



**USAID**  
FROM THE AMERICAN PEOPLE



*Economic Policy Reform and  
Competitiveness Project*

# A communications strategy to support tax relief in Mongolia

April 2005  
Ulaanbaatar, Mongolia



Project: Mongolia Economic Policy Reform and Competitiveness Project (EPRC)  
Report title: ***A Communications Plan to Support Tax Relief in Mongolia***  
Main Author: Barbara Zadina  
Contract No: 438-C-00-03-00021-00  
Submitted by: EPRC Project/Chemonics International Inc., Tavan Bogd Plaza, Second  
Floor, Eronhii Said Amar Street. Sukhbaatar District, Ulaanbaatar, Mongolia  
Telephone and fax: (976) 11 32 13 75 Fax: (976) 11 32 78 25  
Contact: Fernando Bertoli, Chief of Party  
E-mail address: fbertoli@eprc-chemonics.biz



## **ACKNOWLEDGEMENTS**

---

This report was prepared with the invaluable input of many people. First and foremost, I would like to thank Jeremy Schanck from the Chemonics Asia Region, who was sent as a “shadow” to learn from me but in fact ended up teaching me a lot by asking the right questions and providing an alternative view of the situation. I also share responsibility for this report with Layton Croft and Badamdash “Dashka” Marhy of The Asia Foundation. As the communications experts on the ground, their guidance was indispensable in understanding the Mongolian environment and developing a plan of activities that is realistic and will have an impact. I know they will do a great job with implementation. My sincere thanks and admiration go to Janusz Szyrmer, EPRC Senior Policy Advisor and economist, for patiently giving me an intensive economic refresher course so that I understood the challenges and implications of tax reform, and for sharing his personal insights into the post-Communism process of economic transformation. Finally, I extend my heartfelt thanks to Fernando Bertoli and the entire EPRC team, who run a seamless support operation and made me feel part of the EPRC family. I am fortunate to have worked with you all.



## **ABBREVIATIONS**

---

CGE	Computable General Equilibrium
EPRC	Economic Policy Reform and Competitiveness Project
GoM	Government of Mongolia
IMF	International Monetary Fund
IRI	International Republican Institute
MoF	Ministry of Finance
MoIC	Ministry of Industry and Commerce
NAMBC	North American-Mongolian Business Council
NDGT	National Department of General Taxation
PSA	Public Service Announcement
TAF	The Asia Foundation
TOR	Terms of reference
USAID	United States Agency for International Development



## TABLE OF CONTENTS

---

ACKNOWLEDGEMENTS .....	i
ABBREVIATIONS .....	i
EXECUTIVE SUMMARY .....	iii
SECTION I: INTRODUCTION.....	1
A. Background.....	1
B. Terms of reference for the consultancy.....	1
SECTION II: COMMUNICATIONS GOALS AND OBJECTIVES .....	3
A. Overarching communications goals.....	3
B. Target audiences and objectives.....	3
SECTION III: KEY COMMUNICATIONS CHALLENGES .....	7
SECTION IV: MESSAGES.....	9
A. Message framework .....	9
B. Core message .....	11
SECTION V: COMMUNICATIONS ACTION PLAN .....	15
A. Activities list .....	15
B. Activities matrix.....	17
C. Activity details.....	18
D. Message Carriers .....	23
E. Future communications challenges.....	23
ANNEX A: MEETINGS HELD .....	25
ANNEX B: TAX REFORM TALKING POINTS .....	31



## EXECUTIVE SUMMARY

---

### I. Introduction

The Government of Mongolia (GoM) has committed to implementing tax policy reforms that will reduce the tax burden on labor and businesses, encourage private sector growth, and strengthen Mongolia's competitiveness in the global market. Policy changes and new regulations affecting both the public and private sectors must be communicated, explained and promoted to the affected constituencies if they are to gain compliance and achieve lasting change throughout the country.

There is general consensus that a "competitiveness-based" tax reform package should have six interrelated objectives:

1. Increase country competitiveness by lowering the tax burden on businesses, enabling job creation
2. Expand the Mongolian economy by reducing the tax burden and labor costs on wage earners
3. Simplify tax administration procedures to reduce compliance costs and arbitrariness, reducing the size of the shadow economy and expanding the tax base
4. Support domestic investors by removing discriminatory tax provisions and adjusting taxes to favor domestic production
5. Shift the tax burden from investment/production towards consumption/ownership
6. Preserve a sound fiscal environment.

### II. Communications goals and objectives

This communications strategy is developed around the achievement of four over-arching communications goals:

- Promote **acceptance and support** for Mongolian tax reform that meets the six pro-competitiveness goals (stated above)
- Encourage and enable government transparency on taxes and tax reform through open **dialogue**
- Help maintain a **competitiveness focus** for tax reform in Mongolia
- Create **understanding** of budget economics and the role of taxes within democratic governments.

#### Target audiences

While all target audiences are important, the communications action plan places priority in the short term on Government of Mongolia organizations. Next in priority are the large business community and its representative organizations, which are active in lobbying for specific tax reforms. Finally, small businesses and the general public are included to ensure understanding of reform goals and eventual tax compliance. Target audiences for this strategy are:

#### Government

- Prime Minister

- Ministry of Finance
- Ministry of Industry and Commerce
- Speaker and Members of Parliament (Grand Hural)

#### Business Community

- Large size companies and business associations
- Micro, small and medium enterprises

#### General

- Media
- Public

### **III. Key communications challenges**

Within the general framework of the stated communications goals, this strategy seeks to support the acceptance and adoption into law of a pro-competitiveness tax reform package this year. Additionally, in order for the reforms to have the desired positive impact on the economy, the public and private sector entities that will be affected by the proposed tax changes must understand the rationale and expected outcomes of those changes. The strategy addresses several underlying challenges:

- Final GoM tax package not complete
- Lack of political unity
- Competing tax packages
- Special interests
- Election impact
- Lack of economic understanding
- Public tired of rhetoric

### **IV. Messages**

#### **Core message**

The core message for tax reform in Mongolia could be stated as:

#### **Tax relief for jobs and growth: Participate in your future**

*Tax relief for jobs and growth* is the label that defines both the activity and the result. *Participate in your future* is the accompanying slogan that appeals for support, as well as provides a call to action once reform is enacted. This core message is straightforward and clear: Tax reform will provide a means of relief that lifts the barriers to economic growth, creating jobs and enabling more Mongolians to participate in the economic activities that will facilitate a better life. The message is not sensational or over promising, but is realistic and matter of fact.

We can frame tax reform as tax “relief”. Framing is about setting a context for the action that is positive, while implying that opponents to the action are negative. Tax relief is a classic example. For there to be relief there must be an affliction, an afflicted party, and a reliever who removes the affliction and is therefore a champion. If people try to stop the champion, those people are villains for trying to prevent relief.

Relief is an appropriate term for many aspects of Mongolia's proposed tax reform. Specific messages about *Tax relief for jobs and growth* include the following:

- Economic relief
- Tax rate relief
- Poverty relief
- Inequity relief
- Dishonesty relief
- Unfair competition relief

*Participate in your future* is the personal appeal to target audiences to take action, both now to secure legislation, and later to attain the benefits of tax relief. It is a call to pay taxes and, by doing so, to play an active role in determining the country's economic growth and future. In the present, it underscores the message that tax relief will only happen if stakeholders make it happen. Beyond the current legislative process, *Participate in your future* addresses the personal side of the benefits equation, capturing both the promise of a personal role in determining the country's future as well as the responsibility of all Mongolians to do their part in contributing to future prosperity.

