

Country Name	Project for Capacity Building of Public-Private Partnership in Mongolia
Mongolia	

I. Project Outline

Background	<p>In recent years, Mongolia attained favorable economic growth led by inflows of private capitals including investments by Japanese companies and skyrocketed international commodity prices of coal and copper which had associated with starting full-scale development of abundant mineral resources. In order to sustain the economic growth thereafter, it was necessary to promote infrastructure development including electric power system. However, only the government's own funds and Official Development Assistance (ODA) were not sufficient to meet the tremendous demand for the infrastructure development. Under such situation, in 2009, the Government of Mongolia launched a policy to promote the infrastructure development by a public-private partnership (PPP) scheme using private funds. On the other hands, the history of PPP in the country was young, policy and institutional arrangements for PPP were not well-established, and there was lack of human resources, knowledge and experiences in that area.</p>				
Objectives of the Project	<p>Through planning, implementation and monitoring of awareness raising programs about PPP for government officials and a wide range of practical stakeholders from a private sector to mass media, situation analysis on PPP in Mongolia, preparation, implementation and monitoring of activity plans based on the analysis, the development of materials and guidelines regarding PPP projects, the project aimed at enhancing the practical capacity of the Innovation and PPP (IPPP) Department of the Ministry of Economic Development (MED) for effective PPP planning and management, thereby contributing to further promotion of PPP in Mongolia.</p> <ol style="list-style-type: none"> Overall Goal: PPP is further promoted in Mongolia. Project Purpose: Practical capacity of the IPPP Department for the effective PPP planning and management is enhanced. 				
Activities of the Project	<ol style="list-style-type: none"> Project Site: Ulaanbaatar city Main Activities: 1) Planning, implementation and monitoring of awareness raising programs about PPP for government officials and a wide range of practical stakeholders from a private sector to mass media, 2) Situation analysis on PPP in Mongolia, 3) Preparation, implementation and monitoring of activity plans based on the analysis, 4) Development of materials and guidelines regarding PPP projects, etc. Inputs (to carry out above activities) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Japanese Side</p> <ol style="list-style-type: none"> Experts: 7 persons Trainees Received: 19 persons Third Country Training: 10 persons (in Malaysia) Equipment: PCs, software, etc. Local expenses: cost for project activities </td> <td style="width: 50%; vertical-align: top;"> <p>Mongolian Side</p> <ol style="list-style-type: none"> Staff Allocated: staff of the PPP section of the IPPP Department of the MED (the MED became the Invest Mongolia Agency later) Land and facility: office space in the IPPP Department of the MED Local expenses: utility cost, communication cost, travel expenses for counterpart staff, etc. </td> </tr> </table> 			<p>Japanese Side</p> <ol style="list-style-type: none"> Experts: 7 persons Trainees Received: 19 persons Third Country Training: 10 persons (in Malaysia) Equipment: PCs, software, etc. Local expenses: cost for project activities 	<p>Mongolian Side</p> <ol style="list-style-type: none"> Staff Allocated: staff of the PPP section of the IPPP Department of the MED (the MED became the Invest Mongolia Agency later) Land and facility: office space in the IPPP Department of the MED Local expenses: utility cost, communication cost, travel expenses for counterpart staff, etc.
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Project Period	May 2014 – April 2016	Project Cost	(ex-ante) 282 million yen, (actual) 221 million yen		
Implementing Agency	The Invest Mongolia Agency (IMA) (The organizational reform in December 2014 changed the implementing agency from the IPPP Department of the MED to the IMA, but as a result of a new government inaugurated by the national election in June 2016, the IMA was dismantled, and its PPP section was transferred to the National Development Agency (NDA)).				
Cooperation Agency in Japan	Japan Economic Research Institute Inc.				

