1. Name of the Project

Country: Mongolia  
Project: Fiscal, Social and Economic Reform Development Policy Loan  
Loan Agreement: December 5, 2017  
Loan Amount: 32,000 million Yen  
Borrower: The Government of Mongolia

2. Background and Necessity of the Project

(1) Current State and Issues of the Fiscal, Social and Economic Sector in Mongolia

In Mongolia, the mining sector’s composition ratio by industry in GDP accounts for 20% (2016) and Mongolia is a natural resource rich country which heavily relies on coal and copper. However, due to the decline in the price of mineral resources which are major export items, the growth slowdown in Chinese economy which accounts for about 80% of Mongolian exports, and the sharp decline in FDI, Mongolian economy fallen sharply. According to the International Monetary Fund (IMF), the GDP growth reached 1.0% in 2016 whereas it recorded 17.3% in 2011.

Regarding fiscal management, when the 2016 budget was formulated, the budget deficit to GDP was suppressed to ▲3.5%, but the administration at that time expanded expenditure rapidly by using external debt. According to the IMF, the fiscal deficit to GDP for 2016 worsened to ▲17.0% and the outstanding public debt to GDP for 2016 recorded 87.6%. In this situation, the Mongolian People's Party government that was born after the election in June 2016 intended to receive the IMF’s Extended Fund Facility (EFF). In April 2017, Mongolian parliament approved the 2017 Supplemental Budget aiming to review expenditure and expand revenue, and also approved the Medium-Term Fiscal Framework to reduce the fiscal deficit to GDP to ▲6.9% in 2019. In addition, Mongolian parliament plan to reform quasi-fiscal activity as a housing mortgage program by the Bank of Mongolia and off-budget expenditure by the Development Bank of Mongolia, and strengthen the budget control by the Ministry of Finance. The Government of Mongolia succeeded to do a debt exchange for $580 million sovereign guaranteed Development Bank of Mongolia’s bond which was due in March 2017, to issue a refinancing bond for $500 million government bond which will be due in January 2018. In order to sustainably finance the fiscal deficit and restore confidence of the international community, it is essential to improve fiscal discipline by concessional funding including the IMF and the steady implementation of the EFF.

As for the banking sector, deterioration of assets became more serious as the economy declined. According to the Bank of Mongolia, the non-performing loan ratio
recorded 8.8% at the end of July 2017, doubling in the past three years. The Government of Mongolia is aiming for disposal of non-performing loans by the establishment of an Asset Management Company, banking industry reorganization and improvement of governance, but efforts to reform have just started and steady implementation is required.

Regarding the social sector, there are lots of issues including the reform of cash subsidy beneficiary targeting from all children to socially vulnerable people such as the poor, strengthening medical service delivery, improving basic infrastructure in ger districts where many socially vulnerable people live, and countermeasures against air pollution which is said to be the most serious problem in the world, and further efforts are expected to implement.

Regarding economic growth, significant contribution to economic growth is expected in the future if copper and gold are produced / exported from the world's largest-class Oyu Tolgoi copper and gold mine which is under development, and if coal is produced / exported from the world's largest class Tavan Tolgoi coal field which is under negotiation with a private-sector coalition. However, in order to achieve sustainable economic growth, it is necessary to overcome excessive dependence on mineral resources, improve infrastructure, strengthen investment and trade relations with other countries, improve investment environment and economic diversification, develop related human resources.

(2) Development Policies for the Fiscal, Social and Economic Sector in Mongolia and the Priority of the Project

The Economic Recovery Plan approved by Mongolian Parliament in November 2016 consists of two major strategies: (1) implementation of macroeconomic stabilization policies, (2) implementation of economic structural reforms in the medium to long term, securing stable economic growth, and reducing debt burden, and it places top priority on economic restoration in the short term with the support of donor countries and international organizations. Fiscal, Social and Economic Reform Development Policy Loan (hereinafter referred to as "the Project") is based on the IMF’s international assistance package centering the EFF, based on the development policy of the Mongolian government, it is positioned to promote policy reform in the fiscal, social and economic fields. Financial support by this project is also necessary in order to strengthen response to Mongolian fiscal and economic crisis and contribute to fiscal, social and economic stabilization.

