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Mongolia:

Country Private Sector Diagnostic

EXECUTIVE SUMMARY



SEPTEMBER 2026

About the Country Private Sector Diagnostic

The private sector is an engine of long-term economic growth and a catalyst for global social and economic development. When functioning well, it promotes innovation and entrepreneurship, improves access to and the quality of economic opportunities, and supports the sustainable use of natural resources. In developing economies, the private sector creates the vast majority of jobs, generates tax revenue, and accounts for significant investment.

The Country Private Sector Diagnostic (CPSD) reports seek to unlock private investment and job creation through policy action to remove impediments to private investment. Prepared jointly by the institutions of the World Bank Group, each report analyzes specific sectors of the economy in which increased private investment could accelerate growth if appropriate policy and regulatory issues are addressed.

Designed from the perspective of an investor or entrepreneur, CPSDs seek to identify untapped private investment opportunities and the barriers that stand in their way (earlier reports can be found [here](#)). Subsectors of the economy are chosen based on their potential to attract private investment, create more and better jobs, generate domestic revenue, and foster sustainable, inclusive growth in response to targeted policy action. The report aims to help policy makers prioritize impactful actions that can be taken in the near term to remove disincentives to private investment, while delivering on broader development goals.

The CPSD is a core country diagnostic of the World Bank Group produced to guide the design and implementation of country strategies, public and private investment projects, budget support operations, advisory services, and other analytical work. It is intended to be of interest to domestic and foreign investors, government officials, Bank Group staff and management, civil society, and other development partners.

CPSDs are a central instrument of the World Bank Group's jobs agenda as articulated in the 2025 Development Committee (DC) Paper on [Jobs: The Path to Prosperity](#), which emphasizes translating private sector development into large-scale employment opportunities. CPSDs support this agenda by providing country-level, sector-specific diagnostics that help identify systemic barriers to private investment critical to job creation. They also align with the DC's three-part approach to private sector development and job creation: investing in human capital and infrastructure to establish the basic preconditions for job, supporting business-enabling policies, and mobilizing private capital at scale to help firms create more and better jobs.

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Acknowledgments

The Mongolia Country Private Sector Diagnostic was prepared by staff from across the World Bank Group. The core team was co-led by Alexei Volkov and Wenting Wei and included Juliana Beall, Jigjidmaa Dugeree, Javier Gomez Restrepo, Levent Karadayi, and Natsuko Toba. The extended team included Undral Batmunkh, Nisachol Mekharat, Vincent Palmade, and Issei Takahashi. Adama Badji, Uyanga Tsogtbaatar, Azzaya Enkhsaikhan, Boloroo Bayasgalan, and Sukhchimeg Tumur provided ample administrative support to the team.

The Diagnostic was conducted under the guidance and supervision of Elvira Morella, Francesco Strobbe, Jeffrey Chelsky, and under the overall guidance of Paolo Mauro, Denis Medvedev, Mara Warwick, Arnaud Dupoizat, and Jack Sidik.

Peer reviewers at different stages in the preparation of the report included Kimberley Dewhirst, Thomas Haven, Todor Milchevski, Zeinab Partow, Neil Pereira, Michael Stanley, Sarangoo Ukhnaa, Zenaida Hernandez Uriz, and Shobana Venkataram.

Technical support was provided by Delgermaa Boldbaatar, Ibrahim Etem Erten, Vandandorj Sumiya, Tumentsogt Tsevegmid, and Mary Louise Vitelli. Editorial support was provided by Scott Wenger and Hilary K. Johnson.

The team is grateful for the guidance and feedback received and particularly appreciates the knowledge and insights of the in-country teams led by Taehyun Lee and Matthieu Le Blan, along with the contributions of many other colleagues across the World Bank Group, including, in alphabetical order: Elcin Akcura, Rufat Alimardanov, Zamilan Batbayar, Batmunkh Batbold, Lezhi Cao, Burmaa Chadraaval, Soujanya Chodavarapu, Amarbayasgalan Dorj, Nicholas David Elms, Michael Engman, Pooja Goel, Marco Grujicic, Roumeen Islam, Mwewa Kapotwe, Edward Chung Nin Keung, Ewa Klimowicz, Siou Chew K., Ruijing Lin, Sitaramachandra Machiraju, Shaun Mann, Elitza Mileva, James Morley, Benjamin Musuku, Gautham Nallavari, David Obarcanin, Steven Potter, Sven Renner, Santiago Marron Ruiz, Jose Luis Diaz Sanchez, Alejandro Rueda Sanz, Solomiya Shpak, Yanqin Song, Marius Vismantas, Ashley Wan, Yun Wu, and Alessio Zanelli.