II. Result of the Evaluation

1 Relevance
<p><Consistency with the Development Policy of Mongolia at the Time of Ex-Ante Evaluation></p> <p>The project was consistent with Mongolia's development policies of the "National PPP Policy" (2009) promoting infrastructure development via a PPP scheme using private funds and the "Action Plan of the Government of Mongolia" (2012-2016) raising actions regarding PPP and the establishment of its business environment as one of the priority challenges at the time of ex-ante evaluation.</p> <p><Consistency with the Development Needs of Mongolia at the Time of Ex-Ante Evaluation></p> <p>The project was consistent with Mongolia's development needs of establishing institutions and policies, fostering human resources, enhancing knowledge and piling up experiences necessary for the promotion of infrastructure development via a PPP scheme at the time of ex-ante evaluation.</p> <p><Consistency with Japan's ODA Policy at the Time of Ex-Ante Evaluation ></p> <p>The project was consistent with "The Country Assistance Policy for Mongolia" (2012) raising "sustainable development of mineral resources and strengthening of governance" as one of the priority areas, including the strengthening of financial management and monetary function by enhancing administrative abilities and transparency, the fostering of human resources with high-level knowledge and skills and the establishment of relative laws and institutions.</p> <p><Evaluation Result></p> <p>In light of the above, the relevance of the project is high.</p>

2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the time of Project Completion>

The Project Purpose was partially achieved by the time of project completion. As there was no project appropriate for case study trainings which was originally planned., the trainings could not be delivered. For the reason, this project failed to enable the IMA to pile up practical experiences within its organization. However, the project strengthened IMA's practical capacity on PPP to some extent through the provision of basic lectures about PPP (including procedures of procurement) in IMA's initial trainings and of topic-oriented programs¹ for major governmental organizations including the IMA (Indicator 1). The capacity of key line ministries (the Ministry of Road and Transport and others) was not able to be improved through the instruction and consultation of the IMA because the implementation of project activities was retarded due to the organizational reform in 2014. Yet, holding the above-mentioned topic-oriented programs led to the enhancement of the key line ministries' understanding of PPP (Indicator 2). Through the implementation of awareness raising programs on PPP for a private sector, draft and enactment of PPP related laws by the government and the holding of joint seminars with the Asian Development Bank (ADB) about the action plans prepared by the project, the reputation of Mongolian PPP environment went up among the private sector and donors/Development Finance Institution (DFI) (Indicator 3).

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The project effects have been partially continued since the project completion. After the project completion, as a result of a new government inaugurated by the national election in June 2016, IMA's PPP section was transferred to the NDA, and initially it was PPP section, but in 2018 it was upgraded to PPP division. The staff trained by the project has worked at the section even at the time of ex-post evaluation and has played central roles including the provision of technical instructions to other staff. Based on the fact, it can be considered that the NDA has still sustained its practical capacity on PPP. In addition, the staff trained by the project and other staff trained by them have given presentations about PPP for private companies and related agencies with interest in PPP projects, including the Ministry of Road and Transport, the Ministry of Health and the Ministry of Energy. They also have provided consultations for questions separately raised by such ministries. Thanks to the activities, the Ministry of Road and Transportation had a number of successful PPP projects, for example the "New Ulaanbaatar International Airport Operation Project" (2020-2035). Additionally, some of three guidebooks developed by the project (First Step guide for PPP Practitioner, PPP Project Screening Forms and PPP Check List for power Sector) have been used by the Ministry of Road and Transport, the Ministry of Health and the Ministry of Energy. In particular, the First Step guide for PPP Practitioner have been fully used by the three ministries. Apart from the above, under ADB's support, the Ministry of Finance holds trainings about public investment for all staff in charge of investment every year, and in its 2017 training, instructions and consultations about PPP were provided by the NDA. As for the reputation for Mongolian PPP environment among the private sector and donors/DFI, the ADB negatively reported that there has not been much improvement in the environment whereas the International Monetary Fund (IMF) and a private company positively answered that there has. Yet, it should be mentioned that the two organizations raised some challenges such as lack of communication between central and regional governments, difficulty in accessing to information about PPP projects and weakness of a mutual trust relationship between the central government and private companies.

