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III. Labour¹

A. Brief introduction of labour laws and regulations

Labour Law. The key law which governs matters of labour in Mongolia is Law of Mongolia on Labour (**Labour Law**) dated 14 May 1999.

The Labour Law determines basic labour conditions, general requirements of the workplace, employer's and employee's respective rights and responsibilities, termination procedures etc. The Labour Law applies to all businesses (employers) in Mongolia, including businesses with foreign investment.

Under Labour Law, an employment agreement between an employer and an employee is mandatory for any "permanent work position" - i.e., it is prohibited to enter into an agreement other than an employment agreement. A "permanent work position" is defined "*as a work performed during the work day or in shifts in a work place specified by the employer using labour equipment supplied by the employer in accordance with set procedures under the management of the employer or its representative, and receiving wages following approved norms, assessments, and systems*". Furthermore, according to the official interpretation issued by the Supreme Court of Mongolia No.33 dated 3 July 2006, an employment agreement must be entered into for an "indefinite" term in case of "permanent work position". Termination of employment may be only upon existence of specific grounds set out in the Labour Law.

Law on Labour Safety and Hygiene. Another important employment-related law is Law of Mongolia on Labour Safety and Hygiene dated 22 May 2008 (**Law on Labour Safety**). The

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Law on Labour Safety introduces, for instance, (i) various requirements and standards of occupational safety and health (OSH), (ii) rights and obligations of employees in respect of their working conditions, (iii) employers' internal organization for OSH, (iv) conduct of investigations into occupational accidents, diseases and acute poisoning, (v) enforcement and liability for breaches of Law on Labour Safety. For instance, the Law requires the employer to allocate a budget for OSH actions or to provide employees working in adverse conditions with protective clothing, devices, and meals.

Law of Mongolia on Dispatching Workforce Abroad and on Bringing Workforce from Abroad. The law which regulates work permitting procedure of non-Mongolian employees is Law on Sending Workforce Abroad and on Receiving Workforce from Abroad dated 12 April 2001 (**Law on Foreign Workforce**). According to the Law on Foreign Workforce, a business or an individual located in Mongolia may employ foreign (non-Mongolian) employees in positions (i) which require professional skills for the purpose of introducing science, education or advanced technology, or (ii) which involve assembling or repairing equipment, or (iii) which carry out innovative manufacturing or services. Furthermore, the maximum headcount of foreign workforce that can be employed by an employer located in Mongolia is limited to 5 (five) percent of the total staff headcount of the employer. Higher quotas, up to 70 (seventy) percent, are established by the Government of Mongolia based on the following three main factors: (i) industry sectors (such as priority or labor-intensive industries), (ii) total number of employees employed by the employer and (iii) total amount of invested capital. These higher quotas are revised by the Government each year. For instance, in 2016 companies engaged in railway or road construction have a quota of 10% while a company extracting oil or natural gas may maintain a workforce comprised of foreign employees up to 70%. A foreign enterprise will need to carefully evaluate which quota will apply to its business in Mongolia when considering how to structure its local operations

Foreign employees are free to repatriate their wages overseas.

Law of Mongolia on Minimum Wage. According to the Law of Mongolia on Minimum Wage dated 16 April 2010 (**Minimum Wage Law**), the minimum wage is adjusted at least once every two years by the trilateral conference of the representatives of the Government, employers and trade unions in Mongolia. Thus, as of 20 October 2016, the minimum wage has been MNT 192,000 per month (about USD 88)².

Civil Code. Another option for employment arrangement in Mongolia, depending on duration or nature of work, is *civil* (hired work) agreements governed by the Civil Code of Mongolia (**Civil Code**) dated 10 January 2002. Civil agreements (vs. employment agreements under Labour Law) would normally apply to arrangements which shorter, usually one-off, more flexible in terms of termination or workplace requirements. However, compensation paid under a civil agreement is subject to the Minimum Wage Law, i.e. work

² Starting from 1 January 2017, the minimum wage will be MNT 240,000 per month (about USD 110).

performed under a civil agreement must be remunerated above the minimum wage effective at the time of work. Similarly, a civil agreement is subject to the social insurance laws of Mongolia (discussed below).

B. Requirements of employing foreign employees

a) Work permit

There in general do not exist any government filing or registration requirements for hiring Mongolian employees. As discussed above, an employer operating in Mongolia may hire a foreign employees, too. However, recruitment of non-Mongolian employees is subject to review and permit procedure by the Labour Ministry of Mongolia (or by another government agency so authorized by the Labour Ministry). A work permit is usually valid for one year and is subject to extension each year thereafter.

The Labour Ministry may waive the requirement of work permit for up to 3 (three) authorized representatives of foreign investors (shareholders), including the expat Executive Director, of the enterprise. Such waiver is applicable to individuals only, not legal entities. Individuals who are so waived issued, instead of a work permit, a so-called “Investor’s Card” from the Legal Entities Registration Office of State Registration and Intellectual Property Agency of Mongolia.

Similarly, foreign workforce can be brought into Mongolia, without the work permit, if domestic workforce is not available, or not sufficiently available, in the cases of (i) implementation of national projects/programs such as construction projects or (ii) dealing with consequences of natural disasters.

In addition to work permit, a non-Mongolian employee(s) must be registered by his/her employer with the Immigration Agency within seven calendar days of arrival in Mongolia.

Finally, an employer, who hires a non-Mongolian employee, must pay a form of tax to the Mongolian Government in the amount which is equivalent to the 2-month minimum wage (currently equal to MNT 384,000, or approx. USD 170). This tax, called “workplace levy”, is payable for employing a non-Mongolian national in lieu of a Mongolian employee. Exemptions from “workplace levy” are available in cases of qualified non-Mongolian employees such as staff of diplomatic missions, international organizations, humanitarian, educational or scientific projects. Similarly, holders of the “T” type visa are exempt from the workplace levy (please see “Visa types” below).

b) Application procedure

A typical application procedure of employing foreign employees is as follows:

- Prior to the arrival of the foreign employee in Mongolia, an employer obtains from the Ministry of Labour (or an authority designated by the Ministry) the so-called “preliminary approval of work permit”,
- Employee obtains the single entry work visa from the Immigration Agency of Mongolia/embassy/consular office,
- Employee enters Mongolia,
- Employer registers within seven calendar days upon entry with the Immigration Agency of Mongolia,
- Employer obtains the actual work permit from the Ministry of Labour (or an authority designated by the Ministry),
- Employee obtains the long-term multiple entry visa and the residence permit from the Immigration Agency.

c) Social insurance

In Mongolia there exists a government-run mandatory social insurance system. A number of social insurance laws govern operations of this system - such as Social Insurance Law, Law on Pensions and Benefits provided from the Social Insurance Fund, the Law on Benefits provided by the Social Insurance Fund against Industrial Accidents and Occupational Diseases etc.). These insurance laws similarly apply to foreigner nationals residing in Mongolia and employed by businesses, whether domestic or foreign-owned, operating in Mongolia.

