

Mongolia and UN sign development framework

On March 17, the Government of Mongolia and the United Nations (UN) signed the United Nations Development Assistance Framework (UNDAF) for 2012-2016 at a validation meeting and signing ceremony held at the Ministry of Foreign Affairs and Trade, attended by government officials, ministers, representatives of UN agencies, development partners, and the media.

The UNDAF is a strategic programming framework of the UN system to support the achievement of the national development priorities contained in Mongolia's Comprehensive National Development Strategy (NDS) for 2008-2015, as well as the achievement of the Millennium Development Goals (MDGs) by 2015. It was developed through a partnership between the UN system, the Mongolian Government, and the civil society, following a comprehensive analysis of development issues in Mongolia.

Through this UNDAF, the UN system will work with the Government of Mongolia, civil society, and other development partners on 4 strategic priorities: 1) Economic development is inclusive and equitable contributing towards poverty alleviation. 2) Equitable access to, and utilization of, quality basic social services and sustainable social protection 3) Improved sustainability of natural resources management and resilience of ecosystems and vulnerable populations to the changing climate 4) Strengthened governance for protection of human rights and reduction of disparities.

The UNDAF was co-signed by G.Zandanshatar, Minister of Foreign Affairs and Trade of Mongolia, on behalf of the Government of Mongolia, and by Ms. Sezin Sinanoglu, United Nations Resident Coordinator and UNDP Resident Representative in Mongolia. The document was also



Ms. Sezin Sinanoglu and G.Zandanshatar shake hands after signing documents

signed by the representatives of the following UN agencies in Mongolia: the United Nations Development Program (UNDP); the United Nations Children's Fund (UNICEF); the United Nations Population Fund (UNFPA); the World Health Organization (WHO); the Food and Agriculture Organization (FAO); the International Labor Organization (ILO); the United Nations Educational, Scientific, and Cultural Organization (UNESCO); UN-Habitat; the Joint United Nations Program on HIV and AIDS (UNAIDS); the United Nations Office of the High Commissioner for Refugees (UNHCR); the United Nations Volunteer program (UNV); the

United Nations Environment Program (UNEP); the United Nations Industrial Development Agency (UNIDO); and the International Atomic Energy Agency (IAEA).

At the signing ceremony of the UNDAF, H.E. Mr. Gombojav Zandanshatar highlighted the importance of cooperation between the Government of Mongolia and the UN system in effectively supporting Mongolia's development. Also, Ms. Sezin Sinanoglu said that based on the UN's long history of good cooperation with the Government of Mongolia, the UN was proud to work with the Mongolian Government to implement the UNDAF from 2012 to 2016.

New State gher erected at the State House

On March 10, a ceremony was held at the State House with attendance of MPs N. Batbayar, Ts. Davaasuren, Ts. Shinebayar, Kh. Khayankhyarvaa, S. Bayartsogt, L. Bold, R. Gonchigdorj, Deputy Prime Minister M. Enkhbold, First Deputy Prime Minister N. Altankhuyag and authorities of agencies. They were actively participating in the erection of a State Gher.

A fire will be set in the State fireplace and State nine white banners will be placed in this Gher, erected on the basis of an old State ceremonial gher prior to construction of the Chinggis Khaan Complex. Another gher in the current new expansion of the State House, State heads will use it to welcome foreign guests for meeting there.

Ten MPs including N. Batbayar



12 Meter diameter gher being erected on State House grounds

initiated to have this State Gher. He said, "Hitherto, our State has not had a fire in its fireplace. Therefore, ten MPs initiated to have it. The President supported us and the government made a relevant resolution. Soon nine white banners will be placed and a fire will be set in the fireplace of the State.

Soil samples of Ulaanbaatar and 21 aimags and nine precious stones will

be put into the basis of the nine white banners. Also, it is intended to place nine globes on the basis by symbolizing the nine planets of the solar system."

The 12 meter diameter State Gher has 12 columns symbolizing 12 years and was made by artist J. Erdeneshan of Khovsgol Aimag. Opening of the State Gher will be held soon.

Sh. Erdenechimeg

Work intensifies for building apartments

Prime Minister S. Batbold told officials that the work must be intensified for providing people with apartments in scope of the 'Apartments for 100,000 households' program. It was sounded on March 11 at a meeting of related working group that also has a goal to solve air pollution problems in the city.

The Prime Minister also spoke about a problem which faces the program due to the high percentage of mortgage loans granted by commercial banks. For the time being, the interest of long-term mortgage loans for state servants is about eight per cent. Thus, the working group's meeting discussed ways of solving the problems. The Prime Minister obliged the related officials to study an opportunity to reduce the percentage of interest to less than 6 per cent, and to give a report.

