EXTERNAL DEBT AND EDUCATION FINANCING IN MONGOLIA

EXECUTIVE SUMMARY

The third decade of the 21st century began with numerous problems to solve. In the case of Mongolia, over the past 10 years, the external debt burden has increased and is expected to affect the economic development of the country, the public financing of education, health, social welfare sectors and more importantly lives of children and adults. The Central Bank of Mongolia reported that in 2020, the total external debt has reached 31.2 billion USD, from which 25.8 percent is an external debt of the Government, 6.9 percent is of the Central Bank of Mongolia, 67,2 percent is the private sector debt (Mongol Bank, 2021). Mongolia is now a heavily indebted country, with total public and private sector debt rising from less than 50 percent of GDP in 1997 to 253 percent in GDP in 2019 (Mongol Bank, 2021). Moreover, external borrowing is continuing.

The increasing the debt service ratio and coupled with the Covid-19 pandemic crisis, adequate financing of education sector in the coming years is becoming financially problematic. How will this increasing external debt affect the financing of education in the country? What are the possible ways to protect education expenditures from cut downs? Drawing from recently completed the sector's studies, this report synthesizes and analyses education financing with a view to identifying the ways to reduce the external debt.

Mongolia is spending about 4-5 percent of GDP or 15-18 percent of public expenditure on education. Relatively few empirical studies have assessed the effects of debt service on education financing. We found that despite the growing total external debt, education financing has been stable in nominal terms. In other words, the current external debt stock and external debt service payment have no effect on the financing of education. However, we found that the outcomes of the financing were not equal among the population as it was documented in several research reports. One of way to solve the problem is equitable financing.

The Government of Mongolia has established the joint working group within the Ministry of Finance and Ministry of Education, Science and Sports that is working on the improvement school financing formula and to exercise more careful and effective public spending in the sector. From the interviews with the economists from the MESS and MoF, we found that despite the growing the external debt payment, the education financing in the country in near future may have attain the previous level through improved macroeconomic indicators and additional external borrowing. From interviews, we conclude that the awareness of the growing external debt burden must be raised, analysed, discussed and the debt reduction policy must be managed through an independent debt management department at the MoF.

Despite the growing debt burden, the government has several other channels to raise funds and finance the education sector such as (i) follow the WB advise on creating a sufficiently strong and independent treasury/debt monitoring department at the MoF, (ii) implement the rule of law in budgeting (iii) enroll into the CCRT and the HIPC and the Multilateral Debt Relief Initiatives; (iv) use some debt swaps; (v) introduce the tax increase, and eliminate a complex system of tax deductions and exemptions; (vi) reduce corruption in the public sector's procurement process and by making nationally owned resource companies more accountable and profitable to increase the government budget revenue side; (vii) supporting child care system, jointly the private sector, and (viii) by cooperating effectively with international donor organizations. By taking these consistent, coordinated, transparent measures the government may create sustainable path for reducing debt and increasing investments for children.

The country needs to solve three significant problems: first, to avoid a default, second, to avoid a decline in the education financing in the result of increasing debt service payments, third, to improve the Covid-19 aftermath situation in learning losses, school meals and nutrition programs, vaccinations and child protection services.

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Abstract: In Mongolia, over the past decade, the external debt burden has increased drastically and the country joined the list of heavily indebted countries with total external debt rising from less than 50 percent of GDP in 1997 to 253 percent to GDP in 2019. How will this increasing external debt will affect the financing of education in the country? What are the possible ways to protect education expenditure from cuts?

This study by using qualitative methods such as literature review, secondary data analysis and interviews intends to answer these questions. We conclude that despite growing the total external debt, the education financing has been stable and even grown in nominal and real terms compared to 2012. Therefore, the astronomical public external debt will worsen education financing and may result in a decline of already hard-to-achieve education access and quality for the country's most underprivileged children. However, despite the growing debt burden, the government has several other channels to raise funds and finance the education sector.

Keywords: External Debt, Financing Education, Mongolia

ACKNOWLEDGMENTS

This study is part of a research project on debt relief mechanisms and education financing designed and coordinated by the Global Campaign for Education in seven countries: El Salvador, Gambia, Georgia, Lebanon, Mongolia, Nepal, and Zambia. The study was written by Banzragch Otgontugs in close coordination with the All for Education National coalition. The initiative was technically and financially supported by Open Society Foundation and ActionAid.

LIST OF ACRONYMS

ADB	Asian Development Bank
BOM	Bank of Mongolia
CCRT	Catastrophe Containment and Relief Trust
DBM	Development Bank of Mongolia
DSSI	Debt Service Suspension Initiative
AFE	All for Education National Coalition
EFF	Extended Fund Facility
FTI	Fast Track Initiative
FSL	Fiscal Stability Law
FSF	Fiscal Stabilization Fund
FHF	Future Heritage Fund
GDP	Gross Domestic Product
GoM	Government of Mongolia
HEI	Higher education institutions
HIPCs	Heavily indebted poor countries
HIES	Household Income Expenditure Survey
ILO	International Labor Organization
LMIC	Low and Middle-Income countries
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
LSMS	Living Standard Measurement Survey
MDB	Multinational Development Banks
MEA	Mongolian Education Alliance
MECS	Ministry of Education, Culture and Science
MICS	Multiple Indicator Cluster Survey
MNT	Mongolian Tugrug (national currency)
MoF	Ministry of Finance
NSO	National Statistical Office
NRGI	Natural Resource Governance Institute
PV	Present value
VTET	Vocational and Technical Education and Training
UNICEF	United Nations' Children's Fund

INTRODUCTION

The third decade of the 21st century began with numerous problems to solve. In the case of Mongolia, over the past 10 years, the external debt burden has increased and is expected to affect the financing needs of social sectors. How will this increasing external debt affect the financing of education in the country? What are the possible ways to protect education expenditures from cut downs? These questions need to be answered by policymakers and this study targets to answer these questions. The Central Bank of Mongolia reported that in 2020, the total external debt has reached 31.2 billion USD, from which 25.8 percent is an external debt of the Government, 6.9 percent is of the Central Bank of Mongolia, 67,2 percent borne by the private sector (Mongol Bank, 2021). Moreover, external borrowing is continuing. Recently, in 2020, the government of Mongolia borrowed another USD 600 million in sovereign debt, called Nomad bonds, at about 5.1 percent interest and by which refinanced some of the expiring debt. In Mongolia, COVID-19 and its economic fallouts are exacerbating already high debt risks. By increasing the debt service ratio and coupled with the Covid-19 pandemic, sufficient education sector financing in the coming years is becoming financially problematic.

The analysis is aiming to examine the external debt situation in Mongolia and its impact on future education financing in the country. There is some quantitative and qualitative study on the external debts, but there is a lack of research on its association with financing of education in Mongolia (Ouyntsetsral et al, 2015, NRGI, 2018). Given the increasing growth of the external debt, one would expect that such debt is used in productive sectors of the economy thus the repayment will not affect the current and future development of the economy. However, in the case of Mongolia, the majority of the public external borrowing is used to refinance the debt and finance social assistances, and the private external debt finances the mining sector (NRGI, 2018).

The study heavily draws from the budget, external debt, and education sector reviews conducted over the past ten years between 2010 and 2020. The analysis will be based on secondary data provided by the National Statistical Office (NSO), the Mongol Bank (MB), Ministry of Finance (MoF), and data from the World Bank (WB), the International Monetary Fund (IMF), and the UNICEF databases as well as others. The methodology of the analysis is restricted by qualitative methods such as literature review, secondary data analysis and interviews. Due to the limited number of observations on annual external borrowing, and education financing between 2012-2019, we are unable to run quantitative analysis done by other researchers (Ekaette, Owan, and Agbo, 2019).