Both an employee and an employer (including a foreign employee and a foreign employer) must contribute social security payments to the Government-run social security fund as set out in the following table.

Insurance type	Contribution (% of employee's salary)	
	Employer	Employee
Pension	7.0	7.0
Social assistance	0.8	0.8
Accidental injury, hazardous work	1.0/2.0/3.0*	
Unemployment	0.2	0.2
Health	2.0	2.0
TOTAL	11.0/12.0/13.0 *	10.0

* *depending on the type of occupation.*

The above contributions are paid on a monthly basis.

It is the responsibility of the employer to calculate and withhold the above insurance contributions and remit these to the appropriate government authorities. In addition, it is the responsibility of the employer to maintain a social security record for each employee in order to record the monthly contributions of the employee.

C. Exit and entry

a) Visa types

Law of Mongolia on Status of Foreign Nationals dated 8 July 2010 (**Foreign Nationals Law**) defines types of visa.

Overall, there are 11 different types of visa applicable in Mongolia. Each visa type is assigned a Latin letter in conformity with its purpose as follows (and is indicated on the visa slip on the passport):

1. Diplomatic visit - “D”,
2. Official visit - “A”,
3. Business visit - “B”,
4. Family visit - “H”,
5. International Organizations - “OU”,
6. Foreign Business or Joint Ventures - “T”,
7. Visiting NG or Humanitarian organizations - “O”,
8. Tourist - “J”,
9. Employment - “HG”,
10. Student - “S”,
11. Immigrant - “TS”.

According to the Foreign Nationals Law, the visa type “T” above applies to (i) foreign investors and (ii) senior executives of joint ventures, branch companies or representative office of foreign businesses. In addition, the visa type “B” applies to foreign nationals who visit Mongolia with business purpose (usually on a short term basis or one-off visit). Finally, the “visa type “HG” applies to foreigners who have the purpose of employment in Mongolia under an employment agreement.

Finally, Mongolia has a visa-free arrangement with a number of countries, including Russia, Japan, Singapore, Kazakhstan and Hong Kong.

b) Restrictions for exit and entry

According to the Foreign Nationals Law, several categories of foreigners are restricted to enter into Mongolia. For instance, a person who has been deported out of Mongolia in the past and whose the statute of limitations (i.e., the term of the ban to re-enter Mongolia) has not expired, may not be allowed to re-enter Mongolia. Similarly, a person who has been announced as persona non grata or expelled from Mongolia is subject to the entry ban. Also,

a person who is wanted internationally (e.g., via Interpol) is restricted from entering Mongolia. Next, those whose presence in Mongolia would adversely impact national security or public order of Mongolia can be denied entry into Mongolia. Another restricted category is foreigners who are found lacking sufficient financial support to subsist in, and return from, Mongolia.

Visitors who have been in Mongolia for more than 90 days must obtain an exit visa from the Immigration Agency of Mongolia. The Foreign Nationals Law also permits restrictions for foreigner nationals to exit Mongolia for a defined period of time. For instance, a foreigner who has been suspected of a criminal offence may be denied exit until his/her case has been resolved. Likewise, a foreigner who has been convicted of a criminal offence and sentenced may be denied exit until he/she has served up the sentence. Another, somewhat controversial reason under the Foreign Nationals Law is a complaint (grievance) by an individual or by a legal entity claiming a foreign national has breached rights or legal interests of the petitioner. If such complaint has been filed, a competent authority may agree to deny the exit of the foreigner against whom the complaint has been brought until the issue is resolved.

It is usually the Immigration Agency of Mongolia who make the decision whether to deny exit from Mongolia to a foreign national in the above circumstances.

For any type of visa, a passport valid for at least six months is required for all nationals. In addition, foreign nationals staying in Mongolia for longer than 30 (thirty) calendar days are required to register with the Immigration Agency of Mongolia within 7 (seven) calendar days of arrival. According to the Foreign Nationals Law, it is the obligation of the Mongolian host (such as employer) to register such foreign visitor.

D. Trade union and labour organizations

Trade Union Law. The Labour Law allows employees to form trade unions, in other words, employees have a right to join unions. The trade unions are vested with power and authority under the Trade Union Law dated 19 April 1991 (Trade Union Law). Similarly, employees cannot be forced to join or quit a trade union.

A trade union's typical powers under the Trade Union Law include: (i) negotiate and enter into, on behalf of its member-employees, a collective agreement; (ii) represent and defend interests of its member-employees in court or other labour dispute resolution institutions; (iii) submit demands to the employer in respect of worker rights, including demands to suspend and/or review employer actions which have breached the worker rights (such as unfair employment agreement, collective agreement etc.); (iv) file a civil claim (suit) in court on behalf of its member when alleging a breach of the members' rights; (v) conducts demonstrations, rallies, gathering and strikes in accordance with the Mongolian law etc.

Finally, a trade union activist is guaranteed certain protection under the Trade Union Law such as (i) freedom from any interference by employer (management), (ii) prohibition of transfer, assignment, secondment etc. to another job/position without the activist's consent, (iii) reinstatement of the activist in his/her prior job after his/her term of office as a trade union activist has expired, (iv) prohibition of any disciplinary or other action against the activities in connection with his/her trade union role etc.

E. Labour disputes

The Labour Law distinguishes two types of labour disputes – collective labour disputes and individual labour disputes.

1. Collective labour disputes

Collective labour dispute arises as a result of disagreement between the parties to a collective agreement in the course of negotiation or performance of such collective agreement. Such collective disputes are settled (i) by mediation and, if mediation does not yield results, (ii) through the labour arbitration.

Mediation. A collective dispute must first be submitted to mediation. If parties cannot agree on a mediator, then the local governor (government) of the area where the employer is located must appoint the mediator. If the findings and/or determination by the mediator in respect of the collective dispute are not accepted by either party, then the dispute may be referred to arbitration (as described below).