A financial matter has not been

solved so far for implementing the program. So, the working group has been given the task to work out a version that determines a financial scheme. "This task must be an intensive and effective measure for the program. It is the priority goal for people," the Prime Minister stressed. He added that this program does not aim to provide construction companies with fruitful business. Then, a decision was made at the meeting to submit the matters to the cabinet, and place all necessary expenses in budgetary clarification. Moreover, the Prime Minister told the officials to also create green parks with the construction works.

D. Zorig, Minister of Minerals and Energy reported that infrastructure and thermal matters have been tackled in the city's 7th micro district.

The issue was raised at the meeting on land for the 5th thermal power station to be erected on the base of the 3rd power station. The biggest problem is freeing the land where gher districts exist. In conjunction, the Prime Minister underlined that State regulations must be tough for the public interest.

It is considered that the program for the provision of apartments will be intensified starting next week thanks to the working group's decision. Headed by the Deputy Prime Minister, the working group comprises Ch. Khurelbaatar, head of the Cabinet Secretariat; S. Bayartsogt, Minister of Finance; Kh. Battulga, Minister of Roads, Transportation, Construction and Urban Development; L. Purevdorj, President of the Bank of Mongolia, and its vice president and first president.

CABINET MEETING

At its regular meeting on March 16, the following issues were discussed:

Amendments to be made to the Agreement of Shareholders of Oyu Tolgoi Company

At the cabinet meeting, government members got au fait with the process of amending the Investment Agreement co-established by Mongolia's Government and Ivanhoe Mines Mongolia, Inc, Ivanhoe Mines Limited, and Rio Tinto International Holdings Limited.

During the period since the agreement was established, issues on cutting interest on financing and resolving means and conditions of effectively financing to the Mongolian side were frequently discussed at the negotiations and meetings of the Board of Directors and shareholders of the company. Minerals and Energy Minister D. Zorig said that as a result, the sides reached an agreement.

It was agreed with the investor side to cut the interest of total financing to be made to the Oyu Tolgoi Project into LIBOR (The London Interbank Offered Rate) plus 6.5 percent, to give the Mongolian side a right to make financing and take part in financing the project, to receive financing from a third body in the first instance, to use funding hedging options if required, to alter the issue on preferential shares that were previously stated in the agreement, as well as to not lower Mongolia's ownership of 34 percent in any case.

Pursuant to the interest of financing and loans: As a result of the talks, it was agreed with the investor to change the interest of total financing and loans to be made within frames of the project into LIBOR plus 6.5 percent. Previously, it was 9.9 percent plus the American consumer price index. The newly agreed interest of financing and loans is more effective to the Mongolian side and is equivalent to the interest of a long-term loan being disbursed to State-run entities in the international market. It will come into effect on January 31, 2011.

The right of the Mongolian side to finance: The sides agreed that the Mongolian side will have a right to make financing equating to its size of ownership in total amount of money required to the project at any time. Also, the company will introduce a plan of required money for next 12 months to the Board of Directors and shareholders when it approves the action plan and budget for the next year with the purpose to create a condition so the Mongolian side can make financing.

Funding hedging options: The interest of total financing and loan of the project is LIBOR plus 6.5 percent. In case LIBOR has a higher cost to the company and shareholders, depending on world economics and financial situations, the company will study funding hedging options and take required measures. Also it was agreed together to reconsider the interest of funding and the loan every 7 years.

Project funding from a third body: The Company will get project funding from a third body which is fruitful and suitable for Oyu Tolgoi from the international banking market in the first instance.

Mongolia's ownership will not be lower than 34 percent. It was previously stated in the agreement that Mongolia's ownership of 34 percent will not be lowered. It has been confirmed to not lower Mongolia's ownership without its permission regardless of whether it made a resolution to make financing to the company or not.

Preferential shares: With a purpose to completely change the issue in relation to preferential shares that was previously stated in the 11th of the Shareholders' Agreement, it was decided to remove it from the agreement. Instead, it will be financed with a document of loan rights.

Others: According to the agreement, Ivanhoe Mines Limited, and Rio Tinto International Holdings Limited, have to negotiate with Mongolian government and receive permission in writing before they sell or transfer their shares at Oyu Tolgoi Company to any State-owned entity and/or persons who have direct and indirect connections with the Oyu Tolgoi Company. Sides of the Investment Agreement agreed to verify the issues on limiting to sell and transfer shares by each establishing an agreement and signing it.

