



## STANDING COMMITTEE SUPPORTED DRAFT LAW ON AMENDMENT TO LAW ON FISCAL STABILITY

**April 14, 2015 (News Update).** Budgetary standing committee of Parliament of Mongolia supported draft law on Amendment to Law on fiscal stability by majority vote through its meeting held today.

### DRAFT LAW ON AMENDMENT TO LAW ON FISCAL STABILITY HAS BEEN SUBMITTED TO THE PARLIAMENT

**April 10, 2015.** Today, the press office of Parliament Secretariat announced that Erdenebat. J, the Minister for Finance submitted a draft law on Amendment to Law on Fiscal Stability, which is initiated by the Cabinet.

According to the proposed draft law, Government financing provided for energy and railway projects will be exempt from Government debt ceiling or legal requirement under the Section 6.1.4 of the law calling “outstanding debt amount (represented by NPV) shall be less than 40 percent of GDP of such year”.

Moreover, the draft law is also proposing change, which will allow amount of Government’s foreign lending sub-lent to a company implementing energy and rail project (in addition to existing mining projects) will not be accounted in calculating budgetary stabilized balance loss.

If the draft law is passed by the Parliament, regardless of Government debt ceiling set by the law, the Government will be able to finance or provide guarantee for energy and rail projects.

Despite current economic slowdown, currently Mongolian Railways SOSC is implementing New Railway Project (approximately 1800 km) and Northern Railways LLC is developing Ovoot Railway Project (total of 547 km) and Government of Mongolia is developing Bogd Khan Railway Project (total of 35 km). Also Mongolia is expected to produce over 3000MW of energy in the few years. Most of this upcoming power will be produced by IPPs.

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