(3) Japan and JICA's Policy and Operations in the Fiscal, Social and Economic Sector

The Country Assistance Policy for Mongolia (May 2012) states “Sustainable
development of the mining sector and enhancement of governance”, “Assisting inclusive growth”, “Enhancement of the capacity and function of Ulaanbaatar as an urban center” as priority areas. In the "Japan-Mongolia Mid-term Action Plan for Strategic Partnership (2017 - 2021)” signed in March 2017, regarding economic cooperation, (1) improve investment and business environment, (2) diversify economy, (3) construct more vibrant economic relationship, was set as action plans. Especially related to item (1) above, it is mentioned that the Government of Japan will cooperate with the Government of Mongolia to overcome fiscal difficulties and to achieve mid-long term economic growth and stability as an international assistance package formulated under the IMF.

In the JICA Country Analysis Paper to Mongolia (September 2017), (1) Sound macroeconomic management and governance, (2) Environment-friendly and balanced economic development, and (3) Inclusive society, were considered as priority issues. This project will support fiscal, social and economic policies and institutional reforms, and is consistent with these policies and analyzes. Recent assistance results on the fiscal, social and economic sectors are as described in the attached Policy Matrix.

(4) Other Donors' Activity

The IMF approved the EFF of about $ 430 million in May 2017 and said that the total international assistance package including each donor’s assistance will amount to about $ 5.65 billion. In principle, reviews are carried out on a quarterly basis and macroeconomic management is planned to be monitored over three years. In the first and second review mission in October 2017, the IMF staff evaluated the program is on-track.

The World Bank is planning to support up to about $ 600 million in the future. Among them, the Economic Management Support Operation Development Policy Financing Phase 1 ($ 120 million), focusing on fiscal, social security system, economic competitiveness and diversification support as the pillar of the policy matrix, was approved by its board meeting in November 2017.

The Asian Development Bank (ADB) is planning to support up to about $ 900 million in the future. Among them, the Banking Sector Rehabilitation and Financial Stability Strengthening Program Loan ($ 100 million) and the Social Welfare Support Program Phase 2 Loan ($ 150 million. Phase 1 was approved in October 2015) were approved by its board meeting in May 2017.

The People's Bank of China concluded a currency swap agreement with the Bank of Mongolia with a maximum limit of RMB 15 billion (equivalent to approximately $ 2.2 billion) and a deadline of August 2017. Both parties officially agreed the extension of the agreement deadline for three years in July 2017.
South Korea is planning to provide project type loans up to approximately $700 million in total.

(5) Necessity of the Project
This project is consistent with the Mongolian government's development policy, assistance policy and analysis of the Government of Japan and JICA, and it is also expected to have a synergistic effect with currently ongoing projects. Also, through fiscal, social and economic reforms, it is expected to contribute to SDGs Goal 2 "End hunger, achieve food security and improved nutrition and promote sustainable agriculture"; Goal 3 "Ensure healthy lives and promote well-being for all at all ages"; Goal 4 "Ensure inclusive and quality education for all and promote lifelong learning"; Goal 8 "Promote inclusive and sustainable economic growth, employment and decent work for all"; Goal 9 "Build resilient infrastructure, promote sustainable industrialization and foster innovation"; Goal 11 "Make cities inclusive, safe, resilient and sustainable"; Goal 17 "Revitalize the global partnership for sustainable development". Under the international assistance package centering on the IMF, the Project will strengthen Mongolian response to the fiscal and economic crisis, and will contribute to fiscal, social and economic stabilization, hence the necessity to implement this Project is high.