The team also thanks other World Bank Group staff who provided documents and information and participated in meetings.

The team is grateful to government officials, private sector representatives, development partners, academia, and other stakeholders who provided valuable insights that helped improve the quality of the report.

Executive Summary

The Country Private Sector Diagnostic (CPSD) identifies sectors of the economy with the potential to attract significant private investment over the medium term if well-identified constraints can feasibly be addressed through public policy action. It takes an investor perspective to identify the constraints that currently discourage private investment. Sector selection follows a rigorous and systematic process that combines quantitative and qualitative analysis with stakeholder consultations, including interviews with private investors, companies, technical experts, policy makers, and development partners. Recognizing that this process involves an element of judgment, the selection is not intended to be exhaustive; rather, it aims to facilitate focused analysis and concrete recommendations.

Introduction

The private sector is central to Mongolia's long-term growth, job creation, and economic diversification. Yet private investment remains constrained by regulatory uncertainty, infrastructure gaps, and market distortions that limit firms' ability to enter, operate, and scale. This Country Private Sector Diagnostic (CPSD) focuses on three sectors—sustainable cashmere processing, solar and wind energy generation, and exploration of energy transition minerals (ETMs)—and provides a practical framework for leveraging Mongolia's resource endowments into bankable investment opportunities. It identifies areas where comparative advantages are strongest, as well as policy and institutional constraints that continue to create significant hurdles for investors.

Rather than advancing broad, long-horizon reforms, the CPSD prioritizes a limited set of actionable measures that can be implemented in the near term to unlock foreign and domestic investment over the medium term, accelerate economic growth, and support job creation. The proposed reforms in mineral exploration and renewable energy

are also designed to complement Mongolia's broader industrial development ambitions, particularly the government's vision of integrated clusters in which mineral extraction, processing, and renewable energy production are colocated to enable downstream metallurgical industries and high-tech manufacturing. While a full assessment of these industrialization pathways is beyond the scope of this diagnostic, the reforms proposed here are intended to lay the foundational conditions on which those longer-term objectives can credibly be built.

This approach is particularly relevant in Mongolia, where large-scale potential in sectors beyond traditional mining—including vast solar and wind resources, proximity to key mineral markets, and a globally recognized cashmere industry—has not yet resulted into sustained private investment at scale. The CPSD can help the government sequence reforms and align public initiatives with private investment decisions. It provides a bridge between high-level strategies, such as diversification and green growth, and concrete policy measures that directly influence investor behavior. By focusing on a small number of binding constraints in each sector, and by framing recommendations in terms of how they reduce risk, improve returns, or expand market access, the CPSD aims to enable more effective government engagement with domestic and international investors.

The CPSD should be regarded as an operational tool for implementation. It can inform the design of public investment, such as transmission infrastructure and geological surveys; policy reforms, including licensing, tariffs, and standards; and instruments to mobilize private capital, including guarantees, blended finance, and public-private partnerships. It also supports sustained dialogue between the government and the private sector, helping ensure that reforms are grounded in market realities and responsive to evolving investor needs. By translating Mongolia's sectoral opportunities into a prioritized set of near-term, investor-relevant actions, the CPSD can help the government move from potential to execution, unlocking private investment, bolstering job creation, and advancing a more diversified and sustainable growth model.