It is easy to create statements that capture the core message in practice. For greater emphasis, we can use positive phrases like pro-taxpayer, pro-jobs, pro-growth, and pro-competitive where appropriate as descriptive adjectives to "tax relief":

- **Tax relief** clears the way for companies to create new **jobs**, enabling more Mongolians to **participate** in our economic future.
- **Tax relief** makes it easier for all Mongolians to **participate** in our economic **growth** by establishing more equitable tax rates.
- This **pro-taxpayer tax relief** package eases the burden on workers with fairer tax rates that leave more money in the hands of the wage earners.
- **Pro-competitiveness tax relief** will reduce the tax and labor costs to business, freeing up critical resources for investments in innovation and growth.
- **Pro-growth tax relief** captures the full economic power of the country, increasing revenue **growth** as people move out of the shadow economy into the taxpayer base, and adding more people to the workforce as new **jobs** are created.

#### IV. Communications action plan

The action plan is broken out into two Phases with different objectives: first, activities to be completed in the short term to enhance the level and quality of dialogue surrounding tax package deliberations, thus ensuring an informed and unified position within Government, with Phase II presenting ongoing long-term educational activities to improve general understanding of tax and budget economics.

##### Phase I: Enhanced dialogue on tax relief

- Roundtable briefing for Members of Cabinet on impact of alternative tax measures based on the Computable General Equilibrium (CGE) Tax Model
- Roundtable briefing for Members of Parliament/Party Caucuses on impact of alternative tax measures based on the Computable General Equilibrium (CGE) Tax Model

- Television and radio national broadcast of Government-Business Town Hall Meeting on Tax Relief sponsored by the *Open Government* Web site
- Chats on Tax Relief sponsored by the *Open Government* Web site
- Potential Open Society Forum television program on Tax Relief
- Communications coordination assistance to GoM press officers (prior to public release)
- Draft Tax Relief Law posted on *Open Government* Web site (upon public release)
- Draft Tax Relief Law posted on *Open Society Forum Portal* and other public web sites (upon public release)
- Journalists' Roundtable Workshop on Tax Relief—with Ministry of Finance—(upon public release)
- Media outreach.

### **Phase II: Ongoing education on tax and budget economics**

- Workshops on tax and budget economics for government leaders/Parliament
- Workshops on tax and budget economics for business leaders
- Workshops on tax and budget economics for rural business owners
- Workshops on tax and budget economics for journalists
- Pamphlet/Newspaper on basics of tax and budget economics
- Television program on tax issues by MoF/ MoIC, with EPRC/TAF support
- Government television news programming
- Radio programming on tax and budget economics
- Public Service Announcements on Tax Compliance
- Web site information pages on tax and budget economics
- Cooperation with CHF monthly micro-business newspaper
- Ongoing media outreach

## **SECTION I: INTRODUCTION**

---

### **A. Background**

The Government of Mongolia (GoM) has committed to implementing tax policy reforms that will reduce the tax burden on labor and businesses, encourage private sector growth, and strengthen Mongolia's competitiveness in the global market. The Economic Policy Reform and Competitiveness Project (EPRC) is supporting the tax reform effort through technical assistance to the Ministry of Finance (MoF), the Office of the Prime Minister, the Ministry of Industry and Commerce (MoIC), Parliament and Members of Parliament, and the Department of General Taxation, as well as the business community, relevant organizations, and civil society.

Tax reforms aim to support Mongolian business owners and wage earners with a fair and transparent tax system that promotes private sector growth and creates job opportunities for hard-working citizens. There is general consensus that a "competitiveness-based" tax reform package should have six interrelated objectives:

1. Increase country competitiveness by lowering the tax burden on businesses, enabling job creation
2. Expand the Mongolian economy by reducing the tax burden and labor costs on wage earners
3. Simplify tax administration procedures to reduce compliance costs and arbitrariness, reducing the size of the shadow economy and expanding the tax base
4. Support domestic investors by removing discriminatory tax provisions and adjusting taxes to favor domestic production
5. Shift the tax burden from investment/production towards consumption/ownership
6. Preserve a sound fiscal environment.

A working public consensus is required to enact these much-needed reforms to improve Mongolia's competitiveness. Policy changes and new regulations affecting both the public and private sectors must be communicated, explained and promoted to the affected constituencies if they are to gain compliance and achieve lasting change throughout the country.

### **B. Terms of reference for the consultancy**

This document lays out a communications strategy that identifies the appropriate communications goals, messages, and activities to promote increased understanding and support for the smooth implementation of tax reform in Mongolia. The strategy includes an operational plan and budget for implementation of the proposed activities. In keeping with the terms of reference (TORs) and in response to on-site requests, the following activities were also carried out during the assignment:

- A quick mapping of significant constituencies which may be potentially affected by the proposed tax strategy
- Assistance to the GoM in developing a "main message" to support the overall tax reform

- A workshop with GoM “communicators” to provide hands-on communications message coordination training
- Preparation of a draft operational action plan for the communications campaign, in close cooperation with the Cabinet’s public information officer and counterparts in MoF
- A plan and budget to support a multi-media campaign
- Talking points on tax reform for the Prime Minister’s address to the opening session of Parliament
- A brief presentation of the communications strategy outline to the USAID Mongolia staff

## **SECTION II: COMMUNICATIONS GOALS AND OBJECTIVES**

---

### **A. Overarching communications goals**

This communications strategy is developed around the achievement of four over-arching communications goals:

- Promote **acceptance and support** for Mongolian tax reform that meets the six pro-competitiveness goals (stated above)
- Encourage and enable government transparency on taxes and tax reform through open **dialogue**
- Help maintain a **competitiveness focus** for tax reform in Mongolia
- Create **understanding** of budget economics and the role of taxes within democratic governments

These goals all aim to reinforce the democratic process surrounding tax reforms by strengthening the channels of communications between government and taxpayers, and supplying the accurate information necessary for informed debate. As such, the communications goals are not linked directly to a specific tax package proposal, but rather create an environment in which competing proposals can be assessed on their merits for best achieving the pro-competitiveness goals.

The four overriding communications goals are further defined as the following set of achievable objectives:

- Create a drumbeat to promote pro-competitiveness, consumption-based tax reform that aligns taxes with sustainable growth
- Educate the GoM and business community on tax and budget economics to enable smarter policies
- Provide the tools and information to move the tax reform debate to a higher level
- Institutionalize dialogue as a permanent part of the government process
- Increase the quantity/quality of dialogue and communications mechanisms between government and its constituencies
- Strengthen public understanding of tax reform through public education on the basics of government budgets, market economics and taxes

### **B. Target audiences and objectives**

Within the context of the above goals, the following chart maps the targeted communications objectives for each stakeholder group. These objectives guide the choice of specific communications activities outlined later in this plan. While all target audiences are important, the communications action plan places priority in the short term on Government of Mongolia organizations. The ability of the Prime Minister and his Cabinet to maintain a unified voice that clearly and effectively delivers pro-reform arguments in close consultation with Parliament Members will be a key factor in determining the success of enacting needed tax reforms this year.

Next in priority are the large business community and its representative organizations, which are active in lobbying for specific tax reforms. Transparency in the government process and improved dialogue between government and business will help ensure that these powerful lobbies support rather than derail a pro-competitiveness tax package. It is important to acknowledge that public-private sector dialogue is already taking place through both public roundtables and private meetings, so the objective focuses mainly on strengthening the quality of information and providing concise, reinforced messages for these meetings.

Finally, small businesses and the general public are included to ensure understanding of reform goals and eventual tax compliance. However, their role is less influential than big business and government in the political process that will determine whether reforms are enacted. The main objective with these audiences is to begin an ongoing process of education that will enable greater understanding and participation in the policymaking process in the future.