3. Project Description

(1) Project Objective
The project aims stable macroeconomic management, promotion of helping the socially vulnerable, enhancing economic growth by supporting Mongolian government's policy reform in fiscal, social and economic field through financial support and policy dialogue, thereby contributing to fiscal, social and economic stabilization in Mongolia.

(2) Project Site/Target Area
Throughout Mongolia

(3) Project Components
The Project will support Mongolian policy reforms and promote policy dialogue with the Government of Japan in the following areas. The Policy Matrix that has been set is as attached.

A) Stable Macroeconomic Management: Medium-term fiscal framework; Expenditure review; Revenue mobilization; Development Bank of Mongolia Reform; Central Bank of Mongolia Reform; Fiscal Council Establishment; Strengthening budget control by Ministry of Finance; Addressing Non Performing Loan; Strengthening of bank supervision and regulatory framework; Strengthening banks' governance.

B) Promotion of Helping the Socially Vulnerable: Targeted social welfare to the
vulnerable people; Strengthening of the social service delivery system; Enhancing the quality of life of the vulnerable people.

C) Enhancing Economic Growth: Promoting FDI; Improving the investment climate and diversifying the economy.

(4) Project Cost
32,000 million yen

(5) Schedule
The budget support of the Project will cover payment made for budget expenditures on or after January 1, 2017. In the Policy Matrix, all the prior actions, for phase 1 of the Project, shall be achieved by May 2017. Since all the prior actions were achieved, the project completion is defined as the timing of loan disbursement (scheduled to be in December 2017).

(6) Project Implementation Structure
1) Borrower: The Government of Mongolia
2) Executing Agency: Ministry of Finance
3) Operation and Maintenance System: For the implementation of reforms, the Ministry of Finance facilitates coordination with relevant ministries of the Government of Mongolia.

(7) Environmental and Social Consideration/Poverty Reduction/Social Development
1) Environmental and Social Consideration
   ① Category: C
   ② Reason for Categorization: The Project is likely to have minimal adverse impact on the environment as provided under the JICA Guidelines for Environmental and Social Considerations (April 2010).

2) Promotion of Poverty Reduction: Subsidy targeting to the poor
3) Promotion of Social Development
   In the project, a food stamp program is implemented to promote support for the socially vulnerable in one of the components, and since food stamps are mainly used by women in households, it can be said that the Project support women’s economic activities (classified as a gender activity integrated case).

(8) Collaboration with Other Donors
Content of Stable Economic Management in the Policy Matrix is consistent with prior actions and actions to be monitored of the IMF, the World Bank and the ADB. Content of Promotion of Helping the Socially Vulnerable and Enhancing Economic Growth in the Policy Matrix were prepared in collaboration and discussion with those international financial institutions. With regard to the monitoring of policy reform achievement status, JICA will collaborate and discuss with relevant organizations, and conduct joint donor review as necessary.
4. Project Effects

(1) Quantitative effects: As described in the attached Policy Matrix
(2) Qualitative effects: Strengthening policy setting and its implementation capacity of the Government of Mongolia, promoting private investment
(3) Internal Rate of Return: Not calculated

5. External Factors and Risk Control

EFF review situation by the IMF is on-track.

6. Lessons Learned from Past Projects

(1) Results of Evaluation of Similar Past Projects

In the ex-post evaluation of Social and Economic Reform Support Loan (2013) for the Republic of the Union of Myanmar, it was pointed out that it is necessary to collaborate loans entailing reform assistance with technical cooperation. In addition, in the ex-post evaluation of Social Sector Support Program (I) in 2009 and (II) in 2012 for Mongolia, it was pointed out that it is necessary to construct structure and continue to implement policy dialogue even after project completion, aiming to monitor project effects continuously by related donors for sustaining reform effect and improving its impact.

(2) Lessons for the Project

In light of the above lesson, in order to link policy-level reform items to reform at field level, the Project will support the implementation of policy reform centering on technical cooperation projects, and will construct structure to continuously monitor reform effect sustainability and reform effect improvement even after project completion.