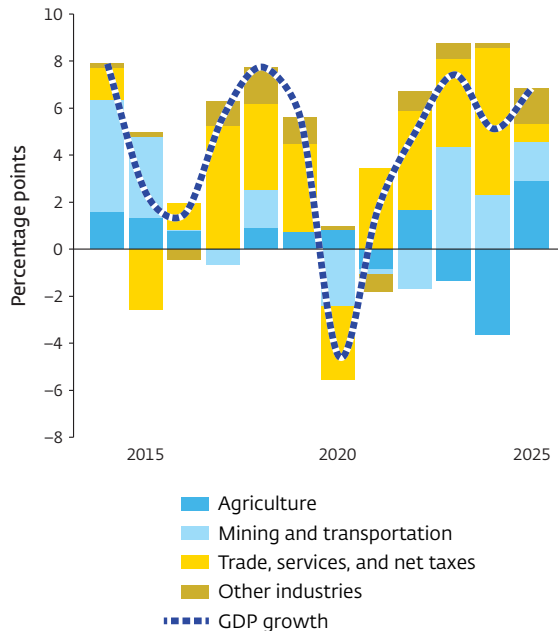
Country Context

Mongolia's economy has shifted from an agrarian base to one dominated by mining, which now anchors economic growth, fiscal revenues, and exports. Over 2015 to 2024, growth averaged 3.8 percent, largely driven by extractives, and the recent mining upswing helped Mongolia reach upper-middle-income status in 2024 (figure ES.1). However, heavy reliance on mining has made growth highly volatile, with repeated boom-and-bust cycles linked to commodity prices, external demand, and trade disruptions. Recent gains, supported by strong coal exports and improved debt management, have

Figure ES.1

Mining and Mining-Related Sectors Drive Mongolia's GDP Growth

Year-over-year GDP growth and sector contributions



Source: World Bank (2024g); data from the National Statistics Office.

Note: GDP = gross domestic product. Large contractions in agricultural production in 2023–24 reflect the impact of the *dzud*, a natural disaster involving harsh winter weather conditions that caused widespread livestock losses.

helped rebuild buffers, but these buffers remain partial and leave the economy exposed to future shocks.

This mining-driven vulnerability is reinforced by a narrow export base.

Minerals account for around 90 percent of export revenues, with coal and copper dominating, and exports are heavily concentrated in a single market, China. Mongolia's low economic complexity ranking underscores limited diversification into higher-value products. Efforts to broaden the economy have been constrained by structural bottlenecks, including gaps in trade facilitation, logistics, and standards compliance, particularly for processed agricultural goods. Addressing these constraints is critical to reducing external vulnerability and enabling more stable and diversified private sector-led growth.

Foreign direct investment (FDI) has been heavily concentrated in the mining sector, which has averaged more than 70 percent of total FDI. The government is seeking to attract FDI into other sectors, including renewable energy

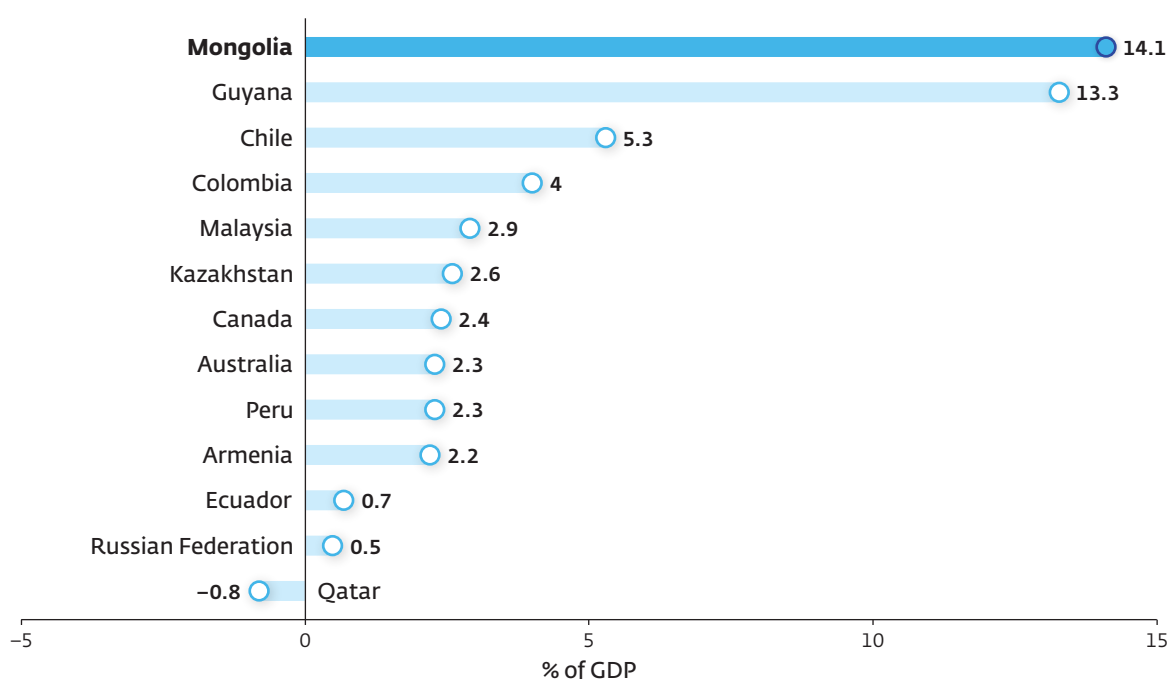
and agribusiness, particularly because the economy has created too few well-paying jobs. Between 2010 and 2020, nearly 60 percent of new jobs were in sectors paying below the median wage, rather than in higher-paying mining and construction. Recognizing these dynamics, the government has prioritized private sector-led economic and export diversification. Mongolia has attracted relatively high FDI as a share of gross domestic product (GDP) compared with many structural and aspirational peers, despite historical volatility, (figure ES.2), but this investment remains persistently concentrated in mining.