In a growing economy, the government debt may increase. However, since 2016, the economic growth rate (2.4 percent on average) has been slower than the external debt growth rate in the country at 7.5 percent for the last 4 years in Mongolia and this likely triggered a debt reckoning. (Helble, Hill & Magee, 2020). Moreover, external borrowing is continuing. Mongolia is now a heavily indebted country, with total public and private sector debt rising from less than 50 percent of GDP in 1997 to 253 percent to GDP in 2019 (Mongol Bank, 2021)

We identified that compared to other countries, with a similar level of GDP per capita, the Human Development Index (HDI), Mongolia is spending less than many countries or below the world average and spends at a similar level in lower-middle-income countries, measured as a percentage of GDP about at 4.3 percent (Education Finance Watch, 2021). The government spending on education reflects the high cost of delivering services to a population dispersed over a vast territory, as well as the harsh climate, thus insufficient funding is devoted to the actual teaching process such as teaching materials, books, library, remedial education, teaching equipment's, and labs.

The outcomes of the education financing are mixed. For the net enrollment rates for pre-school, primary, and secondary education, the country is demonstrating the higher levels, but some groups that are currently underserved in the Mongolian education sector, both concerning access and quality of education. The school dropout rate is not declining, especially in a rural area and this is closely linked with the shortage of dormitories and schools in remote rural areas. Access to schooling became a problem for families in rural areas, and in particular for nomadic herder families. Children and youth with disabilities and children of herders and minorities' enrollments and the literacy rates have fallen over time. If the financing declines from the current level, there is the probability that the already achieved results of schooling will decline and trigger high poverty and inequality in the country.

This paper is in several parts. The first section is an introduction section. The second section in the context of the case study where we explain the total external debt situation and education financing, key aspects of the challenge of the financing, and outcomes. The third section will report on some data analysis of external debt and education financing and will bring some insights into connections between debt alleviation mechanisms and education budgets. The fourth section will conclude.

Section 2.

CONTEXT ANALYSIS

2.1. THE ECONOMIC GROWTH AND EXTERNAL DEBT

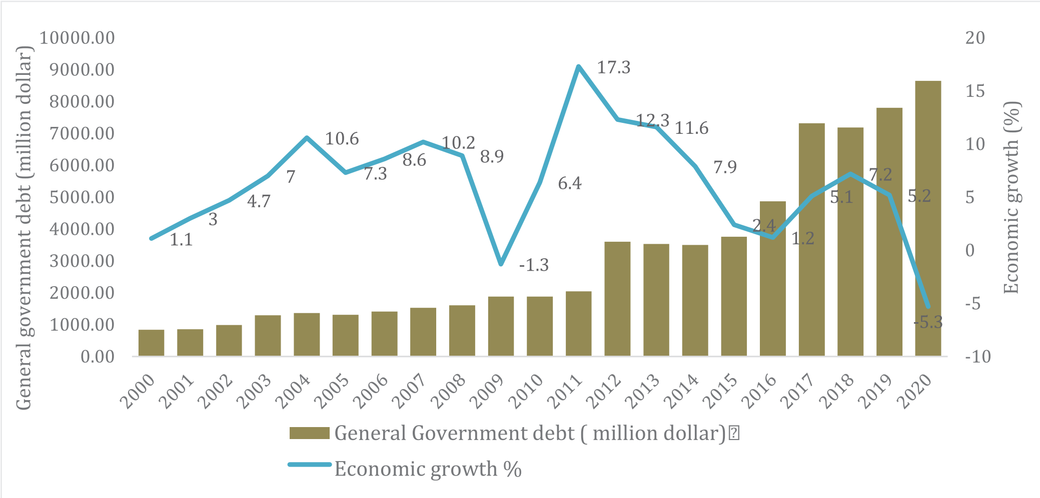
Mongolia is located in Asia between the Russian Federation and the People's Republic of China with a 3.3 million population. The country has a widely dispersed population, 1.1 person per square kilometre makes the provision of some social services, for instance, education and health services particularly challenging. Mongolia has a small, open economy with the boom/bust cycle and the macroeconomic challenges that characterize many resource-rich countries, including high inflation, inefficient government spending, and income distribution problems. The mining sector is a major contributor to the national economy by generating about 25 percent of the total fiscal revenues, and mineral exports represent about 90 percent of total exports. (ADB, 2020).

The average growth rate of GDP in the preceding decade 2010-2019 was 7.8 percent and the GDP per capita growth rate averaged 5.6 percent (NSO, 2020). The highest economic growth was observed in 2011 at 17.3 percent. (See the blue line in Figure 1). Since the economy's peak in 2011, GDP growth and the flow of foreign direct investment (FDI) have slowed down significantly due to lower commodity prices, hence declined the export revenue.

The Central Bank of Mongolia reported that in 2020, the total external debt has reached 31.2 billion USD, from which 25.8 percent is an external debt of the Government, 6.9 percent is of the Central Bank of Mongolia, 67,2 percent borne by the private sector.[1] During the Covid-19 period, the GDP contracted by 5.3 percent in 2020 (NSO, 2021). Figure 1 in the shows that starting from 2012, the external debt has increased slowly but intensified since 2012.

1 https://www.mongolbank.mn/eng/ External Debt statistics

Figure 1. *GDP growth rate and growth rate of the external debt in Mongolia,*



Source: Bank of Mongolia, (2021). Retrieved from https://www.mongolbank.mn/liststatistic.aspx?id=4_3; World Development Indicators Database. https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MN

The GoM first tapped the international bond market with a $1.5 billion bond issue in 2012 that contributed to debt pressure when economic growth conditions deteriorated in subsequent years.[2] (See Figure 3 in Appendix). The largest private external debt is owed by the major mining investor in Oyu Tolgoi LLC in the country. As in some developing countries due to the Covid-19 pandemics, the government debt is increasing significantly. For instance, in Mongolia, in 2020, the government debt rose by 9 percent (by 678 million USD) compared to the previous year (Bank of Mongolia, 2021).

In a growing economy, the government debt may increase. However, looking at Figure 1 and Figure 1 in Appendix, one can see that since 2016, the economic growth rate (2.4 percent) has been slower than the external debt growth rate in the country at 4.86 percent. (See the blue line in Figure 1). For the last 4 years starting from 2016, the total external debt has increased by 7,5 percent on average. Therefore, the economy grew at a much slower rate than the total external debt growth, and this likely triggered a debt reckoning (Helble, Hill & Magee, 2020).

There are several reasons for the total external debt growth in the country. The first reason primarily reflects high investment rates (rather than low savings rate) driving large current account deficits (average of 14 percent of GDP) that were mostly financed by debt rather than equity (IMF, 2019). The second reason is the country's institutions' inability to implement the existing budget laws. For instance, in 2010, the Mongolian parliament approved the Fiscal Stability Law (FSL) which came into effect in 2013. The FSL defines three specific rules – an expenditure rule, a budget balance rule, and a debt

2 Mongolia issued a 10-year $1 billion bond and a 5-year $500 million bond.

threshold rule. The first rule dictates that a growth rate of government expenditure must not exceed the maximum of the growth rate of non-mining GDP in the current year. The second rule established the legal limit on the budget deficit-to-GDP ratio at 2 percent[3]. The third rule reduced a debt-to-GDP ratio to 40 percent. The FSL laid the legal ground for creating Fiscal Stabilization Fund (FSF) and Future Heritage Fund (FHF) to cushion the impact of mining sector revenue downturns caused by falls in commodity prices and to help sustain expenditure during such periods. The Future Heritage Fund (FHF) is aimed at providing financial savings for future generations and no withdrawals from the fund, other than management fees, are allowed until 2030. (World Bank, 2021).