7. Plan for Future Evaluation

(1) Indicators to be Used: As described in the attached Policy Matrix
(2) Timing of Next Evaluation: Two years after project completion

END
## Policy Clusters

<table>
<thead>
<tr>
<th>Precondition</th>
<th>Main Actions to be monitored (Triggers for next DPL 2)</th>
<th>Indicator</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulation of international financing package based on IMF EFF.</td>
<td>EFF is on-track by IMF's review.</td>
<td>Fiscal Deficit to GDP.</td>
<td>17.0%</td>
<td>6.9%</td>
<td></td>
</tr>
</tbody>
</table>

1. Stable Macroeconomic Management: [Fiscal, Quasi-fiscal, Fiscal discipline are in line with IMF EFF and World Bank DPL's actions. Banking is in line with ADB PBL and IMF EFF's actions.]

### Fiscal

#### 1-1 Medium-term fiscal framework
- Passage of a 2017 supplementary budget and a medium-term budget framework.
- Passage of a 2018 budget in line with the program's fiscal path.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-term fiscal framework</td>
<td>Fiscal Deficit to GDP.</td>
<td>17.0%</td>
<td>6.9%</td>
<td>Data Collection Survey on the Development Policy and Public Investment (Oct. 2016 - Feb. 2017)</td>
</tr>
</tbody>
</table>

#### 1-2 Expenditure review
- Termination of the Promissory Note Program, to prevent using deferred payments to finance capital expenditure.
- Cabinet approval of the Public Investment Rationalization Guideline.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
</table>

#### 1-3 Revenue mobilization
- Increase the personal income tax rates on high income groups and the excise taxes on alcohol and tobacco.
- Streamline tax exemptions.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue mobilization</td>
<td>Aggregate tax revenues from Personal Income Tax and excise tax on alcohol and tobacco to GDP.</td>
<td>3.3%</td>
<td>3.7%</td>
<td></td>
</tr>
</tbody>
</table>

#### 1-4 Development Bank of Mongolia Reform
- Termination of DBM's financing to capital expenditure.
- Implement comprehensive external special review on the DBM and its disclosure.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Bank of Mongolia Reform</td>
<td>DBM's financing to capital expenditure.</td>
<td>MNT 252 billion</td>
<td>MNT 0 billion</td>
<td></td>
</tr>
</tbody>
</table>

#### 1-5 Central Bank of Mongolia Reform
- Discontinue net financing to the Housing Mortgage Program by the BOM.
- Reconstruct Housing Mortgage Program in a more cost-effective way.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Bank of Mongolia Reform</td>
<td>Net financing to the Housing Mortgage Program by the BOM.</td>
<td>MNT 404 billion</td>
<td>MNT 0 billion</td>
<td></td>
</tr>
</tbody>
</table>

#### 1-6 Fiscal Council Establishment
- Revise the relevant budget laws to establish the Fiscal Council.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Council Establishment</td>
<td>Establishment of the Fiscal Council.</td>
<td>NOT been established.</td>
<td>Established</td>
<td></td>
</tr>
</tbody>
</table>

#### 1-7 Strengthening budget control by Ministry of Finance
- Revise the Integrated Budget Law to prevent from expenditure expansion pressure by the Parliament.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
</table>

#### 1-8 Addressing Non Performing Loan
- Establish the inter-agency working group to support creation of the legal and institutional framework of an Asset Management Company.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addressing Non Performing Loan</td>
<td>Establishment of the Asse Management Company.</td>
<td>NOT been established.</td>
<td>Established</td>
<td></td>
</tr>
</tbody>
</table>

#### 1-9 Strengthening of bank supervision and regulatory framework
- BOM propose steps to rehabilitate the banking sector.
- BOM implements rules for capital regulation and early intervention and bank resolution in line with international best practices.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening of bank supervision and regulatory framework</td>
<td>Implementation of rules for capital regulation and early intervention and bank resolution in line with international best practices.</td>
<td>NOT been introduced</td>
<td>Introduced and unachieved bank is consolidated</td>
<td></td>
</tr>
</tbody>
</table>

#### 1-10 Strengthening banks' governance
- The Parliament approve the Economic Recovery Program that will outline steps to improve the financial sector's governance.
- Adopts the Mongolian financial market development - 2025 program.