Mongolia presents diverse private investment opportunities in export-oriented sectors and sectors focused primarily on the domestic market. Its abundant natural resources support resource extraction, its climate conditions offer major opportunities

Figure ES.2

Mongolia Has Performed Well in Attracting FDI Inflows

FDI net inflow five-year average, 2019–23



Source: Calculations using data from World Development Indicators database.

Note: FDI = foreign direct investment; GDP = gross domestic product. Structural and aspirational peers are drawn from the *Mongolia Country Economic Memorandum* (World Bank 2020d) using filters that include GDP per capita, endowments, economic structure, and human capital. This approach benchmarks Mongolia against both similar economies, or structural, and more advanced but structurally comparable economies, or aspirational. Aspirational peers are Australia, Canada, Chile, Malaysia, and Qatar; all others are structural.

in renewable energy, and its geography supports livestock-based exports with significant demand regional and global demand. However, profitability often depends on cost efficiency and scale. The relatively small size of the domestic economy and its concentration in the capital city, Ulaanbaatar, may limit firms' ability to scale and invest.

Several cross-cutting constraints undermine Mongolia's diversification agenda and discourage private investment. Political instability and frequent policy changes create an unpredictable operating environment, while uncertainty around taxation, licensing, and regulatory requirements raises perceived risk and shortens investment horizons. These risks are compounded by governance and enforcement weaknesses, including uneven application of regulations and gaps in investor protection, which raise the cost of capital and favor short-term or relationship-based activities. Overlapping land tenure systems governing pasture use, administrative rights, and mining licenses add further uncertainty.

Labor market gaps also constrain growth: despite relatively strong education outcomes, the workforce lacks the technical and vocational skills demanded by the private sector, and labor force participation remains low at around 63.6 percent, with particularly weak engagement among women and youth. Finally, a bank-dominated financial system with limited competition and few alternative financing channels, such as venture capital, private equity, and longer-term corporate bonds, leaves smaller firms particularly severely underserved. Small and medium enterprises represent more than 90 percent of registered businesses but receive less than 20 percent of total bank lending.

The three sectors analyzed in this CPSD—sustainable cashmere processing, solar and wind power generation, and the exploration of ETMs—were selected based on Mongolia’s comparative advantages, global demand trends, and their potential to catalyze job creation, exports, and economic diversification (table ES.1).

Table ES.1

Selected Sectors Offer Significant Investment and Job Potential If Reforms Are Implemented

Subsector	Private investment potential if reforms are undertaken	Feasibility of implementing reforms in near term	Development impact	
			Job creation	Other development impact*
Sustainable cashmere processing	MEDIUM	HIGH	MEDIUM	HIGH
Solar and wind energy generation	HIGH	MEDIUM	MEDIUM	HIGH
Exploration of energy transition minerals	HIGH	MEDIUM	LOW	HIGH

*“Other development impact” refers to a sector’s potential to contribute to broader development objectives beyond job creation, including through export diversification, productivity growth, value addition, fiscal revenues, economic resilience, climate and environmental sustainability, inclusion, and stronger linkages with the wider economy.

Sustainable Cashmere Processing

Mongolia is well positioned to attract private investment in sustainable cashmere processing due to its large raw cashmere supply, low level of domestic processing, and strong export potential. The opportunity is driven by rising global demand for high-quality, responsibly sourced, and sustainable cashmere. Cashmere is one of the fastest-growing industries in Mongolia's agribusiness sector, and national production has increased by 60 percent over the last decade.