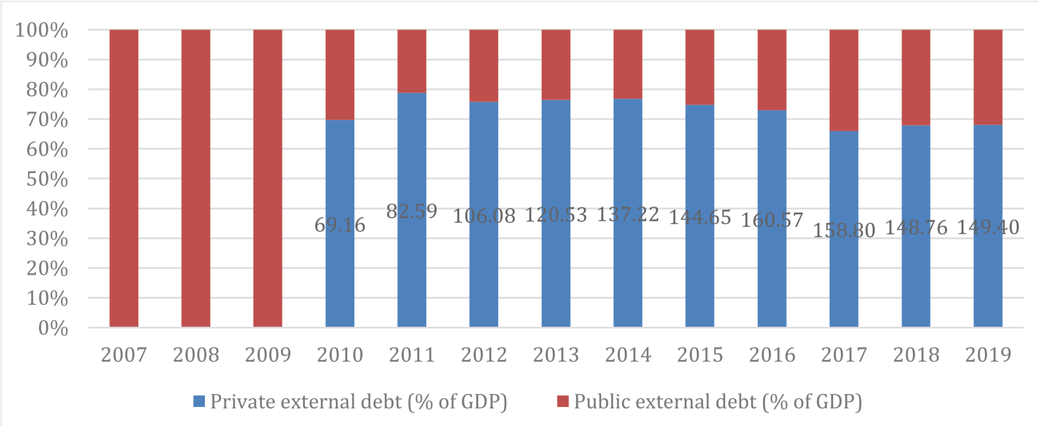
Unfortunately, the FSL has been amended several times as the government has been unable to comply with the strict clauses of the law regarding the budget deficit ratio and the debt ratio. The legal limit on the budget deficit-to-GDP ratio at 2 percent was changed to 5 percent in 2015 and 18.5 percent in 2016. Consequently, budget deficits increased, and the debt-to-GDP ratio increased rapidly. For instance, by 2020, the budget deficit is 12.5 percent of GDP (MoF, 2021) and by 2016, the debt-to-GDP ratio was 80 percent in NPV terms. The cumulative actual budget deficits, on the other hand, were MNT 7.06 trillion, which has contributed significantly to bloating public debt (Galindev, 2019).

The third reason for the growing domestic and external debt of the government is unrealistic budget revenue projections. In 2012-16, the difference between the actual and approved budget revenue totalled more than MNT 5 trillion (Galindev, 2019). The authorities often tend to treat an increase in mineral revenue during mining booms as permanent, which makes it hard for the bureaucracy to adjust spending during downturns. As a result, resource-rich developing countries often end up with excessive debt during bust cycles. This issue is especially pronounced in Mongolia, which has accumulated significant debt since 2010 (Helble, Hill & Magee, 2020).

The fourth reason is driven by the mining boom; increased foreign investment, part of which was financed by foreign borrowings; by the private sector in the country. Until the early 2000s, most debts were public and external, because the private sector was not in a position to borrow. By 2010, the private external debt had become the largest single component of total debt, accounting for over half by 2012 because of the decision by Rio Tinto, the major mining investor in Oyu Tolgoi LLC., to convert its holdings from equity to debt (ADB, 2020). Currently, Mongolia's external debt is largely private, and about 2/3 is owned by Oyu Tolgoi LLC and commercial banks, and about 1/3 is owned by the government and the Central Bank and most of them are long-term bonds (See Figure 2). The country's official debt owed to bilateral and multilateral creditors comprises the most significant portion of the external debt however its significant component comes in the form of private credit from international bond markets.

3 www.legalinfo.mn

Figure 2. *The structure of the total external debt in Mongolia,*



Source: Bank of Mongolia (2021). Retrieved from https://www.mongolbank.mn/liststatistic.aspx?id=4_3; World Development Indicators Database.; https://data.worldbank.org/indicator/FS.AST.PRVT.GD.ZS?locations=MN

As in some developing countries, the debt to the People's Bank of China is growing. For instance, the Bank of Mongolia (BOM) owes the currency swap agreement of CNY 15 billion (USD 2.2 billion) loan to the People's Bank of China and is currently extending repayment until 2023. Moreover, external borrowing is continuing. Recently, in 2020, the government of Mongolia borrowed another USD 600 million in sovereign debt, Nomad bonds, at about 5.1 percent interest by which refinanced some of the expiring debt (Mongol Bank, 2021).

In 2014, the Parliament passed the Debt Management Law and according to the law, public debt must not exceed 55 percent of GDP. Figure 3 shows that the ratio of the total external debt to GDP is reaching about 253 percent (Mongol Bank, 2021). Nominal GDP is used for the debt-to-GDP and budget deficit-to-GDP ratios. Mongolia is now a heavily indebted country, with total public and private sector debt rising from less than 50 percent of GDP in 1997 to 253 percent in GDP in 2019 (Bank of Mongolia, 2021) (See Figure 3 in Appendix).

Starting from 2016, the timely repayment of the bond debt became unsustainable. Thus, in 2017, the government of Mongolia asked the IMF for a bailout. The Extended Fund Facility (EFF) program was negotiated with IMF under which the government received about USD 3 billion of concessional loans from the international partners, including the World Bank, the Asian Development Bank, and the governments of Japan and South Korea to support the budget expenditure and debt management (IMF, 2019). The IMF-led program aimed to restore fiscal sustainability and reduce public debt; improve the central bank's independence, governance, and focus on core responsibilities; strengthen the financial sector; foster economic diversification and inclusive growth. The important policy was to reduce off-budget spending through Development Bank of Mongolia (DBM) programs and the directed lending of the BOM. (IMF, 2017).

The external debt problem of the country was assessed by many international financial organizations. For instance, the International Finance Facility for Education (IFFE) that classified Mongolia as one of the countries whose debt burden was above the median for the low and middle-income countries (LMICs) based on the sum of the present value (PV) of all future debt service as a share of Gross National Income (GNI). (IFFE, 2020). According to the EFFE estimate, Mongolia's total external debt has reached 278.3 percent of its GNI and the PV of the debt as a percentage of GNI was 70.8 percent in 2018 (IFFE, 2020). Up to 2024, the government of Mongolia will repay about USD 4.7 billion of the external debt. [4] In 2021, the budget spending on the education sector was 1.375 trillion MNT, while the external debt service payment was set on 1.33 trillion MNT (The Law 2021 budget law). UNICEF reports that in 2020, Mongolia's external debt service payment ratio to the social spending is 1.24 times. (UNICEF, 2021).

If we assume that the external public debt is used towards improving the human capital in the country, to the health and education sectors which will, in turn, boost the economic productivity and consequently, provide better means of debt repayment. However, the significant part of the external debt is used into providing soft loans to local exporting business and infrastructure, and the remaining part into social assistance and social welfare such as Child Money Program, thus the increasing external debt will affect the financing education in the country adversely. The increasing external debt will worsen access to and the quality of pre-primary, primary, and secondary education with the growing population of school-age children in the country unless some mitigating measures are implemented.

2.2. FINANCING OF THE EDUCATION SECTOR

With a population of 3, 3 million people, Mongolia is sparsely populated but highly urbanized. By 2019, 68 percent of the resident population of Mongolia lives in urban areas and 32 percent lives in rural areas. The annual population growth rate is 2.2 percent and the proportion of the population aged up to 15 is increasing to 31.5 percent of the total population in 2019. (NSO, 2020). With the increasing growth of the population, the education system in Mongolia will face long-term growth. Pre-school, primary, secondary, technical, vocational education and training, some part of higher education[5] are free and financed from the government budget. Basic education up to 9th-grade education is compulsory. Also, the government finances school dormitories in rural 300 sub-provincial schools fully.

The financing education sector is expensive in any country. Specific to the Mongolian context is the climate situation. As noted in research literature (Khamsi, 2007; Khamsi & Gerelmaa, 2008; World Bank, 2009), education service delivery in the country is very costly due to the low population density, the number of nomadic herders at 28 percent