Target audience	Communications objectives
<b>Government</b>	
Prime Minister	<ul style="list-style-type: none"> <li>• Support role as champion of tax reform</li> <li>• Help advocate for GoM pro-competitiveness tax reform package</li> <li>• Provide tools and info to increase the quantity/quality of dialogue between government and stakeholders</li> <li>• Encourage institutionalization of dialogue with stakeholders as part of government process</li> <li>• Strengthen capacity of GoM spokespeople to explain and promote tax reforms</li> </ul>
Ministry of Finance/ Ministry of Industry and Commerce	<ul style="list-style-type: none"> <li>• Help advocate for GoM pro-competitiveness tax reform package</li> <li>• Address any concerns about fiscal impact of tax reform</li> <li>• Provide tools and info to increase the quantity/quality of dialogue between government and stakeholders</li> <li>• Strengthen capacity of GoM spokespeople to explain and promote tax reforms</li> </ul>
Speaker and Members of Parliament (Grand Hural)	<ul style="list-style-type: none"> <li>• Strengthen understanding of tax and budget economics to enable smarter policies</li> <li>• Address any concerns about fiscal impact of tax reform</li> <li>• Achieve political support for passing pro-competitiveness tax reform now</li> </ul>

<b>Target Audience</b>	<b>Communications Objectives</b>
<b>Business Community</b>	
Large Size Companies and Business Associations	<ul style="list-style-type: none"> <li>• Explain tax reform impacts on domestic business competitiveness</li> <li>• Achieve “buy-in” support for pro-competitiveness tax reform</li> <li>• Strengthen understanding of tax and budget economics</li> <li>• Provide channels for dialogue with government</li> <li>• Advocate compliance with tax reforms</li> </ul>
Micro, Small and Medium Enterprises	<ul style="list-style-type: none"> <li>• Explain tax reform details and impact on SMEs</li> <li>• Strengthen understanding of tax and budget economics</li> <li>• Provide channels for dialogue with government</li> <li>• Advocate compliance with tax reforms</li> </ul>
<b>General</b>	
Media	<ul style="list-style-type: none"> <li>• Educate on tax reform details and impact to ensure accurate reporting</li> <li>• Strengthen understanding of tax and budget economics</li> </ul>
Public	<ul style="list-style-type: none"> <li>• Educate on tax reform details</li> <li>• Explain tax reform impacts on job creation and wages</li> <li>• Advocate compliance with tax reforms</li> <li>• Strengthen understanding of tax and budget economics</li> </ul>



### **SECTION III: KEY COMMUNICATIONS CHALLENGES**

---

Within the general framework of the stated communications goals, this strategy seeks to support the acceptance and adoption into law of a pro-competitiveness tax reform package this year. For this to happen, several actions are necessary: the Cabinet must present a unified tax reform package to Parliament, the Parliament must be willing to review and adopt tax reform legislation this spring or fall session, and the business community and public activists that lobby Parliament must support the legislation, or at least not block it.

Additionally, in order for the reforms to have the desired positive impact on the economy, the public and private sector entities that will be affected by the proposed tax changes must understand the rationale and expected outcomes of those changes. It is critical that the stakeholders accept tax reforms as a key step toward Mongolia's economic health and growth, and recognize their responsibility to do their part by maintaining accurate financial records and paying their fair share of taxes.

This communications strategy provides a road map for reaching out to various stakeholder groups in both the public and private sectors. The strategy addresses several underlying challenges:

- **Final GoM tax package not complete** – At the time of this consultancy, the appropriate offices in the Ministries of Finance and Industry and Trade were still working out the details of the government's proposal that would be submitted to the Cabinet. As a result, this strategy cannot address the final details of the tax package or the potential opposition to those details. Instead, it assumes that certain consensus elements will be included in the final package, and builds messages and activities around communicating those broad elements. A review of these messages and activities should be completed once the final tax reform package is released.
- **Lack of political unity** – The Coalition government embodies differing views by different parties on the best approach to tax reform. While there is general consensus on the key reform elements necessary by those who favor passing tax reform this year, the parties within the coalition, and often within the different Ministries themselves, are not necessarily united behind a single set of reforms.
- **Competing tax packages** – In the absence of a government proposal to shape the debate, competing tax packages have been developed and presented publicly by stakeholders in both the public and private sectors, causing confusion and putting government in the position of having to respond to these proposals rather than leading the debate with its own package.
- **Special interests** – The existing tax structure in Mongolia has been influenced in the past by political agendas and special interests of stakeholders with the political power to obtain special treatment for their business or organization. Wide distribution, documentation and training on the use of the Computable General Equilibrium (CGE) Tax Model should be used in the process of negotiation with diverse interest groups. Projected results of alternative tax reform scenarios can and should be shared with all groups in a constructive process of dialogue.

- **Election impact** – It is unknown at this time what impact the forthcoming presidential elections will have (April 2-May 22). The challenge will be to position tax reform as a critical step for Mongolia’s economic growth regardless of who wins the presidency, so that the debate is about the details of the reform package and not reform itself. At the time of this report, there appeared to be enough impetus and consensus to make tax reform a reality. When in the year this will happen is still unknown.
- **Lack of economic understanding** – There is a general lack of understanding by the public and some business and government stakeholders of the basic economic workings of taxes and government budgeting, and the role taxes play in funding a democratic government. Mongolia has just over a decade experience of transforming to a market economy, and significant economic education is needed for Mongolian taxpayers to understand the economic principles that underly tax reforms.
- **Public tired of rhetoric** – Mongolians are growing impatient with political promises and are now looking for results in their own lives. A recent poll by the International Republican Institute found Mongolians significantly less optimistic than a year ago about the potential for elected politicians to implement changes that will improve their standard of living. Tax reforms risk falling into this public perception of political talk with no results.

## SECTION IV: MESSAGES

---

### A. Message framework

At its most basic, this communications strategy centers on the dual goals of business-government dialogue and public education to support tax reform. A comprehensive plan of activities that achieves these generic goals is presented later in this document. Yet the information delivered through dialogue and educational activities will be lost if it is not presented in language that resonates with the targeted audiences.

In general, people respond to messages that touch either their wallet or their heart. Conversations with stakeholders reveal several recurring themes that capture their mindset and provide guidance for message development:

- **High road** – There is general consensus on the broad elements of a competitiveness-based tax reform package. Communications and messages must rise above the disagreements over details of competing tax packages, and stick to reinforcing these common goals that drive tax reform. The aim is to get the core messages out quickly and clearly in order to set the terms and tone of the debate around these general themes.
- **The time is now** – Many interviewed stakeholders expressed the feeling that the time is now for real tax reform. While there are political discussions about tax reform every year, this time something is different, they say, and they sense a window of opportunity for real fundamental change. Some say it's because international donors have made reform a priority, others simply believe taxpayers and government have had enough of the hypocrisy of open tax evasion. Messages should capture this sense of urgency and opportunity.
- **Fairness** – Mongolians have a strong sense of fairness tied to equal treatment. If they pay taxes while others don't, that is "unfair". But if all pay taxes, they'll pay their share as well, as the fair thing to do. This becomes a glass half empty-half full situation, with the challenge to highlight the half-full view of tax payment. If half the taxpayer base is not paying their fair share, then someone is paying for them. We can personalize this to "If you don't pay your taxes, then who is paying for you? Stop taxing your neighbor." with an image of a poor woman at her job. Fairness also plays a role in exceedingly high tax rates. Unfair and unequal tax treatment are seen as contributors to corruption and inequality. Big companies cannot compete with smaller companies that are not registered and thus do not pay VAT taxes. Fairness is a powerful concept and should be a central element of tax reform messages, but be aware that it also raises questions of tax administration and collection methods.
- **Straight talk** – Tax reform is a serious issue, and Mongolians want straight talk from their leaders on how reforms will apply to them. A focus group of young professionals expressed their disappointment with powerful political slogans that leave them full of positive anticipation but in the end remain unfulfilled. One corporate executive gently chided that international donors' messages are often too simple for Mongolians, and they should be treated more professionally. Messages should take this into account and be straightforward and sensible.
- **Job creation and higher salaries** – Time and again, business executives stressed that current taxes on wages form a significant cost barrier to hiring quality

employees, raising salaries, and creating jobs. Employers cannot afford to hire top notch staff at high wages in light of prohibitive taxes and social security fees on wages. Job creation is a critical issue for a country with half its population under 20 years of age. Messages should emphasize this direct link between tax reform and job creation and higher salaries.

