



# Technical Assistance Report

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Project Number: 48467-001  
Capacity Development Technical Assistance (CDTA)  
August 2015

## Mongolia: Concessions for Ulaanbaatar's Municipal Services

(Financed by the Japan Fund for Poverty Reduction)

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 8 July 2015)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.0.000504
\$1.00	=	MNT1,982.500

## ABBREVIATIONS

ADB	–	Asian Development Bank
DMF	–	design and monitoring framework
PPP	–	public–private partnership
TA	–	technical assistance
TOR	–	terms of reference

## NOTE

In this report, “\$” refers to US dollars.

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## CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 48467-001</b>	
<b>Project Name</b>	Concessions for Ulaanbaatar's Municipal Services	<b>Department /Division</b>	EARD/EAPF
<b>Country Borrower</b>	Mongolia Ministry of Finance	<b>Executing Agency</b>	Municipal Government of Ulaanbaatar
<b>2. Sector</b>		<b>Financing (\$ million)</b>	
✓ Public sector management	Public administration		0.70
		<b>Total</b>	<b>0.70</b>
<b>3. Strategic Agenda</b>		<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>		<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional development	No gender elements (NGE)	✓
Partnerships (PAR)	International finance institutions (IFI)		
Private sector development (PSD)	Official cofinancing Conducive policy and institutional environment		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Not Applicable	
<b>6. TA Category:</b>	B		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.00</b>	
None		0.00	
<b>Cofinancing</b>		<b>0.70</b>	
Japan Fund for Poverty Reduction		0.70	
<b>Counterpart</b>		<b>0.05</b>	
Government		0.05	
<b>Total</b>		<b>0.75</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems	No		
Use of country public financial management systems	No		

## I. INTRODUCTION

1. The Government of Mongolia requested capacity development technical assistance (TA) from the Asian Development Bank (ADB) for Concessions for Ulaanbaatar's Municipal Services. Following a reconnaissance mission to Ulaanbaatar City in September 2014, and a follow-up mission in February 2015, ADB and the government reached a preliminary understanding on the objectives, scope, implementation arrangements, costs, and terms of reference (TOR) for consultants. The design and monitoring framework is in Appendix 1.<sup>1</sup>

## II. ISSUES

2. A decade of strong economic growth driven by the mining sector has substantially boosted average incomes in Mongolia and helped ensure that the Millennium Development Goals for education and health are on track to being achieved. However, Mongolia is trailing with regard to the poverty, malnutrition, and environment goals. More than a quarter of the population were living below the national poverty line in 2012, and inequality has increased. Underinvestment in public services and quality shortcomings constrain Mongolia's economic and development prospects—the 2014–2015 Global Competitiveness Report ranked Mongolia 112nd out of 144 countries on infrastructure quality, and the World Bank's 2014 Logistics Performance Index ranked Mongolia's infrastructure 120th out of 160 countries.<sup>2</sup>

3. Inequality is stark in the capital Ulaanbaatar, where almost half of the residents lack access to clean water and sanitation, and the use of highly polluting coal-fired stoves is widespread because of an absence of district heating. About 60% of Ulaanbaatar's urban residents, or 800,000 people, live in informal *ger* areas—expanding, unplanned settlements of low- and medium-income households with un-serviced plots, unpaved roads, and scant facilities. A lack of employment opportunities and basic urban services elsewhere in Mongolia, combined with high population growth, underpins migration to Ulaanbaatar and expansion of the *ger* areas, which adds to pressures on the already inadequate services there. Much of the other built-up areas of Ulaanbaatar also lack adequate access to essential public services.

4. Ulaanbaatar City government initiated a public–private partnership (PPP) program in 2013. The city's economic development strategy commits to developing a policy that will enhance and encourage the development of PPPs, and lists key actions to be taken in support of PPPs.<sup>3</sup> Reflecting these commitments, in 2013, the city adopted a list of planned concessions covering a range of small and medium-sized projects in transport, energy, wastewater and sanitation, education, health, elderly care, and social housing.<sup>4</sup> In 2013–2014, six small concessions were signed by Ulaanbaatar City in health and elderly care, transport, wastewater treatment, and for a government building; one reached financial closure.

5. PPPs offer a number of advantages. The strong performance incentives provided by PPPs, the life-cycle approach to asset management inclusive of full-funded maintenance, and the expertise brought by the private sector can help overcome problems with construction

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<sup>1</sup> The TA first appeared in the business opportunities section of ADB's website on 4 February 2015. The TA is not included in ADB's country operations business plan for Mongolia. Clearance to proceed was received on 25 February 2015.