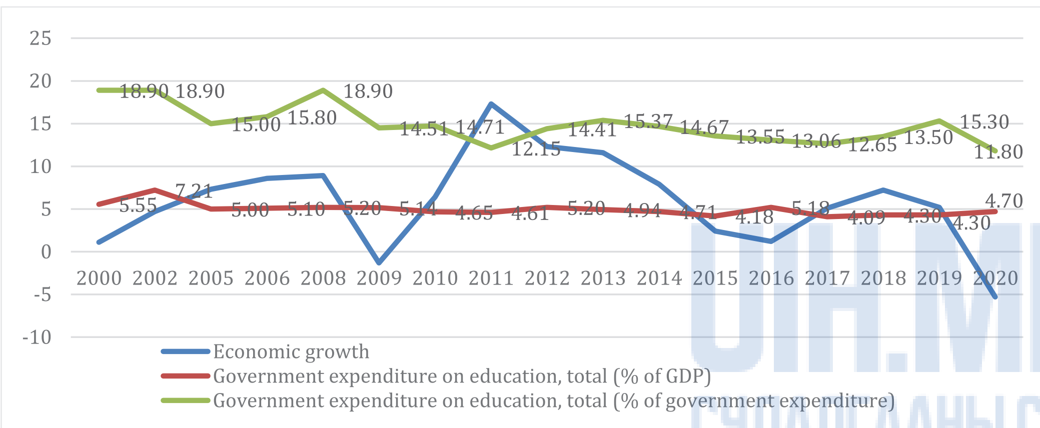
4 http://bloombergtv.mn

5 Some public universities are fully financed by the government such as Mongolian National Defense University.

of the population.[6] Thus, the cost of providing education services is high in the country because (i) education services need to be provided in sparsely populated children rural areas; (ii) school dormitory services are needed for the population engaged in nomadic herding; (iii) constant heating system is required in schools, dormitories, and kindergartens during extremely cold and long winter months; and (iv) many nonteaching staff are employed to operate and maintain schools, dormitories, and kindergartens (ADB, 2013). The sector does not have economy of scale but, on the contrary, expansion of education services increases cost per child. Mongolia's expenditure on education as a percentage of GDP has been pretty stable at 5 percent until 2010. Starting from 2011 the share has been declined to 4.6 percent in 2012 and 4.7 percent in 2015 and 4.7 percent in 2020. However, due to the increased value of the nominal GDP the nominal size of the financing remained similar (See Figure 3, red line).

Mongolia spends about 4.3-4.6 percent of GDP on education (NSO, 2020). Figure 3 shows that the education sector has received the largest share of government resources 18.9 percent, with no cuts to the education budget (in real terms), even during the global economic crisis in the 2008-2009 period (See gray and blue lines in Figure 3). Likewise, during the economic decline in the 2015-2016 periods, the education sector financing stayed at a similar level the budget spending at 14.6 and 13.5 percent of the government budget expenditure (See Figure 3). Around 82- 85 percent of all spending between 2014 and 2018 was on recurring costs, with the remaining 15-18 percent on capital expenditure (MECS, 2020).

Figure 3. *Economic growth and education financing in Mongolia*



Source: UNESCO Institute for Statistics (http://uis.unesco.org/). Data as of February 2020; World Development Indicators Database; https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MN; Ministry of Education, and Science

6 Children of nomadic herders study in schools based in sub-provincial centers or province centers during fall, winter, and spring. During this period, they typically live in public school dorms; although living with relatives or family friends while attending school is also common. In the summer, they live in the countryside.

During Covid-19 crisis, despite reduced government revenue, the central government budget expenditure on the education sector is even increased up to 15.7 percent and the public education spending is about 6.6 percent of GDP in 2021. Thus, the education spending is within the framework set by the Education 2030 Framework for Action that has set two key education financing benchmarks for governments to allocate at least 4-6 percent of GDP or 15-20 percent of public expenditure on education.[7]

Between 2012 and 2019, the education sector financing has increased in nominal terms by 14.3 % on average (UNDP, 2021). The education financing grew in real terms as well. We conclude that despite the growing total external debt in the economy, education financing has been stable and even has increased in nominal and real terms compared to 2012 or pre-external debt growth period.

Institutionally, between 1992- 2011, the education sector was financed by the central government budget based on the Central Budget Law of 1992. Since 2012, because of the New Integrated Budget law (IBL) of 2011, pre-school and general education services, as well as primary health care services, are financed by the special purpose transfers to local governments from the central government budget. Thus, starting from 2012, public pre-schools and schools receive additional funding from the "Local Development Fund" that is financed or transferred from the central government budget (World Bank, 2015). The aimag (provincial) and soum (sub-provincial) governors prepare a proposal on the budget for each of the delegated services and submit the proposal to the local parliament of respective levels of the Citizen's Representative Khural (Banzragch, Sergelen, and Bayanjargal, 2014).

By cost structure, variable costs, including teachers' salaries and heating, account for 80-85 percent of the total education budget. Therefore, only a small percentage of expenditure is left for classroom teaching materials, books, library, equipment, and infrastructure, which affects the quality of education. (ADB, 2020). Especially due to the cold climate during the long winter period, schools and dormitories' heating takes up the bulk of the fixed cost (Banzragch and Bayanjargal, 2018 and UNDP 2021).

In terms of the breakdown of education sector expenditures by the level of education, 23 percent is spent on early childhood education, 46 percent on general education, 9 percent on higher education, 4 percent on TVET, and 18 percent on education sector management. (Ministry of Education, Science, Culture and Sports, 2020). When the Ministry of Finance allocates the annual budget to the education sector, the Ministry of Education and Science (MES) in its turn allocates to the district, provincial education agencies who implement the budgeted activities together with school principals. In 2018, 64% of the total education expenditure on general education was disbursed to local governments for final disbursement to schools (MECS, 2020). However, with the budget implementations inefficiency does occur. Local governments may re-allocate education financing into other sectors rather than to re-direct more in weaker schools or respond to unanticipated changes in local schools. Table 1 shows that upon close analysis of the education budget implementation in 2018 and 2019, the projected

7 https://www.education-progress.org/en/articles/finance

financing reached up to 83 and 89 percent due to some activities such as the recurrent renovation of schools could not be done because of public procurement problems. (See Table 1)

Table 1. *The outcomes of the budgeting for secondary education in Mongolia*

Indicators	2015	2016	2017	2018	2019	Mean	St.dev
Number of projected pupils	-6.0%	1.5%	2.4%	-1.1%	2.3%	-0.2%	3.0%
Number of secondary schools	-2.8%	-4.9%	-2.7%	-4.9%	-9.5%	-4.9%	2.0%
Gross enrollment rate	-3.4%	1.9%	5.1%	1.5%	1.4%	1.3%	3.0%
Number of pupils projected to have school lunch	4.1%	7.7%	20.6%	1.6%	-0.8%	6.6%	8.0%
Number of pupils projected to live in school dormitories	22.8%	-6.4%	-14.3%	-2.6%	-3.0%	-9.8%	8.0%
Change in budget performance	0.2%	9.5%	-7.5%	-12.0%	8.1%	-0.3%	8.0%
Implementation of education financing	93.0%	102.0%	94.0%	83.0%	89.0%	92.0%	6.0%

Source: UNDP, 2021.

Between 2015-2019, the number of pupils projected to live in school dormitories significantly declined by 6.4 percent in 2016, 14.3 percent in 2017, and 3 percent in 2019. (See Table 1). This trend can result in an increasing rate of drop-outs for rural children, especially herders' children (Banzragch, Mizunoya & Bayarjargal, 2017).

Table 2. *The outcomes of the budgeting for pre-school education in Mongolia*

Indicators	2016	2017	2018	2019
Number of pre-school aged children, 2-5 years	220,722	229,470	257,543	277,990
Number of kindergartens	1,283	1,371	1,477	1,583
Gross enrollment rate	85.0%	86.8%	84.6%	84.8%
Number of private kindergartens	302	503	559	554
Number of disabled children in kindergartens	485	359	488	533

Source: UNDP, 2021.

The demand for educational financing depends on how many children are enrolled. Table 2 illustrates that the child population growth in the country is continuing thus increasing demand for pre-schools, furthermore for secondary schools and dormitories' places. During the 2016-2019 period, as a result of the increased number of kindergartens, the enrollment had reached about 85 percent and the financing should stay at the sustainable level (See Table 2).

There are 17 Sustainable Development Goals that target to end poverty and hunger, protect the planet, promote justice, eliminate disparities and inequalities, and bring prosperity by 2030 (Government of Mongolia, 2019). The 4th Sustainable Development Goal is to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". According to current data, the 4th Goal is close to be achieved. For instance, nine years of compulsory education is nearly universal (GoM, 2019). In 2017- 2018, primary, secondary and high school enrollment rates reached over 98.6 percent and about 85 percent for pre-school education (See Table 1). However, the country is standing behind to provide equitable quality education for all. For instance, in 2018, 682 children aged 6-14 years old have dropped out of schools. (GoM, 2019). Moreover, the quality of and access to education vary across urban and rural areas. The quality of education offered by private and public schools differs. Poor education quality and limited access to education for herders' children, children with disabilities, children from poor families, adolescent girls and young mothers remains a future challenge (GoM, 2019).