Labour arbitration. If a collective dispute is not resolved through mediation, then it must be submitted to labour arbitration. Such labour arbitration is ad hoc in nature and consists of 3 arbitrators. The arbitrators are appointed by the local governor (government) of the area where the employer is located. Upon hearing, the arbitration panel issues a recommendation. If the parties accept the recommendation, the panel issues a formal arbitration award, which is binding on both parties.

2. Individual labour disputes

An individual labour dispute arises as a result of disagreement between parties to an employment agreement. According to the Labour Law, there are three methods of individual labour dispute methods – (i) court litigation, (ii) labour dispute settlement commissions and (iii) mediation.

Court litigation. Courts have exclusive jurisdiction over most individual labour disputes between employer and employee. These individual disputes are set out in the Labour Law such as wrongful dismissal complaints, employer's claim against the employee for damage to the employer caused by the employee in the course of performance of the employee's duties;

employee's claim against the employer for damage to employee's health caused in the course of performance of the employee's duties; employee's complaint against the employer for wrongful imposition of disciplinary sanctions (fine, admonishment etc); employee's claim that his/her employment agreement contains terms less favourable than those set out in the labour legislation and/or in the collective agreement etc.

The Labour Law further requires that the above disputes be referred to the court within 3 (three) months from the receipt of the employer's dismissal decision. This statute of limitations is shorter in cases of wrongful termination – the employee must submit the wrong dismissal claim to a court within 1 (one) month from the receipt of the employer's dismissal decision. If the statute of limitations has expired, the court may extend it if there exists a compelling circumstance which has resulted in missing the statute of limitations' deadline.

Mediation. The Labour Law allows the parties to a labour dispute to submit to mediation. This applies to disputes which fall under the exclusive jurisdiction of courts (described above) – parties may choose to submit such dispute to mediation instead of to court. Moreover, the parties may submit the dispute to mediation at any time during court litigation. Similarly, any party to the dispute may choose to discontinue mediation at any during the mediation process and instead refer the matter to court. The outcome of the mediation is reflected in the settlement agreement executed between the employer and the employee and is binding upon both parties to the dispute. If a party does not comply with the terms of the settlement agreement, the other party may ask the court to enforce the settlement agreement.

Labour dispute settlement commissions. Finally, Labour Law requires disputes, which fall outside the jurisdiction of courts (described above), to submit to labour dispute settlement commissions. These commissions are ad hoc commissions set up within the employer's organization to hear minor labour disputes. Similar to mediation, either party to a dispute – employee or employer – may appeal to court a decision by the labour dispute settlement commission.

IV. Intellectual property

A. Brief introduction of IT laws and regulations

Below is the list of key IP related legislation of Mongolia.

Law of Mongolia on Copyright and related rights. The Law of Mongolia on Copyright and related rights, dated 19 January 2006 (**Copyright Law**) is the key law regulating copyright, which is a type of IP right to scientific, literary and art works created as a result of author's intellectual creative activities, as defined in the law. The Copyright Law regulates relations in connection with ownership, use, disposal and protection of intellectual works protected by copyright and related rights, including types, terms and succession of

copyrights. The copyrights of individuals and legal entities of a country party to an international treaty of Mongolia are equally protected as Mongolian individuals and legal entities under the Copyright Law. The Copyright Law establishes functions of the Government institution responsible for IP matters (currently “*Intellectual Property and State Registration Office of Mongolia*” or “IPSROM”), related to copyright matters.

Law of Mongolia on Patent. The Law of Mongolia on Patent, dated 19 January 2006 (**Patent Law**) is the only law establishing regulations specific to patent. Patent is a document granted from government authority, acknowledging the author’s exclusive right to inventions and utility models for a certain period of time, as defined in the Patent Law. The Patent Law provides foundation for IP right protection of invention, utility model and industrial design authors, and patent and certificate holders and regulates use of inventions, utility models and industrial designs.

Law of Mongolia on Trademark and Geographical Indication. The Law of Mongolia on Trademark and Geographical Indication, dated 10 June 2010 (**Trademark Law**) regulates registration of trademarks and geographical indications, protection of owners and users of trademarks and geographical indications, ownership, use, disposal of trademarks and use of geographical indications. The Trademark law defines trademark as a sign that is used for identification of goods by legal entities or individuals.

Regulation on State Supervision of IP. Regulation on State Supervision of IP passed by the Decree No.220 Government of Mongolia of 1999, is a regulation that must be complied with by the IPSROM when ensuring and supervising compliance of IP related legislation in Mongolia. The Regulation provides the direction of the IP supervision, rights and obligations of officials responsible for the inspection (state inspectors) and other related procedures. In addition to national IP laws and regulations mentioned above, Mongolia is a party to the main international treaties related to IP, including WIPO Copyright Treaty, Berne Convention, TRIPS, Paris Convention etc.

B. Patent application

According to the Patent Law, authors of invention, utility model and industrial design, or persons assigned relevant right from the authors can make application for patent, either online or paper, to the IPSROM along with the documents required by the law. After reviewing the application, the IPSROM accords filing date of the application if it finds that the application meets applicable requirements, and conduct substantive examination of the invention or industrial design, checking the patentability. In case the IPSROM decides to issue a patent, relevant information about the invention or industrial design shall be published in patent gazette. The patent is issued upon expiry of 3 months after such publication, if no opposition has been filed with the IPSROM. Patents for invention are valid for 20 years and patents for industrial design are valid for 20 years after the filing date.

C. Trademark registration

Pursuant to the provisions of Trademark Law, trademarks may be expressed in words, figures, letters, numerals, 3D configurations, colors, sounds, scents, and/or any combinations thereof. Individuals and legal entities can make application for a trademark registration to the IPSROM directly or through its agent, who must possess relevant license. The IPSROM reviews the application within 10 days of receipt and accord filing date on the date of application if it deems that the application satisfies relevant requirements. Following the filing date according, IPSROM examines the application within 9 months after the filing date, which can be extended to additional 6 months, and makes a decision whether to register the trademark or not. The applicant is granted a certificate upon registration. Trademark registration is valid for 10 years after the filing date. The term can be extended by 10 years each time at the request of the trademark owner.

D. Measures for IT protection

Civil, administrative and criminal liabilities may be imposed for IPR breaches under the laws of Mongolia.

Civil Liability. A person who has breached third party's IP rights is liable for compensating the holder of the IP rights breached for actual damages plus the lost income (revenues) that the holder of the IP rights would have earned if it was not for the breach.