- **Economic growth** – Mongolia has one of the highest tax burdens in the world, with rates that equate to wealthy developed countries, not developing economies. Tax reform that lowers the tax burden helps fight poverty by letting wage earners keep more of what they earn. It promotes economic development by lowering the cost of labor and encouraging job creation. It makes domestic firms more competitive by reducing the cost of business and extending the same tax breaks to foreign and domestic investors. Economic growth is obviously the centerpiece message for tax reform.
- **Openness vs. shadow** – Business leaders don't like the costs and risk of avoiding taxes. The laws may not touch businesses in the shadow economy, but they also don't protect them there. Executives unanimously lament the hassle of maintaining dual balance sheets and breaking corporations into several smaller companies to stay below the tax bracket threshold. They complain about the restrictions these practices place on business growth and entering bigger markets. Clearly, the costs and uncertainty of noncompliance are significant, but executives argue "it is not our fault", they are simply reacting to the tax regime. They claim they are ready to declare full income and wages and pay taxes if the rates are reasonable and collection methods are regulated. Tax amnesty is also considered very important for a clean new start. Messages can tap into this frustration and address the benefits of operating in an honest formal economy.
- **Revenue growth** – Revenue growth from tax reform is a somewhat less intuitive and more controversial issue. Loss of government tax revenue is a central concern of less market-oriented conservatives in the government, and a major point of opposition to wholesale tax reform. Yet the experience of similar countries battling shadow economies confirms that lowering exceedingly high tax rates actually generates greater revenues as businesses move to the formal economy and report full earnings, expanding the tax base. Revenue growth messages backed by actual figures from other countries are essential to winning support from fiscal conservatives in government and Parliament. However, increased government revenues will also raise the issue of government accountability and transparency on expenditures.
- **Public good** – The concept of taxes as a public good and paying taxes as a civic duty should underscore all messages in this communications campaign to support immediate tax reform. But this campaign must be only the beginning of a longer term education effort on government taxation and budgets, with messages that answer the larger question "Why pay taxes?" The first message is that taxation is paying your dues. Taxation is what you pay to live in a civilized country – what you pay to have democracy and opportunity, and what you pay to use and maintain the infrastructure provided by government. Second, taxes are an investment. Spent wisely, they fund improvements and new public assets for the future – water treatment plants, highways, schools and colleges, reliable police and firefighting services. These messages about taxes need to be repeated over

and over again, and refined until they are accepted and understood. This will take time, but it can and should start now.

## **B. Core message**

The core message is the central piece of information that we aim to communicate to target audiences through every activity in the communications plan. It provides a quick way to capture attention and communicate outcomes. While customized messages for each target audience are presented later, the core message presented here is the overarching theme for tax reform efforts that reflects the general themes and concerns expressed by stakeholders.

The core message for tax reform in Mongolia could be stated as:

### **Tax relief for jobs and growth: Participate in your future**

*Tax relief for jobs and growth* is the label that defines both the activity and the result. *Participate in your future* is the accompanying slogan that appeals for support, as well as provides a call to action once reform is enacted.

This core message is straightforward and clear: Tax reform will provide a means of relief that lifts the barriers to economic growth, creating jobs and enabling more Mongolians to participate in the economic activities that will facilitate a better life. The message is not sensational or over promising, but is realistic and matter of fact.

Simple and memorable, repetition of the core message is crucial to the understanding, acceptance, and ultimate success of tax reform efforts. Used and repeated, the message will create the drumbeat of expectation and unstoppable motion that carries tax reform through legislative approval to public acceptance and compliance. We can break the message down into its core elements to help guide its use and provide key words and phrases.

#### **B1. Framing the issue – Relief not reform**

In the world of political communications, every word counts. When one hears the words “tax reform”, one understands that there are changes in the tax system, but there is no information or value judgment as to whether those changes will be good or bad. But if we use the term “tax relief”, now we have added a value that clearly frames the issue. How can anyone be against relief?

Framing is an advanced communications skill developed and perfected by political communicators in the United States. It is about setting a context for the action that is positive, while implying that opponents to the action are negative. Tax relief – a common term these days in the U.S. and elsewhere – is a classic example. For there to be relief there must be an affliction, an afflicted party, and a reliever who removes the affliction and is therefore a champion. If people try to stop the champion, those people are villains for trying to prevent relief.

Relief is an appropriate term for many aspects of Mongolia’s proposed tax reform. Specific messages about Tax Relief for Jobs and Growth include the following:

- **Economic relief** – Tax relief contributes to a better life for all Mongolians by reducing tax rates, encouraging private sector growth that creates job opportunities for hard-working citizens, and making Mongolia’s businesses more competitive.
- **Tax Rate relief** – Tax relief lowers tax rates for individuals and businesses and brings Mongolia’s tax rate structure in line with similar emerging economies.
- **Poverty relief** – Tax relief fights poverty by paving the way for higher salaries, letting workers keep more of what they earn through lower rates, and putting more people to work by encouraging new job creation.
- **Inequity relief** – Tax relief restores fairness to the tax system by providing incentives for all businesses and citizens to pay their taxes, spreading the cost of government services fairly across all Mongolians.
- **Dishonesty relief** – Tax relief makes it easier for companies and individuals to come out of the shadows and join the formal economy, providing moral relief from their dishonest, costly schemes to hide revenues, wages, and growth.
- **Unfair competition relief** – Tax relief makes domestic firms more competitive by reducing the cost of business and extending equal application of tax breaks and incentives to foreign and domestic investors.

To cement the impact of this powerful framing technique, all communications moving forward must eliminate the term “reform” and replace it in all circumstances with the word “relief”. Changing the minds of target audiences requires changing the minds of the communicators first.

## **B2. A call to action – Participate in your future**

*Participate in your future* is the personal appeal to target audiences to take action, both now to secure legislation, and later to attain the benefits of tax relief. It harkens to a united effort – participate, come into the circle, you are important and your participation is vital. It is a call to pay taxes and, by doing so, to play an active role in determining the country’s economic growth and future.

In the present, it underscores the message that tax relief will only happen if stakeholders make it happen. Government leaders and legislators should participate by ensuring that tax relief legislation is enacted. Business and civic leaders should participate by speaking out in support of tax relief, educating their constituencies on tax relief issues, and keeping the pressure on government leaders to enact legislation. All stakeholders should take part in communications activities to increase public-private sector dialogue and understanding of tax relief.

Beyond the current legislative process, *Participate in Your Future* addresses the personal side of the benefits equation, capturing both the promise of a personal role in determining the country’s future as well as the responsibility of all Mongolians to do their part in contributing to future prosperity.

The promise of participation reinforces the democratic ideal that citizens have a role and a choice in determining the country's future. It urges citizens to take action in developing the civil society in Mongolia, which is currently weak. Choose to participate in the process, make your voice heard, and work to achieve the future you envision. Put your tax money to work for you. Start now by demanding tax relief and stronger economic growth. Then get involved in seeking greater government accountability in revenue expenditures, to improve the quality and delivery of tax-funded government services. You can make a difference. Participate and take your economic future into your own hands.