<table>
<thead>
<tr>
<th>Fiscald</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening banks' governance</td>
<td>Adoption of the Mongolian financial market development - 2025 program.</td>
<td>NOT been adopted</td>
<td>Adopted and foreign banks enter into market</td>
<td></td>
</tr>
</tbody>
</table>

### Quasi Fiscal

#### 1-11 Discontinuing fiscal transfers to the social security
- Discontinue net new transfers to the social security.

<table>
<thead>
<tr>
<th>Quasifiscal</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discontinuing fiscal transfers to the social security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Fiscal discipline

#### 1-12 Regulating disbursements
- Implement an effective disbursement management system.

<table>
<thead>
<tr>
<th>Fiscal discipline</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulating disbursements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Banking

#### 1-13 Strengthening banks' governance
- BOM propose steps to rehabilitate the banking sector.
- BOM implements rules for capital regulation and early intervention and bank resolution in line with international best practices.

<table>
<thead>
<tr>
<th>Banking</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening banks' governance</td>
<td>Implementation of rules for capital regulation and early intervention and bank resolution in line with international best practices.</td>
<td>NOT been introduced</td>
<td>Introduced and unachieved bank is consolidated</td>
<td></td>
</tr>
</tbody>
</table>

### Policy Clusters

<table>
<thead>
<tr>
<th>Policy Clusters</th>
<th>Main Prior Actions (already taken)</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal &amp; Quasi Fiscal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal discipline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 2. Promotion of Helping the Socially Vulnerable

#### 2-1 Targeted social welfare to the vulnerable people

**Policy Cluster:** Maintain budget allocation for the poverty-targeted Food Stamp Program in the 2017 Supplementary budget.

**Main Actions to be monitored:**
- Increase the budget provisions for the poverty-targeted Food Stamp Program in line with MTFF allocations.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline (2016/12)</th>
<th>Target (2019/12)</th>
<th>Relation with JICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Household to receive Food Stamp Program.</td>
<td>8,000</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Amount of Food Stamp Program per household.</td>
<td>26,000</td>
<td>52,000</td>
<td></td>
</tr>
<tr>
<td>Expansion in both the coverage and monthly benefit from baseline.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Main Prior Actions (already taken):**
- Concluded 100 companies (by 600 companies by 2019)
- Target (2019/12) has NOT been formulated

**Attachment:** Policy Matrix

#### 2-2 Strengthening of the social service delivery system

**Policy Cluster:** Confirm the necessary governmental procedures for policy and guiding principal on health facilities, workshop on training of trainer for medical educator.

**Main Actions to be monitored:**
- Authorize the policy and guiding principle on workshop on training of trainer for medical educator.
- Workshop on training of trainer for medical educator.
- The draft proposal for the policy and guiding principal is discussed by the working group.
- Workshop on training of trainer for medical educator is continuously implemented.
- Project for Strengthening Post-graduate Training for Health Professionals in Primary and Secondary Level Health Facilities (May 2015 - May 2020)

**Main Prior Actions (already taken):**
- Share the necessity of the collaboration work for the future post-graduate training in Mongolian National University of Medical Sciences.
- Confirm the process for their collaboration to strengthen the implementation framework of post-graduate training program for professionals working in health facility.
- Framework of post-graduate training program for professionals working in health facility. NOT been existed
- Establish framework to implement NOT been selected
- Selected and its infrastructure is developed

