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RESEARCH
INSTITUTE OF
MONGOLIA

INTERNATIONAL CONFERENCE ON DEMOCRACY IN THE 21ST CENTURY: CHALLENGES AND WAYS FORWARD

09-10 JULY 2018 ULAANBAATAR MONGOLIA





Role Of Civil Society In Promoting Democracy and Good Governance

1. Brief history of Mongolian Civil Society and current situation
2. Current civil society development including achievements and challenges
3. Roles of CSOs in the support of citizens' participation
4. Roles of CSOs in improving governance



Brief history of CSOs in Mongolia

In the history of Mongolia, Civil Society took the forms of:

- a) People's movement
- b) Governmental public organizations (trade unions and women's, youth and elders associations)
- c) 1990's national movement for democracy

During the communist era, there were state-organized public organizations such as trade unions, women's, youth and elders' associations. These organizations were not voluntary but controlled by the state and components of the dominant communist party.



Current situation of Mongolian Civil Society

- Mongolian civil society comprises several broad groups of organizations, such as non-governmental organizations (NGOs), trade unions, chambers of commerce, saving and credit cooperatives, local groups, apartment owners' unions, nonprofit media, think tanks, informal self-help and leisure groups or community groups. **Among them, the most influential actors are NGOs.**
- One of the achievements after the transition period, the 1992 constitution and the law on non-governmental organizations (1997) opened a legitimate ground for NGOs. **As a result, the total number of NGOs registered to the State Registration Agency is over 17,634 (by end of 2017).** For a people of 3.2 million, it is a high number.)



Current situation of Mongolian Civil Society

- Civil society is much more diverse than before, with more active engagement of marginalized groups including young women, teenage mothers, ethnic minorities, LGBT groups, herders, artisanal miners, teachers, people living with disabilities, and children.
- The main specialized areas of CSOs are: democracy, human rights protection and promotion, environmental protection, women and citizens' participation, education, public health awareness, community development, provision of social welfare services, capacity building training and social accountability.



Roles of CSOs in Promoting Citizens' Participation

In order to build a humane, civil and democratic society which Mongolia is aiming for, it is also important to increase citizen participation which is basis of building an informed, effective, and responsible citizenry.

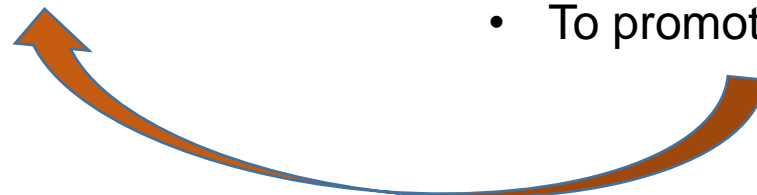
How well ordinary citizens understand 'democracy'?

What is citizens' participation in Mongolia?

And what challenges do we face in fulfilling that role and how to address those challenges?

What are roles of CSOs in engaging with citizens?

- To represent citizens' interests and voicing out citizens' views
- To develop the other values of democratic life: tolerance, moderation, compromise, and respect for opposing points of view;
- To inform the public about important public issues;
- To promote political participation and etc





What is citizens' participation in Mongolia?

- Citizens understanding about democracy is low.
 - Majority of the survey respondents aged between 18 and 44 also expressed that democracy is a freedom to exercise their rights.
 - According to baseline survey on the public perception of local-self Governing bodies (2015), 55% of respondents (1200 people) replied they “do not know anything” about Citizens’ Representative Hurals.
- Citizens participation is not enough at the decision-making and in the process of public policy development.
 - In 2016, only 48.3% of total voters in Ulaanbaatar participated in the Citizens’ Representative election.
 - 63% did not participate in Citizens’ Public Meetings which elected Governors of the bagh and khoroo (the first administrative unit). 73% replied that citizens did not participate in the Citizens’ General Meetings (the second administrative unit) last year (2014).
 - The survey on citizens’ participation reported that 8 people in ten survey respondents never give their feedbacks on the draft laws and main reason for not giving their feedbacks is that they don’t know on how to participate in the process.



Mongolian CSOs in engaging with communities

Achievements:

- Due to creation of numerous forms of civic participation such as volunteering and social activities, and online discussions, citizens' participation has been growing in recent years.
- The establishment of new forms of collective bodies such as networks, open forums, platforms and coalitions has been made in recent years.
- Youth participation has increased in the civil society sector.
- Citizens participation for monitoring in the public services has been increased.

Citizens' perception:

- Public trust in individual political and public organizations including non-government organizations has decreased.
- In general, people perception and understanding about Civil Society is low.
 - No matter living in urban or rural areas, majority of people do not know fully about Civil Society roles in promoting democracy and good governance. According to the baseline study of MASAM project (2014), 72.1% of the survey respondents (out of 1,028) answered that they knew nothing about CSOs. And 92.8% of the survey respondents replied that they been uninvolved in CSOs activities during 2015.



Challenges for CSOs in support of citizens' participation

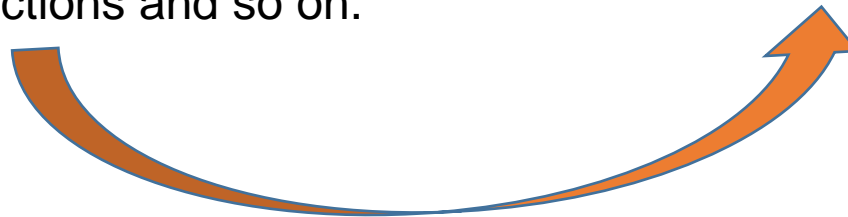
- Lack of financial capacity for consistent cooperation
- Lack of human resource capacity
 - Poor capacity for communication with stakeholders and lack of organizational transparency
 - Lack of capacities to facilitate participatory planning and budgeting etc.



Roles of Mongolian CSOs in improving governance

- To limit and control the power of the state; to promote political participation;
- To expose the corrupt conduct of public officials and lobby for good governance reforms.
- To monitoring the conduct of elections and so on.

Do we (as CSOs) really have power or rights to control over the state and monitor its public services in order to have representative and accountable government?



The Government increasingly involves CSOs in the process of decision-making and policy development at each level of Government.

Laws on formal hearings and other mechanisms for soliciting comment have been approved by parliament and implemented in the past several years. Some important laws and government decisions have been developed in collaboration with civil society.



Key Challenges Facing CSOs in Mongolia

- Lack of capacities (Lack of Skilled Resources and Staff Retention);
- Financially not sustained;
- Still do not have power/ rights in some parts of governance to influence to government decisions or limit the power of the state.



WAYS FORWARD

For Government:


- Civil society infrastructure development and support of Mongolian CSOs is significantly important.

For CSOs in Mongolia:

- Important to strengthen public trust in the civil society;
- Increase community participation by creating strong community catalysts and empowering citizens;
- We, CSOs, need to be more vibrant, active and effective to make it an important element of democratic changes and consolidation.

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Byambabat Munkhtogoo


Founder of Volunteer Development Center NGO

byambabat@vdc.org.mn



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How Do Youth Movements Promote Democracy in Azerbaijan? Their Civic Engagement and Impacts on Public Space (2000-2014)

Khayyam Namazow



Briefly Historical Introduction

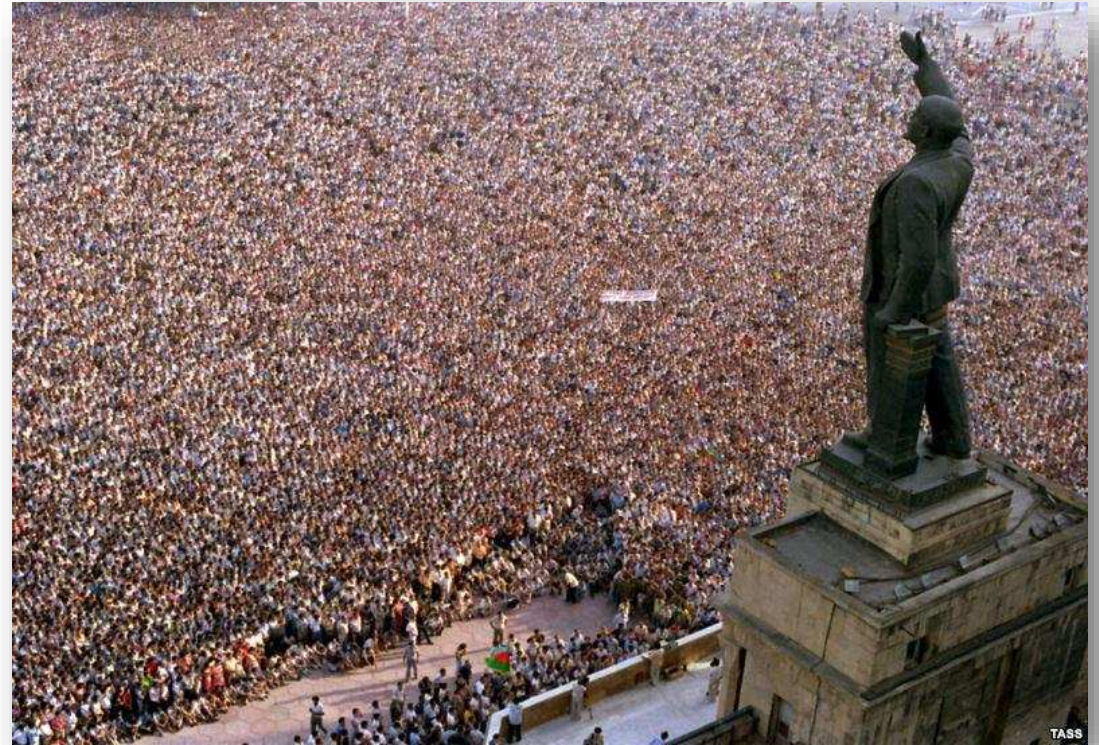
The movements after the collapse of Soviet Union in Azerbaijan can be classified under three distinctive groups:

- a) the National Independence Movement
- b) the Pro-democracy Movement
- c) the New Youth Movements



The National Independence Movement

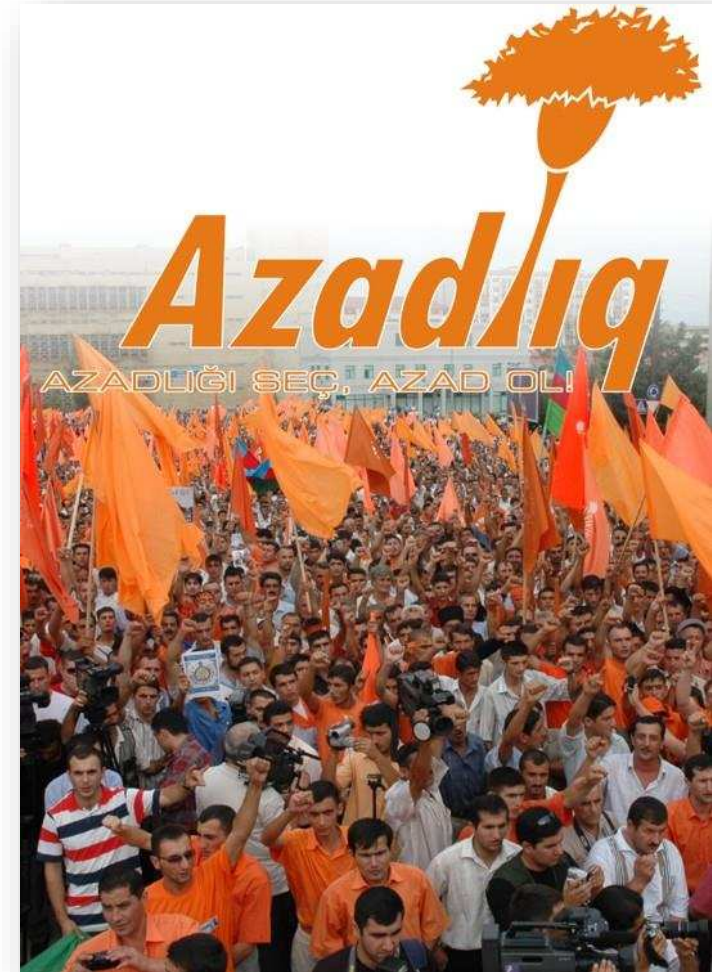
The National Independence Movement, which started to be formed in the relatively free socio-political condition as a result of the policies of reconstruction (perestroika) and openness (glasnost) in USSR in 1980s, functioned in the beginning as cultural organizations struggled for freeing Azerbaijan from 'sovietisation policy' and restoring its national identity (Shaffer, 2014, pp. 18-19). Then since 1988, the movement have changed its features and transformed into a political movement and become the prevalent political actor against Soviet communist ideology (De Waal, 2003, pp. 82-95) by focusing the issues of national identity, independence ideas and separation from SSR in their mass protests (Beissinger, 2004, pp. 210-211). After the collapse of Soviet Union and the proclamation of Azerbaijan Republic in 1991, the movement disunited into different opposition political parties.



Freedom/Azadliq Square , 1989

The Pro-Democracy Movement

- By Heydar Aliyev, previous chairman of the Committee of State Security (KGB) under the Cabinet of Ministers of the Republic of Azerbaijan rose to power in 1993, very strong centralization policy started to be applied in the military and security forces, civil society and politics; patronage and clientelist system in the state administration is developed (Guliyev, 2012) and thus a semi-authoritarianism (Ottaway, 2003, pp. 56-60) or sultanistic semi-authoritarian regime started to be formed (Guliyev, 2005).
- That period till the beginning of 2000s is considered as the political stage of intense protests and demonstrations conducted under the leadership of opposition political parties against the government and its socio-political attitudes. Although the activities were concentrating on the eve of political elections, they were a struggle against the authoritarian regime rather than a political competition of parties or an election campaign. Moreover, the actors of the struggle for democracy is not limited by only opposition parties, it contains various pro-democracy NGOs and CSOs, media outlets, movement organizations, youth organizations, intellectuals etc. (Mammadli, 2013, pp. 153-158). Thus we should read this political period as the emergence and consolidation of the pro-democratic discourse in public space and the birth of the pro-democratic movement struggling for democracy against the political regime (Namazow, 2015, pp. 21-23).





The New Youth Movements

- The beginning of 2000s is considered as the first and visible active political participation of the new generation with their own organizations within the Pro-Democracy movement. They are called the New Pro-democracy Youth Movement because they differs from previous movements in terms of their members who has been grown up in independent Azerbaijan, didn't see or remember the former Soviet system; ideology which they promote democracy values and at the same time liberal and feminist ones; attitude and critiques which are against the values of majority and old generation, at the same time government, opposition political parties and their leaders.





- a) What are the primary characteristic features of the Pro-democracy Youth Movement emerged and functioned in the period of 2000-2014 in Azerbaijan. How should its civic engagement be evaluated in terms of the struggle for democracy?*
- b) What were the essential issues problematized by the movement and what were the impacts of them on public sphere in the years of 2000-2014?*

Research Questions



- a) 'colour movement' in 2003-2005;
- b) 'the enlightenment movement' in 2006-2011;
- c) political youth movement in 2011-2013.

Pro-Democracy Youth Movements



These miscellaneous activities of the movement and their influences on democracy can be explored under two following activity directions of:

- a) political engagement and
- b) social and cultural events.



The essential results of the political engagement were that it

- 1) expanded the sphere of “freedom of assembly” by pushing the government
- 2) created the debate over the freedoms of assembly and freedom of expressions in the society
- 3) introduced the large segments of citizens the importance of their freedoms and rights, raised awareness with regard to the citizen responsibilities
- 4) created deep grievance against the repressive attitudes of the government in the society
- 5) consolidated the discursive conflict of “the repressive government vs. democrats” which have influenced the development of new democratic generations.

Political Engagement



- “border of private and public life”.
- “liberal values vs. the dominant conservatism”.
- establishment of LGBT movement organizations;
- strengthening feminist attitude (woman virginity as taboo, woman mobility, freedom for love, “sexual revolution”);
- strong critique of ‘fake patriotism’;
- secularism against religious values;
- national values vs. European values;

Civic Engagement

THANK YOU FOR YOUR ATTENTION

PRESENTERS CONTACT INFORMATION:

KHAYYAM NAMAZOW

www.khayyamnamazow.com


<https://www.facebook.com/khayyamnamazow>

<https://twitter.com/khayyamnamazow>



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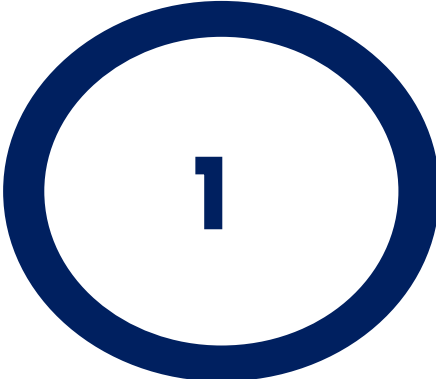




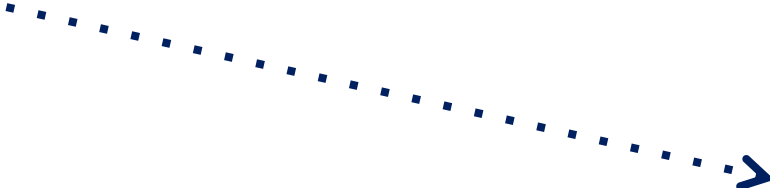
**CITIZEN EMPOWERMENT THROUGH THE
CHECK MY SERVICE
INITIATIVE IN MONGOLIA**

Undral Gombodorj
Democracy Education Center
Mongolia

CONTENT



CHECK MY SERVICE



**MONGOLIA'S OGP
NATIONAL ACTION PLAN**

**Citizen
Participation**

Transparency

Accountability

**Government
Responsiveness**



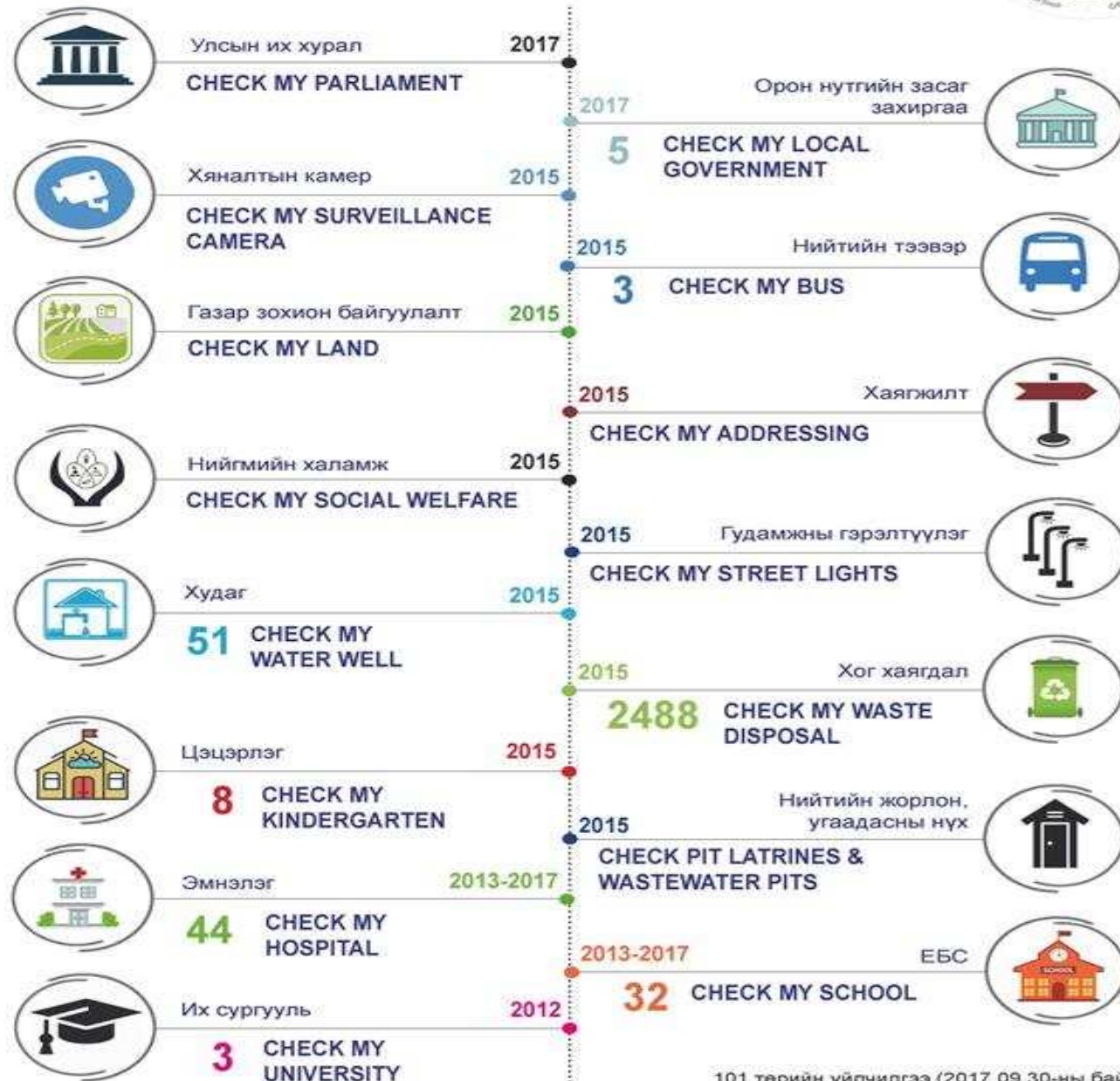
CITIZEN'S EMPOWERMENT



**CHECK
MY SERVICE**

**101
Public services
(commitments)**

DEMO



101 төрийн үйлчилгээ (2017.09.30-ны байдлаар)

SUCCESS FACTORS



Legal Framework



Multistakeholders Engagement



Citizen Participation



Evidence-based Facts & Findings

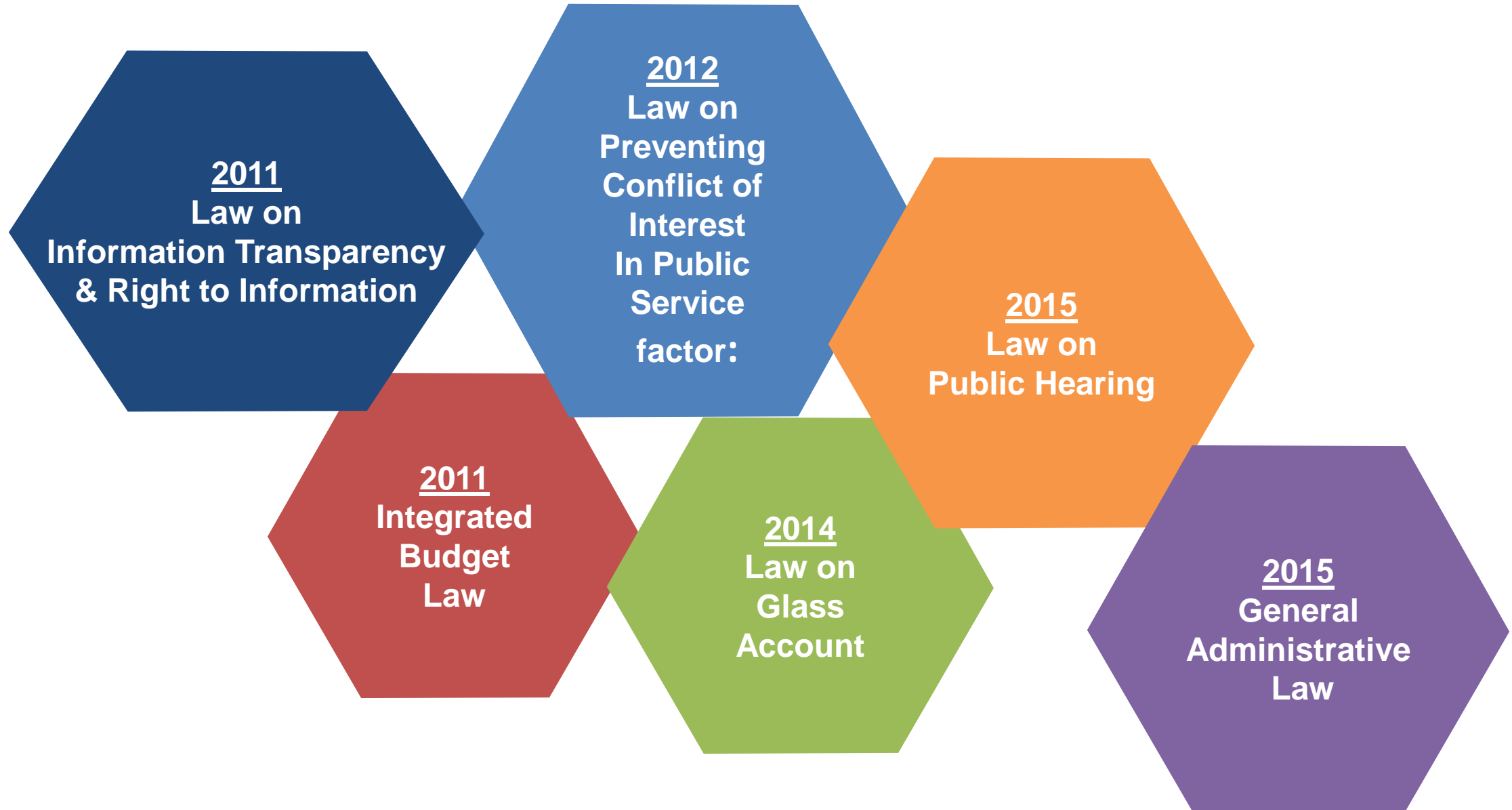


Use of technology

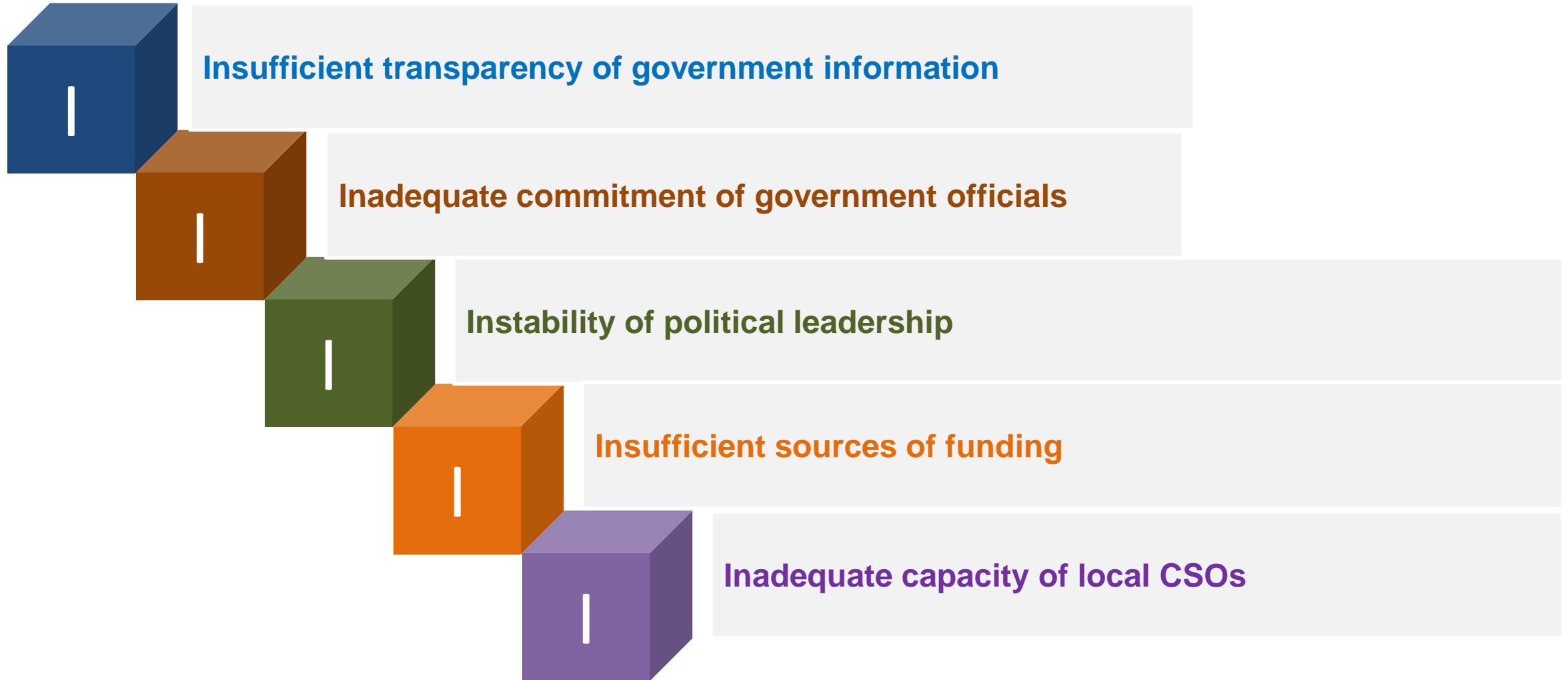
“When the DEMO’s project first started its implementation, I thought that it would not show any significant results. But we have been always working together with the citizens during this project and the result was unexpected. Up until now, we have spent many years pleading to increase our cabinets, equipment and nurses but with no progress. But to resolve all these issues in such a short amount of time was like a god’s gift to us, especially in a time of financial difficulty. I think this was the result of monitoring by local citizens and CSOs who have presented to authorities the reality of public services based on evidence and facts.”

*T. Tegsh-Erdene
Deputy Director for Treatment of Sukhbaatar
province’s Hospital*

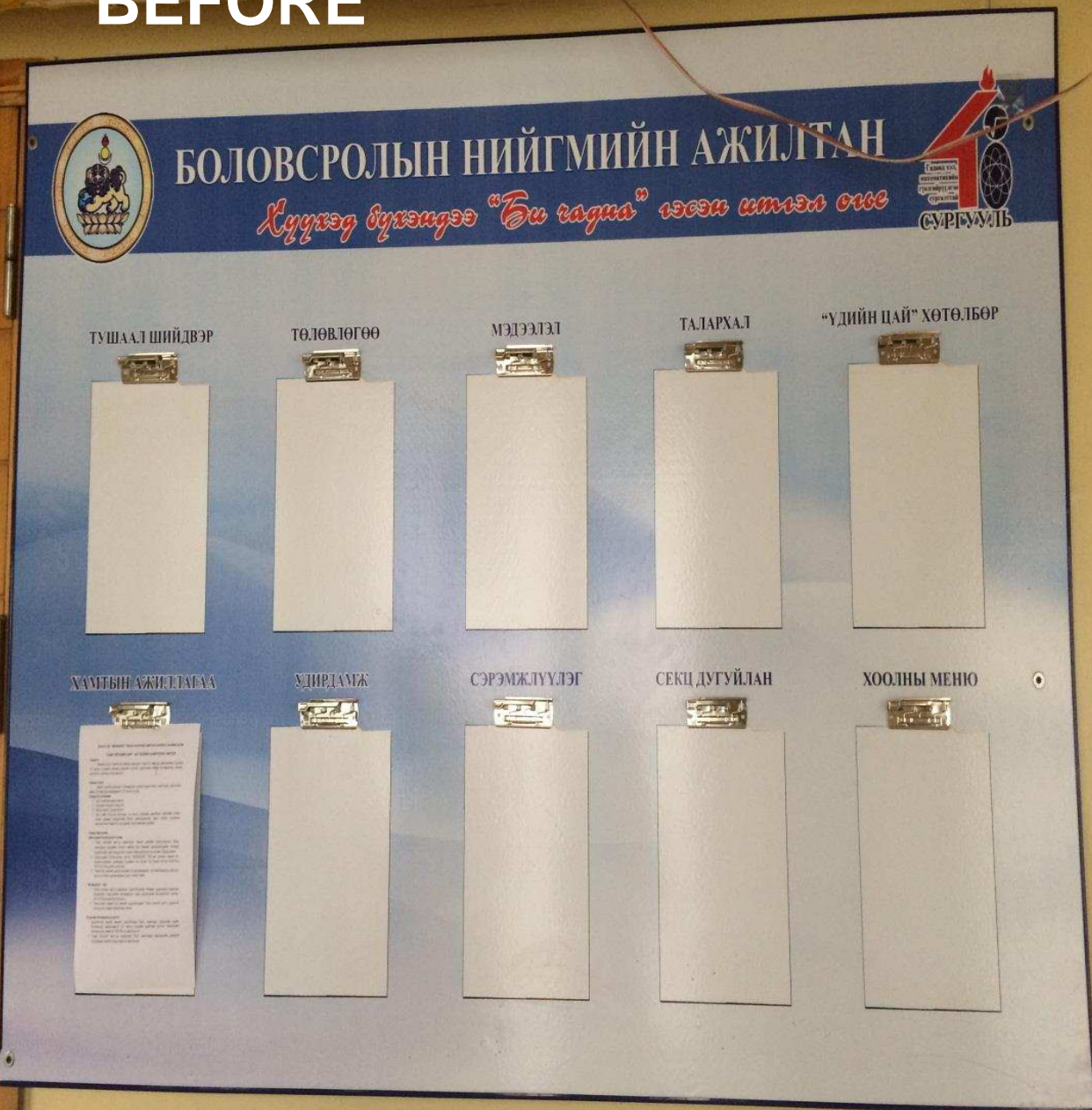
Legal framework



CHALLENGES (5 'I's)



BEFORE



AFTER



BEFORE



AFTER





BEFORE



AFTER

Check My Service Application: How it works?

Citizens send their concerns, complaints regarding the public service

The competent officer in charge is automatically notified about citizens' concerns via special log-ins by the internal network and start to investigate the issue.

Once the officer has reacted and taken care of the problem, he/she notifies the person who reported the problem by email or phone that the problem has been solved.



Other users can comment on problems that have already been reported and like it showing that they also want a previously reported issue to be fixed.

Citizens who feel that the local authorities are not appropriately reacting to a reported problem can use the hotline phone 1800-1200 of the Municipal Public Service Center.

Citizens can make a simple evaluation of municipal organizations. To do so they choose the relevant organization from the list and rate it from 1 to 5 stars considering the 5 as the highest/best score.



CHECK MY SERVICE



DEMO
Ардчиллын Боловсрол Төв



Australian Aid



CHECK MY SERVICE

CHECK MY SERVICE нь иргэдээс төрийн үйлчилгээний талаар ирүүлсэн санал, гомдол, хүсэлтэд үйлчилгээ үзүүлэгч байгууллагаас хариу шийд өгөх, төрийн үйлчилгээний чанар, хүртээмжийг сайжруулах зорилго бүхий мобайл аппликэйшн юм.



Check My Service



1800-1200

	Before	After	Savings
TIME	Ø 14 days	Ø 5 days	64,3%
COST	\$10-\$30	\$0	100%
VISIT	3-5	-	100%

Check My Service Application: Fix Rate

ӨМНӨ



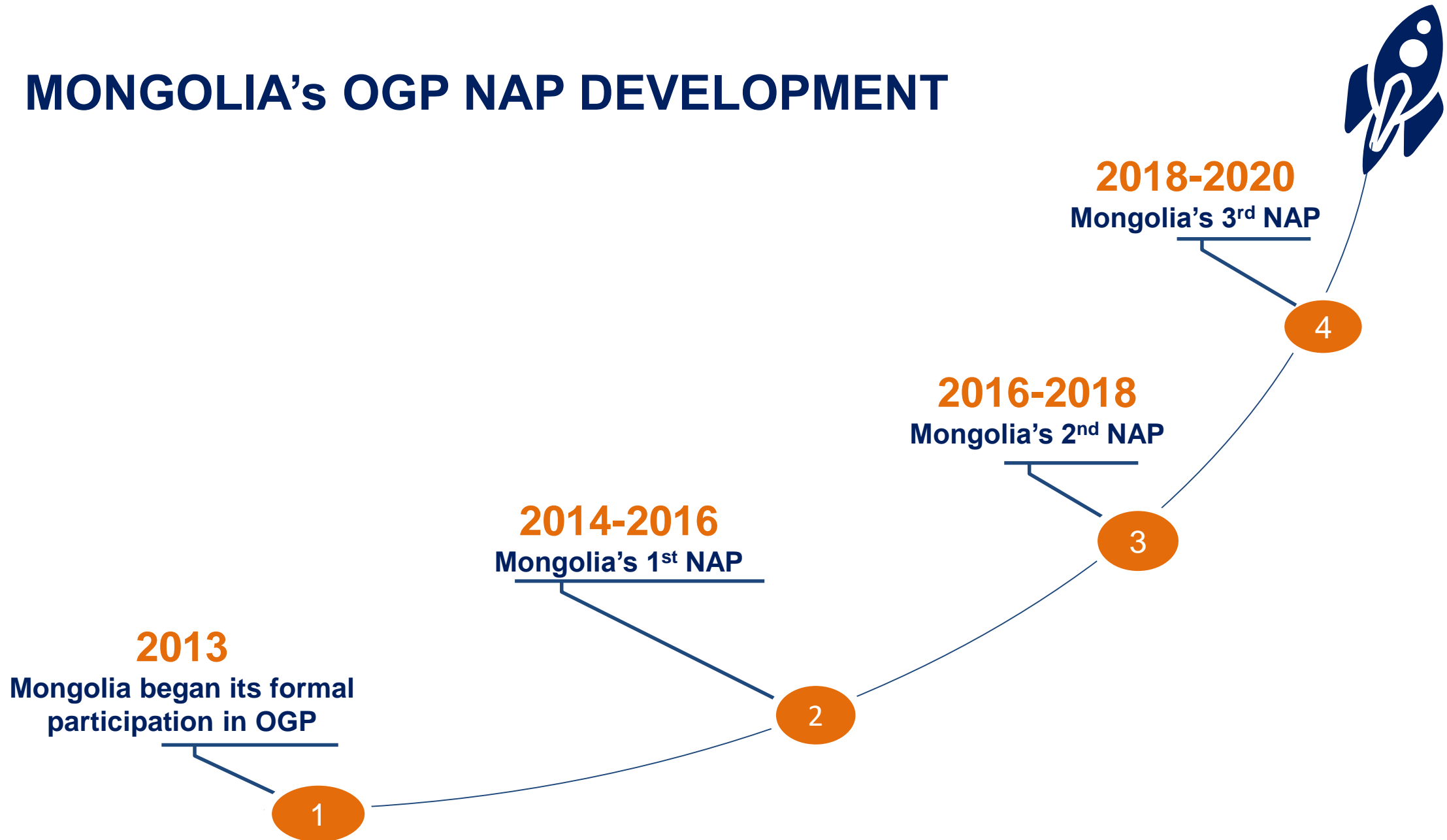
ДАРГА



Fix Rate (May)=0,74

Fix Rate (Jun)=0,56

MONGOLIA'S OGP NAP DEVELOPMENT



CONCLUSION


1 After 6 years of Check My Service, we were able to increase the openness and transparency of public information.

2 The empowerment of citizens to monitor public services is a key to holding government accountable. We help people understand their entitlements and demand better services

3 In addition to bringing tangible benefits in public services, the Check My Service helped to identify the system and policy deficits that hinder good service delivery.

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undral.gombodorj@gmail.com

+976 99164419



NEEDS AND NECESSITIES FOR IMPROVING LEGISLATIVE FRAMEWORK FOR NON-GOVERNMENTAL ORGANIZATIONS

09-10 JULY 2018 ULAANBAATAR MONGOLIA

Enkhbayar Battumur, Deputy Minister of
Justice and Home Affairs





1992

**The Constitution of
Mongolia**

**The citizens of Mongolia are
guaranteed to enjoy the “right to
form...other mass organization and
freedom of association...on the
basis of social and personal
interests and opinion.”**



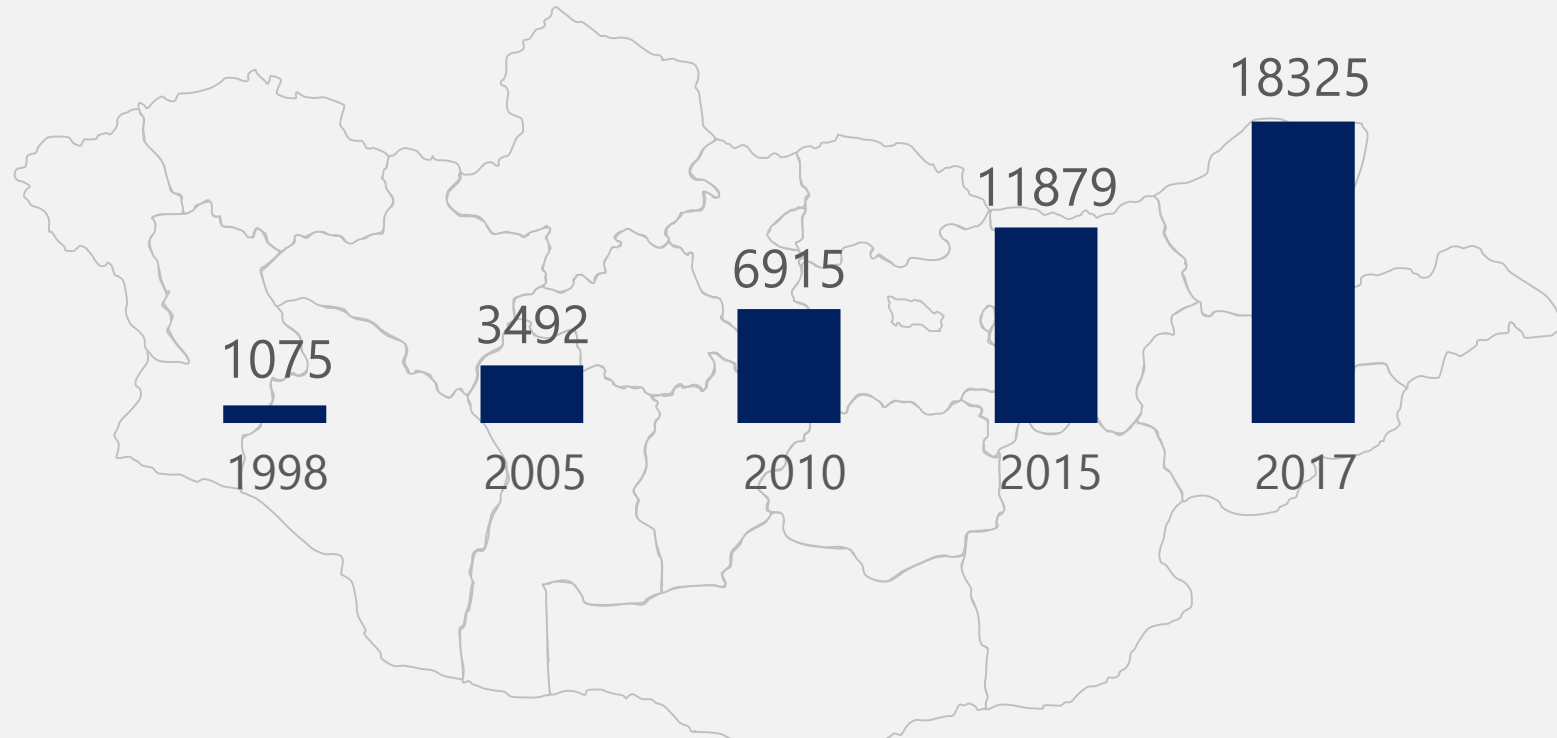
1997

**Law on Non-governmental
Organizations**

Regulates activities of NGO, an organization independent from the state, self-governing, not-for profit and established by citizens and legal persons, as well as branches and representative offices of international NGOs operating in the territory of Mongolia

This law does not apply to political parties, trade unions, churches and monasteries.

Non-governmental organization

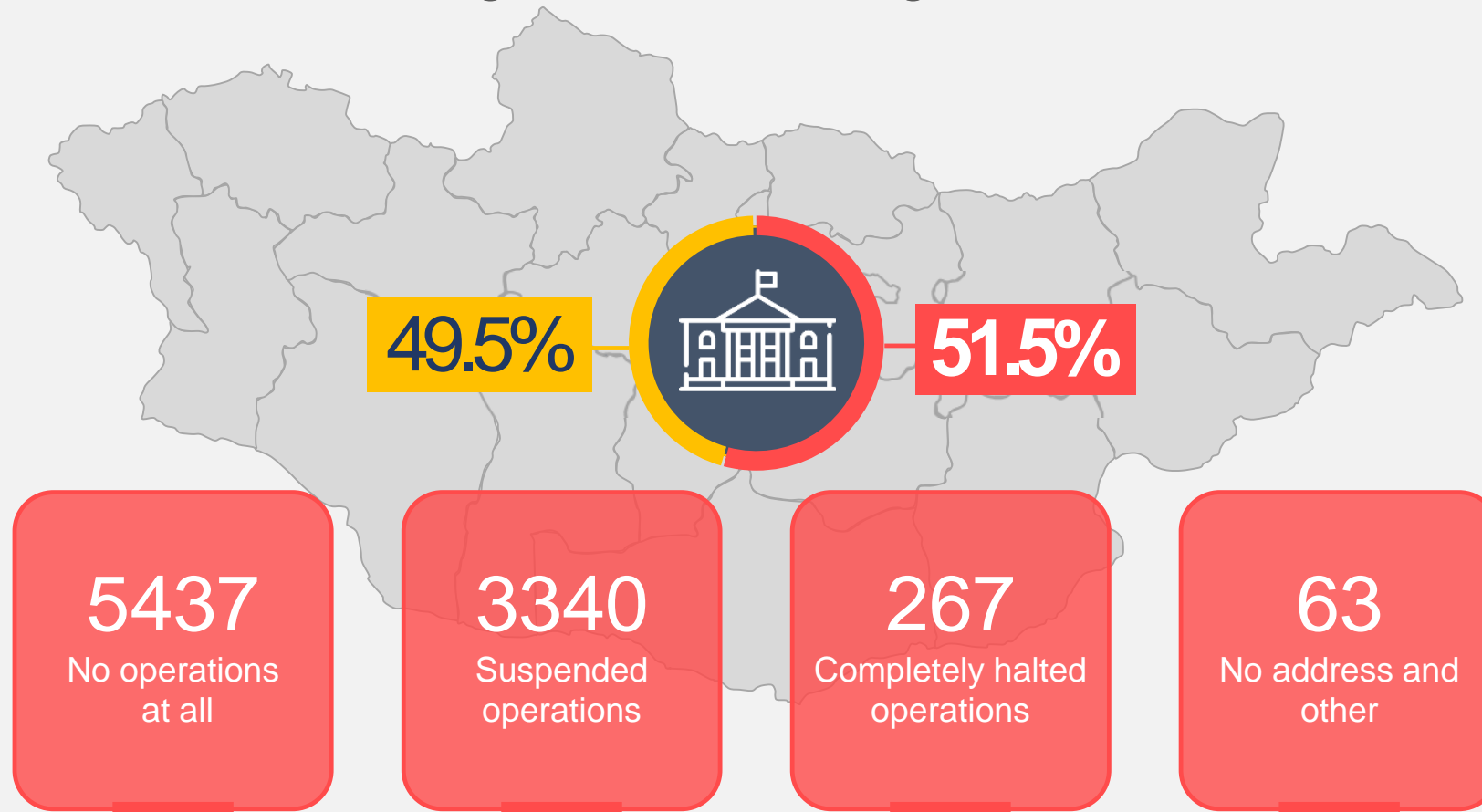


In Mongolia **90** Branches and representative offices of international organizations

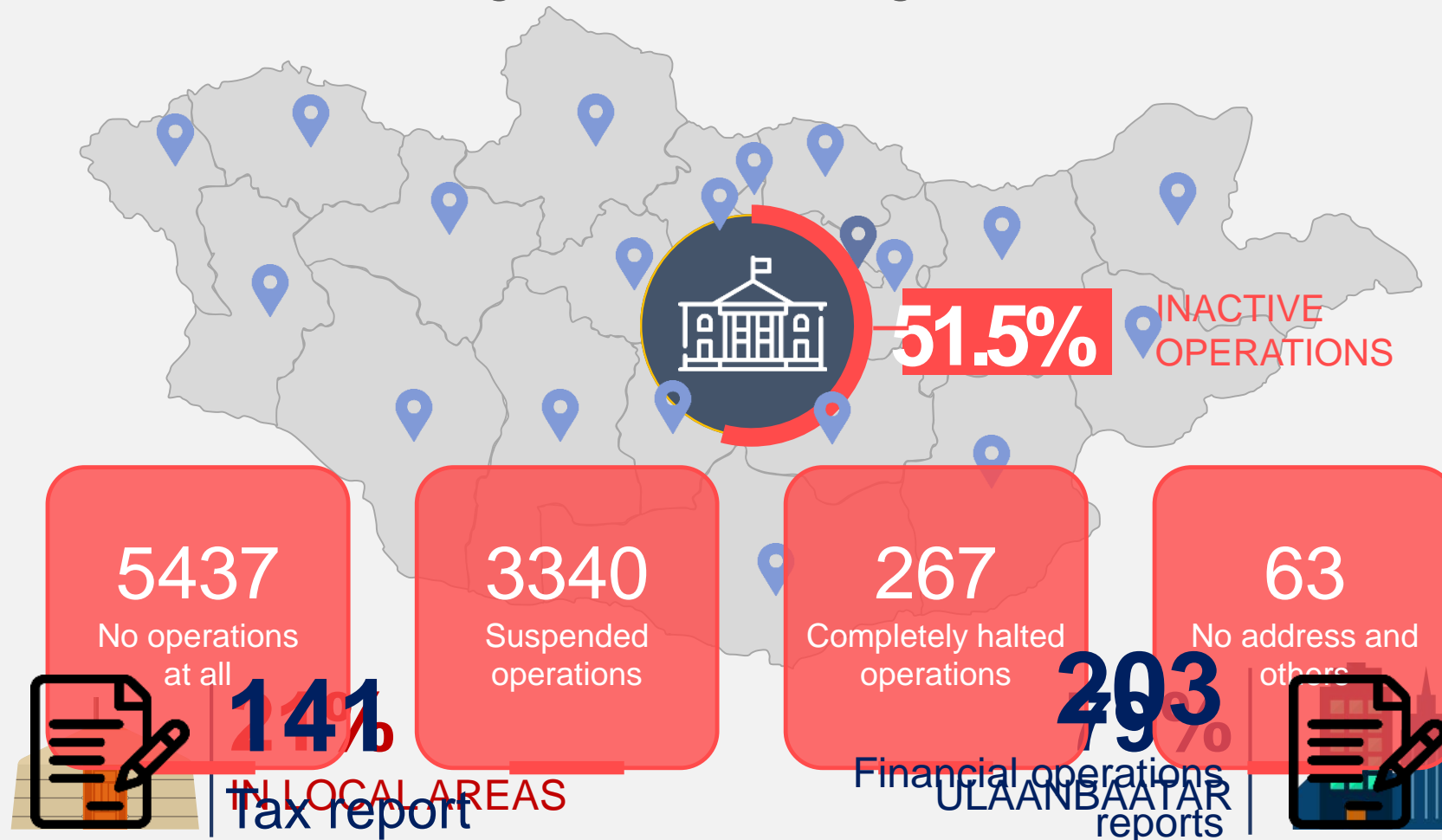




Non-governmental organization



Non-governmental organization



NGO funding



Contradictions between laws

**General Law
on Taxation
in 1998**

**Civil Code
in 2002**

**Law on
Registration
of Legal
entities in
2003**



**Law on NGOs
kept old
regulations**

**Law on
Registration of
Legal entities in
2015**

**Law on State
secrets and
Official secrets
in 2016**

**NGOs kept
regulations**



No revisions in conformity with the Civil Code

Civil Code

FOR-PROFIT

Partnerships and companies

NOT-FOR-PROFIT

Associations, foundations and cooperatives



Law on State registration

Media organizations

Scientific and academic organizations

Educational organizations

Healthcare organizations



Law on Non-governmental organizations

PBNGOs

Public-benefit NGOs

MBNGOs

Mutual-benefit NGOs

No tax discounts and credits are granted to citizens and legal persons, who donated to NGOs and public-benefit activities

NGOs are at risk of becoming dependent on foreign countries, donor organizations, instead of being based on supports of citizens and the public



Financial dependency



Dependency on operations and goals



Participate in illegal operations such as money-laundering, etc.

COOPERATION BETWEEN THE STATE AND NGOs IS WEAK.

Legal framework for having some state functions performed on contractual basis is unclear.

No specific regulations on how to exercise cooperation

Types and scopes of state functions to be performed by NGOs on contractual basis are indefinite.

State support is not regular, but rather one-time support

State support accounts for 2 percent of total funding of NGOs

According to the law,
Non-governmental organizations

PBNGOs



MBNGOs

No specific
criteria

To which
organization this
status should be
given

Tax and other
discounts and
credits

Monitoring and
oversight on
operations

Financial and
operational
reporting

In the Action program for improving legislations of Mongolia till 2020



To improve legal framework to support social development by ensuring independence, equal participation and consensus of NGOs for monitoring the state



To determine state promotion for citizens' public-benefit initiatives and activities



To create legal environment for implementing the policy on having some state functions performed by civil society organizations and professional associations

Three supporting principles



1. Based on
fundamental
principles of the
Constitution of
Mongolia



2. Based on 20
years practice of
law enforcement



3. Taken national
features into
account

1

Forms of and requirements on NGOs shall be established accurately

2

Forms of and requirements on NGOs shall be established accurately

3

Forms of and requirements on NGOs shall be established accurately

4

Cooperation and partnership between the state and NGOs shall be extended

5

Transparency and accountability of NGOs shall be increased

1

Forms of and requirements on NGOs shall be established accurately

- Forms and types of NGOs shall be determined accurately and distinguished from other non-profit organizations.
- NGOs shall have forms of “Foundation” and “Association” in conformity with the Civil Code, and operations of NGOs shall be registered in accordance with the international standards on non-profit sector.
- Citizens, to operate as unregistered associations, shall be promoted.
- Operations of political parties, religious organizations and legal persons subject to public law shall be regulated by relevant legislations.

5



1

Forms of and requirements on NGOs shall be established accurately

2

“Council for supporting civil society” shall be formed

3

Legal framework shall be determined for establishing “Council for supporting Civil society” responsible for communicating, negotiating and establishing connection with the state regarding fundamental development issues concerning civil society.

4

Sustainability of resources and partnership between the state and NGOs shall be maintained

5

Transparency and accountability of NGOs shall be increased

2

“Council for supporting civil society” shall be formed

3

- Sustainability of resources and funding of NGOs shall be maintained
- Conditions and procedures for running economic activities, providing charged services and disbursing revenues for activities, specified in the charter, shall be determined.
- Public participation to support NGOs and public-benefit activities shall be extended through tax policies.

4

Cooperation between the state and NGOs shall

5

Transparency and accountability of NGOs shall be increased

3

Sustainability of resources and funding of NGOs shall be maintained

4

Cooperation and partnership between the state and NGOs shall be extended

5

- Forms and types of public-benefit activities shall be determined and conditions for granting tax discounts and credits to donors shall be facilitated.
- Conditions, in which NGOs could perform some state functions on contractual basis, shall be impartial, open and transparent.
- Relations, in which NGOs could perform some state functions on contractual basis, shall be extended in a way different than that of business organizations.

4

Cooperation and partnership between the state and NGOs shall be extended


5

- Regulations on transparency and openness of operations and accountability of NGOs shall be increased
- Grounds and procedures for dissolving NGOs shall be regulated clearly.

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1-O CATALAN REFERENDUM TURNS INTO A STRUGGLE FOR DEMOCRACY

- Context of global transformations
- Crisis of nation-state system
- Crisis of democracy



- Civil society promoting democracy: 1-O Catalan referendum



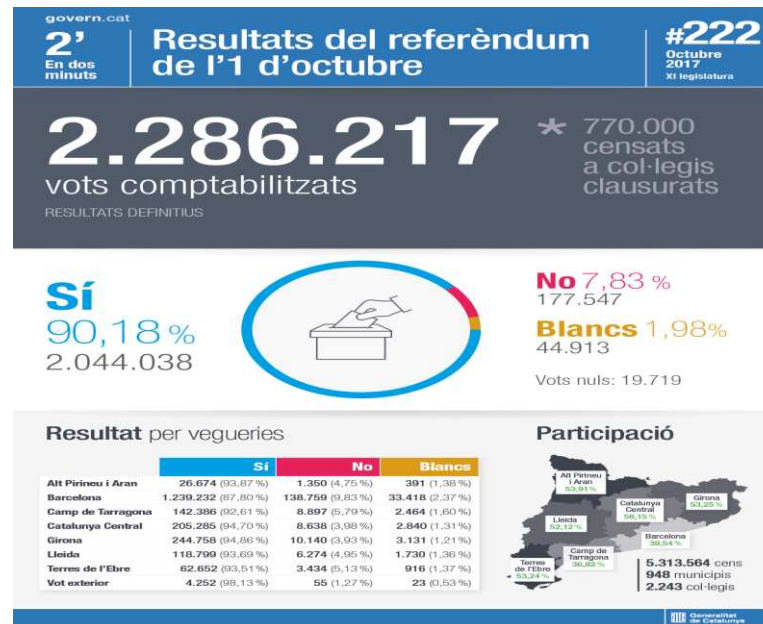
1-O CATALAN REFERENDUM

- Massive peaceful mobilization and major act of popular and institutional disobedience → made the referendum possible through participation and self-organization.
- Repressive strategy from the state → unintended consequence of amplifying its supports.
- Defend political liberties, fundamental rights and democracy.



1-0 CATALAN REFERENDUM

-Self-organization → clandestine type of organization and network communication with institutional support.





1-O CATALAN REFERENDUM

- Diversity and inclusiveness
- Ensure a high turnout
- Neutrality
- Open, non-identitarian
- Flowers → symbol of peace
- Tractors → symbol of land
- Democracy, pacifism, antifascism
- Role of emotions



1-0 CATALAN REFERENDUM

-3-0 general strike:

- acceleration of time, feeling of being making history;
- huge marches against state repression;
- mobilization grew further: reaction against the authoritarian drift of the state.




CONCLUDING REMARKS

- Process of democratic deepening → struggle for participatory democracy and against the authoritarian attitude of the state.
- Protest → Challenges the state conception of democracy based on law and the Constitution.
- Prefigurative politics → democratic quality; being an example.
- 1-O → personal biographies; shared memories → future participation and citizen engagement in democracy promotion.

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09-10 JULY 2018 ULAANBAATAR MONGOLIA





The Influence of International Relations on Democratization, 1972-2005.

