Summary of Session 3: Macro Implications of AI, Digitalization, and the Green Transition

As global technologies rapidly evolve, this panel examines how AI, digital innovation, and sustainable strategies can reshape Mongolia's economic future. Experts explore opportunities for technological advancement, productivity enhancement, and green transition in a developing economy. Here are the key insights:

1. AI and Productivity
- Central banks can use AI to increase productivity and improve work processes
- Potential 60% productivity increase through AI tools
- Opportunities for more efficient data processing, reporting, and training
2. Digital Transformation in Mongolia
- Mongolia ranks 46th globally in e-government development
- Challenges include:

* Unequal digital infrastructure access * Skills gap in ICT (27,000 specialists needed) * Need for ethical AI frameworks

3. Green Transition and Economic Opportunities
- Shift perception of climate change from burden to economic opportunity
- Importance of internalizing carbon pricing
- Consumer acceptance crucial for green transition
- Potential for ecological tax reform
4. AI's Impact on Jobs
- Significant job displacement expected, especially in developing countries
- Need for:

* Upskilling existing workforce * Creating new talent pipelines * Adapting education systems * Developing ethical AI frameworks

5. Recommendations
- Invest in digital public infrastructure
- Develop comprehensive AI and green transition strategies
- Focus on skills development
- Encourage consumer participation in green initiatives
- Create policy frameworks supporting sustainable development

Conclusion: The session emphasized transforming technological and environmental challenges into opportunities for economic growth, with a focus on inclusive, ethical, and sustainable development.

Panel discussion

Asya Kostanyan from the Central Bank of Armenia opened the session with a presentation titled *"Shifting Gears from Burnout to Balance in the Age of AI."* She focused on how central banks, particularly in the post-COVID context, struggle with predicting economic scenarios and emphasized the importance of communicating policies through multiple scenarios (e.g., Case A and Case B). She highlighted the official implementation of the FPAS Mark 2 framework in

January 2024, which was supported by prominent figures such as Lawrence Summers and Charles Gutard. A key message in her talk was the significance of transparency and continuous training for central bank economists. To this end, she introduced the Global Forecasting School, designed to support economists in adapting to modern tools. Asya emphasized the role of AI in enhancing central bank operations, particularly in tasks like speech development, debugging, and reporting. These tools have improved both productivity and work-life balance. She also noted that the policy decision cycle was reduced from 40–45 days to 28 days, and projected that AI tools could increase productivity by up to 60% through task automation.

Matilda Dimovska followed with a presentation centered on the concept of human development. She underscored that true development includes a decent standard of living, quality education, healthcare, and a healthy environment. Drawing from the UNDP's Human Development Reports, she advocated for reframing the conversation on AI—from focusing on how AI might outperform humans to how it can help enhance human agency and potential. Matilda proposed three recommendations for a global AI strategy: building a complementary economy, innovating with intention, and investing in the right skills. She also discussed Mongolia's human development progress, noting the country's relatively high Human Development Index but pointing out challenges like climate shocks and a mining-dependent economy. She emphasized the potential of AI to help Mongolia overcome some of the stresses in its development model and highlighted the importance of creating a vibrant private sector to support a sustainable digital transformation. She called for inclusive infrastructure, human capital investment, and supportive policy environments.

Sopnendu Mohanty addressed the disruptive impact of AI on jobs and economies. He warned of substantial job displacement, especially in the financial sector, and emphasized the need for regulatory intervention to ensure that AI is deployed fairly, ethically, and transparently. He discussed how AI is changing user experiences and consumer interactions, and noted the potential for tokenization to remove intermediaries in economic transactions. He stressed the importance of building digital public infrastructure in emerging markets to mitigate job losses and proposed upskilling the workforce as a critical response. Creating a new talent pipeline was also deemed essential for navigating the digital transition. Additionally, he highlighted the future implications of quantum computing and the need for robust cybersecurity and encryption standards in developing economies.

Raekwon Chung brought an environmental perspective, rooted in his experience as both a diplomat and environmentalist. He discussed how climate change should be reframed not just as a burden but as a unique opportunity for economic growth and job creation through green transition. He introduced the concept of green growth and advocated for internalizing carbon pricing into production and consumption processes to make renewable energy projects financially viable. One of his key proposals was ecological tax reform—shifting taxes from income to carbon emissions—to achieve the dual goals of reducing CO_2 emissions and boosting economic growth. He highlighted the growing consumer willingness to pay premium

prices for green products and emphasized the importance of education, policy coordination, and financial support to make green growth a reality in Mongolia.

In the closing discussion, the speakers reflected on how AI and green transformation intersect with national policy and productivity. Asya Kostanyan reiterated the transformative effects of AI on central banking operations, citing both efficiency gains and improvements to staff well-being. Matilda Dimovska emphasized that Mongolia's digital transformation must be inclusive and future-ready, with equal access to infrastructure and a strong focus on human capital. Raekwon Chung concluded by reinforcing the role of consumer behavior and education in accelerating green transitions, particularly among younger generations who show increasing preference for sustainable choices.

Important quotes from the session

- Asya Kostanyan: "If we use AI ethically, securely and responsibly, it is going to increase the productivity of people, particularly working at central banks."
- Matilda Dimovska: "Without equitable access to infrastructure, they will not be able to benefit from artificial intelligence."
- Sopnendu Mohanty: "AI is designed to replicate every possible process human beings are doing today in economic activity, and it'll get automated and get better as time passes."
- Raekwon Chung: "Climate can be an opportunity for economic growth and job creation, unless we change the perception that climate is a cost and burden."

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