CONTEXT

Mineral wealth offers a unique opportunity for resource-rich countries to transform their development prospects. Mongolia’s mineral reserves constitute a critical source of national revenue. In 2011 the mining sector accounted for 89% of total exports, generated almost one-third of government revenues, and accounted for roughly 22% of the country’s GDP.

However, not all countries benefit from such an opportunity. Botswana, Chile, Indonesia and Peru have used their resource wealth for effective and sustained economic development. Others such as Chad and Nigeria have squandered their resources and are ranked near the bottom of the Human Development Index (HDI) ranking.

Which way will Mongolia go? Extraction of non-renewable resources, while raising environmental concerns, also affects the long-term flow of resource revenues. In managing its mining revenues, how can Mongolia balance between the current development needs and the need to accumulate capital for future generations?

These are some questions motivating the Dialogue.

ISSUES FOR DISCUSSION

Mongolia has shown strong commitment to use the mining revenue to transform its development prospects. So far it has set up a Budget Stabilisation Fund, invested in infrastructure, and provided direct cash transfers. In addition, with implementation of the Budget Law from January 2013, substantial resources will be available at the sub-national levels to promote fiscal decentralization.
The Dialogue will address a number of questions to help identify suitable mechanisms for using mining revenue for human development. Specifically,

- What policies can Mongolia adopt to balance between addressing immediate development issues (e.g. cash transfers, employment schemes, social safety nets, etc.), and accumulating capital for future generations (e.g. through investments in public health and education)?
- Is what Mongolia doing enough? What more does it need to do so that the mining revenues can improve the lives of its people?
- How can the revenue arrangements be made institutionally, and inter-temporally, stable?
- What institutional arrangements are necessary as a pre-condition to sustainably manage mining revenue flows in a transparent and accountable manner?
- How does Mongolia’s experience compare with that of other resource-rich countries?
- How can the mining revenue be used for economic diversification and sustainable economic growth but also to support social policies (e.g. health insurance, education grants, cash transfers, employment)?
- What are the challenges and some good practices that Mongolia can benefit from?

**DIALOGUE STRUCTURE**

The Dialogue will be organized as a Panel Discussion followed by an open discussion. Panelists are expected to include representatives from:

- Government of Mongolia
- International development partners
- Civil society