<sup>2</sup> World Economic Forum. 2014. *The Global Competitiveness Report 2014–2015*. Geneva; and World Bank. 2014. *Logistics Performance Index*. Washington, DC.

<sup>3</sup> Ulaanbaatar City Municipality Government. 2014. *Ulaanbaatar Economic Development Strategy*. Ulaanbaatar.

<sup>4</sup> In Mongolia, the term "concessions" encompasses PPPs, build–transfer projects, and a range of other structures. PPPs are a subset of concessions that deliver public services under performance-based agreements that share risks between partners.

quality and operational efficiency in the city's public services. By drawing in additional financial resources, PPPs can help Ulaanbaatar City speed up the expansion of service coverage.

6. While Ulaanbaatar City's budget is prepared in cooperation with the central government, it is approved by the city assembly and the city has the authority to borrow.<sup>5</sup> Ulaanbaatar City also has the authority to approve a list of proposed concessions and to enter into concessions under the Law on Concessions. The city benefits from Mongolia's relatively well-developed legal and regulatory framework for PPPs and the operation since 2011 of a PPP unit within the central government. But Ulaanbaatar City's operational framework for PPPs is still in the early stages of development.<sup>6</sup> In Ulaanbaatar, as elsewhere in the country, PPPs are still a new approach for senior decision makers, and capacity is in its formative stages. It is particularly important that Ulaanbaatar City complete high-quality PPPs to (i) improve public services, and (ii) provide a tool for building capacity for PPPs and refining approaches to project preparation and financing.

7. Under its country partnership strategy for Mongolia, 2012–2016, ADB encourages private participation in the financing and management of infrastructure and social services, including through support for model transactions. Underlying the strategy is an emphasis on capacity development, policy reform, and strengthening of the enabling environment for PPPs. The expected result is fewer bottlenecks to growth, increased access to basic services, and wider participation in the growth process. ADB's interim country partnership strategy for Mongolia, 2014–2016 retains these directions, while emphasizing the needs of Ulaanbaatar.<sup>7</sup>

8. ADB's support has focused on the central government.<sup>8</sup> This experience provides a basis for extending ADB's assistance to PPPs to local governments. Ulaanbaatar City is a good candidate for ADB support as it has wide responsibilities for the delivery of basic public services, has an independent budget, and generates most of its own revenue. It has about 3,000 employees and 25 separate entities, and is large enough to sustain adequate capacity in PPPs. ADB is already actively involved in *ger* area development, and can help establish PPPs as an additional tool for addressing the needs of Ulaanbaatar's poorer households.<sup>9</sup>

### III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

#### A. Impact and Outcome

9. The impact will be the enhanced development of PPPs in Ulaanbaatar City. The TA is aligned with the commitment of the Ulaanbaatar Economic Development Strategy to enhance and encourage the development of PPPs. The outcome will be a road map for the fiscally affordable delivery of municipal services in Ulaanbaatar City by PPPs. Performance will be

<sup>5</sup> Mongolia's legal framework assigns Ulaanbaatar City responsibility for basic municipal services, and allows the central government to delegate responsibility for delivering additional, specific social services.

<sup>6</sup> ADB presents a PPP operational framework as comprising four pillars: advocacy and capacity development (pillar 1), the enabling environment (pillar 2), project development (pillar 3), and project financing (pillar 4). ADB. 2012. *Public–Private Partnership Operational Plan, 2012–2020*. Manila.

<sup>7</sup> ADB. 2012. *Country Partnership Strategy: Mongolia, 2012–2016*. Manila; and ADB. 2014. *Interim Country Partnership Strategy: Mongolia, 2014–2016*. Manila.

<sup>8</sup> ADB. 2009. *Technical Assistance to Mongolia to Support Public–Private Partnerships*. Manila (TA 7291-MON); ADB. 2010. *Technical Assistance to Mongolia for Public–Private Partnership Development*. Manila (TA 7577-MON); ADB. 2012. *Technical Assistance to Mongolia for Developing a Conducive Environment for Public–Private Partnerships*. Manila (TA 8236-MON); and ADB. 2014. *Technical Assistance to Mongolia for Transaction Advisory Services for the Combined Heat and Power Plant 5*. Manila (TA 8637-MON).

