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LAW OF MONGOLIA

May 30, 2003 **Ulaanbaatar city**

ON REGIONAL DEVELOPMENT MANAGEMENT AND COORDINATION

CHAPTER ONE

GENERAL PROVISIONS

Article 1.The Purpose of the Law

1.1.The purpose of this Law is to determine the legal basis for the regional development of the economy in order to ensure the balance of social and economic development in Mongolia and to regulate the relations to be arisen in connection with the management and coordination of regional development.

Article 2.Legislation on Regional Development Management and Coordination

2.1.Legislation on regional development management and coordination shall consist of the Constitution of Mongolia, the Law on Government of Mongolia, this Law and other legislative acts enacted in conformity therewith.

2.2.If an international treaty, to which Mongolia is a party, provides for otherwise than this Law, the provisions of the international treaties shall prevail.

Article 3.Definitions of the terms of the Law

3.1.Terms for the purpose of this Law shall have the following meaning:

3.1.1."regional development pillar-center" means a state-ranked city that is conveniently located in terms of natural and economic conditions to connect the region with foreign and domestic markets;

3.1.2."local development center" means a provincial-level city with production and service infrastructure that is mainly responsible for the social and economic development of the population of the region.

Article 4.The Basic Principles of Regional Development Management and Coordination

4.1.The following principles shall be observed in regional development management and coordination activities:

4.1.1.respect for national interests;

4.1.2.establishment of integrated economic environment directed at ensuring comparatively balanced social and cultural development of regions;

4.1.3.addressing the population's social security, health, cultural, and educational needs in a complex manner based on the capabilities of provinces and localities within the region;

4.1.4.strengthening administrative and territorial units' cooperation and coordination within the framework of the region, and ensuring their independent development;

4.1.5.respect for powers of local self-governing bodies and non-intervention in issues of their exclusive competence;

4.1.6.attaching a particular importance and developing regions with major role in economic growth.

Article 5.Criteria for regional economic regulation

5.1.Following criteria shall be taken as a basis in organizing regions in accordance with this Law:

5.1.1.presence of an appropriate economic structure in harmony with environment;

5.1.2.develop a specific sector of production and service as a priority;

5.1.3.regions should be connected to each other and to internal and external markets by vertical and horizontal axes of infrastructure.

5.1.4.presence of a regional development pillar-center.

CHAPTER TWO

REGIONAL DEVELOPMENT MANAGEMENT AND COORDINATION

Article 6.National Committee

6.1.A non-staffing National Committee with the function of coordinating regional development management and coordination activities and determining the general strategy of the government on regional development shall work under the Prime Minister of Mongolia.

6.2.The National Committee has the following composition:

6.2.1.the Chairman and Deputy Chairman of the National Committee;

~~**6.2.2.**~~

/This sub-paragraph was annulled by the law as of August 17, 2012/

6.2.3.cabinet members in charge of environment, roads and transportation, tourism, construction and urban development, fuel and energy, food and agriculture matters;

/This sub-paragraph was amended by the law as of January 27, 2005/

6.2.4.secretary of State of other ministries, except for those specified in Article 6.2.3 of this Law;

6.2.5.regional Council Chairmen.

6.3.The Chairman of the National Committee shall be a Cabinet member in charge of national development policy and planning.

/This paragraph was modified by the law as of May 7, 2020/

/This paragraph was amended by the law as of July 7, 2020/

/This paragraph was amended by the law as of June 29, 2022/

6.4.Members of the National Committee, other than the Chairmen of Regional Councils, shall be appointed and released by the Chairman of the National Committee.

6.5.The National Committee shall have a secretariat office. The relevant unit of the state central administrative body in charge of national development policy and planning shall carry out the duties of the secretariat office.

/This paragraph was modified by the law as of July 7, 2020/

/This paragraph was amended by the law as of May 7, 2020/

/This paragraph was amended by the law as of November 12, 2021/

6.6.The Government shall approve the rules and working procedures of the National Committee.

Article 7.Regional Council

7.1.The Regional Council (hereinafter referred to as "the Council") is a non-staffing council with the functions of organizing the implementation of the state policy on supporting regional development and regulating social and economic issues of the region.