Mathias De Roeck

Institute of Development Policy (IOB)

Ronan Van Rossem

University of Ghent

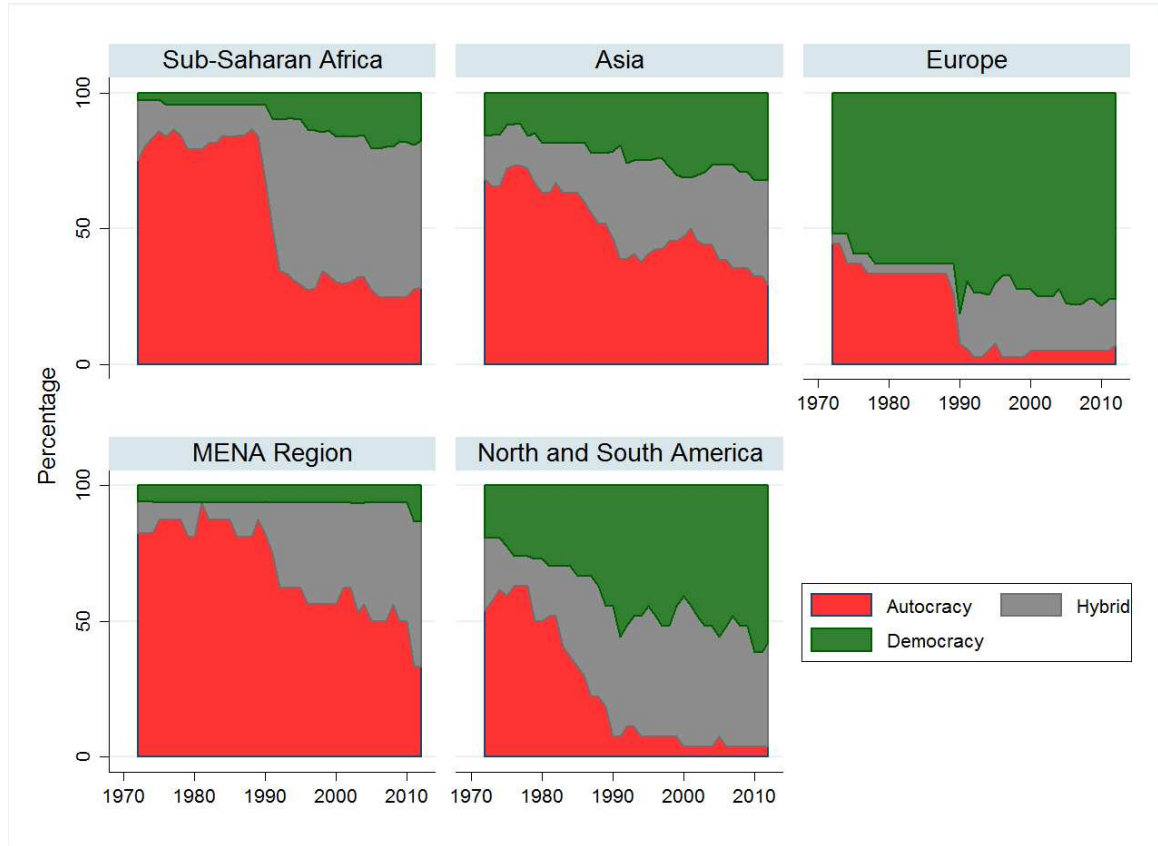


World Polity Theory (Meyer et al., 1997)

- Globalization and democratization
- Normative isomorphism (DiMaggio and Powell 1983)
- Exposure
- Status and legitimacy
- => Global convergence



Global convergence? Yes, but...





The Dependency Model

- Theoretical basis: Galtung (1971)
- Coercive isomorphism
 - a) Geopolitical system
 - b) Search for (im)material resources
 - c) Partner dependency
 - d) Democracy diffusion

H1. Embeddedness in dependency networks with democratic partners increases the likelihood of democratic transition

H2. Embeddedness in dependency networks with authoritarian partners decreases the likelihood of democratic transition



Dependency after the Cold War

- Unipolarity
- Globalization and state agency
- Market-authoritarianism vs. democracy

H3a. The positive effect of democratic dependency on democratization decreases in the post-Cold War and increasingly global era.

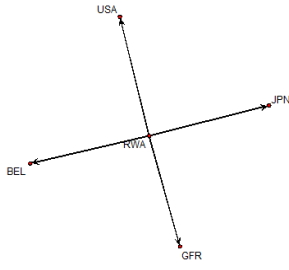
H3b. Trade dependency on China and other authoritarian powers after the Cold War has a negative effect on the likelihood of democratic transition.



Data and statistical analysis

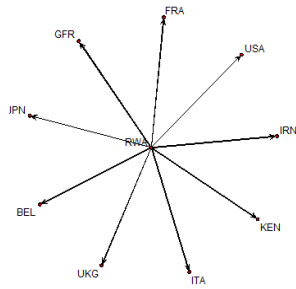
- Longitudinal and global network data on economic, political and military dependency relations
- New measure of democracy using V-DEM
- Discrete-time event history model
- Risk set ($n = 2,933$).
- Focal variables: proportion of democratic (and autocratic) states in a country's dependency network (ego-networks)
- Control variables: level of development, economic growth, inflation, natural resources, state power, experience with democracy, protest, new executive, spatial lag of democracy
- Multiple imputation of missing values (Amelia II)
- Lagged independent variables ($t-1$)

Economy Network 1972



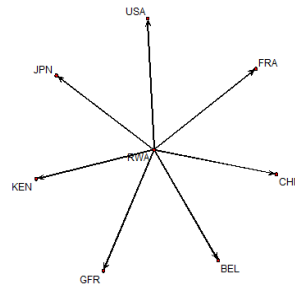
Proportion Democracy = 1.00
Proportion Autocracy = 0.00

Economy Network 1975



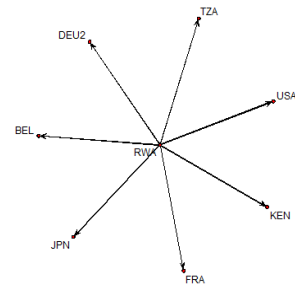
Proportion Democracy = 0.78
Proportion Autocracy = 0.22

Economy Network 1985



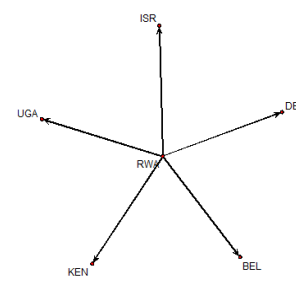
Proportion Democracy = 0.71
Proportion Autocracy = 0.28

Economy Network 1995



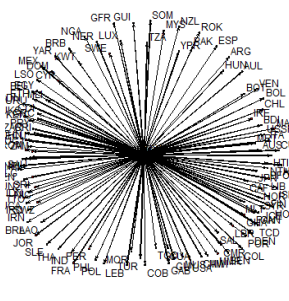
Proportion Democracy = 0.71
Proportion Autocracy = 0.00

Economy Network 2005



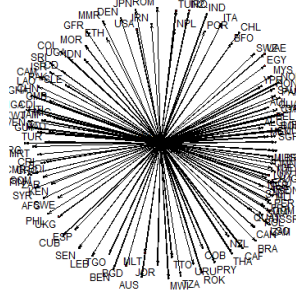
Proportion Democracy = 0.60
Proportion Autocracy = 0.00

Political Network 1972



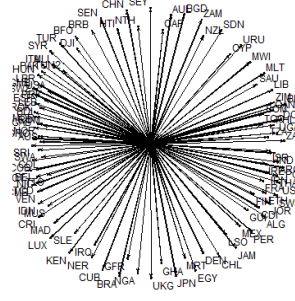
Proportion Democracy = 0.23
Proportion Autocracy = 0.01

Political Network 1975



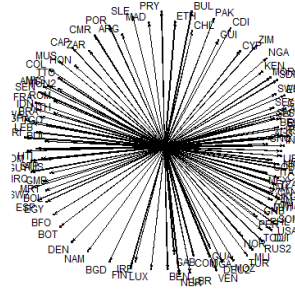
Proportion Democracy = 0.22
Proportion Autocracy = 0.05

Political Network 1985



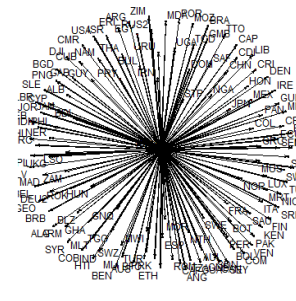
Proportion Democracy = 0.33
Proportion Autocracy = 0.51

Political Network 1995



Proportion Democracy = 0.33
Proportion Autocracy = 0.20

Political Network 2005

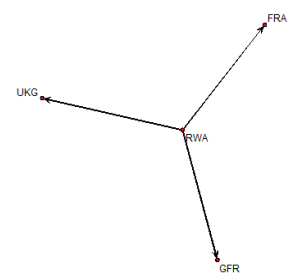


Proportion Democracy = 0.43
Proportion Autocracy = 0.20

Military Network 1972

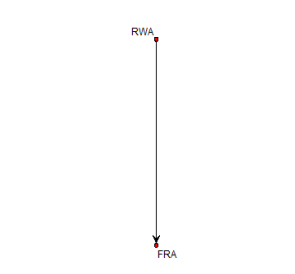
Proportion Democracy = 0.00
Proportion Autocracy = 0.00

Military Network 1975



Proportion Democracy = 1.00
Proportion Autocracy = 0.00

Military Network 1985

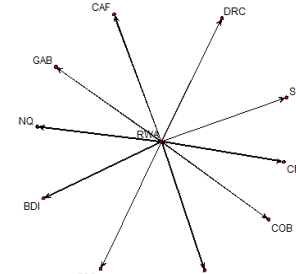


Proportion Democracy = 1.00
Proportion Autocracy = 0.00

Military Network 1995

Proportion Democracy = 0.00
Proportion Autocracy = 0.00

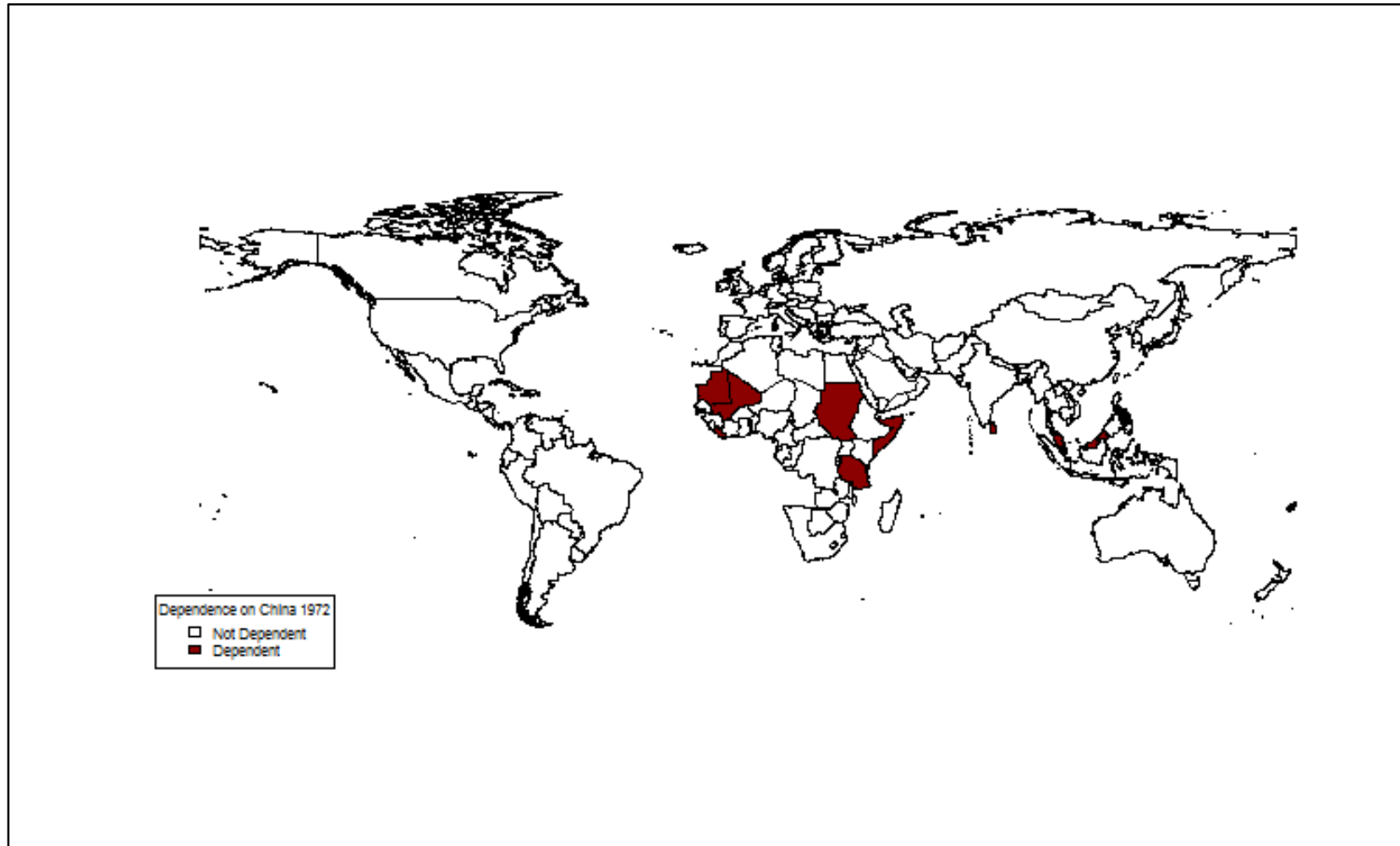
Military Network 2005



Proportion Democracy = 0.10
Proportion Autocracy = 0.50



China Trade Dependency, 1972



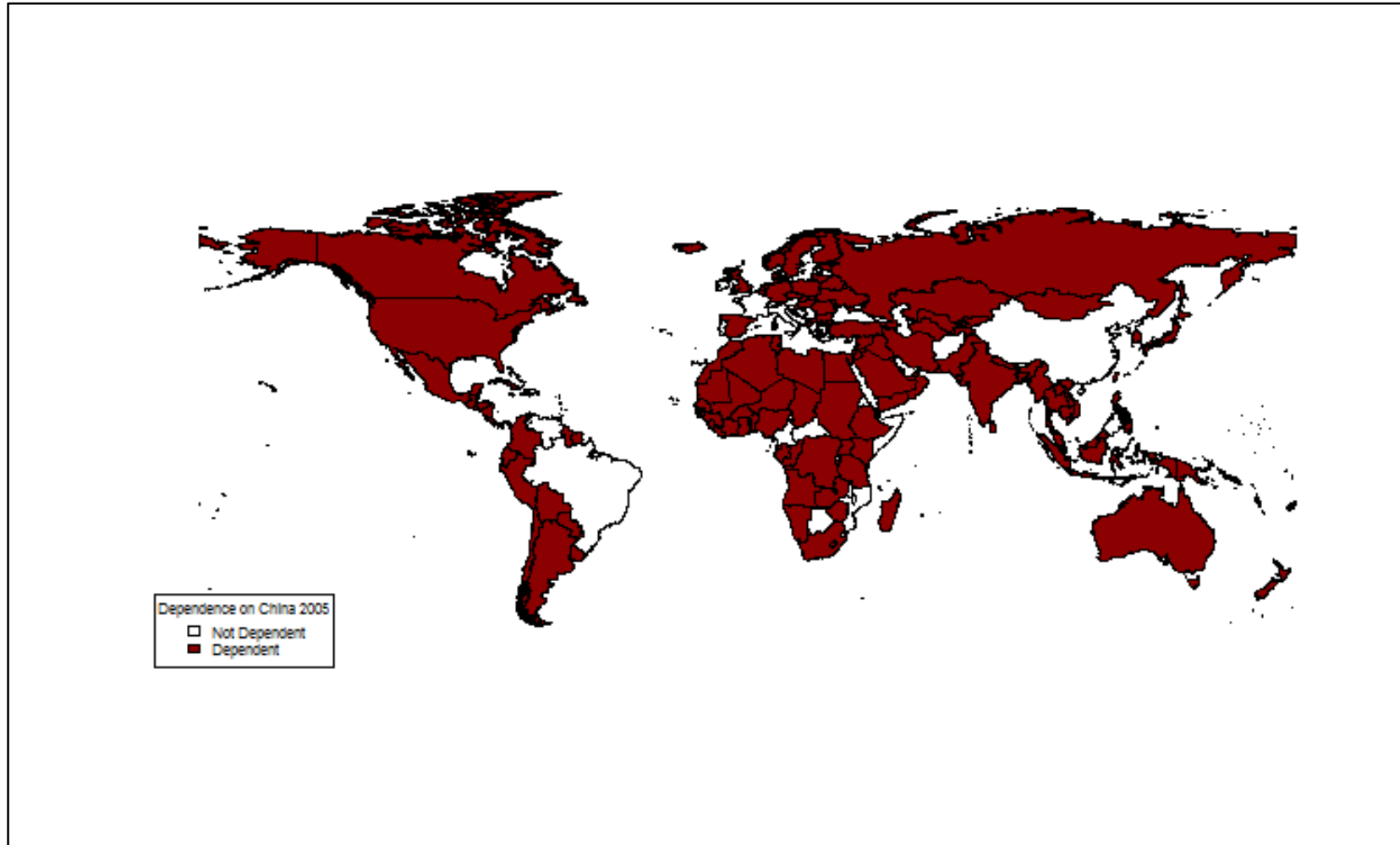


China Trade Dependency, 1990





China Trade Dependency, 2005





Main Findings

- ✓ Dependency on democracies increases the relative risk of making a transition to democracy
- ✓ This is true for both economic, political and military networks, but strongest for the political network
- ✓ Additional analyses furthermore show that dependency on autocracies has a negative effect on the relative risk of making a transition to democracy
- ✓ After the Cold War, the positive effect of democratic networks declines substantively
- ✓ After the Cold War, trade dependence on China has a negative effect on democratic transition (while not significant before)
- ✓ The findings are robust to alternative measurements of democracy and alternative cutpoints for the networks



Conclusion

- Evidence that democratization is also exogenously driven;
- The idea that the international environment is ‘culturally’ uniform is problematic;
- Instead, the international environment is a dynamic and normatively contested terrain, in which power and legitimacy impact democracy diffusion
- Globalization does not foster the spread of democracy. It rather undermines it, allowing new models and alternative providers of resources to take center stage.

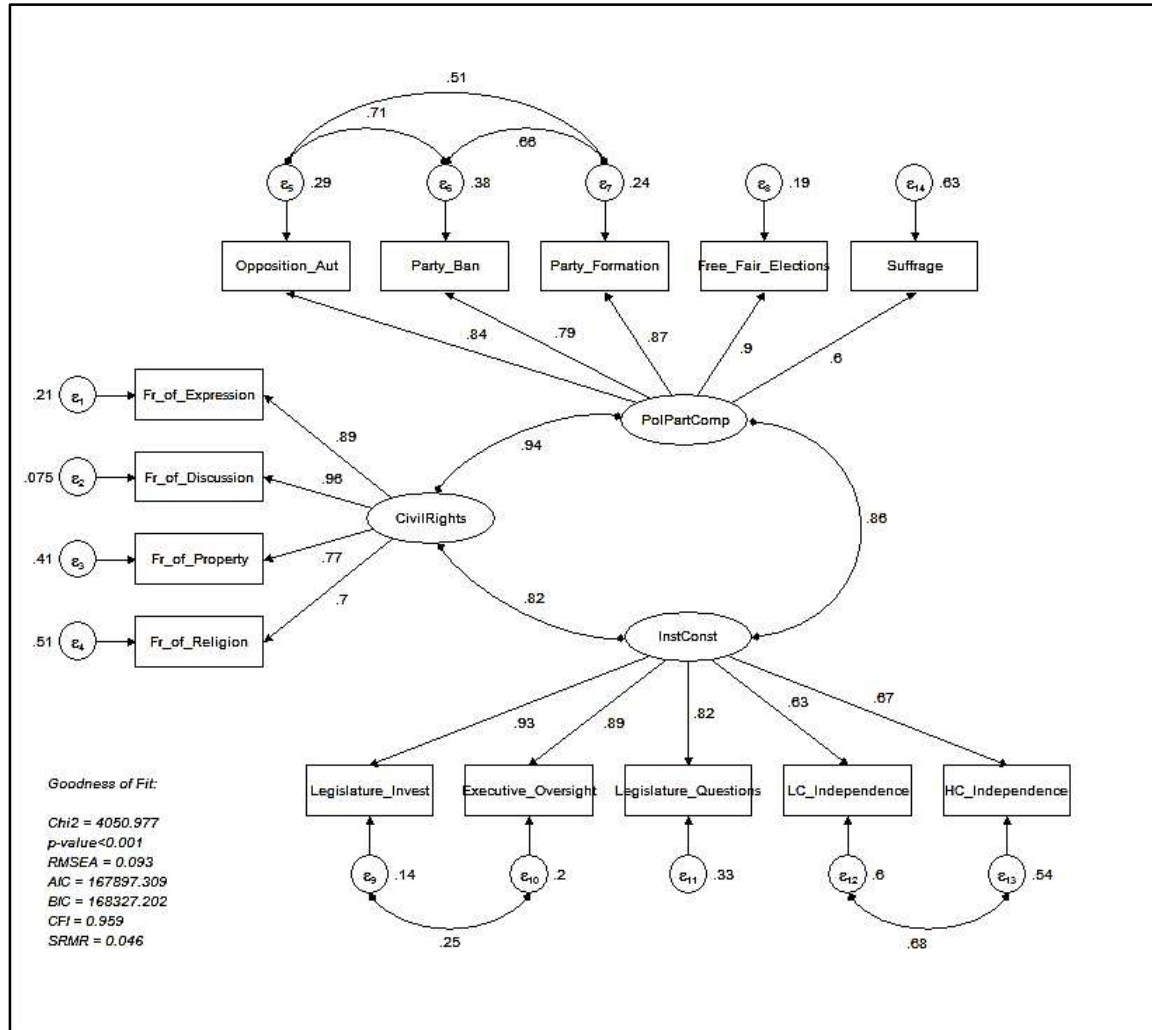
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PRESENTERS CONTACT INFORMATION:

Mathias.DeRoeck@uantwerpen.be



Conceptualizing and measuring democracy





Dependency Networks

Network	Measurement	Data Source
Economic dependency relations	<ul style="list-style-type: none"> ▪ Import ▪ Export (as % of GDP) 	<ul style="list-style-type: none"> ▪ IMF DOTS ▪ COW ▪ Own collection
Political dependency relations	<ul style="list-style-type: none"> ▪ Diplomatic representation ▪ Shared IGO membership 	<ul style="list-style-type: none"> ▪ Own collection ▪ COW
Military dependency relations	<ul style="list-style-type: none"> ▪ Military alliances ▪ Trade in advanced weapons ▪ Military troops 	<ul style="list-style-type: none"> ▪ ATOP ▪ SIPRI ▪ Military Balance
Theoretical rationale: Mann 2013; Van Rossem 1996		




Focal and Control Variables

Variable	Measurement	Theory	Data sources
Cold War	= 1 after 1989		Cohen 2015
Democracy - Autocracy Dependence	Proportion of democratic/autocratic states in dependence network	Schumpeter 1942; Paine 1791; Madison 1977.	Varieties of Democracy
Level of development	GDP per capita	Lipset 1959; Acemoglu 2008; Boix 2011; Epstein 2006	Gleditsch 2002; World Bank 2016; Coppedge et al. 2015
Economic growth	Growth rates	Haggard & Kaufman 1995; Przeworski & Limongi 1997	World Bank 2016; Coppedge et al. 2015
Inflation	Inflation rates	Haggard & Kaufman 1995; Przeworski & Limongi 1997	World Bank 2016; Coppedge et al. 2015
Natural resources	% of GDP relying on natural resources	Ross 2001; Ulfelder 2007	World Bank 2016
State infrastructural power	Tax as a % of GDP	Mann 2014	Kugler & Tanmen 2012
Democratic experience	Democracy years	Ulfelder & Lustik 2007	Own coding
Peaceful protest	Public gatherings	Teorell 2010	Banks & Wilson 2015
New Chief Executive	First five years in office	Ulfelder & Lustik 2007	Own coding
Spatial lag of democracy	Level democracy neighbors	Starr 1991; Gleditsch & Ward 2006	Correlates of War 2016

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The transformation of civil society in post-socialist democratization:

Theoretical and practical implications from Mongolia`s experience

BYAMBAJAV Dalaibuyan

Centre for Northeast Asian Studies (CNEAS), Tohoku University



Introduction

The relationship between democracy and civil society in post-socialist transitional countries where the party-state sought for decades to destroy any sources of independent action and to repress any groupings outside the party-state institutions has had significant practical and theoretical implications.

Mongolia, like most post-socialist countries, has undergone dramatic transformations since the collapse of state socialism in 1990.

Unlike most former Soviet states with similar structural and cultural–historical features, Mongolia established a relatively stable democratic political system, which has presented a puzzle for scholars of democratization.

How did Mongolia's civil society emerge and change in the first two decades of 'post-socialist transition?'



What is civil society?

This research defines civil society as the sphere of social interaction comprising a range of public activities carried out by citizens and organizations that lie outside state institutions.

The institutional core of civil society is systems of various associations, NGOs, networks and social movements that articulate and channel societal interests and concerns.

Concerted action and social self-organization are central to civil society.

Note: Civil society is not inherently holistic, 'good' and democratic, rather it is, as Michael Burawoy points out, 'a divided entity, traversed by all manner of exploitations, oppressions and divisions'.



Understanding the dynamics of civil society

Social movement theory	Post-socialist civil societies
Political opportunities	Political transformations
Mobilizing structures	Legacy of socialism
Collective action frames	Western aid for civil society
	Lack of civic engagement



Mongolia's civil society in the 1990s (1)

In the early 1990s, international governmental organizations and international foundations such as the Asia Foundation, Soros Foundation and some German political foundations concentrated on assisting NGOs.

Towards the late 1990s, donor support became less focused on the political aspects of democratization and more focused on the socio-economic support role of the emerging non-governmental sector, emphasizing the service-delivery functions of NGOs over their advocacy and monitoring roles.

A survey conducted in 2000 showed that 93% of the total 302 projects implemented by NGOs from 1996 to 2000 were funded by foreign sources..

Most NGOs were financially unstable and had low organizational capacity.

Their impact was largely localized and had little political relevance. Most NGOs distanced themselves from politically contentious issues to secure donors' support.



Mongolia's civil society in the 1990s (2)

In 1990, socialist-era 'mass organizations' (olon niitin baiguullaguud) such as the Mongolian Women's Federation, Mongolian Elderly's Association and Mongolian Youth Federation officially abandoned their previous ideological mission and reformulated their raison d'être.

In 1990–1991, most 'mass organizations' were stripped of the majority of privileges that they had enjoyed under the previous regime. However, their connection to the ruling party, the MPRP, did not alter much: except for the Youth Federation, which was headed by young leaders in the pro-democracy movements.

Thus, the evolving NGO community was vibrant, but it was donor dependent and politically passive.



Mongolia's civil society in the 1990s (3)

The pro-democracy movements transformed into political parties in 1990. Most of the members of these movements did not enter formal politics.

The parliamentary election of 1992, in which the opposition parties won only six seats out of the total of 76, and local government elections, in which the MPRP won the majority in all 18 provinces, pushed these individuals further out of formal politics.

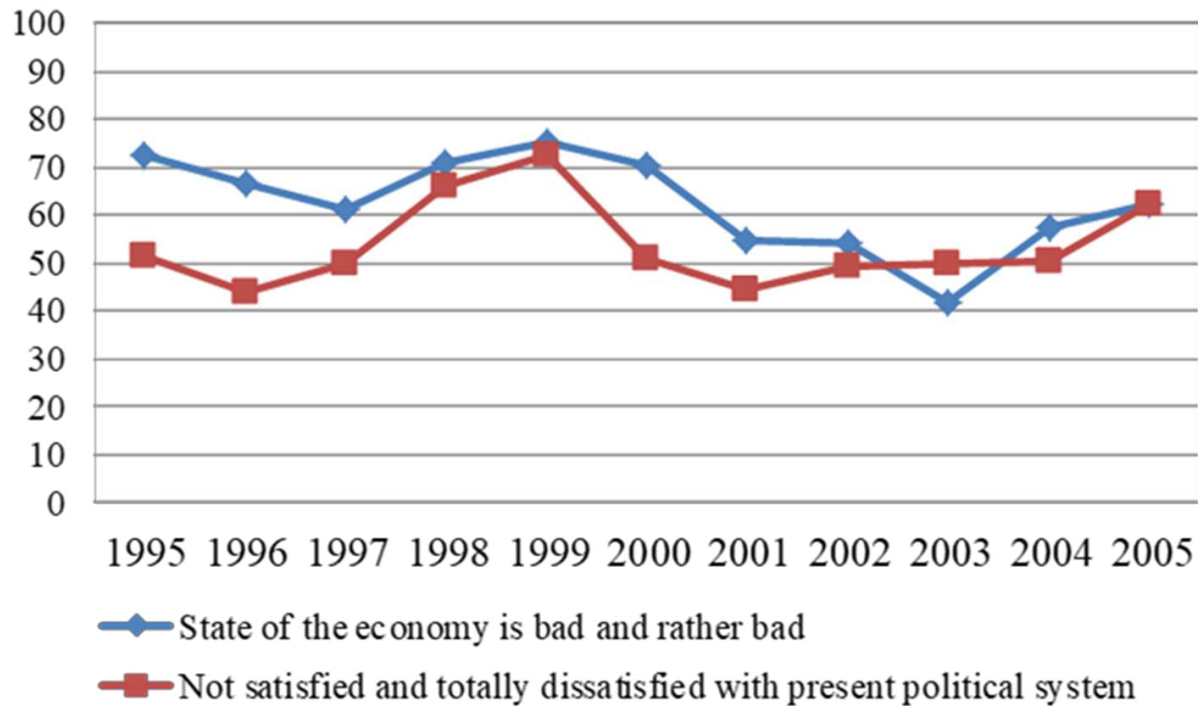
In the absence of civil society groups to monitor and restrain the activities of power holders, the pro-democracy opposition parties served as the primary institution for the articulation and channeling of publicly relevant needs and wants.

Frustrated by the alleged media manipulation and the government's tight control over independent social activism, the pro-democracy opposition parties held demonstrations and hunger strikes in protest of the MPRP government in Ulaanbaatar and other cities in April 1994.

The coalition of opposition parties, the Democratic Union, won a landslide victory in the 1996 parliamentary election.



Public views toward political system and economic situation, 1995 -2005

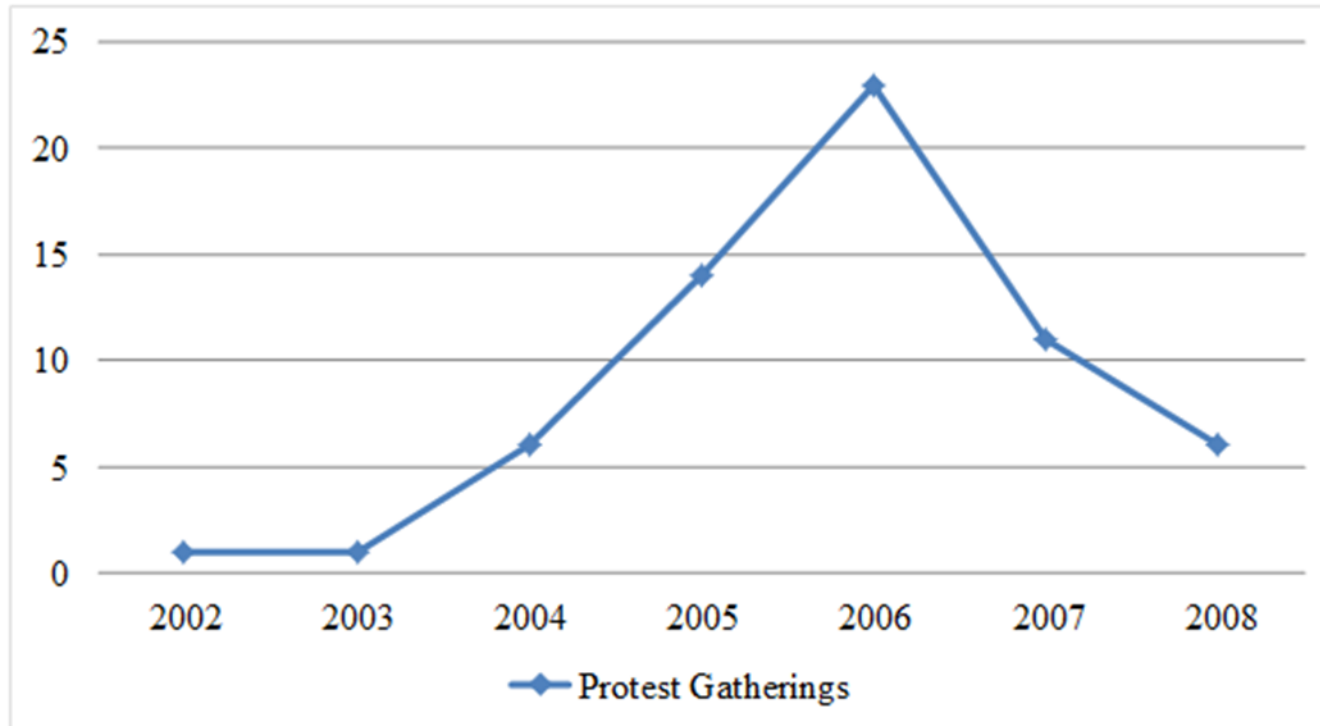


The 2000 election brought a devastating result—a single seat—for the Democratic Union.

Several demonstrations to protest against the MPRP government were organized by some leaders of the opposition parties during the early 2000s, but these efforts did not gain popular support.



Mongolia's civil society in the 2000s (1)



The intensification of political and social mobilization in the mid-2000s was preconditioned by political convulsions caused by rivalries among major political parties.

The increasing public discontent over ineffective political institutions and widespread allegations concerning corruption in state institutions were manifested by the emergence of various 'citizens' movements'.



Mongolia's civil society in the 2000s (3)

The wave of protests mobilized by these movements in both Ulaanbaatar and the rural areas changed the contours of prevalent forms and activities within Mongolian civil society.

During the two years between 2005 and 2007, the protest movements were able to achieve government compromises on a number of contested issues such as re-negotiating mining investment agreements and reforming pension systems.

Government and power holders came to accept the influence of the movements and often invited them into policy discussions, at least to show the public that they listened to the movements.



Mongolia's civil society in the 2000s (2)

Associations	Regions & countries				
	Western Europe	Central/ Eastern/Baltic	Southern Europe	CIS	Mongolia
Church & religious	27,9	20,5	21,5	12,4	4,7
Sport/recreational	27,9	9,1	6,4	3,4	3,9
Art & education	15,4	5,2	4,1	2,8	3,8
Trade union	17,0	5,9	6,6	8,9	10,9
Environmental	7,5	2,3	2,6	1,8	2,9
Professional	13,7	4,7	4,6	3,0	3,9
Humanitarian	19,1	4,5	4,1	2,2	5,6
Youth	5,1	3,4	3,0	2,8	5,0
Political party	4,0	3,1	9,0	4,9	24,0
N	5504	10805	8844	12711	1000

Note: Life in Transition Survey 2010.

Associational membership in the Western Europe, the post-socialist regions and Mongolia (% of "Yes")



Mongolia's civil society in the 2000s (4)

Significant political changes or shifts, which the movements demanded, did not occur. Having failed to achieve significant outcomes, the protest movements started to disintegrate, and some prominent leaders either established their own political parties or joined the existing parties to run in the 2008 parliamentary election. However, none of the leaders of the protest movements won a seat in the 2008 election.

But...

The 'demanding' aspect of civil society led the Mongolian government to take an apparently cooperative approach towards civil society organizations compared with its earlier position of indifference towards civil society (neither cooperative nor conflictive).

The platforms of almost every new government and also the president of Mongolia have stated their support for NGOs and pledged to promote a partnership between civil society and the government.



Mongolia's civil society in the 2000s (5)

Might	Region				
	Western Europe	Central/Eastern/Baltic	Southern Europe	CIS	Mongolia
participate in a lawful demonstration	36,6%	36,7%	32,9%	16,8%	30,5
participate in a strike	37,2%	37,6%	34,2%	13,8%	27,1
sign petitions	33,8%	40,7%	38,5%	19,9%	30,1

Source: Life in Transition Survey 2010

Might you participate demonstrations, strikes and signing petitions? (% of "Yes")



Conclusion

The first and second decades of the post-socialist transition present two significantly different patterns of civil society.

While the first decade is characterized by demobilisation and NGO-zation, much of the second decade is characterized by the spread of social mobilization and the diversification of social activism.

In addition to the civic space being occupied by political parties in Mongolia, civil society organizations there operate in a resource-constrained environment.

The forms, activities and values of civil society organizations have been much affected by the availability and access to resources. A lack of civic engagement, for example, led many 'citizens' movements' to prefer symbolic politics rather than seeking mobilizations of a large number of people.



Theoretical and empirical implications (1)

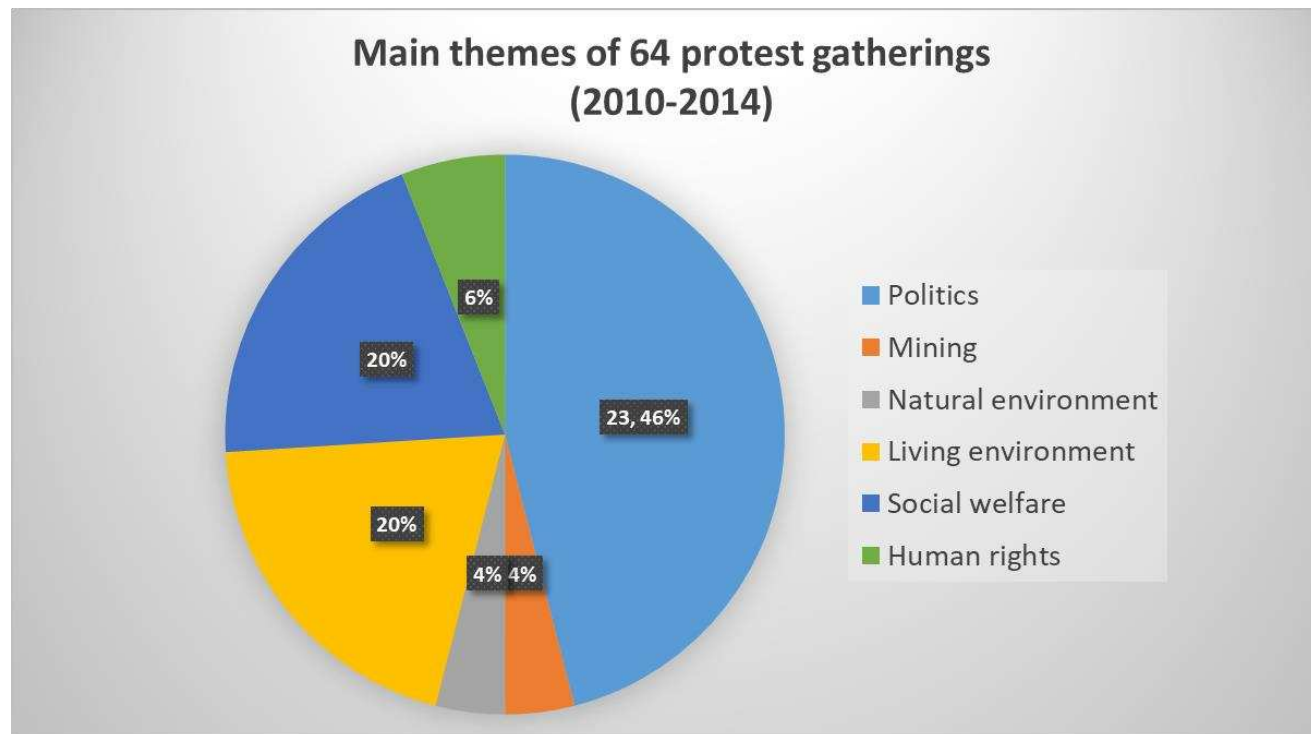
Political party in the civil society space

ABS Surveys	Year	Self-reported affiliation with political party
Wave 1	2002	56.8%
Wave 2	2006	24.2%
Wave 3	2010	19.9%
Wave 4	2014	13.8%



Theoretical and empirical implications (2)

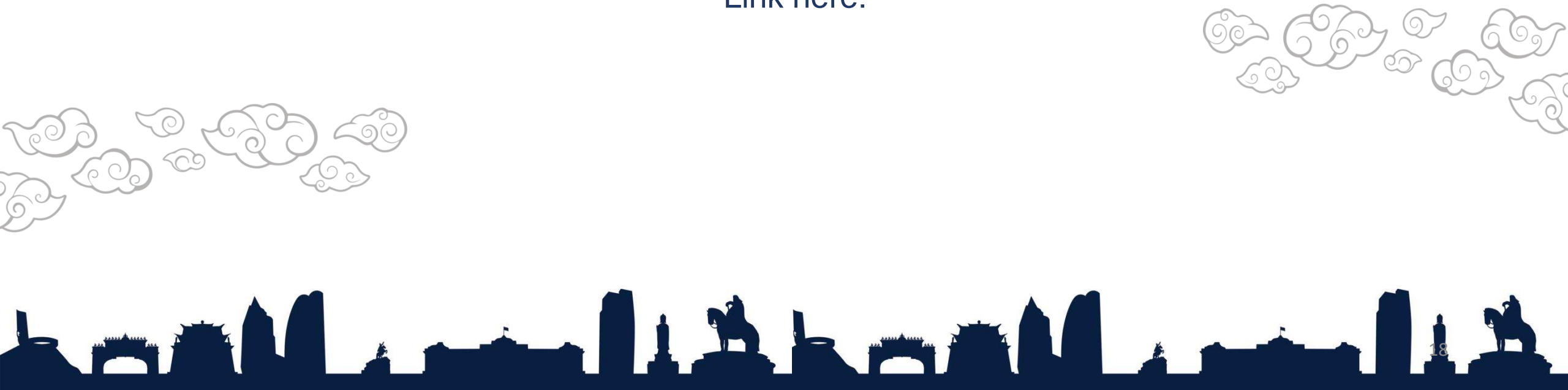
Fluidity of civil society in the networked world



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Title

**Insurgency- its genesis in the failure of
democratic governance: *A study of individual
motivation to join armed groups in Northeast
India***



Introduction to the Topic

Research Question

Key research questions and subsidiary research questions which have been probed in the course of my research are:

What inspires or compels one to be a part of the process of insurgency?

Which sectors of society are more likely to join an underground rebel group? What drives their interest?
What could be the particular ground condition(s) that stimulate such association?



Methodology

A mixed method approach, combining primarily case studies, qualitative interviews, observations, documentary research and the relevant quantitative analysis has been adopted for the research work.

The cases studied include the following select groups of insurgents in Assam

- United Liberation Front of Assam ULFA,
- National Democratic Front of Bodoland NDFB,
- All Adivasi National Liberation Army AANLA,
- Dima Halim Daogah DHD and
- Karbi Longri NC Hills Liberation Front KLNLF



Preliminary hypotheses

Hypothesis 1 Failure of Democratic Process

In situations where people lose its confidence in the democratic process and Institutions of the State for the safeguard of their insecurities and wellbeing, convincing rebel groups has an easy mass appeal.

Hypothesis 2 Personal insecurity and contest for resources

In poor economic circumstance, societies divided along multiple clusters of identity —by class, ethnicity and language, may be mobilized to act against one another as they do not have much to lose than in periods of prosperity and hope.

Hypothesis 3 Reverse impact of counter insurgency policies

Increasing military presence as a State's counterinsurgency policy takes away the opportunities for negotiation, instigating further violence



The puzzle

Each of the hypothetical explanation establishes a strong relation to the failure of democratic interventions or governance in some way or the other as a reason and the triggering moments of decision to join an insurgent group.

But the contrarian question would be: why many of these cited factors lead to insurgency in Assam or possibly in other parts of Northeast too but may not always be the case in other regions.



The Findings and Analysis

The principal goal of this study was to understand this puzzle and understand the specificities of local which related to and impacts upon the broad conditions of experienced or perceived distress, generating a process of insurgent politics as a chosen outlet for alleviation.

The individual specific stories of final point of decision and their final point of entry to an armed group gives us an insight how mere generic factors of grievances are not enough to facilitate the process of joining an insurgent group or the very sustenance of insurgency.

This can perhaps be represented in the following formulation:

Existing generic conditions as a base + individual experiences, aspirations and reactions to these generic factors + favourable and instigating factors = joining a group

The decisive result to that of joining a group depends on the direction of the reaction between the second (individual experiences, aspirations and reactions to these generic factors) and the third (favourable and instigating factors) state while the first (Existing generic conditions as a base) state plays the role of a necessary base or a foundation.



Hypothesis1 Failure of Democratic Process

“We didn’t join the armed movement on our own. We were forced to. Both Assam Government and the Indian Government gave no importance to democratic movement. When there are democratic movements and bandhs for the fulfillment of some demands, the government gives no importance, so we thought why Rail Blockade??.....lets blast the rail line itself. Everyone aspiring for arms cannot be a good sign. But we were forced to”.



- Lack of opportunity for successful negotiation through democratic means
- Abrupt ban on democratic initiatives as a reason to look for alternative
- Ceasefire and negotiations with insurgent groups
- Perception of opportunistic and weak incapable political leadership and unresolved Issues



Noise of arms travels faster

“It is natural to be angry when one is deprived of one’s rightful dues. So we are forced to think of alternative ways for solution of our problems....by being violent. This noise is immediately heard by those concerned. When we kidnap Hindi speaking people the sound goes in ones record; noise of arms travels faster. Democratic appeals are not heard by Delhi.”

Constitutional failure

“We started with the armed movement to get what we deserve constitutionally.”



Hypothesis 2 Personal insecurity and contest for resources

Poverty Inspires! Poverty relates!

'Had there been no poverty, want, (abhav) we would have never taken up the gun.'

- **Failure of governance to protect resources**
- **Corruption**
- **Social security dilemma**
- **Insecurity of the Other**
- **Ethnicity, discrimination and grievances**
- **Sense of Negligence and Geographical distance**

Hypothesis 3 Reverse impact of counter insurgency policies



Conclusion


- Failure of the State in its deliverance is often mobilized to play a crucial trigger button of frustration and anger among the people leading to a softer attitude and support base for the insurgent groups promising a change.
- joining an insurgent group for some people is like an outlet to their grievances and the sense of being wronged, and thus a convincing motivation to bring about a change in the existing system.
- The seeds of insurgency and the roots that pave its blooming potential are and has to be always supported by local conditions.
- The very emergent of insurgents in the society can be understood as a critique of the working of democracy in practice in a very blatant and straightforward way. Insurgency marks a question on the mere symbolism of the democratic and constitutional rights of the people



- Personal dejections are often transferred to the community backwardness, which in most cases is a reality of systematic negligence of the community by those in governance
- Many admitted a feeling of a necessary compulsion to take up arms pushed by the Governments suppression and negligence.
- Successful democratic movements boost confidence in ones capacity to bring in change without the need to look for armed alternative. Their struggle appears to be a lot for the recognition/dignity and safeguard of one's individual worth and that of the community identity. It is very much the responsibility of the State and its institutions to build in a self sufficient and a confident society with a sense of security of one's welfare.

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Banasmita Bora


University of Delhi, India

banasmita@gmail.com



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INTERNATIONAL CONFERENCE ON DEMOCRACY IN THE 21ST CENTURY: CHALLENGES AND WAYS FORWARD

09-10 JULY 2018 ULAANBAATAR MONGOLIA





**INTERNATIONAL CONFERENCE ON DEMOCRACY IN THE 21ST
CENTURY: CHALLENGES AND WAYS FORWARD**
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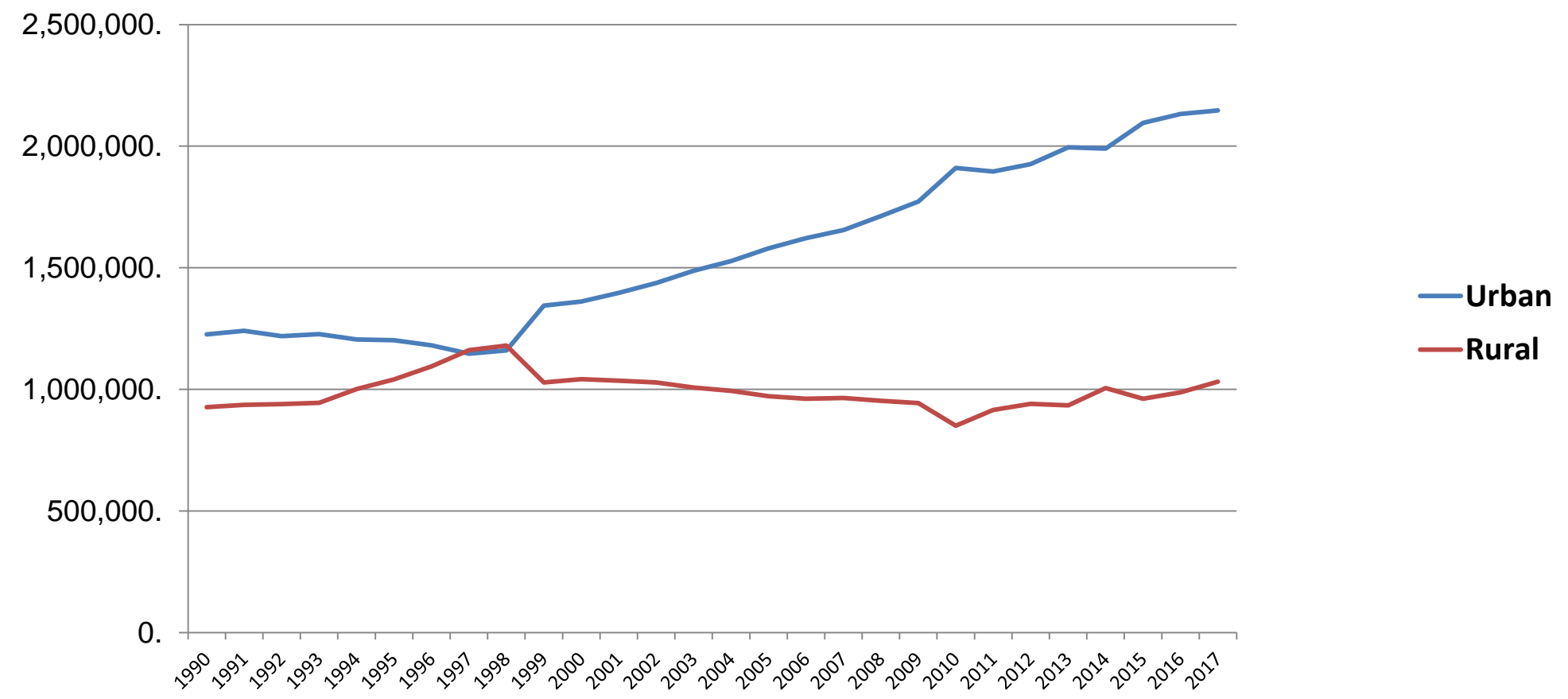


THE PERCEPTION OF MONGOLIANS ABOUT DEMOCRACY

GANBAT DAMBA / PhD Academy of Political
Education /

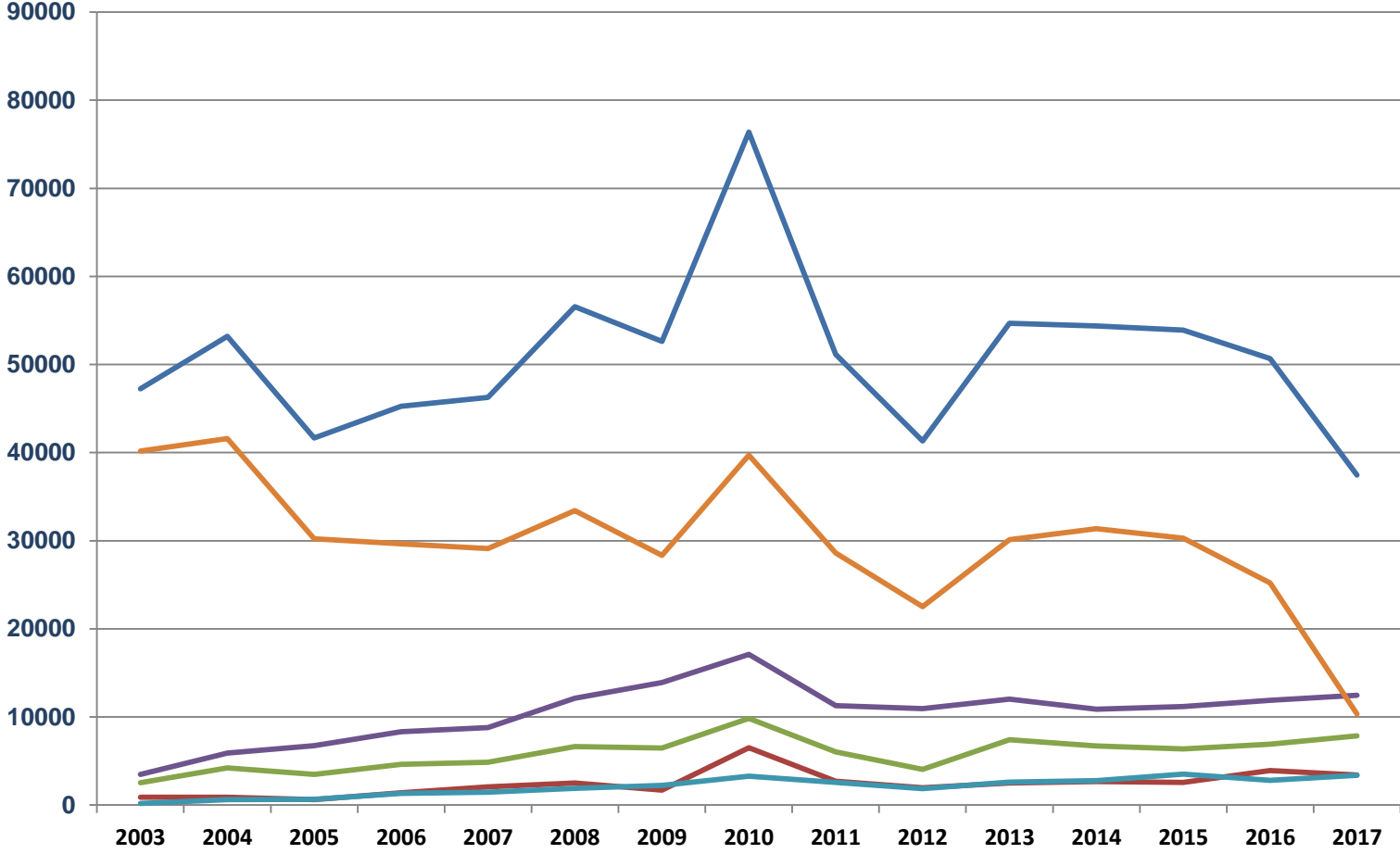


Urban Rural Inhabitants





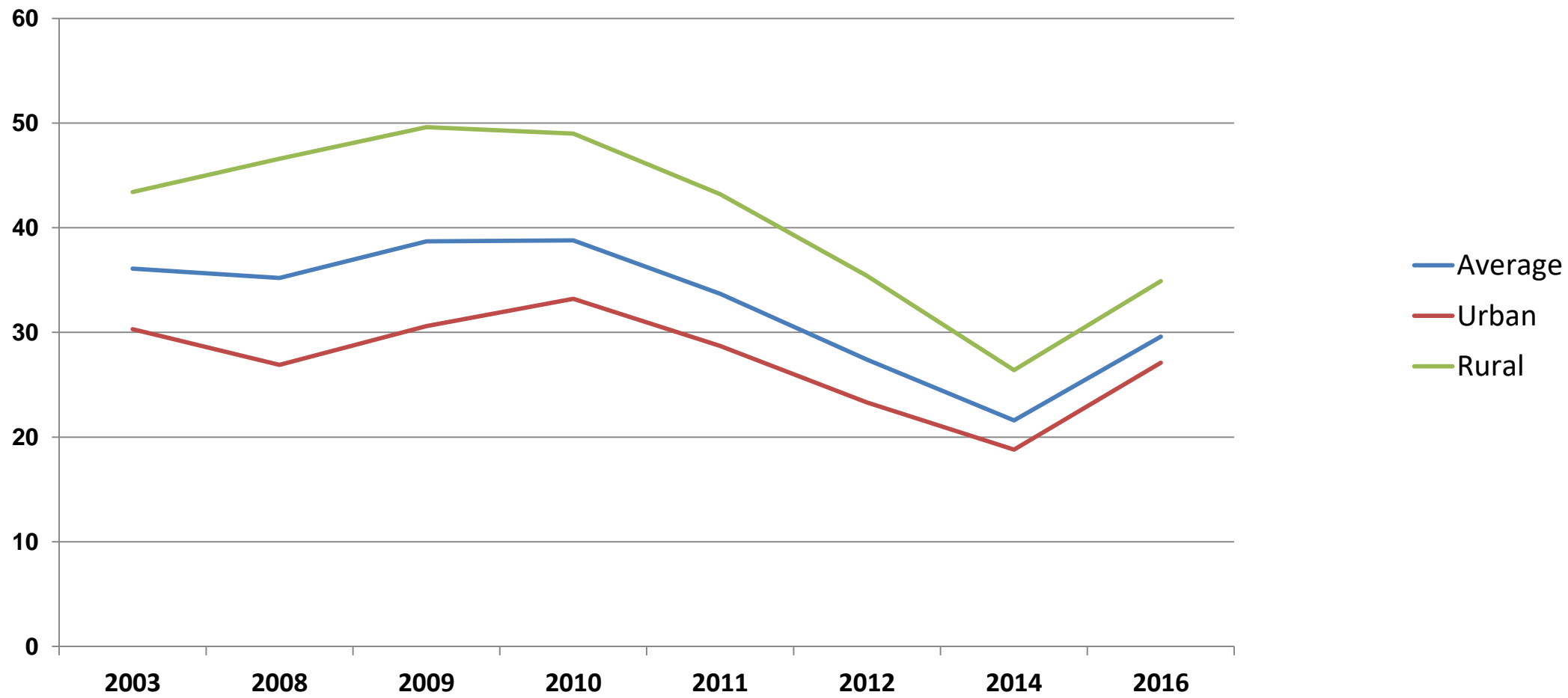
Migration to



- Sum
- West
- Khangai
- Central
- East
- UB city

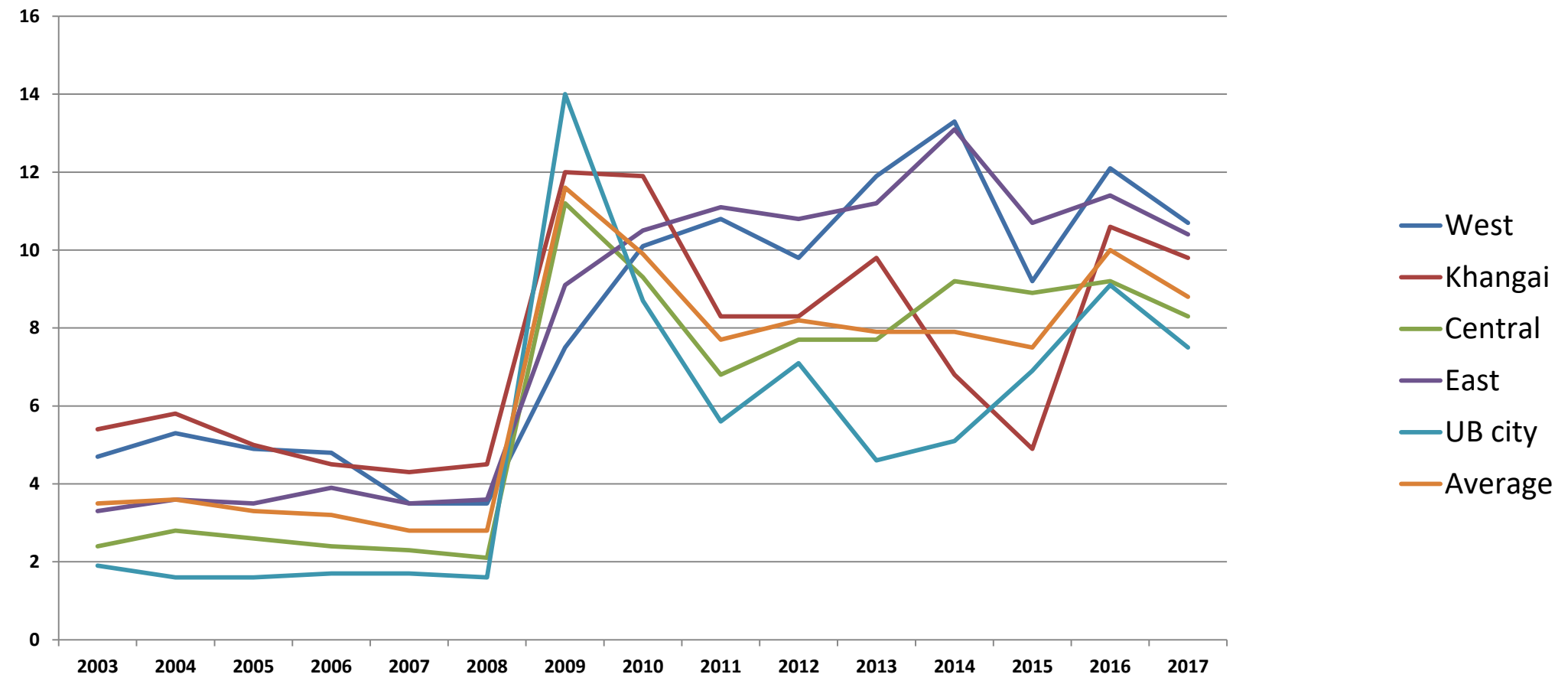


Poverty Level (%)