<sup>9</sup> ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to Mongolia for the Ulaanbaatar Urban Services and Ger Areas Development Investment Program*. Manila.

assessed by the submission by Ulaanbaatar city officials of a draft road map by the mayor of Ulaanbaatar City by the end of 2016, inclusive of a prioritized pipeline of PPP projects that will service *ger* and other areas.

## **B. Methodology and Key Activities**

10. The TA will extend ADB's engagement in PPPs in Mongolia to local government level, with a focus on Ulaanbaatar where the needs and opportunities are largest. It will help build the capacity of Ulaanbaatar City for PPPs through a "learning-by-doing" approach, which will address capacity and institutional development while emphasizing project preparation.

11. Output 1 will be a PPP institutional assessment for Ulaanbaatar City. This will be a building block for other outputs. An assessment of the enabling environment will be conducted following the Infrascopes tool.<sup>10</sup> The market and technical readiness of the projects in Ulaanbaatar City's concession list and other potential projects will be assessed, and the performance of recently completed concessions will be examined. The legal framework for PPPs will also be reviewed. Both supply- and demand-side considerations will be addressed.

12. Building on these assessments, initiatives will be identified that can be undertaken by Ulaanbaatar City to strengthen project planning and identification, preparation, and management.<sup>11</sup> The output will address the fiscal checks and balances required in Ulaanbaatar City and by the central government to ensure a sound PPP program, such as the need to subject projects to a fiscal risk assessment. The output will examine the potential need for a project development facility, drawing on ADB's support for project development facilities elsewhere in Asia. Long-term staff capacity development needs will also be examined, and close attention will be paid to the role and responsibilities of Ulaanbaatar's Growth and Development Committee and a new corporation that the city proposes as a facilitator of economic development initiatives with the private sector.

13. The output will address institutional arrangements needed to correct for demand-side constraints. The assessment will explore whether the private sector will have sufficient interest and resources to engage in PPPs in Ulaanbaatar City's municipal services, including whether potential concessionaires and financiers will require help to understand and be ready to engage in PPPs (e.g., via outreach programs). This will include considering the potential need for government financial support to PPPs, e.g., viability gap payments or guarantee schemes.

14. Drawing on consultation with relevant central and Ulaanbaatar City government agencies, regulators, academics, potential concessionaires, financial institutions, and other stakeholders, an options paper will be prepared detailing the most feasible institutional reform initiatives. A workshop supported by the TA will review the options paper. The options paper will identify key issues and lessons requiring close attention, and help Ulaanbaatar City appraise the initiatives and guide the finalization of an institutional assessment by the TA consultants.

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<sup>10</sup> This tool allows a government to assess the strengths and weaknesses of its enabling environment for PPPs by ranking performance against indicators (Economist Intelligence Unit. 2015. *Evaluating the Environment for Public-Private Partnership in Asia-Pacific: The 2014 Infrascopes*. Manila: Economist Intelligence Unit and ADB (March).

<sup>11</sup> Matters expected to be addressed include the allocation of roles and decision-making responsibilities; coordination arrangements between different levels of government and agencies; planning schedules, time lines, and process flowcharts; links of PPPs with public investment planning; the integration of PPPs into Ulaanbaatar City's budget; the process for preparing the concession list and prioritizing projects; risk allocation and management; the assessment of fiscal risk and affordability; procurement practices; the management of social and environmental safeguards; and transparency arrangements.

15. Output 2 will be screened PPP projects. At least 10 PPPs will be screened, and TOR for transaction advisory services will be prepared for PPPs that are to proceed and will require the engagement of external advisors. Projects to be screened will provide priority and essential services for Ulaanbaatar, and be at an advanced stage of preparation (e.g., feasibility studies are complete). Priority will be given to projects in areas of Ulaanbaatar with a high presence of poor households, to contribute to poverty reduction. At least five small, low-risk pro-poor projects focusing on serving *ger* and remote areas of Ulaanbaatar City will be screened.<sup>12</sup>

16. The screening will be undertaken by Ulaanbaatar City staff with the support of the TA, and thereby provide a valuable learning-by-doing exercise.<sup>13</sup> Candidate PPPs for screening include water and wastewater plants, building energy efficiency, education and health facilities, elderly care facilities, community bath houses, social housing, waste management and recycling facilities, car parks, industrial parks, and logistics terminals. The project screening will follow Mongolia's PPP handbook, which was prepared with ADB support. The handbook recommends that PPPs be screened before feasibility studies are conducted and transaction advisers are appointed. The screening process will assess whether a project is likely to deliver value for money by considering the scale of a project, the specificity of the outputs, risk transfer opportunities, the likelihood of financial viability and market interest in the project, and affordability for the government. Screening will identify any potential fiscal obligations and their affordability. The affordability to users will also be assessed.