Government to issue bonds worth Tgs800 billion

Cabinet members discussed securities and issuance of a government guarantee and resolved to issue bonds worth Tgs800 billion.

Ch. Khashchuluun, head of the Board of Directors of the Development Bank, was allowed to issue bonds worth Tgs250 billion for 5 years, bonds worth Tgs250 billion for 10 years, and bonds worth Tgs300 billion of the Development Bank of Mongolia for 15 years in the domestic market. The Finance Minister was asked to issue a government guarantee on basic and interest payments of the bonds.

Projects and programs asserted in the parliamentary resolution dated February 10, 2011 will be financed with the guaranteed bonds.

Advisory company to be selected for the Sainshand Industrial Complex

A group of 'Liberty partners' LLC, 'BNP Paribas', 'McKinsey and Company' and 'Pillsbury' companies and consortiums of 'Hogan Lovells' and 'GT's advocate' participated in the tender for the selection of a legal advisory company for the Sainshand Industrial Complex project.

From the consortiums, a consortium of Hogan Lovells and GT's advocate received a good assessment. However, the companies are insufficient in issues on how to build financial resource to finance construction works of the project, working out a system of financing and bearing risks; therefore, the National Development and Innovation Committee considers that the issues can be addressed under the responsibility of the group of Liberty Partners LLC, BNP Paribas, McKinsey and Company and Pillsbury companies by setting up a joint team.

Also four companies competed for a tender to select a general advisory company for the project and Bechtel and Worley Parsons companies satisfied the technical requirements. Bechtel Company's proposal was appraised the highest; therefore, it is considered that the agreement can be established after negotiating and getting au fait with the projects and activities it implemented before.

Best model soums of aimags named

Selenge Soum of Bulgan Aimag, Omnodelger Soum of Khentii Aimag, Mandal Soum of Selenge Aimag and Darvi Soum of Khovd Aimag have been selected as the best model soums. It was resolved to award the soums with certificates and Tgs100 million each.

Follow-up actions for PM's rural trip heard

Ch. Khurelbaatar, Chief of the Cabinet Secretariat of the Government, introduced a performance of 'Plan of follow-up actions of Prime Minister S. Batbold's rural trip'.

After his working trip to rural areas, the Prime Minister combined suggestions and opinions of citizens. It was discussed at the cabinet meeting and an action plan was approved.

The action, including 99 provisions, goes at 93.9 percent of implementation and was included in the 2011 state budget. There were 23 provisions of the action plan that are under study for implementation and 6 have not been implemented at all.

Government members were asked to pay attention to works going slowly, to include them in the budget for next year or involve them in other financial resources.

Composition of organizing committee for Naadam Festival to be changed

This year, is the 805th anniversary of the foundation of the Great Mongol Empire and 90th anniversary of People's Revolution. It is necessary to involve representatives of relevant organizations in the national committee responsible for organizing the events with a purpose to organize the Naadam events fast, create favorable conditions for people to enjoy the celebrations, and organize celebrations in accordance with the programs approved.

Therefore it was decided to add a chief of the Office of President, Secretary of the Office of the Parliament, President of the Academy of Sciences, Director of the Institute of History, advisor to the Deputy Prime Minister and chief of administrative department of the Cabinet Secretariat of Government to the composition of the national committee.

Realization of government resolutions goes at 81.4 percent

Ch. Khurelbaatar, chief of the Cabinet Secretariat of Government, introduced a 4th quarter report for 2010 on implementations of government resolutions and legislations.

Realization of 6,723 provisions in 4,544 resolutions, including parliamentary resolutions, presidential decrees, recommendations of the national security council, government resolutions, ordinances of the Prime Minister, and minutes of the cabinet meeting in the 4th quarter of 2010 goes at 81.5 percent.

In brief

-The Cabinet supported a Bill to amend the Constitution of Mongolia, initiated by 15 MPs, and decided to deliver suggestions of cabinet members to initiators.

-Cabinet members appraised the results of the first meeting of joint intergovernmental commission of Mongolia and Italy on economic and technical cooperation which was held in Rome, Italy on February 16, 2011. T. Badamjunai, Minister of Food, Agriculture and Light Industry and a head of Mongolian side for the joint commission, was assigned to approve a plan for follow-up actions of the meeting and control implementation.

-The Cabinet supported to establish an intergovernmental air relations agreement between Mongolia and Uzbekistan. By establishing the agreement, it is believed that bilateral air relations and cooperation will come to a new level such as legal regulations on direct and transit flights to exist.