It will be seriously difficult to continue to make progress in narrowing these gaps in spending and outcomes because of the COVID-19 pandemic (Humphrey, 2020). This situation is worsening furthermore due to the COVID-19 with the increasing number of infections in the country with public health systems struggling to cope, these costs will continue to grow in 2021 and 2022. Moreover, the need to give priority to health sector and social assistance is likely to reduce the education financing in the country. In the case of Mongolia, in 2021, the public spending on education did not decrease, it was about 15.7 percent and about 6.6 percent of GDP (MES, 2021).

Section 3.

DATA ANALYSIS ON POSSIBLE IMPACTS OF THE EXTERNAL DEBT GROWTH ON EDUCATION FINANCING

Relatively few empirical studies have assessed the effects of external debt service on public spending. Historically, high levels of external debt have been linked to significant cuts in public spending in many low- and lower-middle income countries over the past 20 years (UNICEF, 2021b). Clements, Btattacharya, and Nguyen (2003) estimated public investment of GDP equation depending on foreign aid in percent of GDP, the urbanization ratio, total debt service in percent of GDP, and openness indicator and found the support for the hypothesis that higher debt service “crowds out” public investment, and that this effect becomes stronger as debt service absorbs a growing share of GDP. There are relatively few studies have focused on low-income countries. One is research done by Ekaette, Owan, and Agbo (2019) who have estimated the model of the relationship between the external debt stock and education financing in Nigeria between 1988-2018 the ordinary least squares regression. They found that external debt stock and external debt service payment have no significant effect on the financing of education however, real GDP and exchange rate have a significant effect on the financing of education in the country (Ekaette, Owan & Agbo, 2019). Based on these findings, one can conclude that external debt harms the financing of education through shrinking economy and increasing price levels.

Another strand of research literature of the external debt impacts attributes to the lack of fiscal discipline, called the “deficit bias” due to the tendency that the democratic decision-making process may encourage deviation from the optimal fiscal policy. Fiscal policy may be inefficient if the population focuses essentially on the short-term advantages of lower taxes or higher spending, without being aware of the potential adverse impacts on the budget in the long term of an expansionary fiscal policy. The bias can be observed in the case of Mongolia.

In the case of Mongolia, Ouyntsetsral and others (2015) have replicated the Clements, Btattacharya, and Nguyen (2003) economic growth model using both fixed effects and General Method of Moments (GMM) for the Mongolian economy using data between 1990 and 2014. They found (i) some support for the positive effect of the external total debt on the economic growth rate and (ii) the negative impact of public external debt on growth, and (iii) that beyond 104 percent of GDP, higher external debt is associated with lower rates of growth of per capita income. But they did not conclude specifics on the relationship between the external debt dynamics and the education sector financing.

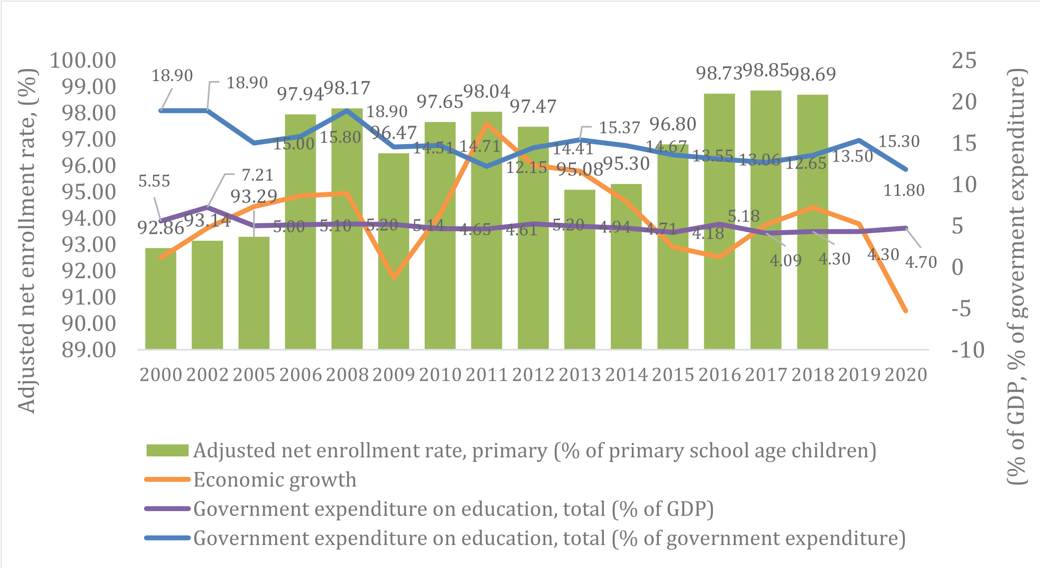
Currently, the debt repayment is hindered by the Covid-19 shock in public health and economic growth around the world. During the Covid-19 period, the GDP in Mongolia contracted by 5.3 percent in 2020 (NSO, 2021).[1] Considering that the average growth rate of GDP in the preceding decade 2010-2019 was 7.8 percent (and GDP per capita growth rate averaged 5.6 percent), 5.3 percent decline is a massive decline from a trend growth rate (Banzragch et al, 2021). Lower economic growth, or 5.3 percent decline will lower ability to pay its external debt, this will increase debt service payment more expensive. Re-financing by borrowing is sometimes the only way to solve the external debt problem.

Another negative consequence of the growing external debt is that since the debt is served and repaid in foreign currencies, the national currency depreciating gradually. Compared to the 2012 level, in 2020 the MNT depreciated against USD about 116 percent.[2] The depreciation of the national currency is increasing the debt service cost significantly. However, during the Covid-19, the national currency against the US$ did not depreciate significantly.

Figure 4 shows us that starting from 2011 the education financing as a share of the government budget expenditure has been declining to 18.9 percent in 2001-2002 and to 13.5 in 2019. (See the blue line in Figure 4). Compared to the slow economic growth period between 2012-2017, however, the share did not decline (See green line in Figure 4). Moreover, during this period, the adjusted net enrollment rates for primary education improved from 95.3 percent in 2014 to 98.6 percent in 2018 (UNICEF, 2021a). Figure 4 also shows that Mongolia did reduce the education budget financing in 2020.

For the next paragraphs, we will discuss about the outcomes of the public spending on education for the last 20 years. The official enrollment rate in primary education is reaching 98.7 percent but according to the official report of the Country's Development Vision 2050, currently 45.2 percent of herders' children are not enrolled in ECE (See Figure 4).

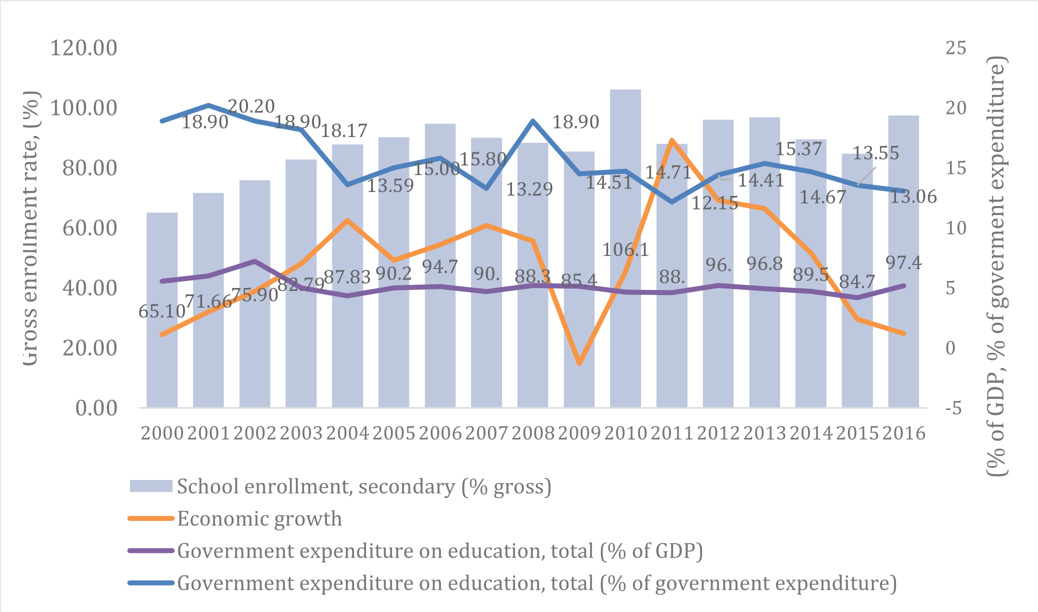
Figure 4. *Net enrollment rate for primary education, economic growth, and education expenditure*



Source: UNESCO Institute for Statistics (http://uis.unesco.org/). Data as of February 2020; World Development Indicators Database; https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MN; administrative data from Ministry of Education, and Science of Mongolia.