17. Output 3 will be completed agreements for pro-poor PPPs. At least five small, low-risk PPPs that can provide quick benefits to poorer areas of Ulaanbaatar will be completed to provide a practical application of the insights gained under other outputs of the TA. The PPPs will be prepared by Ulaanbaatar City staff, with background technical support provided by the TA consultants. The PPP agreements will be finalized under the TA so that construction may commence during the term of the TA. The most likely projects are community bath houses, kindergartens, small health facilities, or wastewater treatment plants in *ger* or remote areas. Successful completion of these simple projects will be an important test of the effectiveness of the TA, and will provide a visible demonstration of the effectiveness of PPPs.

18. Output 4 will be enhanced analytical capacity of Ulaanbaatar City officials. Drawing on the results of the other three outputs, a PPP road map will be prepared to provide a prioritized, fiscally affordable PPP pipeline. This will outline the actions needed to strengthen the operational framework for PPPs in Ulaanbaatar, including the legal framework. Key milestones and implementation schedules will be identified. Overall responsibility for drafting the road map will rest with the staff of Ulaanbaatar City, with consultants undertaking specific tasks in a supporting role. One issues paper will address the fiscal sustainability of the PPP program, and at least two other issues papers will be prepared. A summary of the issues papers will be publicly released.

19. The road map will address both demand- and supply-side considerations, setting directions for the preparation of PPP policies, laws, and regulations; scaling up to a PPP program and pipeline; the potential role of a project development facility to improve project quality; a PPP project cycle and procedures tailored to Ulaanbaatar City; PPPs manuals,

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<sup>12</sup> Project selection under the TA will be coordinated with and complement the *ger* area development project supported by ADB. It will also draw on reports and data that indicate where the poor of Ulaanbaatar City live (such as the results of National Statistical Office. 2012. *Household Socio-Economic Survey 2011*. Ulaanbaatar).

<sup>13</sup> A complementary, modest classroom-based training program in PPP concepts and skills will be provided to Ulaanbaatar City's core PPP staff by the ongoing ADB TA for Developing a Conducive Environment for Public-Private Partnerships.



guidelines, checklists, forms, and standardized contract definitions and terms; the formation and composition of a PPP unit; staff development; the role and usage of specialist advisers; fiscal checks and balances; and the implementation of demonstration projects and learning by doing. While the focus will be on actions to be undertaken by Ulaanbaatar City, essential actions required by the central government will also be identified.

### **C. Cost and Financing**

20. The TA is estimated to cost \$750,000, of which \$700,000 will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The government will provide counterpart support in the form of office space, counterpart staff, other services to consultants, and other in-kind contributions; and will assist in arranging meetings with counterpart agencies. The cost estimates and financing plan are in Appendix 2.

### **D. Implementation Arrangements**

21. The TA will be implemented over 27 months from 31 July 2015 to 30 September 2017. The executing agency will be Ulaanbaatar City Municipality Government and the implementing agency will be the Economic Development Department. The TA will be implemented in close cooperation with the central government's PPP unit, and in close coordination with related ADB-supported projects, Japan International Cooperation Agency, and other development partners supporting PPPs and public investment in Mongolia (including Canadian Aid, German development cooperation through Deutsche Gesellschaft für Internationale Zusammenarbeit, the International Finance Corporation, and the World Bank). An existing development partner coordination group on PPPs will facilitate sharing information on the TA. Targeted workshops and seminars and other outreach activities will raise awareness among stakeholders, disseminate findings, and seek feedback on the TA.

22. International consultants (including a team leader and PPP and institutional advisors) will provide a total of up to 16 person-months input. National consultants (including a deputy team leader, legal specialist, project management specialist, and technical specialists) will provide a total of up to 51 person-months input. The outline TOR for consultants are in Appendix 3. As a single firm is likely to find it difficult to provide the diversity of skills and experience required, some of which will only be known once project screening is completed, and timeliness in recruitment is important, consultants will be recruited individually. PPP advisors and technical specialists will be engaged on an output, lump-sum basis.<sup>14</sup>

23. The TA will be monitored and evaluated based on the implementation of activities and satisfactory delivery of outputs, following the agreed time line and budget allocation. To support monitoring and evaluation, consultants will submit an inception report, midterm report, draft final report, and final report to the government and ADB. TA review missions will provide the main means of monitoring progress, assessing performance, and ensuring relevance.

