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Implemented by:



Municipality of  
Ulaanbaatar city



giz Deutsche Gesellschaft  
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Zusammenarbeit (GIZ) GmbH

## PUBLIC INVESTMENT IN ENERGY EFFICIENCY PROJECT

Public Investment in Energy Efficiency Project Phase II (PIE2) aims to increase effectiveness of Public Investment Management (PIM) and of Public Finance Management (PFM) replicating and upscaling the achievements of PIE1 in the two poorest districts of Ulaanbaatar city. Improved PIM and PFM capacities, practices, procedures and regulations will be applied to the thermoretrofitting of public buildings, i.e. 20 schools and kindergartens, aiming for demonstration effect for replication.

### FACTS

#### Project name:

Public Investment in Energy Efficiency  
Project Phase 2

#### Duration:

2018 - 2021

#### Budget:

CHF 4,000,000

#### Target group:

- Parents, particularly mothers, children and teachers using the thermo-retrofitted schools and kindergartens
- Local governments (UB districts)
- Relevant departments or executing agencies of the Municipality of Ulaanbaatar
- Private construction companies
- Education ministry and its agencies
- Academic institutions

#### Target area:

Songinokhairkhan and Bayanzurkh  
districts of Ulaanbaatar



The kindergarten No 5 in Jargalant soum, Khovd aimag was the first thermo-retrofitted building by the PIE 1.

### BACKGROUND

Ulaanbaatar is home to more than half of Mongolia's population, largely due to the influx of migrants from rural areas. Half of the city's population (750,000 people) reside in semi-urban ger<sup>1</sup> areas. Ger areas are characterised by high rates of poverty, substandard service delivery and obsolete or insufficient infrastructure particularly heating systems, social infrastructure, water and sewage, as well as roads and public transport. At present, no criteria exist for

investment project prioritisation at any level; the only guidance is provided by a Ministry of Finance regulation. Saving heat through energy efficiency is a top priority investment for local communities due to the benefits for (i) the health of citizens, particularly children, (ii) environment and climate, and (iii) the effective management of public finances. Retrofitting buildings has proved to be cost effective and relevant to people needs.

### PROJECT OBJECTIVE

Citizens, particularly children in ger areas of UB city, have access to better education and health facilities leading to better air and health and reduced heating costs.

### SDC's Strategic Goal:

To contribute to equitable and sustainable social and economic development in Mongolia

<sup>1</sup>The Mongolian term ger means portable, round tents covered with skins or felt that are used as a dwelling by nomads on the steppes of Central Asia or – in this context – by most of the recent immigrants into the semi-urban belt areas on the outskirts of Ulaanbaatar.

## EXPECTED OUTCOMES:

1. Transparent, effective and gender-sensitive Public Investment Management for social infrastructure with a focus on schools and kindergartens has been sustainably introduced in the Municipality of Ulaanbaatar (MUB).
2. Energy efficient thermo-technical technology is introduced and mainstreamed for sustainable replication in the MUB education sector.

## PROJECT ACTIVITIES:

- Guidance based on clear criteria for a transparent Public Investment Management (PIM) cycle are developed and applied in MUB.
- Effective and transparent PIM is achieved for the retrofitting of 20 education buildings.
- MUB's capacities are improved to independently carry out PIM projects in a transparent, effective and gender-sensitive way.
- Evidence-based policy dialogues for replication, upscaling and dissemination of PIM, public finance management and energy efficiency with MUB and national stakeholders are carried out.
- 20 thermo-technical retrofitted buildings are completed, which are Mongolian construction standards compliant and have improved water and sanitation facilities.
- Blueprints for the retrofitting of seven standard types of school and kindergarten buildings are developed and approved for wider dissemination and replication.
- The advantages of retrofitting technology are mainstreamed in MUB and applied to education and other public buildings and transferred to the private sector.

## RESULTS FROM PREVIOUS PHASE:

PIE1 was implemented in two rural provinces, (Zavkhan and Khovd), and was assessed as very successful by an external review:

**Local Development Fund (LDF) Management and Local Democracy:** PIE1 established a fully-fledged capacity development programme for administrative and local democracy processes. It improved existing systems by strengthening standard structures and processes in Khovd and Zavkhan aimags. Democratic and participatory processes, and the inclusion of traditionally marginalised groups such as herders, women and ethnic minorities, were successfully introduced and applied at bagh, soum and aimag levels. PFM procedures related to the LDF were introduced and officials are now able to manage the entire project cycle, from selection to tendering, procurement, implementation and monitoring.

**Demonstration of Energy Efficiency in Public Buildings:** PIE1 thermo-technically retrofitted 16 public buildings (twice the target), namely schools, dormitories, kindergartens and health centers in remote rural soums of the two aimags. The retrofitted buildings serve as demonstrations of benefits of better insulation, namely financial benefit of up to 40% budget cost saving from reduced coal consumption, health benefit of up to 30% reduction in sickness among children and wellbeing benefit in terms of reduced cost by 1/3 for families of caring for sick children.



## Partner organisations:

- Ministry of Energy
- Ministry of Education, Culture, Science and Sports
- Ministry of Construction and Urban Development
- Energy Regulatory Commission
- Construction Development Center
- Citizen's Representative Khural of Ulaanbaatar
- MUB departments of Education, Procurement and Investment
- Songinokhairkhan and Bayanzurkh districts
- National Academy of Governance
- Mongolian National Construction Association

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