

Ministry of Finance, Economic Policy Department Director J. Jargalsaikhan's Opening Speech at the workshop on preliminary findings of a World Bank study on urban development, water resources, environment, and social issues of the Gobi region

September 25, 2008

Good morning Dear Honored Guests,

I would like to thank the Umnugobi aimag government, World Bank Country Office in Mongolia, Country Manager Mr. Arshad Sayed, and all other organizers of this workshop.

Parliament of Mongolia endorsed MDGs-based National Development Strategy early this year. International financial organizations supporting Mongolia have attached an importance to the implementation of policy measures crystallized in this long-term development document. The World Bank's initiative to conduct a study on environment, water resources, urban development, and social issues of the region under the framework of mineral resources-based development of the Gobi region represent a reflection of such an attention. I have been in charge of economic development issues for many years, thus I am pleased to attend this discussion for presenting findings of the study while involving various stakeholders such as local government, central government officials, and relevant professionals. It is also a great opportunity to exchange views and inform of issues to be taken into account in terms of implementing study recommendations.

The NDS sets out an objective for Mongolia to achieve strong development and reach the middle-income countries level in coming 15-16 years. The target is to increase GDP per capita to USD15,000 by 2021. I would say that this timing is very crucial for achieving this target. To build on this golden moment and achieve strong growth, we need to exploit our subsoil resources, left by our ancestors, with the highest efficiency and benefits.

A portion of our subsoil wealth stretches out in Umnugobi aimag. Mining operations at the Oyu Tolgoi copper and gold deposit, Tsagaan Suvarga copper and molybdenum deposit, and Tavan Tolgoi high quality coal deposit should involve a comprehensive solution with respect to nature protection, favorable living environment for workers, miners' village even with a tiny population, its infrastructure needs such as water resources, housing and social aspects. I believe our discussion will touch upon all these issues. It is essential that the comprehensive solution for these issues be discussed with local and professional community following a preliminary research. This will ensure that mining operations take place. The successful exploitation of any mineral resources directly depends on mining conditions such as provision of industrial and drinking water at a low cost from a close source, environmentally-friendly, especially with least damage and pollution to soil, exploitation, preservation of wildlife, no air pollution, and provision of favorable living conditions for people. Thus today's event that, allows the discussion of these issues based a research, is very crucial.

The development of mining operations will inevitably raise the issue of food supply for the local population. Livestock husbandry potential of the Gobi region and herder livelihood will

be touched upon as well. Gobi region herders should be encouraged to engage in business operations in order to supply meat, dairy products, and vegetables to workers of the mines. In other words, we must also focus on improving the livelihood of herders living in mining areas, increasing their pasture possibilities, providing water, and developing fodder production while improving their education and health.

More than ever, much increased desertification due to weather changes in recent years is causing a significant burden on the livelihood of herders, who used to raise their livestock on fresh pastures. Thus I think that we also should consider policy measures to tackle this problem.

The Government of Mongolia has prepared a project, titled “Strong development region of Galbyn Gobi”. Relevant organizations are involved in conducting a study and drafting a proposal to implement the project. In addition, as part of the USAID Gobi Initiative Project a number of studies and recommendations on solving social development issues of the Gobi region have been completed. I am confident this on-site workshop will be instrumental in combining all those study findings and recommendations and framing a comprehensive solution for development on the basis of the mining complex in Gobi.

Lastly, I must note that conceptual ideas, defined in the Central Region Development Program, endorsed under Government Resolution No. 202 from 2005, should be taken into consideration. The Program discusses many development issues of the Gobi region from different aspects.

Let me wish success in today’s workshop and discussion.

Thank you for your attention.