Public-Private Partnerships for Mongolia's Education Sector

From System Capacity to Sustainable Delivery

Fiscal sustainability · Quality at scale · Risk transfer · Lifecycle delivery

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Foundations Established Under the System Capacity Grant

Four system-level building blocks now in place — the platform on which a PPP delivery model can be anchored

01 INTEROPERABLE DATA ECOSYSTEM

Decision-grade data foundation

- System-wide unique student identifier
- Unique school and teacher identifiers
- 160+ automated cross-system validation rules
- Governance architecture for data integrity
- Foundation for AI, EQS, and fiscal tools

02 NATIONAL QUALITY STANDARDS

First school-level equity floor

- 21 indicators across 4 dimensions
- Dual-track minimum + aspirational targets
- Validated with schools, endorsed by TWG
- Quality Standards Committee being established

03 AI-ENABLED TEACHER SUPPORT

Differentiation at national scale

- Government-owned curriculum dataset (Gr 1–5 Math)
- Teacher Virtual Assistant on national Medle platform
- Sovereign infrastructure, model-agnostic design
- RCT-ready for credible scale-up evidence

04 FISCAL & FINANCING TOOLS

Sustainability and policy choice

- Mid-Term Budgetary Framework analytical tool
- Policy-lever simulation for Cabinet decisions
- Initial exploration of innovative & blended finance
- Singapore PPP Symposium & UB workshop with IFC

These foundations underpin every subsequent decision — including the PPP pilot. Detailed activity-level update follows in the SCG completion presentation

Mongolia Faces Simultaneous Pressures on Access, Quality, and Fiscal Space

Findings from the AA4 Fiscal Analysis — converging forces are pushing the system toward new delivery approaches

01 Enrollment pressures

GE enrollment rises to 991,000 by 2028; kindergarten and primary peak through ~2027 — a narrow window before demographic reversal.

02 Overcrowding

Many UB schools running two shifts at over 50% capacity; classrooms physically saturated even before further enrollment growth.

03 Rented facilities

34 rented buildings currently host public-school students in Ulaanbaatar — a direct symptom of stretched system capacity.

04 Risk of triple shifts

Without new blocks, multiple UB schools face the prospect of running three shifts per day — eroding instructional time and quality.

05 Fiscal constraints

Education budget (~MNT 4.3T/yr) is fully absorbed by recurrent costs; capital headroom under traditional delivery is essentially zero.

06 Quality & digital readiness

Rising expectations for 21st-century skills, digital infrastructure, and equity — the system must expand and modernize at the same time.

Decisions in the next 6–12 months will lock in the system's trajectory — the case for a new delivery approach is structural, not cyclical.

The Scale of the Infrastructure Challenge

Three structural facts make a compelling case for a complementary delivery model — the issue is not only financing, but the speed, sequencing, and sustainability of delivery

01

25+

schools

UB Schools on Rented Facilities

34 rented buildings host public-school students in UB; many schools face triple-shift risk.

02

10%

shift reduction

GAP Mandate — Nationwide

New blocks at 331 schools and over 8,300 new seats required to meet the GAP target.

03

>$1.44B

USD

Infrastructure Need, 2025–2029

Blocks, seats, devices and textbooks — exceeds what traditional budget delivery can absorb.

WHY TRADITIONAL DELIVERY ALONE IS INSUFFICIENT

Fiscal constraint

Education budget (~MNT 4.3T/yr) already fully absorbed by recurrent costs — no capital headroom remains.

Enrollment peak imminent

GE enrollment peaks ~754K in 2026–27. Infrastructure must be in place before demand peaks.

Lifecycle gaps under public delivery

Public construction often delivers buildings without a structured maintenance regime — quality decays within a decade.

