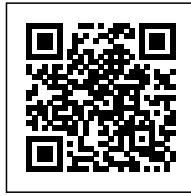


MONGOLIA APPROVES 2023 BUDGET

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The 2023 budget revenue is projected to be about MNT 19.49 trillion (USD 5.5 billion), or 34.9 percent of the GDP, and spending is estimated to be around MNT 20.4 trillion (USD 5.9 billion), or 37.6 percent of the GDP. This is the first state budget since the austerity law was passed in April 2022. Within the framework of this law, measures will be taken to keep the budget deficit at the target level, stabilize the economy, and implement budget discipline at all levels next year to save MNT 1 trillion. In addition, the estimated budget deficit was reduced from the target level of 3.6 percent of GDP to 2.6 percent of GDP.

The Government of Mongolia is implementing the New Recovery Policy and aims to complete all the current projects efficiently. In an estimate, 86 percent of previous projects will be fully commissioned.

With the implementation of this budget, the government estimates the economy to grow by 5 percent, inflation to decrease to a single digit, export volume to reach pre-pandemic levels of 2019, and stabilize the exchange rate. However, in October 2022, the inflation was 14.5 percent, while international organizations estimated Mongolia's inflation to be around 10.5-13 percent in 2023.

The key factors resulting in high inflation are the budget, the decision to raise the minimum wage from January 2023, and the depreciation of the MNT, according to the IMF.

However, the Asian Development Bank attributes inflation to the increase in imported goods price, supply disruption, and transportation costs.