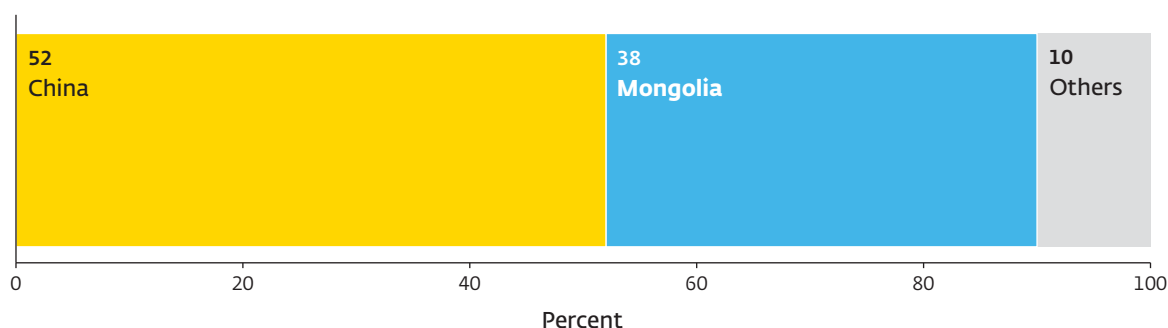
Mongolia supplies roughly 40 percent of the world's raw cashmere, second only to China (figure ES.3). The global cashmere clothing market is projected to grow significantly, creating strong demand for high-quality and responsibly sourced products. Valued at nearly US\$3 billion in 2023, the market is projected to reach approximately US\$3.5 billion by 2028.

Untapped opportunities exist to expand domestic processing, as only 20 percent of Mongolia's cashmere output is processed locally. The sector is central to the rural economy, providing income for 190,000 herder households, equivalent to about one-third of the population, while downstream processing employs roughly 7,600 workers.

Several constraints continue to discourage private investment, including declining fiber quality, weak recognition of sustainability and quality certification systems, electricity shortages, and regulatory uncertainty. Additional barriers include opaque pricing in raw fiber procurement and dehaired cashmere trading, limited access to affordable financing, overlapping standards, restricted access to animal-record data needed for traceability, and skilled labor shortages.

Figure ES.3

Mongolia Supplies a Large Share of Global Raw Cashmere



Source: MWCA (2023).

To unlock private investment, the government should shift support programs toward fiber quality, develop standardized breeding protocols, adopt pricing mechanisms based on established grading standards, adjust loan terms under the White Gold program for the wool, cashmere, and leather sectors, recognize domestic standards already met through international compliance, and strengthen traceability under existing standards.

Value addition along the cashmere value chain is critical to profitability. Washing the fiber increases its value by 10 percent, combing adds a further 13 percent, and spinning combed fiber into fabric generates a 33 percent increase. The largest increase occurs when fiber is transformed into finished garments, such as sweaters, raising value by 74 percent from the fiber stage.

The proposed reforms could help attract US\$150 million in private investment by addressing key constraints, including declining fiber quality, the absence of pricing mechanisms that reward grade, misaligned seasonal loan terms, and limited recognition of sustainability certifications. These measures would help unlock private investment opportunities in spinning and knitting, estimated at US\$115 million and US\$35 million, respectively, enabling a larger share of raw cashmere processed domestically. Increasing share of raw cashmere processed domestically from 20 percent to 70 percent by 2030 could generate up to 5,000 jobs, a nearly two-thirds increase.

Solar and Wind Energy Generation

Mongolia's untapped wind and solar energy resources offer potential generation capacity of about 700 gigawatts (GW) from solar and 400 GW from wind, equivalent to approximately 300 times current energy consumption.

Despite these vast resources, investment in wind and solar generation has been limited. In 2024, renewables accounted for only 10 percent of electricity generation, while coal-fired plants supplied roughly 90 percent. Mongolia imported around 25 percent of its electricity to bridge a growing supply gap, and demand is projected to increase nearly fivefold by 2050, driven mainly by industrial and mining sector growth.

Limited and outdated grid infrastructure is a major disincentive to private investment. Transmission constraints restrict renewable energy integration, particularly from resource-rich southern regions to energy demand centers. Most networks rely on aging transmission lines designed decades ago for lower power loads, making them unsuitable for integrating variable renewable energy output from remote regions. The absence of a clear long-term grid expansion plan further increases uncertainty around connection timelines and curtailment risks.

New developments are opening opportunities for wind and solar projects. Several major transmission projects are planned for completion by 2030, improving prospects for utility-scale, grid-connected projects. Rapidly rising demand and declining renewable technology costs are also improving project viability. The colocation of strong solar and wind resources with mining operations in the Gobi region presents an additional investment opportunity, as wind and solar power can provide cost-competitive and sustainable solutions for the fast-growing electricity demand of the mining sector.

