MONGOLIA
Esteemed Chair, Distinguished Guests, Fellow Governors, 
Ladies and Gentlemen,

It is my great pleasure to address the 22nd Annual meeting of the Board of Governors of the European Bank for Reconstruction and Development on behalf of the Government of Mongolia. I join my fellow Governors in thanking the Government of the Republic of Turkey and people of the beautiful city of Istanbul for their gracious hospitality.

Mongolia is embarking on a new path of economic growth. Having recovered from the impacts of the global economic slowdown, the Mongolian economy grew by 17 percent in 2011 and by 13 percent in 2012. Mongolia's rapid economic growth is directly linked to exploitation of its natural resources. The Government of Mongolia is committed to working together with domestic and international investors in utilizing its world-class mineral deposits for shared benefits, while upholding the principles of mutual trust and respect for law.

In order to meet its strong commitment to achieve sustainable and equitable growth with low inflation and healthy public finances, the Government is taking major steps toward reforming the fiscal framework. As part of this reform, the Parliament of Mongolia has enacted the Fiscal Stability Law with purposes of promoting fiscal discipline and avoiding boom-bust cycles by enhancing transparency, strengthening accountability, and setting ceilings for fiscal deficit, sovereign debt and spending expansion. Further, the law provides legal grounds for the establishment of the stabilization fund, the objective of which is to ensure fiscal stability in the medium and long term by accumulating windfall revenues and enabling budget support in the case of external shocks or when commodity prices fall below projections.

Mongolia joined the ranks of middle income countries according to the level of per capita GDP. However, there are still segments of the Mongolian population, especially in rural areas who are not able to enjoy full benefits of the country's economic growth. Development of the basic infrastructure, investment in health and education sectors, supporting private sector development and job creation continue to be important challenges for our country. Today, the foremost goal for our Government is to manage the natural resource-based economic growth, to protect the traditional livelihoods of the rural population and to ensure an equal distribution of wealth in the society.
The mining sector contributes 18 percent of the country's GDP and 90 percent of total exports. Considering the magnitude of this sector, how do we manage the revenues coming in from this sector with minimal negative impact to the overall economy? This will be the most important question facing policy-makers in the coming years. Today we are working to create the legal environment for the establishment of a sovereign wealth fund which will be managed in a transparent and independent manner under close public supervision. A share of the mining revenues will be accumulated into the wealth fund to maintain socio-economic and fiscal stability, and to pass on financial wealth to our future generations.

At the end of last year, the Government of Mongolia issued its maiden dollar bond for USD 1.5 billion in five and ten year tranches. Proceeds of the Chinggis bond will be used to finance key infrastructure developments, such as road, railway and energy sector projects. Investments in basic infrastructure, especially in transport, will boost private sector activities and further promote economic development.

Diversifying the economic base and avoiding over-dependence on the mining sector will depend on a robust and active private sector. We appreciate the EBRD's support and cooperation with private sector companies in Mongolia, not only in large mining projects, but also in such diverse sectors as financial services, agriculture and energy supply.

Finally, I would like to highlight the importance of dialogue and consultation among policy-makers in this era of global and regional interdependence. I believe that these meetings provide an excellent opportunity for such dialogue, and I would encourage more concrete discussions and solution seeking on various topics of common concern taking place during the Annual meetings.

Again, I thank the Government of Turkey and all the organizers for the excellent organization of this years meeting.

Thank you for attention.