/This paragraph was amended by the law as of October 31, 2014/

7.2.The Council shall have the following composition:

7.2.1.a Chairman of the Council;

7.2.2.Governors of aimags, belonging to a respective region;

7.2.3.the mayor of the regional development pillar-center;

7.2.4.capital, district governors, and satellite city governors for the capital.

7.3.The Council may include representatives of the following organizations:

7.3.1.the Citizens Representatives Khural of the Aimag and the capital city belonging to such region;

7.3.2.a non-governmental organization tasked with defending citizens' and legal entities' legitimate collective interests;

7.3.3.domestic and foreign investor organizations and business entities that contribute to the development of the region.

7.4.The powers of the Chairman of the Council, except for the capital city, shall be exercised by the governor of the Governor appointed by the Cabinet member in charge of national development policy and planning from among the governors of the aimags included in such region.

/This paragraph was amended by the law as of August 17, 2012/

/This paragraph was amended by the law as of August 29, 2022/

7.5.The Chairman of the council of the capital city region shall be the governor of the capital city.

7.6.The Cabinet member in charge of national development policy and planning shall approve the members of the council for each council based on the proposal of the Chairman of the Council.

/This paragraph was amended by the law as of August 17, 2012/

/This paragraph was amended by the law as of August 29, 2022/

Article 8.Powers of the Council

8.1.The Council shall exercise the following powers:

8.1.1.to organize implementation of the Legislation on Regional Development Management and Coordination and report its results to the National Committee on annual basis;

8.1.2.in collaboration with the state central administrative body in charge of regional development matters, to determine the goals and measures for the development of the region and take measures to reflect them in the annual national development plan, the development target program, and the five-year main directions for the development of Mongolia;

/This paragraph was modified by the law as of April 22, 2022/

8.1.3.to support the activities of the state central administrative body within the scope of its powers in the region; to coordinate their work with the activities of the local administrative bodies;

8.1.4.to make proposals and to have made decisions to relevant state central administrative bodies, National committee, and, if necessary, to the Government;

8.1.5.to study and take appropriate measures regarding proposals and requests on regional development by local self-governing bodies, citizens and legal entities;

8.1.6.to organize regional consultations, meetings, and demonstration schools on regional development issues within the region;

8.1.7.to support, organize and lead initiatives and proposals by citizens, business entities, governmental and non-governmental organizations aimed at resolving issues of regional development;

8.1.8.to conduct surveys and collect information on regional development for distribution to concerned organizations under guidance of methodology and instructions elaborated by the State Central Administrative Body in charge of regional development matters;

8.1.9.to establish a regional network for growing fodder, determining areas for haying and pastures, preventing and protecting livestock from natural disasters;

8.1.10.to submit proposals to the Government on economic policy issues related to regional characteristics;

8.1.11.to initiate and implement issues related to the construction and use of regional infrastructure;

8.1.12.to approve regional development support programs, projects, and measures to be implemented in a given year and resolve financing issues.

/This paragraph was added by the law as of June 29, 2006/

8.2.In the course of carrying out its functions, if the council needs to have made a decision on a matter within the jurisdiction of the local self-governing organization, it shall be submitted to the Citizens Representatives Khural at the appropriate level for resolution.

Article 9.Powers of the Council Chairman

9.1.The Chairman of the Council shall have the following powers:

9.1.1.to manage and coordinate work of the Council;

9.1.2.to fix the date and convene meetings of the Council;

9.1.3.to initiate draft resolutions on issues pertaining to its authority and submit them for discussion by the Government, the National Committee and a Regional Council.

9.2.A Chairman of the Council shall issue orders on issues pertaining to his/her authority and use a seal or stamp with established design.

Article 10.Operational Regulations of the Council

10.1.The main form of organization of the activities of the Council shall be the meeting of the Council.

10.2.The Council itself should approve rules of procedure for its meetings.

10.3.The Council meeting can be announced and convened at an initiative of the Government.

10.4.The Council shall pass a resolution on matters of its competence.

