

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: ECSS

<b>TA No., Country and Name:</b> TA 3090-MON: Institutional Strengthening of the Housing Sector			<b>Amount Approved:</b> \$800,000	
			<b>Revised Amount:</b> -	
<b>Executing Agency:</b> Ministry of Infrastructure (MOI)	<b>Source of Funding:</b> JSF		<b>TA Amount Undisbursed:</b> \$16,308	<b>TA Amount Utilized:</b> \$783,692
<b>Date</b>			<b>TA Completion Date</b> <sup>1</sup>	
<b>Approval</b> 19 Oct 1998	<b>Signing</b> 5 Nov 1998	<b>Fielding of Consultants</b> 29 Mar 1999	<b>Original</b> 28 Feb 2000	<b>Actual</b> 30 Sept 2001
			<b>Account Closing Date</b>	
			<b>Original</b> 28 Feb 2000	<b>Actual</b> <sup>2</sup>
<p><b>Description</b></p> <p>In mid-1997, the ADB and the Government embarked on developing a sound legal and policy framework for the housing sector in Mongolia. ADB provided small-scale technical assistance (TA)<sup>3</sup> to help prepare the Housing Policy Law (HPL) and the National Housing Strategy (NHS) and to recommend market-oriented amendments to the Housing Privatization Law (HPVTL) and the Condominium Law. The HPL sets out housing sector objectives that will be pursued by the Government including (i) creating conditions whereby citizens can provide themselves with adequate housing that meets health and safety requirements; (ii) implementing housing and associated infrastructure development policy based on basic market requirements; (iii) encouraging the involvement and increasing the responsibilities of the private sector in the planning, construction, maintenance, and repair of housing and residential infrastructure; and (iv) developing the <i>ger</i> housing areas into comfortable housing areas. In April 1999, the Mongolian Parliament approved the HPL, NHS, Condominium Law, and HPVTL. The current TA was the logical next step in the long-term development of the housing sector in Mongolia. The TA was intended to (i) help in developing the institutional and methodological capacity to implement the NHS within the context of new and amended legislation; (ii) establish the framework for an improved financing system for housing; and (iii) prepare pilot housing action area plans (HAAP) that included the bottom-up approach to developing urban development plans.</p> <p><b>Objectives and Scope</b></p> <p>The objective of the TA was to assist the Government in developing the institutional and methodological capacity to implement the NHS within the context of new and amended legislation; and to establish the framework for an improved financing system for housing. The scope of the TA included (i) assisting in establishing condominium associations throughout the country, including defining the physical boundaries of the land associated with buildings that will be managed by the condominiums; (ii) helping restructure the housing companies in Ulaanbaatar, Darkhan, and Erdenet, and the aimag centers for new public and private sector functions and advising them on the formation of private professional companies offering technical and financial services to the new condominium associations on a competitive basis; (iii) introducing housing programs that will establish realistic estimates of housing demand and identify the locations, time-scale, and broad financing arrangements for the HAAPs; (iv) preparing the HAAPs to refocus and improve provisions for new housing and for the existing <i>ger</i> area housing; and (v) ascertaining the viability for establishing a housing development fund including an assessment of the housing finance situation in the country. The TA was also intended to prepare the detailed scope and terms of reference (TOR) for the follow-on project preparatory TA<sup>4</sup> for the housing finance (sector) project. The TA objectives and scope were clearly defined and relevant to the needs of the housing sector.</p> <p><b>Evaluation of Inputs</b></p> <p>The Ministry of Infrastructure (MOI) was the Executing Agency of the TA. The TA provided for 22 person-months (pm) of international and 50 pm of domestic consulting services in the areas of establishing condominium associations; restructuring the housing companies; preparing housing programs with guidelines, pilot projects, and HAAPs; and housing finance. The services provided by the consultants were fully in line with the established TOR. ADB undertook three missions to review the TA, at the inception, interim report, and draft final report stages. The timing of these missions was considered appropriate by the EA. The TOR were well formulated, as confirmed by the EA. The consultants assisted in developing the institutional and methodological capacity to implement the NHS and HPL and other relevant legislation. The final tripartite meetings confirmed that the scope of the review was adequate to support the TA conclusions and recommendations.</p>				

<sup>1</sup> The TA completion date was extended to undertake additional project work using contingencies and to process all outstanding TA claims.