## **IV. THE PRESIDENT'S DECISION**

24. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$700,000 to be financed on a grant basis by the Japan Fund for Poverty Reduction for Concessions for Ulaanbaatar's Municipal Services, and hereby reports this action to the Board.

<sup>14</sup> ADB will engage consultants, as well as resource persons, in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time). The proceeds of the TA will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

## DESIGN AND MONITORING FRAMEWORK

**Impacts the project is aligned with:**

Enhanced development of PPPs in Ulaanbaatar City (Ulaanbaatar City Municipality Government. 2014. Ulaanbaatar Economic Development Strategy. Ulaanbaatar)

Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<b>Outcome</b>  A road map for the fiscally affordable delivery of municipal services in Ulaanbaatar City by PPPs	Draft road map submitted by city officials for endorsement by the mayor of Ulaanbaatar City by the end of 2016, inclusive of a fiscally sustainable, prioritized pipeline of PPP projects servicing <i>ger</i> and other areas (baseline: 0)	Budget papers and reports of Ulaanbaatar City	Political uncertainty slows decision making  Elections or government restructuring result in a high turnover of staff responsible for PPPs  Suitable consultants cannot be identified in a timely manner  Weak public sector capacity delays implementation
<b>Outputs</b> 1. PPP institutional assessment for Ulaanbaatar City completed	1a. Public release of a summary assessment of Ulaanbaatar's enabling environment and the readiness of potential PPPs (by month 9)  1b. Options paper on the most feasible institutional strengthening initiatives submitted to Ulaanbaatar City (by month 9)  1c. Institutional assessment submitted to Ulaanbaatar City (by month 12)  1d. Public release of a summary of the findings of the institutional assessment (by month 15)	1a. Budget papers and reports of Ulaanbaatar City  1b. Ulaanbaatar City's website	
2. PPP projects screened	2a. At least 10 project screening assessments endorsed by Ulaanbaatar City, comprising a minimum of 5 pro-poor projects (at least 5 in total by month 12, and at least 10 in total by month 18)	1a. Budget papers, reports, and website of Ulaanbaatar City	
3. Agreements for pro-poor PPPs completed	3a. Draft business cases completed by Ulaanbaatar City staff for at least 5 projects in poor areas of Ulaanbaatar City (by month 15)  3b. PPP agreements completed by Ulaanbaatar City staff for at least 5 projects in poor areas of Ulaanbaatar City (by month 24)  3c. Public release of PPP agreements	1a-c. Budget papers, reports, and website of Ulaanbaatar City	
4. Analytical capacity of city officials	4a. Submission to Ulaanbaatar City of issues paper on the fiscal affordability of and legal framework for Ulaanbaatar City's PPP	1a-c. Budget papers, reports, and website of	

enhanced	<p>program (by month 18)</p> <p>4b. At least one other issues paper on priority issues raised by a PPP road map submitted to Ulaanbaatar City (by month 18)</p> <p>4c. Public release of a summary of the issues papers (by month 24)</p>	Ulaanbaatar City	
<p><b>Key Activities with Milestones</b></p> <p>1.1 Prepare a questionnaire for an assessment of Ulaanbaatar City's enabling environment and project readiness (by month 6).</p> <p>1.2 Conduct assessments of Ulaanbaatar City's enabling environment inclusive of the legal framework, project readiness, and performance of recently completed PPPs (by month 6).</p> <p>1.3 Release to the public a summary of Ulaanbaatar's PPP readiness (by month 9).</p> <p>1.4 Identify initiatives to strengthen project planning and identification, preparation, and management, including required fiscal checks and balances (by month 9).</p> <p>1.5 Identify and assess potential institutional arrangements for PPPs in Ulaanbaatar City (by month 9).</p> <p>1.6 Finalize options paper, then an institutional assessment (by month 12).</p> <p>1.7 Prepare and release to the public a summary of the institutional assessment (by month 15).</p> <p><b>2. PPP projects screened</b></p> <p>2.1 Support identification of priority PPPs suitable for a screening assessment (by month 6).</p> <p>2.2 Consult with key stakeholders on the screening assessments (at least 2 by month 9, and at least 5 in total by month 15).</p> <p>2.3 Prepare screening assessments for priority PPPs in accordance with the Ministry of Economy and Development's PPP handbook and encompassing value for money and fiscal affordability (at least 5 in total by month 12, and at least 10 in total by month 18).</p> <p>2.4 Prepare terms of reference for transaction advisory services for screened PPPs that are to proceed (by month 18).</p> <p>2.5 Present screening assessments and lessons in a workshop with a wide range of stakeholders, including development partners (by month 18).</p> <p><b>3. Agreements for pro-poor PPPs completed</b></p> <p>3.1 Support identification of at least five small, low-risk PPPs focused on poor areas of Ulaanbaatar that are suitable for preparation (by month 12).</p> <p>3.2 Assist in the preparation of draft business cases for the PPPs (by month 15).</p> <p>3.3 Assist in the completion of the PPP agreements (by month 24).</p> <p>3.4 Present the results of project screening and lessons in a workshop with a wide range of stakeholders, including development partners (by month 24).</p> <p><b>4. Analytical capacity of city officials enhanced</b></p> <p>4.1 Prepare issues papers in support of preparation of a PPP road map, including on fiscal affordability and the legal framework (by month 18).</p> <p>4.2 Conduct supporting awareness-raising events with Ulaanbaatar City departments and agencies (throughout the technical assistance).</p> <p>4.3 Prepare and release to the public a summary of the issues papers (by month 24).</p>			
<p><b>Inputs</b></p> <p><b>Japan Fund for Poverty Reduction: \$700,000</b></p>			

