



Mongolia: Public-Private Partnership in Urban Public Transport Sector of Ulaanbaatar

Project Name	Public-Private Partnership in Urban Public Transport Sector of Ulaanbaatar	
Project Number	49295-001	
Country	Mongolia	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8985-MON: Public-Private Partnership in Urban Public Transport Sector of Ulaanbaatar	
	Public-Private Infrastructure Advisory Facility	US\$ 350,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Transport - Transport policies and institutional development	
Gender Equity and Mainstreaming	No gender elements	
Description	<p>The proposed policy and advisory TA will assist the Ulaanbaatar Municipal Government and public transport sector in preparing public transport reforms to be ready for the implementation of the BRT system. The TA is consistent with ADB's interim country partnership strategy 2014_2016, which supports the government's effort to foster good quality public transport and private sector participation. The TA is included in the Mongolia Country Operation Business Plan 2015. The TA is also in line with ADB's Sustainable Transport Initiative Operational Plan by promoting public transport as a main modality for achieving sustainable transport.</p> <p>The TA will cover the institutional aspect of the implementation of ADB's MFF Urban Transport Investment Program. The first institutional challenge is to reach operational agreements for service provision with different bus operators, both private and government-owned and BRT and non-BRT routes. The second challenge is to achieve successful PPP agreement on e-ticketing system operation among the government, operators and PPP investors.</p>	

Ulaanbaatar City. Ulaanbaatar is the capital city of Mongolia with 1.37 million residents. The city was developed according to Soviet-style urban planning concepts from the 1950s. Most of the city today is the result of construction from 1960 to 1985. Urban development and expansion have been accelerated by economic growth fueled by the mining boom and population influx from rural areas. The city center area still retains an urban form which is suitable for public transport and pedestrians, but has been transformed into a high density urban area by the insertions of new high rise buildings in the city center and surrounding areas and by the spread of low income ger areas around the city center. Proper mobility and accessibility solutions for residents have not kept pace. Recent economic growth inevitably induced rapid motorization and consequently the whole city is suffering from serious urban transport problems of traffic congestion, air pollution from vehicles, and traffic safety problems.

Public Transport. Public transport is served by two government-owned and 11 private operators (50 trolley buses and 600 buses in total) that served almost 60% of the total urban travel demand in 2010. However the modal share of public transport is decreasing as motorization accelerated during the last 5 years. Public transport has been neither expanded nor improved properly to accommodate new urban development and increased mobility needs by the residents. The performance of public transport has been constrained by growing traffic congestion, outdated public transport policies and poor coordination among the urban development and public transport regulatory agencies. These factors have a negative impact on the economic growth of the city through reduced quality of life and economic efficiency.

Despite all the deficiencies in public transport service environment, the municipal government has been maintaining some positive control over the public transport industry by providing fare compensation to the operators, establishing a Bus Fund for supplying new fleet to the operators with installment contracts, consolidating small private operators into bigger consortia, and maintaining low fares in favor of low income passengers. However, the government's efforts have so far failed to attract passengers or reverse the declining service standard.

Asian Development Bank (ADB) Loan Project. To restore and improve declining public transport services in Ulaanbaatar, ADB approved the Urban Transport Investment Program in 2012. The Government of Mongolia signed the loan agreement in 2012 and the Mongolian Parliament ratified the multitranches financing facility (MFF) in May 2015. The implementation of the MFF Tranche 1 has started. The MFF with three tranches is mainly focused on developing a city-wide bus rapid transit (BRT) network with exclusive median BRT lanes, fully enclosed modern BRT stations and IT systems, including bus management system, bus information system, and e-ticketing system. Since the approval of the MFF in 2012, there have been changes in public transport sector. The first change is the restructuring bus operators into smaller numbers of companies and introduction of public-private partnership (PPP) modality into the e-ticketing system. Those changes created new challenges to the government implementing BRT and requires specialized assistance before the implementation of BRT system.