Administrative liability. According to the Copyright Law, administrative liability varies: (i) monetary fine (in the amount of 2 to 6 times the minimum monthly wage in case of individuals and 10 to 25 times the minimum monthly wage in case of legal entities³), and/or (ii) administrative incarceration for up to 14 days; and/or (iii) seizure of assets used for copyright violation, and/or (iv) seizure of illegally earned income.

The newly passed Law of Mongolia on Misdemeanor (2015) will become effective from July 1, 2017 and will replace the administrative liability imposed under the Copyright Law (as described above). The Law on Misdemeanor, once in effect, will introduce the following administrative liability for infringement of IP rights: monetary fine for up to MNT 500,000 (approx. US\$ 230) in case of individuals and MNT 5,000,000 (approx. US\$ 2,300) in case of legal entities;

Criminal liability. According to the Criminal Code of Mongolia (2002), penal liability could be: (i) monetary fine for up to 51 to 250 times the amount of minimum monthly wage, and/or (ii) incarceration for 3 to 6 months, and/or (iii) imprisonment for up to 3 years

³ For discussion of minimum wage, please see the section "**Law of Mongolia on Minimum Wage**" above.

imposed if the offender has derived illegal income more than 125 to 200 times the minimum monthly wage as a result of his/her activities such as illegal publication, illegal distribution or sale of works protected by copyright.

The new Criminal Code (2015), similarly effective from July 1, 2017, will substitute the existing Criminal Code (2002) and introduce in its stead the following criminal liability for violations of IP rights: monetary fine for up to MNT 10,800,000 (approx. US\$ 4,900) or imprisonment for 1 to 5 years, for reproduction or production of invention, industrial model, goods, products and service in the substantial amount without permission of the author or patent holder.

I. Environment protection

A. Department supervising environment protection

In Mongolia there exist several departments who supervise environment protection.

The Ministry of Environment and Tourism (the MET) is the key governmental department which defines the environment protection policies and objectives. Specifically, the MET has the mandate to determine government policies toward environment protection, green development, land management, water resources, flora and fauna, air pollution etc. In addition to policy-setting, the MET exercises certain licensing and supervisory powers. For instance, the MET has the power to issue to applying businesses a number of permits, approvals and licenses in respect of environmental protection - such as the permit (license) to carry out environmental impact assessment or the permit for land lease located in special protected areas (such as national parks). Finally, the MET has the statutory authority to pre-determine maximum annual use of natural resources (such as forests, plants, animals) or even prohibit the use of certain kinds of natural resources in Mongolia for the purpose of environmental protection.

The Environmental Inspection Department of the State Professional Inspection Agency (the SPIA) is responsible for supervision of environmental protection and of the proper use and restoration/rehabilitation of natural resources. This supervision is carried out by the state environment inspectors of the SPIA across Mongolia. These state inspectors must hold an environmental degree (major) and exercise a vast array of powers under the Environment Protection Law (1995)⁴. Some of the notable powers of the state environment inspectors of the SPIA include (i) accessing premises, records, information and data required for environmental supervision, (ii) suspending activities (by businesses) which adversely affect the environment or are in breach of environmental legislation, standards and permissible

⁴ For detailed discussion of the Law on Environment Protection, please see the sub-section “Law of Mongolia on Environment Protection” below.

maximum levels; (iii) collecting samples in order have those examined; (iv) confiscating the natural resources illegally acquired, (v) confiscating any items/assets used in the illegal acquisition of the natural resources – machinery, equipment, tools, weapons, vehicles etc.; (vi) imposing monetary and other administrative liability on those in breach of environmental legislation; (vii) recommending revocation or restriction of the licenses, permits, rights of those who are in breach of law and who as a result cause harm to the environment; (viii) recommending suspension or termination of activities of those who are in breach of law and who as a result cause harm to the environment;

In addition to state environment inspectors, other state inspectors such as in areas of state border, customs, veterinary, hygienic and disease services, or mining may be authorized to carry out essentially the same duties and powers of the state environment inspectors.

Besides the state inspectors, there exist local rangers who are appointed by the local governments. The local rangers have quite similar powers to the environment inspectors of the SPIA. They differ from the SPIA inspectors, however, in that they are not required to hold an environment degree (major), but are required to attend an accredited (usually short-term) environment course and are normally recruited from the local community.

Finally, local (municipal) government authorities have an important role to play in environment protection in their respective municipalities. For instance, a local government may introduce a cap on the maximum amount of natural resources that can be used in the area under its jurisdiction. In addition to monitoring compliance with the environmental legislation, the local authorities have the statutory obligation to commence civil law action against an enterprise in order to recover certain (indirect) damages such as the cost of restoration of the ecological balance, rehabilitation of the natural resources, or relocation of local population and/or livestock from the affected area. Lastly, the authorities have the authority to suspend (temporarily stop) operations of a business which are damaging the environment in the area.

B. Brief introduction of laws and regulations of environment protection

Mongolia has an extensive set of laws and regulations in respect of environment protection.

First, there exist over a dozen laws such as the Law on Environmental Protection (1995), the Law on Water (2012), the Law on Environment Impact Assessment (2012), the Law on Forest (2012), the Law on Air (2012), the Law on Disaster Prevention (2003), the Law on Use Fees of Natural Resources (2012), the Law on Waste (2012), the Law on Fees for Water Pollution (2012), the Law on Fees for Air Pollution (2010), the Law on Soil Protection and Prevention of Desertification (2012), the Law on Water Supply and Sewage (2011) etc.

These laws are complemented by a number of administrative regulations and procedures which further clarify the meaning, and enable administration, of the law.

In addition to the laws and regulations, the Government of Mongolia has also introduced a number of action plans, including the Mongolian Environmental Action Plan, The Mongolian Action Programme for the 21st Century (MAP 21), the National Action Plan to Combat Desertification, the National Biodiversity Action Plan, the Action Programme to Protect Air Quality, and the National Action Programme to Protect the Ozone Layer etc.

In addition, Mongolia is a party to the international environmental conventions and protocols, including environment-related UN treaties such as the UNFCCC.

This sub-section highlights only the key legislative acts which are central for environment protection issues.

The Law of Mongolia on Environmental Protection. The Law of Mongolia on Environmental Protection dated 17 May 2012 (the **Environmental Protection Law**) is the central piece of legislation related to environment protection in Mongolia.

The Environmental Protection Law introduces a number of important rules and regulations. First, it sets forth various categories of fees and levies in connection with the use of natural resources – such as (i) the license fees (fees for the issue of license to use natural resources), (ii) the use fees (fees for the use of natural resources), (iii) discharge payments (payments for discharging permissible levels of waste and/or pollutants), (iv) surcharge payments (payments for the use of natural resources or discharge of waste or other pollutants in excess of the permissible levels).