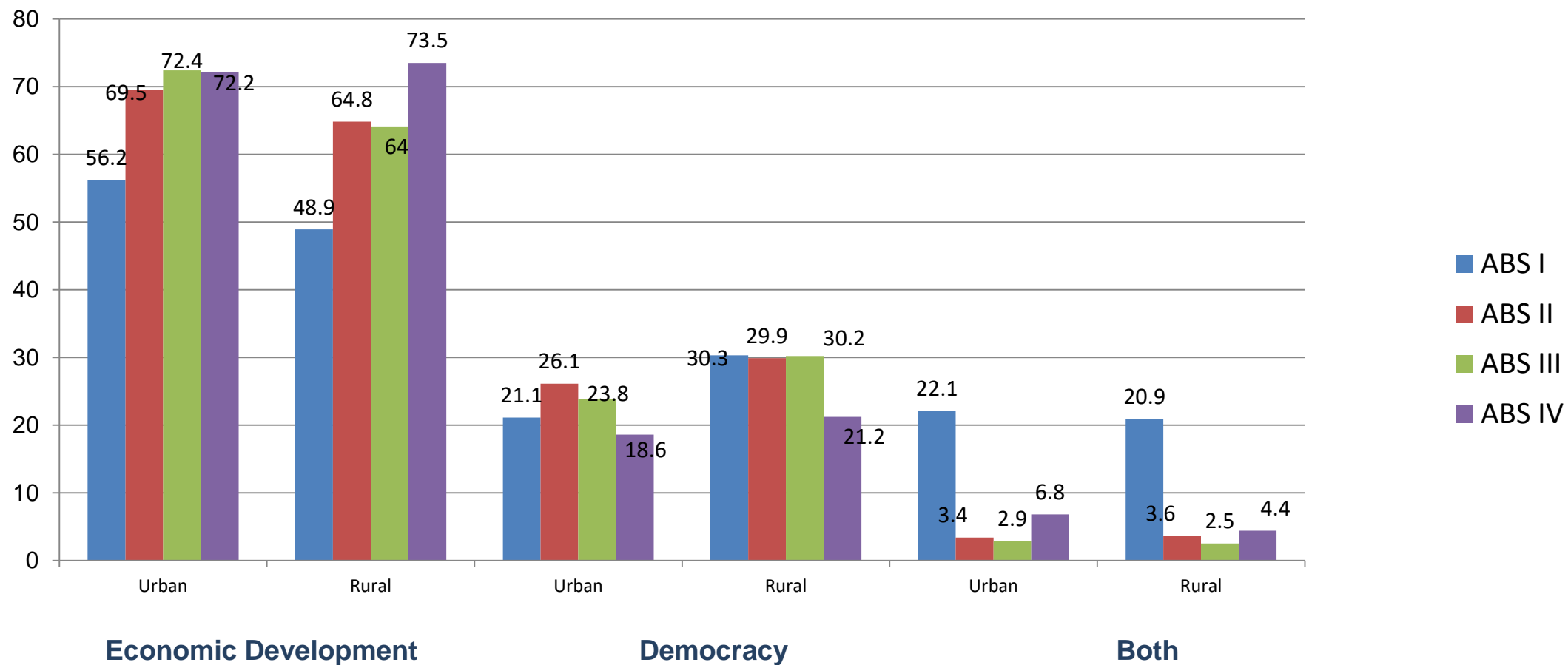


Unemployment Rate (%)



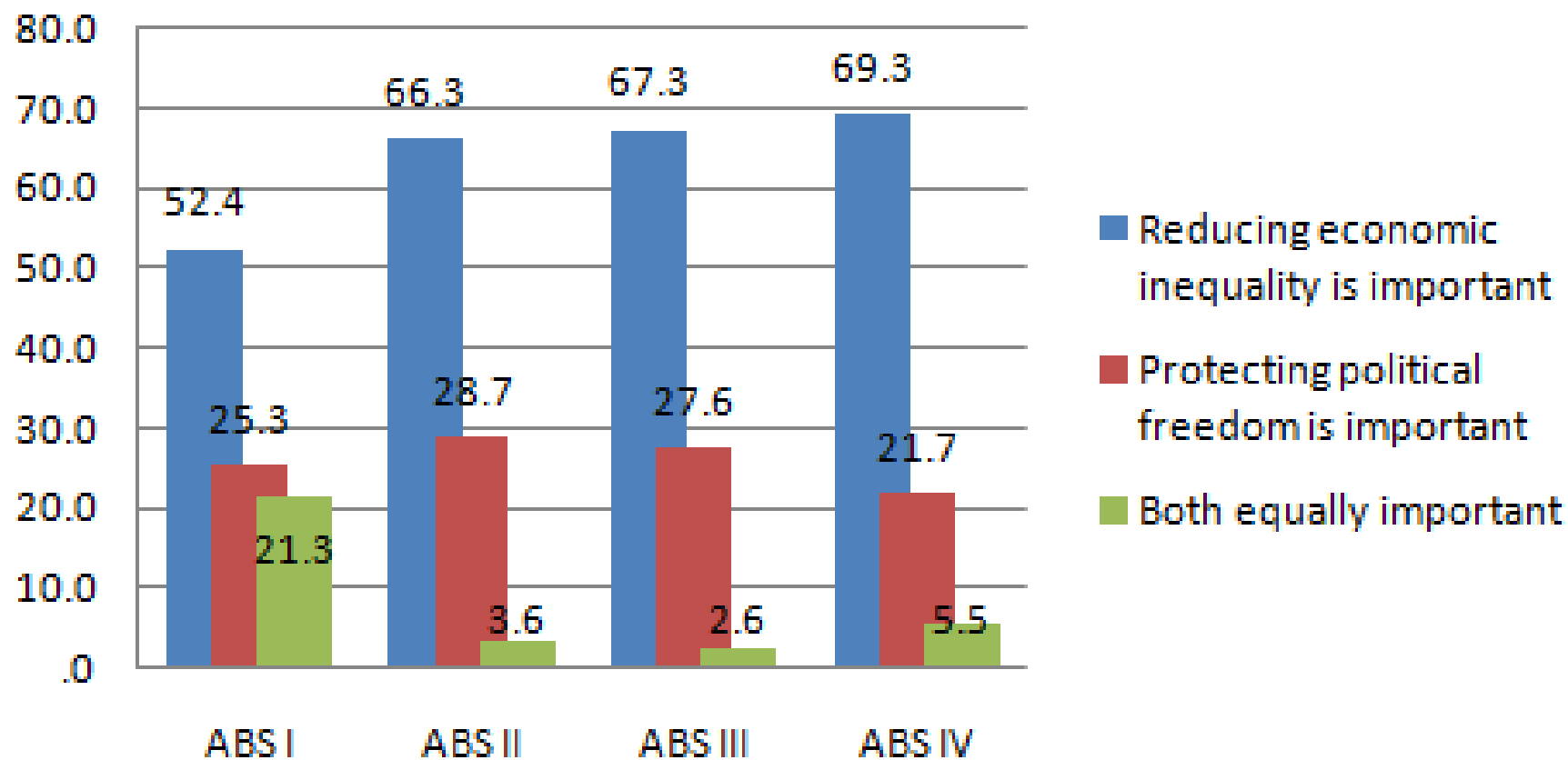


Economic Development vs Democracy



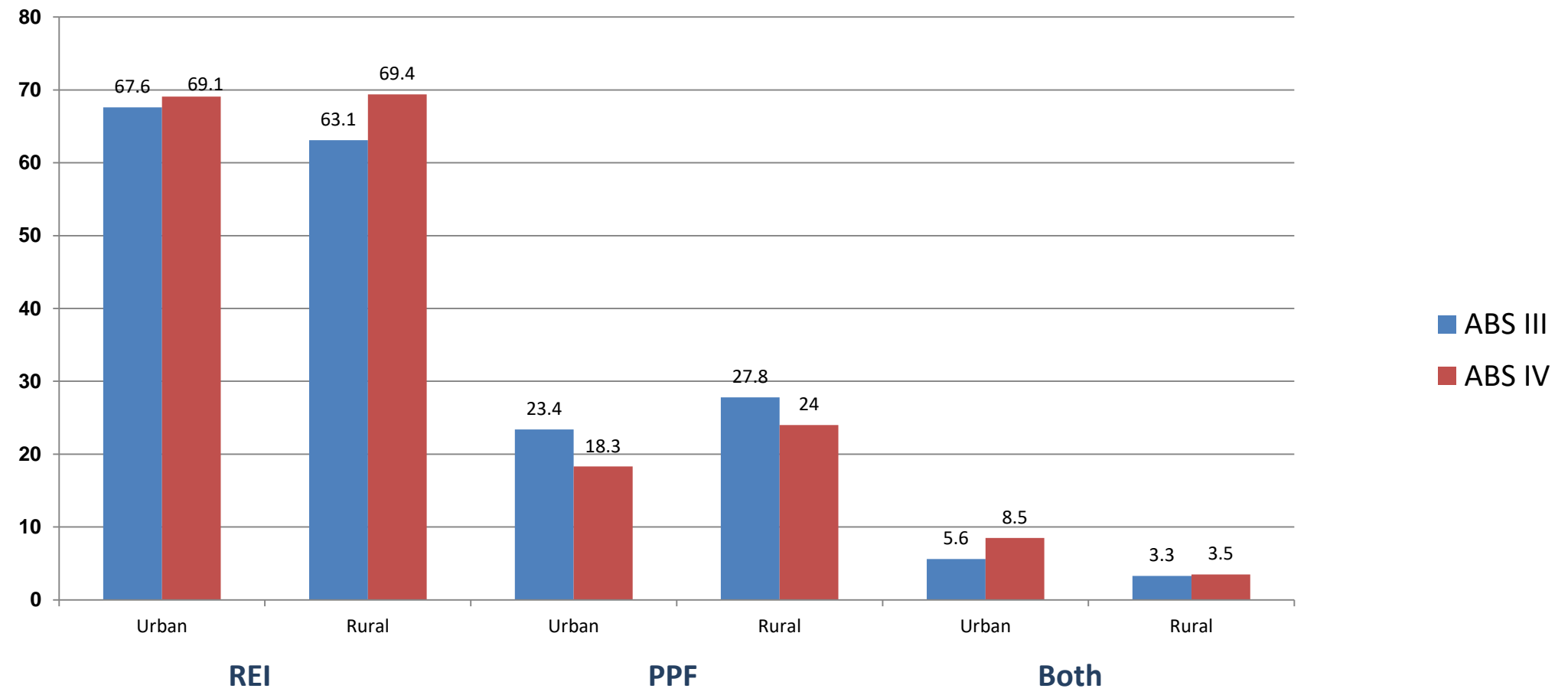


Reducing economic inequality or protecting political freedom



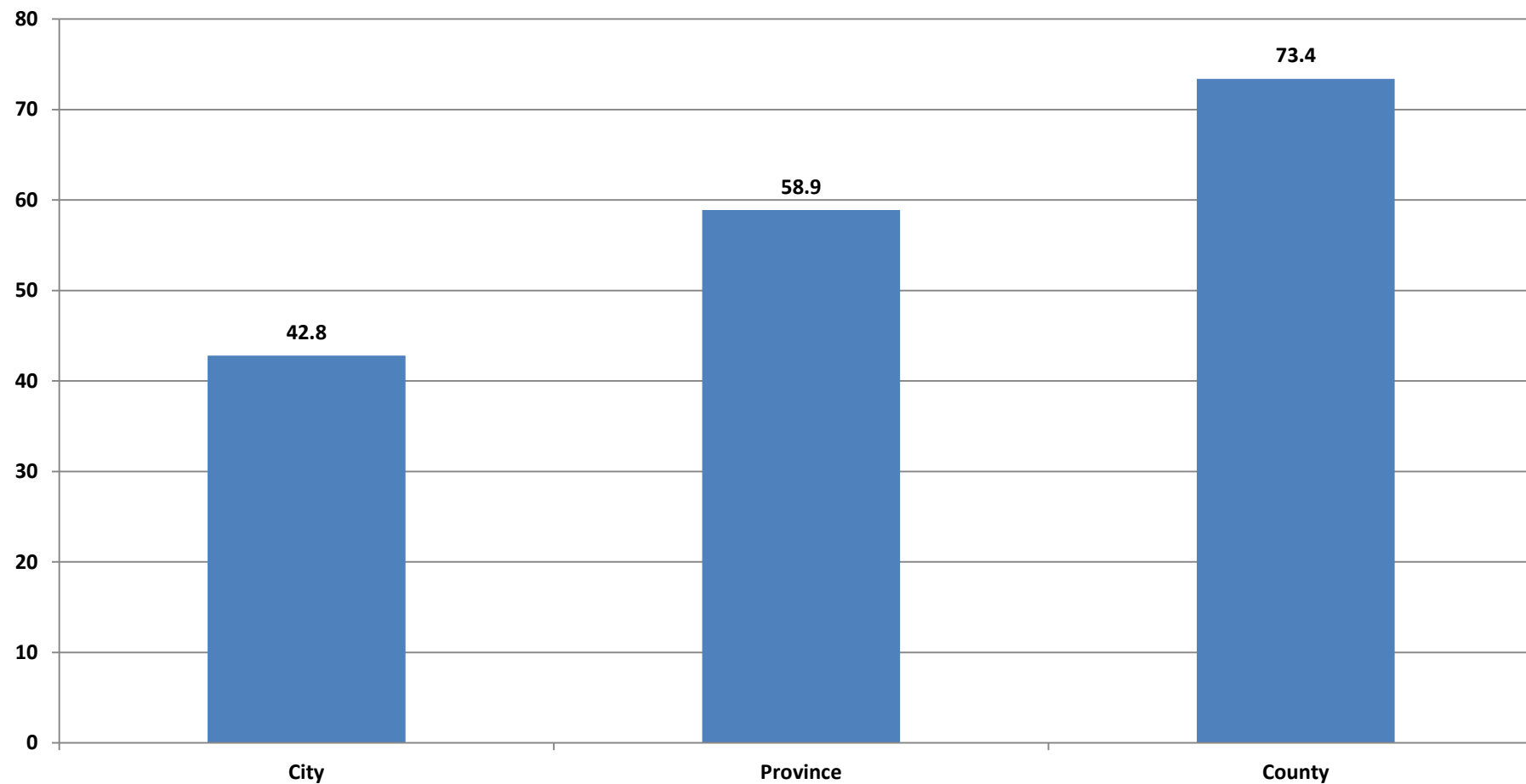


Reducing Economic Inequality vs Protecting Political Freedom



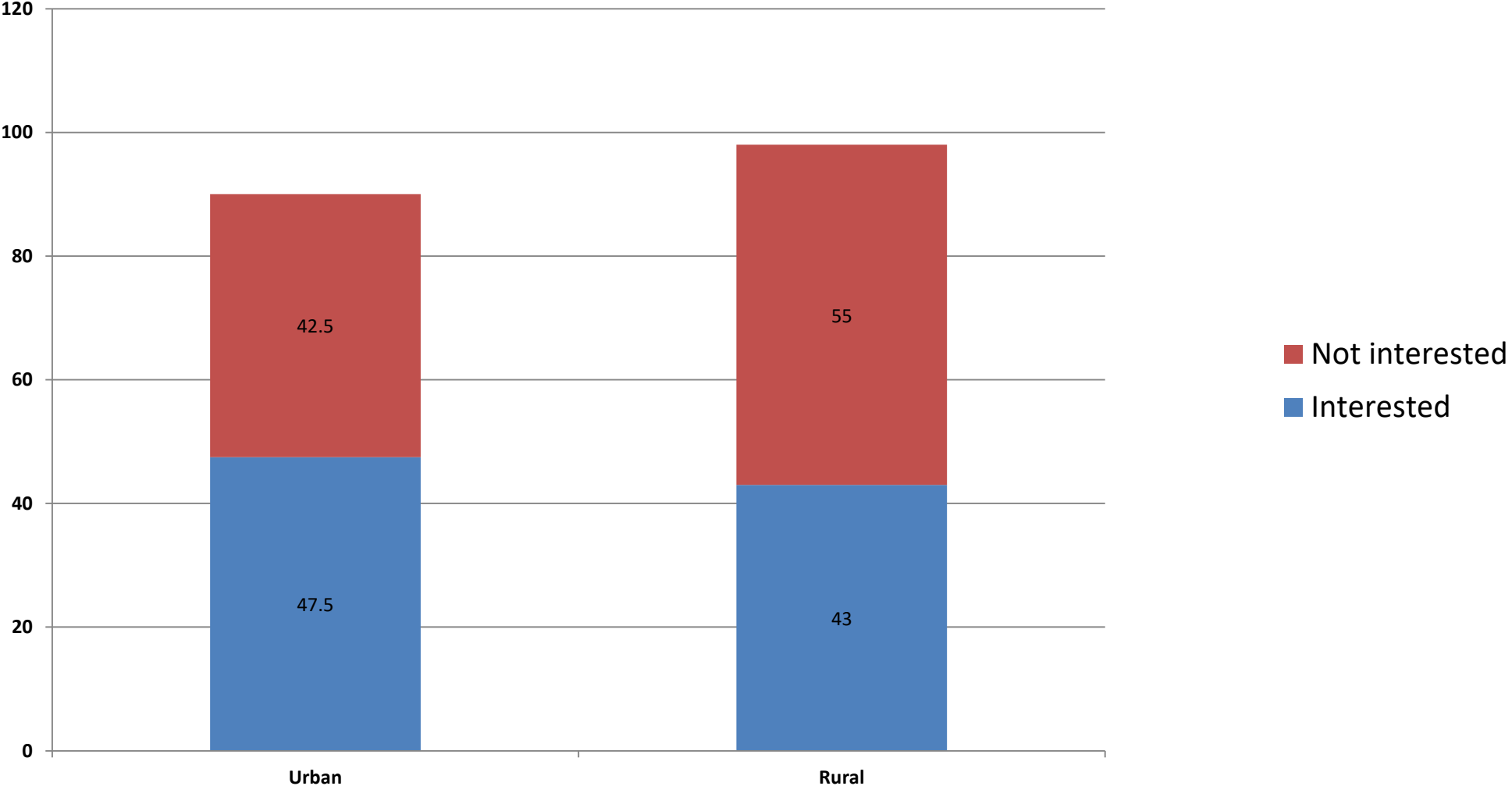


Attended campaigning meeting/rally



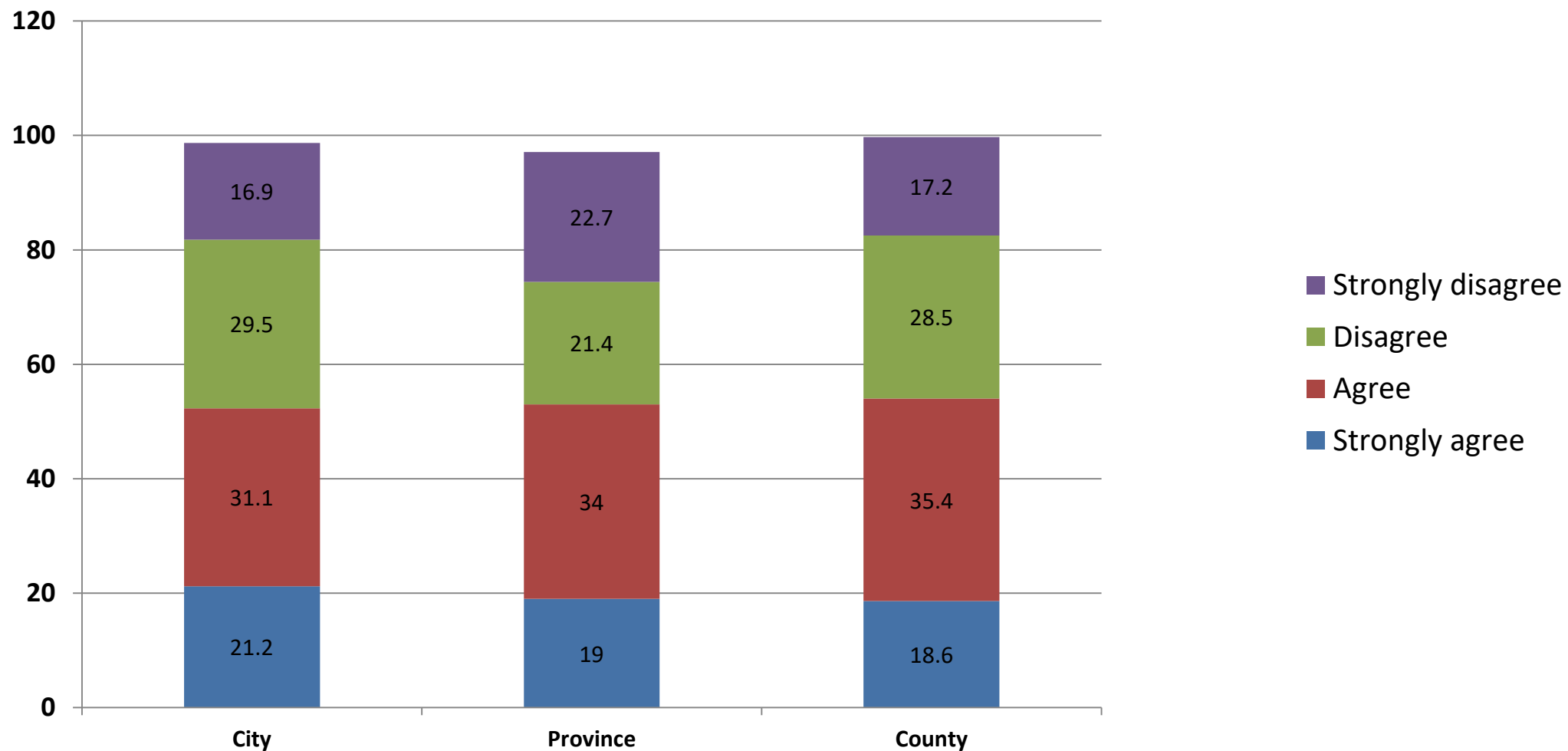


Interest in Politics



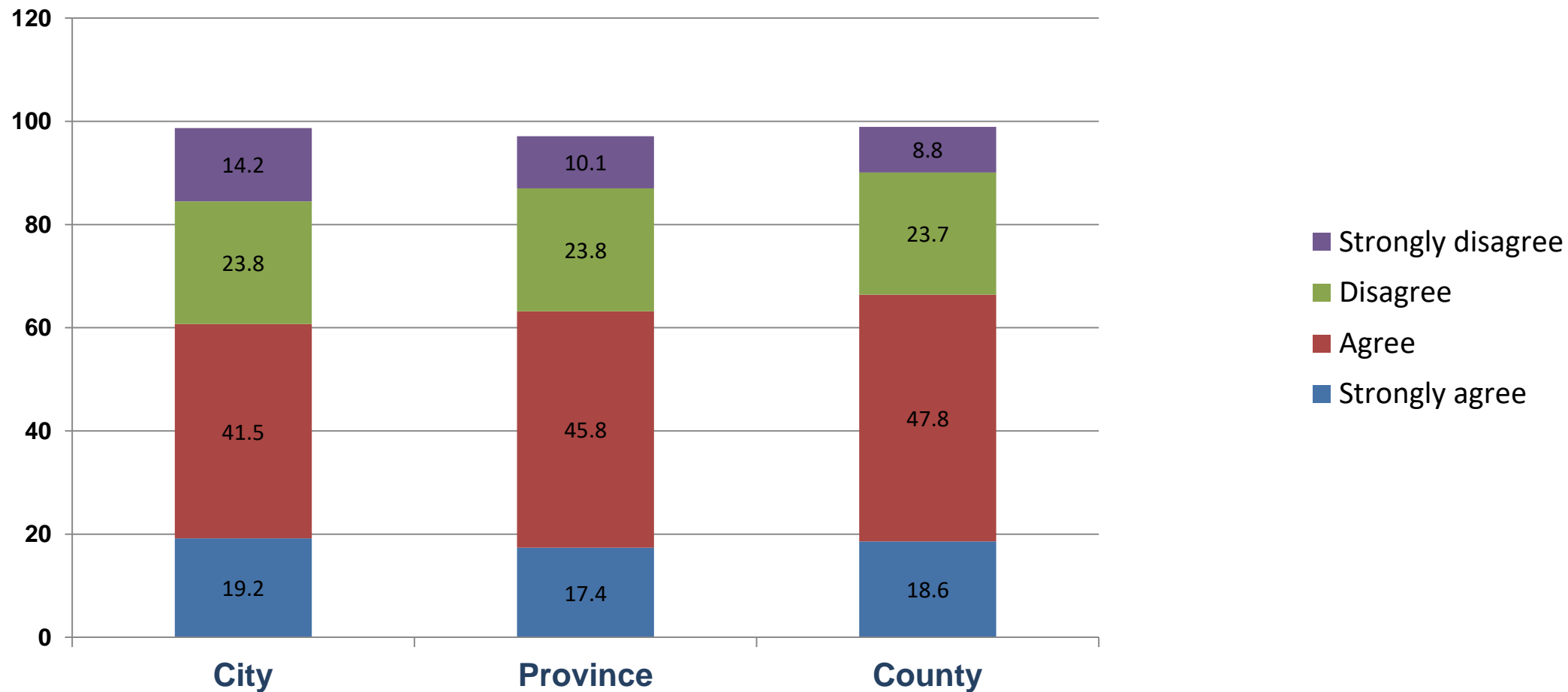


I Have the Ability to Participate in Politics



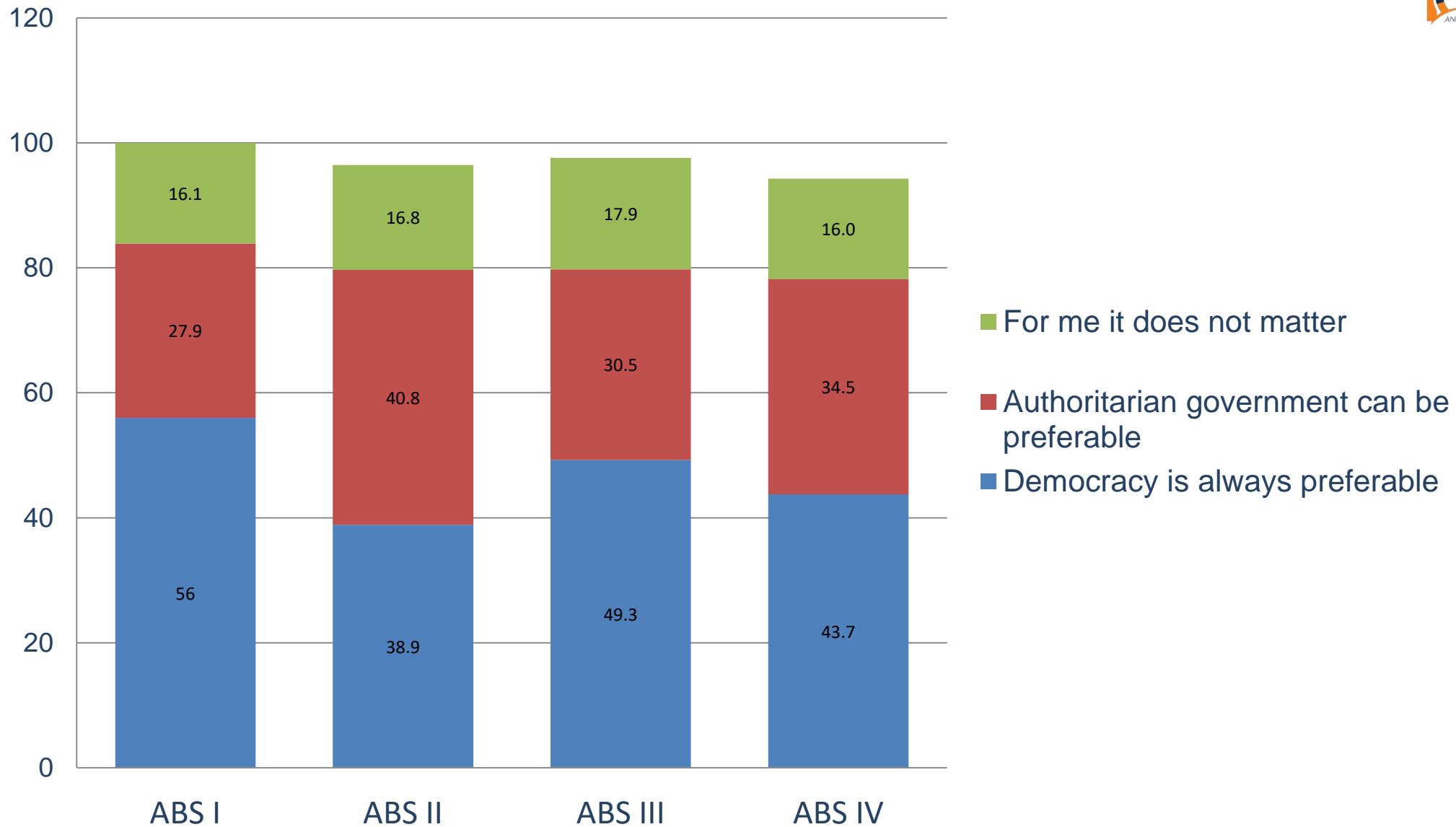


I can't really understand the politics



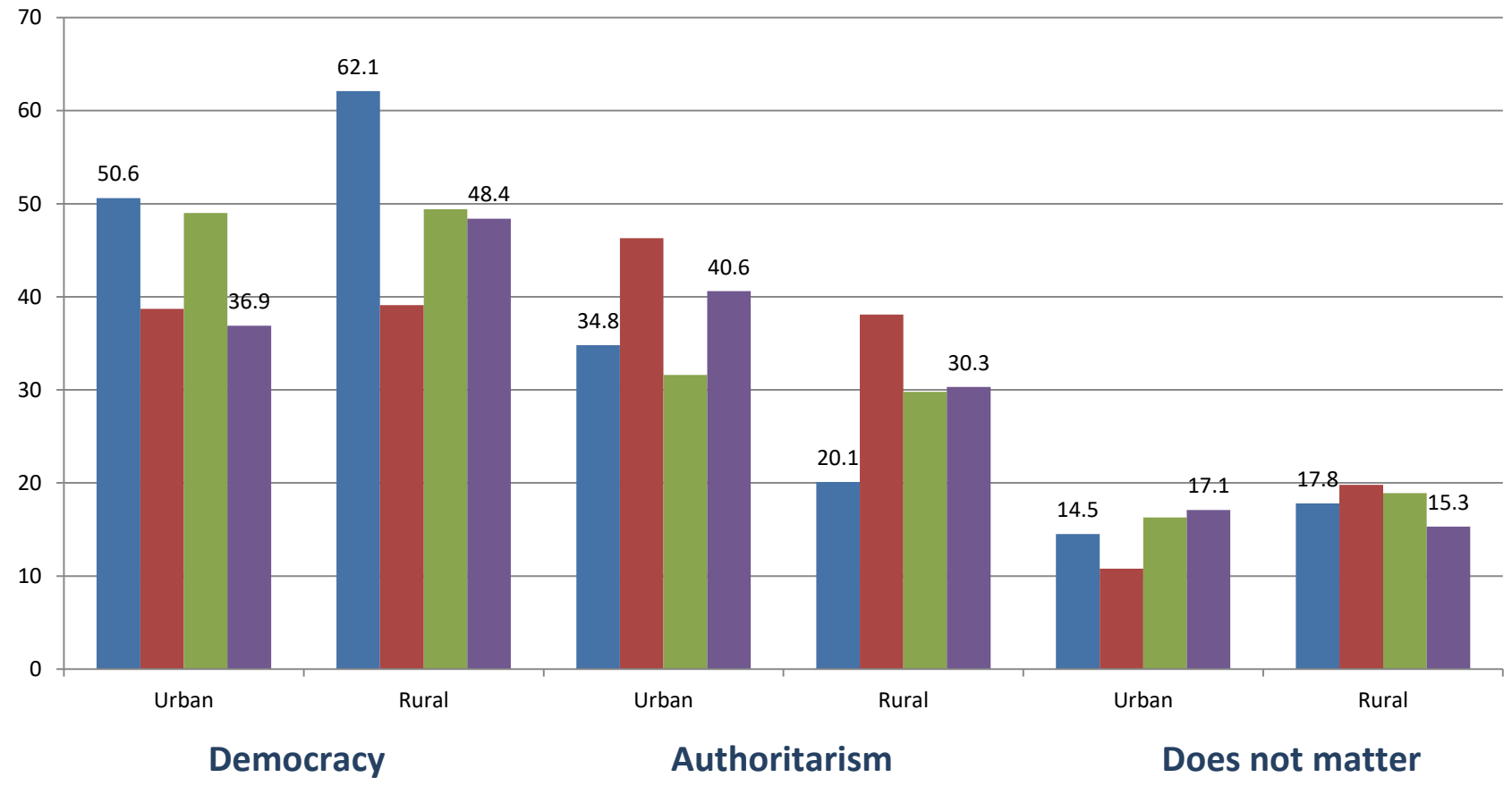


Democracy vs Authoritarianism





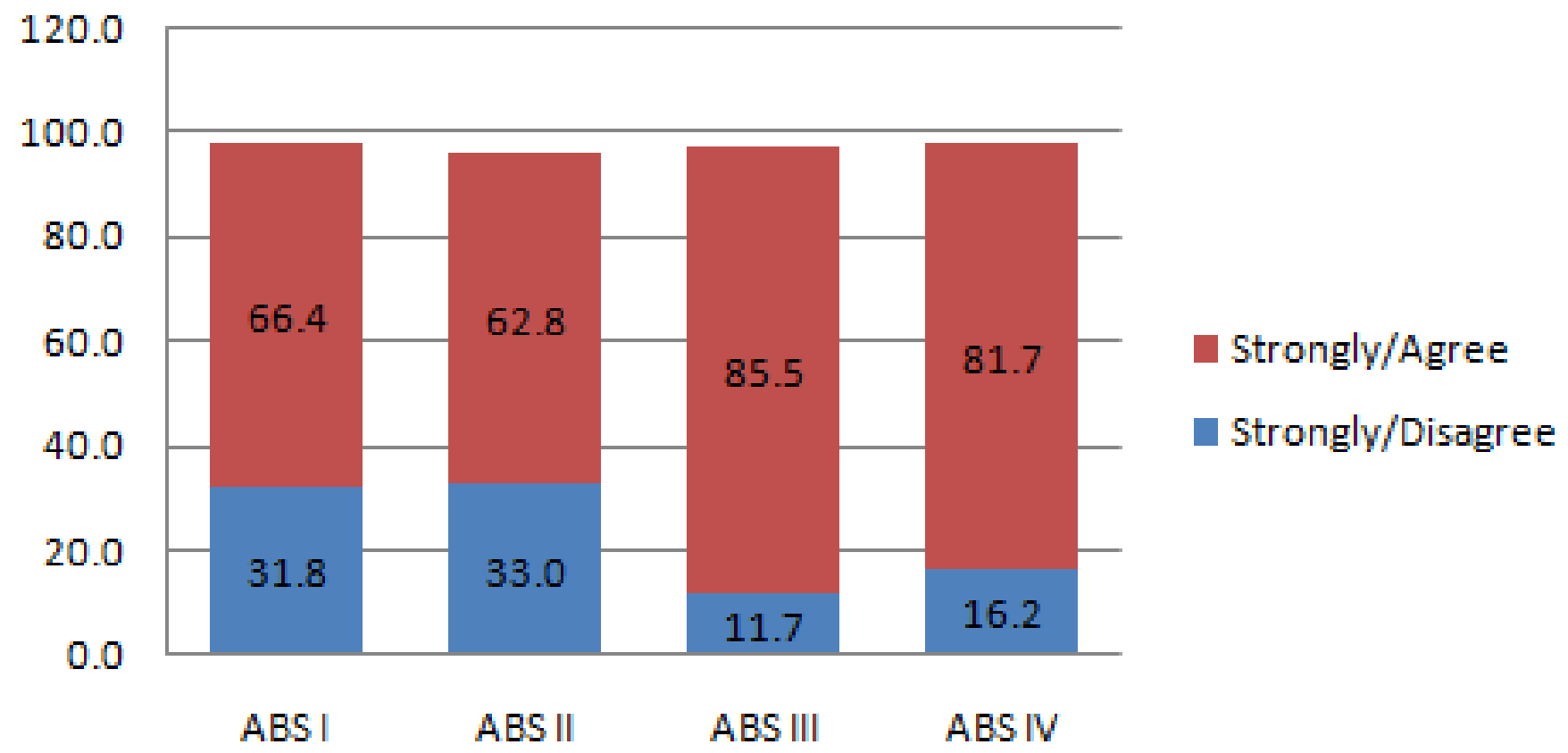
Democracy vs Authoritarianism



■ ABS IV

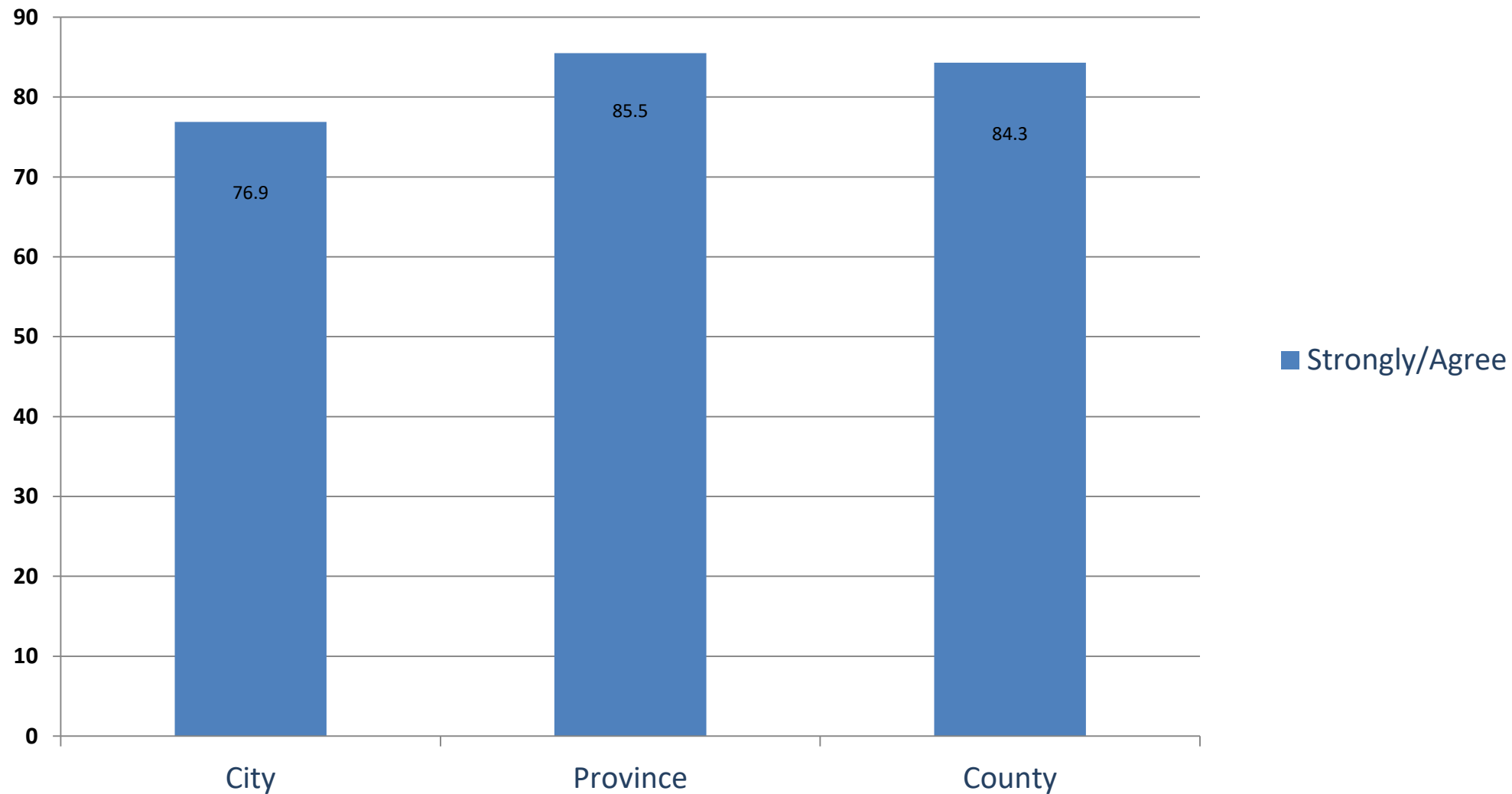


Democracy may have its problems, but it is still the best form of government.



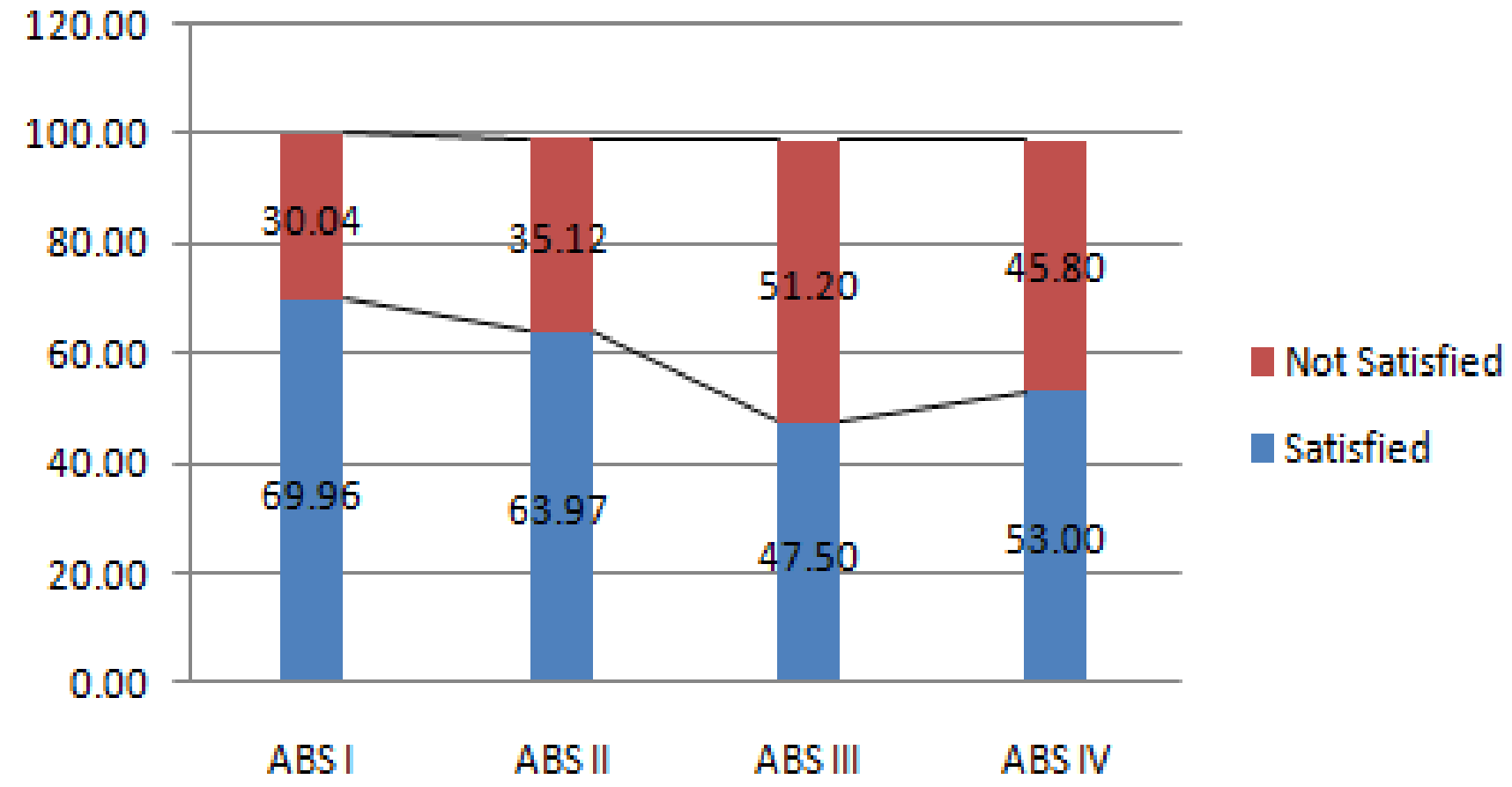


Democracy is the Best Form of Government



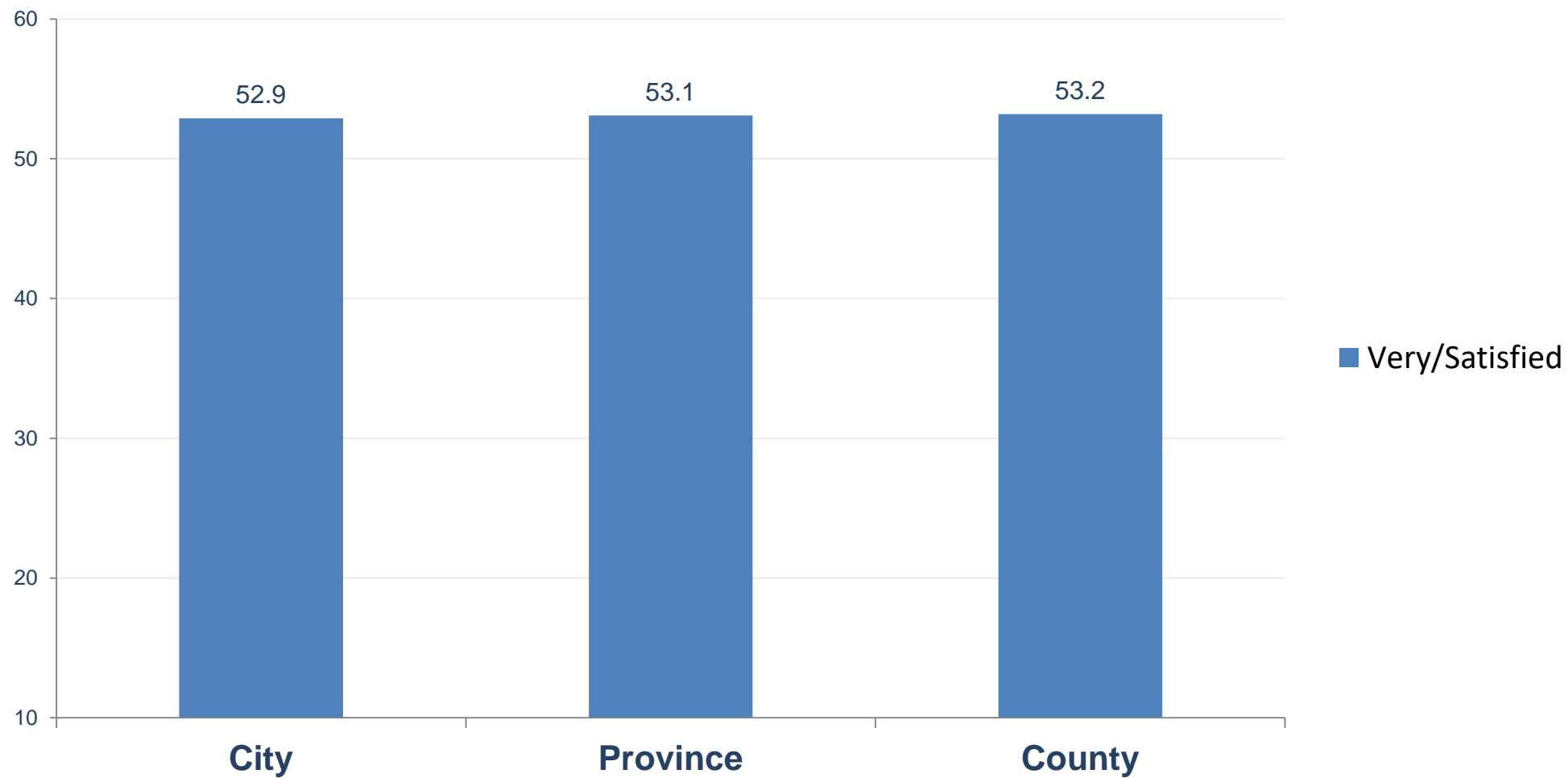


How do you satisfied with the way democracy works in Mongolia?