10.5.The daily work of the Council shall be carried out by the Secretariat Office of the Governor of the aimag or capital city where the Council is chaired.

~~10.6.The Council's activities shall be financed from the state budget~~.

/This paragraph was annulled by the law as of October 31, 2014 and it shall become effective from January 1, 2015/

10.7.The Government shall establish and to be implemented the working procedures of the Council.

CHAPTER THREE

POWERS OF STATE BODIES REGARDING REGIONAL DEVELOPMENT MANAGEMENT AND COORDINATION

Article 11.Powers of the State Great Khural

11.1.The State Great Khural shall exercise the following powers regarding regional development management and coordination:

11.1.1.to approve the Concept Paper on Regional Development of Mongolia,

11.1.2.to establish legal regulatory framework for Regional development;

11.1.3.to determine a general scheme of economic regionalization and of regional development pillar-centers;

~~11.1.4.to discuss and approve the development strategy of regions~~;

/This paragraph was annulled by the law as of November 26, 2015/

11.1.5.to determine a policy on establishment of core axis networks of roads and transportation, energy, communication and information;

11.1.6.to ratify international treaties and agreements on regional development matters to which Mongolia becomes a party.

Article 12.Powers of the Government

12.1.The Government shall exercise the following powers regarding regional development management and coordination:

12.1.1.to manage and organize implementation of the State policy and legislation on Regional development management and coordination;

12.1.2.to develop policies for regional development and programs for regional development;

/This sub-paragraph was amended by the law as of November 26, 2015/

/This sub-paragraph was amended by the law as of December 17, 2021/

12.1.3.to determine the local development centers;

12.1.4.to approve general urban planning strategy of regional development pillar- centers;

12.1.5.to research and establish ways to support regional development by investment, tax and credit policies and submit its proposals to the State Great Khural;

12.1.6.to coordinate and direct activities of the State Central Administrative Bodies and the Councils on regional development issues;

12.1.7.to conclude, implement and monitor the implementation of international treaties on regional development;

12.1.8.to promote international and national investment in regional development;

12.1.9.to align the road construction of core axis of infrastructure with regional development policy.

/This sub-paragraph was amended by the law as of November 26, 2015/

Article 13.Powers of the Cabinet member in charge of national development policy and planning

/The title of this Article was amended by the law as of January 27, 2005 and by the law as of August 17, 2012/

/The title of this Article was amended by the law as of August 29, 2022/

13.1.The Cabinet member in charge of national development policy and planning matters shall exercise the following powers:

/This paragraph was amended by the law as of January 27, 2005 and by the law as of August 17, 2012/

/This paragraph was amended by the law as of August 29, 2022/

~~13.1.1.to elaborate the strategy of regional development and submit it to the Government~~;

/This sub-paragraph was annulled by the law as of November 26, 2015/

13.1.2.to provide professional and methodological assistance in the development of long-term goals for the development of aimags and capital city, and medium-term development policies of Soum in accordance with the regional development policy;

/This paragraph was amended by the law as of November 26, 2015/

13.1.3.to take measures to expand the participation of foreign investors and international organizations in supporting regional development;

13.1.4.to bid a tender on research projects on specific issues of regional development and organize implementation of selected proposals;

13.1.5.to Lead National Committee;

/This sub-paragraph was amended by the law as of August 17, 2012/

13.1.6.other powers as stipulated in the legislation.

Article 14.Powers of Other State Central Administrative Bodies

14.1.other State Central Administrative bodies shall exercise following powers regarding the regional development management and coordination:

14.1.1.to develop and implement sector development plans in line with the regional development policy;

/This sub-paragraph was amended by the law as of November 26, 2015/

/This sub-paragraph was amended by the law as of December 17, 2021/

14.1.2.to determine schemes of sectoral regionalization and location in consistent with the general scheme of economic regionalizing, coordinate accordingly development and location of industries, services and infrastructure;

14.1.3.to report to the National Committee on Regional development management and coordination activities pursued within the frame of respective sectors;

14.1.4.to supervise and coordinate Councils' work pertaining to their respective sectors, provide them with professional expertise and necessary information;

14.1.5.to organize regional conferences and meetings in order to harmonize sectoral objectives with issues of regional development;

14.1.6.to organize research work on regional development on issues pertaining to their respective sectors, bid a tender on projects for drawing and estimates and support implementation of selected projects.