In addition, damages to the natural environment must be compensated by the polluter, too. The Environmental Protection Law makes the polluter pays principle the underlying principle of the Mongolian environment law – i.e., a party responsible for producing pollution is now responsible for paying for the damages done to the natural environment. The amount of compensation payable is dependent upon the natural resource which has suffered the damage. Natural resources in Mongolia are all to be assessed by the accredited private environmental assessors. Based on this assessment, each kind of natural resource (e.g., water, plants, land, soil etc.) is to be assigned a monetary value, called “*ecological-economic value*” in the Environmental Protection Law. According to the regulations on methodology for calculating the so-called “*ecological-economic value*”, in addition to the type of the natural resource in question, the value may vary from area to area and from region to region. The significance of “*ecological-economic value*” is for determining the amount of compensation to be levied on the polluter in the event of a damage caused to the particular natural resource. Determination of “*ecological-economic value*” is made by the environmental inspector and the compensation size ranges from 2 (two) to 5 (five) times the assigned value of the natural resource in question.

Next, the Environmental Protection Law requires the conduct of assessment of impact of any new project or activity which might have on environment. This requirement applies to renovation or expansion of existing projects, too. The person who commissions the assessment is responsible for the cost of the assessment⁵.

After a project has been approved from the point of environmental impact assessment and has become operational, the project company is subject to an environmental audit. The environmental audit consists of comprehensive review of compliance with the environmental legislation, state policies, national programme, environmental impact assessment and environmental standards.

The requirement of environmental audit applies to those companies who are engaged in the use of natural resources. Therefore, for instance, companies in mining or construction have the obligation to commission an environmental audit. The environmental audit must be carried out by an independent environmental assessor every two years and the assessor's cost (fee) is borne by the company. The environmental audit results in a report containing findings and recommendations. The company must implement these recommendations. In addition to biennial audits, ad hoc audits may be required by government authorities or local communities at any time. If so, the company needs to comply and have an ad hoc audit performed. The cost of such ad hoc audit, however, will be borne by the party who has required it.

The Environmental Protection Law makes possible environmentalists such as NGOs and even individual citizens to bring civil law action against those who are alleged in adversely impacting the natural environment, including the claim for compensation for the damages to the environment. In addition, the local authorities have the statutory obligation to commence civil law action against an enterprise in order to recover certain (indirect) damages such as the cost of restoration of the ecological balance, rehabilitation of the natural resources, or relocation of local population and/or livestock from the affected area.

The Law of Mongolia on Environmental Impact Assessment. According to the Law on Environmental Impact Assessment, new project (as well as renovation or expansion of existing projects) which might have impact on environment is subject to general environmental impact assessment (GEIA) prior to implementation.

Depending on various factors such as the type or scale of project, or population size to be affected etc., the GEIA is conducted by the MET or the relevant local government's environment body. Furthermore, if a subproject is comprised of two or more activities/components, the GEIA is usually performed by the MET. The GEIA screening

⁵ Detailed discussion of the assessment of environmental impact is provided in the sub-section "**Law of Mongolia on Assessment of Environmental Impact**".

takes within 14 business days (which may be extended for another 14 business days, if necessary). The GEIA issues any of the following conclusions: (i) the project may be implemented without conducting a detailed environmental impact assessment; (ii) the project may be implemented without conducting a detailed environmental impact assessment, but pursuant (subject) to specific conditions; (iii) the project requires a detailed environmental impact assessment; or (iv) the project is rejected on grounds of non-conformity with the relevant legislation, or adverse impact of the equipment and technology on the environment, or absence of the project in the land management plan.

If the GEIA determines that a detailed environmental impact assessment is necessary prior the project implementation, then the detailed environmental impact assessment (DEIA) must be carried out by an independent assessor licensed by the MEG. The DEIA findings are submitted, in the form of a report, to the MET for review. Separately from and in addition to the MET's review, the DEIA report must be made available to the public for their opinion. The MET approves or rejects the DEIA based on the conclusion of its review as well as taking into account the public's opinion. Projects that are not approved may choose to redesign the project in order to comply with the unmet (unsatisfied) environmental requirements, and submit a revised DEIA for a re-assessment, for public consultation and eventually for approval.

In addition, the Law on Environmental Impact Assessment makes mandatory participation by local community in certain stages of environmental impact assessment. Specifically, the Law requires that in preparing an assessment report, the project owner should seek the comments from the local government and the local population of the area to be affected by the proposed project. The comments of, and the minutes of consultation meetings with, the local authorities and communities must be included in the assessment report.

Next, if a project is to impact environment, the company must inform and report on the implementation of environmental management plans to the local population, local government, and other stakeholders within the deadline specified by the MET. In addition, the company has the obligation to prepare and submit to the MET a restoration and closure management plan for its project not less than 3 (three) years prior to proposed closure.

Finally, the Law on Environmental Impact Assessment makes it an undertaking for lenders and/or investors of a project not to provide any funding, loans and financial assistance to the project if it is harmful to environment, society or human health.

The Law on Use Fees of Natural Resources (2012). This Law introduces fees for use of various natural resources, namely, animals, plants, forestry and water. Depending on the type of natural resource and activity, a fee payable is normally determined on the basis of a percentage of “*ecological-economic value*”. For instance, the fee for use of water resources is

set as a percentage of the particular “*ecological-economic value*” assigned to the resource in each water basin. In addition, such value differs from surface water to sub-surface water⁶.

Additionally, **the Law of Mongolia on Land Fees (1997)** sets fees for use of land in Mongolia. The Law delegates authority to the Cabinet of Mongolia to determine the value of the land taking into account a breadth of criteria such as location, facilities, purpose and overall conditions.

In addition, in line with the “polluter pays” rule, a number of other laws introduce fees payable by businesses and sometimes individuals that pollute certain natural resources such as soil, water or air.

For instance, a fee is to be paid by businesses and other polluters of water resources according to the **Law on Fees for Water Pollution (2012)**. The Law sets the maximum and minimum amount of water pollution fees per polluting substance type. The Cabinet of Mongolia sets the specific fees payable for each water basin area taking into account the volume and quality of the water resources. The water pollution fees are payable on a quarterly basis.

