

Presenter 5

Is PPP a Good tool for Responding to Socio-Economic Infrastructure Demand?

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MINISTRY OF ECONOMY
AND DEVELOPMENT



PUBLIC PRIVATE
PARTNERSHIP
CENTER

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PRESENTATION



2026

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Agenda

01

Socio-Economic Infrastructure Demand and the Role of PPP

Fiscal constraints, financing gaps, and the case for private participation

02

Mongolia's PPP Framework and Experience

Legal evolution, core principles, and the project development process

03

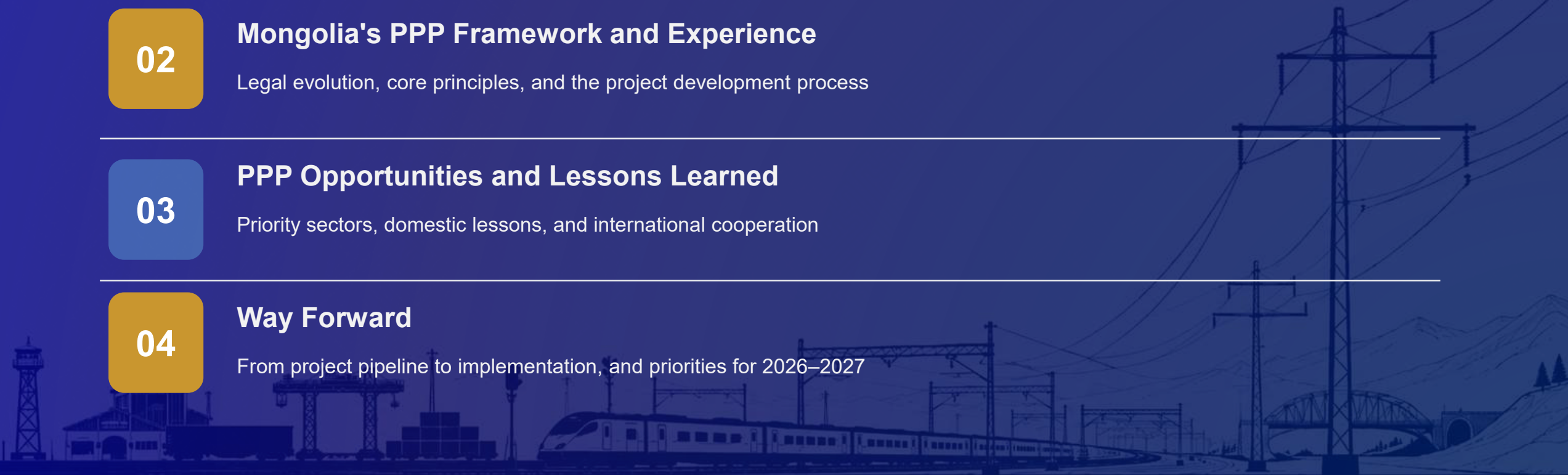
PPP Opportunities and Lessons Learned

Priority sectors, domestic lessons, and international cooperation

04

Way Forward

From project pipeline to implementation, and priorities for 2026–2027



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1.1

SOCIO-ECONOMIC INFRASTRUCTURE DEMAND AND THE ROLE OF PPP



Infrastructure Demand and Fiscal Constraints

Large demand. Limited fiscal space.

Rising Demand

Growing demand for socio-economic infrastructure across energy, transport, water, and urban services.

Budget Limitations

Limitations of public budgets and traditional public procurement to meet this demand at scale.

The Financing Gap

Private capital plays a growing role in closing the infrastructure financing gap.

MONGOLIA'S FIVE-YEAR DEVELOPMENT GUIDELINES, 2026–2030

88

major projects & initiatives identified

> \$19.45 bn

total financing requirement

~10%

of that can be financed by the State Budget

PPP combines financing, technology, operational expertise, and appropriate long-term risk allocation.

Infrastructure demand → Financing gap → Private capital & expertise

Note: the 88 projects above reflect the full national infrastructure pipeline (Five-Year Guidelines); the subset currently structured as PPPs is discussed in Section 3.

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1.2

SOCIO-ECONOMIC INFRASTRUCTURE DEMAND AND THE ROLE OF PPP



Why PPP?



Mobilizing Private Finance

Brings additional private-sector capital to fund infrastructure investment



Expertise & Innovation

Applies private-sector expertise, technology, and innovation to project delivery



Life-Cycle Efficiency

Improves efficiency across design, construction, and long-term operation



Better Public Services

Raises the quality and reliability of public-service delivery



Optimal Risk Allocation

Allocates risk to whichever party — public or private — can best manage it



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2.1

MONGOLIA'S PPP FRAMEWORK AND EXPERIENCE



Evolution of the PPP Framework

A fundamental shift in Mongolia's approach



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2.2

MONGOLIA'S PPP FRAMEWORK AND EXPERIENCE



PPP Center: Mandate and Core Functions

Per Article 12 of the Law on Public-Private Partnership

1

Support implementation of PPP legislation and develop sustainable partnerships between the state and the private sector