PPPs as a Complementary Delivery Instrument

PPPs do not replace public financing — they complement it by transferring delivery and lifecycle risk while government retains full responsibility for education policy

01

GOVERNMENT RETAINS

Policy · curriculum · accountability

- Education policy and strategic direction
- National curriculum and learning standards
- Teacher selection, training, and accountability
- Quality standards and inspection regime
- Oversight of system performance

02

PRIVATE SECTOR SUPPORTS

Delivery · finance · lifecycle

- Design of school infrastructure
- Construction and project finance
- Maintenance over the contract term
- Lifecycle and asset management
- Selected digital infrastructure delivery

03

WHY THIS MATTERS

Speed · quality · predictability

- Faster delivery than public construction cycles
- Lifecycle maintenance built into one contract
- Clear accountability through performance KPIs
- Predictable annual budgeting via availability payments
- Performance-linked payments protect public interest

PPPs are a delivery instrument — not a financing workaround. The fiscal commitment remains public; however, it spreads out over a longer period and helps in relatively better fiscal management; the delivery, risk, and lifecycle obligations shift to the private partner.

Where PPPs Fit Best

The emerging consensus from the technical workshop — PPPs are best suited to infrastructure and selected digital delivery, while public financing remains the right instrument for system capacity

AREA	PPP FIT	BEST INSTRUMENT	RATIONALE
School infrastructure	HIGH	Bundled DBFMT PPP	*Construction risk transfer; lifecycle maintenance bundled into one contract — strong VfM.*
Lifecycle maintenance (One PPP Contract)	HIGH	Bundled DBFMT PPP	*Performance-linked payments incentivise upkeep over the entire concession period.*
Digital infrastructure	MEDIUM	PPP component or IPF	*Suitable for connectivity and devices when paired with usage standards; standalone digital weak.*
Teacher training	LOW	Public (IBRD / IPF)	*Pedagogy and effectiveness require public stewardship and continuous professional development.*
Curriculum & pedagogy	LOW	Public (Government)	*Sovereign function — must remain government-led; no private appetite for non-bankable elements.*

BLENDED ARCHITECTURE

PPPs for infrastructure and selected digital delivery · Public financing for system capacity, teacher effectiveness, and core data infrastructure

Emerging Pilot Concept: A Bundled UB Infrastructure PPP

A first-of-its-kind education PPP in Mongolia — climate-resilient, digitally equipped classrooms delivered through a single Design–Build–Finance–Maintain–Transfer (DBFMT) contract

40 - 50
schools
Bundled brownfield UB pilot

$100-150M
USD
Indicative private investment size

DBFMT
model
Design · Build · Finance · Maintain · Transfer

10-15 yrs
concession
Availability-payment based concession

PRIVATE SECTOR SCOPE

Core school infrastructure

- Brownfield blocks; classrooms and associated facilities
- Climate-resilient and inclusive design
- Smart-classroom IT and tech-enabled delivery infrastructure
- Furniture, fixtures, lighting, ventilation, sanitation
- Lifecycle maintenance over the concession term

