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MONGOLIA

Chimeddorj Ganzorig, Head of Delegation

It is a great honor for me to address the 39th Annual Meeting of the Asian Development Bank (ADB) on behalf of the Government of Mongolia. Please allow me to join others in thanking the Government of India and the city of Hyderabad for hosting the Annual Meeting, and express my deep appreciation to the management and staff of ADB for the excellent arrangements.

In recent years the Asia Pacific region has been hit with a series of disasters such as the SARS epidemic, the Asian tsunami catastrophe, the avian influenza epidemic, and most recently the South Asia earthquake which affected thousands of lives and destroyed even more livelihoods. On behalf of Mongolia allow me to express my deepest condolences to disaster-affected countries and people.

I would like to commend ADB for its quick response to the disaster, which proved yet again the ADB's leadership as the main bank of the region. It is reassuring to know that when crises of such magnitude occur, ADB has the capacity to lead and coordinate relief efforts. ADB's leadership in promoting regional cooperation is especially vital at a time when issues of a regional and trans-border nature such as the avian influenza epidemic demand our cooperation and unified action.

Mongolia strongly supports ADB's commitment to regional cooperation and integration. We are certain that the recent realignment of the Bank's regional departments will provide us with opportunities to further expand economic cooperation, including increased trade and cross-border infrastructure development. At the same time I would like to confirm Mongolia's commitment to the Central Asia Regional Economic Cooperation program and commend ADB for its prominent performance as the facilitator of the program.

Mr. Chairman, allow me to briefly update you on the Mongolian economy and touch upon some issues of priority of our Government. In the 15 years since the transition to a market economy, Mongolia has achieved macroeconomic stabilization, strengthened the banking and financial sectors, and ensured development of a healthy private sector through sound privatization and tax policies. In 2005, real economic growth reached 6.2%, while the inflation rate was 9.5%. As a result of prudent fiscal policy and a favorable economic situation, in 2005 Mongolia enjoyed a budget surplus equal to 3.2% of the GDP.

Today over 70% of Mongolia's GDP is produced by the private sector, and our Government is firmly committed to promoting private-sector-led economic growth as an instrument of



poverty reduction. While concerns over debt sustainability cause governments to limit sovereign borrowing, the private sector in many Asian countries, including Mongolia, has seen strong and vigorous development in recent years. In this regard, Mongolia welcomes ADB's active involvement in private sector development, through endorsement of public-private partnerships and credit support to the SME sector.

Against this backdrop we must not overlook the challenges that the Government of Mongolia faces in the progress toward achieving the Millennium Development Goals (MDGs). Mongolia, as one of many developing countries, is searching for answers to some critical questions, such as quickly assessing current state policies, creating appropriate institutional arrangements to manage the process of developing and implementing an MDG-based national development strategy. This is a challenging task for Mongolia, but we are encouraged by the strong political commitment of the Head of State, Parliament and Government of Mongolia to make the MDGs the cornerstone of all national policies and operations. The MDG-based national development strategy mandates alignment of national strategies and overseas development assistance (ODA) activities. The Government of Mongolia is heartened by ADB's efforts to harmonize aid activities both at the institutional and the country level under the country leadership, in line with the principles of the Paris Declaration. On behalf of our government, allow me to confirm our deep resolve to take the lead in harmonizing national strategies and aid activities to ensure the effectiveness of our collective efforts and promote tangible development results.

Lastly, I would like to commend President Kuroda, Directors, management and staff of ADB on the extensive internal reforms and initiatives carried out in the past year to enhance development effectiveness of ADB's operations. During the Annual Meeting in Istanbul last year President Kuroda identified increased assistance to developing member countries as one such initiative. We are pleased that in the framework of this endeavor ADB has been able to extend \$1.2 billion in the form of grant assistance, out of a total of \$7 billion in assistance to developing member countries. Mongolia welcomes this achievement and encourages President Kuroda and the management of ADB to continue their efforts to increase the grant ratio of the Bank's products to ensure the continued competitiveness of our regional bank.

May I wish ADB another fruitful year of progress and achievement.