2

Receive and provide professional assistance on partnership proposals from sector agencies, aimags, the capital city, and the private sector

3

Conduct preliminary assessment, full feasibility studies, and technical-economic and risk analysis for candidate projects

4

Present assessment results to relevant ministries and agencies and determine suitability for PPP implementation

5

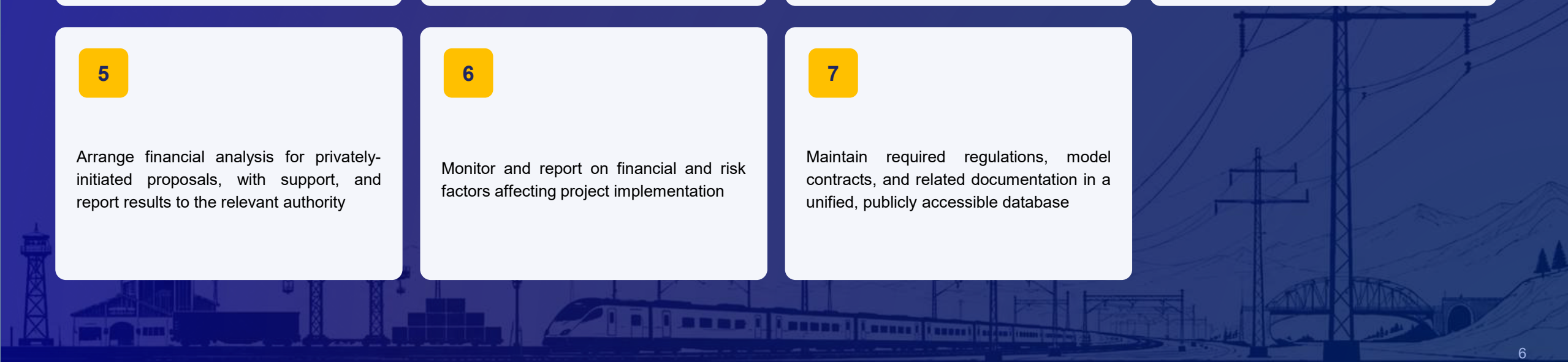
Arrange financial analysis for privately-initiated proposals, with support, and report results to the relevant authority

6

Monitor and report on financial and risk factors affecting project implementation

7

Maintain required regulations, model contracts, and related documentation in a unified, publicly accessible database



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2.3

MONGOLIA'S PPP FRAMEWORK AND EXPERIENCE



PPP Project Development Process

Projects must demonstrate suitability before becoming PPPs



TOTAL DURATION: UP TO 6 MONTHS

THREE FUNDAMENTAL QUESTIONS

Is the project necessary?

Is PPP the right delivery model?

Can Government and users afford it?

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3.1

PPP OPPORTUNITIES AND LESSONS LEARNED



Priority Sectors for PPP



Energy



Transport & Logistics



Roads & Railways



Airports



Water & Wastewater



Waste Management

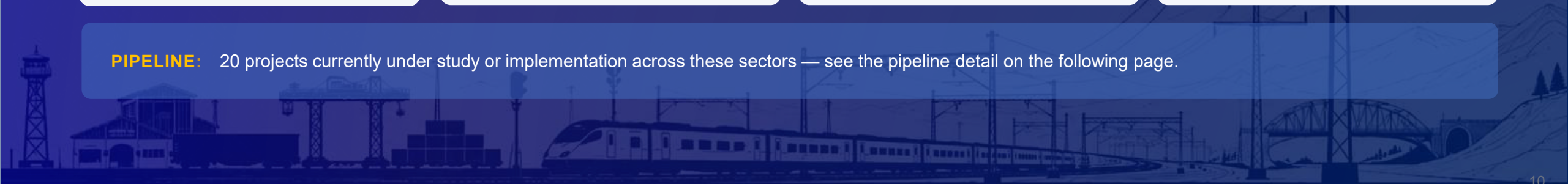


Smart Infrastructure & Metering



Other Public Infrastructure & Services

PIPELINE: 20 projects currently under study or implementation across these sectors — see the pipeline detail on the following page.



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3.2

PPP OPPORTUNITIES AND LESSONS LEARNED



Current PPP Project Pipeline

A sample of 8 of the 20 projects currently under study or implementation via PPP

Project	Location	Cost	Timeline	Sector
Petroleum Products Storage Depot Construction	Ulaanbaatar, Umnugovi, Uvs	\$ 210.1M	2028-2057	Logistics
Gold Refinery Construction	Ulaanbaatar	\$ 36.4M	2026-2042	Logistics
Tavantolgoi 450MW Thermal Power Plant	Umnugovi	\$ 847.9M	2027-2055	Energy
Choibalsan–Khuut–Bichigt Railway (433 km)	Dornogovi, Sukhbaatar	\$ 945.5M	ADP 2026	Rail
Heat pump-based power plant cooling water energy recovery project	Ulaanbaatar	\$ 27.6M	2029-2058	Energy, Water-wastewater
19 schools	Ulaanbaatar, Darkhan-Uul, Erdenet		-	-
Murun–Uliastai Road (262 km)	Khuvsgul-Zavkhan	\$ 165.0M	2025-2049	Road
Artsuur–Nariinsukhait–Shiveekhuren Railway	Umnugovi-Bayankhongor-Govi-Altai-Uvs	\$ 3.71M	2025-2053	Rail

20 projects in total • Combined estimated cost: ~MNT 27.4 trillion

ADP = Annual Development Plan. Table shows 8 representative projects; the total reflects all 20 projects in the current pipeline.

