

# PUBLIC-PRIVATE PARTNERSHIP IN MONGOLIA

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# PPP in Mongolia

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## Legal documents related PPP

- State policy on Public-private partnership /2019/
- Concession law /2010/
- Regulations: Cost-benefit analysis, and selection process

## STATE-OWNED CONCESSION

- Ministry of Economy and Development

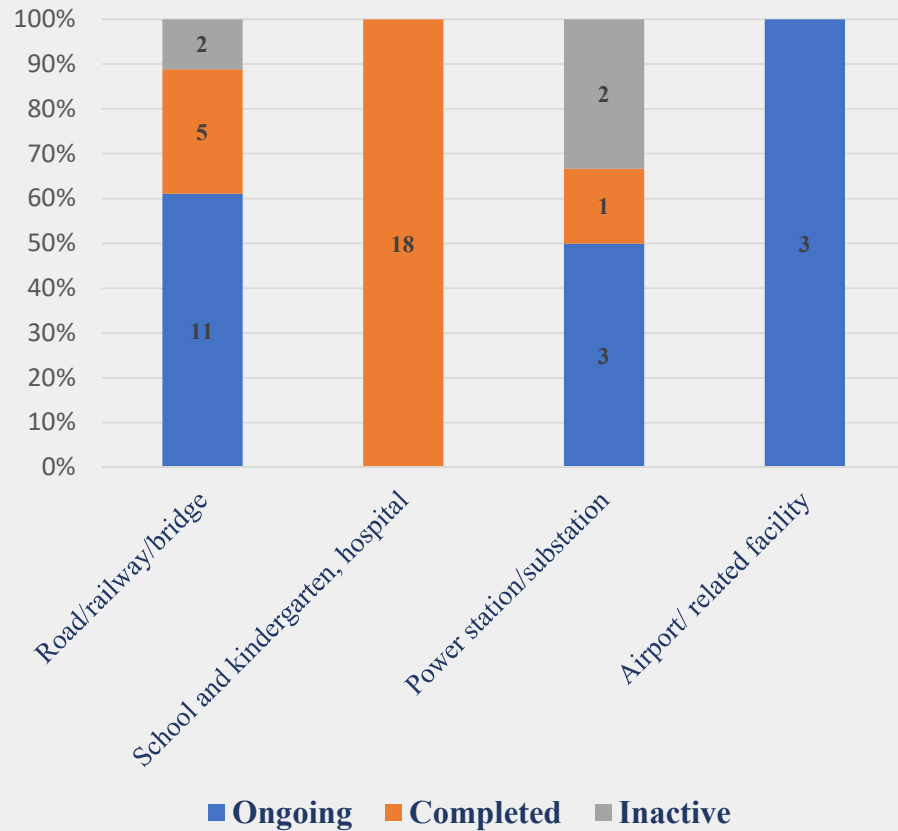
## LOCAL-OWNED CONCESSION

- Citizens representative council of the provincial or capital city;
- Governor of the provincial or capital city.

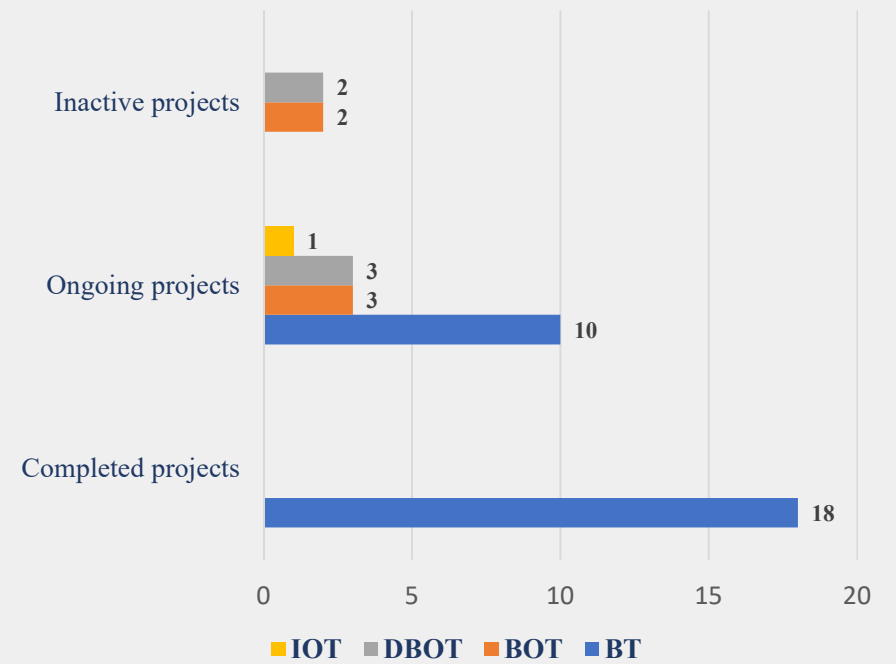
*The Parliament approved the new PPP law in December 2022, this law shall become effective on Dec 31 of 2023*