Figure 5 shows the adjusted net enrollment rates for secondary education are improved from 65.1 percent in 2000 to 97.4 percent in 2016. (UNICEF, 2021). In Mongolia, there are still disparities in enrollment between rural and urban areas, and between high and low-income groups (ADB, 2020). Figure 5 shows that enrollment rates are nearly universal at 97.4 percent. While Mongolia upholds high participation rates, there is a need to improve education access specially for herders' children. Thus, more efficient and equitable allocation of education financing can have a significant effect on disparities in education outcomes.

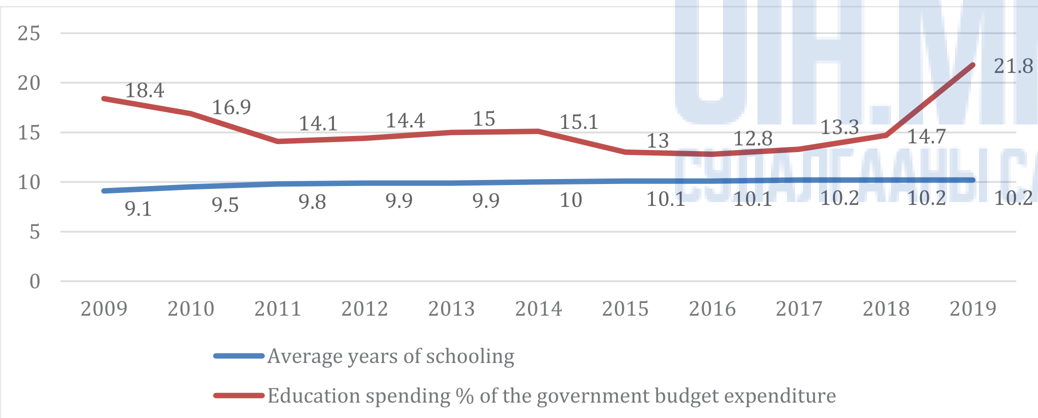
Figure 5. *Net enrollment rate for secondary education, economic growth, and education expenditure*



Source: UNESCO Institute for Statistics (http://uis.unesco.org/). Data as of February 2020; World Development Indicators Database; https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MN; administrative data from Ministry of Education, and Science of Mongolia.

The most important outcome of the education system financing is how the population's average years of schooling are increasing. From Figure 6, we can observe that the country spent about 10 years' worth of financing to increase the average schooling years by 10 years between 2009 (9.1 years) and 2019 (10.2 years). If the financing declines from the current level, there is the probability that the average years of schooling will not reach the 10 years increase within the next 10 years.

Figure 6. *Average years of schooling in Mongolia*



Sourse: NSO. 1212.mn UNDP (2021).

While Mongolia has invested a lot more in its education systems over the past 20 years, it is not enough to narrow gaps in education quality and attainment. The output measures such as enrollment, increasing average years of schooling are high and dropout and repetition rates are low, but they mask the efficiency of budget spending within the system. Thus, these indicators cannot provide real guidance to the efficiency of the system. For instance, the literacy skill is another important outcome of the education sector. Some groups, including rural youth, boys, and children from poor families, continue to be left behind. For example, even though 0.9 percent of Mongolians aged 15–29 was illiterate in 2016 and the percentage of illiterate people in rural areas was twice that in urban areas (ADB, 2020). Children of different income levels attend schools of different levels of quality. According to the latest Multiple Indicator Cluster Survey (2013), the nonpoor are seven times more likely to have a university degree than the poor. Education Quality Assessment of 2018 revealed that only 41.2 percent of the total 5 graders in the country's public schools is proficient in mathematics, 37.6 percent in Mongolian language studies, and 46.4 percent in social studies (Ministry of Education, Science, Culture and Sports, 2020). The same report cited the World Bank's Human Capital Index (HCI) that calculates the quality-adjusted learning years is just 9.4 years out of 13.6 average years of schooling which means in Mongolian schools, children are not learning for nearly 4.2 years.

There is no clear relationship between public expenditure on education and learning achievements across schools in Mongolia (World Bank, 2009). To date, Mongolia has not participated in any international large-scale student assessment study. UNDP reports that regional, provincial differences in per-pupil spending in 2018 and 2019 correlated with their achievements in general enrollment examinations (UNDP, 2021). However, more extensive and robust efficiency analysis, including unit costs analyses need to be undertaken. For instance, one of the Western provinces (Bayanulgii) is an officially bilingual province where Mongolian-Kazakhs live. The poverty rates and the number of out-of-school students are much higher in Bayan-Ulgii than in other provinces of the country. In 2019, despite the high per-pupil average cost, the average score on general enrollment examinations for pupils in Bayan-Ulgii province was the lowest in the country (UNDP, 2021). If the financing declines from the current level, there is a probability that the current level of inequality in education outcomes will persist (UNDP, 2021).

Mongolia is one of the few countries in the developing world that has essentially eliminated girls' disadvantageous access in primary, secondary, and higher education. (World Bank, 2010). However, boys today are less likely to be in colleges and universities than girls. In primary, secondary, and tertiary education, girls account for 52-60 percent of the total students. Thus, school enrollment rates, especially at upper secondary and tertiary levels show a "reverse gender gap" (GoM, 2006 World Bank, 2010). Some groups, including rural youth, boys and boys from poor families, continue to be left behind.

According to the 2004 Census of Disabled People, more than half of the children and youth with disabilities are not enrolled in any school in Mongolia. In 2010, only 44 percent were enrolled in mainstream schools (UNICEF,2016) and in 2018 about 64 percent of children with disabilities aged 3–5 is not attending kindergarten, versus about one-third of children of the same age without disabilities 32% (ADB 2019a). School and kindergarten dropout records are not regularly updated. According to NSO data from the 2018-2019 school year, only 759 school-aged children were not in school. However, a 2019 National Center for Lifelong Education (NCLE) survey in two provinces and three districts of Ulaanbaatar found a significantly higher number of children who have dropped out of school than reported (Schelzig and Newman, 2020). Researchers note about the very little progress has been made concerning ensuring access and quality of education for students with special needs (Schelzig and Newman, 2020). If the financing declines from the current level, there is a danger that the inequality in education outcomes for children with special needs.

Education systems around the developing world face a triple funding shock, with COVID-19 expected to put significant negative strains on governments' capacity to finance, on households, and donors' aid and assistance (Doyle, 2020). First, the budget deficit is increasing. The central government budget deficit was 12.5 percent of GDP in 2020 in the country and in the coming years it is expected to increase significantly (MoF, 2021).

Second, household income is declining due to the Covid-19 pandemic. The NSO and the World Bank have implemented a joint COVID-19 Household Response Phone Survey (HRPS) in 3 rounds in the country. The 3rd round survey conducted in December 2020 shows that in Round 3, nearly 30 percent were unable to work as usual under the lockdown (World Bank, 2021).[3] Families will decrease their spending on sending children to school, paying to afterschool activities.

Third, the third shock is likely to come from declining external financing of education. Mongolia is receiving no assistance through either DSSI or CCRT and UNICEF reports suggest that social spending cuts in response to COVID-19 (UNICEF, 2021).

