Current Situation and Future Trends in Mongolian Construction and Urban Development Sector

Warsaw, Poland, 21 Jan 2013

Ms. BAIGALMAA Gochoosuren
Vice Minister
Content

• Current Situation
• Specific Legal Framework and Policy Areas
• Planned Projects
• Cooperation opportunities
Current Situation of the Population Settlements

**URBAN POPULATION**

- Aimag centers and urbanized settlements: 30%
- Darkhan and Erdenet cities: 10%
- Ulaanbaatar city: 60%

**Population concentration**

- 21.3%: 152,338 people
- 0.5%: 3839 people
- 29.4%: 209,931 people
- 2.40%: 16700 people
- 45.20%: 322,836 people
- 1.10%: 8064 people
- 0.5%: 3839 people

**Current Status of Housing Supply**

- **Public housing**
  - Single-family adequate housing: 21.3% (152,338 people)
  - Non-residential purpose dwellings: 29.4% (209,931 people)
  - Dormitory: 2.40% (16700 people)
  - Ger: 1.10% (8064 people)
  - 0.5% (3839 people)

Legend:
- ▶️ Public housing
- ▶️ Single-family adequate housing
- ▶️ Dormitory
- ▶️ Ger
- ▶️ Non-residential purpose dwellings
“New Development” Medium-Term Target Program

Demolishing old buildings that are non-resistant to earthquake and redeveloping with new buildings – Residential areas with 6,100 housing units.

In three locations, new construction work started /in green/.

1. XIX Sub-district, Khan-Uul District 4,350 units - 1,500 units
2. Along the Narnii Zam Street 3,760 units - 1,000 units
3. Area of Dund Gol 4,500 units - 1,000 units
4. Chingeltei District 4,600 units - 1,000 units
5. Sukhbaatar District 3,454 units - 1,100 units
6. Khan-Uul District 3,600 units - 500 units
The government has approved a series of urban development and housing projects and plans, aimed at supporting sustainable development and long-term growth.

**New Development Medium-term Target Program (2010-2016)**

was approved by the Parliament Decree #36 of 2010.

- Urban Planning and Development
- Improving national infrastructure
- 100,000 Housing Units Project
- Rural regional development
- Utilities reform
- Boosting Job growth
- Easing internal migration
“New Development” Medium-Term Target Program

8 key policy areas aimed to ensure sustainable, broad-based and equitable growth

Policy Challenges

- Overcrowding in Ulaanbaatar
- Bottlenecks in transportation
- Unemployment
- Severe pollution
- Ecological deterioration
- Persistent poverty
- Lack of ‘social infrastructure’
- Disproportionate urban migration

Policy areas:

- Urban development & planning
- Improving infrastructure
- Expanding housing supply
- Boosting job growth & education
- Tackling pollution
- Supporting rural development
- Incentivizing enterprise & business
- Easing internal migration
Key Policies: Urban Development & Infrastructure

- **Re-generation of ger area**: Demolish houses and apartment blocks that are not earthquake resistant and replace with new housing districts.
- **Issue low interest loans with long maturity to low & medium income households**
- **Water & waste management**: Establish new sources of underground & pure water supply and revamp national sanitation facilities.
- **Efficient National Power Supply**: An independent & centralized power and water source in Ulaanbaatar, in regional pillars and aimags.
- **Centralized Power Grid**: A new central power grid, introducing renewable energy technology. Aimags to be connected to a centralized national power grid.

Improvement in Master Plan of Ulaanbaatar City upto 2020 and Development Concepts upto 2030
Key policies:

Province Center Master Plan Development

- Revision of the Master Plan for Sainshand Development
- Revision of the Soum Center Development Master Plans for “Tsogttsetsii”, “Khanbogd”, and “Gurvantes” Soums, Southgobi Aimag

Master plans to be formulated newly:

- Gashuunsukhait and Shiveekhuren border crossing points, Southgobi Aimag
- Bulgan border crossing point, Khovd Aimag
- Burgastai border crossing point, Gobi-Altai Aimag
- Khangi border crossing point, Dornogovi Aimag
- Bichigt border crossing point, Sukhbaatar Aimag
- Borshoo border crossing point, Uvs Aimag
Master Plan for Gashuunsukhait Border Crossing Point Development

• "Гашуунсухайт", "Шивээхүрэн" хилийн боомтуудын хөгжлийн өрөнхий төлөвлөгөөг Засгийн газрын 2012 оны 04 дүгээр сарын 04-ний өдрийн 107 дугаар тогтоолоор батлуулсан.
Master Plan for the New International Airport in the Khushig Valley and Development of New City
Key Policies: Urban Development and Re-development of Ger Area
Key Policies:

“100,000 Housing Units” Project
Of which 1000 housing units in each province

Implementation phases:
1st phase: 2010-2012
2nd phase: 2013-2016
According to Resolution No. 138 of 2011, Government of Mongolia:

- In 2012, 1150 citizens did have mortgage loan for 50 billions tugrugs /$37.7 million USD/ with 6 percent interest per year by Development Bank.
- In future bond of **800.0 billion tugrugs** ($571.4 million USD) will be issued by the Government of Mongolia.
Housing districts locations to be newly built in Ulaanbaatar City
Projects by Loan and Aids of Foreign Countries
Government and International Organizations

• Urban Development Project by loan of ADB
• Urban and Residential Area Development of Umnugobi and Dornogobi Provinces and near borders by irrevocable grant of ADB
• Housing District Project by Loan of ADB
• Infrastructure Improvement Project by Loan of Government of the People’s Republic
• Water Supply Improvement Project for Ulaanbaatar City and Gachuurt Province by irrevocable grant of the Government of Japan
• “Euro Eco Tugul” Project by investment of the Czech Republic
• Wastewater Treatment Plant Project in Orkhon Province by Loan of the Government of France
Existing Capacity for Analyzing Construction Materials

Building Materials

Imported 70%
Out of which 28.4% is analyzed in laboratories

Domestically produced 30%
Out of which 36% is analyzed in the accredited laboratories

By 2013 and 2015 respectively 58.4%, and 100% of building materials will be subject to the analysis in the accredited laboratories
Construction material industries that will be newly built and re-constructed.

- Career Industry
- Concrete and reinforced concrete industry
- Constructing Laboratories and Providing with equipment
- Industry which fits to rural area feature
Avoiding Seasonal Impact on Construction Work

1. In order to lengthen construction season, the systems such as “KEIZER”, “HYBRID” will be introduced, which combine both cast-in-place and prefabricated construction methods.

2. Production of prefabricated reinforced concrete and metal structural elements will be substantially increased, and this concept will be pursued in the design of residential and social service buildings.

3. Building material whole sale center will be established. Uninterrupted operation of building material manufacturers will be ensured by way of purchasing and storing domestically supplied common materials.
New Construction Material Terminal, Wholesale Center and Park

Construction material terminal at two sides of Ulaanbaatar City

In Bagannuur District, Construction Material Park
Supporting building material industry in financial and economic framework

An agreement has been reached with the Joint Decree A-2/06 of 09.01.2013 by the President of the Bank of Mongolia and the Minister of Construction and Urban Development to allocated financing in amount of 379 bln Tugrics (USD270.7mln) from the Government Bond proceeds for the implementation of the “Program on Supporting Production of Common Building Materials”.

1. Domestically supplied materials and products will be tendered.
2. Tax exemptions:
   - Equipment and raw materials are to be exempted from customs duties and VAT; and
   - Participating enterprises are to be exempted from corporate income tax.
Key Policies: Boosting Job Growth and Education

In construction sector:

- 41,195 vocational labor force are working in 1,584 enterprises.
  
  of whom:
  
  - 13,198 engineers and technicians
  - 27,997 vocational workers

• Boosting structural employment

• Vocational training centers to re-invigorate employment among the young population, which has dropped (Figure 11).

• Universities and college campuses to be built in regional districts as well as in Ulaanbaatar.

• In future, 20,000 vocational workers are needed in construction sector.

Source: World Bank
Draft new laws and legislation:

• Law on Urban Re-development
• Law on Architectural Activities
• Law on Green Areas in Cities and Settlements
• Parking Law
• Law on Compulsory Land Expropriation
• Law on National Spatial Information Infrastructure

Legislation to be revised or amended:

• Law on Land
• Law on Land Fee
• Law on Land Cadastre
• Law on Geodesy and Cartography
• Law on Urban Development
• Building and Planning Code for Cities and Settlements
• Guidelines for city and settlements development action plan formulation
INVESTMENT OPPORTUNITIES IN THE INFRASTRUCTURE SECTORS

- Developing country—Mongolia has;
- wide space of unused and natural land
- huge amount of available mining deposit e.g. copper, zinc, gold, silver, coal, and etc…
- opportunity to trade through maritime transportation via China and Russia
- high level of needs of construction and urban development including housings, infrastructure, construction material supply—manufactures
- major projects and programs are formulated and implementing are available for investors and companies to choose
- created investor-friendly and PPP legal environment /Concession law/
- been intensively developing multiple side of cooperation with the world countries
- open market of various types of trade, products, and manufacturing
- been diversifying ethnically and socially
Cooperation Opportunities

• Implementation of “100,000 housing units” project including infrastructure development;
• Improvement of legal framework and system of codes, norms and standards of construction and urban development sectors to the international level;
• Development of new residential areas, towns and their infrastructure, which are being planned;
• Introduction of advanced technologies in the construction and erection works;
• Development of regionalized building material testing laboratories, establishment of building material plants based on local resources and deposits of primary aggregates and developing export-substitute building material industry;
• Training and re-training of vocational workers in the construction and urban development sectors.
Thank You for Your Attention

Contact details:

The Ministry of Construction and Urban Development

Government Building 12
Barilgachdyn Talbai-3
Ulaanbaatar 15170, Mongolia

Telephone: (976)-11-263188, Fax: (976)-11-322904,
Email: baigalmaa@mcud.mn
lkhamserjid@mcud.mn
www.mcud.gov.mn