On the flip side is the responsibility of citizens to do their part in the equation – tax relief lowers the burden, now it is your duty to participate by paying your fair share of taxes and playing an active role in Mongolia's economic future. This call to participate recognizes that there is strength through numbers. Tax relief makes it easier to participate by removing the incentives to cheat. Also, more Mongolians can now participate as new jobs expand the workforce. Participation also appeals to the sense of interdependence and connectedness of nomadic herders, who know that the survival of all requires the willingness to open their hearth to anyone at the door. Participate and help Mongolia as a whole achieve a more prosperous future.

### **B3. Core message in practice**

Mixing the above messages on relief with elements of the participation slogan, it is easy to create statements that capture the core message in practice:

- **Tax relief** clears the way for companies to create new **jobs**, enabling more Mongolians to **participate** in our economic future.
- **Tax relief** makes it easier for all Mongolians to **participate** in our economic **growth** by establishing more equitable tax rates.
- **Tax relief** encourages companies and individuals to come out of the shadows and **participate** as responsible taxpayers in the formal economy.

For greater emphasis, we can use positive phrases like pro-taxpayer, pro-jobs, pro-growth, and pro-competitive where appropriate as descriptive adjectives to “tax relief”, as in:

- This **pro-taxpayer tax relief** package eases the burden on workers with fairer tax rates that leave more money in the hands of the wage earners.
- **Pro-competitiveness tax relief** will reduce the tax and labor costs to business, freeing up critical resources for investments in innovation and growth.
- **Pro-growth tax relief** captures the full economic power of the country, increasing revenue **growth** as people move out of the shadow economy into the taxpayer base, and adding more people to the workforce as new **jobs** are created.



## **SECTION V: COMMUNICATIONS ACTION PLAN**

---

This indicative action plan provides a road map for the proposed activities to communicate with the primary target audience groups. It is broken out into two Phases with different objectives: activities to be completed in the short term to enhance the level and quality of dialogue surrounding tax package deliberations, and ongoing long-term educational activities to improve general understanding of tax and budget economics. Basic details are provided for each activity, and a matrix shows how the proposed activities meet specific communications goals for each audience. Please note that only preliminary agreements have been reached with potential partner organizations on all activities.

Based on this indicative plan and depending on availability of resources, the GoM can select key activities from among those suggested herein and work closely with EPRC and The Asia Foundation for the logistical support required.

During the implementation of the communications strategy, detailed plans should be prepared for each activity with additional information on what will be done, who will be responsible, and other relevant information. A discussion of message carrier is also presented later in this section.

### **A. Activities list**

#### **A1. Enhanced dialogue on tax relief**

1. Roundtable briefing for Members of Cabinet on impact of alternative tax measures based on the Computable General Equilibrium (CGE) Tax Model
2. Roundtable briefing for Members of Parliament/Party Caucuses on impact of alternative tax measures based on the Computable General Equilibrium (CGE) Tax Model
3. Television and radio national broadcast of Government-Business Town Hall Meeting on Tax Relief sponsored by the *Open Government* Web site
  - a. Edited transcript disseminated to stakeholders
  - b. Edited transcript posted on *Open Government* Web site
4. Chats on Tax Relief sponsored by the *Open Government* Web site
  - a. Minister of Industry and Commerce and Minister of Finance
  - b. Head of Tax Office – Mr. Zorigt (Taxpayers’ Week, May 13)
5. Potential Open Society Forum television program on Tax Relief
  - a. Transcript posted on *Open Society Forum Portal*
6. Communications coordination assistance to GoM press officers (prior to public release)
  - a. Tax relief messages
  - b. Tax relief sound bites/talking points
  - c. Draft law press conference planning
  - d. Q&A on tax relief
7. Draft Tax Relief Law posted on *Open Government* Web site (upon public release)
  - a. Highlighted in *Open Government* email newsletter
  - b. Highlighted in *Open Government* newspaper ad
  - c. Highlighted in *Open Government* Web site homepage
8. Draft Tax Relief Law posted on *Open Society Forum Portal* and other public web sites (upon public release)
  - a. Special Tax Relief Watch page

9. Journalists' Roundtable Workshop on Tax Relief—with Ministry of Finance—  
(upon public release)
10. Media outreach
  - a. Stakeholder News Interviews/Feature Stories
  - b. Influential Opinion (Op-Ed) Pieces

#### **A2. Ongoing education on tax and budget economics**

1. Workshops on tax and budget economics for government leaders/Parliament
2. Workshops on tax and budget economics for business leaders
3. Workshops on tax and budget economics for rural business owners
4. Workshops on tax and budget economics for journalists
5. Pamphlet/Newspaper on basics of tax and budget economics
  - a. Distribution:
    - b. Rural business owners through CHF/Khan Bank ger banks
    - c. Urban business owners through Chamber of Commerce, business associations
    - d. Journalists on business/government beat
    - e. Free copies in tax offices, MoF lobby,
    - f. Free copies in Open Society Resource Center
    - g. Info in *Open Government* newsletter
6. MoF television program on tax issues—supported by EPRC/TAF
  - a. Drama plus educational animation
  - b. Study guides in newspaper, on web sites
7. Government television news programming
8. Radio programming on tax and budget economics
  - a. Tax info on PACT rural herder program
  - b. Tax info on MoF program
9. Public Service Announcements on Tax Compliance
  - a. Television
  - b. Radio
  - c. Newspaper
10. Web site information pages on tax and budget economics
  - a. *Open Government* Web site
  - b. *Open Society Forum Portal*
  - c. MoF web site
  - d. Others
11. Cooperation with CHF monthly micro-business newspaper
  - a. Information articles on taxes
  - b. Q&A column to answer questions
12. Ongoing media outreach
  - a. News interviews
  - b. Feature stories
  - c. Influential opinion pieces

