

BOARDS OF GOVERNORS • 2009 ANNUAL MEETINGS • ISTANBUL, TURKEY

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **PUREVDORJ LKHANAASUREN**,
Governor of the Fund for **MONGOLIA**,
at the Joint Annual Discussion

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Twenty years have passed since Mongolia made a transition toward democracy and market economy. Nevertheless, during this transitional period when it faced numerous difficulties in economic and political reforms, with the help and assistance of donor countries and international financial institutions, Mongolia was able to successfully overcome those difficulties. Mongolia has abundant reserves in gold, copper, uranium and coal, and we are further developing our economic cooperation with China and Russia, two of the biggest mineral users of the world.

This Annual Meetings of the Boards of Governors of the IMF and the World Bank is specific, in the sense that it is taking place during a period when the global financial and economic crisis is losing its grip on the global economy and the effects of the crisis are subsiding. Even though the global financial crisis has affected each country differently, we feel that it is crucial that all countries cooperate with one another and join together to overcome this crisis. I would like to take this occasion to express our sincere appreciation to the IMF, World Bank and the Turkish authorities for allowing us the opportunity to come together to have open discussions and assist each other.

During 2007 and 2008, the prices of Mongolia's main exporting products, copper and gold, had risen significantly, increasing our fiscal revenue that consequently caused our economy to overheat. During this period, the economy and the budget of Mongolia relied heavily on the mining sector, making us more vulnerable to global commodity price fluctuations and having negative effects on the resilience of our economy. Drawing a lesson from this, we recognized the need for better and improved fiscal management and the need to reform our social welfare system.

The rapid development and the overheating of the economy coincided with the global financial crisis, causing our boom to burst, which noticeably deteriorated the macro-economic indicators of Mongolia in 2008. These caused the loss in livelihood of our people.

Mongolia lost no time in facing the challenges and has taken appropriate policies and measures with the assistance of a Stand-by Program with the IMF, the Social Sector

Support Program with the World Bank, Asian Development Bank and the Government of Japan. The Government of Mongolia together with the Bank of Mongolia, is certain that, with the help of the measures taken under these programs and with the assistance from the international financial institutions, we can overcome the crisis. As of current situation, the authorities are confident to achieve successful outcomes to eliminate the adversities of a crisis and to foster economic recovery. Looking ahead, Mongolia is taking measures to achieve the goals set by the Millennium Development Objectives, by consolidating fiscal policy with monetary policy aimed to reduce the poverty level, lower unemployment rate, and to develop our financial and capital market, thereby increasing investment in the real sector, developing local manufacturing, and to diversify the fiscal revenue.

Finally, I would like to reiterate, Finance Ministers, Governors and delegates, that to overcome the global financial and economic crisis, international financial institutions and partner countries must work for each other, as well as work with each other. I wish you success in all your endeavours.