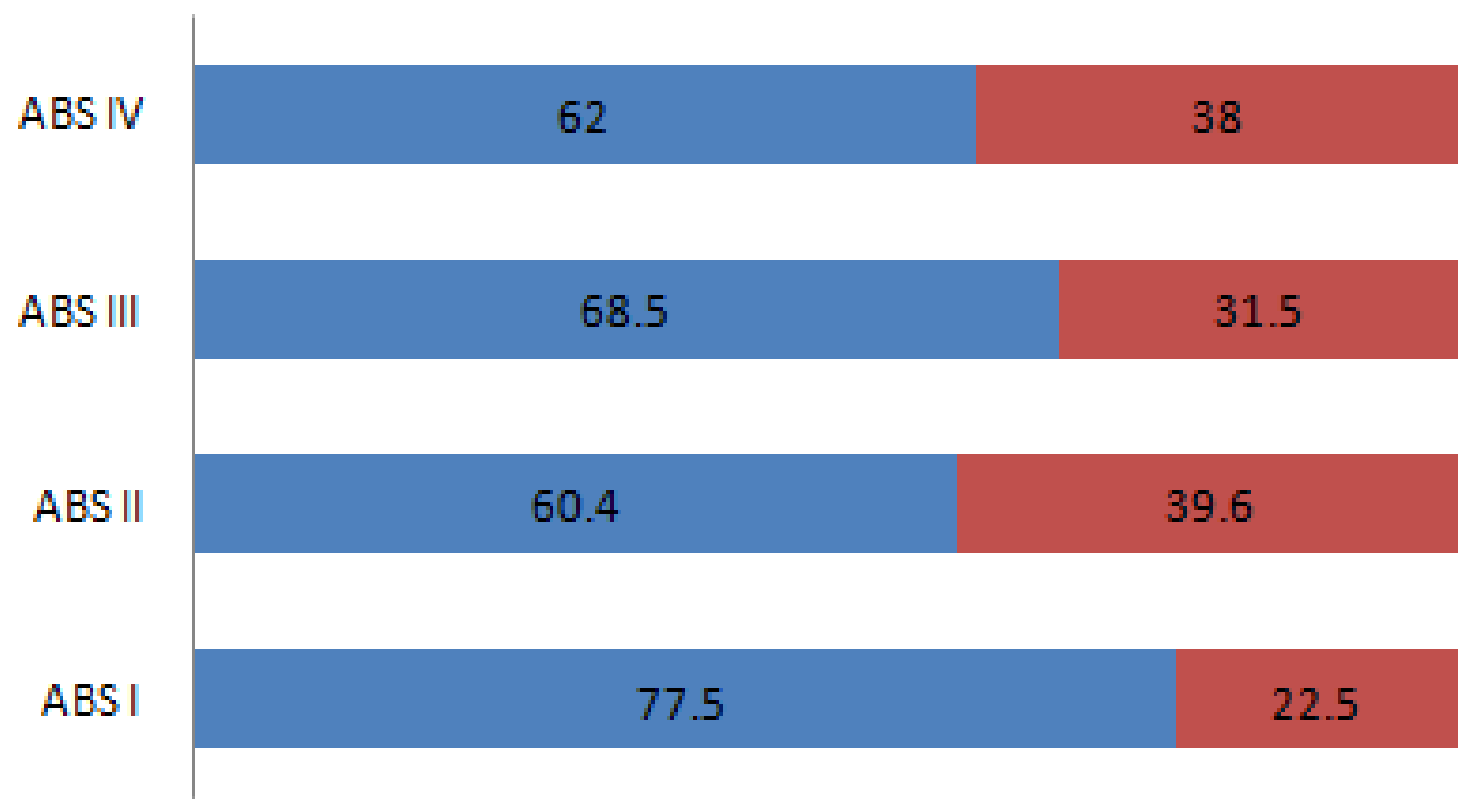
Satisfaction with the Way Democracy Works





Democracy is capable of solving the problems of our society

■ Yes, capable ■ No, cannot






(Percent of respondents)	ABS I	ABS II	ABS III	ABS IV
Desirable for our country now	91.6	94.4	92.8	94.5
Suitable for our country now	86.3	84.4	84.1	84.3
Effective in solving problems	78.4	77.0	74.6	63.0
Preferable to all other kind of government	57.1	39.7	48.4	43.7
Prior to Economic Development	48.6	28.0	28.2	25.6
Mean number of items	3.6	3.2	2.4	2.2

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9-10 JULY 2018 ULAANBAATAR MONGOLIA





DEMOCRACY DEVELOPMENT IN MONGOLIA: CHALLENGES AND OPPORTUNITIES

PRESENTER

DR. KHATANBOLD OIDOV

***SCIENTIFIC SECRETARY/SENIOR ACADEMIC RESEARCHER
INSTITUTE OF PHILOSOPHY,
MONGOLIAN ACADEMY OF SCIENCES***



**I. THE CHARACTERISTICS OF
MONGOLIAN DEMOCRACY
DEVELOPMENT AND CURRENT
APPROACHES**

**Basic traditional factors reflecting to
Mongolia's Specificities**

**Transitional factors reflecting to
Mongolia's specificities**

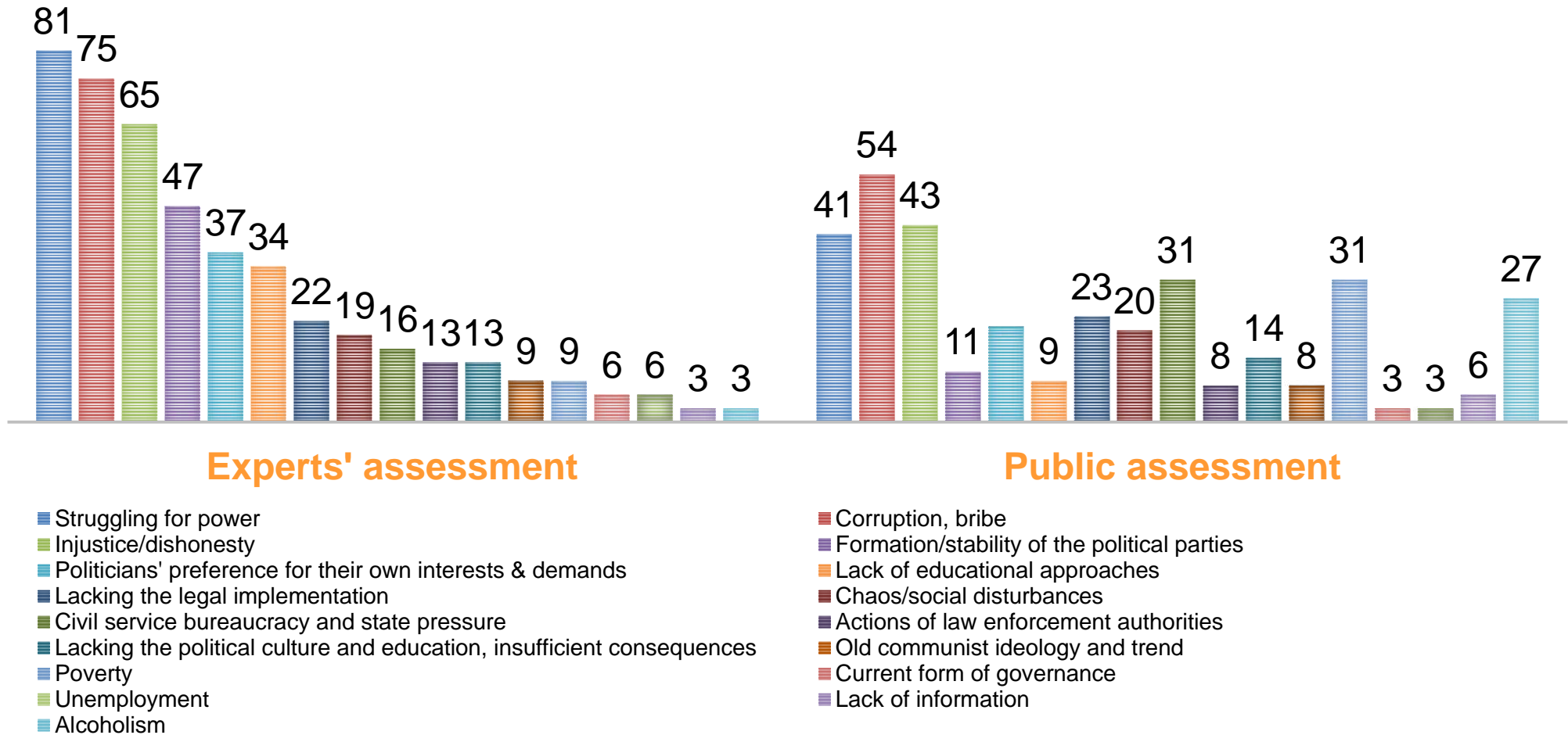


**I. THE CHARACTERISTICS OF MONGOLIAN
DEMOCRACY DEVELOPMENT AND
CURRENT APPROACHES**

Experts' assessment of how Mongolia's democracy evolves during the periodic paths for development of the country					
Year	Growth in rapidly	Growth in generally	It's stagnant situation	Partly regressed	Generally regressed
1990-1992	56.3%	34.4%	3.1%	3.1%	3.1%
1992-1996	18.8%	46.9%	12.5%	18.8%	3.1%
1996-2000	6.3%	50.0%	28.1%	9.4%	6.3%
2000-2004	3.1%	31.3%	28.1%	25.0%	12.5%
2004-2008	0.0%	43.8%	18.8%	18.8%	18.8%
2008-2012	6.3%	40.6%	6.3%	18.8%	28.1%
2012- present	0.0%	21.9%	6.3%	21.9%	46.9%

Source: *Khatanbold O., Assessment of Mongolian Democracy. Experts' evaluation results. March-April, 2016*

II. RELATIONSHIP TO THE DEMOCRACY DEVELOPMENT PERCEPTION OF MONGOLIANS



Source: Khatanbold O., Assessment of Mongolian Democracy. Experts' evaluation results. March-April, 2016



**III. CHALLENGES TO OPPORTUNITIES IN
THE IMPACT OF DEMOCRACY IN
MONGOLIA**

Factors of impeding the development of democracy in Mongolia

No	Responds of the Evaluation	Percentage of case
1	Struggling for power	81.3
2	Corruption and bribe	75.0
3	Injustice/dishonesty	65.6
4	The formation/stability of political parties	46.9
5	Politicians prefer personal interests	37.5
6	Lack of educational approaches	34.4
7	Lack of legal implementation	21.9
8	Chaos/social disturbances	18.8
9	Civil service bureaucracy and state pressure	15.6
10	Actions of Law enforcement authorities	12.5
11	Lacking the political culture and education, insufficient consequences	12.5
12	Old communist ideology and trend	9.4
13	Poverty	9.4
14	Current form of governance	6.3
15	Unemployment	6.3
16	Lack of information	3.1
17	Alcoholism	3.1

Source: *Khatanbold O., Assessment of Mongolian Democracy. Experts' evaluation results. March-April, 2016*



**IV. CONCLUSIONS &
RECOMMENDATION**

Meaning of constraints	Average rate
Pre-modern Historical Thoughts of the Democracy Theory	69.5
Thinking Framework of Republicanism and Communitarian Ideals	81.2
Protective Democracy Ideals	50.8
Pluralist Democracy Ideals	60.2
Performance Democracy Ideals	72.6
Participatory Democracy Ideals	79.6




**IV. CONCLUSIONS &
RECOMMENDATION**

POSITIVE CONCEPT ON DEMOCRACY	NEGATIVE CONCEPT ON DEMOCRACY
<ul style="list-style-type: none">◦ Expressing the views and freedom◦ Justice◦ No afraid living within the law◦ Transparency◦ Respect for human rights◦ Society in humanity◦ Free market economy◦ Exercises the rights & obligations and rule of law◦ Concerns the accountability◦ Unity and solidarity◦ Listening to public & public participation◦ Private property and privatization	<ul style="list-style-type: none">◦ Gap between richness and poorness◦ Injustice◦ Political transactions◦ Corruption◦ Misunderstanding of democracy◦ Bureaucracy◦ Communist notion and ideology◦ Despotism of the Political parties◦ Disorder◦ Prefer to the party interests Lack of information access◦ Politicizing

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O.KHATANBOLD


Scientific secretary, (Ph.D)

15141 Ulaanbaatar, Chingeltei district,
Baruunselbe street-15
Tel: 330847; Mobile: 9900-6793
Fax: 976-11-330846
Email: khatanboldo@gmail.com
www.ipsl.mas.ac.mn



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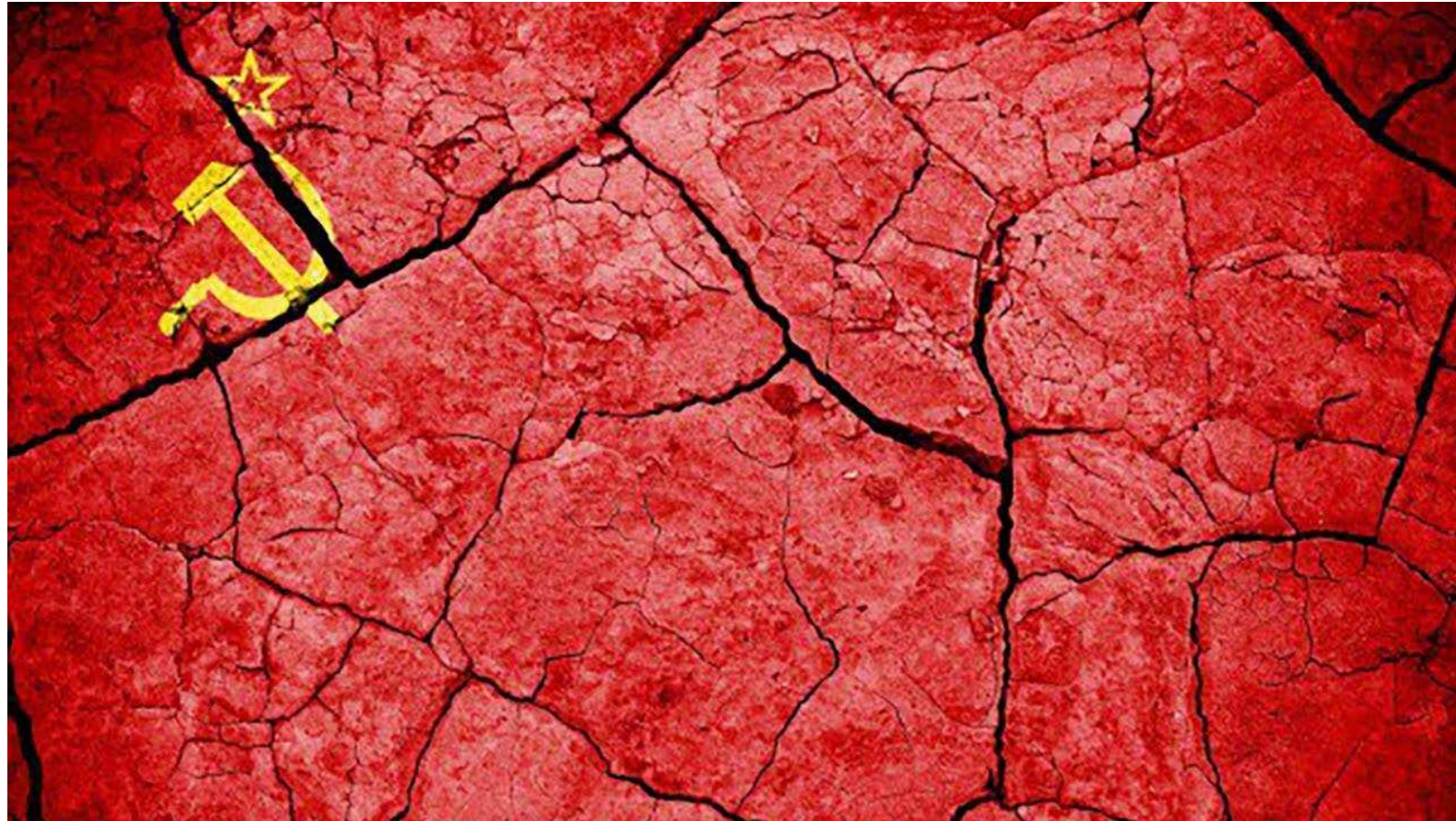
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***“Democratic Education: challenges and practices
in rural and urban schools of Kazakhstan”***





- ❖ every third teenager does not believe that he/she can be useful to the country. Moreover, 31,5% of them are not sure in tomorrow (“The portrait of representations of the generation Z”, 2017);
- ❖ 61,6 % of the respondents are proud to be citizens of Kazakhstan (‘World Values Survey’, 2011);
- ❖ more than 40% of the respondents in Kazakhstan answered that “it is not so important to participate in the political life” and “participate in the civic initiatives (Friedrich Ebert’s Foundation’s)



An updated education program

- ❖ converted into 12-year compulsory education;
- ❖ trilingual (Kazakh, Russian, English);
- ❖ student's thinking and logic will be assessed;
- ❖ new methods of teaching, which concentrated on development of students' critical thinking and creativity.



School ecology

School ecology is identified as a complex of interrelated institutions, family practices, and public initiatives which contribute to forming students' understandings of democratic citizenship.





School ecology





Rural areas

- ❖ *Local community*

Urban areas

- ❖ *Art exhibitions;*
- ❖ *NGO;*
- ❖ *Museums;*
- ❖ *The youth organizations*





Technologies, media and social networks



<http://www.stateofformation.org/2014/08/pluralism-and-social-media-cultivating-a-new-outlook/>

<https://www.google.com.tr/imgres?imgurl=https%3A%2F%2Ffreutersinstitute.politics.ox.ac.uk>




- ❖ Improving awareness;
- ❖ Easy connection between representatives of authorities and teachers, parents, students;
- ❖ School media;
- ❖ “Virtual” civil society.



Source: <https://yvision.kz/post/353674>

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Diana Mombayeva

dimombayeva@gmail.com



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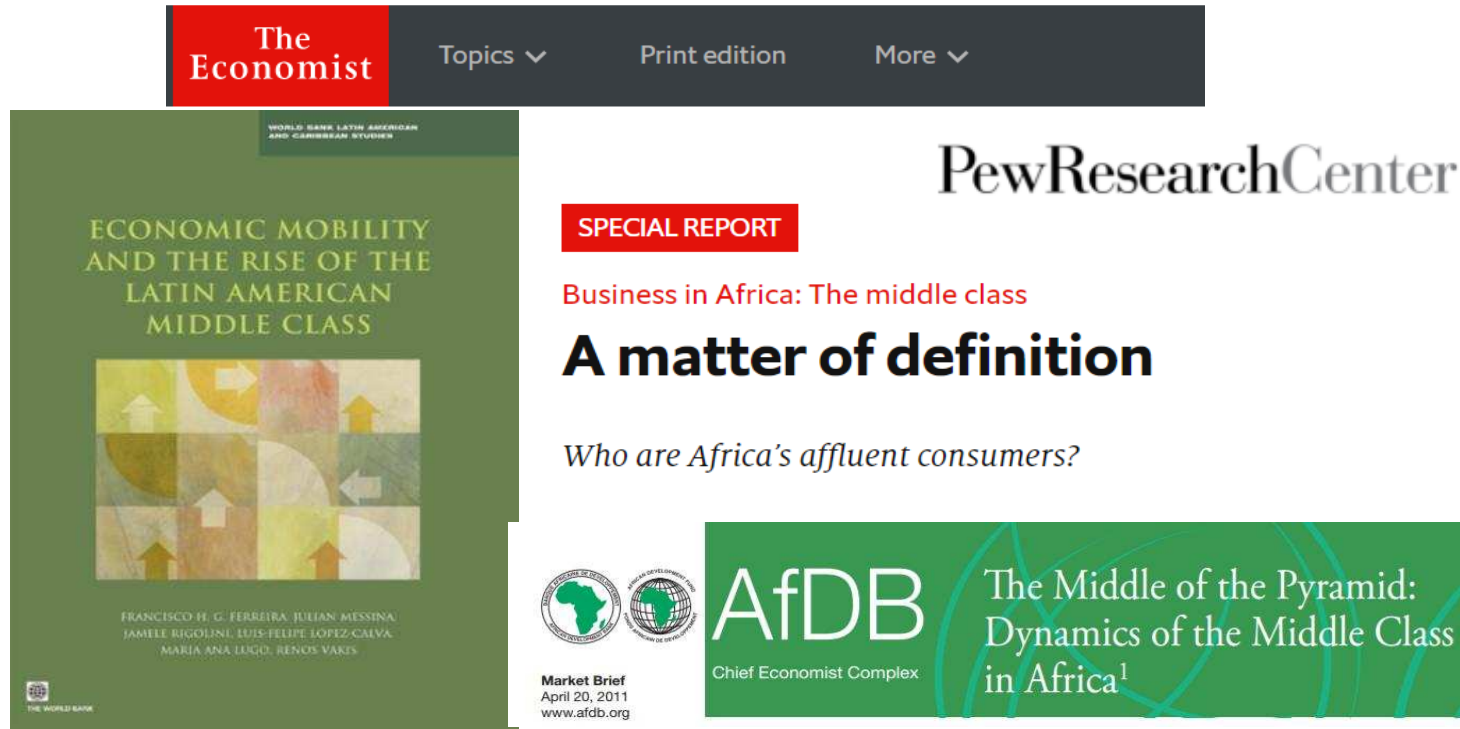


Poverty Reduction and Democratization –New cross country evidence

Frank-Borge Wietzke
IBEI



Motivation: Growing interest in the developing world's 'new middle classes' in public media and policy circles ...



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ECONOMIC MOBILITY AND THE RISE OF THE LATIN AMERICAN MIDDLE CLASS

FRANCISCO H. G. FERRÉIRA, JULIAN MESSINA, JAMELE RIGOLINI, LUIS-FELIPE LÓPEZ-CALVA, MARÍA ANA LUGO, RENOS VAKES

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SPECIAL REPORT

Business in Africa: The middle class

A matter of definition

Who are Africa's affluent consumers?

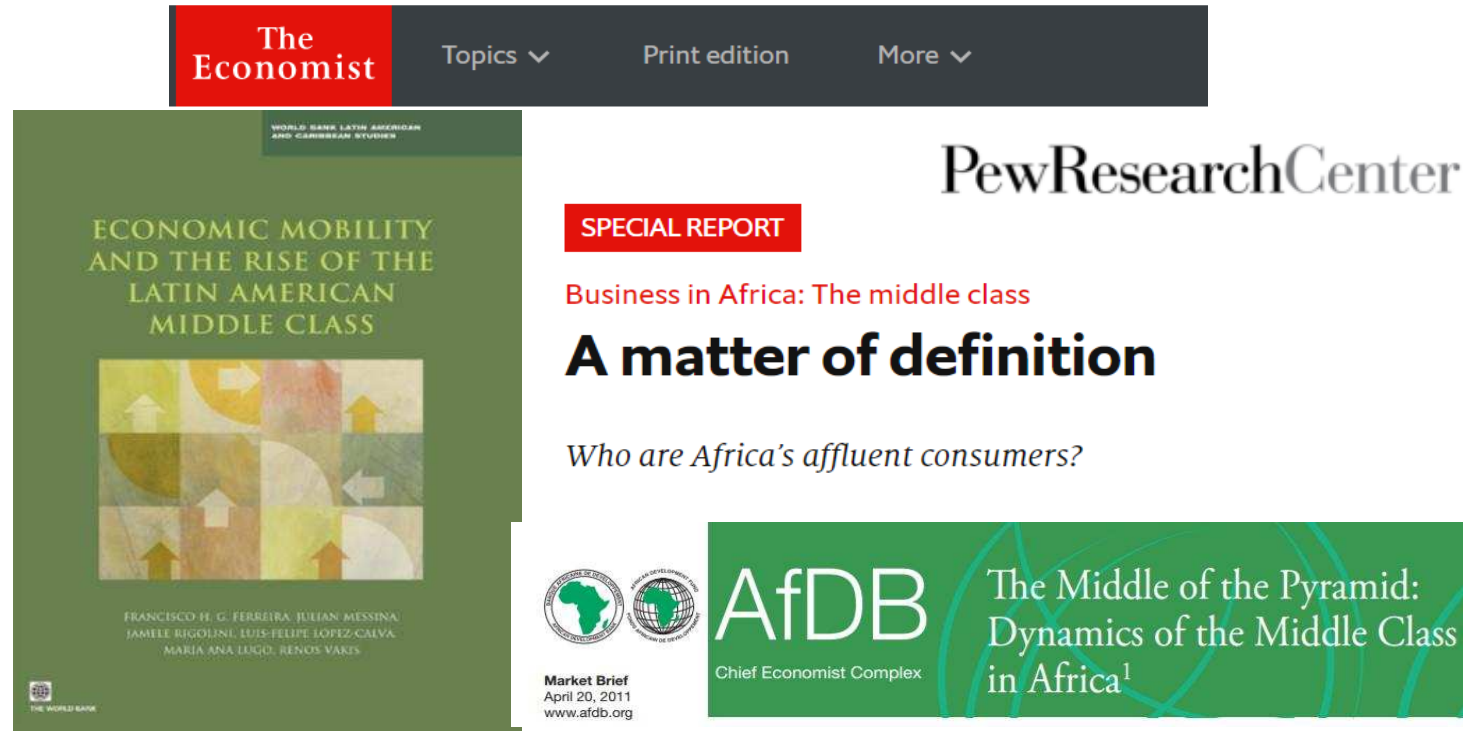
 **AfDB** The Middle of the Pyramid: Dynamics of the Middle Class in Africa¹

Chief Economist Complex

Market Brief
April 20, 2011
www.afdb.org



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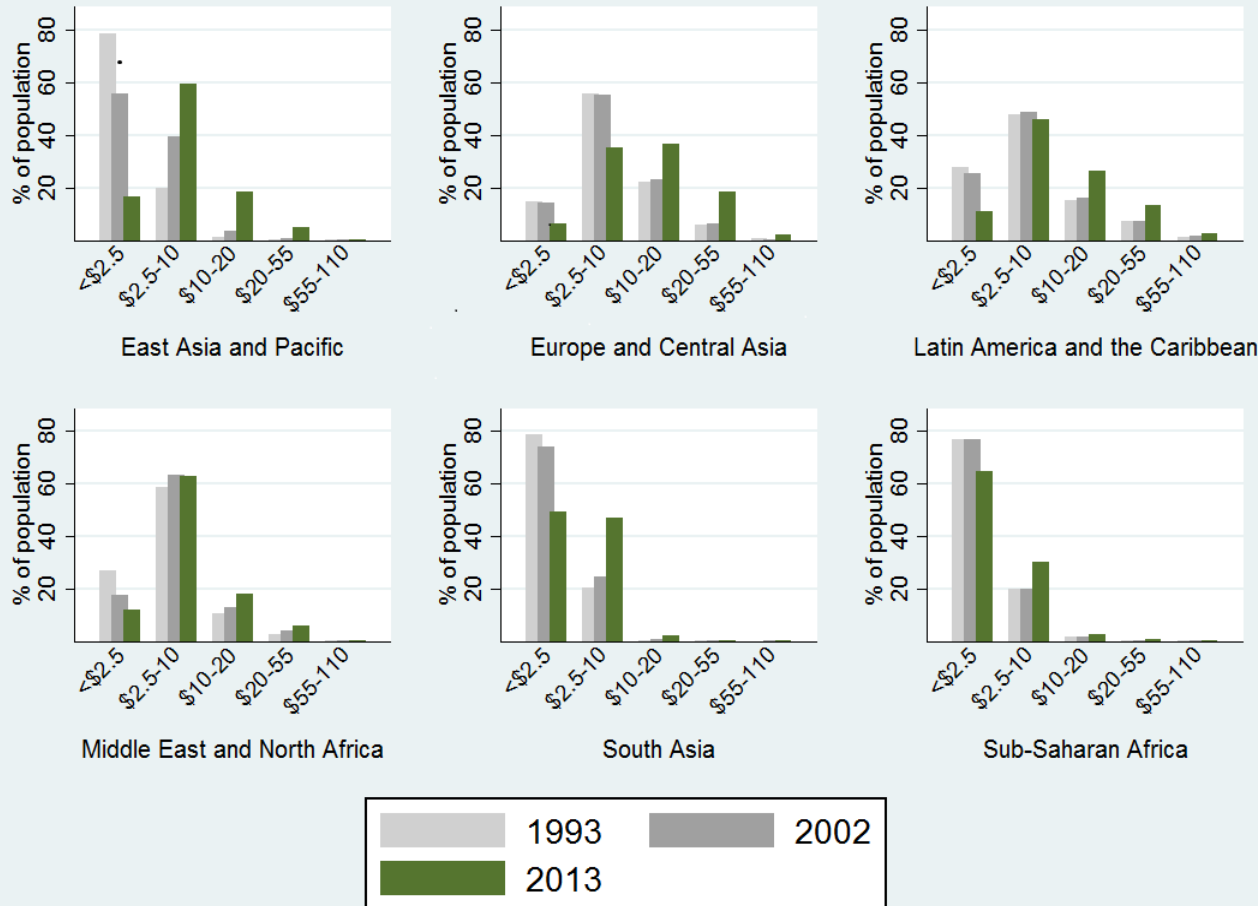
 **AfDB** Chief Economist Complex

The Middle of the Pyramid: Dynamics of the Middle Class in Africa¹

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... but comparatively little attention in democratization and regime transition literature

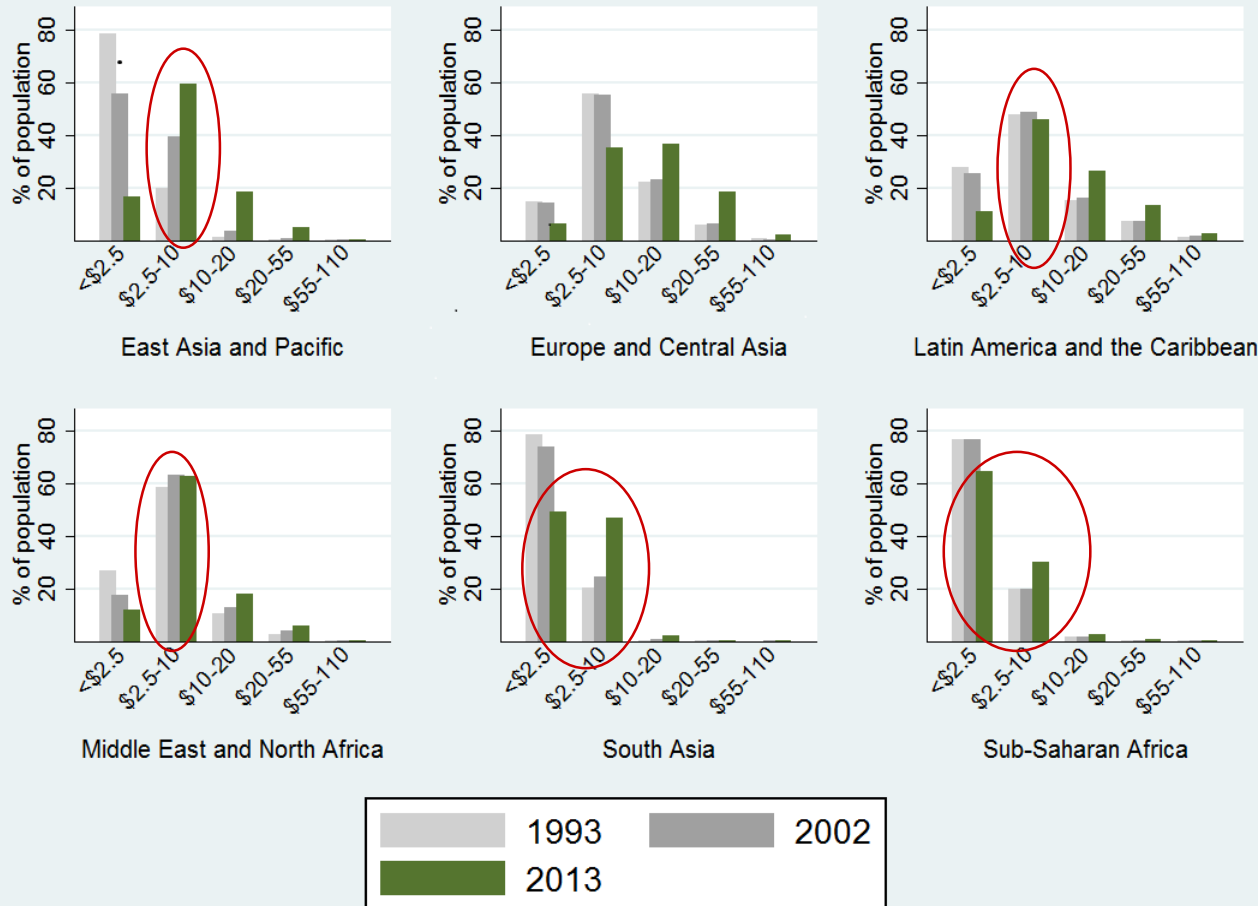
Who are the developing world's 'new middle classes'?



They are:

- **Predominantly still close to the poverty line**
- **Face high levels of economic insecurity**
- **But they also begin to accumulate modest wealth and are taking a growing interest in the politics of their society**

Who are the developing world's 'new middle classes'?



They are:

- **Predominantly still close to the poverty line**
- **Face high levels of economic insecurity**
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Examples of recent protest movements involving the new middle classes: Arab Spring, Thailand, Brazil





Theoretical interest: Does it matter for democratization that the new middle classes are still very close to the poverty line?

- **Background: Standard models in the regime transition literature focus on the role of working or affluent middle classes (Lipset, 1961; Moore, 1966; Rueschemeyer et al. 1992) or they use relative definitions of middle class status (Acemoglu and Robinson, 2006; Easterly, 2001)**
- **In the cross-country democratization literature this is typically operationalized through measures of relative inequality (Gini index) or the income shares held by the middle deciles of the population (Easterly, 2001).**
- **But evidence is mixed whether these measures capture relevant socio-economic realities in developing countries where many people ‘in the middle’ still live in, or close to, poverty (Reenock et al. 2007, Wietzke, 2015)**



Empirical approach:

- **Compare and replace conventional ‘redistributivist’ predictors of democracy (Gini, middle income shares) with new measures of absolute poverty and lower middle income group size (PPP\$ 2.5 headcount and PPP\$ 2.5-10 income range)**
- **Predict outcomes on POLITY IV and a range of sub-indices from the Varieties of Democracy (V-dem) project**
- **Estimation through OLS fixed effects model for panel data, N=ca 900 from ca 125 developing countries**
- **This paper is a first explorative step in a broader research project that will explore drivers and consequences of lower middle income growth within developing countries and regions (esp. sub-Saharan Africa and Asia)**



Summary of findings:

- **Lagged poverty rates (at PPP\$ 2.5) and –to a lesser extent- growth in the PPP\$ 2.5-10 income range have small but consistently stronger effects on democracy indicators than the Gini or middle income shares**
- **Estimates are robust in specifications that control for different time periods, reverse causality, and other time-variant factors like education, government spending, sanitation, etc.**
- **No strong signs of region-specific effects or that results are influenced by past levels of democracy. Cross-country trends are also supported by country-specific data from Brazil, Thailand, Tunisia**



Estimation results (preferred model)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dependent variables	Polity IV	Polyarchy index (V-dem)	Liberal democracy component (V-dem)	Deliberate democracy component (V-dem)	Egalitarian democracy index (V-dem)	Participatory democracy index (V-dem)	Corruption index (V-dem)

Panel A – Base model

L3. Poverty headcount PPP\$ 2.5	-0.0417** (0.020)	-0.0021*** (0.001)	-0.0017*** (0.001)	-0.0035*** (0.001)	-0.0016*** (0.000)	-0.0016*** (0.000)	0.0011** (0.000)
L3. Headcount PPP\$ 10	0.0440** (0.019)	0.0022*** (0.001)	0.0020** (0.001)	0.0034** (0.001)	0.0016** (0.001)	0.0008 (0.001)	0.0001 (0.001)
L3. Gini	0.0054 (0.034)	0.0013 (0.001)	0.0009 (0.001)	0.0019 (0.001)	0.0016** (0.001)	0.0013* (0.001)	0.0002 (0.001)
L3.income	0.0030 (0.002)	0.0002** (0.000)	0.0002* (0.000)	0.0003 (0.000)	0.0002** (0.000)	0.0001 (0.000)	-0.0001 (0.000)
Observations	913	866	868	867	866	866	868
Countries	124	127	129	128	127	127	129

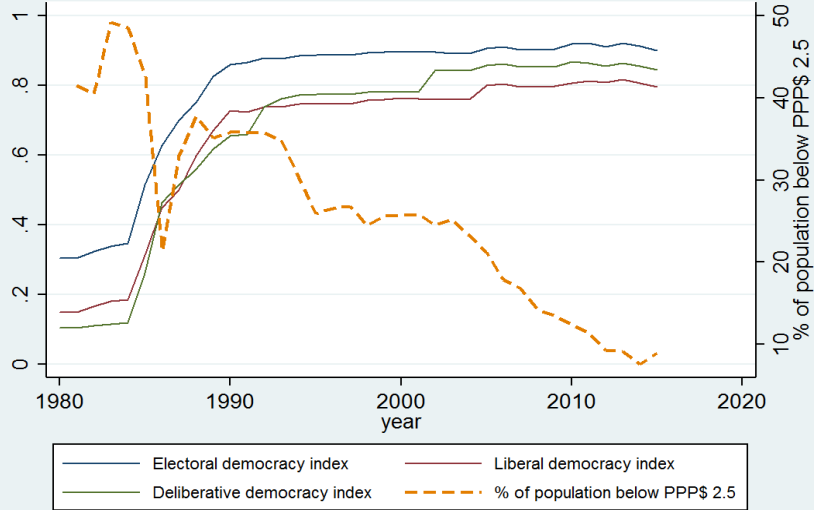


Discussion and conclusion

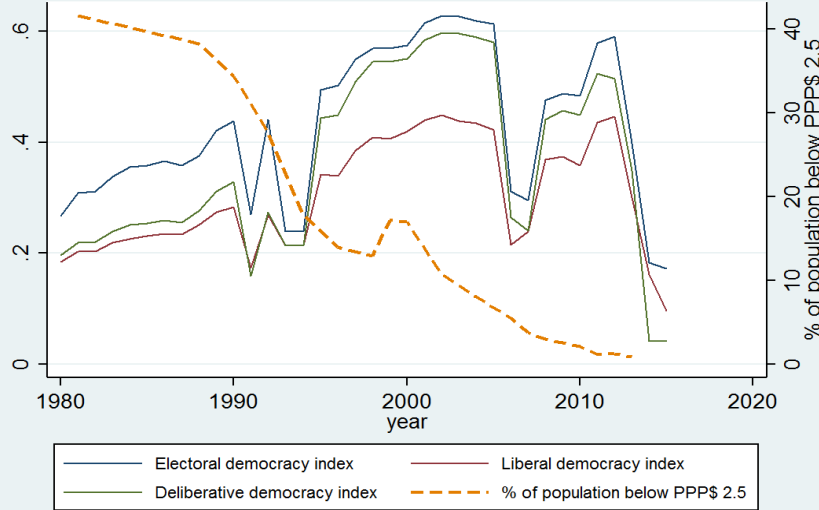
- **Results support the idea that the rapid global decrease in poverty did have an effect on political outcomes in developing countries**
- **These effects appear to differ from those of changes in relative inequality. So focusing on poverty / lower middle income growth as distinct explanatory variables is analytically worthwhile**
- **CAVEAT: my results only describe broad cross-country trends. They are less effective in capturing more extreme events like regime changes or macro-economic shocks (e.g. Mongolia or Brazil in the 1980s/ 1990s)**
- **I see this paper as a starting and reference point for more detailed within-country and -regional analysis that will pay more attention to local context and history**

Country graphs

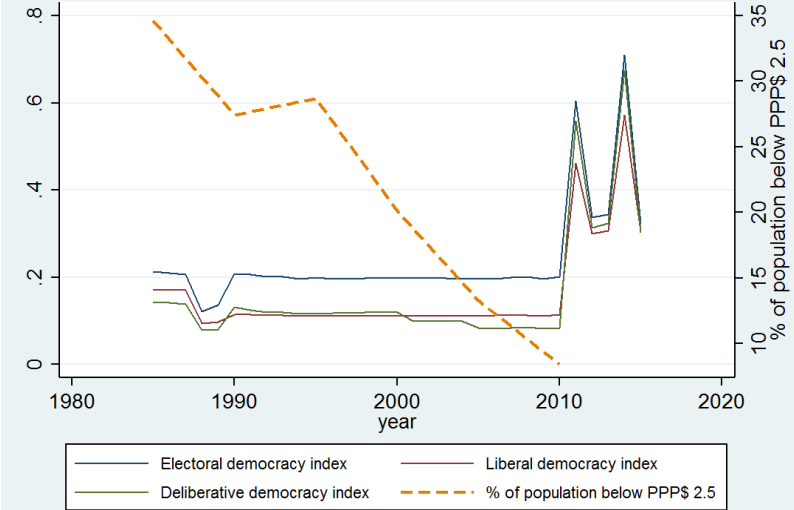
Brazil



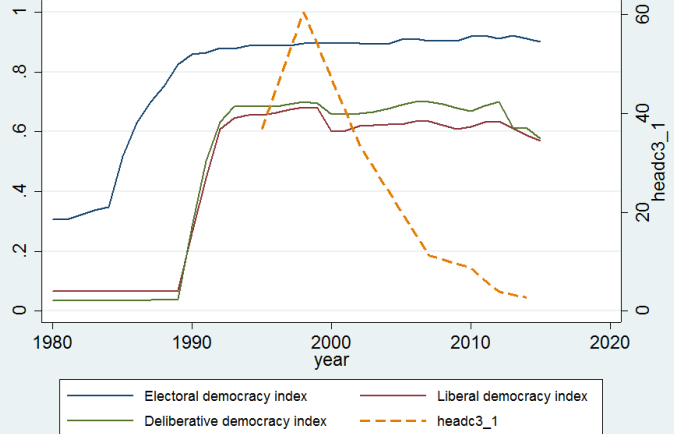
Thailand



Tunisia




Mongolia



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PRESENTERS CONTACT INFORMATION:

Fbwietzke@ibei.org



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INTERNATIONAL CONFERENCE ON DEMOCRACY IN THE 21ST CENTURY: CHALLENGES AND WAYS FORWARD

09-10 JULY 2018 ULAANBAATAR MONGOLIA





Community-Based Group Participation and Agency in the Public Sphere in Rural Bangladesh

Esha Sraboni

Department of Sociology

Brown University

Motivation

- Agency in the public sphere: the capability to claim rights as citizens
- Importance of claim-making as a process of 'democratic deepening' (Heller 2000, p. 487, Kruks-Wisner 2018)
- The Bangladeshi case: Rapid gains in social development, but poor quality of governance (Kabeer 2012) and low levels of grassroots mobilization (Lewis 2011)
- Growing body of literature in India on role of self-help groups in rural women's political engagement (Sanyal 2009, 2014, Desai & Joshi 2014). Bangladeshi case less explored.
- Relatively little empirical work on how intrahousehold dynamics affect political engagement of women (Agarwal 1997)

Research Questions

- Does participation in community-based groups influence men and women's agency in the public sphere? Is this different for men and women?
- Does the type of group in which an individual participates matter?
- For women, does agency in the private sphere matter for agency in the public sphere?
 - Agency in the private sphere: the capacity to negotiate intrahousehold relations

Data and Methods

- 2 rounds of Bangladesh Integrated Household Survey (2011 and 2015). Nationally representative of rural Bangladesh
- Outcome variables from Round 2.
- Final sample: 2249 men and 2845 women (hh head or spouse)
- Fixed effects logistic regression at village level
 - To address issues of unmeasured village level characteristics that are correlated with the outcome and group participation
 - Correlation, not causation

Outcome Variables

Agency in the public sphere (binary variables, for men and women)

1. Comfort in protesting the corruption of public officials
2. Comfort in demanding proper implementation of public works programs
3. Comfort in participating in collective decisionmaking about public infrastructure
4. Voted in last local election

Control Variables

- Key control variables
 - Model 1: Active member of at least one community based group
 - Model 2: Type of group
 - Model 3: Agency in private sphere (women)
 - Experience of domestic violence
 - Ability to make household decisions on expenses
- Other control variables
 - Individual level: age, education, religion
 - Household level: hh size and composition, occupation of hh head, hh expenditures, amount of land owned, length of time spent in current residence

Descriptive Statistics

Variables	Male	Female
<i>Outcome Variables</i>		
agency in the public sphere		
comfort in demanding public infrastructure (=1 if yes)	30.90%	26.16%
comfort in demanding proper implementation of public works programs (=1 if yes)	29.21%	25.03%
comfort in protesting corruption by public officials (=1 if yes)	27.11%	27.77%
voted in last local election	84.88%	85.17%
<i>Control Variables</i>		
group participation		
whether individual participates in at least one group (=1 if yes)	16.14%	27.75%
type of group		
microcredit	5.07%	25.38%
religious	5.82%	1.63%
other	5.25%	0.74%
agency in the private sphere [for women only]		
domestic violence (=1 if experienced physical abuse over past year)		11.61%
makes decisions regarding hh expenses on own/jointly (=1 if yes)		71.82%

Model 1: Agency in Public Sphere and Group Participation

Village FE Logistic Regression	Comfortable in demanding public infrastructure		Comfort in demanding proper implementation of public works programs		Comfortable in protesting corruption by public officials		Voted in last local election	
	Men	Women	Men	Women	Men	Women	Men	Women
	odds ratios		odds ratios		odds ratios		odds ratios	
active member of at least 1 community based group	1.46**	1.24	1.36*	1.29*	1.46**	1.31*	1.01	1.19
*** p<0.001, ** p<0.01, * p<0.05, Note: Models control for other characteristics listed previously					Source: Bangladesh Integrated Household Survey 2011 & 2015			

Model 2: Agency in the Public Sphere and Categories of Groups

Village FE Logistic Regression	Comfortable in demanding public infrastructure		Comfort in demanding proper implementation of public works programs		Comfortable in protesting corruption by public officials		Voted in last local election	
	Men	Women	Men	Women	Men	Women	Men	Women
	odds ratios		odds ratios		odds ratios		odds ratios	
Type of group in which respondent participates								
micro-credit	1.17	1.21	1.18	1.28*	1.24	1.27*	2.17	1.21
religious	1.59*	1.47	1.47*	1.11	1.40*	1.58	0.63	1.09
other	1.45	1.87	1.18	1.56	1.55	1.81	1.11	1.92

Note: Models control for other characteristics listed previously

*** p<0.001, ** p<0.01, * p<0.05

Source: Bangladesh Integrated Household Survey 2011 & 2015

Model 3: Agency in the Public Sphere and Private Sphere

Village FE Logistic Regression	Comfortable in demanding public infrastructure		Comfort in demanding proper implementation of public works programs		Comfortable in protesting corruption by public officials		Voted in last local election	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	odds ratios		odds ratios		odds ratios		odds ratios	
Experienced domestic violence	0.52***		0.62*		0.69*		0.98	
Decisions on hh expenditure		1.38*		1.35*		1.34*		1.19
Note: Models control for other characteristics listed previously								
*** p<0.001, ** p<0.01, * p<0.05					Source: Bangladesh Integrated Household Survey 2011 & 2015			

Summary of Findings


- Community-based group members more likely to have agency in the public sphere.
 - With exception of voting
- Different associations with outcomes for men and women in some cases
 - Demand for public infrastructure
- Results mainly driven by participation in micro-credit groups (for women) and religious groups (for men)
- Women's agency in the private sphere correlated with agency in the public sphere

Limitations and Ways Forward

- Mechanisms through which group participation influences outcomes?
- Endogeneity of participation in groups, agency in the private sphere and the outcome variable at the individual level
- Examine more contextual factors
 - State presence (Fox 1996, Auyero 2000), market infrastructure, civil society organizations (Wampler & Avritzer 2004)

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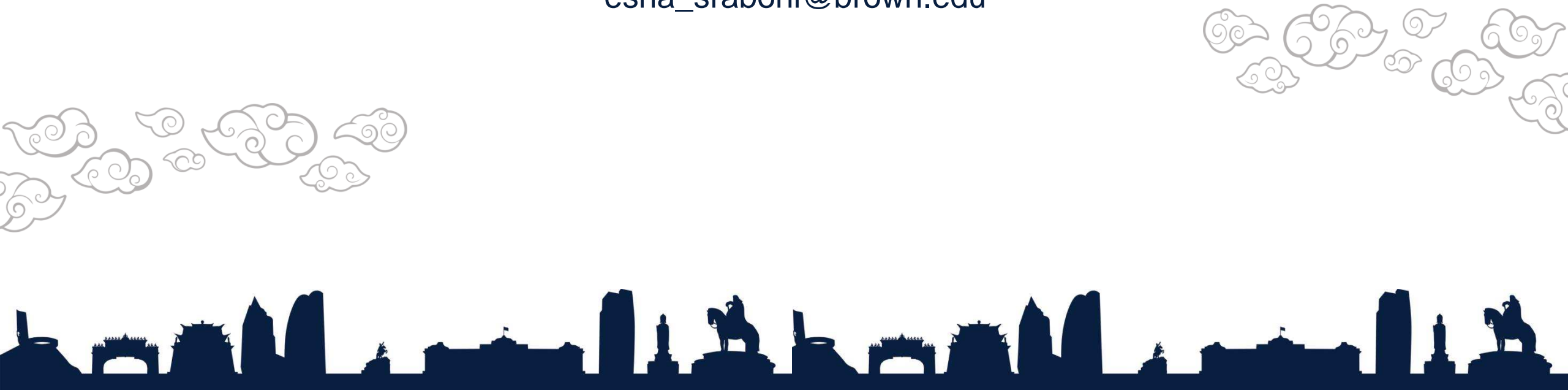
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For further questions or comments:

esha_sraboni@brown.edu



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ELECTORAL GIFTING IN RURAL MONGOLIA

Tuya Shagdar (National University of Mongolia)

Lauren Bonilla (University College London)



Mongolia-2016 Parliamentary Elections



Patronage Politics, Democracy, and Electoral Gifts

Patronage-there is often assumption that the central feature of the patron-client relation is the expectation for *reciprocity* following the transfer; passive voters, backward practice, problem of nascent democracy.

We refrain from using the term patronage and decided to focus our analysis on the idiom *electoral gifting*.

Gaining Visibility Obligations to Give

Mauss' classic anthropological notion that, "to make a gift of something to someone is to make a present of some part of oneself" ([1950] 2002:16).

Making oneself 'present' in the gift facilitates an 'enaction' of social roles, responsibilities, and obligations. In this conceptual framework, giving things not only materialise the subjective roles of aspiring politicians (e.g. being a businessman), but also aspects of this role (e.g. being an exemplary businessman who shares their wealth and success with others) (Sneath 2006).

Obligations to Give

Gift giving settings:

Nutag

Hospitality

Harsh winter assistance

Lunar New Year custom of gift exchange

The unique materiality of the gift itself – how it expresses aspects of the aspiring candidate and their social roles through its aesthetic form and function – play an important role in shaping the efficacy and moral legitimacy of enactions.

Obligations to give: Noodle packs by Teso



Obligations to give: Assistance to Nutag (one's locality)

It is almost 'completely unthinkable' for Mongolians, though especially elites, to deny engaging in activities that demonstrate their association to, and honouring of *nutag* (see Shagdar 2015; also Sneath 2010, 2014).

For the MP candidates, who reside in Ulaanbaatar instead of Uvs, it would be the highest form of disrespect to return to their *nutag* to express parliamentary ambitions and court support empty handed.



Hospitality

Given the ways in which candidates make themselves visible through their gifts, citizens are required to reciprocate, at minimum, by recognizing their identity. When people praised the positive characteristics of a candidate or the usefulness of a gift, they generally affected overall disinterest. This may suggest their reticence about the expectation to make the aspiring candidate known (c.f. Ansell 2015), even if customary hospitality rules (*yos*) impel them to accept gift in the first place (Humphrey 2012).

Politicking Wealth, Persons and Ideas

An important aspect of politicking by aspiring candidates:

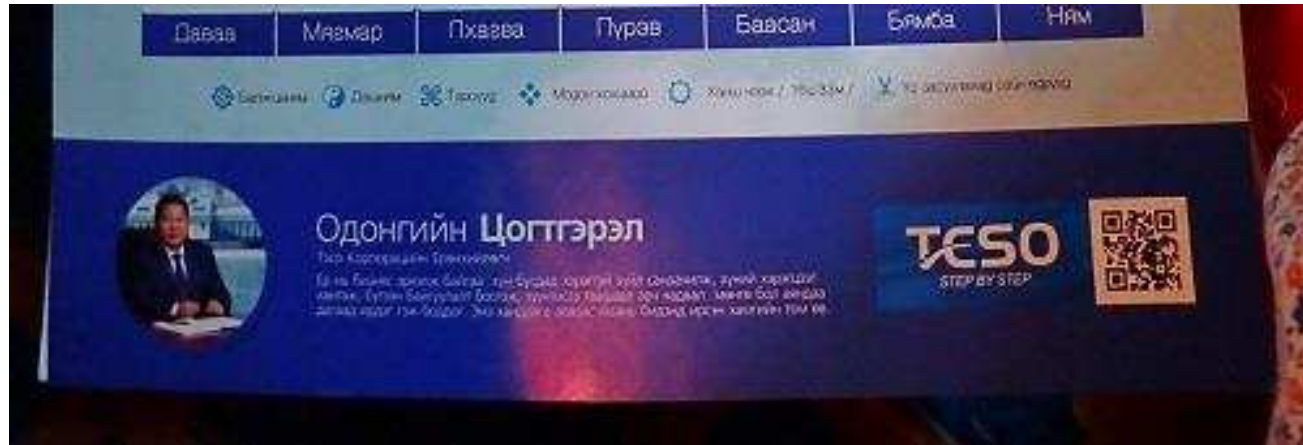
- 1) To be able to make sizeable contributions to the party;
- 2) To conduct non-official forms of campaigning for months, if not years, before the official campaign period;
- 3) To self-finance intensive media advertising during the 18-day period;

Participation in activities like gifting not to purchase votes from citizens, but, instead, to demonstrate their personal wealth, business networks, and economic prowess to buy support from their respective political party. Plays vital role in politicking among potential voters.

Visibility: DP Candidate's calendar hanging in a herder's ger



Visibility: Gifts that are expressive of wealth



“In general if you are an entrepreneur who has new ideas to provide for the needs of others, and if you are enjoying the work that you do, the money will follow through. This is what I inherited from our father.”

Visibility: Herder's calendar



Visibility: Cartoons of Ch. Hürelbaatar schooling the DP leaders about the economic crisis.




Conclusion: gifting as new mode of governance

- To do politics in contemporary Mongolia is to become a business person or someone who can demonstrate mastery over the economy. This raises important questions about what kinds of people, and what kinds of concerns, are excluded from the political domain, and with what consequences.
- Consider what Mongolian democratic politics will look like if non-business-owning professionals and especially women (Buyandelger 2016) struggle to gain candidacy and visibility in the electoral process?
- Alongside the rise of big people, big money, and big business interests in Mongolian politics are social expectations surrounding the sharing of wealth as an expected form of governance.

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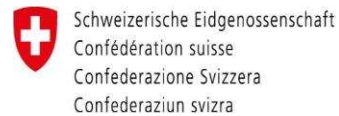
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PRESENTERS CONTACT INFORMATION:

shagdart@gmail.com

I.bonilla@ucl.ac.uk

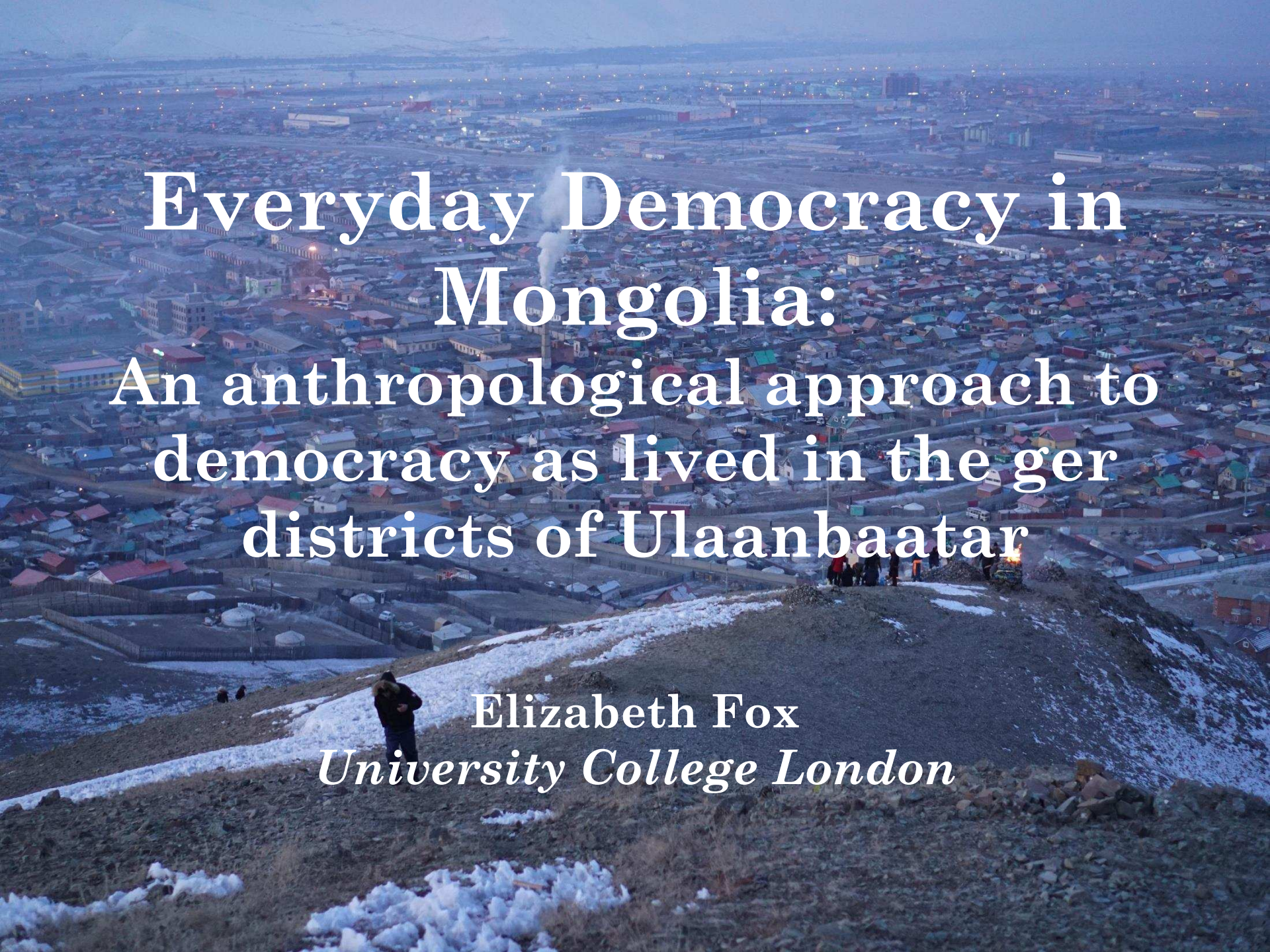




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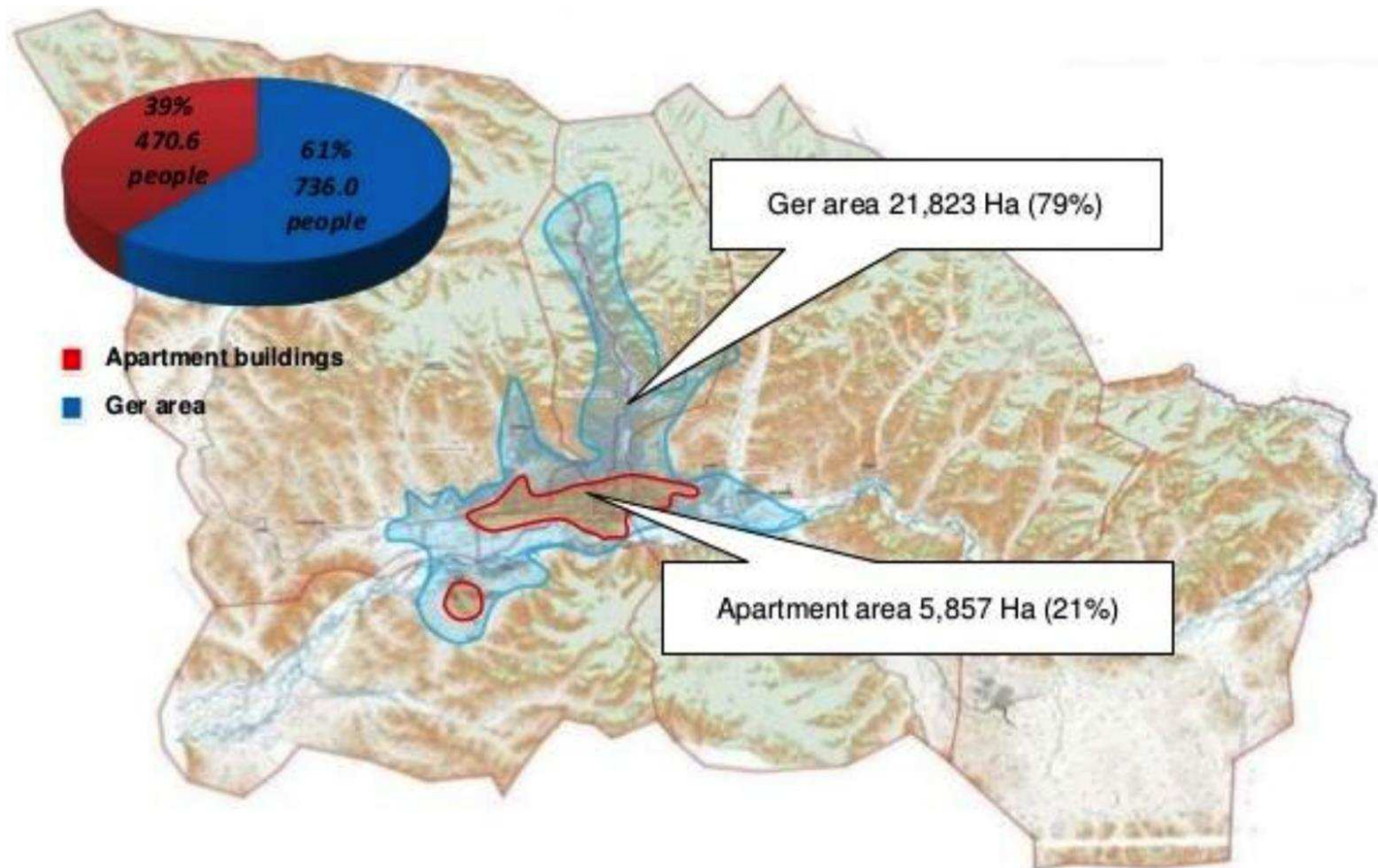


An aerial photograph of Ulaanbaatar, Mongolia, taken at dusk. The city is densely packed with buildings, many with colorful roofs. In the foreground, a person stands on a grassy hill with patches of snow, looking out over the city. The sky is a deep blue, and the city lights are beginning to glow.

Everyday Democracy in Mongolia: An anthropological approach to democracy as lived in the ger districts of Ulaanbaatar

Elizabeth Fox
University College London

Rural-Urban Migration in Mongolia

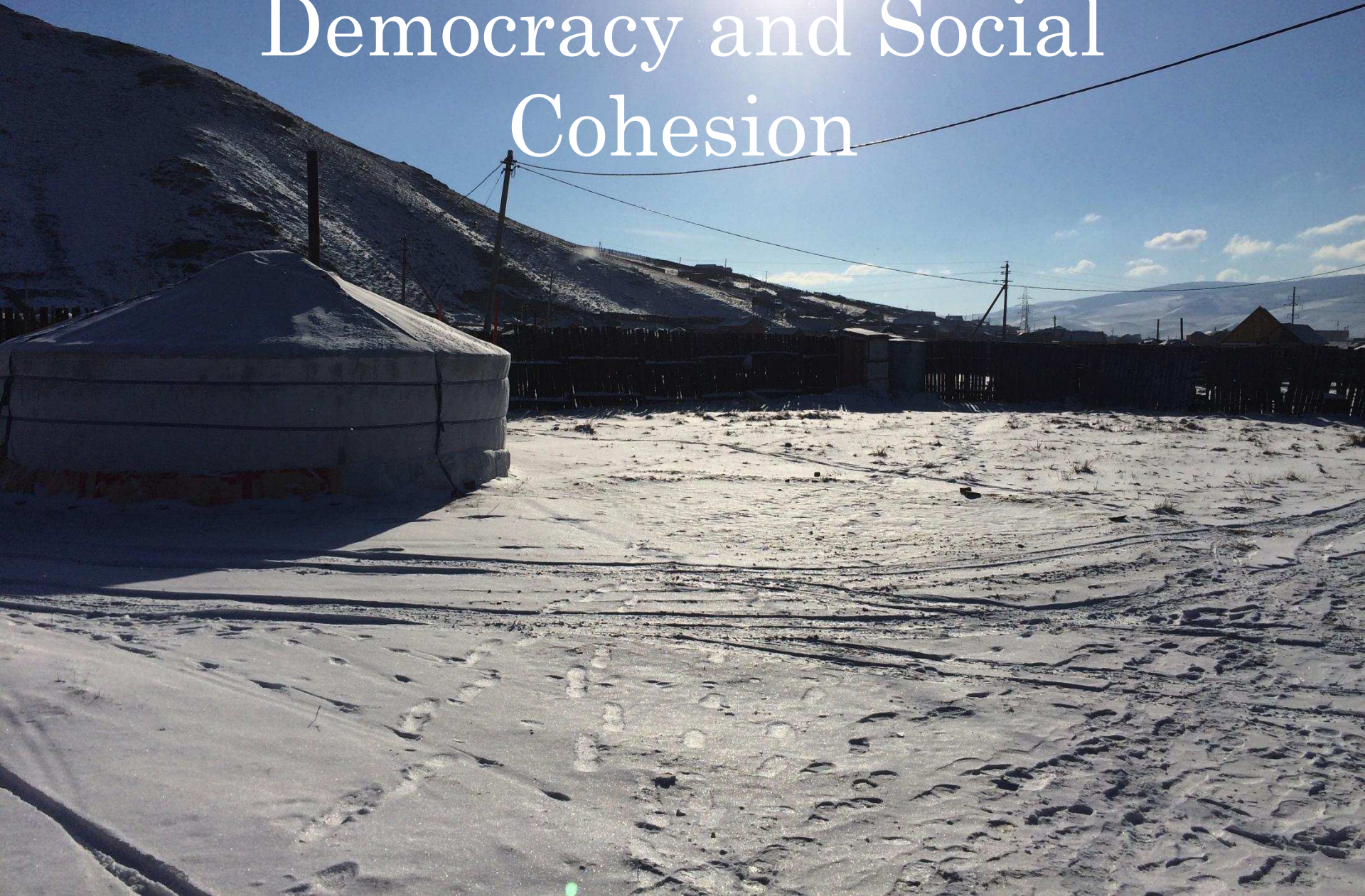


'Ulaanbaatar Mongolia Projects and Cooperation Department' in Duurenbayar 2017:19

Voting in the Ger District



Democracy and Social Cohesion



A photograph of a traditional Ger (yurt) with a decorative yellow door. The door is adorned with intricate, colorful patterns in green, blue, and white. The Ger is partially covered with blue tarps. A man in a grey jacket and cap stands to the right, holding a long wooden pole. The background shows a clear sky and another Ger structure.