However, several regulatory constraints continue to undermine investor confidence. Regulatory uncertainty, including uncertain auction schedules, protracted procurement processes, and retroactive technical requirements, has deterred investors. While the launch of Mongolia's first competitive renewable energy auction in June 2026 marked an important milestone toward operationalizing the auction mechanism introduced in 2019, further efforts are needed to institutionalize a predictable auction program and strengthen the supporting regulatory framework. In addition, the current power purchase agreement (PPA) template lacks key bankability provisions, and the single-buyer market model prevents developers from signing bilateral contracts with large commercial and industrial offtakers using the existing grid.

Targeted reforms are needed to unlock private investment. Priority actions include publishing a long-term transmission plan, establishing a rolling auction calendar, adopting new PPA templates to incorporate bankability provisions such as take-or-pay clauses, international arbitration, and transparency in contract terms, enabling third-party access to the transmission grid, and moving toward a competitive wholesale electricity market.

Implementation of these recommendations could increase electricity supply from domestic renewable sources and reduce reliance on carbon-intensive imports. These investments could avoid an estimated 5 million metric tons (MT) of carbon dioxide emissions over a modeled 27-year period, from 2028 to 2054, equivalent to an annual average of 190,000 MT of carbon dioxide.

The proposed reforms could help attract US\$230 million in medium-term investment in solar photovoltaic, wind power, and battery energy storage systems. This could generate approximately 1,700 jobs, comprising 900 direct jobs, 400 indirect jobs, and 400 induced jobs.

Exploration of Energy Transition Minerals

Mongolia is a geologically promising but underexplored source of ETMs. The country is host to almost all major ETMs, including large copper and gold deposits, as well as geological formations favorable for rare earth elements, lithium, graphite, cobalt, and nickel. Proximity to China, the largest market for most ETMs, offers cost advantages and steady market demand, while efforts by governments and industry to diversify ETM supply chains are increasing interest in alternative upstream sources. With the right conditions, Mongolia could attract significantly more private exploration investment.

Increased mineral exploration is the foundation for unlocking the rest of the mining value chain and expanding resource extraction beyond coal. Although mining, primarily coal, already accounts for 25 percent of GDP, more than 90 percent of exports, and around 80,000 direct jobs, these benefits can be sustained and scaled only if new prospects and known deposits move from discovery into development and production. Exploration is therefore a binding constraint: without a stronger early-stage project pipeline, investment in new mines, processing, and related job creation will remain limited.

Projected long-term global demand growth for ETMs creates growing opportunities for private investment. Between 2021 and 2024, globally mined output of lithium, nickel, cobalt, and graphite increased rapidly.

Despite its resource endowment, Mongolia's exploration activity remains limited. Less than 15 percent of legally available land currently held under exploration licenses, leaving a large share of prospective territory unlicensed. Moreover, a significant portion of existing licenses are inactive.

Mongolia's ability to attract high-quality ETM explorers depends not only on geology but also on whether firms can enter, raise capital, operate, and exit predictably. Structural factors, including limited midstream processing, water constraints in the Gobi, and underdeveloped transport and energy infrastructure, also affect exploration investment.

Other significant constraints remain. Available geodata are outdated and insufficiently detailed. These gaps become more consequential under the bid-price tender system, which requires companies to bid competitively for exploration rights before sufficient geodata are available to assess risk or commercial viability. Once exploration rights are issued, firms also face delays and uncertainty in securing locally required permits. Even when rights are obtained lawfully, community opposition has led to protests and project delays, reinforcing perceptions of policy instability.

By reducing exploration risk and improving investment conditions, the proposed reforms could contribute between US\$200 million and US\$500 million in additional cumulative private exploration investment over the medium term.

This increased activity could generate between 700 and 1,400 direct, indirect, and induced jobs through increased demand for local services, skills development, and technology transfer. Major discoveries could also help catalyze complementary investment in transport, power, and logistics infrastructure, with wider regional benefits.

Private exploration investment of around US\$500 million could plausibly support the discovery and development of one to two new mines, although this estimate is speculative and cannot be predicted with certainty given geological and commercial uncertainties. If successful, such discoveries could generate US\$1 billion–US\$2 billion in additional annual mining revenue and create 40,000–90,000 direct, indirect, and induced jobs across mining, processing, and related services. These impacts depend on successful project development and broader enabling conditions and reflect the potential effects of this specific increase in exploration activity rather than an upper ceiling on the long-term growth of the mining sector, which is likely to be substantially higher.