# PPP Projects

Projects by sector



Projects by PPP contract types



## PPP Projects

- A total of 14 secondary schools and kindergartens were completed that favorable learning environment was enabled for 9,000 children. */BT/*
- A hospital project with a capacity of 300 beds was completed. */BT/*
- “New Ulaanbaatar International Airport Management Project” has been ongoing, since 2021. That project’s concession agreement was signed in 2019. */IOT/*
- Catering and Fuel supply for the new airport project is ongoing. */DBOT/*



# New Law on PPP

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*The Parliament approved the new PPP law in December 2022, this law shall become effective on Dec 31 of 2023*

## **The purpose of the Law is:**

- to implement public-private partnership projects in the field of public infrastructure and social service;
- to encourage private sector participation and investment;
- based on optimal risk management, to ensure efficient and long-term cooperation between public and private sectors;
- to create a favorable legal environment for the implementation of effective financing and budgeting management.

## **Scope of the Law**

- Planning and developing project proposals in the field of public infrastructure and social service;
- Selection of project proposal and a private sector partner based on evaluation of the projects;
- Signing a contract;
- Implementation of the contract.

## **The following shall not be regulated under the Law:**

- Defense sector activities;
- All types of banking and financial market services and activities;
- Mineral prospecting, exploration, and extraction activities with for-profit purposes other than providing services to the public through the infrastructure of the mining industry;
- Other activities prohibited under law.

# New Law on PPP

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## PPP Contract types:

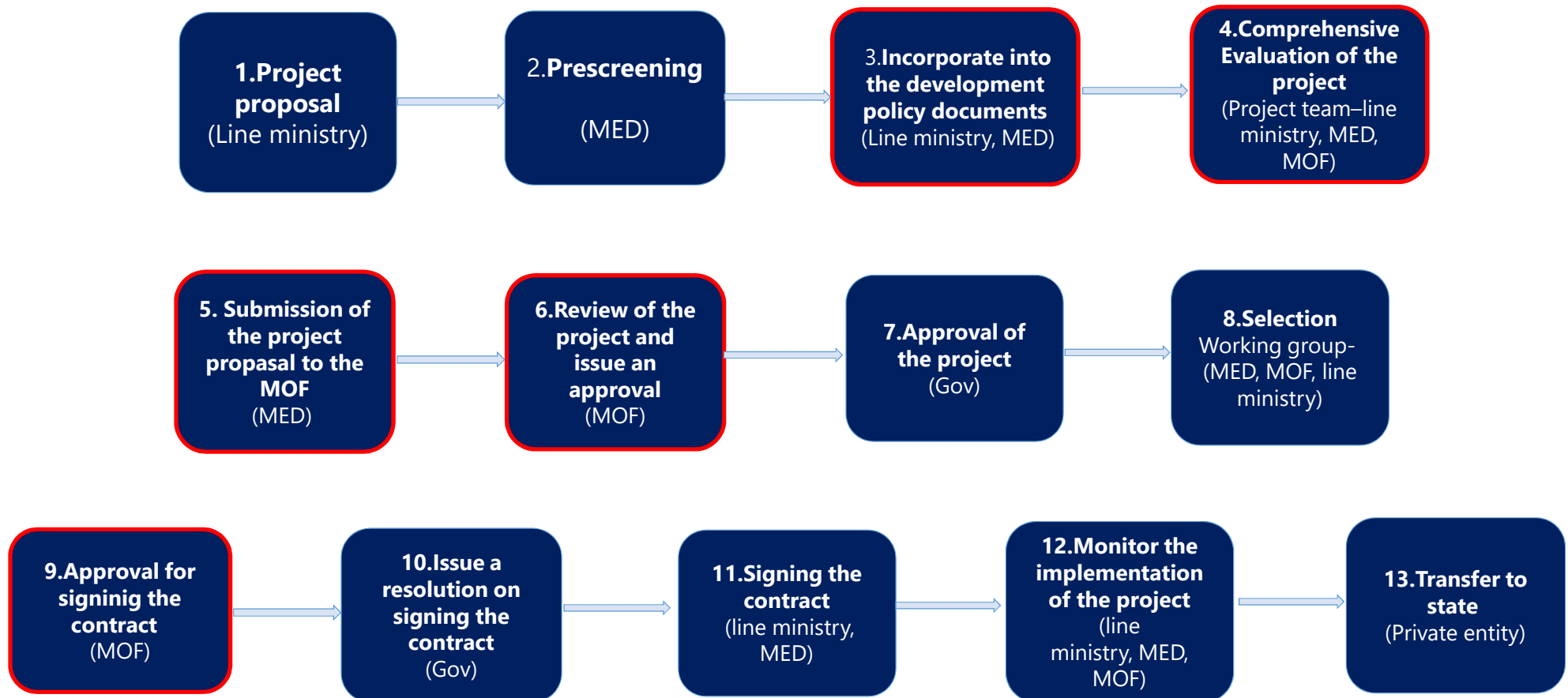
- Design Build Operate Transfer /DBOT/;
- Build Operate Transfer /BOT/;
- Build Transfer Operate /BTO/;
- Build Lease Operate Transfer /BLOT/;
- Build Own Operate Transfer /BOOT/;
- Lease Operate /LO/;
- Operate/Maintenance;
- Renovate Own Operate Transfer;
- Management;
- Other types.

