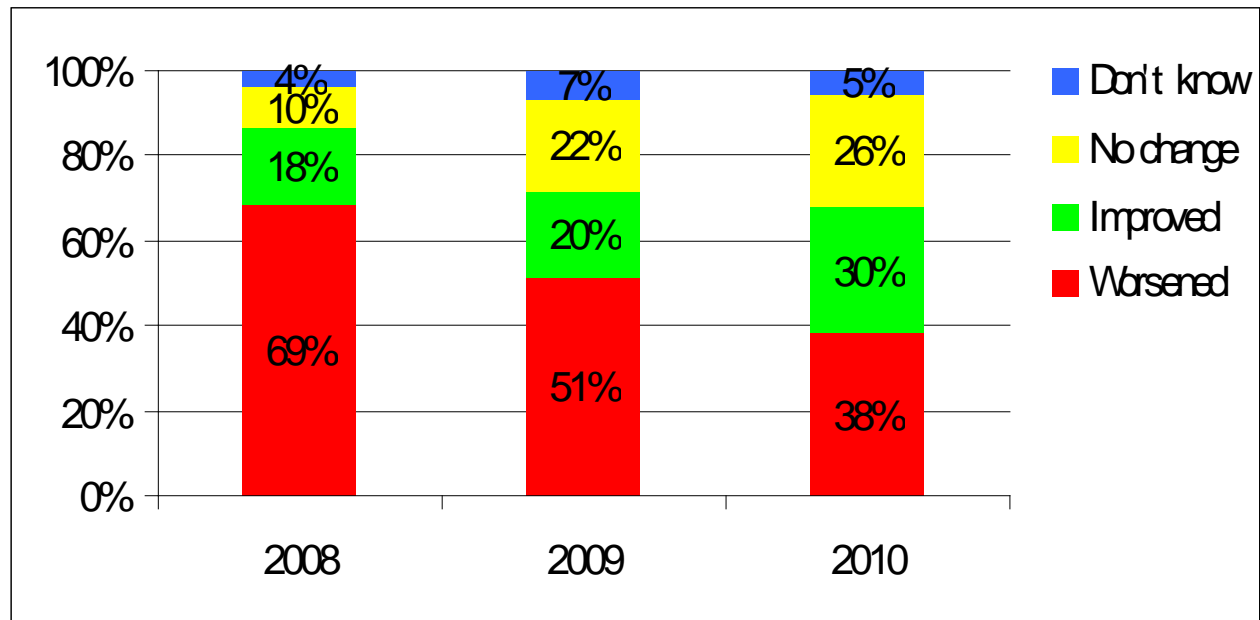
2008

0.284

2009

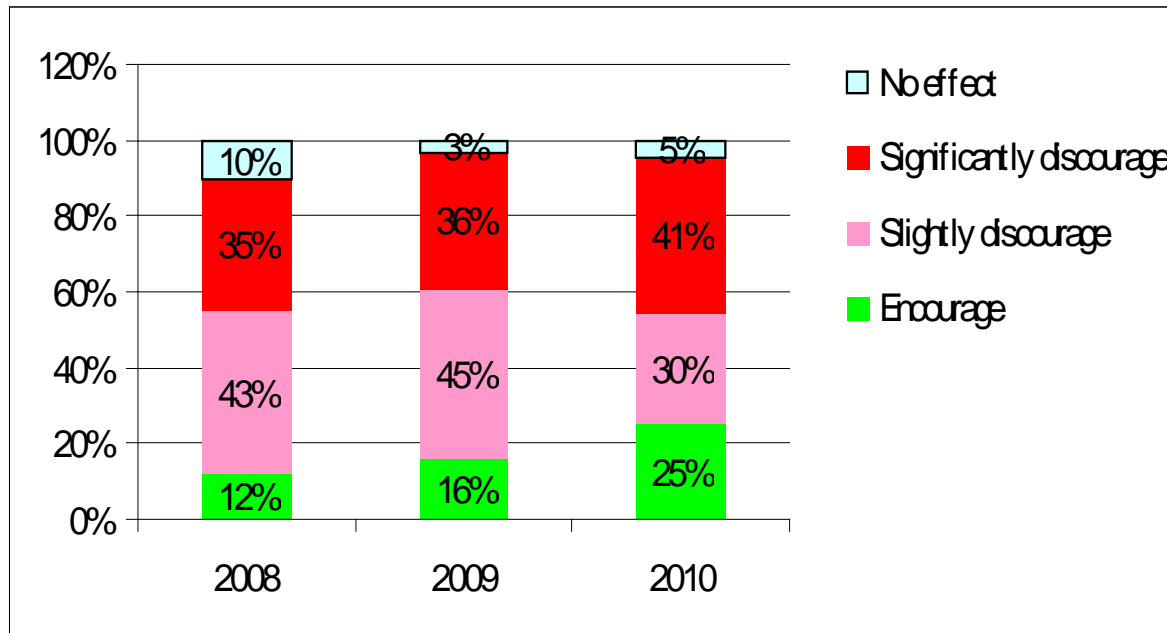
0.345

2010



Infrastructure: Road

0.281 0.290 0.347
2008 **2009** **2010**



Rule of law

0.195

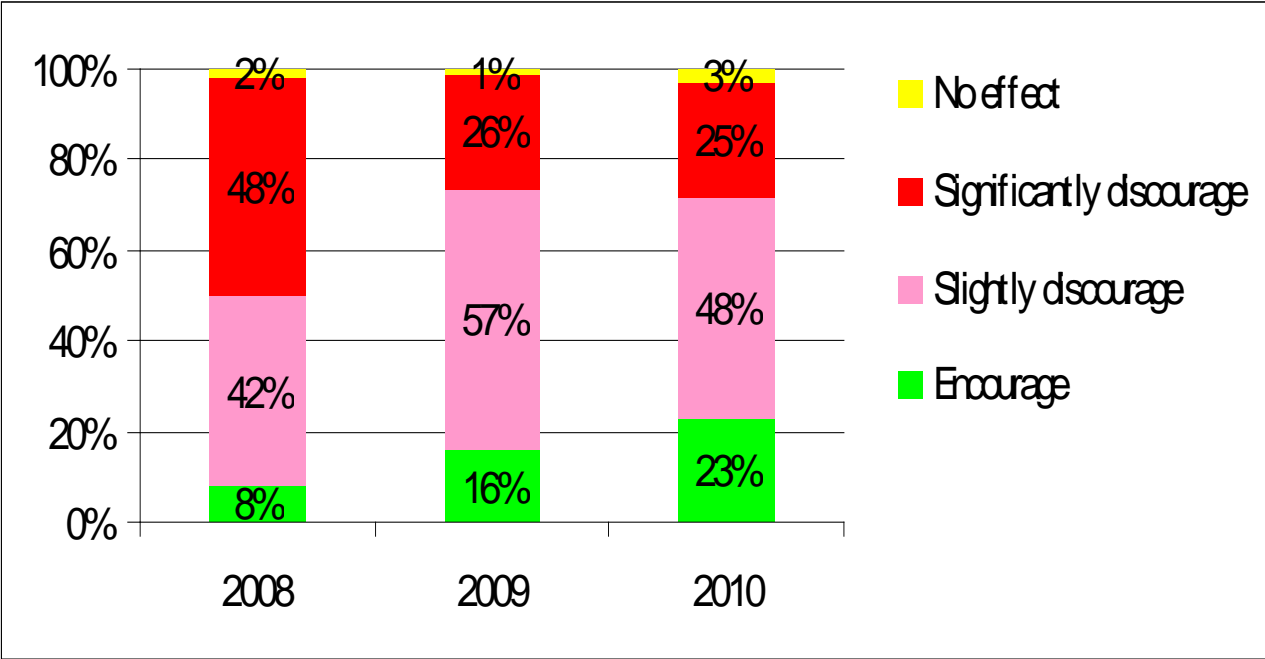