Under the **Law on Fees for Air Pollution (2010)** emitters of polluting substances into the air are similarly subject to fees for air pollution. For instance, conventional car owners, raw coal mines, producers or importers of organic solvents are liable to pay. On the other hand, the Law on Fees for Air Pollution seeks not only to charge fees, but also aims to reduce air pollution by way of incentivizing actual or potential emitters to produce end-product. For example, exemptions apply to automobiles that operate on electricity and gas or to new cars. Likewise, if a coal mine operates a processing plant, it will be exempted from the air pollution fee. Like the water pollution fees, the air pollution fees are payable on a quarterly basis.

Under **the Law on Soil Protection and Prevention of Desertification (2012)**, a private party such as a business who pollutes the soil is subject to compensation of damages as well as to monetary fine.

Most fees payable for use or pollution of natural resources discussed above are considered as tax under Mongolian law and, therefore, are usually collected and enforced, if necessary, by Mongolian tax authorities.

In addition, Mongolia is a party to the international environmental conventions and protocols, including environment-related UN treaties such as the UNFCCC. The below table exhibits some of such conventions and treaties.

⁶ For discussion of “*ecological-economic value*”, please see the sub-section on the Environmental Protection Law above.

International Environmental / Protocol	Year of Party
World Heritage Convention	1990 (a)
United Nations Framework Convention on Climate Change	1993 (r)
Kyoto Protocol	1999 (a)
Convention on Biological Diversity	1993 (r)
United Nations Convention to Combat Desertification	1996 (r)
Vienna Convention for the Protection of the Ozone Layer	1996 (a)
Montreal Protocol on Substances That Deplete the Ozone layer	1996 (a)
Washington Convention on International Trade in Endangered Species of Wild Fauna & Flora (CITES)	1996 (a)
Basel Convention on the Control of Transboundary Movements of the Hazardous Wastes and Their Disposal	1997 (a)
Ramsar Convention on Wetlands of International Importance	1998(e)
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	2001(r)
Stockholm Convention on Persistent Organic Pollutants	2004(r)

We finally note that the Mongolian legal system is mostly monist in respect of international treaties and conventions – these do not need to be incorporated into the body of national law, but instead have effect automatically upon their ratification by the relevant Mongolian authority (usually, the Parliament of Mongolia).

C. Evaluation of environment protection

II. Dispute resolution

A. Methods and bodies of dispute resolution

There exists several key methods of dispute resolution in Mongolia.

The conventional dispute resolution is court litigation, i.e., lawsuit in courts of Mongolia. Civil court procedure resolves civil law disputes, i.e., the disputes which arise between private parties (e.g., individuals and enterprises). Administrative court procedure resolves

claims brought to it by private parties against state administrative (government) agencies or officials.

Mongolia has three levels of courts:

- First instance courts: soum-level (in Aimags, or provinces) and district-level (in Ulaanbaatar) courts have jurisdiction in first instance cases for most matters, including civil and administrative law disputes.
- Appellate courts: Aimag (province) courts in the Aimag capitals, and the Capital City Court (in Ulaanbaatar), have jurisdiction over appeals against the first instance court decisions.
- At the highest level is the Supreme Court in Ulaanbaatar, which deals with appeals against decisions of the Appellate courts.

The first instance (district) courts in Ulaanbaatar are specialized into civil courts and criminal courts. In comparison, the first instance courts in Aimags – i.e., soum courts – are not specialized and are set up to hear both civil and criminal cases.

The appellate courts across Mongolia are specialized into civil courts and criminal courts without exception.

Judges in Mongolia are appointed for life by the President of Mongolia (except for the Chief Justice of the Supreme Court who is appointed for the six year term by the President).

Since Mongolia has adopted a civil law system of jurisprudence, judges are not obliged to follow legal precedents.

In addition, Mongolia has a separate Constitutional Court (separate from the Supreme Court) which exercise jurisdiction over constitutional disputes of Mongolia.

Due to the rising workload of judges as well as the types of case with which they deal, the Government has been promoting introduction of alternative dispute resolution methods.

The main two alternative dispute resolution methods in Mongolia are arbitration and mediation.

The Law on Arbitration. The Law on Arbitration (dated 9 May 2003) applies only to arbitration which has its seat in Mongolia. According to the Law on Arbitration, any dispute that the parties agree to resolve by arbitration in accordance with is an arbitration dispute. An arbitration agreement must be in writing and may be made before or after a dispute arises.

According to **the Civil Procedure Cod** (dated 10 January 2002), disputes between citizens and legal entities (including government counterparties such as state-owned enterprises) must be resolved by arbitration if (i) provided by law, (ii) by an international treaty to which Mongolia is a party or (iii) the litigants have agreed so through an arbitration agreement.

The Law on Arbitration allows both institutional (permanent) and ad hoc arbitration for any disputes.

Most arbitration disputes in Mongolia are submitted to the Mongolian International and National Arbitration (MINAC). The MINAC operates under the auspices, and forms part, of Mongolian National Chamber of Commerce and Industry. There are branches of the MINAC in Mongolia with the powers to settle arbitration disputes. **The Arbitration Rules of the MINAC** (Appendix to Decree No.02 dated 16 June 2003 by Council of the Mongolian National Chamber of Commerce and Industry) are typically adopted and followed by the parties to the dispute submitted to the MINAC. Similar to the Arbitration Law, the Arbitration Rules of the MINAC are modeled after the UNCITRAL Model Law 1985. As a result, the rules applicable to, among other, definition of an arbitration provision, the constitution of the arbitral tribunal or the power of the tribunal are very similar to the UNCITRAL Model Law 1985.

In addition to the MINAC, another institutional (permanent) arbitration tribunal in Mongolia is the recently established arbitration tribunal under the Ulaanbaatar Chamber of Commerce.

Ad hoc arbitration may be set up by the parties, but in practice has been rarely used in Mongolia. Both institutional and ad hoc arbitration has same rights in arbitration procedure.

In addition to the Arbitration Law⁷, the Civil Procedure Code sets out procedures for seeking interim injunction in support of arbitration (including foreign arbitration), determining appeals on the jurisdiction of the tribunal, and enforcing both domestic and foreign arbitral awards.