14.1.7.other powers as stipulated in the legislation.

CHAPTER FOUR

POWERS OF LOCAL SELF-GOVERNING BODIES REGARDING REGIONAL DEVELOPMENT MANAGEMENT AND COORDINATION

Article 15.The powers of the Citizens Representatives Khurals of the Aimags and the capital city, and of the Governors

15.1.The Citizens Representatives Khurals of the Aimags and the capital city shall exercise the following powers regarding regional development management and coordination:

15.1.1.to discuss and resolve the economic and social development situation and prospects of the territory in accordance with the development policy and planning documents of Mongolia;

/This sub-paragraph was amended by the law as of November 26, 2015/

/This sub-paragraph was amended by the law as of December 17, 2021/

15.1.2.to discuss report of respective Governors regarding issues pertaining to regional development;

15.1.3.to cooperate with Citizens Representatives Khurals of other aimags belonging to a region to resolve common issues of regional development;

15.1.4.to support and direct joint participation of citizens, business entities and organizations in implementing regional development strategy;

15.1.5.other powers as stipulated in the legislation.

15.2.The Governors of Aimags and the Capital City shall exercise the following powers regarding the regional development management and coordination:

15.2.1.to exercise powers of a Chairman of the Council during the period of appointment and working as the Chairman of the Council;

15.2.2.to implement decisions of a Council regarding development of a respective region and provide comprehensive support to its activities;

15.2.3.to utilize investment and other financial support means committed from the state budget to regional development efficiently and in accordance with its purpose;

15.2.4.to report to the Council on work results of the regional development activities;

15.2.5.other powers as stipulated in the legislation.

CHAPTER FIVE

MISCELLANEOUS

Article 16.Financing of regional development support activities

16.1.Funding for regional development support activities consists of the following sources:

16.1.1.assets committed from the State and local budgets;

16.1.2.loans, donations and aid provided by the foreign states and/or international organizations;

16.1.3.donations, aid and loans provided by citizens and legal entities for the purpose of regional development.

~~16.2.~~

/This paragraph was annulled by the law as of June 29, 2006/

Article 17.Regional Agreements

17.1.In order to implement national and regional development objectives and measures, the Government and the Cabinet member in charge of such matter on its behalf, or the relevant state central administrative body at the national level, and the Council at the regional level may establish regional agreements and work accordingly.

/This paragraph was amended by the law as of August 29, 2022/

17.2.Regional Agreements shall regulate following issues:

17.2.1.establishment of infrastructure in respective region financed by state budget or loans and aid by the foreign states and/or international organizations;

17.2.2.proper utilization of natural resources of a respective region and protection of environment;

17.2.3.improvement of population settlement and employment opportunities of a respective region;

17.2.4.development and provision of amenities for pillar centers of regional development, local development centers and towns;

17.2.5.development of cooperation with the foreign states and international organizations;

17.2.6.coordination of types, quantities and markets for a respective region's export commodities.

17.3.The Government shall approve the regulation on the conclusion of regional agreement.

17.4.Amendments to the Regional Agreement shall be made by the agreed terms of parties to the Agreement based on conditions and provisions stated therein. Participating parties, the Government, Councils shall monitor implementation of an Agreement.

17.5.In case if the agreement concerns issue pertaining to the authority of local self- governing bodies, it shall be consulted with respective Citizens Representatives Khural and reach a common conclusion on a given issue.

Article 18.Settlement of Disputes Regarding Regional Development Management and Coordination

18.1.Disputes arising between state central administrative bodies, governors of aimags and capital city, and councils on the issue of regional development management and regulation, unless otherwise provided by law, shall be resolved by the Government.

THE CHAIRMAN OF THE STATE GREAT KHURAL OF MONGOLIA TUMUR-OCHIR.S