2008

0.311

2009

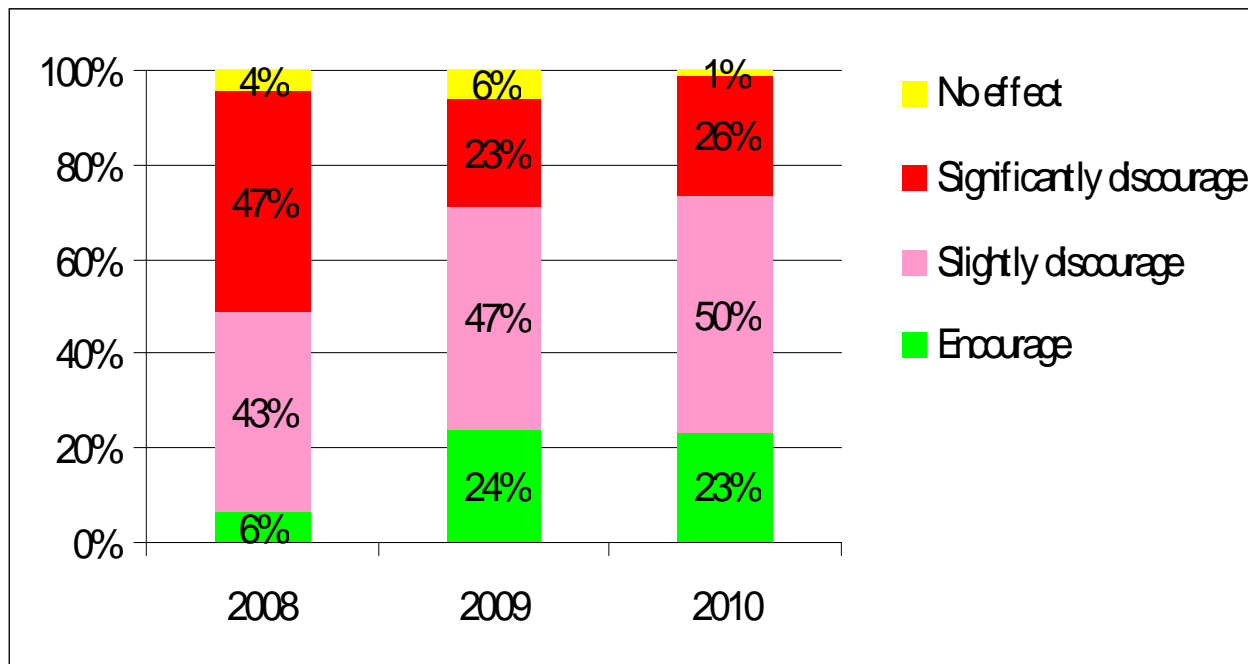
0.368

2010



Priorities for improvements: Soundness and stability of mineral legislation

0.191 0.388 0.364
2008 **2009** **2010**



Thank you.