During this study, we learnt that the MESS and MoF have established a joint working group on education sector financing improvements, specially with an aim to improve the existing school financing formula. We met with head economists from the joint working group and with CEO of International Transparency Mongolia to discuss the future of the education financing in prospects of the growing external debt and the post Covid-19 recovery period. Ms. Enkhee Magvan from the Ministry of Education, Science and Sports said:

3 https://pubdocs.worldbank.org/en/674291610418865659/MNG-HF-phonesurveyR3-Final.pdf

Since 2018, the ministry is implementing result-based budgeting which means the budget spending decision actually based on the measurement of performance of schools, school districts. We are working on developing education targets, key performance indicators. Moreover, the recently established joint working group is working on the improvements of per child spending formula taking into account differences in provinces' demographic, economic, geographic, schools' existing resources, socio-economic factors. Calculating per pupil variable cost that will include adequate teaching materials cost and determining weight that will reflect the cost meeting different needs of different students is important for us. In order to minimize discrepancy in the budget planning, the ministry needs to rapidly develop the Education Management Information System and use it in the budget planning. For the coming 2022 education budgeting, the level of spending will be not reduced but they aim to increase level of efficiency and equity of the budget spending.

A senior economist of the Macro-Economic Policy Division, Economic Policy Department, MoF, Mr. Ganbayar Javkhlan empathized that:

The education sector spending has reached about 18 percent of the total budget spending in 2021. The ministry aims to sustain the level of the budget spending, on the other hand to strive for greater efficiency in its spending can. This can be realized through improved transparency, strengthened resource allocation measures and accountability. The World Bank's Public Expenditure Review noted the need for greater transparency and monitoring of the capital budget investment and spending on school equipment. This is about the spending efficiency and equity.

For the long run, making into account the growing external debt and its impacts on the macroeconomics situation, policymakers at central and provincial levels, and at the political parties' level need to tackle the problem of the education and health budgeting carefully based on the meaningful participation of education financing researchers, and other stakeholders in the education budgeting, planning, implementation and auditing process. About the external debt, the bulk of it is owned by not by the government but the private sector, especially in mining industry. Due to the strong increase of the international market prices of the export commodities such as copper and gold, the projected 6 percent economic growth in 2021, low inflation rate of 6 percent and comparatively low fluctuations in the national currency's exchange rate, the debt burden can be solved in the long run. The education and health sector budgeting will not decline from the current level because the government is in talks with international donor organizations for aid and concessional soft loans specifically for the sectors.

From the interviews with the economists from the Ministry of Education, Science, and Sports and Ministry of Finance, we have some expectations that despite the growing the external debt payment, the education financing in the country in near future may have attain the previous level at the national and provincial levels through improved macroeconomic indicators and more external borrowing. Policymakers, as well as public do not have a clear picture of the growing problem of the external debt burden on the economy, on financing social sectors and on the lives of people.

From the interview with Mr. J. Ganbayar, we decided to meet a specialist on corruption research to elaborate more on the need for transparency and monitoring of the capital budget investment and spending on school equipment. We spoke with O. Batbayar, CEO of "Transparency International Mongolia", about the level of corruption in the education sector of Mongolia. In this interview, he outlined that:

> Mongolia needs to work more on procurement issues in not only in the education sector but in all and reduce the use of limited bidding procedures, in particular direct contracting, further enhance the functionality of the electronic procurement platform to include all procurement procedures and comprehensive and machine-readable reporting. For more transparency, the Glass Account Portal needs to function constantly.

Corruption is misuse of the public funds for private gains. The Transparency International's Corruption Index for the country Mongolia for the 2019 index was also 35 and ranked Mongolia 93rd of 180 countries. In 2017, Asia foundation commissioned a research study of corruption and ethical misconduct in the education sector. The study was conducted in Ulaanbaatar and four provinces. A total of 1,240 respondents included 1,120 parents, representing the recipients of education services, and 120 teachers, lecturers, and education sector experts (Asia Foundation, 2017). The vast majority of respondents say that parents always, often or sometimes use bribes, connections or position to get their child admitted to kindergarten, primary or secondary school or college and university, when trying to change classes or change their grades. Parents evaluated the corruption and conflict of interest in the education sector as "modest", while teachers and education-sector employees assessed the level as "high". The important insight of the research is that, it revealed that 46 percent of citizen respondents thought that education-sector procurement involves corruption and corruption among mid- and upper-level officers in the education sector may routinely account for 5–10% of the total cost of a contract (Asia Foundation, 2017).

If between 2010-2018, the government had spent about 675 billion MNT on school and kindergarten buildings, dormitories, sport complex, colleges (MESS, 2020), then if we assume that 10 percent of the total capital investment in the sector goes into bribes, then about 67,5 billion MNT could have been misused in the education sector just during the last eight years. Moreover, this is a mild proximation in just a sector, and if we will take into account the total budget spending then, by fighting effectively against corruption in the public sector's procurement process, the state can finance its education sector sustainably.

The Covid-19 lockdowns have made it clear that remote learning is part of the future, and that it will require massive improvements in connectivity, education technology, the digital skills of teachers, and many other related investments that will increase demand for additional public investment into the sector. Since today's children will pay for the debts in the future, it is fair that the government finds ways to finance their education.

Using projections of economic growth and government spending, IMF looked at the potential impact of Covid-19 on education budgets and concluded that at more pessimistic forecasts per-capita education spending could fall significantly in all regions, with middle-income countries seeing the largest drops. (IMF, 2021). In the case of Mongolia, the education sector financing may stay at the previous level.

Another solution is that highly indebted LMICs can opt for a sovereign debt restructuring (Trebesch, Papaioannou & Das, 2012; Neiminen and Picaredi, 2017). Debt restructuring may have some innovative approaches such as issuing social bonds in educations sectors as it was implemented in many countries.

Most of the COVID-19-related debt relief responses include timebound debt service suspension. Mongolia may need to apply for participation in the existing debt standstill programs such as DSSI, CCRT and HIPC initiatives. Mongolia needs to follow the World Bank (2021) recommendations on debt reduction and sustainability that includes adopting a debt policy with aims to (i) establish clear rollover, interest, and exchange risk parameters; and (ii) create a sufficiently strong and independent treasury/debt department function to carry out the policy, and (iii) making transparent the information on state majority-owned and state-owned enterprise (World Bank, 2021).

Economists suggest debt swaps as a mechanism that could contribute towards future growth and long-term debt sustainability in many countries (Fresnillo, 2020). Debt swaps have been used since the 1980s. Debt swaps are defined as the exchange of an existing debt contract for a new debt contract, where creditors can forgive some part of the existing debt. Other types of debt swaps do exist. More recently the concept of debt for climate swaps has emerged. One of the largest external debts owned by the government of Mongolia is currency swap with the Chinese Central Bank on 2.2 billion USD. (Peoples' Great Khural, 2019). Maybe in the case of Mongolia, the country may use such a mechanism in rescheduling the country's debt with the People' Bank of China to develop a debt for climate swap, to implement combat desertification of the Mongolian plateau.

Despite the growing debt burden, the government has several other channels to raise funds and finance the education sector:

1. Mongolia needs to follow the World Bank (2021) recommendations on debt reduction and sustainability that includes creating a sufficiently strong and independent treasury/debt department function to carry out the policy;

2. Adhere to strict implementation of the existing budget laws and execute the central government budget planning, especially budget revenue projections realistic and based on the throughout research;
3. To ease the debt payment burden by enrolling into the Catastrophe Containment and Relief Trust (CCRT), the HIPC and the Multilateral Debt Relief Initiatives;
4. To use the recent debt swaps mechanisms such as the concept of debt for climate swaps with the Chinese Government;
5. To introduce the tax increase, and eliminate a complex system of tax deductions and exemptions (NRGI, 2018);
6. To financially support child care homes run by the private sector, individuals, or by mandating to establish child care centers for the medium-sized companies, especially in rural provinces; (Hwangbo, 2014);
7. To cooperative effectively with international donor organizations, and as UNICEF recommends, the country needs more transparency and monitoring on debt (UNICEF, 2021b);
8. Continue to fight effectively against corruption in the public sector's procurement process and make nationally owned resource companies more accountable, and profitable to increase the government budget revenue side (NRGI, 2018),

Chapter 4.