## B. Activities matrix

Target group	Desired actions	Proposed channels
<b>Government</b>		
Senior GoM policy makers  - Prime Minister - Ministry of Finance - Ministry of Industry and Trade - Cabinet	<ul style="list-style-type: none"> <li>• Develop and champion pro-competitiveness tax relief package</li> <li>• Facilitate intergovernmental cooperation to achieve Cabinet consensus</li> <li>• Increase GoM transparency through open dialogue with stakeholders</li> <li>• Work with Parliament to achieve passage of legislation now</li> <li>• Support ongoing education on tax and budget economics</li> </ul>	<ul style="list-style-type: none"> <li>• EPRC Tax Model Roundtable Briefing</li> <li>• Town Hall Mtg with govt/business</li> <li>• Draft law on <i>Open Government</i> Web site</li> <li>• Draft law on <i>Open Society Forum Portal</i></li> <li>• Draft law in <i>Open Government</i> newsletter</li> <li>• Online chats on <i>Open Government</i> Web site</li> <li>• OS Forum TV show on tax relief</li> <li>• Press Briefing on Tax Relief</li> <li>• Communications coordination support to GoM spokespeople</li> <li>• Economics of Tax and Budget Workshops</li> <li>• Economics of Tax and Budget Pamphlet</li> <li>• Economics of Tax and Budget Web pages</li> <li>• - Tax and Budget TV program</li> </ul>
Parliament (Grand Hural)  - Speaker and MPs - Standing Committee on Economic Policy - Tax Working Group - Standing Committee on Budget	<ul style="list-style-type: none"> <li>• Understand and support tax relief</li> <li>• Pass pro-competitiveness tax reform legislation now</li> <li>• Increase transparency through open dialogue with stakeholders</li> <li>• Support ongoing education on tax and budget economics</li> </ul>	<ul style="list-style-type: none"> <li>• EPRC Tax Model Roundtable Briefing</li> <li>• Town Hall Mtg with govt/business</li> <li>• Final law on <i>Open Government</i> Web site</li> <li>• Final law in <i>Open Government</i> newsletter</li> <li>• OS Forum TV show on tax relief</li> <li>• Economics of Tax and Budget Workshops</li> <li>• Economics of Tax and Budget Pamphlet</li> </ul>
<b>Private Sector</b>	•	
Large Domestic Businesses and Associations  - Chamber of Commerce - Banking Associations	<ul style="list-style-type: none"> <li>• Understand and support tax relief</li> <li>• Advocate pro-competitiveness tax relief package</li> <li>• Participate in dialogue with GoM</li> <li>• Comply with tax laws</li> <li>• Support ongoing education on tax and budget economics to private sector</li> </ul>	<ul style="list-style-type: none"> <li>• Town Hall Mtg with govt/business</li> <li>• OS Forum TV show on tax relief</li> <li>• Draft law on <i>Open Government</i> Web site</li> <li>• Newspaper Advocacy Ad</li> <li>• Economics of Tax and Budget Workshops</li> <li>• Economics of Tax and Budget Pamphlet</li> <li>• Economics of Tax and Budget Web pages</li> <li>• Tax and Budget TV program</li> </ul>
Micro, Small and Medium Enterprises	<ul style="list-style-type: none"> <li>• Understand and support tax relief</li> <li>• Participate in dialogue with GoM</li> <li>• Comply with tax laws</li> <li>• Increase understanding of tax and budget economics through info sources</li> </ul>	<ul style="list-style-type: none"> <li>• Economics of Tax and Budget Pamphlet</li> <li>• Economics of Tax and Budget Workshops</li> <li>• Tax and Budget TV program</li> <li>• Tax info on PACT Radio</li> <li>• <i>Participate in your future PSAs</i></li> </ul>
<b>General</b>		•
Media	<ul style="list-style-type: none"> <li>• Report accurately on the value and benefits of tax relief</li> <li>• Increase understanding of tax and budget economics through info sources</li> </ul>	<ul style="list-style-type: none"> <li>• Press Briefing on Tax Relief</li> <li>• News Interviews / Op-Eds</li> <li>• Economics of Tax and Budget Pamphlet</li> <li>• Economics of Tax and Budget Web pages</li> <li>• Economics of Tax and Budget Workshops</li> </ul>
Public	<ul style="list-style-type: none"> <li>• Comply with tax laws</li> <li>• Understand and support tax relief</li> <li>• Increase understanding of tax and budget economics through info sources</li> <li>• View GoM as actively working to improve economic opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Economics of Tax and Budget Pamphlet</li> <li>• Economics of Tax and Budget Web pages</li> <li>• Tax and Budget TV program</li> <li>• <i>Participate in your future PSAs</i></li> </ul>

## C. Activity details

### C1. Enhanced dialogue on tax relief

#### 1. Roundtable briefing for Members of Cabinet

Responsibility: EPRC Specialists  
Co-sponsors: Office of the Prime Minister  
Timeframe: Prior to delivery of final Government tax package to Cabinet

Project experts will give an informative briefing to Cabinet members on the findings of the Computable General Equilibrium (CGE) model concerning the potential impact of alternative tax relief proposals. This provides a closed-door forum for frank discussion between Cabinet leaders and EPRC tax economics experts on the best means to achieve the government's tax relief goals and the projected impacts of tax package details in light of the model, while the package is still under discussion in the Cabinet.

#### 2. Roundtable briefing for Members of Parliament/Party Caucuses

Responsibility: EPRC Specialists  
Co-sponsors: Office of the Prime Minister  
Timeframe: Prior to delivery of tax package to General Assembly

Project experts will give an informative briefing to Members of Parliament on the findings of the Computable General Equilibrium (CGE) model concerning the potential impact of alternative tax relief proposals. This provides a closed-door forum for frank discussion between Parliament/Party leaders and EPRC tax economics experts on the best means to achieve the government's tax relief goals and the projected impacts of tax package details in light of the model, before the package goes to the General Assembly for final passage.

#### 3. Television and radio national broadcast of Government-Business Town Hall Meeting on Tax Relief sponsored by the *Open Government* Web site

Responsibility: TAF/EPRC  
Co-sponsors: Office of the Prime Minister, MoF, and Chamber of Commerce  
Timeframe: Prior to delivery of final Government tax package to Cabinet

A national broadcast by radio and television of a town hall meeting format between government representatives and leaders of the business community on tax relief will provide an opportunity for the GoM to give advance notice and get feedback and buy-in on its proposed tax relief package. Audience selection can be through an open announcement process and in partnership with Chamber of Commerce. Edited transcript disseminated to stakeholders through *Open Government* newsletter and posted on the *Open Government*, MoF, and Chamber of Commerce web sites.

#### 4. Chats on Tax Relief sponsored by the *Open Government* Web site

Responsibility: TAF/EPRC  
Co-sponsors: Office of the Prime Minister, MoIC, MoF  
Timeframe: During May

Government leaders involved in tax relief efforts will be scheduled for the pre-existing chat series under the *Open Government* Web sites. While discussions are open to all topics, moderators will announce a special request for tax-related questions and make an effort to guide discussions to tax relief issues. The Ministers of Industry and Trade and of Finance, and Mr. Zorigt, Head of the Tax Office at the MoF may be likely candidates to participate in the chats. Transcripts

can be disseminated directly to stakeholders through the *Open Government* newsletter and posted on the *Open Government* and MoF web sites.

### **5. Potential *Open Society Forum* television program on Tax Relief**

Responsibility: Open Society Forum  
Co-sponsors: EPRC  
Timeframe: During May

Tax relief will be featured on this live-audience talk show, one of the most popular programs on Mongolia national television. The host/moderator invites citizens to ask direct questions of key guests. EPRC can provide background info on the tax relief issue, and suggest potential questions and tax relief stakeholders to be guests. The program transcript is posted on the *Open Society Forum Portal*.

### **6. Communications coordination assistance to GoM press officers**

Responsibility: TAF/EPRC  
Co-sponsors: PM press office  
Timeframe: Prior to and after public release of the tax package

TAF/EPRC will provide ongoing assistance and guidance to the press officer corps in coordinating tax relief messages, sound bites, and talking points for their Ministry's press outreach and speeches. A Q&A backgrounder will be prepared to coordinate and assist press officers in answering media questions. Guidance will also be provided for planning a dynamic press conference in support of the law's release and/or final passage.

### **7. Draft Tax Relief Law posted on *Open Government* Web site**

Responsibility: TAF/EPRC  
Co-sponsors: Office of the Prime Minister  
Timeframe: Upon public release of the tax package

The official GoM draft tax relief law will be posted on the *Open Government* Web site for public review and comment once it is publicly released. At the same time, the law will be highlighted on the web site home page and in newspaper ads. The full text of the draft law will be disseminated directly to stakeholders through the *Open Government* email newsletter.

### **8. Draft Tax Relief Law posted on *Open Society Forum Portal***

Responsibility: Open Society Forum  
Co-sponsors: none  
Timeframe: Upon public release of the tax package

The official GoM draft tax relief law will be posted on the *Open Society Forum Portal* for public review and comment once it is publicly released. A special Tax Relief Watch page will be created for updates on the package, and to provide more details on the initiative.

### **9. Journalists' roundtable workshop on Tax Relief**

Responsibility: EPRC Specialists  
Co-sponsors: PM and MoF press offices  
Timeframe: After public release of the tax package

Leading journalists will be briefed on the details of the tax relief package and the economic basis for the proposal, to facilitate better understanding of the issue and ensure accurate reporting. Journalists will be able to ask questions, but the entire

briefing will be on background basis with no direct attribution allowed unless specific permission is requested and granted.