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3.3 HEAT PUMP-BASED POWER PLANT COOLING WATER ENERGY RECOVERY PROJECT

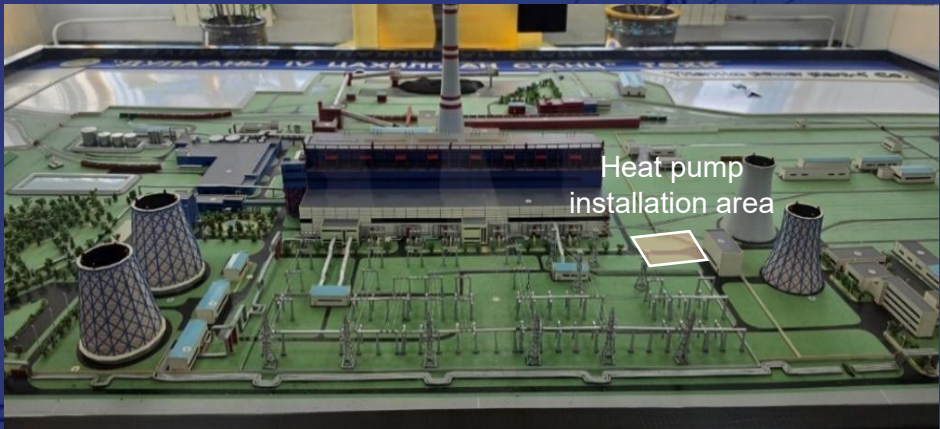
Project Overview

This project aims to address Ulaanbaatar's urgent energy and environmental challenges by recovering waste heat from CHP-4 cooling water and wastewater treatment graywater to create a sustainable, eco-friendly heat source. Spearheaded by POSCO International in collaboration with Mongolia's Ministry of Energy, the initiative seeks to lower coal consumption, curb air pollution, and diversify the city's thermal energy infrastructure. The project aligns directly with national priorities, including Mongolia's NDC 3.0, the Long-Term Low-Emission Development Strategy, and the Law on Public-Private Partnerships. It replicates POSCO's proven Tancheon E&E benchmark in Seoul—a 15-year BOT operation delivering 63 Gcal/h of heating capacity while reducing greenhouse gas emissions by 34,000 tCO₂ annually..

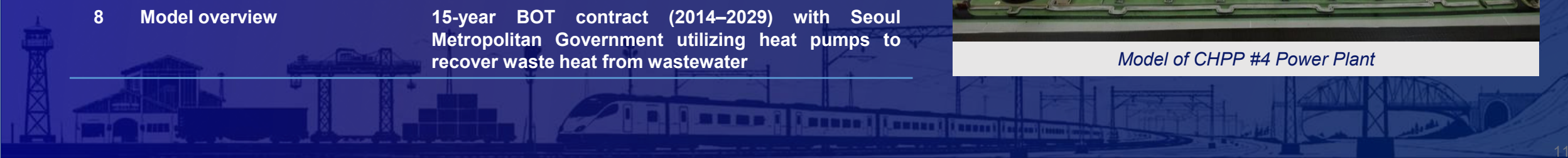
No.	Indicators	Description
1	Project location	Ulaanbaatar, Mongolia
2	Facility Specifications	Heating Capacity: 63 Gcal/h (9 Gcal/h × 7 units) Water Volume: 300,000 m ³ /day (treated wastewater)
3	Annual Supply Capacity	200,000 Gcal/year
4	Project Duration	2028-2057
5	PPP Contract Type	BOT (Build – Operate – Transfer)
6	Project Status	Preliminary evaluation completed
7	Budget	\$ 26,000,000
8	Model overview	15-year BOT contract (2014–2029) with Seoul Metropolitan Government utilizing heat pumps to recover waste heat from wastewater



Location of CHPP #4 Power Plant



Model of CHPP #4 Power Plant



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4.1

WAY FORWARD



From Project Pipeline to Bankable Projects

Mongolia's next challenge is implementation

2022–2023

Legal Reform

- Adoption of the new PPP Law and its entry into force



2024–2026

Institution Building

- Institution building
- Capacity development
- Pipeline development



2026–2027+

Bankability

- Private partner selection
- Financial close
- Implementation

INTERNATIONAL COOPERATION: JICA • ADB • EBRD • Development Partners • Private Investors



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THANK YOU FOR YOUR ATTENTION