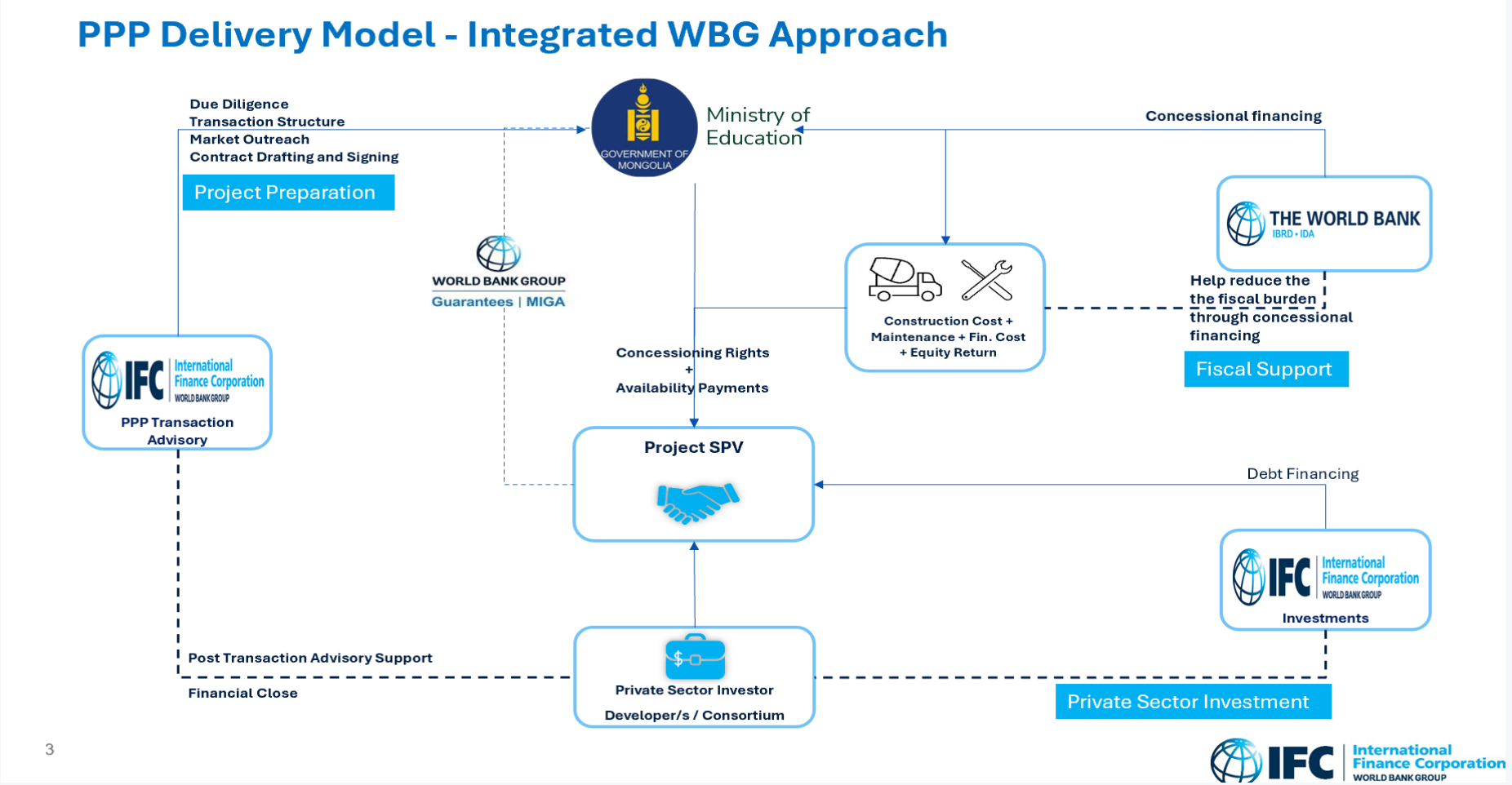
OBJECTIVES OF THE PILOT

- **Affordability**
  No large upfront capital appropriation; costs spread over the concession period.
- **Timely development**
  Deliver capacity ahead of the 2026–27 enrollment peak.
- **Replicability**
  Establish a credible, bankable national template that scales beyond the pilot.

Delivery and Financing Structure — Integrated WBG Approach

How a bundled DBFMT pilot for school infrastructure would be financed, structured, and delivered — combining private capital, concessional financing, and IFC transaction advisory under a single architecture

