

Agreement

between

the Government of the Federal Republic of Germany

and

the Government of Mongolia

concerning

Financial Cooperation

in 2016 and 2017

Energy Efficiency Programme

The Government of the Federal Republic of Germany
and
the Government of Mongolia,

in the spirit of the friendly relations existing between the Federal Republic of Germany and Mongolia,

desiring to strengthen and intensify those friendly relations through financial cooperation in a spirit of partnership,

aware that the maintenance of those relations constitutes the basis of this Agreement,

intending to contribute to social and economic development in Mongolia on an environmentally sustainable basis,

referring to the Summary Record of the intergovernmental negotiations of 25 November 2016,

have agreed as follows:

Article 1

- (1) The Government of the Federal Republic of Germany shall enable the Government of Mongolia to obtain from KfW (Reconstruction Loan Corporation) a loan up to 5,000,000 euros (five million euros) for the project Energy Efficiency Programme, if on examination they have been found eligible for support.
- (2) The project specified in paragraph (1) above may be replaced by other projects provided the Government of the Federal Republic of Germany and the Government of Mongolia so agree.

(3) This Agreement shall also apply if, at a later date, the Government of the Federal Republic of Germany enables the Government of Mongolia to obtain from KfW further loans or financial contributions for the preparation of the projects specified in paragraph (1) above or further financial contributions for attendant measures necessary to implement and support the projects specified in paragraph (1) above.

Article 2

(1) The utilisation of the amount specified in Article 1 (1) of this Agreement and the terms and conditions on which this is made available, as well as the procedure for awarding contracts, shall be governed by agreements to be concluded between KfW and the recipients of the loans, which shall be subject to the laws and regulations applicable in the Federal Republic of Germany.

(2) The commitment to grant the amount specified in Article 1 (1) of this Agreement shall lapse if the relevant loan agreement is not concluded within a period of six years after the year in which the commitment was made. For the specified amount the deadline shall be 31 December 2022.

(3) The Government of Mongolia, where it is not itself the borrower, shall guarantee to KfW all payments in euros to be made in fulfilment of the borrowers' liabilities under the agreements to be concluded pursuant to paragraph (1) above.

Article 3

The Government of Mongolia shall exempt KfW from direct taxes levied in Mongolia in connection with the conclusion and implementation of the agreements referred to in Article 2 (1) of this Agreement. Any value-added tax and similar indirect taxes levied in this connection shall be borne by the Government of Mongolia. Any specific consumption

taxes levied shall be assumed by the Government of Mongolia. Furthermore, the Government of Mongolia shall exempt KfW from any other public charges.

Article 4

The Government of Mongolia shall allow passengers and suppliers free choice of transport enterprises for such transportation by land or air of persons and goods as results from the granting of the loans, abstain from taking any measures that might preclude or impair the participation on equal terms of transport enterprises having their place of business in the Federal Republic of Germany and grant any necessary permits for the participation of such enterprises.

Article 5

- (1) This Agreement shall enter into force on the date of signature thereof.
- (2) Registration of this Agreement with the Secretariat of the United Nations, in accordance with Article 102 of the United Nations Charter, shall be initiated by the Government of the Federal Republic of Germany immediately following its entry into force. The other Contracting Party shall be informed of registration, and of the UN registration number, as soon as this has been confirmed by the Secretariat.
- (3) The Contracting Parties may agree amendments to this Agreement.
- (4) Any disputes concerning the interpretation or application of this Agreement shall be settled amicably by the Contracting Parties by means of talks or negotiations.

Done at Ulan Bator on _____ in duplicate in the German, Mongolian and English languages, all three texts being authentic. In case of divergent interpretations of the German and Mongolian texts, the English text shall prevail.

For the Government of
the Federal Republic of Germany

For the Government of
Mongolia