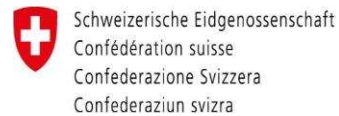
*Ger District Dwellers as
'Victims' of Ecological
and Social Change*

*Ger District Dwellers as
'Villains'*





*Presenting Ger District
Perspectives*



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PRESENTERS CONTACT INFORMATION:

Elizabeth.fox.10@ucl.ac.uk



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Chronicling Mongolia's Experience in Transition (COMET)

Craig Castagna
International Republican
Institute (IRI)

Sharing Mongolia's Story of Democracy

- Mongolia spearheaded initiatives to promote itself as positive model of peaceful democratic transition to other countries in the region
 - Oasis of Democracy? (Sec. Kerry) Excellent example of transition to democracy (Sec. Albright).
 - Mongolia has a story to tell & its democratic identity is important to Mongolia's image & foreign policy.
 - The International Cooperation Fund, which IRI supports through the NED-funded Chronicling Mongolia's Experience in Transition (COMET) program.
 - Regional Exchanges. (Kyrgyz MPs, Bhutan's election commission, Burmese and Cambodian journalists, North Korean officials, Laos CSOs).
 - Resources (e.g. Zorig Foundation democracy books).



Mongolian Democracy: Successes

- Since the Democratic Revolution of the Year of the White Horse (1990), Mongolia has built basic infrastructure for democracy
 - Competitive elections
 - Peaceful handovers of government
 - Comparatively free press
 - Vibrant civil society.
 - Freedom of assembly, religion, press
- Despite earlier successes with laying out the basic infrastructure of democracy and publicizing democratic accomplishments, Mongolia today faces equally important tasks:
 - Fortifying democratic gains,
 - Preventing backsliding,
 - Ensuring that democracy delivers for all Mongolian citizens.
 - Democracy vs. Prosperity: 55% chose Democracy, 35% Prosperity (May 2017)



Mongolian Democracy: Challenges

- Corruption
- Weak institutions/Rule of Law/Disruptions in Government, Cabinet to civil servants
- Democratic Transition +
- Economic Transition –
 - Challenges w/ privatization, inequality

Mongolian Democracy: Solutions

- Corruption
 - Transparency & Accountability through democratic governance
 - Caution against politically motivated anti-corruption action
- Weak institutions/Rule of Law
 - Citizen-centered governance
 - Democracy must deliver
- Democratic Transition +
 - Must support new generation of democracy champions
 - Must have transparency, accountability, inclusivity
- Economic Transition –
 - Address corruption, improve institutions and rule of law,
 - foster inclusive economic growth



Mongolian Democracy: Future

- Look at the past to inform the future:
- Mongolia's 1990 democratic revolution/transition driven by Mongolians organizing & young people calling for change
 - Then existing power structure, ruling party (MPRP), played important role in peaceful transition
 - (i.e. not crushing protests, dismantling politburo, amending the constitution and allowing for elections.
- Mongolia has a story to tell, so it is important to hand over legacy to new generation of leaders and their followers who may not know much about what exactly happened in Mongolia more than a quarter of a century ago.
- We need to better understand Mongolia's democratic development, learn and share the lessons.
- Future of Mongolian democracy is in the hands of Mongolians.

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Craig Castagna: ccastagna@iri.org


<http://www.iri.org/>

Photo credits: How Democracy was Born in Mongolia, 2018



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Social Media Rendezvous for Egalitarian Academic Discourse in a Monarchial Democracy: An Ethnomethodological Study

Reynaldo Gacho Segumpan
Ministry of Higher Education, Rustaq COE
Sultanate of Oman

Acknowledgment:



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Outline

of

Introduction

Research Questions

Methodology

Findings and Implications

Conclusion

Presentation





Introduction

Source: <http://www.bbc.com/news/world-middle-east-14654150>

**Social media - a ubiquitous form of
technology
- a buzzword in democratic societies**

**“The intriguing aspect of social media is its
widespread of usage and worldwide
influence” (Schmidt and Iyera, 2015, 432).**

Introduction

Social media rendezvous - the virtual “meeting of minds”; online interactions among like-minded individuals (Segumpan, 2018).

Introduction

**Social media rendezvous - the
“meeting place” where people
construct, negotiate, and reproduce
epistemological meanings...in a
democratic monarchial environment
(Segumpan, 2018).**

Introduction



1. When do academics engage in egalitarian academic discourse?

2. Why do academics engage in social media rendezvous?

3. How does social media rendezvous promote democracy?

Research Questions

Ethnomethodology as a Research Frame

- a qualitative research methodology
- studies courses of actions (i.e., what people “do” rather than what they “experience”)

Methodology

Participants

24 multi-cultural academics (15 males and 9 females) in a government higher education institution in Rustaq, Sultanate of Oman

13 locals (i.e., Omanis), the rest were expatriate staff from South Asia (India and Pakistan) and Southeast Asia (Malaysia and Philippines)

Methodology

Sampling

- At least six (Morse, 1994)
- 5-25 participants (Creswell, 1998)
- 2-10 participants (Boyd, 2001)

Saturation: the point at which “additional data do not lead to any new emergent themes” (Given, 2016, 135).

Methodology

Data Collection

- **Social media conversation; WhatsApp group created in December 2014**
- **Egalitarian milieu**
- **Delimited to the social media rendezvous between September and December 2017 (Fall Semester, AY 2017-2018)**

Methodology



Thematic Analysis (Braun and Clarke, 2006)

Phase	Description of the Process
1. Familiarizing with the data	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes	Coding important features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic map of the analysis.
5. Defining and naming themes	On-going analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

Theme 1: Disseminating Work Information
**- the practice of sending information
related to work.**

Thank you i think we need to wait for final list of all
courses lecturers and swe issued by Pd. (Participant 14)

I hope to confirm tomorrow because I have my Mac only
today and apparently, it has no port for our current
setup. I'll take my Windows-based laptop tomorrow and
by then, will be able to give you my feedback. I hope it's
ok. Regards. (Participant 11)

Findings

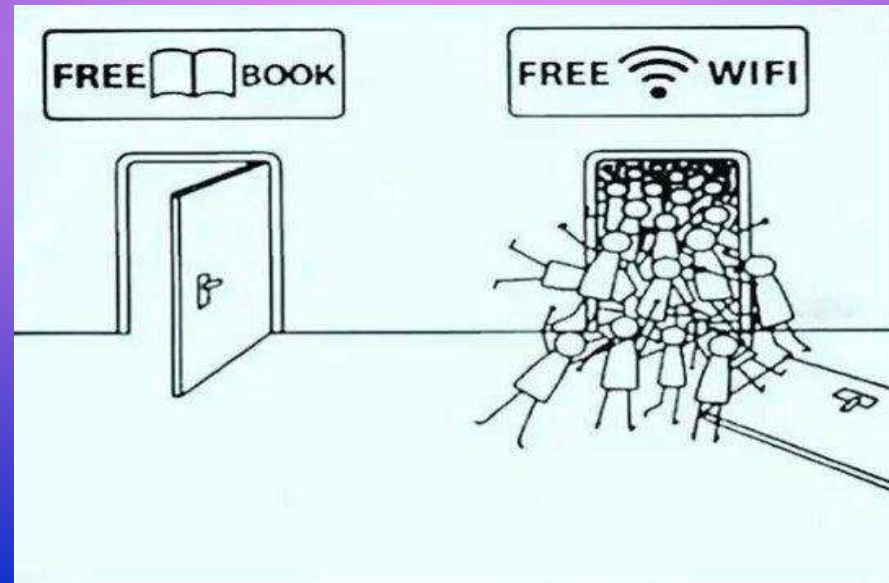
Theme 2: Deliberating External Issues Online

- The practice where the participants extended their confabulations beyond academic or work-related issues.

Thanks everyone for Diwali greetings. On this festival of light, I pray that your happiness is multiplied and your sorrows divided. May this auspicious festival bring you and your family health, wealth and success. Wish you a very Happy Diwali. (Participant 6)

Findings

Theme 3: Diffusing Content for Entertainment
- the practice of sharing content, in particular, photos and videos, that may be of interest to the participants



Findings



Social Media Rendezvous and Democracy

- 1. Social media rendezvous provides an outlet to people to engage in self-expression.**
- 2. Social media rendezvous gives a voice to people to express themselves freely and without fear of reprisal.**

Implications

Social Media Rendezvous and Democracy

3. Social media rendezvous serves as a platform to embrace democracy or democratic ideals in an egalitarian context.

Implications

**1. Through social media rendezvous,
the academic scholars could voice out
issues and concerns that strike special
magnitude**

- **to themselves,**
- **their workplace, and**
- **the wider community.**

Conclusion

2. Democracy can be nurtured in an academic environment that

- upholds openness of, and divergence in, opinions;**
- respects freedom of self-expression on “matters that matter”; and**
- encourages and supports diverse themes of discourse**

Conclusion

3. Social media rendezvous can be a democratic site for:

- **public engagement;**
- **professional accountability;**
- **integration of knowledge and wisdom derived from online interactions; and**
- **a robust communication hub.**

Conclusion



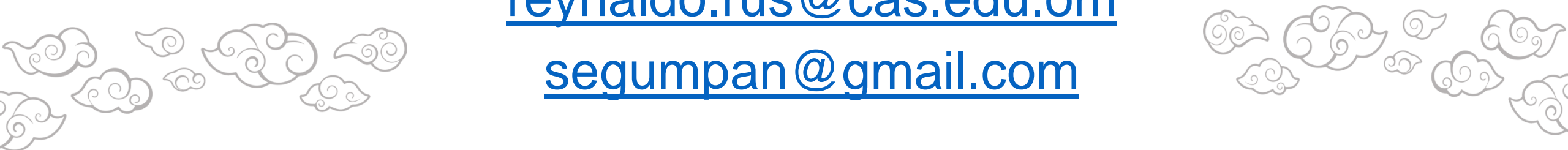
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PRESENTER'S CONTACT INFORMATION:

reynaldo.rus@cas.edu.om

segumpan@gmail.com



SPATIAL-ECONOMETRIC RELATIONSHIP BETWEEN URBANIZATION AND ECONOMIC DEVELOPMENT IN MONGOLIA

Oyut Amarjargal
June 9, 2018





Background

- Transition: Communism → Democracy
- Discovery of gold, copper, and coal in 2001
- Mongolia's GDP grew by 17.3% in 2011
- “World's fastest growing economy”



Research Question

How has Mongolia's economic development transformed as a result of not only mining and industrialization, but also from urbanization?



Data

Panel Data → 22 Provinces from 2000-2015

Primary Source: Annual Statistics Yearbook Mongolia



Economic Development

Dependent Variables	Indicators
Provincial GDP (% of total provincial GDP in the industry/construction sector)	Trying to capture mining effects on provincial GDP
Infant mortality rate (per 1000 live births)	Provincial health
Gross Enrollment Ratio	Provincial education
Employment Rate	Provincial economy



Urbanization

Explanatory Variables	Description
Proportion of urban population in population residing within Mongolia (% of provincial population that is urban)	Provincial Data
Number of Vehicles	



Variables of Interest

1. Herders
2. Livestock per Herder

Variable	Mean	Standard Deviation
Provincial GDP (industry/construction)	19.8	23.4
Infant Mortality Rate (out of 1000 births)	22.7	10.9
Unemployment Rate	6.5	4.6
Gross Enrollment Ratio	96.2	7.2
% of Resident Population Urban	40.9	23.4
Number of Vehicles	10143	34699
Herders	15839	9855
Livestock per Herder	117	59



Methodology

SPATIAL:

Where is the change occurring?

GeoDa → Bivariate LISA;
Spatial Lag/Spatial Error Model

Analysis: Spatial variation and effect

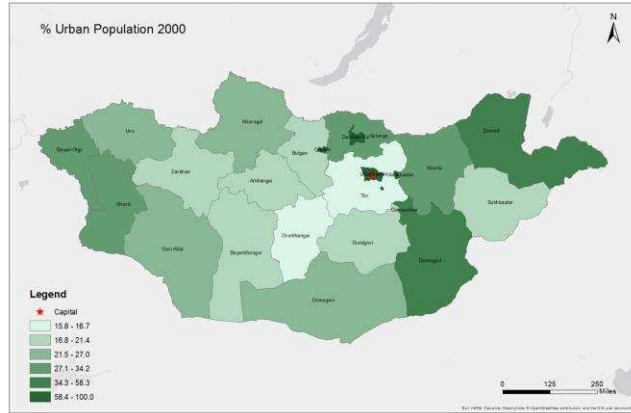
ECONOMETRIC:

What is the magnitude of change?

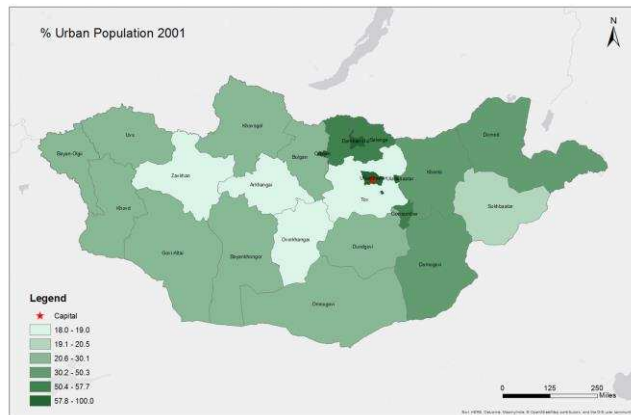
STATA → Multivariable regression

Analysis: Impact of urbanization on economic development, after controlling for time and space

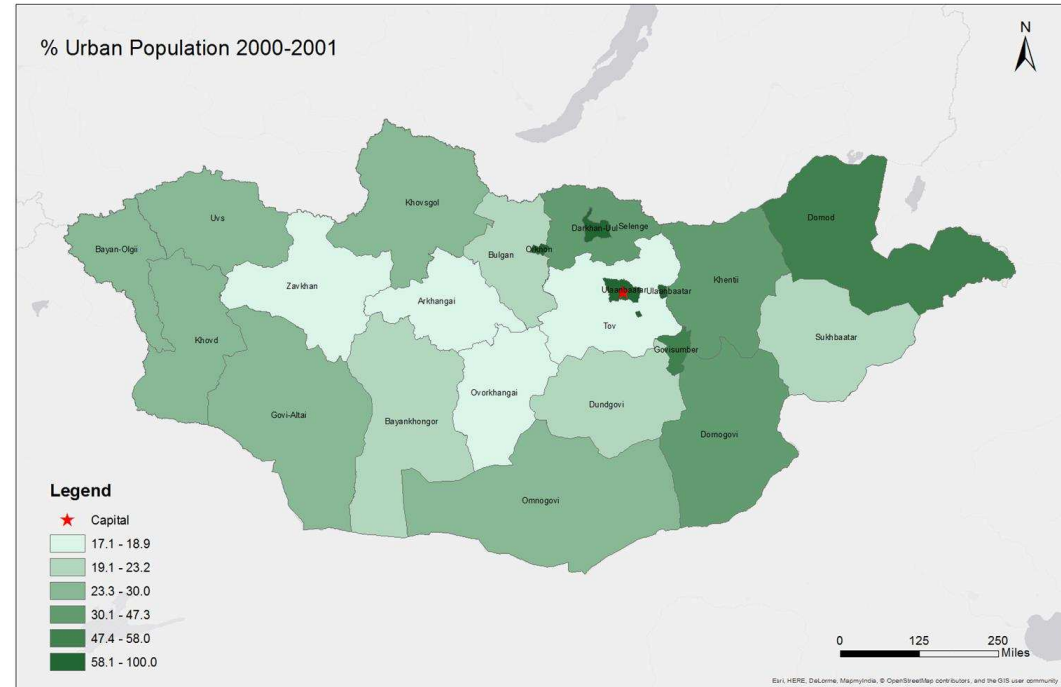
2000



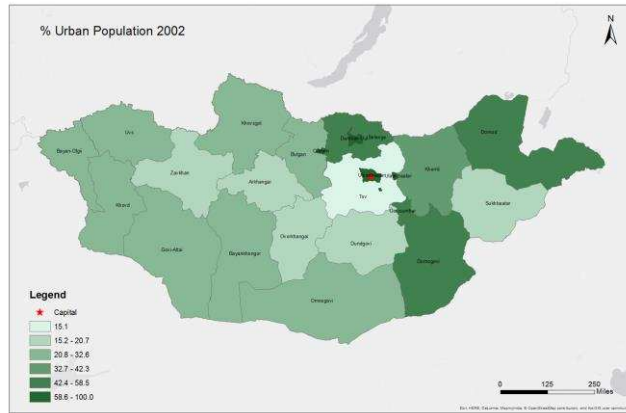
2001



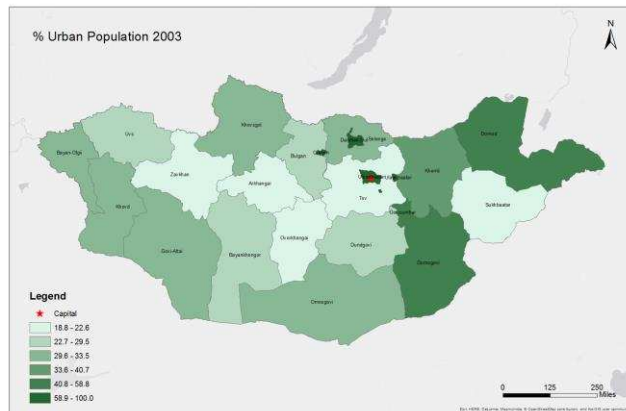
2000 – 2001 Averages → Input Variable



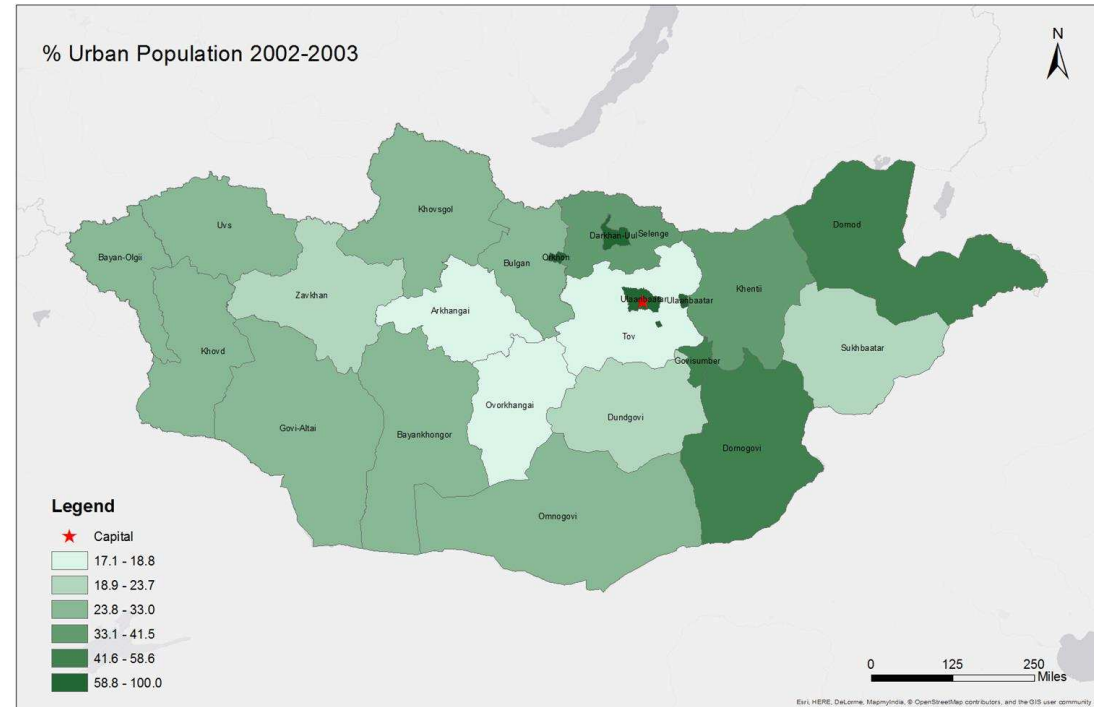
2002



2003



2002 – 2003 Averages → Input Variable





Bivariate Local Moran's I (LISA) → average value of two years





Bivariate Local Moran's I (LISA) → average value of two years



Later Years i.e.
2002- 2003

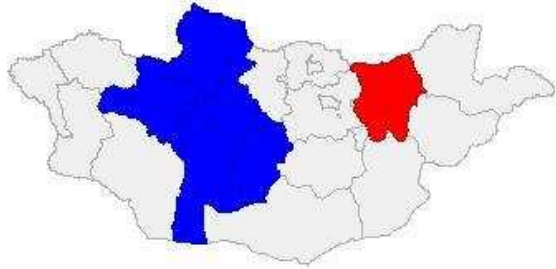
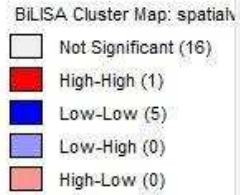


Earlier Years i.e.
2000- 2001

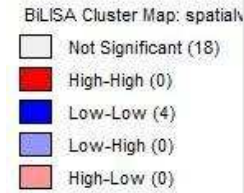


Spatial Results: % Urban Population

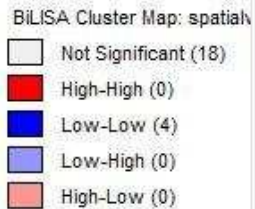
2000/2001 vs. 2002/2003



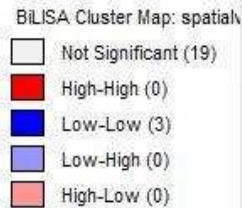
2004/2005 vs. 2006/2007



2008/2009 vs. 2010/2011








2012/2013 vs. 2014/2015





Spatial Results: Infant Mortality Rate (out of 1000 births)

2000/2001 vs. 2002/2003

- BILISA Cluster Map: spatial
-  Not Significant (19)
 -  High-High (0)
 -  Low-Low (3)
 -  Low-High (0)
 -  High-Low (0)








2004/2005 vs. 2006/2007

- BILISA Cluster Map: spatial
-  Not Significant (19)
 -  High-High (0)
 -  Low-Low (3)
 -  Low-High (0)
 -  High-Low (0)








2008/2009 vs. 2010/2011

- BILISA Cluster Map: spatial
-  Not Significant (17)
 -  High-High (1)
 -  Low-Low (4)
 -  Low-High (0)
 -  High-Low (0)



2012/2013 vs. 2014/2015

- BILISA Cluster Map: spatial
-  Not Significant (18)
 -  High-High (0)
 -  Low-Low (4)
 -  Low-High (0)
 -  High-Low (0)

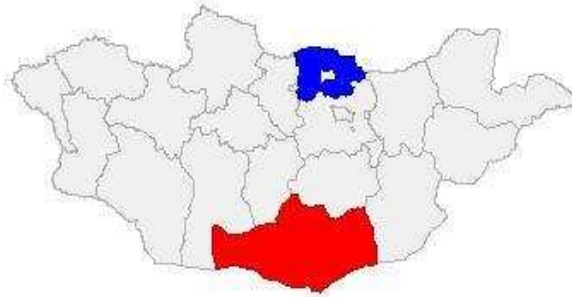


Spatial Results: Gross Enrollment Ratio

2006/2007 vs. 2008/2009

BiLISA Cluster Map: spatial

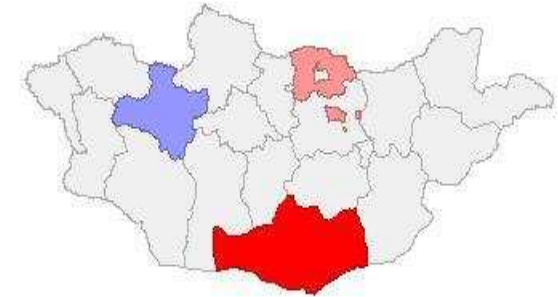
- Not Significant (20)
- High-High (1)
- Low-Low (1)
- Low-High (0)
- High-Low (0)



2010/2011 vs. 2012/2013

BiLISA Cluster Map: spatial

- Not Significant (18)
- High-High (1)
- Low-Low (0)
- Low-High (1)
- High-Low (2)



2010/2011 vs. 2012/2013

BiLISA Cluster Map: spatial

- Not Significant (20)
- High-High (1)
- Low-Low (0)
- Low-High (0)
- High-Low (1)





Spatial Lag Model

- Spatial data characterized by “location” or “spatial effects” → OLS assumption biased
- Spatial dependence → when a value observed in one location depends on the value observed at neighboring locations
- Shown in variables and error terms



Regression

Variables

- ID
- OBJECTID
- AREA_M2
- LENGTH_M
- PARENT_ID
- UNIT_STATU
- SHAPE_AREA
- SHAPE_LEN
- FID_1
- PUrbanPopu
- PUP2002_20
- PUP2004_20
- PUP2008_20
- PUP2010_20
- PUP2012_20
- PUP2014_20
- Provincial

Dependent Variable

IMR2006_20

Covariates

- PUP2006_20
- LPH2006_20
- GrossEnrol
- PGDP2006_2

Weights File: spatialweight

Models

Classic Spatial Lag Spatial Error

Pred. Val. and Res. Coeff. Var. Mat. White Test

done

Run Save to Table Save to File Reset

SUMMARY OF OUTPUT: ORDINARY LEAST SQUARES ESTIMATION

Data set : ProvincesData
 Dependent Variable : IMR2006_20 Number of Observations: 22
 Mean dependent var : 18.5455 Number of Variables : 5
 S.D. dependent var : 5.94797 Degrees of Freedom : 17

R-squared : 0.057760 F-statistic : 0.260528
 Adjusted R-squared : -0.163944 Prob(F-statistic) : 0.899164
 Sum squared residual : 733.369 Log likelihood : -69.7893
 Sigma-square : 43.1393 Akaike info criterion : 149.579
 S.E. of regression : 6.56805 Schwarz criterion : 155.034
 Sigma-square ML : 33.3349
 S.E of regression ML : 5.77364

Variable	Coefficient	Std. Error	t-Statistic	Probability
CONSTANT	2.277656	26.6124	0.08558627	0.93279
PUP2006_20	0.03114971	0.0812337	0.383458	0.70613
LPH2006_20	0.01680343	0.02628149	0.6393637	0.53111
GrossEnrol	0.1490934	0.2865842	0.520243	0.60960
PGDP2006_2	-0.06398057	0.07246116	-0.8829636	0.38957

REGRESSION DIAGNOSTICS

MULTICOLLINEARITY CONDITION NUMBER 55.793689

TEST ON NORMALITY OF ERRORS

TEST	DF	VALUE	PROB
Jarque-Bera	2	0.9926	0.60877

DIAGNOSTICS FOR HETEROSKEDASTICITY

RANDOM COEFFICIENTS

TEST	DF	VALUE	PROB
Breusch-Pagan test	4	1.6088	0.80722
Koenker-Bassett test	4	1.9553	0.74397

DIAGNOSTICS FOR SPATIAL DEPENDENCE

FOR WEIGHT MATRIX : spatialweight.gal
(row-standardized weights)

TEST	MI/DF	VALUE	PROB
Moran's I (error)	0.1400	1.3360	0.18154
Lagrange Multiplier (lag)	1	1.2486	0.26383
Robust LM (lag)	1	4.2824	0.03851
Lagrange Multiplier (error)	1	0.7830	0.37624
Robust LM (error)	1	3.8168	0.05074
Lagrange Multiplier (SARMA)	2	5.0653	0.07945

===== END OF REPORT =====



SUMMARY OF OUTPUT: SPATIAL LAG MODEL - MAXIMUM LIKELIHOOD ESTIMATION

```
Data set      : ProvincesData
Spatial Weight : spatialweight.gal
Dependent Variable : IMR2006_20   Number of Observations : 22
Mean dependent var : 18.5455   Number of Variables      : 6
S.D. dependent var : 5.94797   Degrees of Freedom       : 16
Lag coeff. (Rho)   : 0.375612

R-squared      : 0.155078   Log likelihood           : -69.004
Sq. Correlation : -                Akaike info criterion    : 150.008
Sigma-square    : 29.892   Schwarz criterion        : 156.554
S.E of regression : 5.46736
```

Variable	Coefficient	Std. Error	z-value	Probability
W_IMR2006_20	0.3756122	0.2345033	1.601735	0.10921
CONSTANT	-5.925888	22.7005	-0.2610466	0.79406
PUP2006_20	0.07020787	0.06769999	1.037044	0.29972
PGDP2006_2	-0.05222692	0.06045156	-0.8639466	0.38762
GrossEnrol	0.1519759	0.2386009	0.6369462	0.52416
LPH2006_20	0.01321328	0.02187836	0.6039432	0.54588

REGRESSION DIAGNOSTICS

DIAGNOSTICS FOR HETEROSKEDASTICITY

RANDOM COEFFICIENTS

```
TEST      DF      VALUE      PROB
Breusch-Pagan test  4      2.5744      0.63136
```

DIAGNOSTICS FOR SPATIAL DEPENDENCE

SPATIAL LAG DEPENDENCE FOR WEIGHT MATRIX : spatialweight.gal

```
TEST      DF      VALUE      PROB
Likelihood Ratio Test  1      1.5707      0.21011
```

===== END OF REPORT =====

- Infant Mortality Rate spatially dependent
 - 2006/2007
 - 2010/2011
 - 2014/2015

- Gross Enrollment Ratio spatially dependent
 - 2008/2009



Econometric Results: Time and space constant

A 1% increase in urban population is associated with:

- A decrease in gross enrollment ratio by 0.17%, non- significant
- An increase in infant mortality rate by 0.22, non-significant
- A decrease in provincial GDP, non-significant



OLS Regressions of Provincial GDP on Urbanization Indicators

	<u>Pooled Cross-Section</u>		<u>w/Province Fixed Effects</u>	
	No Year	w/Year	No Year	w/Year
	(1)	(2)	(3)	(4)
% Urban	0.281* (2.30)	0.264* (2.14)	-0.0179 (-0.08)	-0.0162 (-0.07)
Vehicles (log)	-2.460 (-1.73)	-2.823 (-1.41)	1.801 (0.72)	-3.834 (-1.05)
Unemployment Rate	0.305 (0.99)	0.565 (1.73)	0.00778 (0.06)	0.121 (0.79)
Herders	-0.000971*** (-3.90)	-0.00110*** (-4.03)	-0.00102*** (-3.64)	-0.000838** (-2.81)
Livestock Per Herder	-0.0115 (-0.31)	-0.0328 (-0.56)	-0.0000326 (-0.00)	-0.0212 (-1.49)
Gross Enrollment Ratio	0.433* (2.24)	0.311 (1.28)	0.0541 (0.42)	-0.0801 (-0.52)
Infant Mortality Rate	-0.00686 (-0.04)	0.0781 (0.48)	-0.333*** (-3.45)	-0.263** (-2.83)
Rainfall	0.0550*** (3.68)	0.0566*** (3.96)	-0.00220 (-0.15)	-0.00863 (-0.59)
Constant	-8.830 (-0.36)	12.05 (0.27)	18.90 (0.53)	106.0* (2.23)
Observations	218	218	218	218
R ²	0.513	0.532	0.899	0.913

- An increase in herders → Decrease in gross enrollment ratio*
- An increase in provincial GDP → Decrease in infant mortality rate*



Conclusion & Next Steps

- Spatial variation of urbanization exists → migration into urban areas?
- Temporal variation of urbanization exists → other influences on economic development?
- Urbanization overall **does not** have statistically significant impacts on indicators of economic development, controlling for variation in provinces and time




Limitations of Study

1. No spatial data at a finer scale
2. Lack of non-spatial data for the provinces
3. Inclusion of additional models

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oyutamarjargal@gmail.com

<https://www.linkedin.com/in/oyut-amarjargal-61178389/>



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INTERNATIONAL CONFERENCE ON DEMOCRACY IN THE 21ST CENTURY: CHALLENGES AND WAYS FORWARD

09-10 JULY 2018 ULAANBAATAR MONGOLIA





The role of democratic governance in improving transparency and accountability of Multinational enterprise in resource-rich countries

Dr. Tapan Kumar Sarker

Senior Lecturer at Griffith University, Australia & Independent Board member of IRIM, Mongolia



Overview

- Government mechanism for improving transparency and accountability of multinational enterprise in resource-rich countries
- Business case aimed to improve transparency and accountability of multinational enterprise
- Role of democratic governance in addressing the aforementioned issues



Setting the right regulatory paradigm in promoting effective governance for multinational enterprise in resource-rich countries

Consider the following regulatory paradigms:

- **Command and control (CAC)** – direct state intervention in markets
- **Voluntarism** – individual organisations decide own
- **Self-regulation** – organised group regulates member behaviour and monitors code of conduct
- **Co-regulation** – combines government regulations and self-imposed industry safeguards



Transparency and accountability in the Australian mining industry – a business case

- Challenges faced by Australian mining sector: land use conflicts, debate over FDI and ownership
- Solution has been to resort to self-regulation for sustainable economic and social development
- Mineral Council of Australia (MCA), UN Global Impact and The European Alliance for CSR work together to uphold transparency and accountability



United Nations
Global Compact





Role of democratic governance in improving transparency and accountability of multinational enterprise – challenges and way forward for Mongolia

- Building capacity for mining sector governance is high priority (i.e. through research and engagement)
- Ways to facilitate good self-management and CSR:
 - i. Regional cooperation
 - ii. Regulatory reform/research
 - iii. Stakeholder management





Conclusions

- Primary goal is better management of economic, social, political and environmental cost of resource extraction
- Effective democratic system of governance is required to draw various self-regulatory, co-regulatory, voluntary and CAC mechanisms
- Collaborative international engagement, cross-institutional research, piloting new mechanisms and close monitoring by government are required for improved corporate mining governance

THANK YOU FOR YOUR ATTENTION

Dr. Tapan Sarker

Email: tapan.sarker@griffith.edu.au

Link here: <https://www.griffith.edu.au/griffith-business-school/departments/international-business-asian-studies/contact-us/staff/dr-tapan-sarker>



Reversal of the Curse? Negative Revenue Shocks and Political Regimes

Delgerjargal Uvsh

University of Wisconsin—Madison

July 10, 2018
Ulaanbaatar, Mongolia



Research motivation

- 1) How decrease in natural resource income affects political regimes is understudied:
 - ✓ Most studies focus on if and how *levels* of resource dependence affects regime type (e.g. Egorov, Guriev, & Sonin 2009, De Mesquita & Smith 2010, and Ross 2015)
 - ✓ A few that consider *dynamics* of resource dependence examine the effects of *positive* shocks to natural resource revenues (e.g. Haber and Menaldo 2011 and Andersen and Ross 2014)

Research motivation

2) The relationship between negative revenue shocks and regimes are theoretically ambiguous.

Positive: Resource busts can

- ✓ provide opening for reforms (Haggard & Kaufman 1997)
- ✓ result in reverse-Dutch disease: new challengers to the regime
- ✓ reduce rent to incumbents and their repressive capacity
- ✓ increase taxation and thus public demand for government accountability (Paler 2013)

Negative:

- ✓ Foreseeing potential challenges and challengers, the incumbent may reallocate resources for repression, such as in military (Wright et al., 2015)
- ✓ Institutional maladies from resource boom may be sticky. Example: Corruption (Manion 2004)

What does the data say?

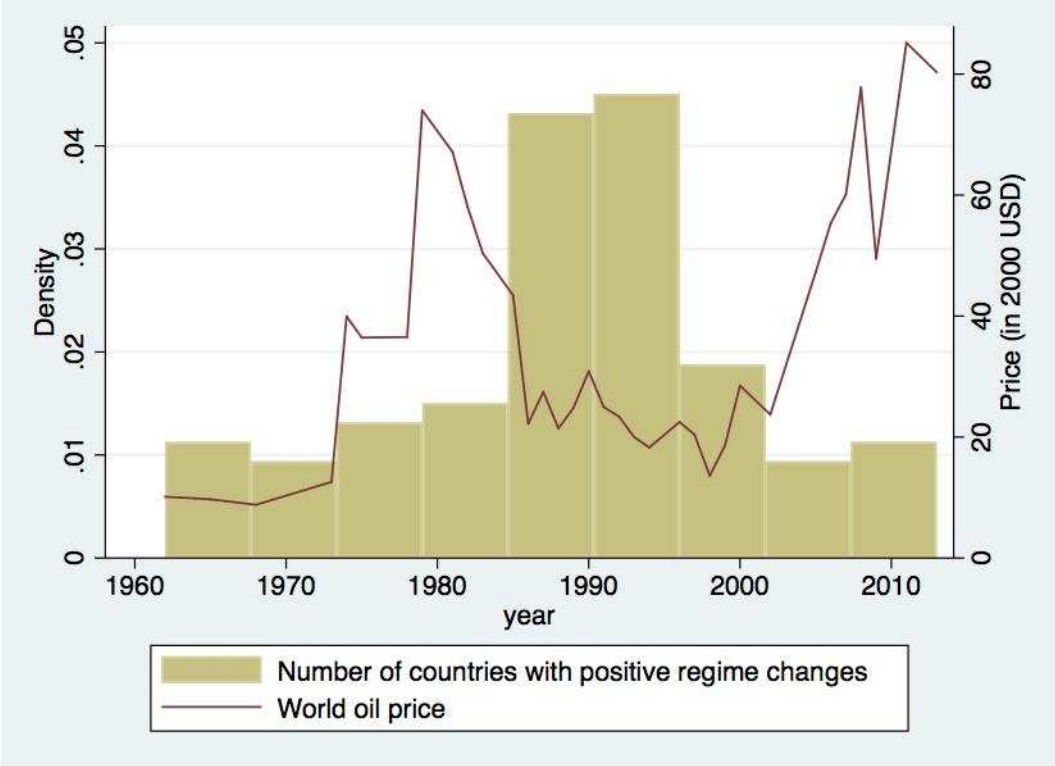
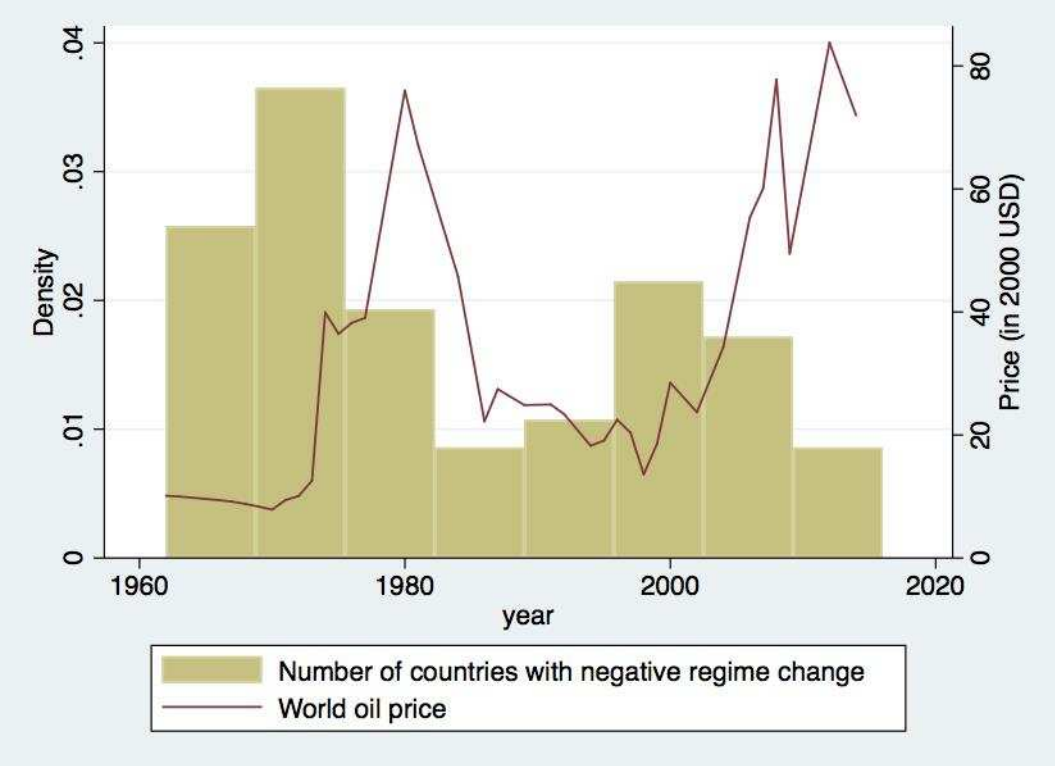


Figure 1: Temporal distribution of considerable regime changes (>30% decrease or increase in Polity IV scores) against the world oil price fluctuations.

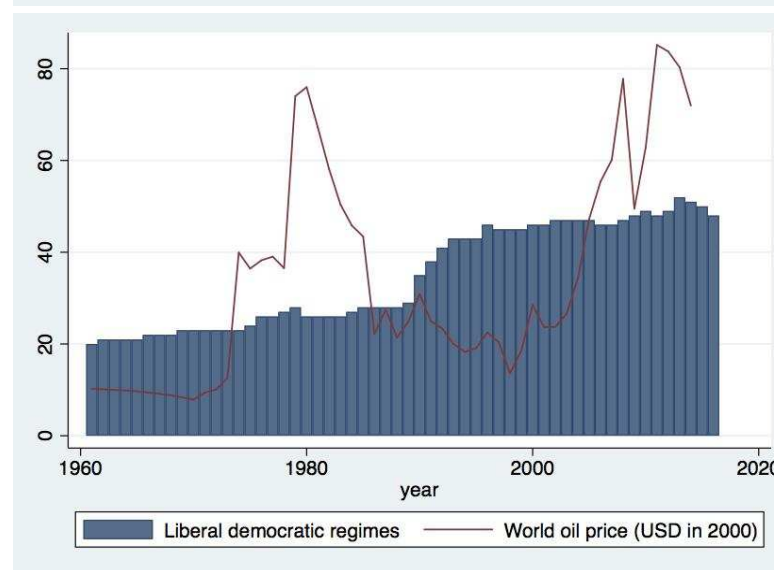
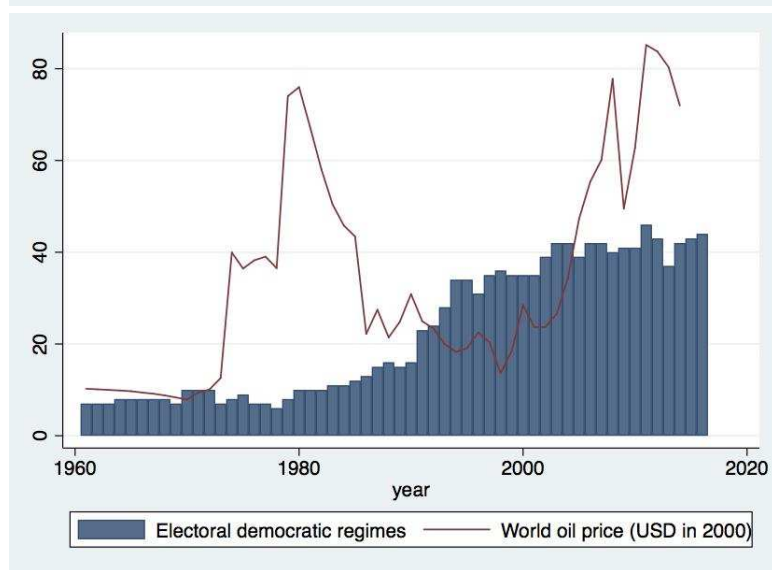
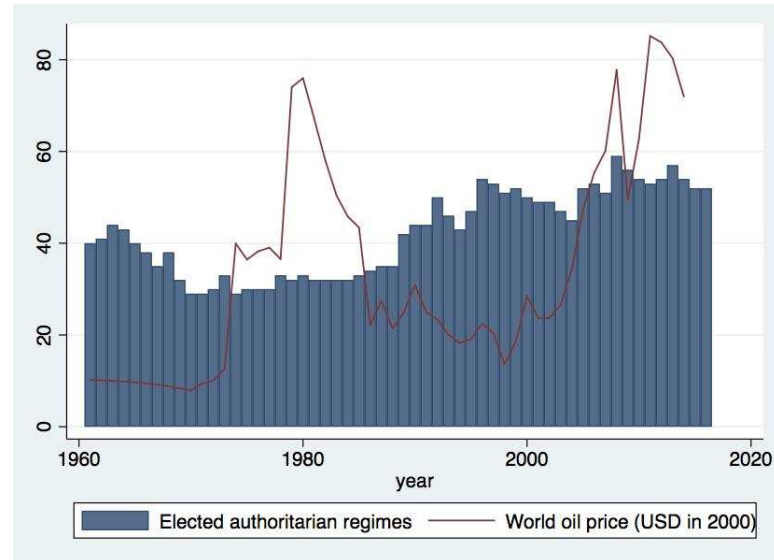
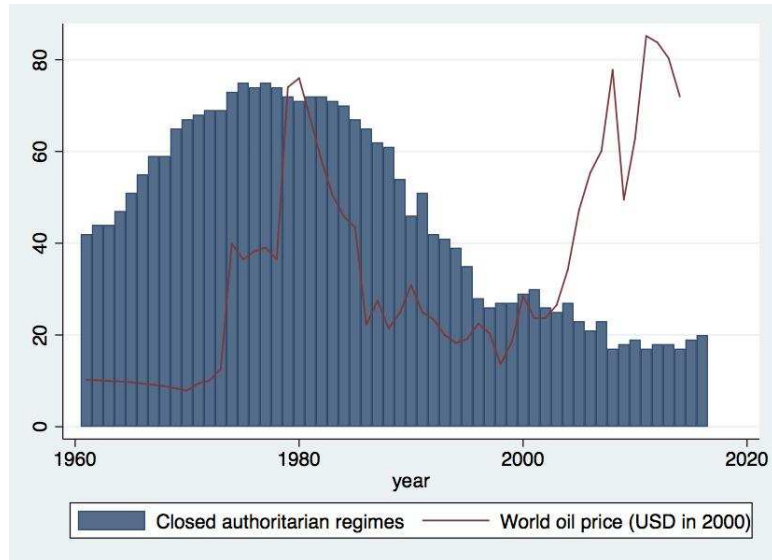


Figure 2: Temporal distribution of broad regime types based on V-DEM classification against the world oil price fluctuations.

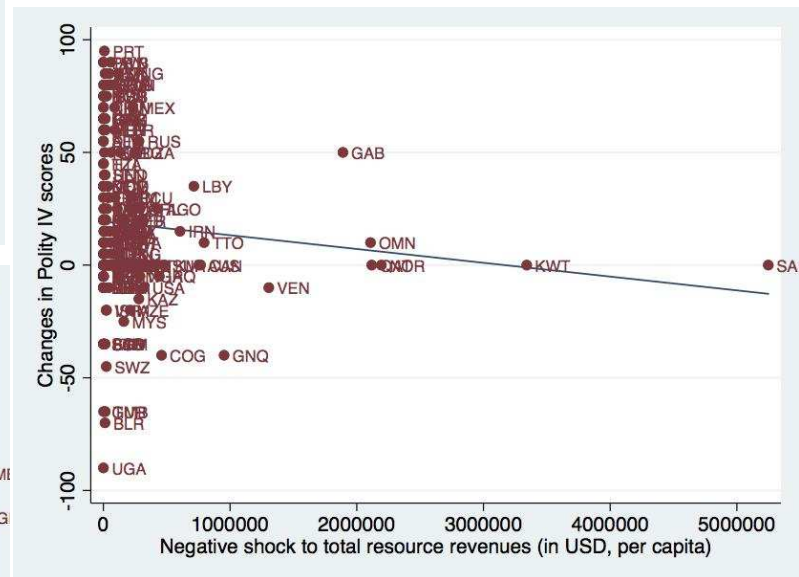
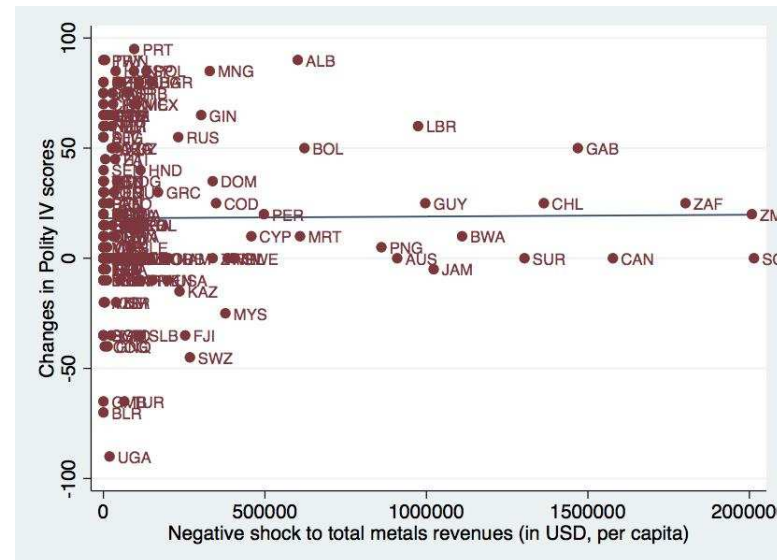
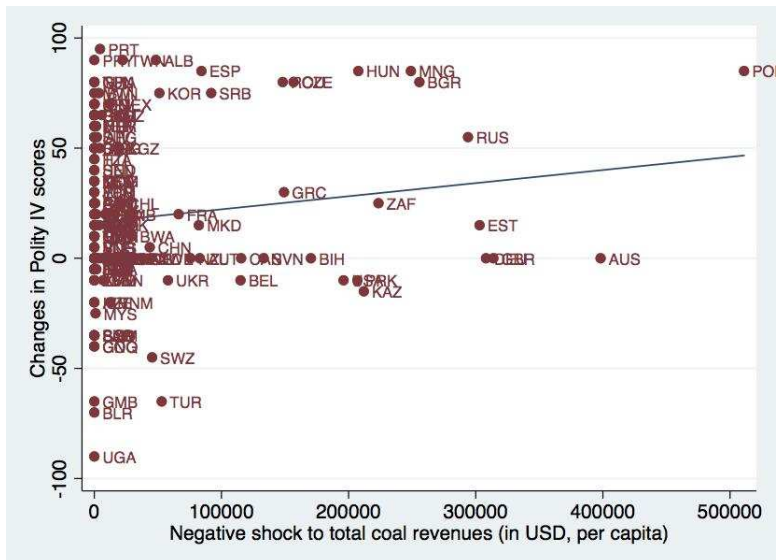
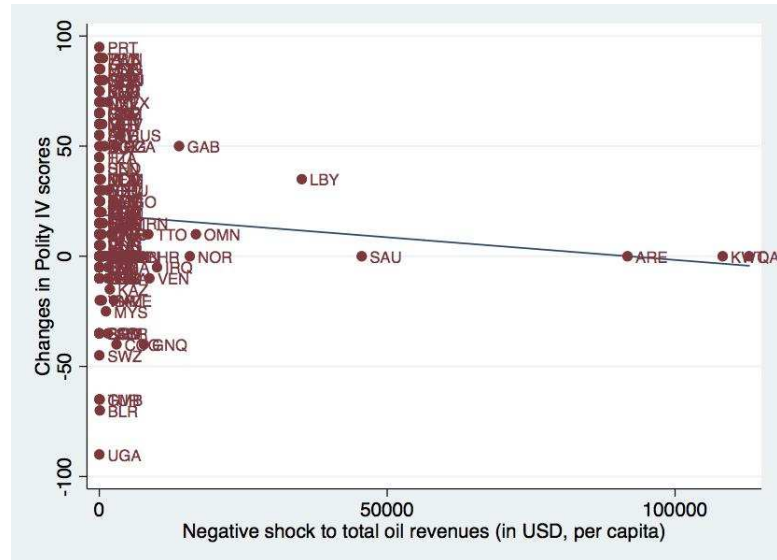
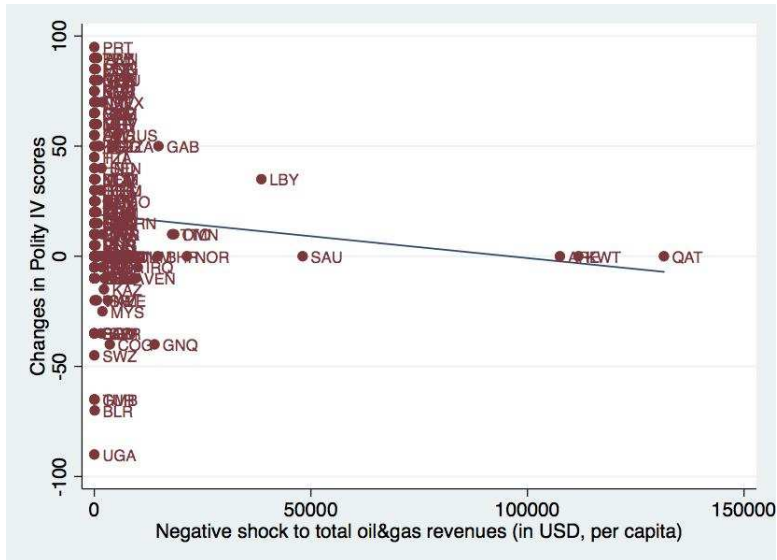


Figure 3: The relationship between cumulative regime changes and negative shocks to revenues from various natural resources (1961-2016)

Empirical strategy

First-differences model with country-fixed effects:

- 1) It can estimate the effect of *changes* in natural resource income on *changes* in regimes.
- 2) It allows exploitation of within-country variation, while holding time-invariant country-specific factors (e.g. geography, culture, informal institutions)

Sample: Countries with population over 500,000 between 1961-2016

Dependent variable: Annual changes in the Polity IV score, a standard measure of political regimes.