<sup>2</sup> The TA account is expected to be closed in June 2003.

<sup>3</sup> ADB. 1998. *Technical Assistance for Mongolia for the Housing Sector Policy*. Manila.

<sup>4</sup> ADB. 2000. *Technical Assistance for Mongolia for the Housing Sector Finance*. Manila.

There was active stakeholder participation in TA implementation. Five major workshops were held in Ulaanbaatar and Darkhan for a total of 130 officials from commercial banks, concerned local and central government departments, housing utility companies, and private companies. In the workshops the study findings and recommendations were presented and feedback obtained from the stakeholders. There was strong support from Ministry of Finance and Economy, Bank of Mongolia, commercial banks and concerned local governments for the study findings and the need for the proposed housing finance (sector) project.

### **Evaluation of Outputs**

The consultants prepared inception, interim, draft final, and final reports. The findings and recommendations of the consultants were fully satisfactory, and the reports were well written and of high quality. Major achievements of the TA include (i) preparing the operational policy framework for establishing condominium associations, which resulted in improved management and maintenance of common areas and apartments; (ii) restructuring the housing utility companies in Ulaanbaatar, Darkhan, Erdenet, and Zunnmod including a review of their legal, financial, and operational frameworks, which resulted in more efficient maintenance of apartment buildings and more equitable tariff structures; (iii) preparing four pilot HAAPs for new housing and existing ger housing areas, to promote the bottom-up process of urban planning in the cities of Ulaanbaatar, Darkhan and Zuunmod ; and (iv) assessing the viability of establishing a housing development fund, and accordingly preparing the objectives, scope, costs, and implementation arrangements for the project preparatory TA for the housing finance (sector) project. The TA also (i) assisted in preparing the first demand driven multi-year housing programs for Darkhan and Zunnmod; and (ii) established a fully functional HAAP unit in the Government Implementing Agency for Construction, Urban Development and Public Utilities. The ADB was commended by the Government for its active support to the housing sector. It was especially noted that the TA was well designed and implemented on schedule.

### **Overall Assessment and Rating**

The completion of the TA marks three years of successful ADB support for developing the legal and policy framework for the housing sector. Through assistance in operationalizing the HPL, NHS, and institutional strengthening of the housing sector, the TA has contributed significantly to further developing the market-oriented legal and policy framework for the housing sector. The TA also assessed the viability of the housing finance (sector) project. The TA is rated as highly successful.

### **Major Lessons Learned**

A major lesson learnt from the TA was the importance of commitment and ownership from the executing agency and close interaction and cooperation between various stakeholders (ADB, MOI, concerned national and local government agencies, commercial banks, and the consultants) from an early stage of implementation. MOI took full ownership of the TA from the start of implementation and played a major role in developing its recommendations. MOI also facilitated several coordination meetings with concerned parties and provided strong support in the provision of data and logistical arrangements. This interaction ensured smooth TA implementation. The excellent teamwork between the international and domestic consultants and their strong rapport with the MOI were also key success factors. Another key success factor was the timing of the TA, which was well synchronized with the Government's increased focus on developing a sound legal and policy framework for the housing sector.

### **Recommendations and Follow-Up Actions**

A major recommendation of the TA was to develop a project that would be the first step in establishing a sustainable market-based housing finance system in Mongolia. Based on this recommendation, ADB processed project preparatory TA and prepared Loan 1847-MON: Housing Finance (Sector) Project, which was approved in October 2001 and under which sustainable long-term mortgage lending will be established in Mongolia.

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