Summary of Recommendations

Sustainable Cashmere Processing

Table ES.2

Policy Recommendations to Remove Impediments to Private Investment in Sustainable Cashmere Processing

Constraints	Recommended actions
1. Declining fiber quality and consistency undermines Mongolia's reputation in premium global markets, reducing the potential profitability of private investment.	1A. Replace herd-size awards, such as the National Champion Herder Award, with competitive programs that recognize herders for producing high-quality cashmere.
	<i>Responsible public sector entities:</i> MOFALI
	1B. Consolidate existing breeding research initiatives into a unified national program with a focus on quality.
	<i>Responsible public sector entities:</i> MOFALI
	1C. Develop standardized breeding protocols to promote consistent genetic improvement.
	<i>Responsible public sector entities:</i> MOFALI
2. The current pricing system does not reward higher-quality fiber.	1D. Enforce the Law on Livestock and Animal Health to strengthen animal traceability and herd management, including through systematic livestock registration, migration control, and quarantine enforcement under articles 7.4.1, 7.4, 7.12, and 7.6.
	<i>Responsible public sector entities:</i> MOFALI and GAVS
	2A. Develop and adopt pricing mechanisms that reward quality based on established grading standards.
	2B. MCE should introduce premium contracts or specialty auctions for higher-quality cashmere, and allow greater scope for bilateral and contract-based transactions outside the exchange, creating formal market channels that reinforce and operationalize quality-based price differentiation.
	If MCE privatization is not feasible at this time, the following reforms should be implemented to help MCE operate as a market-oriented commodity exchange consistent with good international practice:^a
	2C. Require that at least half of board members be independent and have relevant industry expertise.
	2D. Adopt a transparent and enforceable rulebook covering trading rules, membership and participation requirements,

(Table continues next page)

Table ES.2

Policy Recommendations to Remove Impediments to Private Investment in Sustainable Cashmere Processing (*continued*)

Constraints	Recommended actions
	disclosure and reporting obligations, conflict-of-interest provisions, and sanctions for noncompliance, supported by self-regulatory oversight and public reporting. 2E. Adopt and publish a quality-differentiated pricing methodology with full trade price and volume data, including grade-specific prices and auction outcomes, to ensure transparent price discovery. 2F. If MCE's service fee is maintained, (i) publicly disclose the legal basis for the fee and the rationale for rate setting, and (ii) explicitly earmark fee revenues for delivery of MCE's legally mandated core exchange services. <i>Responsible public sector entities:</i> MCE and MOFALI
3. Government-backed loan disbursement schedules do not reflect the seasonal nature of production and export cycles.	3. Extend the term of investment loans under the White Gold Program from the current maximum of 48 months to up to seven years, with a built-in sunset as processing capacity expands. <i>Responsible public sector entities:</i> MOFALI and MoF
4. Overlapping and duplicative sustainability standards increase compliance burdens for firms.	4. Recognize compliance with overlapping requirements in international standards as satisfying equivalent domestic standards. <i>Responsible public sector entities:</i> MOFALI
5. Limited access to government-owned GAVS–MAHIS data constrains traceability in the value chain.	5. Permit role-based, accredited access to MAHIS fields that directly support traceability and sustainability claims, including herder identification, vaccination and disease records, movement certificates, veterinary training, and processor intake data. <i>Responsible public sector entities:</i> GAVS
6. Skilled labor shortages hinder value addition higher in the value chain.	6. Lift the labor quota for the sector for up to three years to allow firms to hire needed expertise without restriction, and waive the labor tax under the Law on Migration of Workforce for foreign employees for up to three years to incentivize skills transfer. <i>Responsible public sector entities:</i> MSLP

Note: GAVS = General Authority for Veterinary Services; MAHIS = Mongolian Animal Health Information System; MCE = Mongolian Commodity Exchange; MOFALI = Ministry of Food, Agriculture and Light Industry; MSLP = Ministry of Family, Labor and Social Welfare.

a. International experience indicates that commodity exchanges operate most effectively when commercial operations are insulated from direct government influence and supported by independent governance and oversight, transparent and enforceable trading rules, robust disclosure, and market-based price-discovery mechanisms. Reforms can range from strengthened governance and operational autonomy—including greater board independence and clearer accountability arrangements—to broader ownership reforms, including privatization. The recommendations 2C through 2F identify minimum reforms to strengthen MCE's market orientation and operational autonomy.