CONCLUSION AND DISCUSSION

In the last 10 years, Mongolia's external debt has risen from 40 to over 240 percent of GDP. Since 2016, the economic growth rate (2.4 percent) has been slower than the external debt growth rate in the country at 4.86 percent. For the last 4 years starting from 2016, the total external debt has increased by 7,5 percent on average. 33 percent of the country's total debt owed by the government to bilateral and multilateral creditors and its significant component comes in the form of private credit from international bond markets. As it was discussed in the Section 2, the significant part of the external debt was used into providing soft loans to local exporting business and infrastructure, and the remaining part into social assistance and social welfare such as Child Money Program, thus the increasing external debt will affect the future financing education in the country adversely.

There are several reasons for the total external debt growth in the country: (i) low saving rates and high investment rates have created large current account deficits that were mostly financed by debt, (ii) the country's institutions' inability to implement the existing budget laws, (iii) unrealistic budget revenue projections led into bigger budget deficits, and (iv) because of the mining boom; increased foreign investment, part of which was financed by foreign borrowings; by the private sector in the country.

Mongolia is spending about 4-5 percent of GDP or 15-18 percent of public expenditure on education. We found the current external debt stock and external debt service payment have no effect on the financing of education as it was evidenced by Ekaette, Owan, and Agbo (2019) in the case of Nigeria. However, we found that the outcomes of the financing was not allocated equally among the population as it was documented in several research reports. Although Mongolia has good statistics for school enrollment, education attainment varies by socioeconomic groups and access to high-quality education services is limited, especially among the most disadvantaged, boys from poor households, children from herders' families, ethnic minority Kazakh children and children and youth with disabilities. Thus, the education financing decline will worsen the already achieved education access to and quality for the most disadvantaged children in the country.

The GoM has established the joint working group of MESS and MoF that is working on the improvement school financing formula and to exercise more careful and effective public spending in the sector. From the interviews with the economists from the MESS and MoF, we have some understanding that despite the growing the external debt payment, the education financing in the country in near future may have attain the previous level through improved macroeconomic indicators and additional external borrowing. From interviews, we conclude that the awareness of the growing external debt burden must be raised, analysed, discussed and the debt reduction policy must be managed through an independent debt management department at the MoF.

We had two research questions: (i) How will this increasing external debt affect the financing of education in the country? (ii) What are the possible ways to protect education expenditures from cut downs? Due to the limited number of observations, we could not run econometric analysis of high external debt impacts on education financing, however, we came up with some answers to the second question.

Despite the growing debt burden, the government has several other channels to raise funds and finance the education sector such as (i) follow the WB advise on creating a sufficiently strong and independent treasury/debt monitoring department at the MoF, (ii) implement the rule of law in budgeting (iii) enroll into the CCRT and the HIPC and the Multilateral Debt Relief Initiatives; (iv) use some debt swaps; (v) introduce the tax increase, and eliminate a complex system of tax deductions and exemptions; (vi) reduce corruption in the public sector's procurement process and by making nationally owned resource companies more accountable and profitable to increase the government budget revenue side; (vii) supporting child care system, jointly the private sector, and (viii) by cooperating effectively with international donor organizations. By taking these consistent, coordinated, transparent measures the government may create sustainable situation for converting debt into investments for children.

The country needs to solve three significant problems: first, to avoid a default, second, to avoid a decline in the education financing in the result of increasing debt service payments, third, to improve the Covid-19 aftermath situation in learning losses, school meals and nutrition programs, vaccinations and child protection services.

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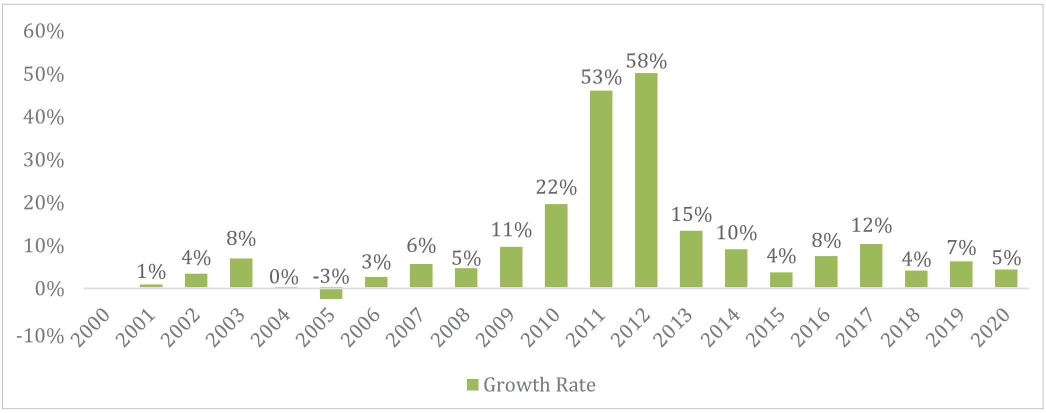
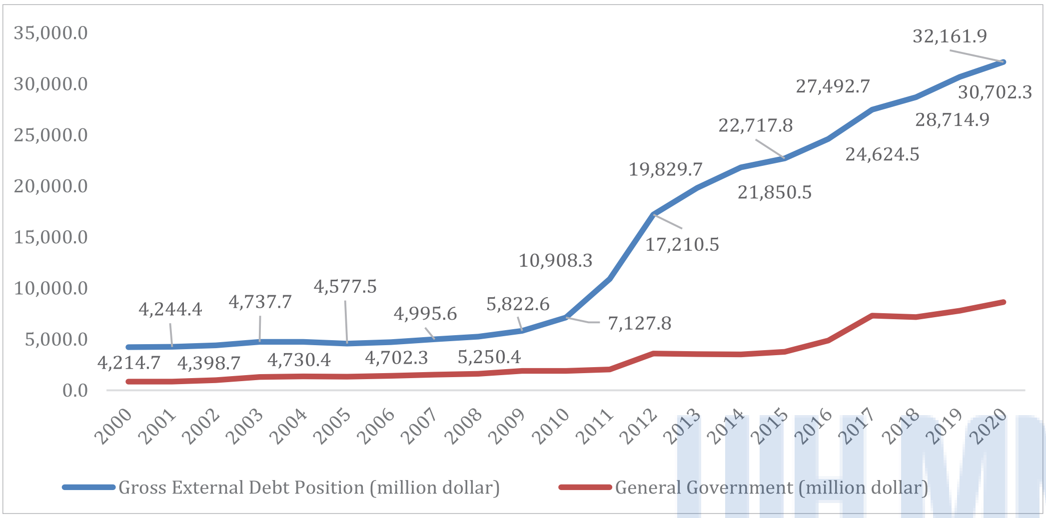
APPENDIX

Figure 1. *The growth rate of the total external debt has been worsening since 2000.*



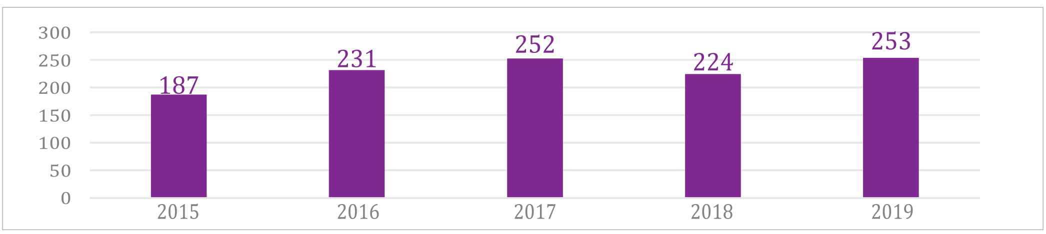
Source: Bank of Mongolia. (2021). Retrieved from https://www.mongolbank.mn/eng/ External Debt statistics

Figure 2. *Gross external debt & general government debt growth*



Source: Bank of Mongolia, https://www.mongolbank.mn/liststatistic.aspx?id=4_3;

Figure 3. *Total external debt as % of the nominal GDP (in current prices)*



Source: Bank of Mongolia. (2021). Retrieved from https://www.mongolbank.mn/eng/ External Debt statistics