

MONGOLIA
Economic Policy Conference
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Opening Remarks
Mr. Arshad Sayed
Country Manager for Mongolia, World Bank

Excellencies, Ladies and Gentlemen:

I am very pleased to welcome his Excellency, the President of Mongolia, Mr. Tsakhia Elbegdorj to open today's conference. Without further ado, let me turn the floor over to him.

[President's opening]

I think you will all join me in thanking the President for these inspiring opening words.

Let me add a few words, as the Country Manager for Mongolia, about what we hope you will get out of today's conference, and the distinguished speakers and panelists who have kindly agreed to participate.

Today's conference focuses on two of the development challenges that Mongolia is currently grappling with, both of which are closely connected to the challenge that Mongolia faces to manage its mineral resources and mining revenues in ways that bring widely shared growth and poverty reduction.

First, this morning, we will discuss the financial sector. A sound financial sector will be critical for ensuring Mongolia's macroeconomic stability and stable economic growth. But the impact of the global crisis has uncovered problems in the banking sector that were difficult to detect during the recent boom years. To hear about some of the lessons learned from other country experiences with similar banking problems, we will hear from the World Bank's Chief economist for East Asia. Then I am very pleased that we will also hear directly from Mongolia's Central Bank Governor about how the central bank and government are putting some of these lessons into practice, both in terms of their immediate response to the current situation and the Government's medium-term reform program. Let me also welcome our distinguished panelists, representing the Parliament, the private sector, external partners, and academia, who have agreed to provide comments on the presentations.

Then this afternoon, we will follow up with a discussion on the management of mining revenues. First, we will hear how another country that is also highly dependent on copper – Chile – has managed to sustain steady growth and macroeconomic stability, and has come through the current global economic crisis with much less impact than

other copper and natural resource dependent countries. Then, we will hear from the Vice Minister of Finance, how the Government is working to put similar measures into effect in Mongolia, that can help the country to avoid future boom and bust cycles and get more development impact from its mining revenues. I am also pleased that two leading members of parliament, both of who visited Chile in September to learn about the country's fiscal reforms, to comment on the presentations.

Next, we will hear from the Netherlands Ministry of Finance, about the country's successful experience in dealing with 'Dutch Disease', in which rapid increases in wealthy bring unintended but negative consequences on a country's competitiveness. I think there may be some useful lessons from the Netherlands experience, especially given the major increases in mining output and revenues expected in the coming years here in Mongolia. Next we will welcome the IMF's mission chief for Mongolia, who will tell us some more about the rules and tools that the Fund is working with the Government to strengthen management of mining revenues. I would like to also welcome the distinguished commentators who will provide feedback on these two final presentations.

With that, let me welcome all of you, invite your active participation, and say that we look forward to an engaging day of exchange on these important topics.