The Law on Arbitration, the Civil Procedure Code and the **Law on Enforcement of Court Decisions** (dated 10 January 2002) govern the procedure for the recognition and enforcement of foreign arbitral awards in Mongolia. The Arbitration Law does not provide a specific procedure for the enforcement of foreign arbitral awards. In order to enforce an arbitral award, the award must be recognized by a Mongolian first instance court. In order to recognize the award, the claimant must file with the court a duly certified copy or the original of the award (as well as a copy of the arbitration agreement) to the court within 3 (three) years

⁷ At the time of this publication, the Government of Mongolia is in the process of developing a new arbitration law which would, if and when passed by the Mongolian Parliament, replace the existing Arbitration Law (of 9 May 2003).

of the date of the award. In general, Mongolia is a party to the 1958 New York Convention⁸. Therefore, it is possible to enforce foreign commercial arbitral awards in Mongolia.

In addition, Mongolia has a bilateral investment treaty with over 40 foreign states, including PRC, India, Japan, Kazakhstan, Russia, South Korea and the USA. Such bilateral investment treaty usually entitles both Mongolian and the contracting State's investors to seek international arbitration in the case of investor-state disputes.

Finally, Mongolia has ratified the 1965 Washington Convention on the Settlement of Investment disputes between the State and nationals of another State in 1996 and the 1985 Seoul Convention on establishing the Multilateral Investment Guarantee Agency in 1999.

The Law on Mediation. The Law on Mediation (dated 22 May 2012) introduces the mediation system nationwide for civil, labour and family disputes. Specifically, mediation services are offered and handled through full-time mediators who are employed in first instance courts of Mongolia. The Law allows use of mediation even after a court litigation or arbitration has commenced. It is furthermore possible to apply mediation during, and together with, arbitration proceedings.

Besides commercial arbitration, the MINAC offers mediation services. This mediation by the MINAC is conducted under the MINAC's own Rules on Mediation (dated June 16, 2003) and is separate from the Law on Mediation.

B. Application of laws

III. Others

A. Anti-commercial bribery

a) Brief introduction of anti-commercial bribery laws and regulations

There are several laws which regulate anti-commercial bribery in Mongolia.

The Criminal Code of Mongolia (dated 3 December 2015 and in effect from 1 July 2016) ("Criminal Code") makes it a criminal offense to *give* or *accept* a bribe for the purpose of illegal gain, including in the private sector. The term "*bribe*" is not defined in the Criminal Code or other laws of Mongolia. Based on the Criminal Code's description of the bribery crime, the act of bribe appears to consist of *offering*, *promising* or *giving* to someone tangible or intangible property or services, whether free of charge or at a discount price. The recipient

⁸ Mongolia has declared, at the time of its signing the New York Convention in 1994, that Mongolia will apply the 1958 Convention only on the basis of reciprocity and only as to commercial disputes defined by Mongolian national laws.

of a bribe does not need to *actually receive* the bribe in order for his/her act to qualify as a criminal offense. *Soliciting* a bribe or *accepting* the offer of a bribe will constitute the crime of bribery.

In addition to the Criminal Code, two other laws regulate corruption and conflicts of interests of Mongolian *public officials*. **Law of Mongolia on Anti-Corruption** (dated 6 July 2006). Law of Mongolia on Anti-Corruption (“Anti-Corruption Law”), defines “corruption” by public officials as (i) the “*abuse by a person who is subject to the Anti-Corruption Law of his/her official power for private gain; (ii) affording preferences to others; and (iii) any violation of law expressed by way of an action or failure to act which enables an official to obtain a preference from an individual or a legal entity*”.

Under this law, for a public official (including executive of state-owned entities) it is a criminal offence to exert pressure on, and interfere, with a view to influence state officials who perform their duties in a due form; give, or promise to give, bribes to other persons; provide illegally preferential treatment or promise to provide such treatment to other persons; limit the rights of other persons when performing official duties; receive bribes from other persons for performing (or not performing) official duties etc. The Law further makes it an obligation by business entities to set, and comply with, its own business conduct code (ethics).

Also, the **Law of Mongolia on Regulating Public and Private Interests in Public Service and Preventing Conflicts of Interest** (dated 19 January 2012) (“Conflict of Interest Law”) prohibits conflicts of interest arising between the official duties and the private interests of public officials. A “conflict of interest” is defined under the Conflict of Interest Law as circumstances where either (i) *there is a conflict between the private interests of a public official and public interests which may arise when carrying out his/her official duties; or (ii) it is unlikely that a public official's official duties can be discharged in a fair and equitable manner*. The Conflict of Interest Law imposes various restrictions on public officials such as restrictions on accepting gifts, donation, payments, conduct of private business etc. For instance, a public official is prohibited from accepting, whether directly or indirectly, gifts or payments in return for fulfilling his/her official duties.

b) Department supervising anti-commercial bribery

The key department supervising anti-commercial bribery in Mongolia is Independent Authority against Corruption (“**IAAC**”). IAAC is a special independent state body with the following main powers:

- carry out intelligence and investigations related to corruption related offenses of public officials, including anti-commercial bribery;
- review and inspect income declaration of public officials;
- carry out corruption prevention and public awareness and education;
- research the extent, types and causes of corruption.

c) Punitive actions

The Criminal Code provides for bribery crimes sanctions which include (i) combination of monetary fine and ban on holding a public office, or (ii) travel ban or (iii) imprisonment. Specifically, a giver of bribe may be imposed monetary fine of up to MNT 54,000,000 (approx. USD 25,000), ban on hold a public office for up to 3 years, travel ban for up to 5 years or jail term for up to 5 years.

While in general both the bribe giver and the bribe receiver are subject to punitive actions, the giver may be exempt from criminal liability if he/she has been coerced into bribing (i.e., bribing under duress) and if he/she voluntarily confesses to his/her act of bribery.

In addition, the Conflict of Interest Law provides for a range of administrative sanctions and disciplinary actions for the public official in breach. For example, depending on the type of the breach, administrative penalties include monetary fines, repayment of the gift (or its equivalent value) or removal from the public office. In the event a contract is entered or where a license has been granted in violation of the provisions of the Conflict of Interest Law, a court may decide to void such contracts and revoke the license. Disciplinary actions include warnings (admonitions), reductions of pay by up to 30 per cent for three months, demotion and dismissal from public office.

B. Project contracting

a) Permission system

Law of Mongolia on Licensing. The key law which governs matters of licensing and permission in Mongolia is Law of Mongolia on Licensing (the “**License Law**”) dated 1 February 2001. The License Law regulates a relation with respect to issuing, suspending, and revoking, a license to conduct certain business activities that may adversely affect public interest, human health, environment and national security and that require conditions and expertise.