*\*Exclusion of “Build-Transfer” projects which are short term with heavy load on state budget from PPP law.*

## List of regulations, guidance:

- Regulation on Comprehensive Evaluation of the Project;
- Charter of PPP Center;
- Methodology for risk assessment and allocation;
- Regulation on the selection of private sector partners and consulting services, sample documents;
- Regulation for concluding a contract, model standard contract, and set of contractual documents;
- Regulation of the Grievance Board for the Selection of Private Sector Partners;
- Regulation on project implementation, financing, management, reporting, and monitoring procedures;
- Regulation for creating a unified database of PPPs, receiving, registering, and reporting information;
- Regulation on fund management, disposal of the fund’s assets, generating resources, and monitoring the fund’s spenditure;
- Regulation for granting government support and government guarantee set forth in this law for implementing PPP projects;
- regulation for reviewing a comprehensive analysis of PPP projects and authorizing the establishment of PPP contracts and making amendments to the contract.

# PPP Implementation scheme in new PPP Law



# PPP DEVELOPMENT CENTER

ESTABLISH THE COLLABORATIVE ENVIRONMENT FOR PUBLIC AND PRIVATE ENTITIES.



To provide **professional support** for PPP law enforcement, and establishment of the **effective and stable cooperation environment** between the public and private entities



To conduct **feasibility study** and **implementation readiness analysis** for PPP projects, evaluation of the projects and to define the arrangement types



To **evaluate PPP projects** and develop the risk management strategy



To conduct research, provide technical assistance, provide the public with transparent and required information, conduct training and seminars for capacity building

## Current upgrades

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### **Law of Mongolia on Public-Private Partnership**

- MED is preparing to develop specific regulations, rules, methodologies, and procedures that will be approved by the Cabinet.
- PPP law creates a new state-owned entity (PPP center) that will be the key organization to carry out PPP project development and coordination.
- Complete preparation and establish a contract that will signal to the market the new PPP law.
- Strengthen the institutional capacity of MED and PPP center to carry out successful implementation of the new PPP law and project development.

## References

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- <http://med.gov.mn/>
- <https://legalinfo.mn/mn/detail/6653/2/203312>
- <https://legalinfo.mn/mn/detail?lawId=16532629445571>
- <https://legalinfo.mn/mn/detail/9733/2/206159>

*Note: This presentation does not represent official status of the Government of Mongolia.*

**THANK YOU FOR YOUR ATTENTION**

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