Except for the above project effects, the action plans prepared by the project proposed amendment of the laws related to PPP, coordination among governmental organizations, dialogues between governmental organizations and private companies, the improvement of PPP procedures and others, and through the ex-post evaluation, it was confirmed that the following activities have been or are being undertaken: cooperation between ministries such as the NDA and the Ministry of Finance, dialogues between the government and private companies, the enhancement of the involvement of the Ministry of Finance, the improvement of PPP's procedure, the preparation of rules to prioritize public investment projects and guidelines/manuals related to public investment planning. On top of that, the NDA has actively disclosed information about PPP projects via media (its website, SNS including Facebook and mass media such as TV and newspapers) which was proposed by the action plans.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal has been partially achieved at the time of ex-post evaluation. According to the NDA, as they do not conduct any study on the number of PPP candidate projects with revenue stream and potentiality for commercial viability, they do not know the number of such projects, and its increase or decrease was unclear (Indicator 1). The number of PPP projects with the completion of concession² agreements has increased from one project in 2017 to four in 2019 and is planned to be four even in 2020 (Indicator 2). The number of the PPP projects under implementation has increased from 13 projects in 2017 to 17 in 2019 and 17 projects have been in planning stage in 2020 (Indicator 3).

<Other Impacts at the time of Ex-post Evaluation>

No other positive or negative impacts were observed.

<Evaluation Result>

Therefore, the effectiveness/impact of the project is fair.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results
(Project Purpose) Practical capacity of IPPP Department for the effective PPP planning and management is enhanced.	1. The practical capacity of IPPP Department is enhanced.	Status of the Achievement: Partially Achieved (Continued) (Project Completion) <ul style="list-style-type: none"> • Due to the organizational reform in 2014, the implementing agency became the IMA from the IPPP Department of the MED. • As there were no projects appropriate for case study trainings which were originally planned, the trainings could not be delivered. For the reason, this project failed to enable the IMA to pile up practical experiences

¹ Topic-oriented program is a program that widely covers from fundamental topics such as the concept of PPP to advanced topics including its procurement procedure, risk analysis and financial analysis.

² Concession is to leave ownership rights of public facilities to national or regional authorities and grant the operating rights to private business partners for a long time.

		<p>within its organization. However, the project provided basic lectures about PPP (including procedures of procurement) in IMA's initial trainings and topic-oriented programs for major governmental organizations 40 times. 80% of the participants answered in the survey after the programs that they enhanced their understanding of PPP.</p> <p>(Ex-post Evaluation)</p> <ul style="list-style-type: none"> As a result of the inauguration of a new government in 2016, IMA's PPP section was transferred to NDA's PPP section. The staff trained by the project has worked at the section even at the time of ex-post evaluation, and NDA's practical capacity of PPP has been sustained.
	2. The capacity of key line ministries involved in the project is improved through the instruction and consultation by the IPPP Department.	<p>Status of the Achievement: Partially Achieved (Continued)</p> <p>(Project Completion)</p> <ul style="list-style-type: none"> The capacity of key line ministries could not be improved through the instruction and consultation of the IMA because the implementation of project activities was retarded due to the above-mentioned organizational reform. Yet, holding the previously-mentioned topic-oriented programs enhanced the key line ministries' understanding of PPP <p>(Ex-post Evaluation)</p> <ul style="list-style-type: none"> The staff trained by the project and other staff given technical instructions by them have given presentations about PPP for private companies and related agencies with interest in PPP projects, including the Ministry of Road and Transport, the Ministry of Health and the Ministry of Energy. They also have provided consultations for questions separately raised by such ministries. Thanks to the activities, the Ministry of Road and Transportation had a number of successful PPP projects, for example the "New Ulaanbaatar International Airport Operation Project" (2020-2035). Additionally, some of three guidebooks developed by the project (First Step guide for PPP Practitioner, PPP Project Screening Forms, PPP Check List for power Sector) have been used by the Ministry of Road and Transport, the Ministry of Health and the Ministry of Energy. Especially, the First Step guide for PPP Practitioner have been fully used by the three ministries.
	3. The reputation for Mongolian PPP environment is improved among the private sector and donors/DFI.	<p>Status of the Achievement: Achieved (Partially Continued)</p> <p>(Project Completion)</p> <ul style="list-style-type: none"> The project provided raising awareness programs on PPP for a private sector, which increased their interests in PPP. Mongolian PPP environment had been gradually improving, for the government's actions such as the enactment of "the Law on Development Policy Planning" (2014) and the suggestion of a new PPP law. By holding joint seminars with the ADB about the action plans prepared by the project, the reputation for Mongolian PPP environment was improved among the donors. <p>(Ex-post Evaluation)</p> <ul style="list-style-type: none"> According to a private company, PPP has been perceived as a quite positive one on a private company side, and the companies has taken initiatives such as planning and suggestion of new PPP projects; therefore, among the companies, the understanding and reputation for Mongolian PPP environment has been improved. On the other hand, it raised lack of communication between central and regional governments, difficulty in accessing to information about PPP projects and others as challenged. Also, as opinions from the donors/DFI, the ADB negatively reported that there has not much improvement in Mongolian PPP environment whereas the IMF positively did that there have been improvements in the understanding of PPP in the country. However, like the opinions from the private company, the IMF enumerated some challenges such as insufficiency of legislative environments and weakness of a mutual trust relationship between the central government and private companies.
(Overall Goal) PPP is further promoted in Mongolia.	1. The number of PPP candidate projects with revenue stream and potentiality for commercial viability is increased.	<p>(Ex-post Evaluation) Unverified</p> <ul style="list-style-type: none"> The NDA reported that they do not conduct any study on the number of PPP candidate projects with revenue stream and potentiality for commercial viability.
	2. The number of PPP projects with the completion of concession agreements is increased.	<p>(Ex-post Evaluation) Achieved</p> <ul style="list-style-type: none"> Since the project completion, the number of PPP projects with the completion of concession agreements has been in an upward trend. <p>[The number of PPP projects with the completion of concession agreements</p>