PPP = public-private partnership.

<sup>a</sup> Based on the expectation that it will take 15 years for Ulaanbaatar City to deliver 15% of public investment by concessions—a typical ratio for the United Kingdom and Australia (P. Burger and I. Hawkesworth. 2013. *Capital Budgeting and Procurement Practices*. Paris: Organisation for Economic Co-operation and Development).

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>Japan Fund for Poverty Reduction<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	175.00
ii. National consultants	275.00
b. International and local travel	60.00
c. Reports and communications <sup>b</sup>	25.00
2. Training, seminars, and conferences <sup>c</sup>	
a. Seminars and workshops	30.00
b. Resource persons	50.00
3. Miscellaneous administration and support costs	15.00
4. Contingencies	70.00
<b>Total</b>	<b>700.00</b>

Note: The technical assistance (TA) is estimated to cost \$750,000, of which contributions from the Japan Fund for Poverty Reduction are presented in the table above. The government will provide counterpart support in the form of office space, counterpart staff, other services to consultants, and other in-kind contributions; and will assist in arranging meetings with counterpart agencies. The value of government contribution is estimated to account for 6.7% of the total TA cost.

<sup>a</sup> Administered by the Asian Development Bank.

<sup>b</sup> Includes the cost of translation and interpretation of reports and other TA outputs.

<sup>c</sup> For training, stakeholder participation, awareness-raising events, and other related workshops within Mongolia. An advance payment facility will be established within Ulaanbaatar City's Economic Development, the implementing agency, to facilitate events and workshops. If Asian Development Bank staff act as resource persons and/or facilitators, travel costs may be charged to the TA with the prior agreement of the implementing agency.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. Overview

1. The consultants will be responsible for producing technical assistance (TA) outputs and deliverables effectively and on time, consistent with the design and monitoring framework (DMF), and for organizing and carrying out all TA activities including workshops.
2. Ulaanbaatar City's Economic Development, the implementing agency, will coordinate with government authorities, potential private partners to public-private partnerships (PPPs) and their financiers, and other stakeholders; and assign counterpart staff to assist the consultants. The executing agency, Ulaanbaatar City, will supervise the day-to-day work of the consultants and assume overall responsibility for seminars and workshops.
3. The team leader, in cooperation with the implementing agency and the Asian Development Bank (ADB) project officer, will oversee, coordinate, and monitor the consultants' work. This supervision will be guided by a steering committee that will be led by the implementing agency and include ADB, Japan International Cooperation Agency, and the central government.
4. The consultants will maintain close working relations with the implementing agency and ADB for their outputs, and will regularly discuss project progress and findings. Meetings involving the consultants, the implementing agency, and as feasible, ADB staff, will be held to provide guidance to the consultants and to review their reports. The consultants will help ensure that knowledge products are disseminated (e.g., at workshops, conferences, and on government and ADB websites) and made available to stakeholders.
5. Key stakeholders will be consulted to ensure their effective participation in the preparation of TA outputs. This will include the circulation among stakeholders of key materials produced, and the coordination of a workshop with government stakeholders and relevant development partners to present the key findings and lessons of the TA. Reports are to be of high quality and produced in English, with key material also produced in Mongolian. Precise reporting arrangements and time lines will be defined at inception and agreed with the implementing agency and ADB. The outline terms of reference (TOR) will be refined before consultant recruitment.