Main independent variables: Negative changes in a country's per capita income from

- 1) total natural resources
- 2) oil and gas (combined)
- 3) oil
- 4) coal
- 5) metals and
- 6) total government non-tax revenues

Control variables :

- 1) Regime type (Polity IV score in $t-1$)
- 2) Political corruption (VDEM Political Corruption Index in $t-1$)
- 3) Resource reliance (Level of resource income in $t-1$)
- 4) Regional diffusion (% of democracies in the region in $t-1$)
- 5) Economic development (GDP per capita in $t-1$)
- 6) Inequality (VDEM Egalitarian Democracy Index in $t-1$)
- 7) Ongoing civil war (binary)

Main results

Dependent variable	Δ in Polity IV					
	Total resources	Oil and gas	Oil	Coal	Metals	Non-tax
Revenue source						
Negative shock	0.172** (0.070)	0.335** (0.169)	0.384** (0.168)	0.134 (0.101)	0.132* (0.078)	0.167 (0.199)
Positive shock	0.157** (0.066)	0.350** (0.135)	0.364** (0.137)	0.068 (0.099)	0.094 (0.071)	0.185 (0.179)
Polity _{t-1}	-0.171*** (0.020)	-0.174*** (0.017)	-0.173*** (0.017)	-0.176*** (0.017)	-0.175*** (0.017)	-0.205*** (0.022)
Total resource dependence _{t-1}	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
GDP per capita _{t-1}	-0.056 (0.640)	-0.416 (0.533)	-0.404 (0.513)	-0.144 (0.508)	-0.138 (0.498)	-1.414* (0.753)
Indicator for civil war _{t-1}	0.465 (0.673)	0.514 (0.673)	0.479 (0.677)	0.514 (0.679)	0.504 (0.678)	-1.248 (0.820)
Political corruption index _{t-1}	4.561*** (1.353)	4.081** (1.320)	4.082** (1.324)	4.452** (1.344)	4.283** (1.344)	2.990 (1.950)
Egalitarian democracy index _{t-1}	17.158*** (3.966)	20.313*** (3.199)	20.298*** (3.210)	20.775*** (3.260)	20.419*** (3.204)	18.720*** (4.295)
Regional democratic diffusion _{t-1}	0.136*** (0.020)	0.127*** (0.022)	0.126*** (0.023)	0.131*** (0.022)	0.131*** (0.022)	0.109*** (0.028)
Constant	1.462 (4.952)	3.878 (3.971)	3.779 (3.829)	1.723 (3.869)	1.525 (3.813)	15.577** (5.842)
<i>N</i>	4466	5198	5196	5056	5056	2696
Countries	152	154	154	154	154	140
Country-fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Errors clustered by country	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Heteroskedasticity-robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 1: Full models: Effects of negative revenue shocks on Polity IV score change

Main results

Dependent variable	Δ in Polity IV					
	Total resources	Oil and gas	Oil	Coal	Metals	Non-tax
Negative shock	0.239** (0.098)	0.274 (0.192)	0.434** (0.211)	0.099 (0.096)	0.059 (0.121)	0.130 (0.194)
Positive shock	0.219** (0.090)	0.255 (0.159)	0.302* (0.179)	0.055 (0.103)	0.083 (0.112)	0.170 (0.175)
Polity _{t-1}	-0.267*** (0.056)	-0.244*** (0.053)	-0.244*** (0.053)	-0.251*** (0.055)	-0.254*** (0.056)	-0.304*** (0.064)
Total resource dependence _{t-1}	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
GDP per capita _{t-1}	1.452 (1.178)	0.017 (0.831)	0.024 (0.815)	0.262 (0.821)	0.232 (0.837)	0.866 (1.082)
Indicator for civil war _{t-1}	-1.007 (1.217)	-0.914 (1.103)	-0.943 (1.108)	-0.987 (1.117)	-0.960 (1.119)	-2.058 (1.327)
Political corruption index _{t-1}	3.040 (2.646)	2.800 (2.434)	2.776 (2.426)	3.022 (2.543)	2.988 (2.551)	0.234 (2.507)
Egalitarian democracy index _{t-1}	17.347** (6.772)	22.516*** (5.845)	22.293*** (5.844)	23.054*** (6.052)	23.264*** (6.138)	7.810 (4.812)
Regional democratic diffusion _{t-1}	0.160*** (0.031)	0.169*** (0.030)	0.168*** (0.030)	0.172*** (0.031)	0.173*** (0.031)	0.101** (0.033)
Constant	-1.100 (10.531)	7.526 (7.203)	7.504 (7.098)	5.736 (7.440)	6.003 (7.324)	14.419 (9.289)
<i>N</i>	2512	2848	2848	2742	2742	1632
Countries	121	123	123	123	123	109
Country-fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Errors clustered by country	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Heteroskedasticity-robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 2: Full models: Effects of negative revenue shocks on Polity IV score change for democratic countries (Normalized Polity score ≥ 50)

Main results

Dependent variable	Δ in Polity IV					
	Total resources	Oil and gas	Oil	Coal	Metals	Non-tax
Negative shock	0.190*	0.403	0.460	0.396	0.197*	0.422
	(0.109)	(0.302)	(0.280)	(0.296)	(0.112)	(0.420)
Positive shock	0.156	0.408	0.364**	0.189	0.067	0.333
	(0.097)	(0.253)	(0.137)	(0.235)	(0.104)	(0.369)
Polity _{t-1}	-0.140**	-0.107**	-0.105**	-0.108**	-0.106**	-0.197**
	(0.044)	(0.040)	(0.040)	(0.042)	(0.042)	(0.064)
Total resource dependence _{t-1}	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
GDP per capita _{t-1}	0.413	0.370	0.343	0.941	0.693	-1.420
	(0.664)	(0.869)	(0.846)	(0.773)	(0.764)	(0.942)
Indicator for civil war _{t-1}	1.955	1.778*	1.734*	1.759*	1.819*	0.106
	(1.184)	(1.016)	(1.014)	(1.028)	(1.032)	(1.341)
Political corruption index _{t-1}	5.182**	3.625*	3.612*	3.937*	3.690*	2.092
	(2.176)	(2.090)	(2.091)	(2.156)	(2.106)	(3.825)
Egalitarian democracy index _{t-1}	48.250***	32.980**	33.281**	33.634**	32.314**	65.787**
	(12.263)	(12.327)	(12.254)	(12.625)	(12.607)	(20.835)
Regional democratic diffusion _{t-1}	0.198***	0.139***	0.139***	0.141***	0.138***	0.249***
	(0.033)	(0.037)	(0.037)	(0.037)	(0.037)	(0.056)
Constant	-10.224**	-6.863	-6.753	-10.583**	-9.188*	3.510
	(4.965)	(6.072)	(5.860)	(5.311)	(5.336)	(6.340)
<i>N</i>	1954	2350	2348	2314	2314	1064
Countries	104	105	105	105	105	81
Country-fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Errors clustered by country	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Heteroskedasticity-robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3: Full models: Effects of negative revenue shocks on Polity IV score change for authoritarian countries (Normalized Polity score < 50)

Conclusion

- 1) Overall, negative shocks to oil, gas, and sometimes metals income have *positive effect* on the likelihood of democratic change in the regime.

- 2) Differential trends in democracies and authoritarian regimes:
 - ✓ Oil revenues are significantly associated with better Polity scores in democracies, while in authoritarian countries Polity scores do not improve when oil income declines
 - ✓ Only declines in metals revenues are weakly and positively associated with improved democracy scores in authoritarian regimes.

- 3) Considering *dynamic changes*, rather than only *levels*, of resource dependence is critical: There may be no “resource curse” or even “resource blessing” for regimes when we look at dynamics.


Thank you for your attention!

Email: uvsh@wisc.edu
duvsh@alumni.nd.edu



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THE 'CURSE' OF FOREIGN INVESTMENT: UNTANGLING MONGOLIA'S POST-COMMUNIST TRANSITION FROM ITS EXTRACTIVE DEPENDENCE

AUBREY MENARNDT





The Resource Curse

- ‘The observation that countries rich in natural resources tend to perform badly.’ (Sachs and Warner, 1995)
- Mongolia and the resource curse:
 - Heavy economic reliance on extractive sector
 - Weak institutions
 - High levels of corruption



Thesis

What are commonly thought of as resource curse effects in Mongolia began earlier as symptoms of a Western-leveraged market transition.



Mongolia as a Divergent Case

- Non-violent political transition
- Lack of Russian interest and leverage vacuum
- “The most serious peacetime economic collapse any country has faced during this century.” (Bruun and Odgaard, 1996)
- “Third Neighbor Policy”



1996 Mongolian Elections

- IRI forms opposition coalition and finances DU
- “Contract with the Mongolian Voter”
- IRI objective: to elect leaders who supported market liberalization
- Elbegdorj: “The victory is as much IRI’s victory as it is ours.”



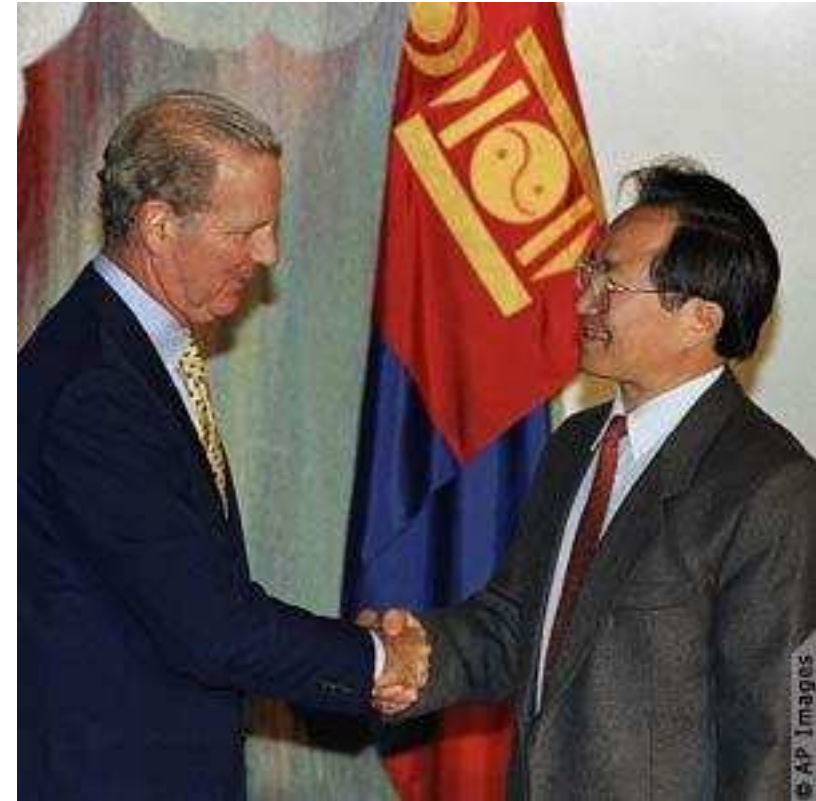
Effects of 1996 Elections

- Strong proponents of free market capitalism elected
- Introduction of leverage point for American conservatives



James Baker

- Chief of Staff and Treasury Secretary under Ronald Reagan
- Secretary of State under George H.W. Bush





Western Involvement in the Mongolian Economy

- DU leaders supported privatization and market economy as indispensable to democracy
- “Shock Therapy” reforms by IMF/WB
- “An experiment conducted by the IMF...to the benefit of external interests.” (Rossabi, 2005)



Mixed Results

Positive:

- Rebuilding of national reserves, controlled inflation, currency stabilization

Negative:

- Prioritization of large-scale projects over poverty alleviation
- Single-sector economy
- Wealth inequality
- Weakening of institutions
- Corruption



Prioritization of large-scale projects over poverty alleviation

- Foreign aid directed to investment projects, not poverty alleviation
- “Trickle-down” investment did not work because people were starving



Single-Sector Economy

- Agricultural sector privatized
- Subsidies ended (reformers believed they ‘distorted’ the free market)
- Removal of all tariffs
- Zuud

→ Collapse of agricultural sector



Wealth Inequality

- Privatization of state-owned institutions
- Creation of stock exchange and voucher system
- By 2003, .5% of the population owned 70% of the shares of these 330 companies



Weakening of Institutions

- Western reformers disparaged large state
- In ten years, government expenditures dropped from 50% of GDP to 27%
- Massive revenue shortfalls



Corruption

- Quickly reducing the size of government limited its enforcement capacity
- Large-scale projects highly susceptible to corruption
- Aid money poured into economy before developing judiciary and rule of law
- Threat of selective enforcement




Closing Thoughts

- Onset of resource extraction intensified conditions that already existed
- While the Western-leverage economic transition certainly produced negative effects, it also helped Mongolia democratize. Being a democracy has in part led to a turbulent investment climate which has stalled large-scale extraction.

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THANK YOU FOR YOUR ATTENTION


Aubrey Menarndt

aubrey.menarndt@gmail.com



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What Keeps the Economic Growth Unsustainability in Mongolia?

Plan-irrational State and Extractive Economic Institutions

Dr. Uuganbayar Tumurkhuu

**Director of International Projects, Programs, and External Cooperation,
Ministry of Education, Culture, Science, and Sports, Mongolia**



Why Mongolia's Economy & Politics?

From Mining Boom to Economic Nightmare

- In 2011, Mongolia's economic growth was 17%.
- In 2016, economic growth was 1.2%.
- In 2017, economy grew by 4%.
- In the first half of 2018, it is 3%.

From Democratization to Deviant Democracy

- Interest groups & political corruption
- Clientelism & expensive campaign
- Populism & irrational policy choice



Central and Sub Research Questions

What explains the failure of Mongolian economy

How couldn't Mongolia benefit from huge market in China?

How couldn't Mongolia use its abundant mineral resources for the well-being of its people?

How does Mongolian democracy consolidation progress so slowly?

What keeps Mongolian democracy unconsolidated?

What makes Mongolian politicians and policy-makers ignore voice of people?

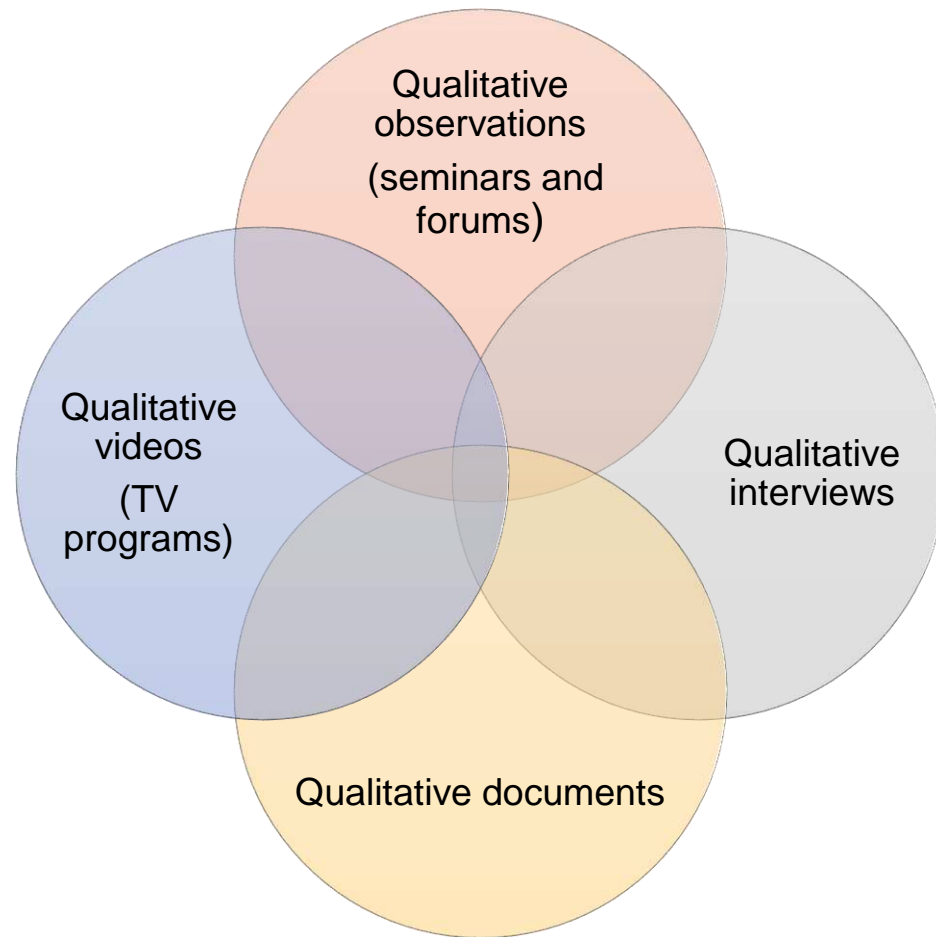
What keeps Mongolian democracy unconsolidated?



Research Design and Method

This study uses inductive reasoning to reliably identify how economy and democratization fail in Mongolia

For Data Collection and Analysis



Strategies for Internal Validity and Reliability

- The first strategy was **the multiple source** of data
- Second strategy was the **use of participant checking**.
- The third strategy is **peer examination**

- **5 nationwide seminars and forum**
- **Face to face interview with 10 experts**
- **Articles** from newspapers and websites
- **Two TV programs**
 - TV Program **“Step & Solution”** on economic problems, social problems, and politics
 - TV Program **“Source”** on social problems, economic problems, international affairs, and politics



Six Major Patterns

that *best explain* the economic and democracy problems in Mongolia

Very limited economic freedom in Mongolia

Unsustainable government policy
(appointive bureaucracy)

Weak state insulation
from social pressure
groups

Clientelism as
campaign promises

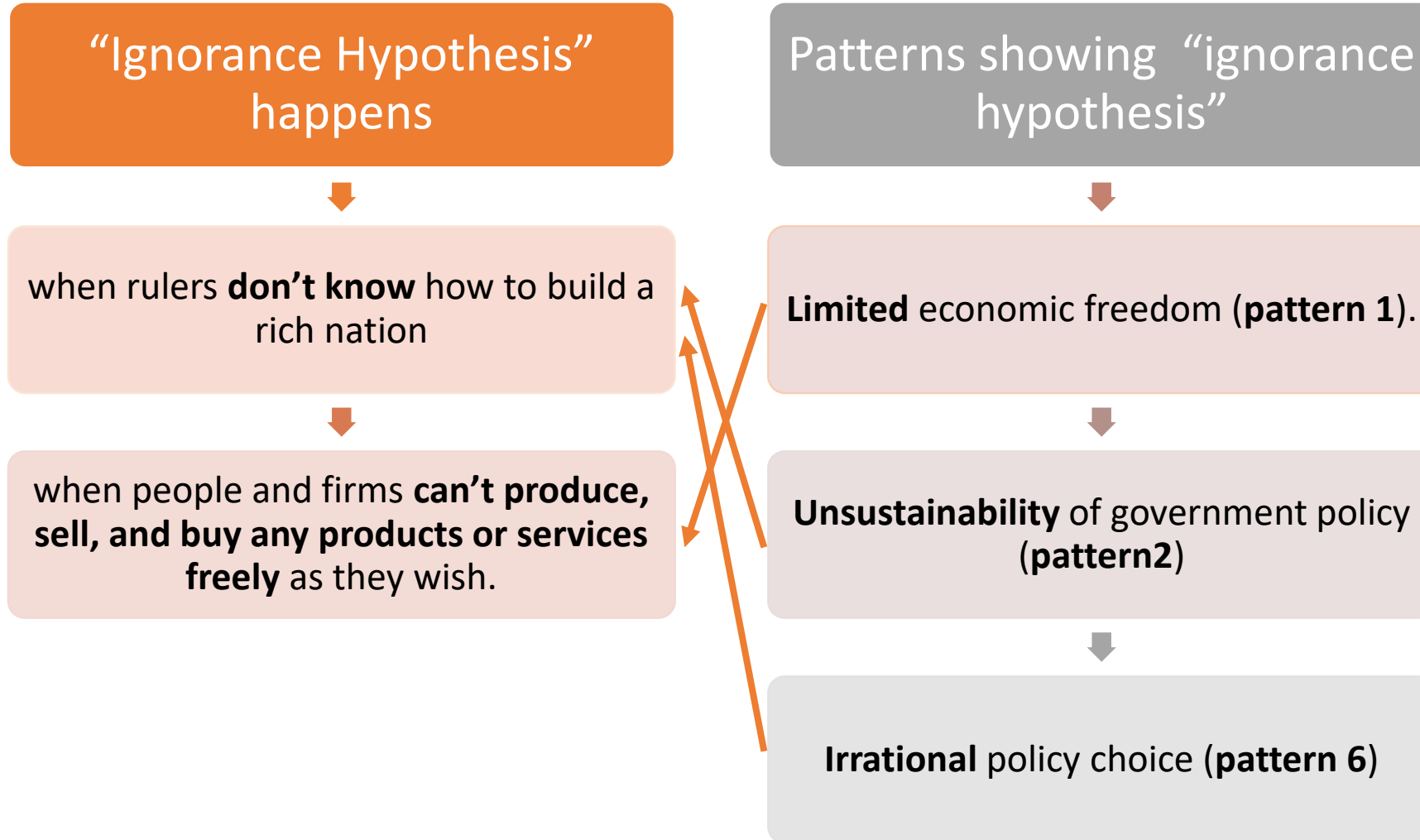
Political corruption

Irrational policy choice



Two Accepted Hypotheses relate to observed patterns

Ignorance Hypothesis explains Mongolia's unsustainable economic growth in three ways





Two Accepted Hypotheses relate to observed patterns

Extractive economic institution explains Mongolia's unsustainable economic growth in three ways

In “extractive economic institution”

- politics makes institutions where **narrow elites extract resources** by using majority people.

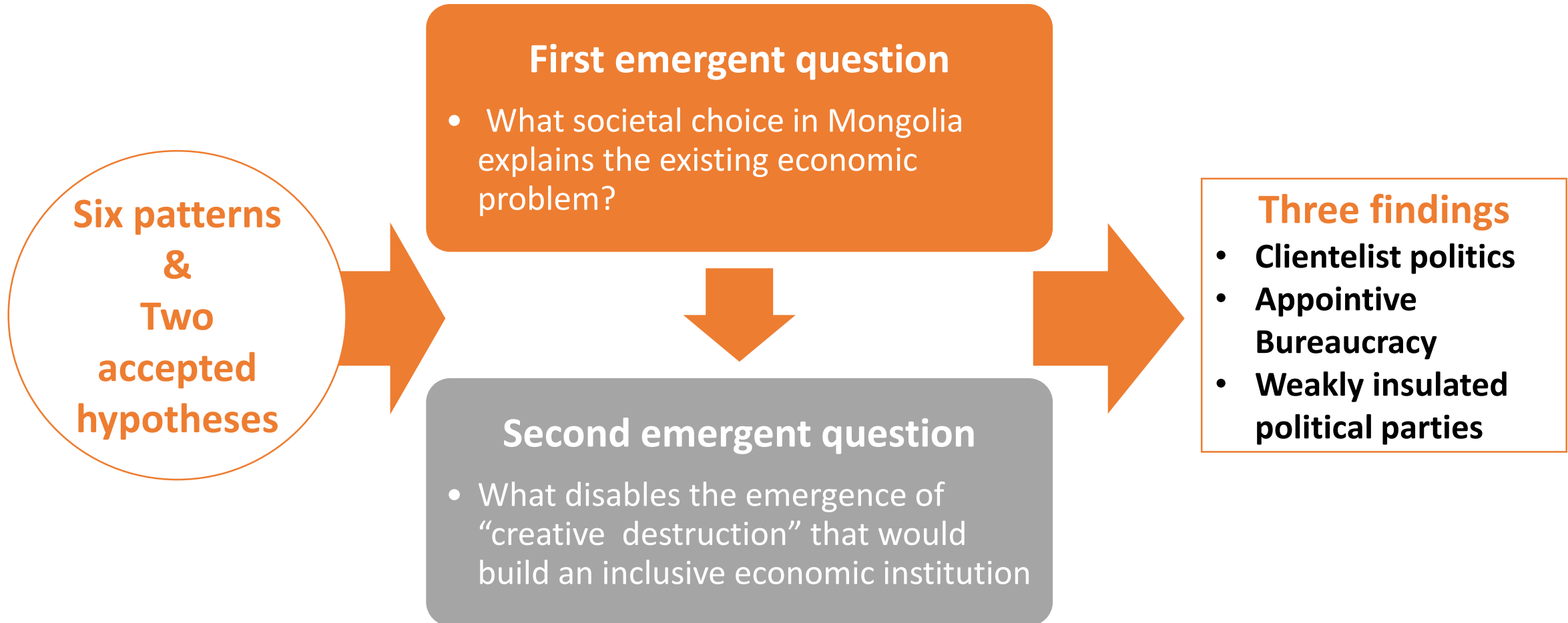


Patterns showing “extractive economic institutions”

- Clientelism in election (pattern 4).
- Political corruption (pattern 5)
- “Weakly insulated political parties” (pattern 3)

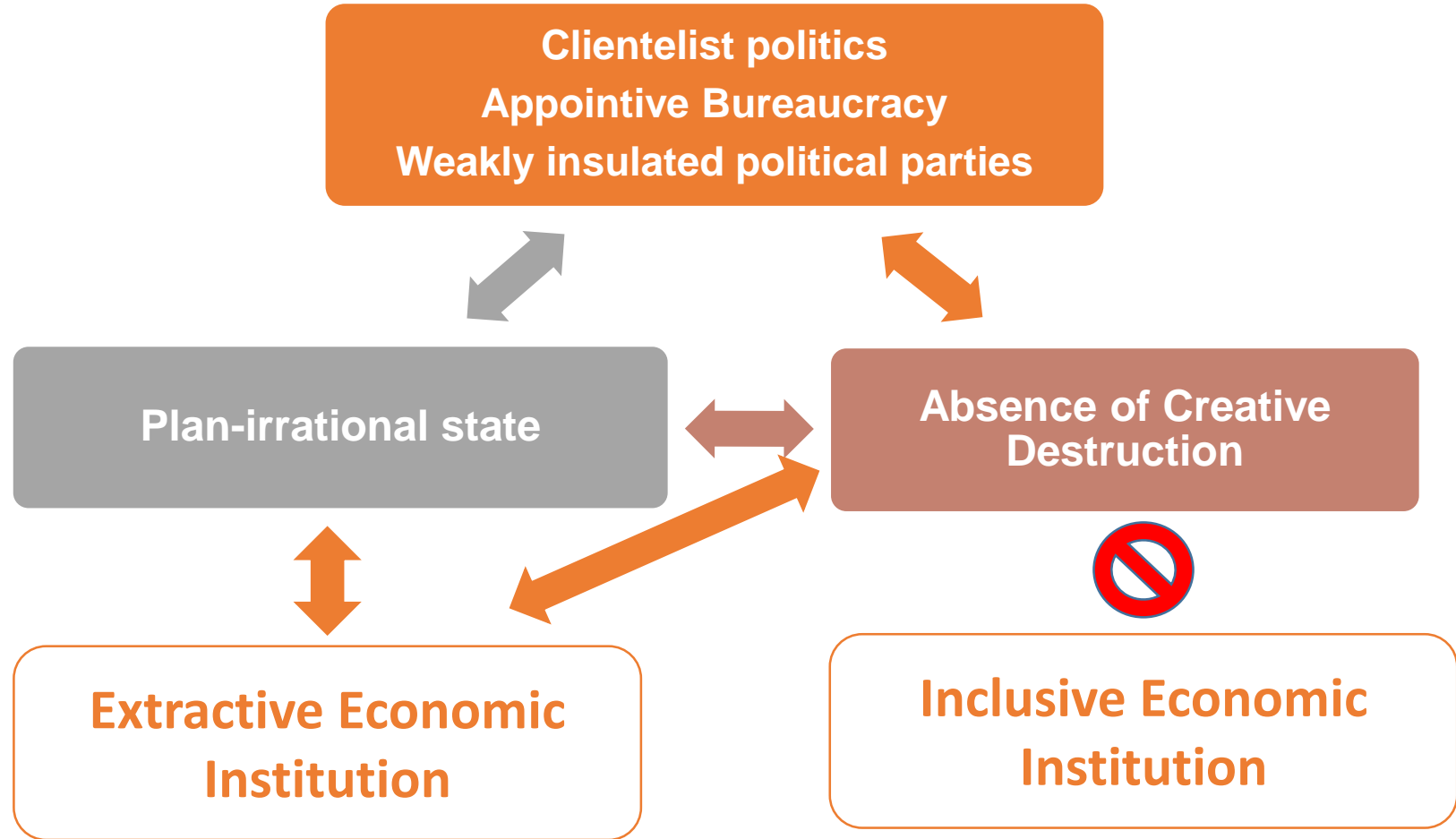


Two Emergent Questions & Three Findings





Three variables that explains how plan-irrational state & extractive economic institution survive in Mongolia





Conclusion (continued)...

Theoretical Implications

1. “Ignorance hypothesis” explains one aspect of complex Mongolian problem, but it can’t provide a complete picture.
 - Appointive bureaucracy and absence of policy research infrastructure leads to irrational policy choices and consequently economy fails (**good example of ignorance hypothesis**).
 - However, the “ignorance hypothesis” can’t explain how ruling elites and parties have no real will to change the existing problem (**good example of extractive economic institution**).
 - “Extractive economic institution” is a good hypothesis to explain what the ignorance hypothesis can’t do. Ruling political and corporate elites inside political parties don’t really desire to make changes, because they are winners in the existing circumstance.



Conclusion

(continued from the previous slide)

Theoretical Implications

2. “Plan-irrational state” with **three harmful aspects** is a key answer to explain how democratic revolution and reforms couldn’t make an inclusive economic institution.

- Three aspects are **“clientelism”**, **“appointive bureaucracy”**, and **weakly insulated political parties** from political corruption.
- This made me conclude that a **“plan-irrational state”** keeps the survival of extractive institution after social changes and destruction for an inclusive institution occurred.

Further Study

- This study focused on explaining how economic growth and democracy consolidation couldn’t happen. Therefore, future studies **need to explore whether the findings of this study exist in other countries.**
- **It would be useful to generalize** the findings of this research **if they find similar patterns.**

THANK YOU FOR YOUR ATTENTION

Questions & Answers

PRESENTER CONTACT INFORMATION:

Dr. Uuganbayar Tumorkhoo

Director of International Projects, Programs, and External Cooperation,
Ministry of Education, Culture, Science, and Sports, Mongolia


Mobile +976-99044111

Email: uuganbayarmgl2002@yahoo.com



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DEMOCRATIZATION AND JUDICIAL INDEPENDENCE: A CASE STUDY OF MONGOLIA

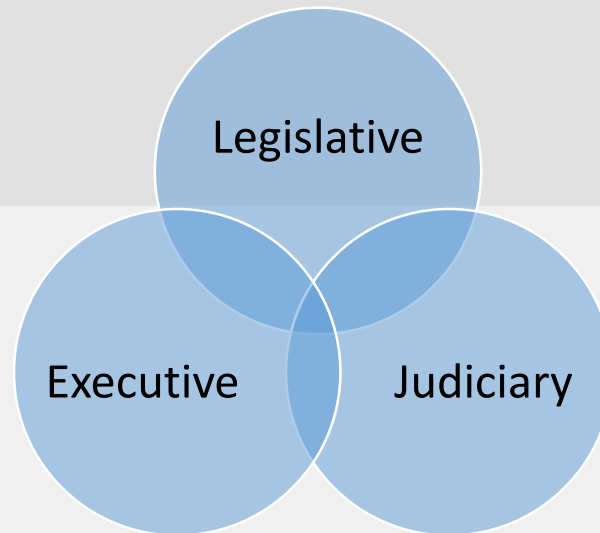
Tuya Barsuren

09 July 2018

The notion of liberal democracy:

**LIBERAL DEMOCRACY IS ABOUT PROTECTING
HUMAN RIGHTS AND LIBERTY**

In order to protect human rights and liberty, the State power should be divided into three different branches:



SEPARATION OF POWERS IN MONGOLIA AND GERMANY

In Germany



Legislative branch

- Bundestag
- Bundesrat



Executive branch

- The Federal Government
- The President



Judicial branch

- The Constitutional court
- Supreme courts and other courts

In Mongolia



Legislative branch

- The State Great Khural



Executive branch

- The Government of Mongolia
- The President

Judicial branch

• **No Constitutional court**



- Supreme Court (the Supreme Court is generally the court of last resort for non-constitutional matters);
- -Aimag and Capital city Courts;
- -Soum, Intersoum and District Courts;
- -Specialized Courts (Criminal, Civil and administrative Courts)

ROLE OF THE JUDICIARY IN A DEMOCRACY IS:

Judiciary
upholds
citizens' rights

By interpreting the
Constitution limits
the powers of the
other branches of
government

**THEREFORE, THE JUDICIAL SYSTEM IS A KEY ASPECT OF THE
DEMOCRACY**

THE GERMANY'S CONSTITUTIONAL COURT VS THE MONGOLIAN CONSTITUTIONAL TSETS

THE CONSTITUTIONAL COURT OF THE FEDERAL REPUBLIC OF GERMANY	THE CONSTITUTIONAL TSETS OF MONGOLIA
<ol style="list-style-type: none"><li data-bbox="173 491 1098 601">1. The Constitutional Court is a part of the judiciary system.<li data-bbox="173 743 1263 1043">2. The Constitutional court has overall 16 authorized cases, such as Forfeiture of basic rights and abstract judicial review (about disputes between legislature, executive and judiciary branch) etc	<ol style="list-style-type: none"><li data-bbox="1314 491 2372 665">1. The Constitutional Tsets is not a part of the judiciary system. It is an independent political organization.<li data-bbox="1314 743 2410 1229">2. The constitutional Tsets' authorized cases are<ul style="list-style-type: none"><li data-bbox="1314 808 1880 853">• The conformity of laws;<li data-bbox="1314 868 2333 979">• The conformity of national referendums and decisions of the Central Electoral Authority;<li data-bbox="1314 993 2372 1039">• The breach of law by the government officials;<li data-bbox="1314 1053 2410 1229">• Supervise the justification of the removal of the President, the Chairman of the Parliament and the Prime Minister.

THE GERMANY'S CONSTITUTIONAL COURT VS THE MONGOLIAN CONSTITUTIONAL TSETS

THE CONSTITUTIONAL COURT OF THE FEDERAL REPUBLIC OF GERMANY

3. The Constitutional Court's judges' Background:

- Can be from professional federal judiciary;
- Can be politicians;
- Can be scholars.

However, the judges must pass the first and second major state bar examinations

THE CONSTITUTIONAL TSETS OF MONGOLIA

3. The Constitutional Tsets' members' background:

- Anyone, who has experienced in politics and law

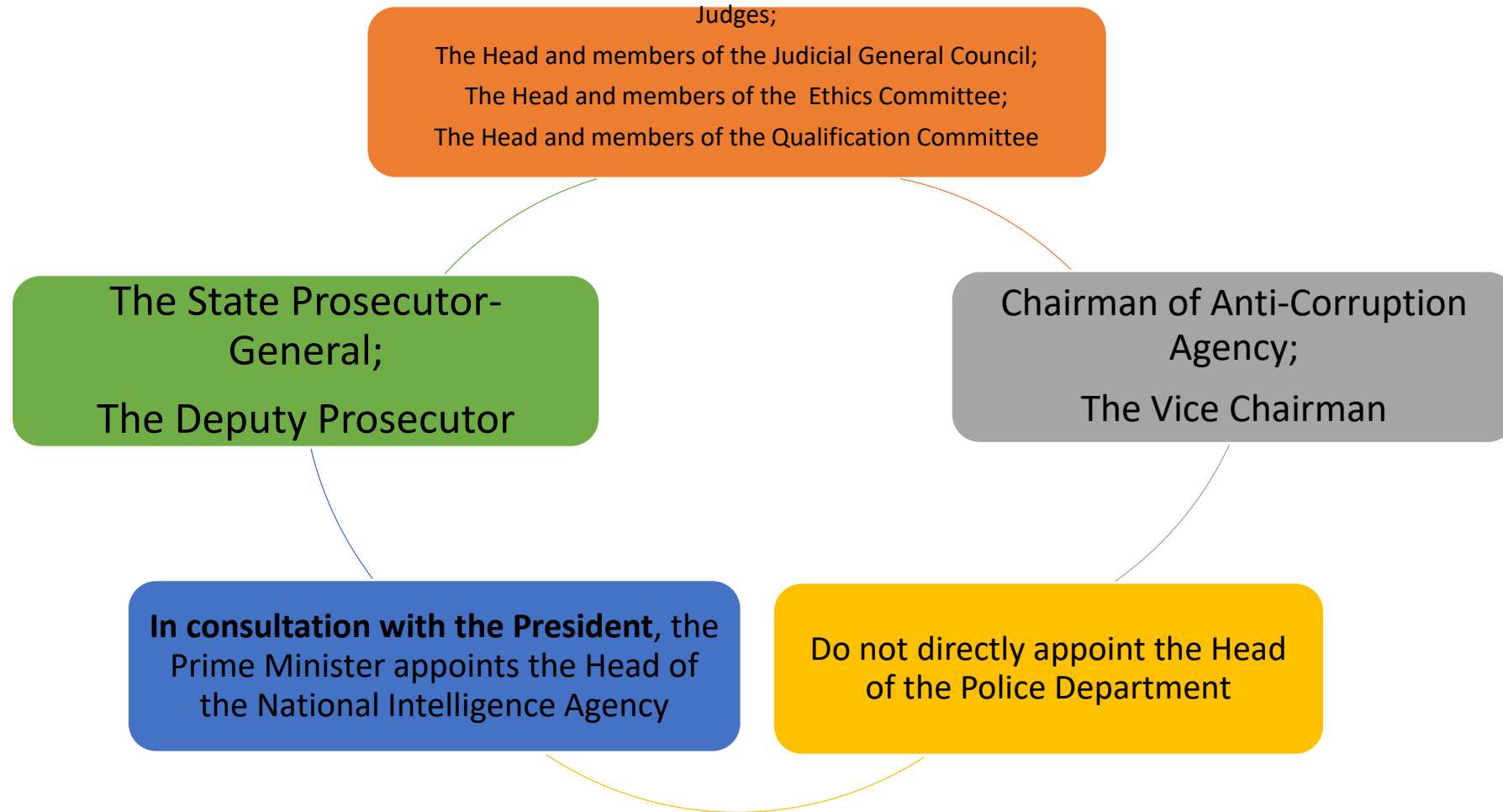
MONGOLIAN DEMOCRACY IS DEFECTIVE DEMOCRACY

Judiciary
upholds
citizens' rights

By interpreting the
Constitution limits
the powers of the
other branches of
government

**THEREFORE, THE JUDICIAL SYSTEM IS A KEY ASPECT OF THE
DEMOCRACY**

NO Judicial independence



JUDICIARY UPHOLDS CITIZENS' RIGHTS

THE SUPREME COURT DECISION IS THE FINAL JUDICIAL DECISION



WHAT WE SHOULD DO?

**WE NEED TO DISPERSE THE JUDICIAL
POWER**

**WE NEED TO ESTABLISH THE
CONSTITUTIONAL COURT**

THANK YOU FOR YOUR ATTENTION

PRESENTERS CONTACT INFORMATION:

- **Email:** tuya0321@yahoo.com
- **Phone:** +976 99186917

Facebook: Tuya Barsuren
LinkedIn: Tuya Barsuren



NATURAL RESOURCE ABUNDANCE, DEMOCRACY, AND ECONOMIC GROWTH IN TRANSITION ECONOMIES

D.Enkh-Amgalan, Ch.Hashchuluun

School of Science, National University of Mongolia

09-10 JULY 2018 ULAANBAATAR MONGOLIA





OVERVIEW OF PRESENTATION

1. Introduction
2. Related literature
3. Data description and methodology
4. Empirical analysis results
5. Conclusion



INTRODUCTION

- Natural **resource abundant** economies tend to grow slower than economies without **substantial resources**.
- For e.g., **growth losers** (**resource curse**), such as **Nigeria, Zambia, Sierra Leone, Angola and Venezuela**, are all resource-rich, while the Asian tigers, **Korea, Taiwan, Hong Kong and Singapore**, are all resource-poor.
- BUT many **growth winners**, such as **Botswana, Canada, Australia, and Norway**, are rich in resources.



INTRODUCTION

In this presentation we examine **two main aspects** of the **resource curse**.

- The **first aspect** regards the measurement of **natural resource abundance**.
- The **second aspect** concentrates on the **importance** on **institutional quality** in the economic growth.



RELATED LITERATURE

Authors (year)	Dependent variable	Independent variables	Results
Sachs and Warner (1997)	Average annual real GDP growth divided by the economically active population (1970-1990)	Natural resource abundance(primary products exports/GDP), Initial GDP, openness, investment rates, human capital accumulation rates, changes in external terms of trade, government expenditure ratios, terms of trade volatility, efficiency of government institutions	Resource curse
Sachs and Warner (2001)	Real GDP growth per capita (1970-1989)	Natural resource abundance (natural resource exports/GDP) in 1970, initial GDP, openness, interaction variable,% Land w/in 100 km coast, km to closest port, % land in geographical tropics, falciparum malaria index 1966	Resource curse
Kronenberg (2001)	Average growth of GDP per capita (1989-1999)	Natural resource abundance(primary products exports/Ex), initial GDP, gross capital formation(% of GDP) gross secondary enrollment, State capture index, average annual export growth, openness	Resource curse
Gylfason (2000)	Average growth of GNP per capita (1965-1998)	Natural capital, enrolment rate, investment, initial income	Resource curse



RELATED LITERATURE

Authors (year)	Dependent variable	Independent variables	Results
Gylfason (2001b)	Real GNP growth per capita (1965-1998)	Natural resource abundance (share of natural capital in national wealth, 1994), enrolment rate, investment, initial income	Resource curse
Mehlum and others (2006b)	Real GDP growth per capita (1965-1990)	Natural resource abundance (primary exports/GNP in 1970), initial income, openness, investments, institutional quality, interaction term, secondary school enrolment rate, ethnic fractionalization, language fractionalization	Resource curse only in countries with bad institutions



RELATED LITERATURE

Authors (year)	Dependent variable	Independent variables	Results
Brunnschweiler (2008)	Real GDP growth per capita (1970-2000)	Natural resource variables [1. average total natural capital per capita in 1994 and 2000 (USD), 2. Average subsoil wealth per capita in 1994 and 2000 (USD)], initial income, rule of law/government effectiveness, geography	positive
Alexeev and Conrad (2009)	GDP per capita (PPP)	Natural resource variables [1. hydrocarbon deposits, 2. value of oil output, 3. oil/GDP ratio], ethnolinguistic fractionalization, European population, Latin America, East Asia, rule of law	positive



DATA DESCRIPTION AND METHODOLOGY

We concentrate on the countries of **Central and Eastern Europe** (CEE), the newly independent states of **the Soviet Union** (FSU) and **Mongolia**. Mongolia was a socialist country very closely tied to the Soviet Union, and begin its transition process during the same time frame of FSU.

This gives me samples of **15 FSU** and **11 CEE** countries plus **Mongolia**, for a total of **27** transition countries, all of which started their economic and political transitions within a limited period between 1990-1992.



DATA DESCRIPTION AND METHODOLOGY,

The transition countries:

Countries of Central and Eastern Europe (CEE-11) and Mongolia

Albania (1991)
Bulgaria (1991)
Bosnia and Herzegovina (1992)
Czech Republic (1991)
Croatia
Hungary (1990)
Macedonia, FYR (1990)
Poland (1990)
Romania (1991)
Slovak Republic (1991)
Slovenia (1990)
Mongolia (1990)

The newly independent states of the Soviet Union (FSU-15) (1992)

Armenia
Azerbaijan
Belarus
Estonia
Georgia
Kazakhstan
Kyrgyz Republic
Lithuania
Latvia
Moldova
Russian Federation
Tajikistan
Turkmenistan
Ukraine
Uzbekistan



THE NATURAL RESOURCE CURSE HYPOTHESIS

Natural resource abundance does therefore **hinder** economic growth in countries with **bad institutions** but does not in countries with **good institutions**.

Countries rich in natural resources constitute both **growth losers** and **growth winners**. More natural resources push aggregate income **down**, when institutions are **bad**, while resources **raise** income, when institutions are **good** (Mehlum and others, 2006).



DESCRIPTIVE STATISTICS FOR THE KEY VARIABLES

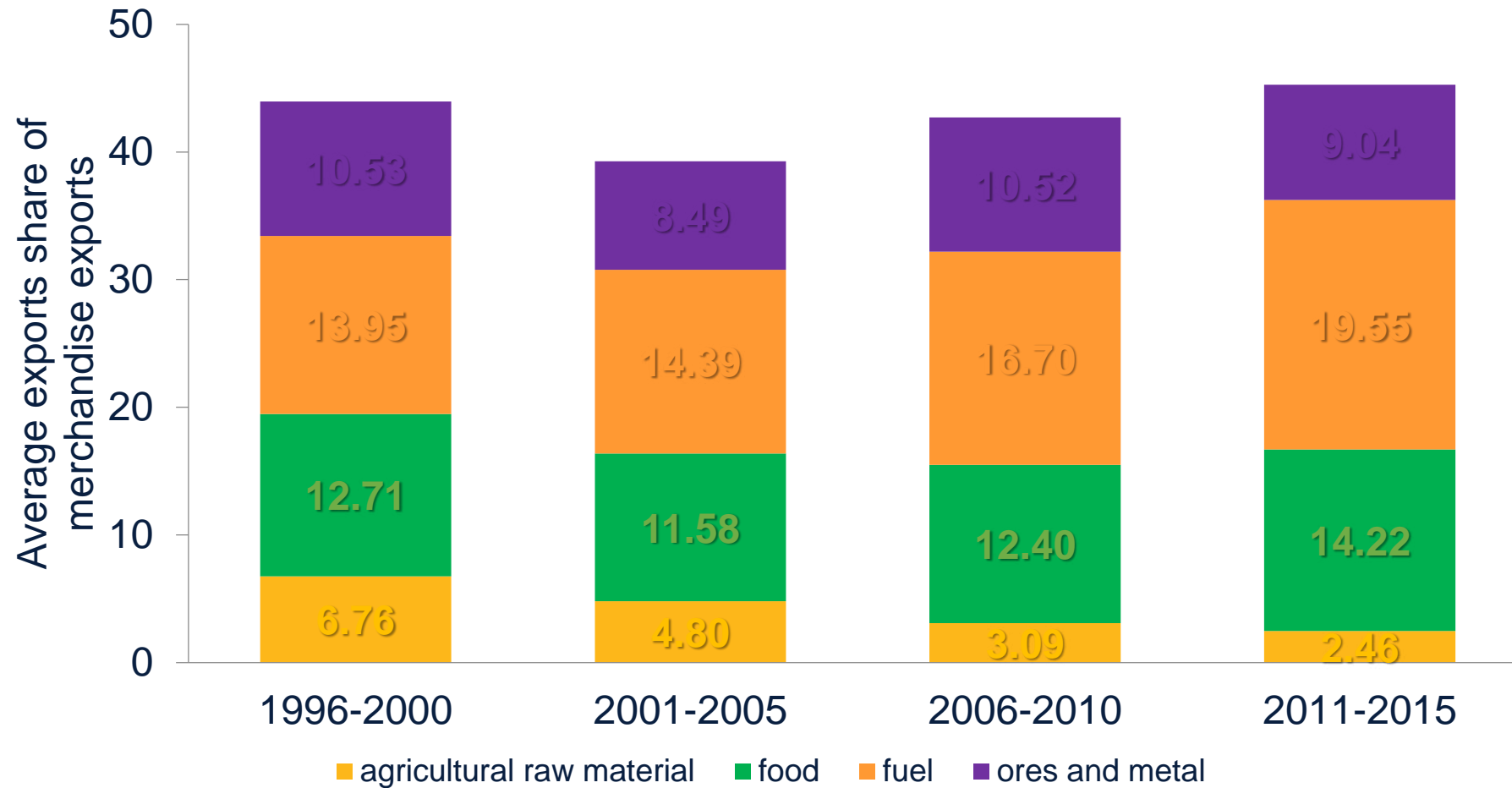
Variable	Mean	SD	Minimum	Maximum
Log GDP per capita growth, average 1996-2016 (lnGDPpcg)	1.41	0.40	0.80	2.33
Log mining / Merchandise exports, average 1996-2016, (lnminexp)	2.93	0.92	1.24	4.45
Log mining / GDP, average 1996-2016, (lnmingdp)	2.11	0.90	0.48	3.87
Control of corruption, average 1996-2016, (corr)	2.18	0.66	1.12	3.48
Government effectiveness, average 1996-2016, (goveeff)	1.15	0.74	2.41	3.48
Institutional quality, average 1996-2016, (insqual)	2.41	0.69	1.16	3.52
Polity2, average 1996-2016, (polity2)	14.88	5.98	1.19	20



MAIN INDICATORS: the natural resource abundance

- Our main broad resource measures are the share of primary exports in GDP (**primgdp**), mining exports in GDP (**mingdp**), primary exports in total merchandise exports (**primexp**), and mining exports in total merchandise exports (**minexp**), taken from the World Bank's World Development Indicators (WDI).
- To examine whether different types of resource have different effects decompose **primgdp** into its four main components: agricultural raw materials (**agri**), food exports (**food**), fuels (**fuel**), and ores and metals (**oresmet**).

MAIN INDICATORS: the natural resource abundance



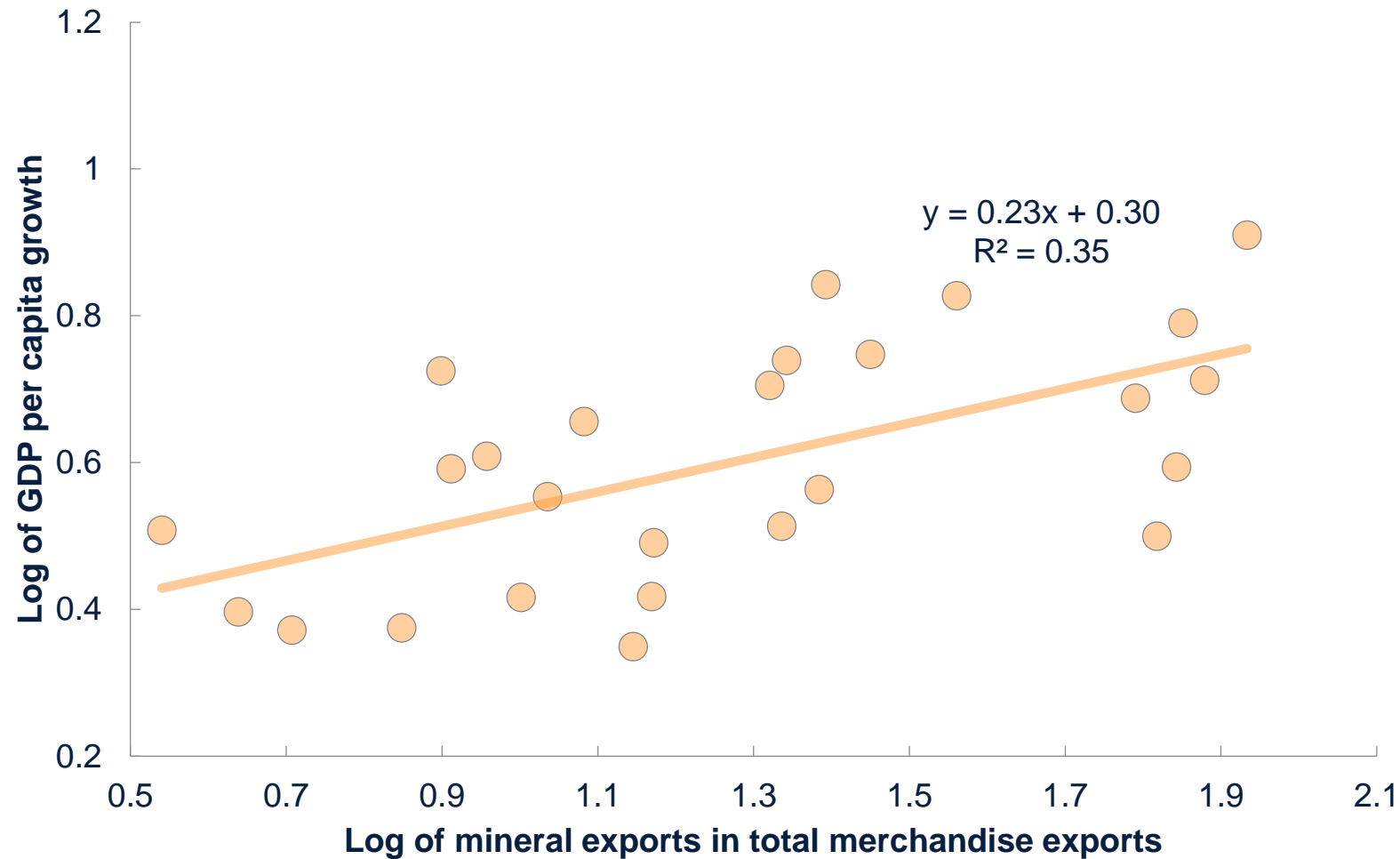


MAIN INDICATORS:

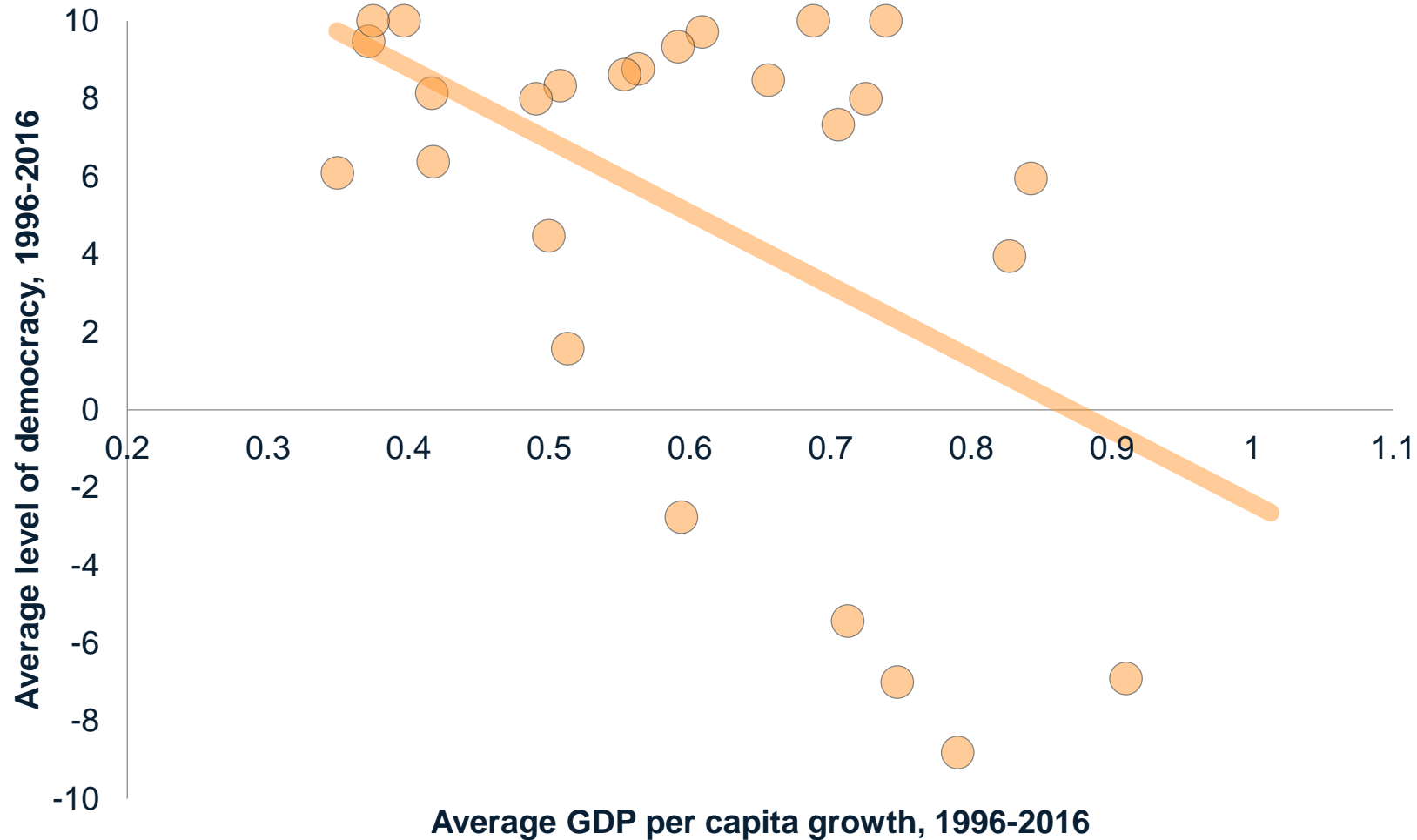
GDP per capita growth (annual %) – at constant 2010 USD

	Comparative Indicators			excluding Bosnia and Herzegovina		
Country	GDP per capita growth (annual %); 1996	GDP per capita growth (annual %); 2016	GDP per capita growth (annual %); 1996-2016	GDP per capita growth (annual %); 1996	GDP per capita growth (annual %); 2016	GDP per capita growth (annual %); 1996-2016
The highest country	Bosnia and Herzegovina: 92.12	Romania: 5.40	Bosnia and Herzegovina: 10.29	Georgia: 14.04	Romania: 5.40	Azerbaijan: 8.12
The lowest country	Tajikistan: -17.90	Azerbaijan: -4.22	Ukraine: 2.23	Tajikistan: -17.90	Azerbaijan: -4.22	Ukraine: 2.23
transition countries	5.96	2.13	4.47	5.96	2.13	4.47
Mongolia	1.42	-0.71	4.87	1.42	-0.71	4.87

NATURAL RESOURCE ABUNDANCE AND ECONOMIC GROWTH



INCOME PER CAPITA GROWTH AND DEMOCRACY LEVEL





OLS regressions: Natural resources, institutions, and growth

$$G_i = \beta_0 + \beta_1 I_i + \beta_2 N_i + \beta_3 INS_i + \beta_4 X_i + \varepsilon_i \quad (1)$$

Panel A	(1)	(2)	(3)	(4)	(5)	(6)
IngdppcPPP96	-0.43** (0.11)	-0.39** (0.12)	-0.42** (0.13)	-0.23* (0.10)	-0.24* (0.09)	-0.20. (0.11)
Infuelexp	0.21** (0.05)	0.15. (0.07)	0.16 (0.07)			
Inminexp				0.29** (0.07)	0.23* (0.08)	0.23* (0.08)
Corr	0.38* (0.15)	0.43* (0.15)	0.44* (0.16)	0.32* (0.13)	0.41* (0.14)	0.38* (0.15)
polity2		-0.02 (0.01)	-0.02 (0.01)		-0.02 (0.01)	-0.01 (0.01)
Fsu			-0.08 (0.15)			0.11 (0.14)
Adjusted-R²	0.43	0.44	0.42	0.43	0.46	0.46
Observations	27	27	27	27	27	27



OLS regressions: Natural resources, institutions, and growth

Panel B	(1)	(2)	(3)	(4)	(5)	(6)
IngdppcPPP96	-0.34* (0.13)	-0.33* (0.13)	-0.38* (0.15)	-0.21. (0.10)	-0.24* (0.10)	-0.21.. (0.11)
LnfuelExp	0.17** (0.06)	0.11 (0.08)	0.12 (0.08)			
LnminExp				0.27** (0.08)	0.21* (0.08)	0.21* (0.08)
Goveff	0.21* (0.16)	0.30 (0.18)	0.35. (0.19)	0.26. (0.14)	0.38* (0.15)	0.35* (0.16)
polity2		-0.02 (0.02)	-0.02 (0.02)		-0.02 (0.01)	-0.02 (0.01)
Fsu			-0.13 (0.17)			0.08 (0.15)
Adjusted-R ²	0.32	0.33	0.32	0.39	0.43	0.41



OLS estimations with interaction terms

$$G_i = \beta_0 + \beta_1 I_{96} + \beta_2 N_i + \beta_3 INS_i + \beta_4 N_i * INS_i + \beta_5 X_i + \varepsilon_i$$

Panel A	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IngdppcPPP96	-0.42** (0.13)	-0.50** (0.13)	-0.23* (0.10)	-0.18 (0.11)	-0.32* (0.14)	-0.38* (0.16)	-0.22. (0.10)	-0.15 (0.12)
lnfuelexp	0.16 (0.17)	0.32* (0.14)			0.06 (0.23)	0.26 (0.19)		
lnminexp			0.12 (0.19)	0.32. (0.16)			0.07 (0.23)	0.30 (0.20)
corr	1.11* (0.67)	1.30. (0.69)	0.56 (0.78)	0.91 (0.79)				
goveff					0.70 (0.75)	0.78 (0.78)	0.57 (0.81)	0.78 (0.84)
interaction	0.01 (0.23)	-0.12 (0.22)	0.16 (0.25)	-0.04 (0.23)	0.05 (0.26)	-0.09 (0.24)	0.14 (0.25)	-0.07 (0.24)
polity2	-0.02 (0.01)		-0.03 (0.01)		-0.03 (0.02)		-0.03 (0.01)	
fsu		-0.01 (0.14)		0.20 (0.13)		-0.05 (0.17)		0.18 (0.14)
Adjusted-R ²	0.49	0.50	0.50	0.45	0.31	0.27	0.42	0.37



INSTRUMENTAL VARIABLES REGRESSION

- In fact, our overall results do not change with the interaction terms: natural resources still has a significantly **positive net influence** on economic growth.
- It is possible that the **institutional indicators** in our OLS estimations suffer from endogeneity due to omitted variable effects.
- We use an appropriate instrument for **institutional variation**.