		excluding a build and transfer (BT) ³ scheme]			
		2017	2018	2019	2020 (Plan)
		1	2	4	4
		Note: Under the current “Law on Concessions” (2010), a BT scheme had been generally applied in Mongolian PPP projects until 2016. Yet, the scheme poses a large financial burden on the government, and it was stopped until the approval of 2018 Budget Law, to sign new contracts using the scheme due to 29th Parliament resolution on 14th April 2017. In substance, new BT contracts have not been signed since April 2017. Considering that the action plans prepared by the project also proposed the abolishment of the scheme, the number of PPP projects using the scheme is excluded from the above table.			
	3. The number of the PPP projects which have already started the implementation is increased.	(Ex-post Evaluation) Achieved			
		<ul style="list-style-type: none"> Since the project completion, the number of the PPP projects under the implementation has been in an upward trend. 			
		[The number of the PPP projects under the implementation excluding a BT scheme]			
		2017	2018	2019	2020 (Plan)
		13	14	17	17
		Note: the same as written in the above note.			

Source : JICA internal documents, Project Completion Report, Questionnaire and interviews to major related organizations (the NDA, the Ministry of Finance, the Ministry of Health, the Ministry of Energy, the Ministry of Road and Transport, a private company, the ADB and the IMF)

3 Efficiency

The project period was within the plan (ratio against the plan: 100%) and the project cost was below the plan (ratio against the plan: 78%) because of partial changes in the planned project activities, such as the non-implementation of action plans developed by the project, due to external factors including the organizational reform in 2014. The outputs were produced as planned. Therefore, the efficiency of the project is high.

4 Sustainability

<Policy Aspect>

The “Sustainable Development Vision 2030” (2016-2030) and the “Sustainable Development Vision 2050” (2020-2050) positioned a partnership with a private sector in the mid- and long-term as an important area, and the “Action Program of the Government of Mongolia” (2016-2020) also promotes PPP. As the project aimed at promoting PPP in the country, it has been endorsed by such national policies.

<Institutional Aspect>

As mentioned above, after the inauguration of a new government in 2016, the organizational structure has changed, and the PPP section of the NDA was officially established, but in 2018 it was upgraded to PPP division. At the time of ex-post evaluation, the PPP section of the NDA takes responsibilities for planning and management of PPP based on “the Law of Mongolia on Concessions” (2010). Also, as the involvement of the Ministry of Finance in PPP projects has been in an upward trend, “Better coordination mechanism” proposed by the project was adopted, and the NDA and the Ministry of Finance jointly implement and monitor PPP projects through a co-working group. According to the NDA, only 6 staff members have been allocated to the PPP section, and the number has been insufficient. However, as the project effects have been sustained and even the Overall Goal has been partially achieved, a certain number of the staff is considered to have been secured.