## **9. Media Outreach**

Responsibility: TAF/EPRC  
Co-sponsors: PM and MoF press offices  
Timeframe: After public release of the tax package

TAF/EPRC will assist the PM and MoF press offices in responding to requests and identifying additional opportunities for news interviews with key stakeholders and feature stories on tax relief. In addition, potential editorial opinion articles advocating tax relief will be drafted for signature and placement by key stakeholders.

## **C2. Ongoing education on tax and budget economics**

### **1. Workshops on tax and budget economics for Government leaders/Parliament**

Responsibility: TAF/EPRC Specialists  
Co-sponsors: Office of the Speaker  
Timeframe: Monthly (during Parliament session)

EPRC experts will provide a series of informative monthly workshops to government leaders and Members of Parliament on the economic concepts that underpin tax systems and government budgeting in democratic societies. This provides a closed-door roundtable format for learning and frank discussion between government leaders and EPRC tax economics experts.

### **2. Workshops on tax and budget economics for business leaders**

Responsibility: TAF/EPRC Specialists  
Co-sponsors: NAMBC, Chamber of Commerce, MoF press office  
Timeframe: Monthly

EPRC experts will provide a series of informative monthly workshops to business leaders on the economic concepts that underpin tax systems and government budgeting in democratic societies. Periodic surveys of participants will provide valuable feedback on perceptions of tax issues and the impact of tax relief measures.

### **3. Workshops on tax and budget economics for rural business owners**

Responsibility: TAF/EPRC Specialists  
Co-sponsors: CHF GER Initiative, MoF press office, MoIC  
Timeframe: Bi-Monthly

EPRC experts will provide a series of informative bi-monthly workshops to rural business owners on the economic concepts that underpin tax systems and government budgeting in democratic societies. Periodic surveys of participants will provide valuable feedback on perceptions of tax issues and the impact of tax relief measures.

### **4. Workshops on tax and budget economics for journalists**

Responsibility: TAF/EPRC Specialists  
Co-sponsors: PM and MoF press offices  
Timeframe: Monthly

EPRC experts will provide a series of informative monthly workshops to leading economic and business journalists on the economic concepts that underpin tax

systems and government budgeting in democratic societies. The meetings will also allow the government press officers to develop solid working relationships with journalists.

### **5. Pamphlet/newspaper on basics of tax and budget economics**

Responsibility: TAF/EPRC  
 Co-sponsors: MoF press office  
 Timeframe: Quarterly

This informative publication provides basic education on the economic concepts that underpin tax systems and government budgeting in democratic societies, including sources of government income, government expenditures for public good, the role of taxes, percentage of tax revenue from various sectors, and Mongolia's projections for future income. This information is taken from the EPRC Workshops (above), and is further leveraged through media programming (below). Distribution options include: rural business owners through CHF/Khan Bank ger banks; urban business owners through Chamber of Commerce, business associations; journalists through workshops (below); free copies in tax offices, MoF lobby, Open Society resource center; published in *Open Government Newsletter*.

### **6. MoF television program on tax and budget economics**

Responsibility: Sub-contract locally  
 Co-sponsors: TAF/EPRC, MoF press office  
 Timeframe: Weekly

This new television program mixes addictive drama with educational animation segments to present tax and budget economic education in a fun, flexible, real-life format. EPRC would subcontract the management of production, talent and content to a local firm or NGO, but continue to provide editorial and factual guidance on the economic issues to be addressed. Educational economic content would be reinforced through study guides printed in local newspapers and posted on the MoF web site.

### **7. Government television news program**

Responsibility: MoF press office  
 Co-sponsors: TAF/EPRC  
 Timeframe: unclear

The official government news program has covered tax reform issues in the past, and is an outlet for timely information on tax relief issues and success stories. Through the MoF press office, EPRC will provide regular information taken from the monthly workshops on the economic concepts that underpin tax systems and government budgeting in democratic societies, as well as occasional case studies and success stories on tax relief, for inclusion in the news broadcast.

### **8. Radio programming on tax and budget economics**

Responsibility: TAF/EPRC  
 Co-sponsors: PACT, MoF press office  
 Timeframe: As regularly programmed

Several existing radio programs are willing to work EPRC-provided tax and budget economic data into their regular programming. Pact International's popular radio program reaches the rural herding and agricultural coop community with practical information on herding and business techniques woven into a radio

drama. Educational content is reinforced through study guides printed in local newspapers. EPRC will provide core information on tax and budget economics and the importance and value of tax compliance, to be addressed in the storyline. The MoF plans conversations with the Minister of Finance and Head of the Tax Office on Mongolian Radio, and will incorporate talking points and discussion guidelines on tax and budget economics into the programs.

## **9. Public Service Announcements (PSAs) on tax compliance**

Responsibility: TAF/EPRC  
Co-sponsors: A business association?  
Timeframe: Series of 3-5 aired/published over 5 months

This series of short ad-like television, radio and newspaper spots catches attention with well-known Mongolian personalities in humorous vignettes urging citizens to *Participate in your future* and pay their taxes. Potential candidates include popular political figures, music stars, and sumo wrestlers. PSAs would run regularly over a period of five months (or more, depending on budget), possibly funded partially by a civic-minded business association such as the NAMBC and with free airtime on government television and radio.

## **10. Web site information pages**

Responsibility: TAF/EPRC  
Co-sponsors: Open Society Forum, MoF, Chamber of Commerce, others  
Timeframe: updated Monthly

Information from the workshops on tax and budget economics and the pamphlet/newspaper will be turned into informative web site pages for updating the *Open Government Web site*, *Open Society Forum Portal*, MoF web site, Chamber of Commerce web site, and others.

## **11. Cooperation with CHF monthly micro-business newspaper**

Responsibility: CHF GER Initiative  
Co-sponsors: TAF/EPRC  
Timeframe: Monthly

Information used for the web site pages above will be adapted into informative articles on taxes relevant to micro-business owners for publishing in the CHF micro-business newspaper. A Q&A column on tax issues will also be maintained to provide an interactive communications channel with business owners.

## **12. Ongoing media outreach**

Responsibility: TAF/EPRC  
Co-sponsors: PM and MoF press offices  
Timeframe: After public release of the tax package

TAF/EPRC will assist the PM and MoF press offices in responding to requests and identifying additional opportunities for news interviews with key stakeholders and feature stories on tax economics. In addition, potential editorial opinion articles on timely issues will be drafted for signature and placement by key stakeholders.

#### **D. Message Carriers**

Given the politically charged nature of efforts to pass tax relief legislation, the choice of spokespeople to carry these messages is critical to the success of this communications plan. Message carriers must be seen by target audiences as both credible and influential, and be respected as honest sources.

The Prime Minister's *Open Government* web site is the logical carrier for draft legislation and official communications on the political process around tax relief. The *Open Government* name is an established brand that already enjoys recognition as a reliable source. This extends to the e-mail newsletter and online chats as well. The EPRC will continue to support the *Open Government* activities included in the action plan.

As the lead organization on tax policy, the Ministry of Finance should be the main face of ongoing general educational activities on tax and budget economics. This would include television programming, public service announcements, information pamphlets, journalist training workshops, and Ministry web site pages. The Ministry has already established itself as an information source with its annual Taxpayer Week, which falls on May 9-13 and highlights personal income tax payers this year. The Ministry press office has worked closely with the EPRC to develop a plan for tax education activities, many of which are included as joint activities in the action plan below.

Several business leaders stated that international donors are considered credible, professional sources of accurate information. For briefings to government leaders on economic concepts and calculations directly related to tax relief, EPRC can act as the message carrier. This will position the information above the political fray, as it will be made available as baseline data to all parties. The Town Hall Meeting with government and business leaders will be organized through the *Open Government* Web site.