**Main Actions to be monitored:**
- Transfer energy from inefficient coal firing in gers.
- Air quality: PM2.5 - 256㎍/m³, PM10 - 279㎍/m³, SO2 - 89㎍/m³
- Improved from baseline 1.2% (in 2015)

**Main Prior Actions (already taken):**
- Approve National Environment and Air Pollution Program.

**Note:** Underlined items are related to JICA 'TA etc.

#### 2-3 Enhancing the quality of life of the vulnerable people

**Policy Cluster:** Approve the action plan of Master Plan including per area development.

**Main Actions to be monitored:**
- Select a model site for a land readjustment project.
- Selection and development of a model site for a land readjustment project. NOT been selected
- Selected and its infrastructure is developed

**Main Prior Actions (already taken):**
- Approve National Environment and Air Pollution Program.
- New Ulaanbaatar International Airport
- Start concession contract negotiation for New Ulaanbaatar International Airport

**Main Actions to be monitored:**
- Approval of the action plan of Master Plan including per area development.
- Number of companies which attend seminar in Mongolia. 30 companies
- Number of SMEs which take business matching activity. 24 people
- Amount of Food Stamp Program per household. 0 people
- Number of Household to receive Food Stamp Program. 1.2 million people
- Number of annual passenger. 1 million people
- Contribution to the GDP by tourism. 1% (in 2015)
- Opened. 1.2 million people
- 1.2% New Ulaanbaatar International Airport Construction Project (Phase 1: May 2008, Phase 2: April 2015)

**Main Prior Actions (already taken):**
- Approval of the action plan of Master Plan including per area development.
- New Ulaanbaatar International Airport
- Start concession contract negotiation for New Ulaanbaatar International Airport

### 3. Enhancing Economic Growth

#### 3-1 Promoting FDI

**Policy Cluster:** Agree to achieve the conclusion of the tax treaty for the elimination of double taxation and the prevention of tax evasion and avoidance which enhances the robust investment and economic exchanges between the two countries.

**Main Actions to be monitored:**
- Progress is made towards the conclusion of the tax treaty for the elimination of double taxation and the prevention of tax evasion and avoidance which enhances the robust investment and economic exchanges between the two countries while recognizing the importance of the international standards on tax transparency.
- Conclusion of Tax Treaty between Japan and Mongolia. NOT been concluded
- Concluded (in 2021)

**Main Prior Actions (already taken):**
- Effectuate Economic Partnership Agreement betw Japan and Mongolia.
- Increase of FDI through improving investment issues.
- Number of Japanese companies registered in Mongolia. 557 companies (as of 2015 August)
- more than 558 companies

**Main Actions to be monitored:**
- New Ulaanbaatar International Airport
- Number of annual passenger. 1 million people
- Contribution to the GDP by tourism. 1% (in 2015)
- Opened. 1.2 million people
- 1.2% New Ulaanbaatar International Airport Construction Project (Phase 1: May 2008, Phase 2: April 2015)

**Main Prior Actions (already taken):**
- New Ulaanbaatar International Airport
- Start concession contract negotiation for New Ulaanbaatar International Airport operation.

**Main Actions to be monitored:**
- New Ulaanbaatar International Airport
- Number of annual passenger. 1 million people
- Contribution to the GDP by tourism. 1% (in 2015)
- Opened. 1.2 million people
- 1.2% New Ulaanbaatar International Airport Construction Project (Phase 1: May 2008, Phase 2: April 2015)

**Main Prior Actions (already taken):**
- New Ulaanbaatar International Airport
- Start concession contract negotiation for New Ulaanbaatar International Airport operation.

**Main Actions to be monitored:**
- New Ulaanbaatar International Airport
- Number of annual passenger. 1 million people
- Contribution to the GDP by tourism. 1% (in 2015)
- Opened. 1.2 million people
- 1.2% New Ulaanbaatar International Airport Construction Project (Phase 1: May 2008, Phase 2: April 2015)