There are around 84 types of activities are subject to licensing in Mongolia according to the License Law, especially one of them is construction license. In order to implement the project construction, the business entities of construction contractor (the “**Contractor**”) must obtain construction licenses from the relevant governmental authorities of Mongolia. For instance, the Contractor must obtain the following construction licenses depending of such sector:

No.	Construction sector	License type	Governmental Authority	The maximum reviewing periods
1	Auto Road	License for Constructing, Maintenance of an Auto Road	The Ministry of Road and Transportation of Mongolia	28 business days
2	Railway	License for Constructing and Assembly of a Railway	The Ministry of Road and Transportation of Mongolia	35 business days
3	Building	License for Constructing and Assembly of a Building	The Ministry of Construction and Urban Development of Mongolia	10 business days
4	Energy	License for Constructing, Assembly and Maintenance of an Energy Facility	The Ministry of Energy of Mongolia	45 business days

The revised Law of Mongolia on Construction. According to the revised Law of Mongolia on Construction dated 5 February 2016 (the “**Construction Law**”), the construction licenses are typically only permitted to the legal entities established under Mongolian law. The foreign enterprises are subject to obtain such licenses by way of incorporating a subsidiary (SPV) in Mongolia for that purpose. Further, unless stated otherwise by the laws of Mongolia, the foreign enterprises carrying out construction works financed by the state or local budget or through foreign loans will need to enter into a cooperation agreement with the Mongolian enterprises (i.e., establishing a consortium with domestic enterprises) in order to participate project construction.

The main requirement of the qualification for the Contractor set out in Licensing Law and in the Construction Law is that the Contractor (i) must be a legal entity, (ii) must adequate the technical and professional requirements. List of technical and professional requirements are specified in the relevant regulations, procedures and norms which are enacted by the ministries of such construction sector⁹. For instance, in case constructing an Auto road with

⁹ List of technical and professional requirements in the building sector are set out in Attachment No.1 of Regulation on “*Granting the License for Constructing and Assembly of a Building*” dated 7 May 2013 adopted by the Ministry of Construction and Urban Development of Mongolia;

List of technical and professional requirements in the railway sector are set out in Attachment No.2 of Regulation on “*Granting the License for Constructing and Assembly of a Railway*” dated 28 May 2012 adopted by the Ministry of Road and Transportation of Mongolia;

List of technical and professional requirements in the railway sector are set out in Attachment No.3 of Regulation on “*License for Constructing, Maintenance of an Automobile Road*” dated 1 July 2013 adopted by the Ministry of Road and Transportation of Mongolia;

50 km or more, the Contractor must have at least 4 auto engineers, 2 bridge and other architecture engineers, 2 geodesy engineers and 2 material's engineers. In addition, not more than 50 percent of the professionals in Auto road may be the foreigners.

Finally, the main documents required for obtaining the licenses are as follows:

- the application (containing types of expected manufacturing or service, intended length of such activity);
- the registration certificate of legal entity;
- payment receipt of the state stamp fee;
- the list of equipment and machinery;
- the list of professionals and working force (together with their professional certificates);
- the financial statements of the last 3 years;
- the bank statement; and
- other documents stated in the law depending on the specific type of manufacturing or services.

b) Prohibited areas

The only prohibited area for any construction contractor (whether domestic or foreign contractor) in project construction is the special protected area. There are no any other areas (whether in terms of industry, or geography) that foreign construction contractor is prohibited from participate in the construction.

c) Invitation to bid and bidding

Law of Mongolia on Public Procurement. Law of Mongolia on Public Procurement dated 1 February 2006 (the “PPLM”), as amended by the law of 6 June 2011 is the main law regulating relationships concerning planning and organizing procurement of goods, works and services with state and local funds, exercising oversight of the procurement procedures. However, the PPLM doesn't apply to the regulation of procurement of special equipment, facilities, works and services, and weapons included by law into state secrets and relating to national security. Meanwhile, this law shall not apply to procurements of works and services related to repair and maintenance (*construction is applied*) of national Auto roads undertaken by state-owned legal entities. In addition, the law doesn't apply to procurement of works, goods and services by the Development Bank of Mongolia.

List of technical and professional requirements in the railway sector are set out in Attachment No.3 of Regulation on “*License for Constructing, Assembly and Maintenance of an Energy Facility*” dated 1 July 2013 adopted by the Ministry of Road and Transportation of Mongolia.

According to the PPLM, it is possible to exclude foreign contractor from tenders a certain value (around USD 5.0 million for works and USD 50,000 for service and supplies) without any justification.

Announcement to bid for works with budgeted cost more than USD 5.0 million for works and USD 50,000 for service and supplies shall be published through the mass media in the language widely used in the international trade. In addition, the tender documents must be prepared in the language widely used in the international trade in the case of above and if the procuring organization believes that the budgeted cost and nature of the goods, works or services shall attract foreign bidders.

The deadline for receiving tenders shall run from the day of tender announcement. Tenders shall be submitted within the timeframe specified in tender documents, to the address specified therein, in the specified form; and tender bidder may, within such period, deliver proposals to amend or withdraw from the tender. Tenders received later than the timeframe set forth in deadline, or submitted in the form other than the one prescribed by tender documents shall be considered invalid and sent back to the address provided.

According to the PPLM, tenders reviewed to check whether they satisfy the following basic requirements:

- Capacity qualifications set by the procuring entity;
- Technical specifications;
- Other terms and conditions set out in the tender documents.

Also, the criteria taken into consideration during the review process include the quality and performance of goods, works or services and whether contract terms offered by the procuring entity have any inconsistency with the law. A tender is considered as a responsive tender when it satisfies all the above-mentioned conditions. The key criterion in evaluating responsive tenders is the tendering price. The procuring entity may select appropriate factors that affect its economic efficiency, taking into account the feature of goods, works or services to be procured - except for consultant services. These factors are reflected in monetary terms in the tendering price. They include:

- The time of completion of works and services and/or delivery of goods;
- Current expenses or cost and efficiency estimations;
- After-sales service and technical assistance;
- Commitments to supply spare parts and the price thereof;
- Quality and technical merits of works, goods and services.

The tendering price shall include taxes, insurance, transportation and all other expenses associated with the execution of the contract unless the tender documents provide otherwise. All tenders are ordered from the lowest to the highest comparison price with a tender with the lowest price being selected. A tender with the lowest price shall be considered as “the best” valuated tender. Procuring organization decides to award a contract to the participant that has



submitted the tender that satisfies the requirements and is evaluated as “the best” in accordance with the procedures mentioned above.

C. Others

Writers can make an introduction to other investment-related laws and regulations according to the needs of local situation.