Table ES.3

Policy Recommendations to Remove Impediments to Private Investment in Solar and Wind Energy Generation

Constraints	Recommended actions
Grid-connected utility-scale wind or solar PV power generation with NDC as offtaker	
1. Uncertainty around grid expansion plans undermines the commercial viability of projects.	1. Develop and publish a long-term transmission plan with clear timelines for expanding interconnection capacity.
	<i>Responsible public sector entities:</i> MoE, ERC, NDC, and NPTG
2. The lack of a sustained predictable auction pipeline and limited transparency reduce long-term predictability for investors.	2. Establish a 24-month rolling auction calendar.
	<i>Responsible public sector entities:</i> MoE and ERC
3. Insufficient bankability terms in the current PPA template and protracted negotiations undermine investor confidence.	3A. Develop new standardized, bankable PPA templates for utility-scale projects and publish price and curtailment rules.
	<i>Responsible public sector entities:</i> ERC and NDC
	3B. Establish and publish indicative timelines for key stages of PPA negotiations and approvals.
	<i>Responsible public sector entities:</i> ERC
C&I offtakers	
4. Lack of third-party access to NPTG's grid prevents prospective wind and solar power generators from supplying electricity directly to large C&I offtakers through the existing grid.	4A. Develop and adopt a third-party access code to allow IPPs to use NPTG's grids to deliver power directly to C&I offtakers under a single-buyer-plus model.
	<i>Responsible public sector entities:</i> MoE and ERC
	4B. Adopt and publish a transparent methodology to calculate system marginal price.
	<i>Responsible public sector entities:</i> NDC

Note: C&I = commercial and industrial; ERC = Energy Regulatory Commission; IPPs = independent power producers; MoE = Ministry of Energy; NDC = National Dispatching Center; NPTG = National Power Transmission Grid; PPA = power purchase agreements; PV = photovoltaic.

Table ES.4

Policy Recommendations to Remove Impediments to Private Investment in Exploration for ETMs

Constraints	Recommended actions
1. Limited availability and accessibility of modern geodata deter exploration.	1a. Establish a legal mandate requiring relevant agencies, including the Mineral Resources and Petroleum Authority of Mongolia (MRPAM), to transfer geological data to the National Geological Survey (NGS).
	<i>Responsible public sector entities:</i> MMHI, MRPAM, and NGS
	1b. Require exploration license holders to submit geological, geochemical, geophysical, and drilling data in standardized digital format quarterly, and establish clear confidentiality rules under which technical data become eligible for public release after a defined period.
	<i>Responsible public sector entities:</i> MMHI and MRPAM
2. The method for awarding exploration rights deters more qualified exploration firms.	2a. Introduce reconnaissance and prospecting licenses. ^a
	2b. Where exploration rights are tendered, introduce a two-stage tender methodology with clear prequalification requirements.
	<i>Responsible public sector entities:</i> MMHI and MRPAM
3. Overlapping land claims, local denial of environmental management plans, and community objections delay exploration after licenses are issued.	3a. Before tendering exploration rights, MRPAM should require <i>soum</i> -level confirmation of land availability and access conditions.
	3b. After license award and before exploration begins, require the <i>soum</i> governor to disseminate a short, standardized disclosure, based on an MRPAM template, summarizing license-related information.
	<i>Responsible public sector entities:</i> MMHI and MRPAM
4. Ambiguous criteria for classifying deposits of strategic importance, deterring early-stage investors.	4. Amend the Minerals Law to specify objective and transparent criteria for strategic deposit designation and clearly define the implications of designation.
	<i>Responsible public sector entities:</i> MMHI
5. Valuation rules for license transfers increase exit risk once a mineral discovery is made because transaction prices between unrelated parties are not treated as the primary basis for taxation.	5. The Ministry of Finance should adopt valuation principles that treat the observed transaction price as the primary basis for taxing transfers of exploration licenses between unrelated parties.
	<i>Responsible public sector entities:</i> MoF and MMHI

Note: MMHI = Ministry of Mining and Heavy Industry; MoF = Ministry of Finance; MRPAM = Mineral Resources and Petroleum Authority of Mongolia; NGS = National Geological Survey.

a. A draft Minerals Law amendment under parliamentary consideration as of mid-2026 could, if enacted and effectively implemented, create a new pathway for privately financed early-stage geological work in unlicensed areas, offering an alternative to the current tender-based system. Its final scope and practical effectiveness remain subject to the parliamentary process and subsequent implementation.

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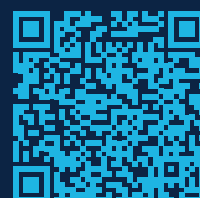
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Guarantee Agency