In the case of public service announcements (PSAs), this proposed series of short ad-like television, radio and newspaper spots are geared toward catching the attention of the general public, and thus would require well-known personalities. Potential candidates might include political figures, pop music stars, and even sumo wrestlers. This is further discussed in the action plan.

This plan leverages the existing communications activities of several NGOs such as the Open Society Forum and Pact International, donor projects such as the CHF Growing Entrepreneurship Rapidly (GER) Initiative, and business organizations such as the Chamber of Commerce. These organizations have generously agreed to include tax relief topics in their existing programs, as noted in the action plan.

#### **E. Future communications challenges**

Updating the tax structure in Mongolia is a complicated, ongoing process. Current tax relief efforts aim to address competitive distortions and inequities in the rate structure, but do not touch on the pervasive administration, collection and compliance problems, or the issue of transparency in revenue expenditures. It is important to understand that anytime a government takes well-meaning steps to improve political dialogue with stakeholders, there is a risk of facing tough questions on related issues that the government may not be prepared to answer. That is simply a reality of democratic process. In this case, it is a matter of balancing communications on taxpayer obligations with questions on taxpayer rights.

In the case of tax administration and collection, EPRC has offered assistance to the National Department of General Taxation in the preparation of a fundable proposal for aligning the systems for administration and collection of taxes. NDGT, acting through established GoM channels, can then submit the proposal to international agencies for funding consideration.

Communications will be critical to this process. The Tax Office must clearly and accurately define the improved administrative practices and procedures behind the laws, and identify multiple channels to put that information into the public domain. Taxpayers need to know the proper calculation procedures where the rates hit the ground, to be able to counter questionable costs. Publicly available regulations also enable stronger collections and better enforcement, and allow businesses to account for tax costs in their future planning.

Transparency in government expenditures also requires a significant communications initiative to publish and explain how tax revenues are spent. The more taxpayers understand about where their taxes go the greater incentive they have to comply. It also requires a targeted educational campaign on the budgeting process, to define the role of government in public spending and explain the policy challenges behind making spending choices.

**ANNEX A: MEETINGS HELD**

---



## **ANNEX A: MEETINGS HELD**

---

### **Government of Mongolia**

#### Office of the Prime Minister

- Mr. Ts. Elbegdorj – Prime Minister
- Mr. D. Boldkhuyag – Prime Minister’s Spokesman and Head of Press and Information Office
- Information Officers of all GoM Ministries

#### Ministry of Finance

- Mr. N. Altankhuyag – Minister of Finance
- Mr. L. Zorig – Director General, General Department of National Taxation
- Ms. D. Baasankhuu – Director, Fiscal Policy and Coordination Department, Chief Spokesperson
- Ms. S. Tsetsegulzii – Spokesperson

#### Ministry of Industry and Commerce

- Mr. D. Zorigt – Director General, Policy Coordination Strategic Planning Department

### **Parliament of Mongolia – Grand Hural**

- Mr. N. Enkhbayar – Speaker of Parliament and MPRP Chairman
- Mr. N. Enkhbold – MP and Vice Chairman, MPRP
- Dr. S. Oyun – MP and Leader of Citizens Will-Republican Party
- Ms. Nadine Kreisberger – Advisor to MP Oyun

#### Tax Working Group

- Mr. R. Badamdandin – MP and Chairman, Standing Committee on Budget
- Mr. N. Enkhbold – MP
- Mr. R. Amarjargal – MP
- Mr. Ts. Sukhbaatar – MP

### **Mongolian business community**

- North American-Mongolian Business Council (NAMBC) – Mr. Peter Morrow, CEO, Khaan Bank
- Mongolian National Chamber of Commerce & Industry – Mr. S. Demberel, Chairman
- Khaan Bank – Mr. Ben Turnbull, Chief Operating Officer
- Nomin Holdings – Ms. SSH Nurmaa, General Manager
- MCS Group (Dell, Pepsi, others) – Mr. Ganhuyag A., Vice President, Finance, Mr. Enkhtuvshin D. Vice President, Strategy
- Suljee Manufacturing and Trade (Textiles) – Ms. A. Zumaa, Executive Director

### **Mongolian NGOs**

- Mongolian Open Society Forum – Ms. B. Munkhsoyol, Manager
- Sant Maral Foundation (polling) – Mr. L. Sumadii, Director and member, NAMBC
- Mongolia Info Network Media & Strategy – Mr. Bat-Orgil B., Executive Director
- Pact Mongolia – D. Ganhuyag, Editor-in-Chief, Mr. Stevan Buxt, Senior Technical Advisor – Information for Development

### **International organizations / donors**

- International Monetary Fund (IMF) – Ms. Dawn Rehm, Resident Representative
- The Asia Foundation – Mr. Layton Croft, Mongolia Representative, Mr. Badamdash D., Program Officer
- CHF-Growing Entrepreneurship Rapidly (GER) Initiative – Ms. Margaret Herro, Country Director
- International Republican Institute (IRI) – Mr. John Poepsel, Resident Program Director

### **EPRC project team**

- Mr. Fernando Bertoli – Chief of Party
- Mr. Janusz Szymer – Senior Policy Advisor
- Mr. Larry Jensen – Accounting, Auditing and Tax Advisor
- Ms. Jo Beth Mertens – ST Advisor on Benchmarking Mongolian Tax System

### **USAID/ Mongolia**

- Mr. Leon S. Waskin – Country Representative

## **ANNEX B: TAX REFORM TALKING POINTS**

---



## **ANNEX B: TAX REFORM TALKING POINTS**

---

(Provided as a service to the Prime Minister)

- We are now in the first year of implementing the Government's four-year Action Plan adopted in 2004. Achieving the goals and objectives laid out in this Plan remains an absolute priority for the Cabinet and me.
- The Action Plan includes "creating at least 145,000 new jobs by providing sustainable macroeconomic development and establishing a favorable environment for business and investment into infrastructure development".
- It also calls for "reducing the burden of taxes and fees on employers, supporting industries with broad employment opportunities" and "implementing a flexible tax policy tied to incomes and livelihood levels of Mongolian households".
- The Cabinet has made real progress on delivering a tax reform package to the Mongolian people that will achieve these goals.
- The Ministry of Finance is working to develop a single proposal that will relieve the tax burden on business and the public while maintaining a sound fiscal environment for Mongolia.
- The Ministry of Industry and Commerce is also actively working on tax reform by conducting national consultations with small and medium enterprise owners, to obtain a better understanding of their concerns.
- Throughout this process there has been an emerging consensus that the tax reform package should:
  - Expand the Mongolian tax base
  - Increase Mongolian competitiveness
  - Lower the tax burdens on businesses, enabling them to create jobs
  - Level the playing field between foreign and domestic investors, and
  - Simplify tax administration procedures.
- The final tax reform proposal will support Mongolian business owners and wage earners with a fair and transparent tax system that promotes private sector growth and creates job opportunities for hard-working citizens.
- Our tax reforms will create a fairer and more straightforward tax environment -- one in which Mongolians find it easier to come out of the shadow economy and pay their taxes than to continue with the complicated accounting tricks and deceptions of the past.
- These are objectives we can all agree upon. I look forward to working with Speaker Enkhbayar and Parliament to translate this process of consultation into draft legal instruments.
- Once we have arrived at consensus, these draft laws will be posted on the *Open Government* web site. I see this as a way for the consultative process with Parliament to continue, while giving the wider Mongolian public a chance to comment on these laws.
- Only through a straightforward, transparent tax system can our country grow our economy and achieve the better life we seek for all Mongolians.