Proposed Technical Assistance (TA). The implementation of the BRT system is a big challenge both for the municipal government and public transport industry as installation and operation of the BRT requires readiness of the institutional arrangements. The TA will provide policy advisory services to the municipal government and the stakeholders to resolve institutional challenges (see section 12). Successful implementation of the outputs of the TA will benefit the government, bus operators, private operators and all public transport users in Ulaanbaatar by improving the sustainability and quality of the existing BRT system.

Impact	Public transport services for the residents of Ulaanbaatar improved (Urban Development Master Plan Update)
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Project Outcome

Description of Outcome	Efficient and sustainable BRT operational framework established in Ulaanbaatar by 2017
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Progress Toward Outcome

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. BRT service plan and business plan between the MGU and bus operators for the introduction of BRT system proposed 2. PPP agreement for e-ticketing system operation between the MGU, bus operators, and e-ticketing investors proposed 3. Knowledge products on BRT service plan and business plan development, and PPP for e-ticketing system prepared
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Status of Implementation Progress (Outputs, Activities, and Issues)	Nine consultants have been recruited and the inception report has been received. A workshop will be held on 7-8 April 2016 to discuss BRT operations and the e-ticketing system with stakeholders.
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Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	The proposed TA has been identified, conceptualized and prepared through direct discussions with the Urban Transport Department, Ulaanbaatar Municipal Government.
During Project Implementation	The TA will be jointly monitored by: (i) the project officer assigned to the project within the East Asia Transport of ADB, (ii) the officer in ADB's Mongolia Resident Mission, and (iii) Office of Private-Public Partnership will be consulted on an ongoing basis and as needed by the project. Other departments such as the Office of the General Counsel and the Office of Cofinancing Operations will be consulted on an ongoing basis. Good practices and lessons learned will be disseminated by publishing knowledge products.

Business Opportunities

Consulting Services	<p>The consulting services will assist the Ulaanbaatar Municipal Government and public transport sector to resolve institutional challenges at the start of the ADB's multitranchise financing facility (MFF) Urban Transport Investment Program. The technical assistance (TA) will result in the preparation of recommended general agreement on service contract between the government and bus operators and general agreement on e-ticketing system public-private partnership (PPP) agreement among the government, bus operators and private investors.</p> <p>The TA will be implemented from October 2015 to April 2016 through a series of consultations with stakeholders, and the consulting team will play facilitators' role by providing best practice examples and moderators' role for the consultation meetings. The consulting team will record the discussions and issues raised by the stakeholders, and prepare agenda to discuss and resolve for a next consultation. The consultation process should be able to reach general agreement among stakeholders and general agreement documents should be prepared.</p> <p>There will be a total of 26 person-months of consulting services: 9 person-months are allocated to four international consultants and 17 person-months are allocated to five national consultants. ADB will engage individuals to provide consulting services in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time).</p> <p>The international and national team will comprise: (i) Team Leader/Public Transport Specialist, (ii) Transport PPP Specialist, (iii) Public Transport PPP Legal Specialist, and (iv) Transport Financial Specialist and one national project coordinator. All consultants will be contracted with lump-sum based contracts. All disbursements under the TA will be carried out in accordance with the Technical Assistance Disbursement Handbook (2010, as amended from time to time).</p>
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Responsible Staff

Responsible ADB Officer	Kim, Ki-Joon
Responsible ADB Department	East Asia Department
Responsible ADB Division	Transport and Communications Division, EARD
Executing Agencies	<i>Municipal Government of Ulaanbaatar Sukhbaatar Square-11 Ulaanbaatar-46, Mongolia</i>

Timetable

Concept Clearance	06 Oct 2015
Fact Finding	23 Sep 2015 to 24 Sep 2015
MRM	-
Approval	05 Nov 2015
Last Review Mission	-
Last PDS Update	31 Mar 2016

TA 8985-MON

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual

05 Nov 2015

01 Dec 2015

01 Dec 2015

30 Apr 2016

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Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	350,000.00	0.00	0.00	0.00	0.00	350,000.00	05 Nov 2015	336,880.59

Project Page <https://www.adb.org/projects/49295-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=49295-001>

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