<Technical Aspect>

The staff of the PPP section of the NDA has sustained the knowledge and skills necessary to plan and manage PPP. In the background, the staff trained by the project has remained at the section even at the time of ex-post evaluation, and they strengthen their knowledge and skills by participating in 1-2 domestic or international trainings every year as well as provide technical instructions and advice to new employees.

Among three guidebooks prepared by the project (First Step guide for PPP Practitioner, PPP Project Screening Forms and PPP Check List for power Sector), the First Step guide for PPP Practitioner has been referred as an introductory guidebook for new employees of the PPP section of the NDA. On the other hand, the NDA has not used the PPP Project Screening Forms because the current “Law on Concession” (2010) is not consistent with it, and even the PPP Check List for power Sector has not been used because its legislative environment has yet to be established at the time of ex-post evaluation even though there is a likelihood that it starts to be used in the near future by the NDA.

<Financial Aspect>

As the table shows, the budget of the NDA is composed of the budget allocated by the Ministry of Finance every year and the budget spent for concession. The NDA has secured its staff and planned and managed PPP within the budget allocated by the Ministry of Finance. According to the NDA, the budget has been insufficient. However, at the time of ex-post evaluation, as a certain number of the staff has been allocated to them and opportunities for trainings are given to their staff every year, the budget is considered to have been secured to some extent.

Budget for the NDA

(Unit: Million Tugrik)

	2016	2017	2018	2019	2020 (Plan)
NDA's budget	309	1,001	1,714	1,629	1,999
Concession budget	70,705	176,154	78,998	137,364	323,583
Total budget	71,014	177,155	80,712	145,991	325,582

³ A BT (Build and Transfer) scheme is one of the schemes which are applied in PPP projects, and its mechanism is that private companies build public facilities and transfer the right of operation of the facilities to central or regional governments after the project.

<Evaluation Result>

In light of the above, slight problems have been observed in terms of the institutional, technical and financial aspects of the implementing agency. Therefore, the sustainability of the effectiveness through the project is fair.

5 Summary of the Evaluation

The project partially achieved the Project Purpose aiming at enhancing the practical capacity of the IPPP Department (the PPP section of the IMA at the time of ex-post evaluation) for the effective PPP planning and management and partially achieved the Overall Goal aiming at further promoting PPP in Mongolia. As for the sustainability, among three guidebooks developed by the project, two (PPP Project Screening Forms and PPP Check List for power Sector) have not been by the NDA at the time of ex-post evaluation. Yet, the PPP Check List for power Sector is likely to be referred by them in the near future. Also, they have still had the techniques necessary to sustain the project effects and secured a certain number or amount of staff and budget.

Considering all of the above points, this project is evaluated to be satisfactory.

III. Recommendations & Lessons Learned

Recommendations for Implementing Agency:

- The action plan prepared by the project proposed law amendment, coordination within governmental organizations, dialogues between governmental organizations and private companies, the improvement of PPP procedures and others, and it was confirmed that the proposed has been progressed. However, the amendment of PPP law and the preparation of its related rules and guidelines have still been in the middle stage so that, by completing these, it is necessary to further enforce the organizational institution to plan and manage effective PPP (clarification of roles between the NDA and the Ministry of Finance).

Lessons Learned for JICA:

- Many of PPP projects are long-term projects setting 5-30 years as their project periods, and a certain amount of time is required to select a project suitable as a pilot project. Therefore, it was difficult to select a pilot project and provide a hands-on training within a short-term project like two years. In the future, where similar projects are formulated and planned, it should be quite considered to incorporate a hands-on training using a pilot project like a case study training into project activities. The topic-oriented programs alternatively held in the project could be an example to be referred for similar projects as it led to strengthening the practical capacity of sundry ministries/agencies related to PPP.



2016 PPP project: a project for construction of the 14th school in Ulaanbaatar city in Mongolia (demolition, construction and relocation)

Photo resource:NDA