INSTRUMENTAL VARIABLES REGRESSION

$$INS_i = \beta_0 + \beta_1 R_i + \beta_2 L_i + \beta_3 Z_i + v_i \quad (2)$$

- **INS** is our measure of institutional quality, in this estimation it is a dependent variable, **R** is the natural resource, **L** is our instrument for institutional quality, **Z** is the vector of covariates affecting all variables, and **v** is the random error term.
- We use two potential instruments for the control of corruption (**panel A**) and government effectiveness (**Panel B**).
- In columns **(1)-(5)** we regress **latitude**, calculated as the capital's distance from equator, against our institutional quality measures.
- There have been several studies on the link between **latitude** and **economic development**. We follow Brunnschweiler (2007) in assuming that the direct effect of a **country's latitude** on its economic performance is zero and observed influence appears only via the institutional channel.



INSTRUMENTAL VARIABLES REGRESSION

Panel A	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dep't var. control of corruption										
latitude	1.21** (0.43)	1.21** (0.36)	0.40 (0.79)	0.82* (0.35)	0.30 (0.37)					
polity2						0.28*** (0.06)	0.26*** (0.08)	0.13. (0.07)	0.16* (0.07)	0.15* (0.06)
Infuelexp		-0.12** (0.03)	-0.11** (0.03)				-0.01 (0.05)	-0.05 (0.04)		
Inminexp				-0.20*** (0.04)	-0.15** (0.04)				-0.14* (0.06)	-0.08 (0.05)
Ingdppc96			0.22*** (0.05)		0.17* (0.06)			0.22 (0.04)		0.19** (0.05)
Adj.R ²	0.21	0.43	0.63	0.53	0.62	0.42	0.40	0.67	0.52	0.67



2SLS growth regressions

Equation (1) and (2) is based on the two-stage least squares regressions presented in the table on the next slide.

- Equation (1) is the second stage,
- Equation (2) is first stage for the institutional quality,



2SLS growth regressions

Panel A , 2SLS	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Infuelexp	0.09 (0.15)	0.09 (0.16)			0.10 (0.08)	0.10 (0.09)		
Inminexp			0.21* (0.13)	0.17 (0.13)			0.16 (0.11)	0.14 (0.10)
corr	-0.20 (0.68)	-0.21 (0.66)	0.03 (0.35)	0.003 (0.35)				
goveeff					-0.33 (0.67)	-0.33 (0.65)	-0.41 (0.58)	-0.27 (0.53)
Ingdppc96	-0.09 (0.40)	-0.09 (0.41)	-0.10 (0.18)	-0.03 (0.19)	-0.12 (0.20)	-0.12 (0.21)	0.004 (0.15)	0.02 (0.15)
Fsu		-0.003 (0.20)		0.18 (0.14)		-0.003 (0.18)		0.19 (0.16)
Panel B , 1st stage	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
polity2	0.13. (0.07)	0.14. (0.07)	0.15* (0.06)	0.16* (0.06)	0.22** (0.05)	0.23*** (0.05)	0.20*** (0.05)	0.22*** (0.05)
Infuelexp	-0.05 (0.04)	-0.05. (0.04)			0.0002 (0.03)	-0.01 (0.03)		
Inminexp			-0.08 (0.05)	-0.08 (0.05)			-0.02 (0.04)	-0.02 (0.04)
Ingdppc96	0.22*** (0.04)	0.23*** (0.05)	0.19** (0.05)	0.20** (0.05)	0.20*** (0.04)	0.23*** (0.04)	0.19*** (0.04)	0.21*** (0.04)
Fsu		0.02 (0.08)		0.04 (0.09)		0.10 (0.06)		0.10 (0.07)
Adj.R ²	0.67	0.65	0.70	0.69	0.75	0.77	0.75	0.76



2SLS growth regressions

- The fuel exports and mining in the total merchandise exports has a positive direct effect on economic growth in the period observed.
- The effect via the institutional channel is insignificant.




CONCLUDING REMARKS

- We examined an aspect of the resource curse, and the limited attention paid to institutional quality in growth with natural resources.
- We used various measures of resource abundance, as well as two indicators of institutional quality.
- Results from OLS estimation showed that natural resources, and in particular fuel and mineral resources, have a **positive** association with GDP per capita growth over the period 1996-2016.
- Results from both OLS and 2SLS estimations showed that natural resources have a **positive** association with GDP per capita growth from 1996 to 2016 and **institutional quality**.

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PRESENTERS CONTACT INFORMATION: **D.Enkh-Amgalan,**


School of Science, National University of Mongolia

Link here: enkhamгаа@gmail.com



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09-10 JULY 2018 ULAANBAATAR MONGOLIA



Development of Tripartite Cooperation in the Kyrgyz Mining Sector. The Case of Talas

Nazik Imanbekova, Member of NGO Consortium for the Promotion of EITI
in Kyrgyzstan, ICC 'EINaz'





Importance of the mining industry for Kyrgyz economy and nation prosperity





KAZAKHSTAN

Talas rayon

KYRGYZSTAN

UZBEKISTAN

CHINA

TAJIKISTAN

Dushanbe

0 200 miles

0 200 km

A Story of Conflicts (1994-2016)

Mines	Ownership Change	Present Licensee	Current status	Court cases	Peaceful protests	Violent protests
Jerui	7	Russian investor Vostok Geolodobycha	Construction works started for further exploration	2	12	-
Andash	5	Australian investor Robust Resources	Suspended for an unspecified period	1	9	2
Taldy-Bulak	2	Australian investor Robust Resources	Suspended for an unspecified period	0	5	2

Note: Mining activities in two mines (Andash and Taldy-Bulak) has stopped since 2012 and old license holders have passed their right for the license to Australian investor Robust Resources who is not rushing to start development. In 2015, Jerui mine was licensed by the Russian company Geolodobycha and construction works started a couple of months ago.

A tripartite approach to the conflicts

- **Donor-funded NGOs**

- Capacity-building programs
- Mediation
- Technical assistance



- **Mining companies**

- Direct engagement with local people
- Social corporate responsibility
- Negotiation with the authorities



- **Local government**

- Direct engagement with mining companies
- Conduct information campaigns
- Ensure transparency of social spending



Awareness of the government decisions and policies in the mining development

Кыргызстандын кен казуу өнөр жай саясаты:
келечеги жана көйгөйлөрү

Политика в области горнодобывающей
промышленности в Кыргызстане:
перспективы и проблемы

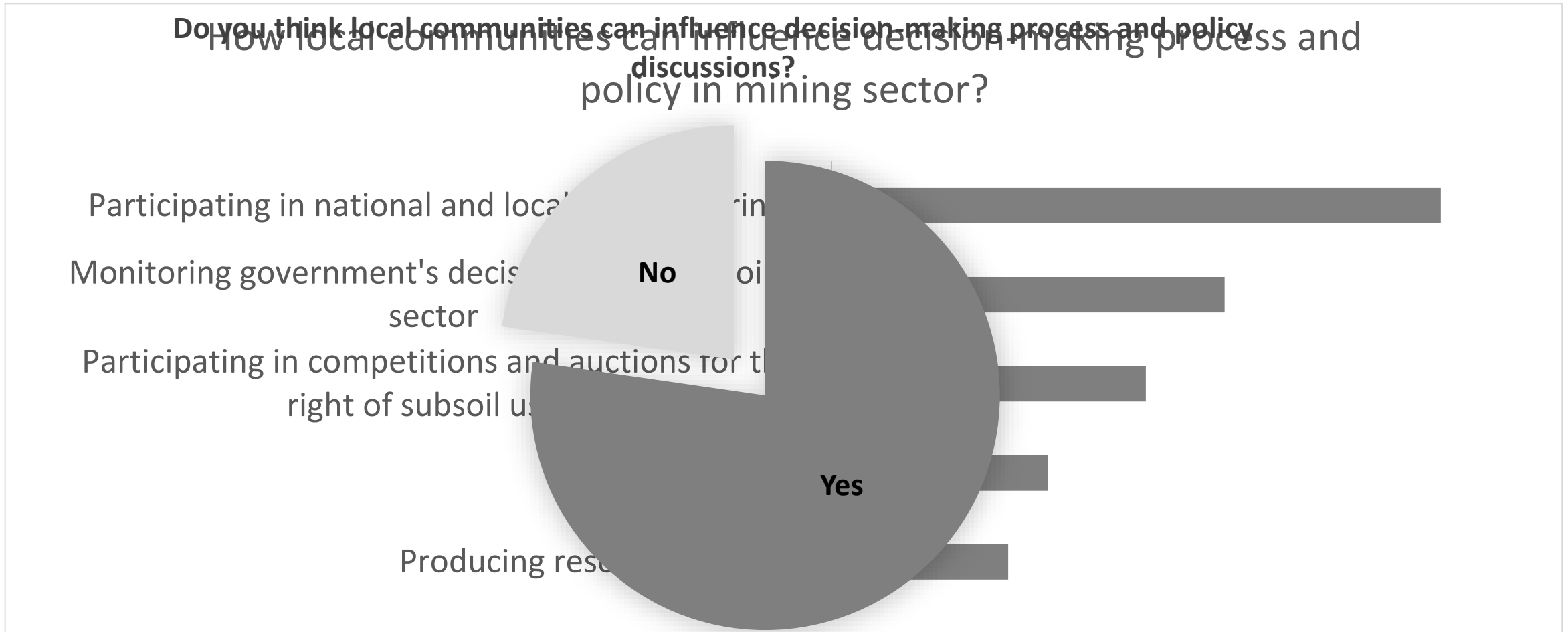
Mining Policy in Kyrgyzstan: Prospects and Issues

13.2016, Бишкек, Кыргызстан



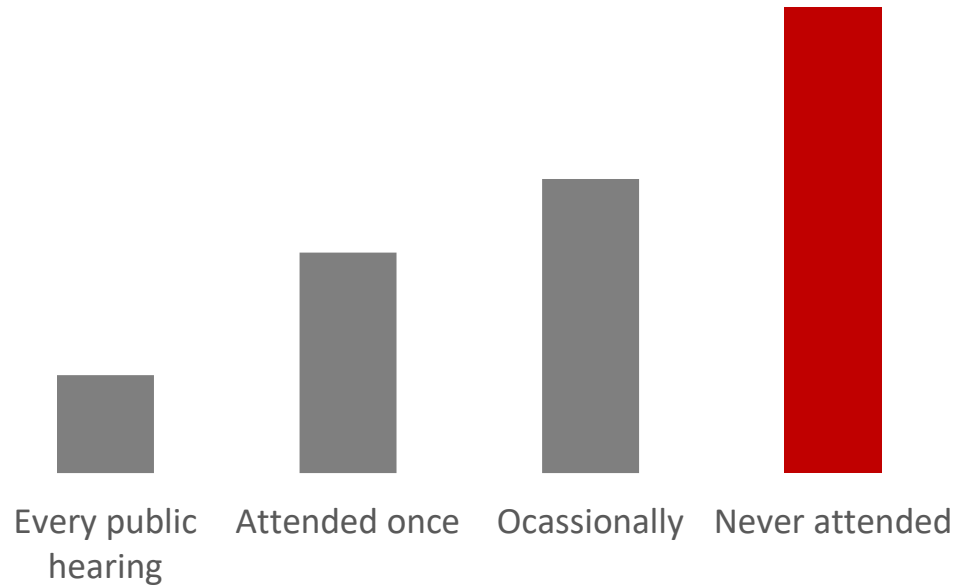
Participation in the decision-making and policy discussions

- They can, but they do not!

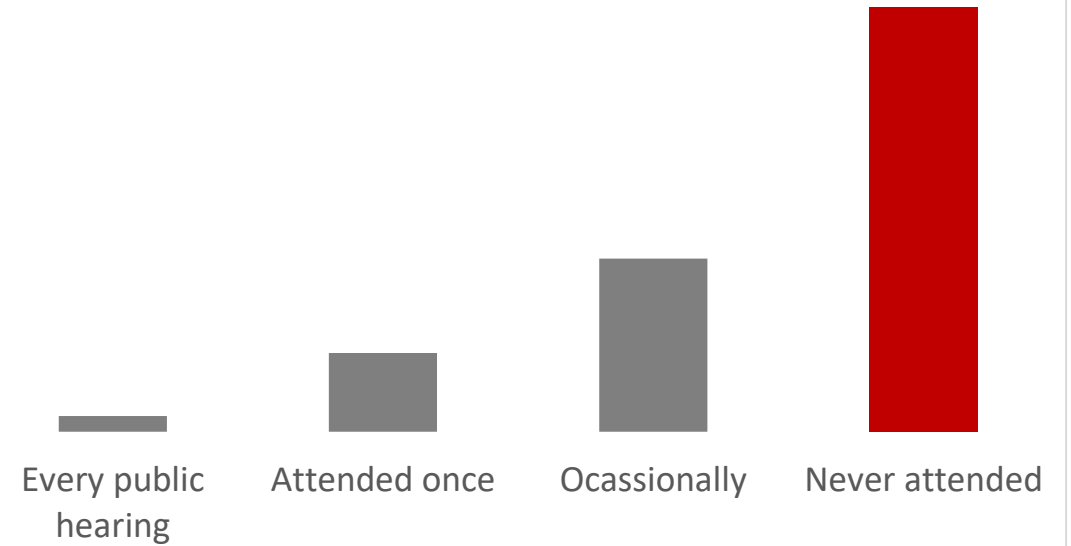


More participation needed

How often do you attend public hearings with regards to the mining sector?



How often do you attend competitions and auctions for the right of subsoil usage?



Capacity-building activities



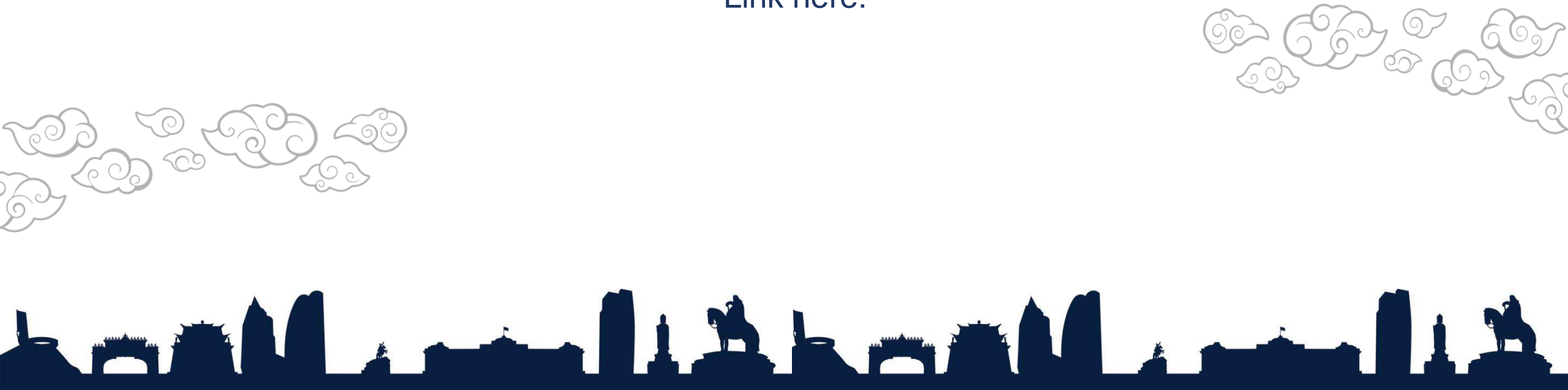
Recommendations

- For national Government
- For local Government
- For mining Companies
- For local Communities

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Link here:



Democratization and the Political Economy of Diamond Sector Policy in Southern Africa

Dr. Nathan Munier

**INTERNATIONAL CONFERENCE ON DEMOCRACY IN THE 21ST
CENTURY: CHALLENGES AND WAYS FORWARD**

09-10 JULY 2018 ULAANBAATAR MONGOLIA





“The question therefore arises; who owns our diamonds;
DeBeers or Batswana?” Botsalo Ntuane (2012)

“Are we in power or merely in office?” ANC leader Tokyo
Sexwale quoted in Lodge (2003,19)



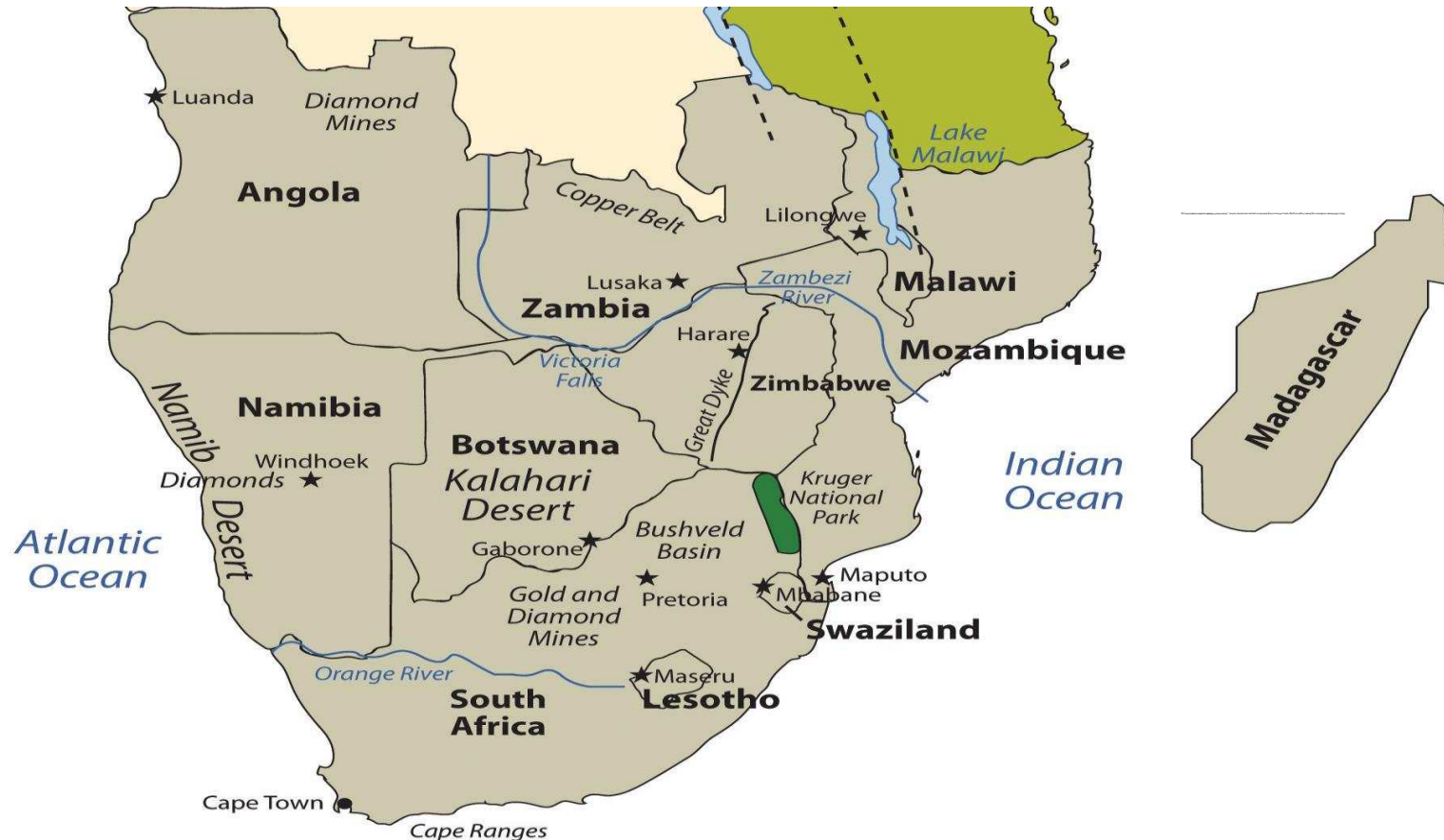


How has increased democratization influenced diamond sector policy in Southern Africa?

What explains variation between states?



Angola, Botswana, South Africa and Zimbabwe





South Africa

Few changes to the diamond trade after the transition from apartheid.

Mounting pressure on the African National Congress (ANC) to change policy.

Democratic Alliance

Economic Freedom Fighters



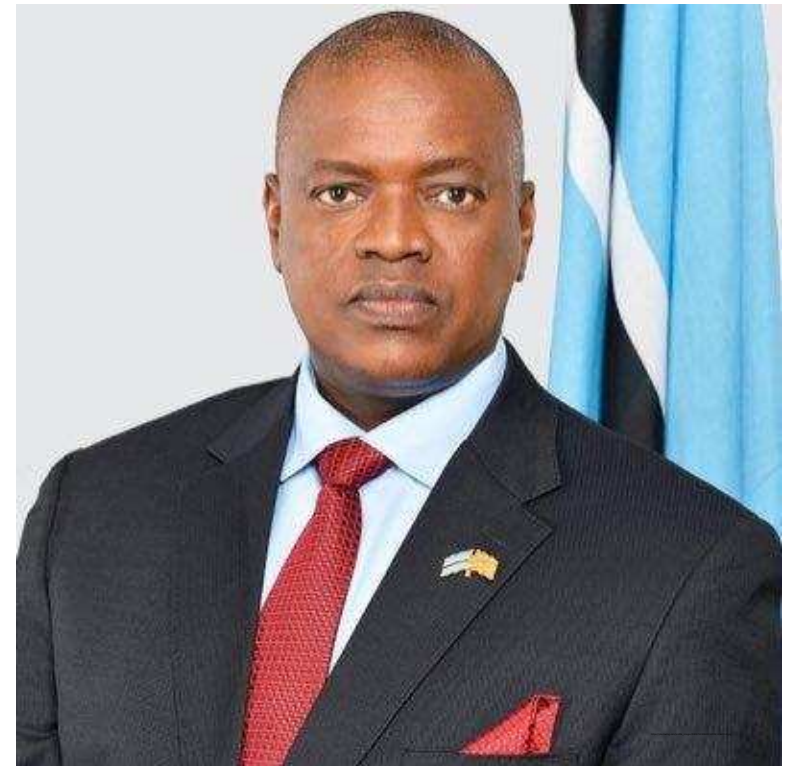


Botswana

Botswana is the most dependent state on diamonds but also has the most bargaining power with De Beers.

Opposition parties have put pressure on the Botswana Democratic Party (BDP).

The BDP has factions as well.





Angola

Powerful Executive

Bargaining between Peoples Movement for the Liberation of Angola (MPLA) and private diamond companies key.





Zimbabwe

Large diamond find in 2006.

Factions from within the Zimbabwe African National Union-Patriotic Front (ZANU-PF), have competed for control of the diamond trade.

Movement for Democratic Change (MDC)





Veto Players (Tsebelis 2002)

The states with the fewest veto-players, Angola and Zimbabwe have the least amount of diamond beneficiation. Are usually viewed as having poor policy.

The governments of Botswana and South Africa appear to benefit in bargaining from the possibility that there could one day be a political turnover, that could possibly lead to less favorable policies for private actors.



Explaining Variation

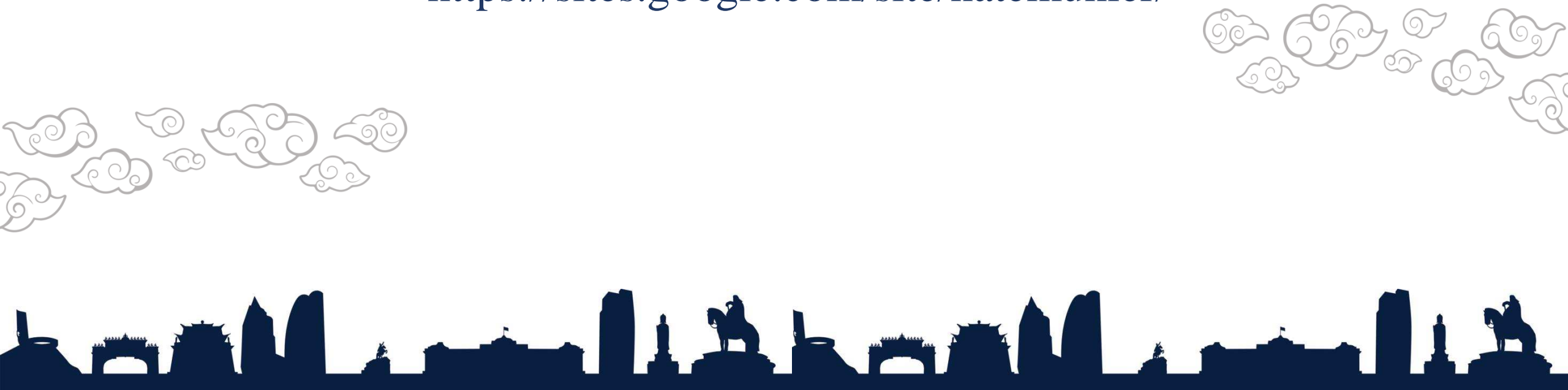
1. Single party dominance is more entrenched in some cases than others.
2. Bargaining between private actors and the state varies.
3. The competition for market share between private firms leads to political competition.

THANK YOU FOR YOUR ATTENTION

Dr. Nathan Munier


nathan.munier@huskers.unl.edu

<https://sites.google.com/site/natemunier/>



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Buying Votes with Rents: The Politics of Economic Populism and Clientelism in Natural Resource Dependent Democracies

Boldsai Khan Sambuu

Ph.D. Student

Graduate School of Political Science

Waseda University

Introduction

The Natural Resource Curse:

- Natural resource wealth can be harmful for economic development and good governance (Auty, 1993; Sachs and Wagner, 1995; Gylfason, 2001; Humphreys et al., 2007; Van der Ploeg, 2011).
- How a nation manages the rents generated from resource extraction largely determines whether it avoids or suffers from poor outcomes (van der Ploeg, 2011; Iimi, 2007).
- Prudent fiscal policies are key:
 - Counter-cyclical spending (van der Ploeg and Poelhekke, 2007).
 - Long-term investments that reduce dependency on raw commodities.
 - Social investments that boost human capital formation (Humphreys, Sachs, and Stiglitz, 2007; van der Ploeg, 2011).

Introduction

Successes and failures:

- Few countries have avoided the “curse” by spending rents wisely.
 - Botswana and Norway are the most frequently cited success stories.
 - Rents are primarily spent on programmatic and public goods that produce long-term recurring benefits. (Collier, 2017).
- Numerous other countries mismanage resource revenues by way of clientelistic and economically populist spending.
 - Mexico, Venezuela, and Nigeria are historic examples of boom/bust cycles (Humphreys et al., 2007).
 - Mongolia and Ghana are contemporary examples.

Introduction

Ghana as a recent example of resource mismanagement:

- The “Jubilee” oil fields discovered in 2007.
- The “Ghana Petroleum Funds” established in 2011.
 - Required 30 percent of oil rents to be saved into the with two separate accounts.
 - Funds were subject to strict rules that placed large caps on withdrawals.
 - The funds quickly surpassed \$500 million in assets.
- The Ghanaian government circumvented the withdrawal restrictions
 - Borrowed over \$2billion from abroad by using future oil revenues as collateral.
 - Squandered the funds via clientelistic spending.
 - Increased public-sector wages by as much as 50 percent (Collier, 2017).
 - IMF bailout in 2012.

Introduction

Mongolia as a contemporary example:

- Mining Boom 2004-2012:
 - Established two separate sovereign funds.
 - One to counterbalance against boom-bust cycles and another to save rents for future generations.
 - Similar to Ghana, successive Mongolian governments borrowed substantially in sovereign bonds.
 - Spent the money on various white elephant projects and economically populist vote buying schemes.
 - The debt fueled public spending brought the country to a brink of financial catastrophe.
 - Fourth largest bailout in terms of GDP in IMF history in 2017. (Saker, 2017).

Research Question

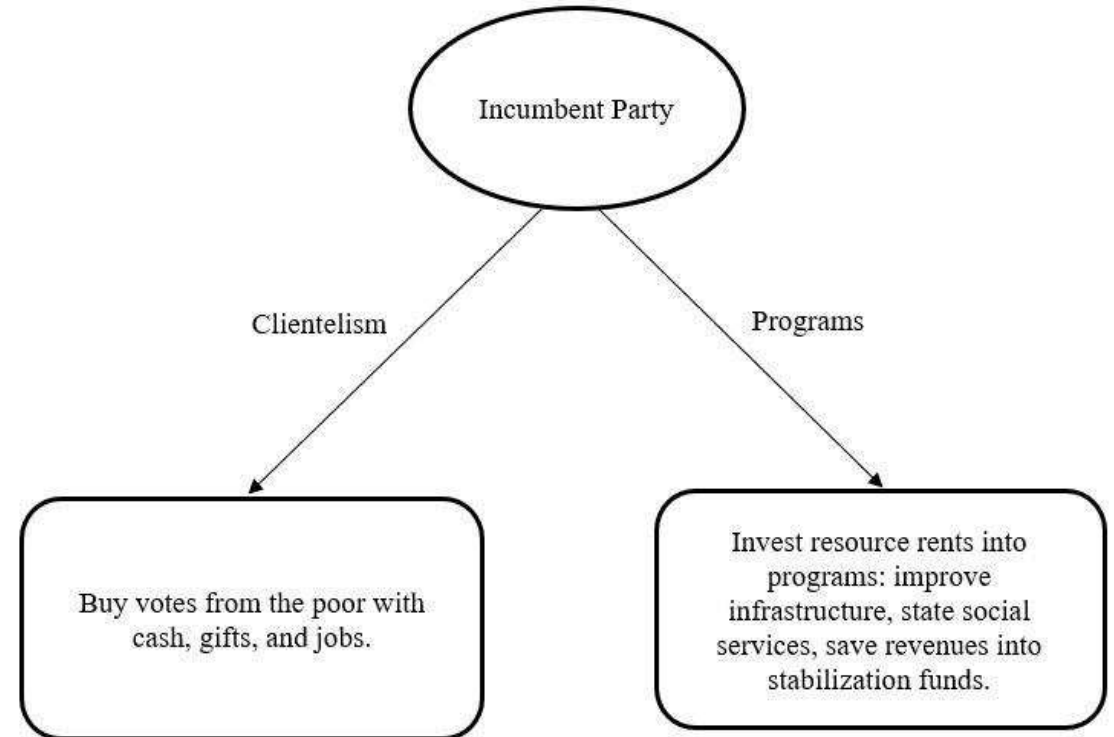
Why do some democracies mismanage their resource wealth via economic populism and clientelism while others are able to invest theirs in productive public goods?

- The paper specifically addresses the question: *whether and under what conditions does resource wealth lead to clientelism?*

Electoral Strategies in the Context of Natural Resources

Incumbent's electoral strategy:

- A large amount of resource wealth decreases a state's budgetary constraints, giving an incumbent government an electoral advantage over its opposition.
- An incumbent presiding over a resource boom will likely use the resource rents to win reelection.
- The spending choices available to the ruling party can be simplified into two distinct categories: clientelistic or programmatic spending.



Electoral Strategies in the Context of Natural Resources

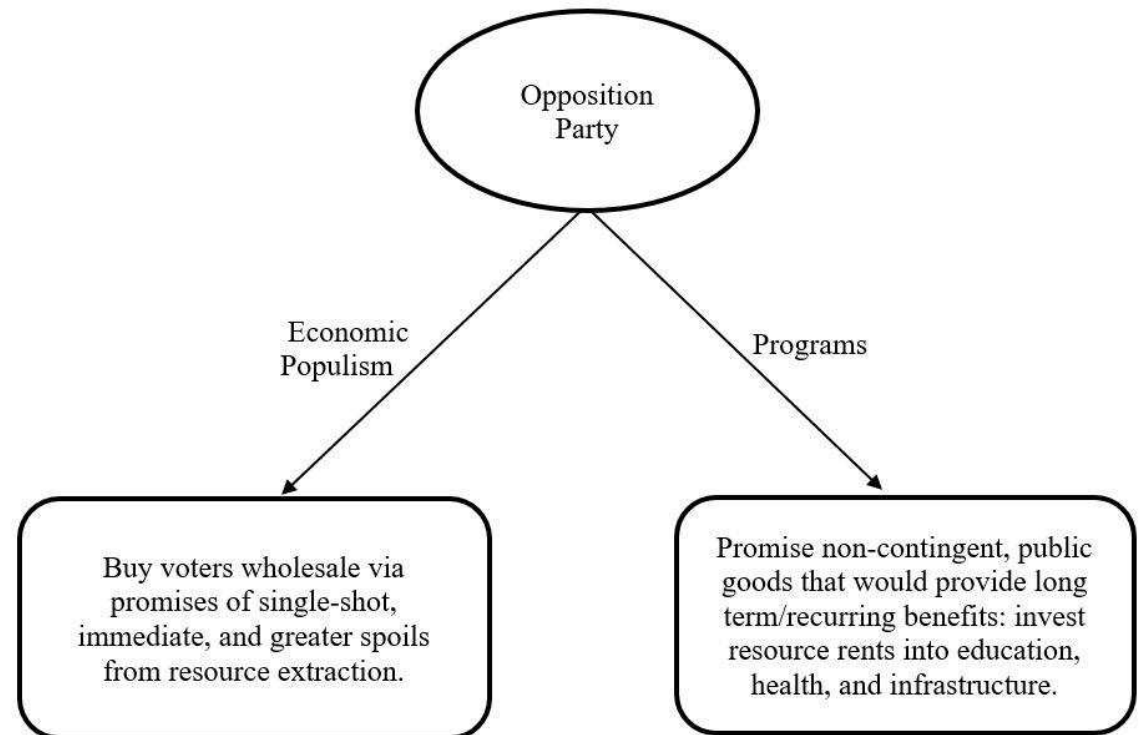
Clientelistic vs. Programmatic election strategies:

- Clientelism provides private and immediate material benefits (cash, gifts, and jobs) to voters in exchange for their support.
- Programmatic spending of resource rents entail benefits that may materialize only in the long run.
 - Programmatic goods are public goods that are non-contingent.
 - Programs usually contain a certain policy or ideological goal, be it promoting equality, reducing poverty, or achieving economic growth.
 - Examples of programs include spending on health, education, and infrastructure, or savings revenues in sovereign wealth fund.

Electoral Strategies During a Resource Boom

Opposition's election strategy

- If resource rents accrue to the government's fiscal accounts and that spending decisions are largely subject to the ruling party's approval, then the opposition cannot mobilize those rents to shore up electoral support.
- Hence, the opposition's attempts to buy votes via conventional clientelistic strategy is less effective vis a vis the incumbent's.
- This creates a disparity of disposable resources between the parties, placing the opposition at a disadvantage.
- To counter the incumbent's advantage derived from clientelism, the opposition may devise a separate election strategy that can be called "economic populism."



What is Economic Populism?

In the broadest sense, economic populism is defined as a “bias towards excessive current consumption and white elephant public spending” (Collier, 2017).

- As an electoral strategy, economic populism entails publically pronounced formal campaign platforms that generously promise “delayed” benefits to a wide segment of voters.

Compared to clientelism:

- Economic populism promises a much greater spoils from resource extraction.
- Examples: direct cash distribution, dividend payments, stakes in the state-owned extractive companies, and etc.
- These “delayed” benefits are contingent on the party winning the election.
- This implicit contingency (if and when) represents a defining feature of economic populism that makes it similar to clientelism.

Compared to programmatic strategies:

- Economically populist benefits are single-shot and instantaneous.
- They typically lack policy justification.

What Economic Populism is For?

- As a strategy typically designed by an opposition lacking access to patronage and state revenues, economic populism specifically intends to counter the incumbent's advantage from using clientelism.
- As such, economic populism's prime target is the same group of poor voters, who are thought to be easily induced with material incentives, upon which clientelism also targets.
- In essence, lacking the means with which to buy votes right away, a populist opposition could ask voters for their support now in exchange for greater material payments in the near future provided that the party is elected into office.

When Do Parties Choose Clientelism and Economic Populism Over Programs?

The ruling party adopts a clientelistic electoral strategy when electoral competition is intense and if poverty is pervasive among voters.

Why competition matters?

- Intense competition implies that any marginal votes gained or lost can swing the entire election one way or another.
- With high uncertainty of outcome, both parties are likely to concentrate on those voters who are uncommitted (swing) or otherwise can be easily persuaded to switch sides (poor).
- The incumbent presiding over a resource boom will be highly incentivized to resort to clientelism when it is threatened by a strong opponent at the polls, particularly in the context of pervasive poverty.

The availability of resource rents provides the “means” with which the incumbent could buy votes via clientelism; and the presence of a strong opponent establishes the “need” for doing so.

Why poverty matters?

- The incumbent's response to intensifying party competition depends on how many poor voters it can afford to buy off via clientelism, and whether that number can make up for the loss of support from the non-poor voters, who might be turned off by vote-buying.
 - In terms of the cost of clientelism, a certain fixed fraction of the non-poor voters are always highly averse to clientelism (Weitz-Shapiro, 2012).
- The benefits of clientelism's vary in accordance with the total number of poor voters who might be willing to sell their votes, as well as the amount of resources available to be spent on them.

Hence, clientelism's payoff to the incumbent is likely to exceed its costs whenever the rate of poverty and the amount of resource rents are large.

When do Parties Choose Clientelism and Economic Populism?

The opposition's response with economic populism:

- Under intense electoral competition, the opposition's best response to the incumbent's choice of clientelistic strategy is to opt for economic populism.
- Depending on the opposition's credibility, the size, and attractiveness of the "delayed" benefits promised to voters, populist electoral strategy could be effective in neutralizing the incumbent's advantage with poor voters.
- To be effective in enticing the poor voters to forgo their immediate gains in exchange for even larger near-future benefits, populist promises must be both credible and their benefits larger than clientelistic material inducements.

When do Parties Choose Clientelism and Economic Populism?

Parties converge on economic populism:

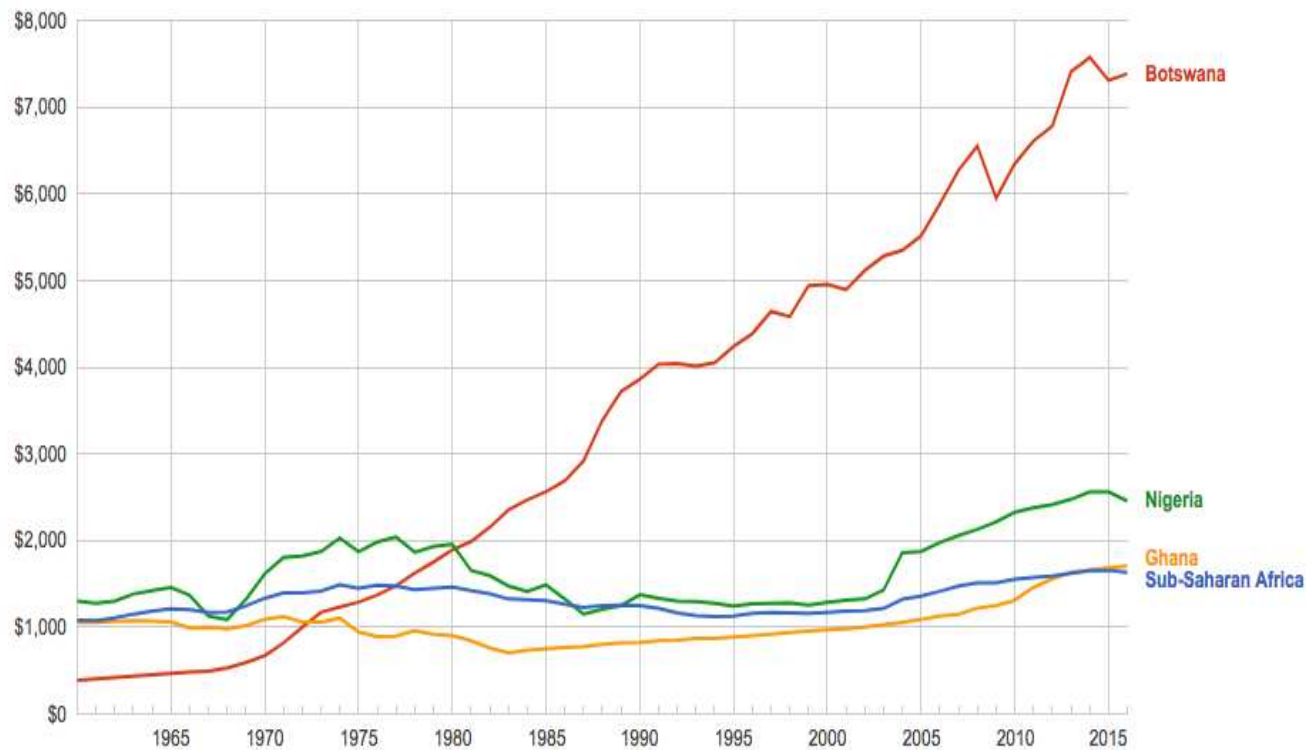
- If the incumbent anticipates that a large number of voters (large enough to swing the election) might defect to the opposition camp, then it would be forced to make similar populist promises to hold off those voters from defecting.
- This results in a situation where both parties try to outbid each other with more and more benefits backed up by future resource revenues.
- Primary examples come from Mongolia:
 - 2008 Legislative election: DP and MPRP outbid each other with promises of direct cash distribution
 - 2012 Legislative election: Promise of Shares from Tavan Tolgoi mine
 - 2017 Presidential Election: Promise of Debt Cancellation

Summary of main argument

Natural Resources have a conditional effect on party-voter linkages:

- Resources may undermine programmatic linkages by exacerbating clientelism and economic populism when political parties face strong electoral competition and where poverty among voters is widespread.
- Conversely, resource wealth could strengthen programmatic linkages by allowing incumbent parties to invest in programmatic public goods when either competition or poverty is negligible, or both.

		Poverty	
		Low	High
Competition	Low	Programs	Programs (Botswana)
	High	Programs (Norway)	Clientelism + Economic Populism (Mongolia)



Botswana: Programmatic Spending of Resource Rents despite poverty

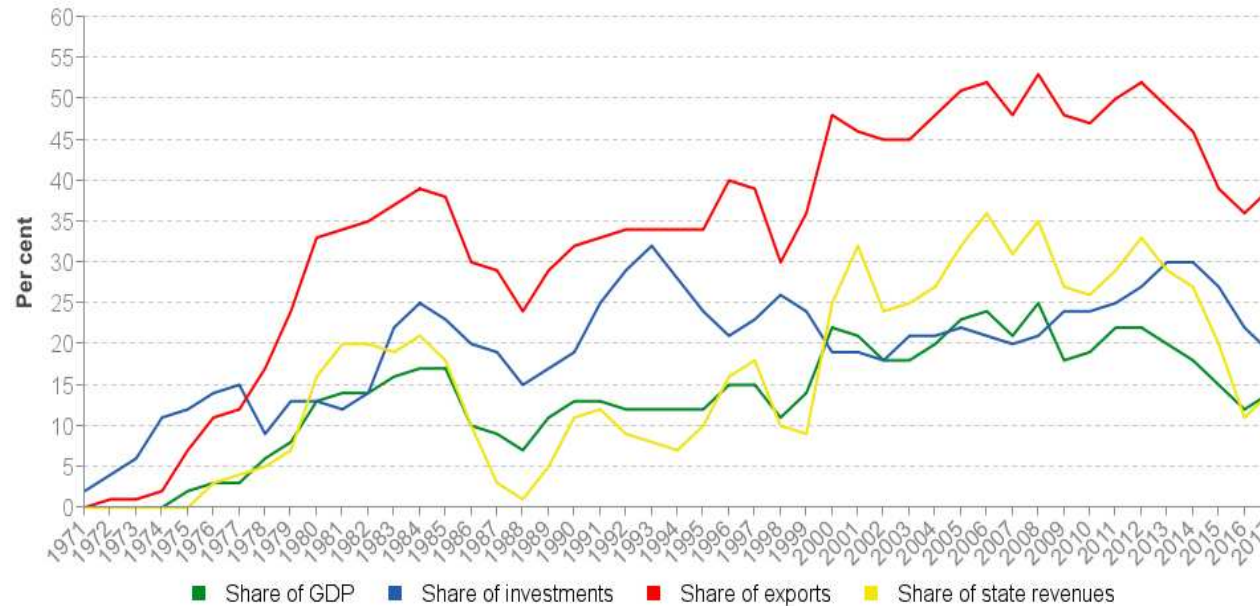
- Botswana is a widely cited success story in the natural resource curse literature that illustrates how programmatic spending is possible despite high poverty.
- Like Mongolia, Botswana is a sparsely populated, arid, and landlocked democracy. At independence in 1966, it was one of the poorest nations in Africa with an annual per capita income of just \$70.
- However, over the subsequent decades, Botswana achieved a remarkable level of economic development largely based on export of diamonds.
- Although its agrarian economy was transformed into one that is heavily dependent on mining, it achieved sustained economic growth, averaging about 7 percent annually, between 1966 and 1999 (Lewin, 2011).

Botswana, an example of programmatic spending of resource rents despite high poverty

Botswana prospered because it managed resource revenues wisely.

- The ruling Botswana Democratic Party (BDP), which has never lost an election, was able to spend mineral rents for providing programmatic public goods precisely because it was never seriously threatened by a strong political rival even though the vast majority of its citizens were poor.
- With monopoly over political power, the BDP used the country's mining rents for improving the citizen's education, health, and human capital, rather than buying votes.
 - For instance, education has been the largest recipient of public expenditures, consistently accounting for nearly half of the total government budget (Hjort, 2006).
 - The BDP also invested heavily in infrastructure; and most importantly, it saved mining revenues in stabilization and sovereign wealth funds, which helped the country keep consistent surpluses on the current account and maintain a healthy balance of payments.

- When oil and gas were first discovered in the North Sea in the mid-1960s, Norway was already a highly developed country with a per capita gross domestic product of nearly \$28,000 in constant 2000 USD.
- Mineral production started to take off from the mid 1970s and over the next decades, petroleum sector has come to account for as much as half of the total exports and about 15 to 20 percent of the total GDP (Norwegian Ministry of Petroleum and Energy, 2017).
- Norway is often lauded for its prudent management of oil rents, especially for the famous revenue saving fund that is officially called the “Government Pension Fund.”



Norway as case of programmatic spending despite high political competition

Norway: programmatic spending despite high political competition

Although Labour has historically been the largest political party in Norway, it has not been able to dominate the political landscape single-handedly quite like the BDP has in Botswana.

- Since 1961, no party has ever formed a majority government on its own, and hence minority or coalition governments have been the rule.
- Between 1981 and 2005, the period during which the petroleum industry first emerged and later matured, political power has alternated between various minority governments led by the Labour and the center right Conservative coalitions.
- Despite the electoral fractionalization, Norwegian political parties abstained from populism and clientelism given that the rate of poverty has been marginal, and the constituencies have been predominantly composed of middle-class and affluent voters.

Empirical Analysis

Hypothesis: *holding all else constant, an increase in resource dependence is associated with decrease in programmatic party-voter linkages when party competition is intense.*

Statistical Model:

- $Programmatic_{it} = \beta_0 + \beta_1 * Resources_{it} + \beta_2 * Competition_{it} + \beta_3 (Resources_{it} * Competition_{it}) + \beta_4 * Controls_{it} + \mu_i + \delta_t + \varepsilon_{it}$
- Based on my hypothesis, I expect β_3 to be negative. This means that resource dependency is more likely to deteriorate the quality of political parties when party competition intense.

Dependent Variable

My dependent variable, *Programmatic*, is the “Party Linkages” index from Varieties of Democracy (V-Dem) dataset (Pemstein et al, 2015).

- This variable is based on county expert surveys that ask the question, “among the major parties, what is the main or most common form of linkage to their constituents?”
- In theory, it can vary between 0 and 4 on an interval scale.
- Higher scores on this variable indicate that political parties are more programmatic.

Conditioning Variable

- The key conditioning variable is *Competition*, which comes from Vanhanen Tatu's "Measures of Democracy" dataset (Vanhanen, 2014).
- It is calculated by subtracting from 100 the percentage of votes won by the largest party (the party that wins the most votes).
- Higher percentage indicates higher level of party competition. Depending on their importance, either parliamentary or presidential elections, or both, were used in the calculation.

Results

- The interaction between *Resources* and *Competition* shows a negative and statistically significant coefficient.
- This means that political competition plays an important intervening role in determining the effects of resource dependence on party-voter linkages.
- The model includes regional dummies and also controls for other important determinants of party-voter linkages.

Table 1: Time-Fixed Effects Regression Analysis

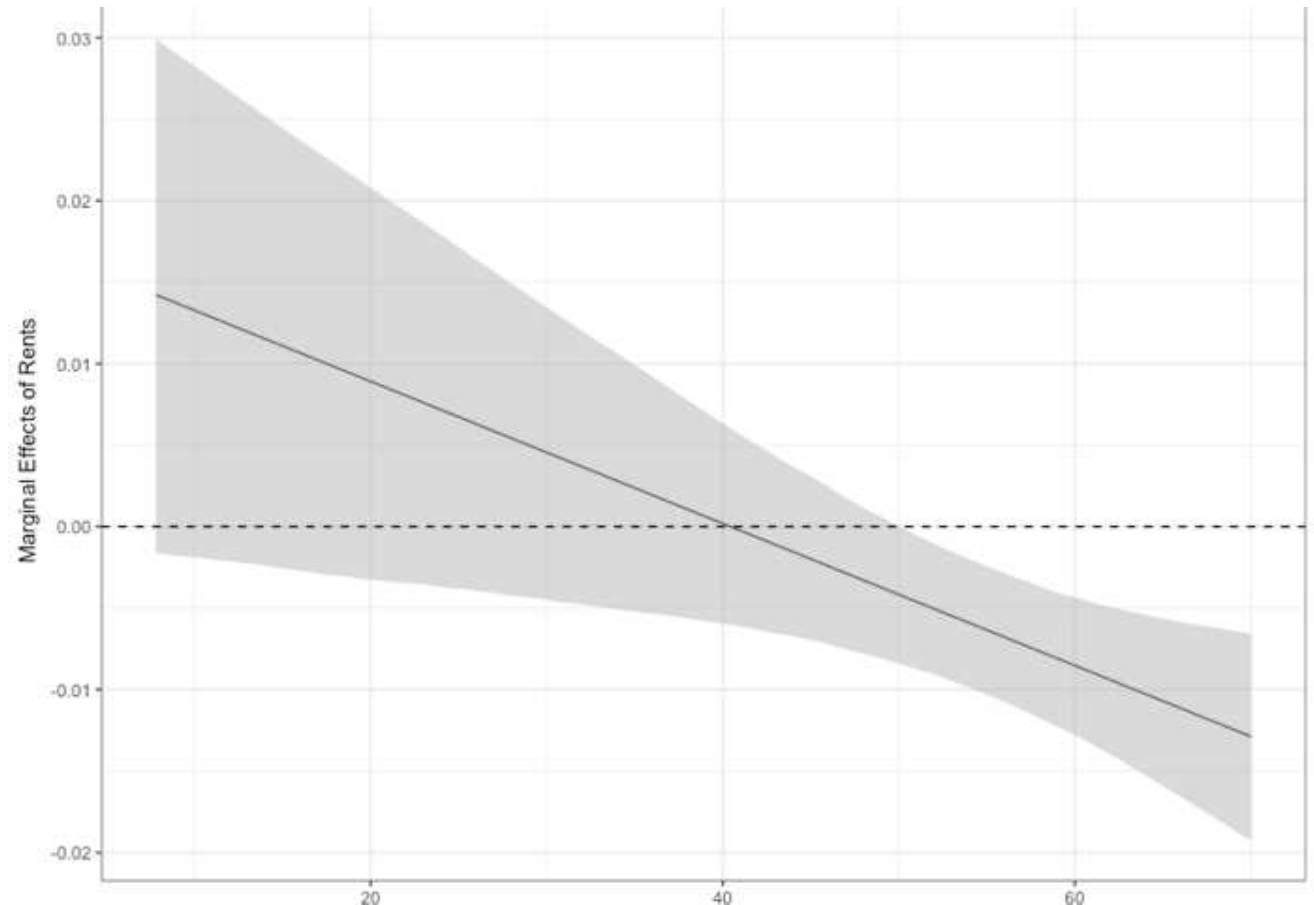
	<i>Dependent variable:</i>	
	(1)	(2)
Resources	-0.006*** (0.002)	0.017* (0.009)
Competition	0.002* (0.001)	0.005*** (0.002)
Competition*Resources		-0.0004*** (0.0002)
GDPpc	-0.369** (0.171)	-0.257 (0.176)
GDPpcSqr	0.049*** (0.011)	0.042*** (0.011)
PolityIV	0.041*** (0.011)	0.037*** (0.011)
Democracy Stock	0.451*** (0.165)	0.447*** (0.165)
Regime Durability	0.001 (0.001)	0.001* (0.001)
Trade	-0.001* (0.001)	-0.001* (0.001)
Current Account	0.002 (0.003)	0.002 (0.003)
FDI	0.002 (0.004)	0.002 (0.004)
Population	0.005 (0.014)	0.001 (0.014)
Ethnicity	-0.302*** (0.086)	-0.322*** (0.086)
Post-Communist	0.691*** (0.063)	0.697*** (0.063)
Middle-East/Africa	0.682*** (0.056)	0.698*** (0.056)
Advanced	0.048 (0.087)	0.096 (0.088)
Asia/Pacific	0.507*** (0.067)	0.541*** (0.068)
Observations	1,931	1,931
R ²	0.654	0.655
Adjusted R ²	0.645	0.647
F Statistic	222.434*** (df = 16; 1884)	210.437*** (df = 17; 1883)

Note:

*p<0.1; **p<0.05; ***p<0.01

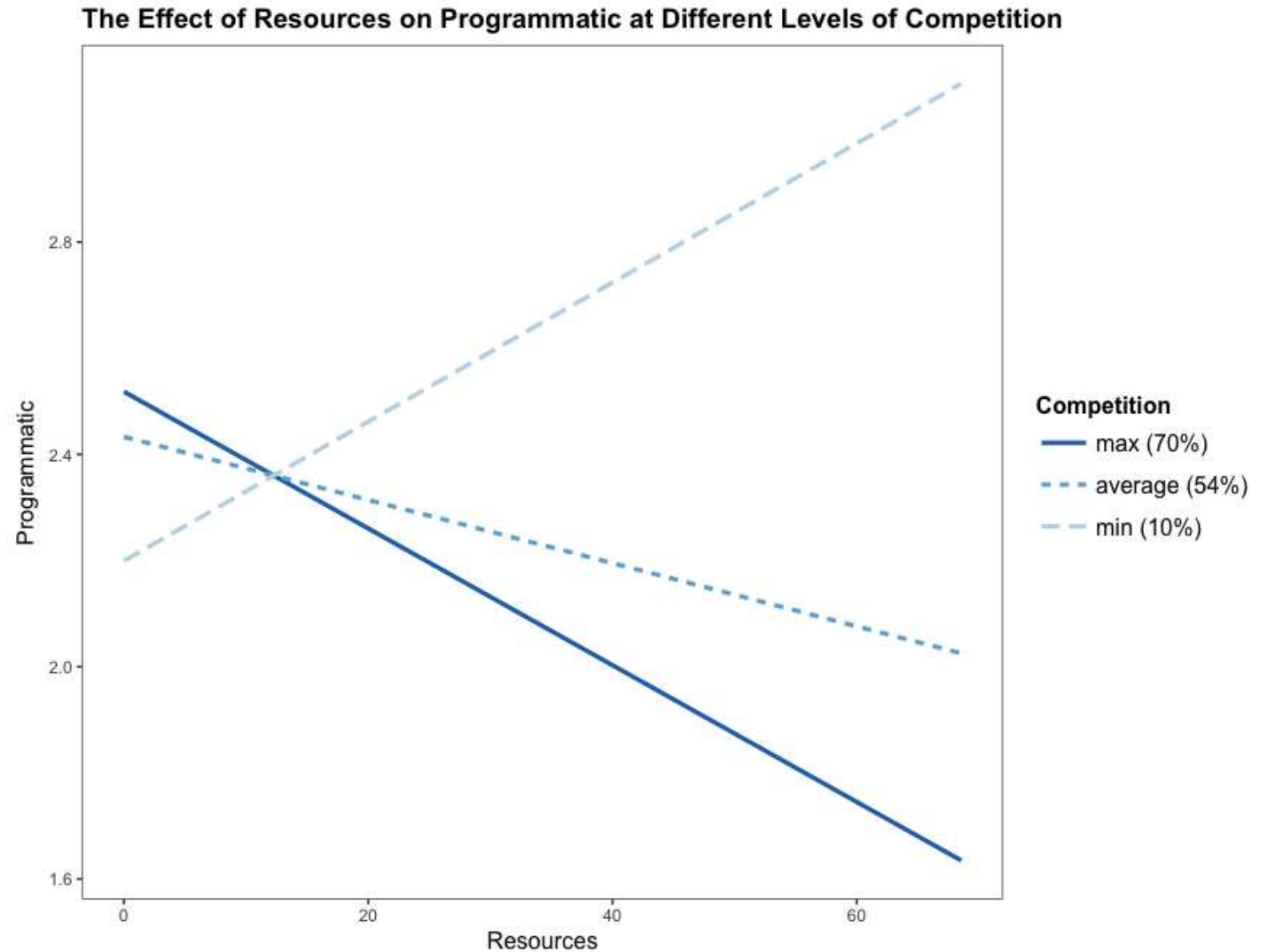
Marginal Effects

- The solid line shows how the marginal effect of *Resources* on *Programmatic Linkages* changes in accordance with the observed range of *Competition*.
- We can see that marginal impact of Resources becomes statistically significant once the level of competition surpasses roughly 49 percent.