### B. International Consultants

#### 1. Team Leader (6 person-months, intermittent)

6. The team leader and PPP institutional specialist will have a postgraduate degree in economics, law, management, public policy, international development, or a closely related field, as well as at least 10 years of experience in helping government agencies develop an enabling environment for PPPs, and preparing and implementing PPP projects. Previous experience in Asia and the Pacific is desirable.
7. The team leader will report to the director general of Ulaanbaatar City's Economic Development, and will have overall responsibility within the consulting team for ensuring the delivery of all TA outputs and the conduct of all activities through a government-led process that ensures local ownership of the TA. The responsibilities will include:

- (i) developing and implementing the TA under the guidance of Ulaanbaatar City, including coordination, communication, and information sharing and dialogue with senior members of the government and stakeholders; and establishing reporting arrangements to Ulaanbaatar City and ensuring they are followed throughout the TA;
- (ii) supporting Ulaanbaatar City in establishing an effective communication system that will raise awareness among the government and external stakeholders of PPPs, including through seminars and workshops, and preparing knowledge products and other information releases;
- (iii) transferring skills and building the capacity of staff of Ulaanbaatar City and other government agencies in PPPs;
- (iv) identifying capacity development and training needs of Ulaanbaatar City staff regarding their roles and responsibilities in developing PPPs within the overall planning process in Ulaanbaatar City;
- (v) leading the assessment of Ulaanbaatar City's readiness for PPPs and the performance of past PPPs, and preparation of an institutional assessment;
- (vi) leading the identification of initiatives that can be undertaken by Ulaanbaatar City departments to strengthen project planning and identification, preparation, and management;
- (vii) assisting Ulaanbaatar City in the identification of priority PPPs to undergo screening, and assisting in the preparation of TOR for transaction advisory services for the screened PPPs that are to proceed;
- (viii) assisting Ulaanbaatar City in the preparation of pro-poor PPPs;
- (ix) assisting Ulaanbaatar City to understand good practices for the identification, prioritization, and planning of PPPs;
- (x) reviewing all laws and regulations that may govern the planning process and the process of developing PPPs;
- (xi) reviewing the current internal procedures within Ulaanbaatar City, particularly between these departments and other government agencies; and
- (xii) assisting the preparation of issue papers in support of preparation of a PPP road map.

8. In leading the TA implementation in accordance with the terms and conditions specified in the agreement between the government and ADB, the team leader will:

- (i) coordinate and manage the inputs, activities, and outputs of the TA consultants, including the allocation of responsibilities between consultants, and monitoring the performance of all consultants to achieve the results sought by the DMF, including initiating and leading discussions of key implementation issues with the government and managing TA quality control and quality assurance;
- (ii) organize TA inception and concluding workshops with senior representatives of the government, government officials, and other relevant stakeholders to inform the preparation and/or review of the TA;
- (iii) prepare and monitor progress and identify key risks to sustainability and the actions required to minimize these risks;
- (iv) ensure timely preparation and submission of the inception report, quarterly progress notes, midterm report, and final report; and assist with TA reviews undertaken by ADB and the government; and
- (v) consult with development partners on TA activities, ensuring that development partners are frequently informed of activities and that a high level of coordination is maintained to avoid duplication or overlap of work.

**2. Public–Private Partnership and Institutional Advisor(s)** (up to 5 positions, up to 2 person-months each, intermittent)

9. The PPP advisor(s) will have a postgraduate degree in economics, law, management, public policy, international development, engineering, or a closely related field, and at least 10 years of experience in helping government agencies prepare and implement PPP projects or institutional reforms essential to PPPs. Previous experience in the region (Central Asia, West Asia, or East Asia) is desirable. The advisor(s) tasks are expected to include assisting in the conduct of screening assessments of priority PPPs in accordance with Ulaanbaatar City's PPP handbook and of the institutional environment; consulting with key government stakeholders on the findings of the screening assessments; assist Ulaanbaatar City in the preparation of pro-poor PPPs and reforms; and, as agreed with Ulaanbaatar City, present key findings to a workshop involving a wide range of stakeholders, including development partners.

**3. Resource Persons** (up to 2 persons, up to 10 person-days each, intermittent)

10. The resource persons will have a degree in finance, economics, law, management, public policy, international development, engineering, or a closely related field, preferably with at least 10 years of experience in helping government agencies develop an enabling environment for PPPs, and preparing and implementing PPP projects and institutional reforms. Previous experience in Asia and the Pacific is desirable. The resource persons will participate in awareness raising and meetings, consultations, or workshops to provide specific expertise and experience.