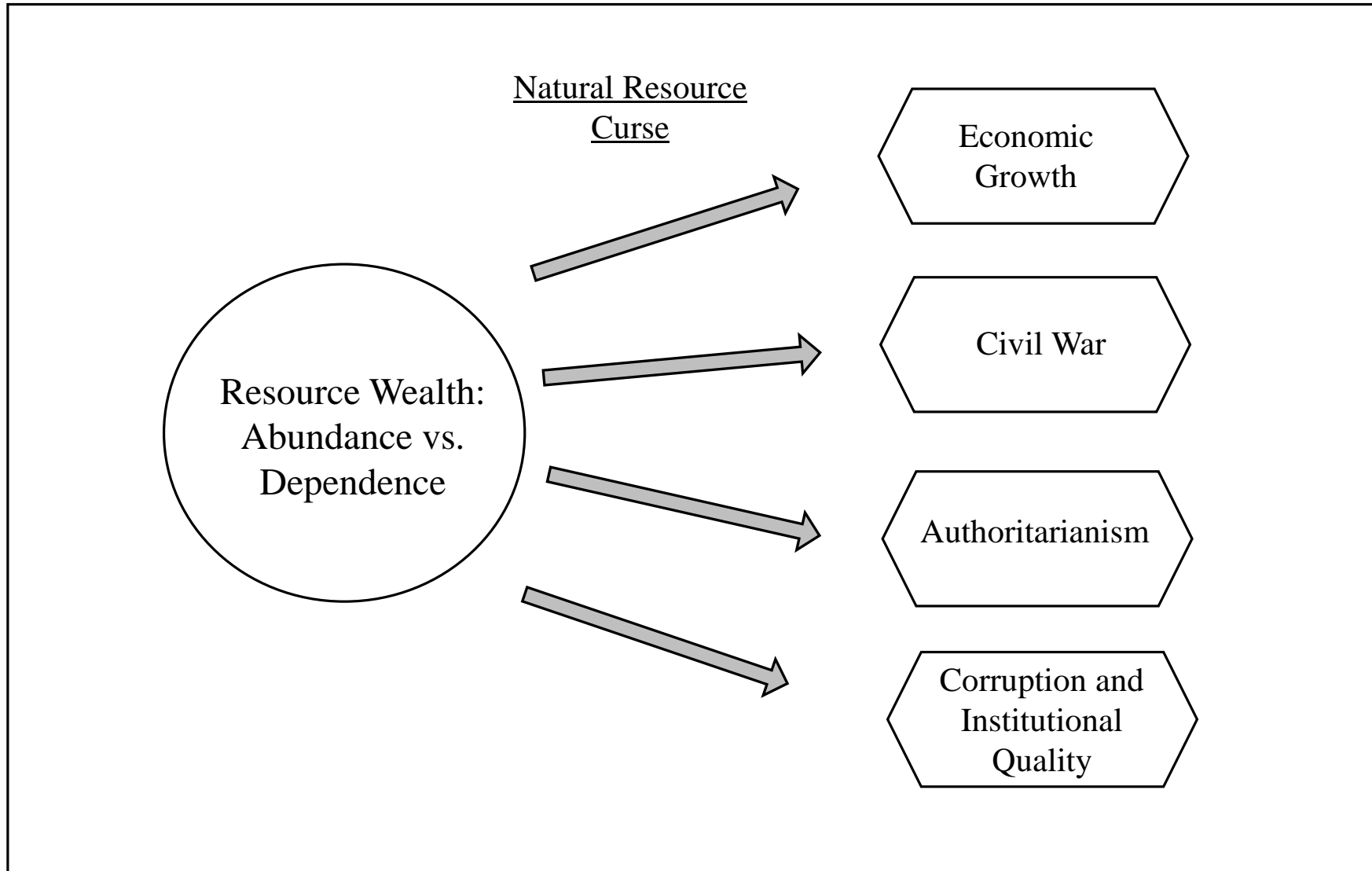


The substantive meaning

- We can see that when competition is low, resource dependence is positively associated with programmatic linkages, as indicated by the steep upward trending top line.
- In the case of highly competitive political environment, the model predicts that resource dependence will have significantly negative impact on programmatic linkages as illustrated by the steep downward sloping bottom line.



Contribution to the Literature



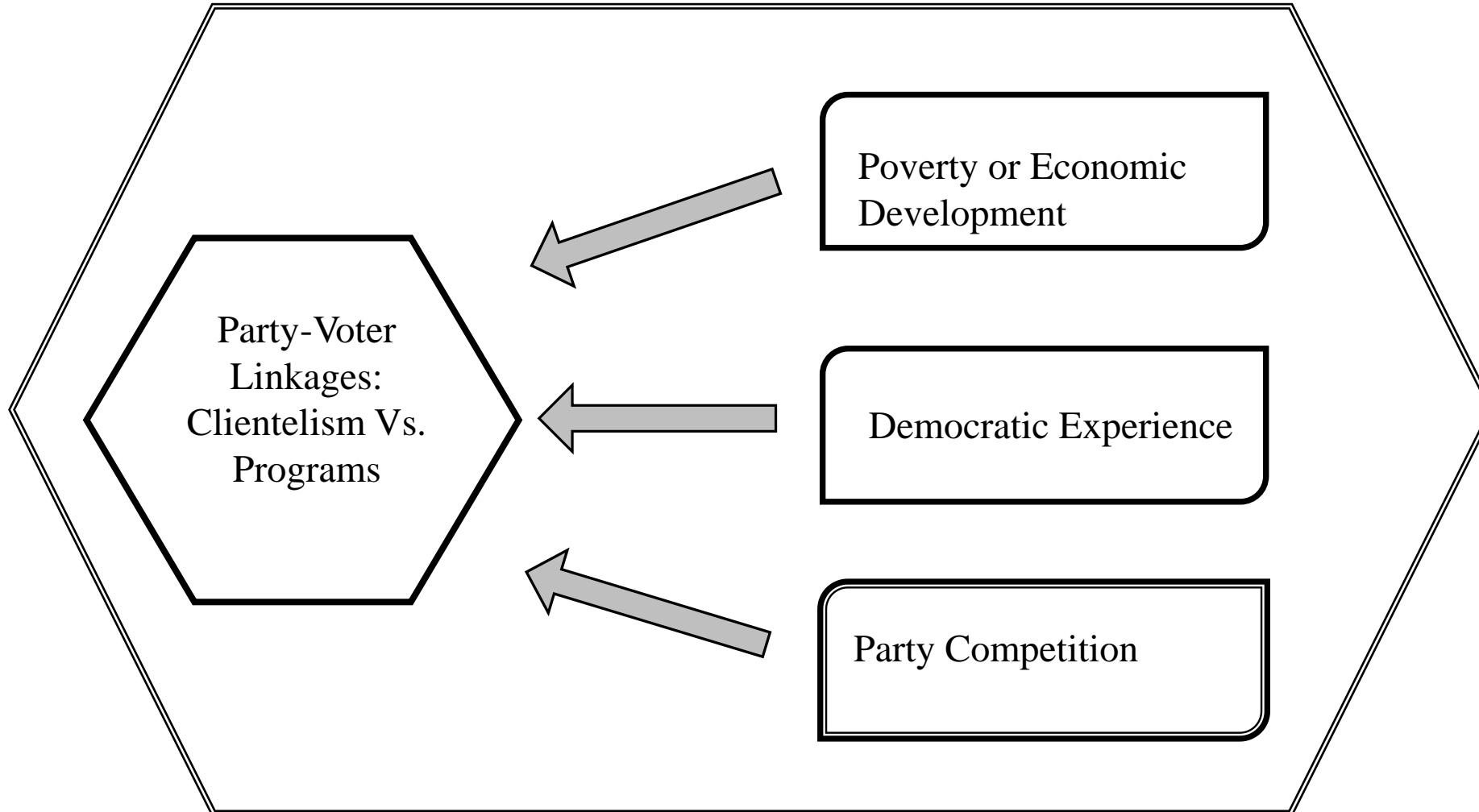
Gaps in the literature:

How does the "curse" operate within democracies as apposed to autocracies?

What role does electoral competition play in either ameliorating or exacerbating the curse?

Contribution to the Literature

Determinants of Party-Voter Linkages:



A gap in the literature:

Does resource wealth cause parties to become less programmatic in democracies?

Conclusion

- In this paper, I have shown how and why natural resource rents are often mismanaged through economic populism and clientelism.
- The paper's main finding implies that natural resources are not necessarily harmful for governance in democracies that are either economically developed or politically less competitive.
- Even for poor democracies, resources may even strengthen programmatic parties if political competition is minimal.
- Yet, for poor democracies that feature high electoral competition, resources are likely to contribute to clientelistic or economically populist spending.

THANK YOU FOR YOUR ATTENTION

PRESENTER'S CONTACT INFORMATION:

Graduate School of Political Science, Waseda University

bs646@akane.waseda.jp



Foreign Aid, the Mining Sector and Democratic Governance: The Case of Canadian Assistance to Peru

Stephen Brown
University of Ottawa

INTERNATIONAL CONFERENCE ON DEMOCRACY IN THE 21ST
CENTURY: CHALLENGES AND WAYS FORWARD

09-10 JULY 2018 ULAANBAATAR MONGOLIA





Starting point

- Canadian foreign aid and the mining sector
- New package announce in 2011:
 - 1) Pilot projects to support CSR
 - 2) Andean Regional Initiative
- Canadian International Resources and Development Institute
- Others followed



Case justification

- Why Canada?
- Why Peru?
- Interest in Mongolia as well



Research questions

1. What is the relationship between foreign aid and mining?
2. What are the implications for the principle of democratic ownership and democratic governance more generally?



Argument 1: the aid-mining relationship

- Past: Funded grassroots resistance
- Now:
 - 1) Strengthen central government role in promoting mining
 - 2) Encourage municipalities to negotiate mutually beneficial relationships
 - 3) Subsidize CSR, help obtain “social licence to operate”



Argument 2: implications for ownership/governance

- Government ownership instead of national/democratic ownership
- Supports extractivist model, weakens environmental protection, lack of free, prior and informed consent
- Strengthens symbiosis between state and private sector at the expense of democratic participation and the rights of citizens, especially the most marginalized



Canadian aid to Peru

- History of working with Ministry of Energy and Mines, more for investors' rights than social and environmental issues
- Role in silencing dissent
- “It is the mining embassy. It is there to serve and protect the mining industry” (environmental journalist)
- Support to municipalities: two interpretations
- The limits of CSR: not changing mining companies' behaviour



Ownership of the development strategy

- Alignment of aid with the government and the private sector
- Very little input from communities, FPIC very rare
- No obligation to promote mining, 35 policy areas to choose from, could focus more on poverty, whereas mining benefits accrue mainly to urban elite men



Relevance of the study

- Lessons for aid and extractive industries elsewhere, including D.R. Congo, Myanmar, Mongolia
- Other donors as well
- Overemphasis on self-interest and extractivism as a development strategy is at odds with democratic ownership/governance and the SDGs' underlying principle of “leave no one behind”


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Stephen Brown
University of Ottawa
brown@uottawa.ca
www.stephenbrown.xyz



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REGIONAL INTEGRATION IN ASIA: FTA INITIATIVES DRIVEN REGIONAL LEADERSHIP

Purevdulam Jamiyansuren /MA in International Economics and Business,
Budapest Business School, University of Applied Sciences
Research and Consulting firm “SICA Mongolia”

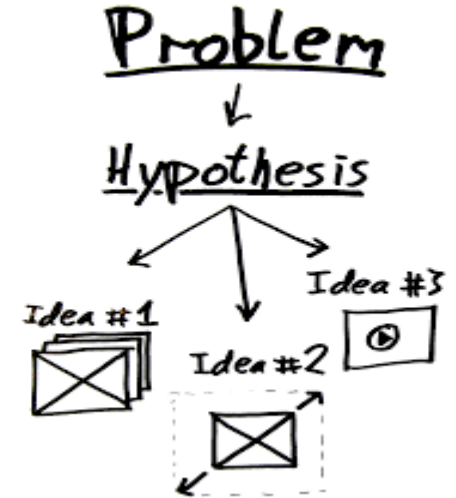


Agenda

- ✓ **Motivation and Statement of Problem**
- ✓ **Economic and Political dimension of regional integration**
- ✓ **FTA driven regional integration in Asia**
- ✓ **Evolving architecture of regional organizations**
- ✓ **Conclusion**

Statement of Problem

- ✓ AFC of 1997 - Asia has changed the landscape dimension to top-down and state-led regional projects and initiatives (ASEAN – ASEAN+6) vs TPP, AEC
- ✓ Research problems: i) ASEAN could stabilize the role and activities as for participating the FTAs networking in the region and/or in the ASEAN+6 grouping, ii) apart from the RCEP, TPP and AEC are the big venues for creating large economic areas and competing for regional leaderships
- ✓ What other form would be possible to emerge? What are the global and regional forces behind these integration processes? Would it be the regional hegemonic bloc that overlaps EU and NAFTA areas in the future?



To examine the nature of regional economic integration and the pre-condition of new regionalism in Asia.



Motivation

- ✓ **Rise of Asia and its integration is the interesting field with respect to the different numbers of participant member states**
- ✓ **From the Mongolian scholars point of view the regional integration is less studied and this research will be my contribution in the field.**
- ✓ **Based on deductive approach this research argues the current new regionalism in terms of FTA driven economic integration and competition for regional leadership**



Economic and Political dimension of regional integration

Economic integration:

Balassa (1961)'s theory: “economic integration as **a process** and as a **state of affairs**.”

Degrees of Economic Integration

#	Stages	No tariff or quotes	Common ext. tariff	Free flow of factors	Harmonization of policies	Unification of policies
1	Free trade area	x				
2	Customs union	x	x			
3	Common market	x	x	x		
4	Economic union	x	x	x	x	
5	Total economic integration	x	x	x	x	x

Source: Balassa (1961), Nye (1968)



Economic and Political dimension of regional integration

Political integration:

- ✓ Haas (1958) argued that economic integration, whatever defined, may be *based on political motives* and frequently produce political consequences.
- ✓ He identified the political actors, “elites”- the leaders of political groups - in charge of any decision-making activities
- ✓ a legal or jurisdictional aspect of institutional power. Resources may be a close indicator of powers *vs* other measurement factors such as *supra-nationality* of decision making; *scope of legal powers*; fulfillment of scope; and expansion of jurisdiction – in the governmental authorities

FTA driven regional integration in Asia

What were the driving forces and motives to change the landscape of Asian regionalism?

- ✓ Since the lesson from AFC the intra-regional economic interdependence has relatively increased in term of trade and investment particularly.
- ✓ Rising economy of China was characterized with labor-intensive market which in turn played important role in region's production networks and supply chains intermediates.
- ✓ GFC of 2008 has also an outbreak of regional integration landscape in Asia.





FTA driven regional integration in Asia

What were the driving forces and motives to change the landscape of Asian regionalism?

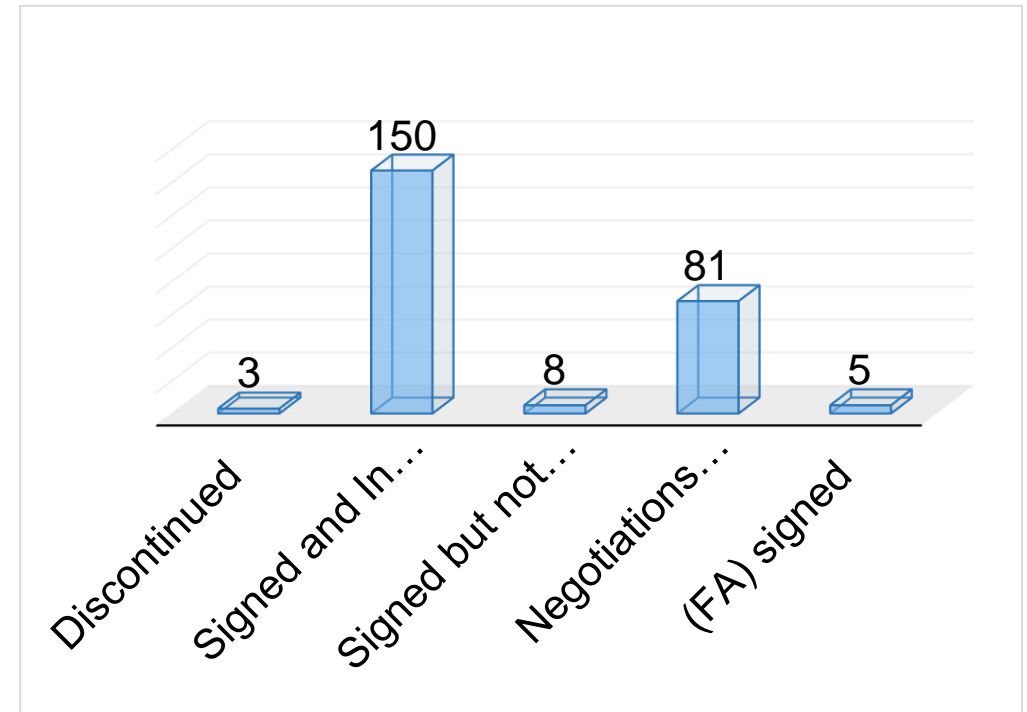
- ✓ FDI inflows in Asia 442bln USD, dropped by 18% in 2016.
- ✓ East Asia: 260bln USD
Southeast Asia: 101bln USD
- ✓ China (134bln), HK (108bln) and Singapore (62bln) vs ASEAN+6: 352bln USD

FTAs by scope, 1975-2017

Year	Bilateral	Plurilateral
1975-1983	1	2
1991-1995	14	3
1996-2000	39	4
2001-2005	69	14
2006-2010	124	36
2011	140	46
2012	149	50
2013	148	55
2014	153	58
2015	159	63
2016	163	70
2017	172	72

Source: ARIC data

of FTAs by status (cumulative), 1975-2017



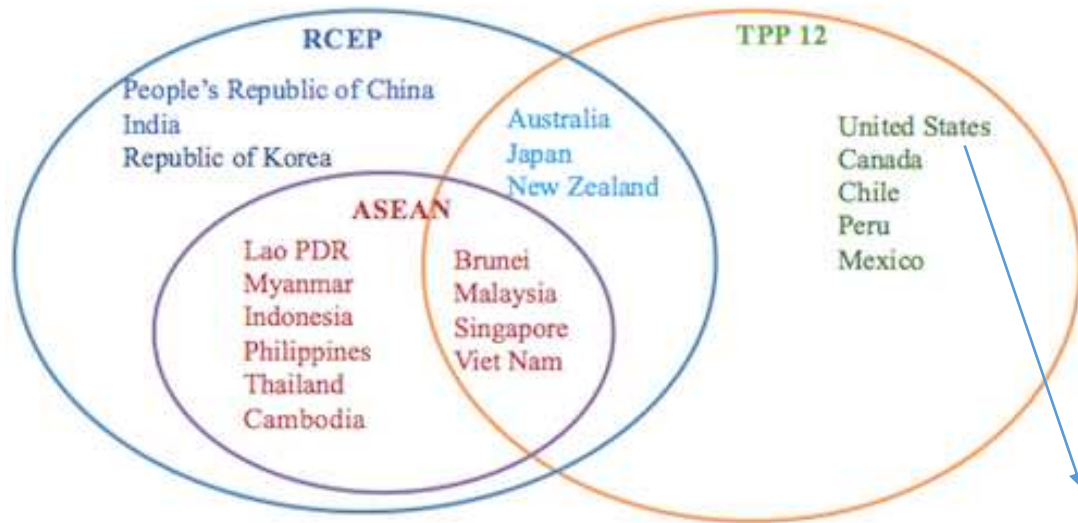
Source: ARIC data



Evolving architecture of regional organizations

What other form would be possible to emerge? What are the global and regional forces behind these integration processes? Would it be the regional hegemonic bloc that overlaps EU and NAFTA areas in the future?

The competition for regional leadership



US withdrawal in 2017: who will replace?

- ✓ China backed RCEP vs US-led TPP
- ✓ it would be explained the regional leadership competition was weighted through confrontation between US and China under the negotiation framework of RCEP and TPP (Oba, 2016).
- ✓ Rise of China and their foreign policy was precisely specified under the president Xi Jinping government since 2013 (AIIB – 57 memberships, “One Belt, One Road” initiative,



So yet unanswered research question: *why are these negotiations taking such long time and what are they waiting for?*

- 1. Membership disparities both economic size and political powers: In this point, it can conclude that the re-balance of powers are coming one to another.**
- 2. It is because of confrontation issue for regional leadership.**

RCEP: China

TPP: Japan




Conclusion

- ✓ **The breaking point of Asian regionalism was AFC and changed the landscape from bottom-up, market-driven regionalization to top-down and state-driven regionalism with the achievement (but still on negotiation) of AEC, ASEAN+3 and ASEAN+6**
- ✓ **The current FTA initiatives are taking the root and the efforts to construct new architecture of regional organizations, but the negotiation and discussion are taking longer time in case of the powerful members and actors involved and compete for regional leadership.**
- ✓ **However, the Asian regionalism is truly catching up with existing cooperative mechanisms as well as broader and more ambitious negotiations like RCEP and TPP due to global trends**
- ✓ **Although Asia has been successfully experiencing on the economic regionalism, the democratic governance at regional level is significant question mark in relation to regional leadership confrontation.**

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CONTACT INFORMATION:


Email: purevdulam@sica.mn purevdulamj@gmail.com

Phone: +976 8008 9553



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THE EMPIRICAL ANALYSIS OF POLITICAL STABILITY AND INFLOW FOREIGN DIRECT INVESTMENT: CASE OF MONGOLIA

10 July 2018 Ulaanbaatar Mongolia

Nandin-Erdene Byambajav

According to economists and researchers, political instability is harmful for economic development of any country. In this study, I would like to focus on Mongolia, which had its fair share of political instability issues due to the differences and existence of various races.

Mongolia is also facing the problem of political instability, since political instability causes a decrease in investment and rapidly of economic development process. The paper investigates the relationship between the foreign direct investment and political stability by investigating the political stability measures of social survey. This paper also finds that FDI inflow positive relationship with political stability, while negative relationship with political instability and its political effects.

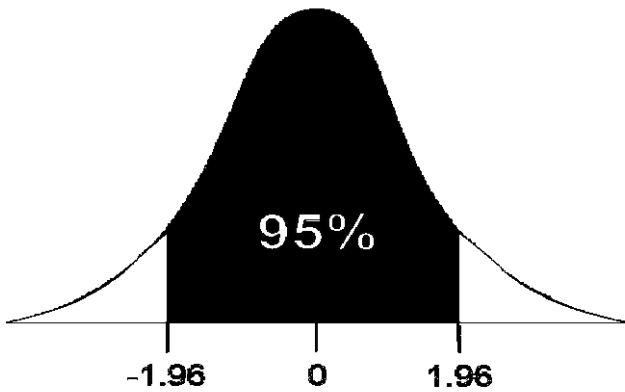
RESEARCH HYPOTHESIS

Foreign direct investment inflows are low for political instability is high.

THE IMPACT OF POLITICAL FACTORS ON FOREIGN DIRECT INVESTMENT IMPLEMENTATION OF MONGOLIA

Research
Sample set

Empirical analysis



Data	Meaning	Explanation
t	1.96	95% confidence level
w	0.5	Constant meaning
N	1,690,873	Above 25 years of Mongolian population
Δ	0,05	Error limit
n	552	The optimal sample size

Frame of sample	Chosen profession /career/ work	Set
Politics	Political scientists	1,690,873
	Political man	
Economics	Economists	
	Businessman	
Others	Others	

Research Methodology

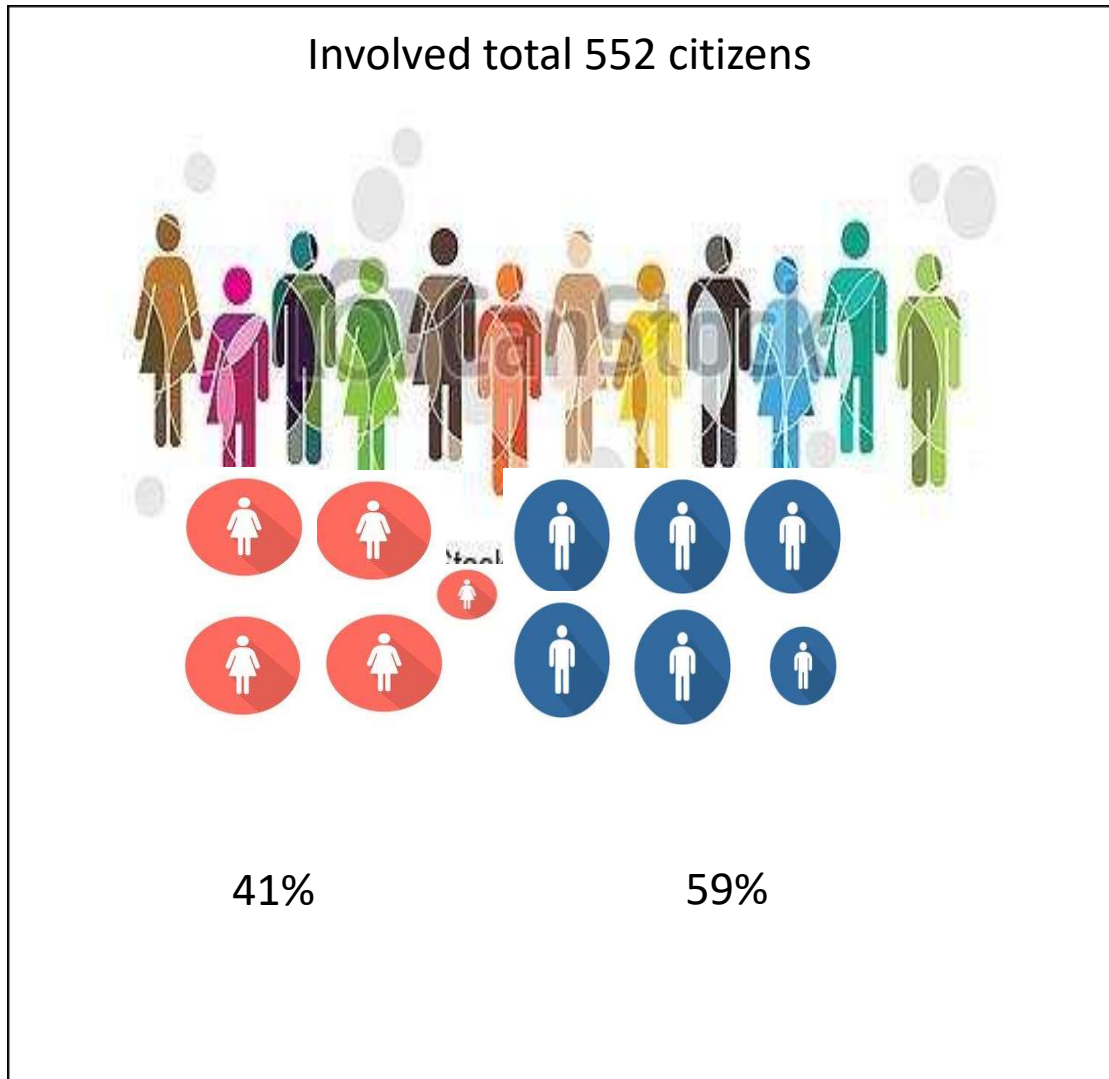
—**Set:** Based on the survey, the survey population has been selected for Mongolian citizens aged 25 years and above and it is really for survey.

—**Frame of sample:** The outcome of foreign investment is closely related to its social and economic effectiveness and its implementation is closely tied to political and economic policy and its growth and development. Therefore, the selection of the sample is based on foreign investment and related work business entities and individuals with a knowledgeable level of knowledge, politics, economics and others (who have a certain level of knowledge about foreign investment, educators and researchers).

Sample set: There are many different approaches to selecting the optimum sample size, but the most widely used practice, the basic assumption of sampling is to assume that the population is normal, and the sample size is chosen by simple random sampling methodology.

$$n = \frac{t^2 * w * (1 - w) * N}{N * \Delta_p^2 + t^2 * w * (1 - w)}$$

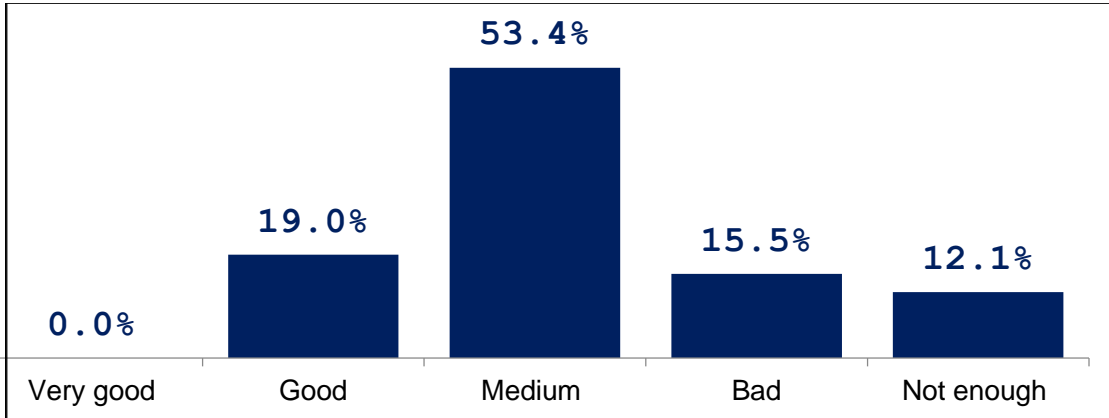
INFORMATION OF RESPONDENTS



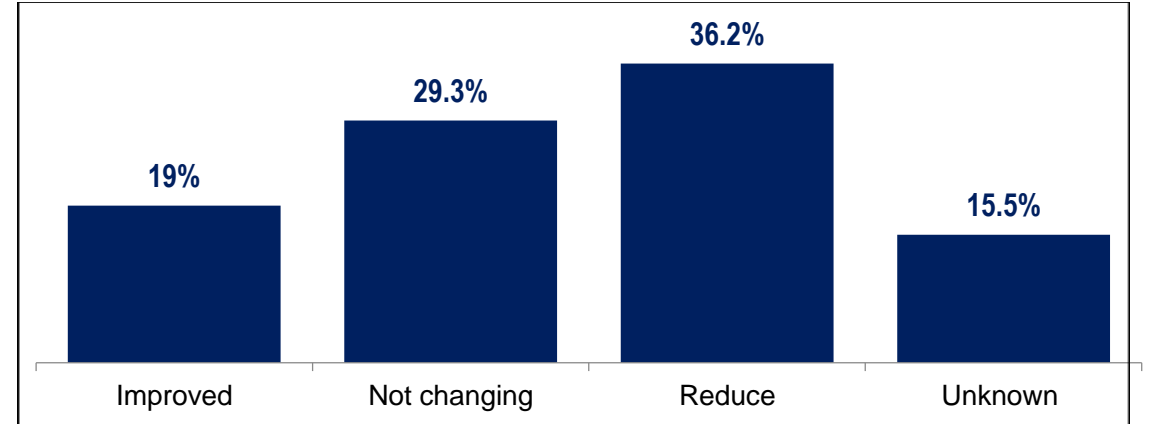
PROFESSION	
Politicians	15%
Businessmen	12%
Other professionals	6.9%
Economist s	30%
EDUCATION	
Higher educated	93.1%
Medium educated	6.9%
BY AGE	
28-35	43.1%
36-45	32.8%
46-55	22.4
Over 56	1.7%

THE IMPACT OF POLITICAL FACTORS ON FOREIGN DIRECT INVESTMENT IMPLEMENTATION OF MONGOLIA

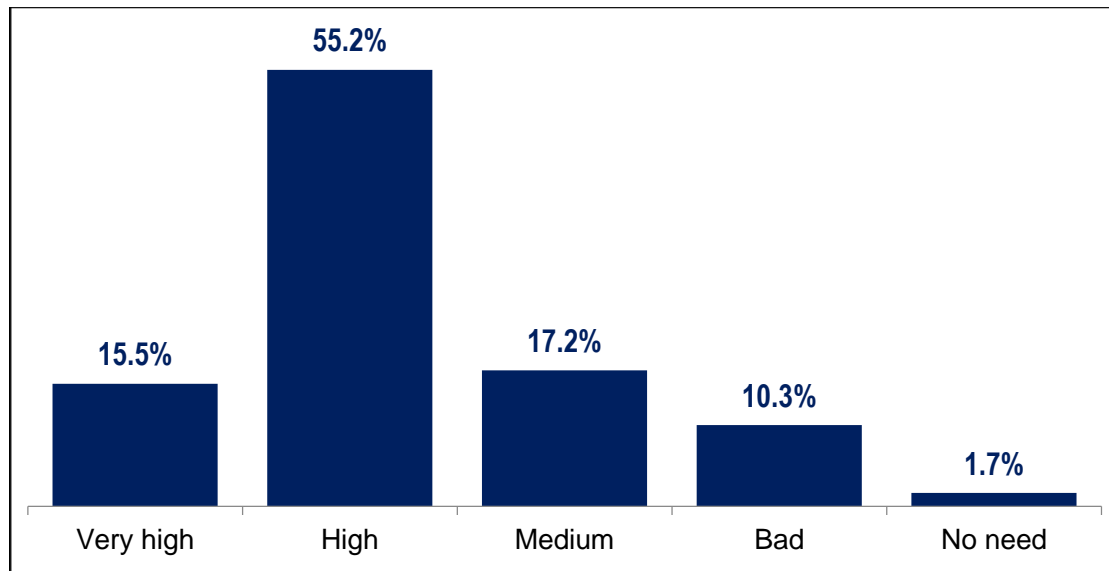
1. WHAT DO YOU THINK ABOUT ATTRACTING FOREIGN INVESTMENT CLIMATE AND PRESENT SITUATION?



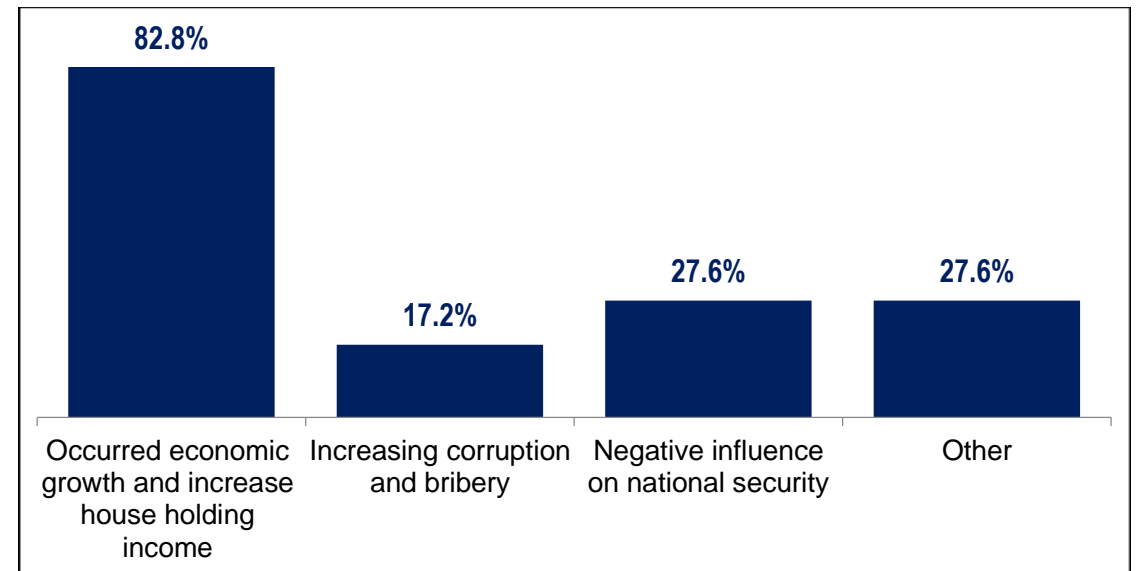
2. HOW CHANGED CLIMATE AND SITUATION OF FOREIGN INVESTMENT FROM BEFORE?



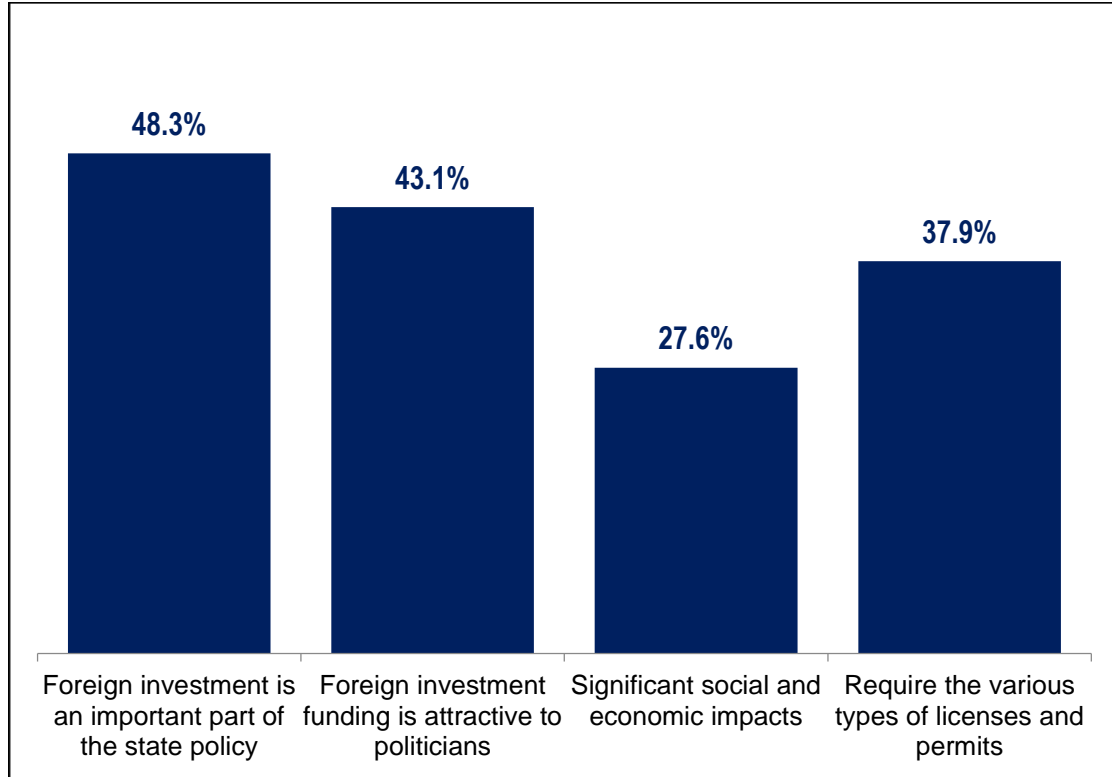
3. PLEASE ESTIMATE BENEFITS OF SOCIAL AND ECONOMIC OF FOREIGN INVESTMENT?



4. PLEASE CONCLUDE THE CONDITIONS RESULTING FROM THE IMPLEMENTATION OF FOREIGN INVESTMENT/ 1-4 ANSWERS/

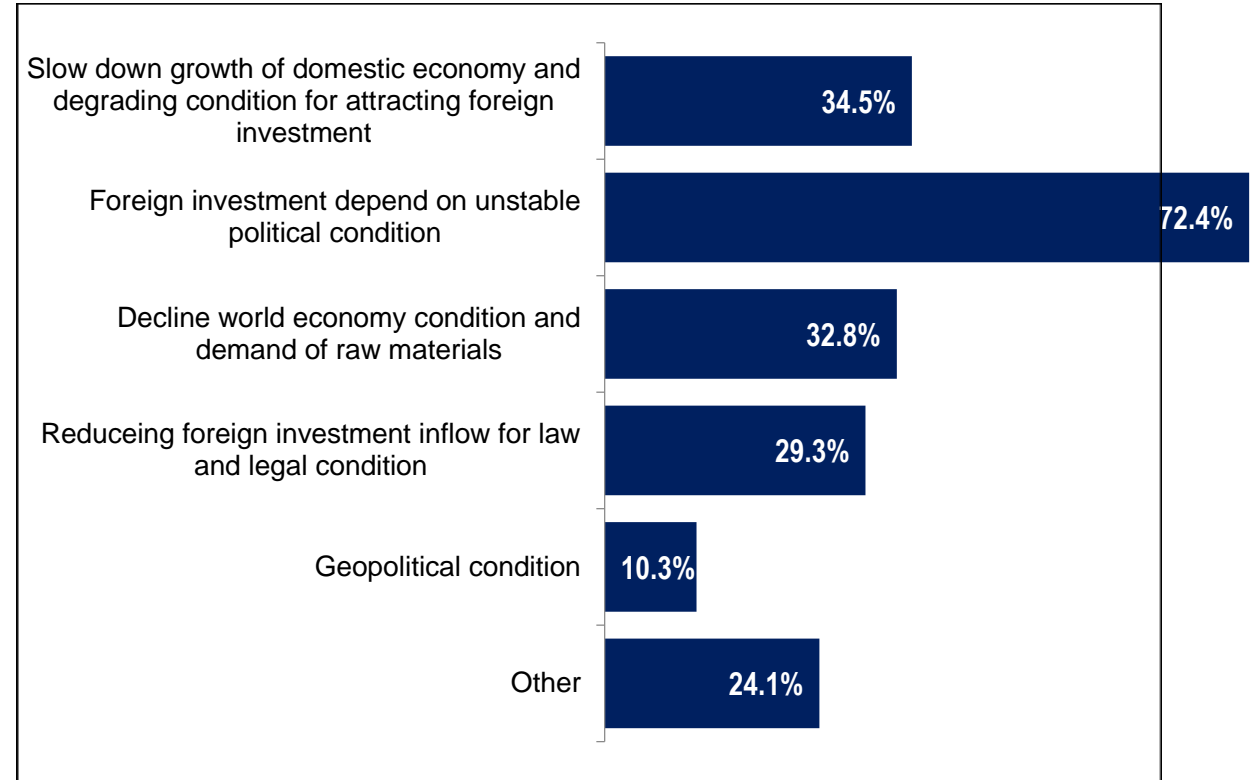


5. WHAT DO YOU THINK ABOUT FOREIGN INVESTMENT IS HOW CONNECTED WITH POLITICS? / 1-4 ANSWERS/



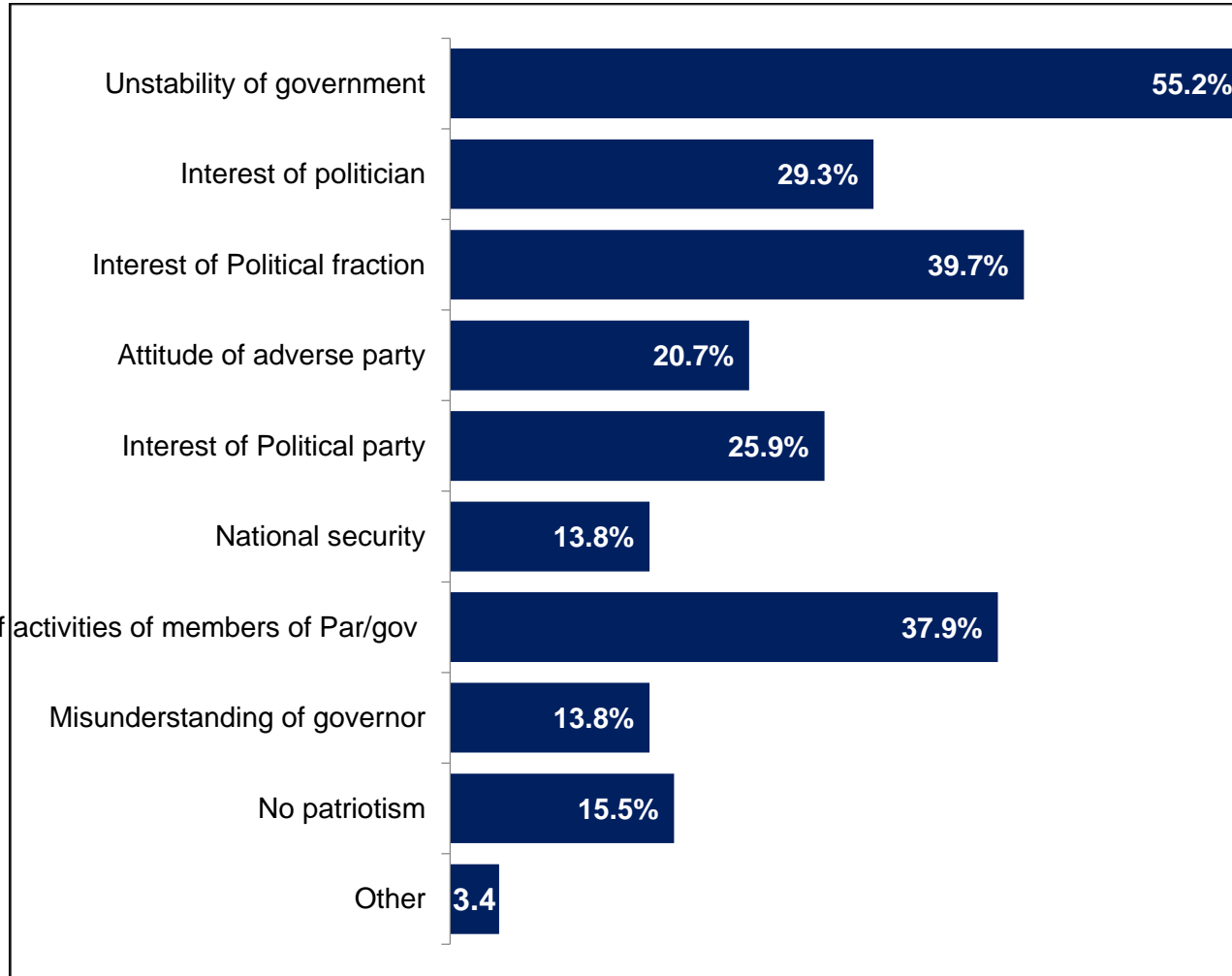
This shows that foreign policy is an essential part of the policy of the state, and its funding is in the public's attention, especially in politicians.

6. IN LAST 6 YEARS, PLEASE EVALUATE REASON OF DECREASING FOREIGN INVESTMENT? /1-4 ANSWERS/



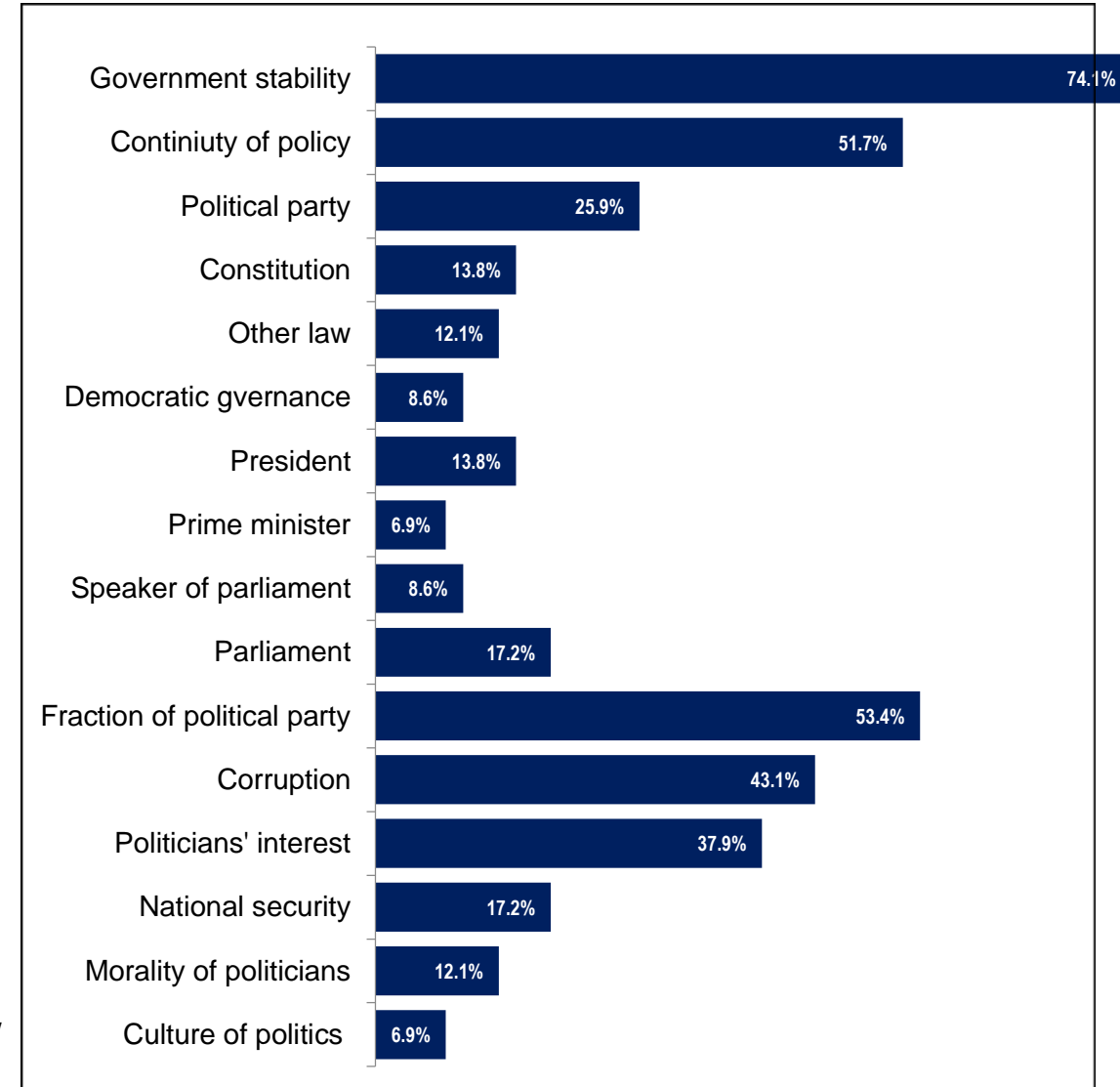
The survey results show that the decrease in foreign investment in the economy depends on domestic economic, legal, and political circumstances, with the slowdown in the global economy and slowing global demand for commodities. The main coordinator for these situations are political policy and political factors.

7. WHAT DO YOU THINK ABOUT IF FOREIGN INVESTMENT IS DECREASED DUE TO CONDITIONS OF POLITICS, WHAT FACTORS ARE INFLUENCING?

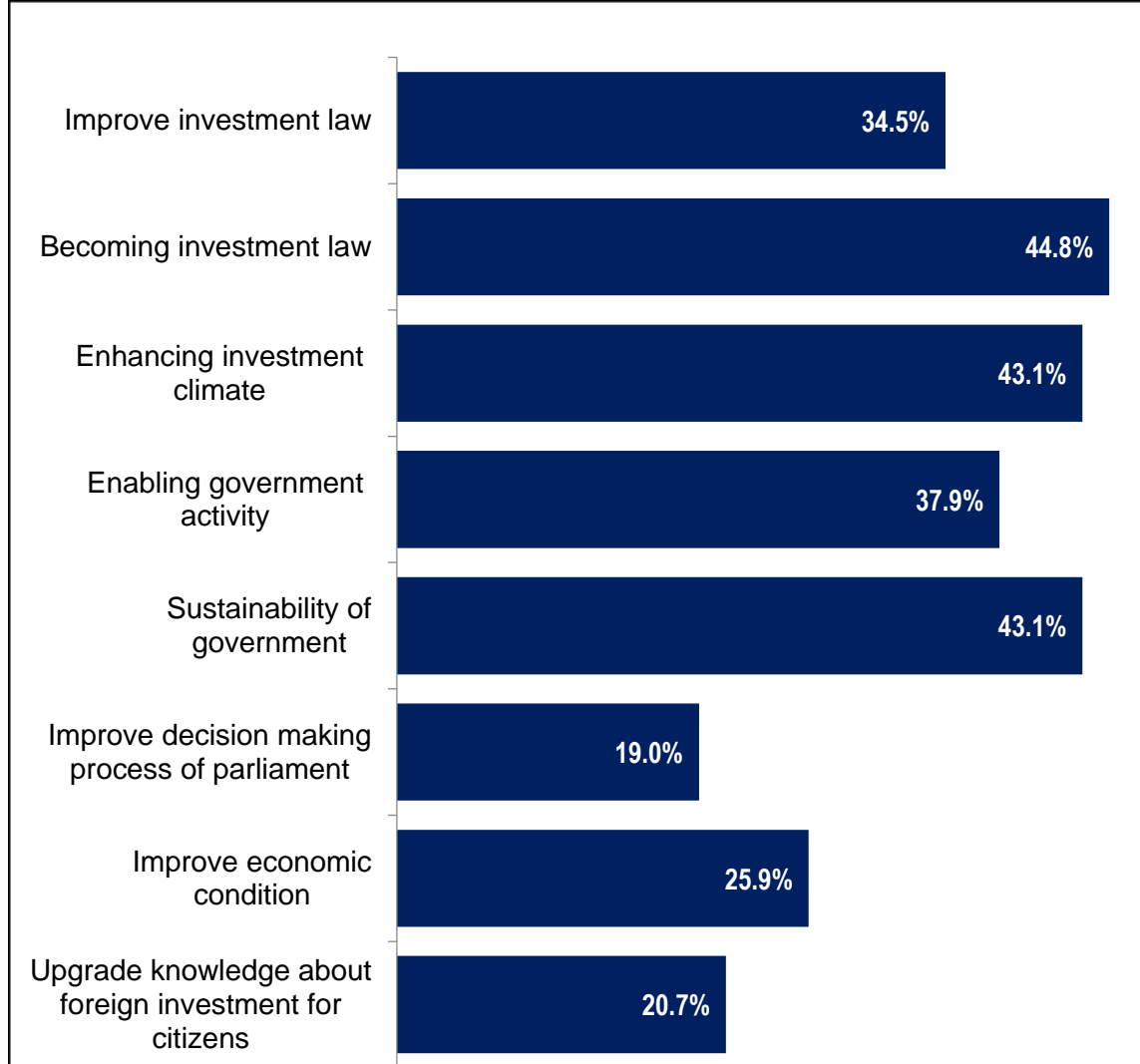


The main reason for the decline in foreign investment inflow is the fact that the political situation is an important factor.

8. WHAT POLITICAL FACTOR IS MORE INFLUENCE ON FOREIGN INVESTMENT? /1-4 ANSWERS/



9. WHAT IS THE MOST IMPORTANT THINGS FOR ATTRACTING FOREIGN INVESTMENT? /1-4 ANSWERS/



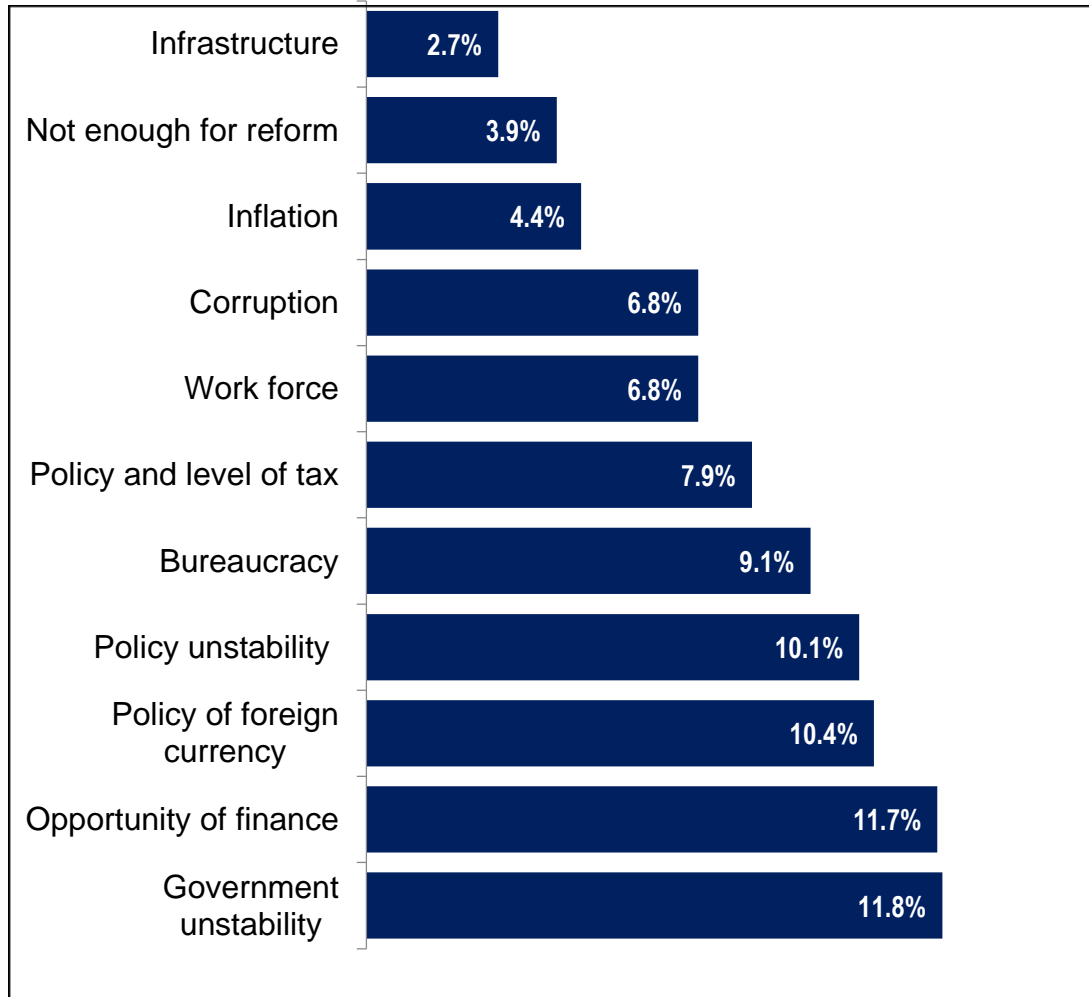
-The main reason of foreign investment decrease is viewed the political unsuitability and for clarifying which factor is more influential answered that unsustainability of the government, policy irrelevance, interest of political parties and among them interest of political fraction interest, interest of individual politician and poor condition of work for Great Khural (parliament) and government influence on decrease of foreign investment.

-Decrease and increase of foreign investment is directly dependable on being sustainability of government activity and interest of political fractions.

-We can see logical connection interest of individual politician influence on interest of political parties and fractions. In other hand, the interest of individual politician influences on unsustainability of political parties and fractions.

WORLD ECONOMIC FORUM-2017

Difficulties of business operation in Mongolia



-The graph shows that the main difficulties facing business in Mongolia are instability of government policy, instability of government, corruption and bribery in the government.

These are not depend on outer factors but possible factors that is possible to prove in short and medium term.

-World economic forum's research outcome can be proved in result of the before sociological research.

-These both outcome of researches are same that shows political stability especially government stability is directly dependable to foreign investment inflow.



CONCLUSION

The hypothesis presented in this study is confirmed by the results of sociological research.


In particular, the current situation of foreign investment is poor and inadequate, and its main reason is that in terms of political factors, the political instability is 72.4% of those surveyed. Respondents said foreign investment affects political factors in foreign investment as an important part of government policy and its funding attracts politicians because they are politically linked.

The main reason for the decline in foreign investment is that if the political instability is considered, what factors are affecting 55.2% of the government's instability, 39.7% of the interests of political fractions, the activities of the State Great Khural and the Cabinet 37.9% said that the interests of individual politicians are 29.3% and 25.9% as political party interests.

1. Increase or decrease of foreign investment is directly dependent on the stability of government operations.
2. It is evident from the sociological survey that whether the government's activities are stable or unsustainable depends on the interests of the fractions of political parties.
3. The interests of individual politicians are seen as logical links that directly affect the interests of the fractions of political parties. In other words, the conflict of interest of one person affects the unstability of the political situation.
4. Reducing and moderating these impacts has a positive impact on reducing the conflicts of interests in the next big group.

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THANK YOU FOR YOUR ATTENTION

nandinerdenee@gmail.com