**C. National Consultants**

11. National consultants will work with government counterparts on the implementation of the TA recommendations, research and compile relevant documents and information, translate documents, organize workshops and other events, and provide administrative and logistical support. The national consultants will be supervised by the international consultants and ADB task manager(s).

**1. Deputy Team Leader** (1 person, up to 18 person-months, intermittent)

12. The deputy team leader will have a degree in economics, law, management, public policy, international development, engineering, or a closely related field, preferably with at least 10 years of experience in helping government agencies prepare and implement investment projects. The deputy team leader will support the team leader and PPP institutional advisor across all their roles and responsibilities, and coordinate the input of other national consultants on a day-to-day basis. Special emphasis will be laid on the development of procedures for identifying, prioritizing, and planning PPPs; assisting in the screening and preparation of projects; and developing Ulaanbaatar City's capacity for PPPs. The deputy team leader will also report to the director general of Ulaanbaatar City's Economic Development Agency, supporting them in tasks related to identifying, prioritizing, and planning PPPs, and developing internal capacity.

**2. Legal Specialist** (1 position, up to 6 person-months, intermittent)

13. The legal specialist will have a law degree and experience in civil and commercial law in Mongolia, preferably with at least 8 years of drafting experience. The specialist will review legal

and regulatory issues faced during TA implementation. The specialist will also work with the team leader and deputy team leader to raise awareness of legal and regulatory issues and their importance in improving the enabling environment for PPPs, and assist in addressing legal issues raised by project screening and assessment.

**3. Technical Specialist** (up to 5 positions, up to 3 person-months each, intermittent)

14. The technical specialist will have a degree in finance, economics, law, management, public policy, international development, engineering, or a closely related field, preferably with at least 5 years of experience in helping government agencies prepare and implement investment projects. The technical specialist will support the screening and preparation of priority PPPs.

**4. Project Management Specialist** (12 person-months, intermittent)

15. The specialist will have at least 5 years of work experience, and a bachelor degree or higher qualification in project management, engineering, finance, economics, law, management, public policy, international development, or a closely related field. Experience in the management of projects or programs supported by multilateral institutions or international investors would be an advantage. Reporting to the team leader, the specialist will support implementation of the TA with an emphasis on the project management aspects of PPPs. They will also assist the assessment of project readiness, the conduct of project screenings, and in project preparation.

**5. Resource Persons** (up to 2 persons, up to 10 days each, intermittent)

16. The resource persons will have a degree in finance, economics, law, management, public policy, international development, engineering, or a closely related field, preferably with at least 10 years of experience in helping government agencies prepare and implement PPPs or other forms of public investment projects. The resource persons will participate in awareness raising and meetings, consultations, or workshops to provide specific expertise and experience.

**D. Reporting Requirements**

17. The team leader will be responsible for ensuring that all reports, documents, and submissions produced under the TA will be of publishable and high professional standard. All reports required to document and assess TA activities are to be in English and suitable for publication. With the support of TA consultants, the team leader will submit the following:

- (i) **Inception report.** This report (maximum of 5 pages plus appendixes) will generally follow the format of the TA report and provide a clear plan for implementing the TA, challenges to its success, and a summary of the status of TA performance. It will, to the extent feasible, provide (a) confirmation of the overall TA rationale and design; or (b) adjustments recommended to improve TA performance, including to the TOR of consultants; and (c) a detailed TA implementation schedule.
- (ii) **Quarterly progress notes.** These brief notes (maximum of two pages) will inform the government and ADB of the status of TA implementation.
- (iii) **Midterm report.** This report (maximum of 5 pages plus appendixes) will generally follow the format of the TA report, and inform the government and ADB of the status of implementing the TOR, plans for achieving the TA objectives, and



a personnel schedule with accomplishments. This report will record progress in the activities, outputs, and outcomes directly against the TA's DMF. It will provide a detailed TA implementation schedule.

- (iv) **Draft final report.** This report (maximum of 5 pages plus appendixes) will (a) generally follow the format of the TA report; (b) be submitted 2 months before completion of the project; (c) summarize TA activities and results, reporting against the DMF; and (d) provide recommendations on any additional steps required to sustain the results of the TA.
- (v) **Final report.** This report (maximum of 5 pages plus appendixes) will be submitted by the consultants within 1 month of receipt of the comments on the draft final report from the government and ADB, and will respond to the comments received.