DELIVERY STRUCTURE | **FINANCING OPTIONS** | **INSTITUTIONAL & FISCAL**



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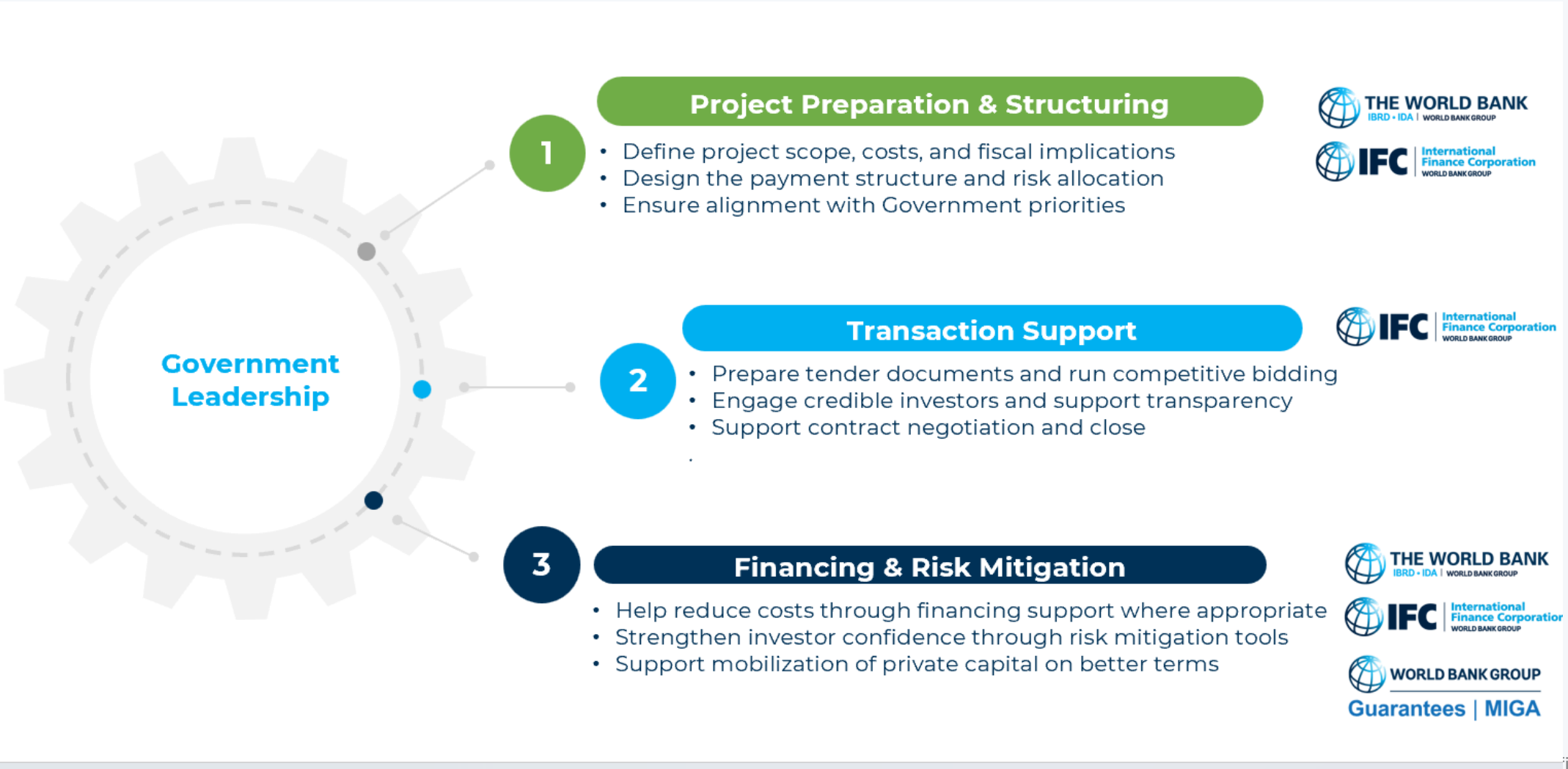
Next Steps and High-Level Decisions

Government of Mongolia leads through interministerial coordination — World Bank Group supports with structuring, transaction advisory, and risk mitigation



Indicative Timeline — From Decision to Construction Start

If approvals proceed on schedule, IFC transaction advisory commences July 2026 and construction starts Q2 2027 — ahead of the 2027 enrollment peak

Government defines and locks the pilot scope. WBG/IFC provides a preliminary estimate of annual payment implications

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MoE, MoF, and MED agree whether to proceed. MoE submits the project to the PPP Center

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IFC Transaction Advisory Services Agreement (TASA) is signed, and Project Preparation/ Due Diligence begin.

Due Diligence completed and Transaction Structure Report is submitted. Government approval to commence the tender process

Tender documents are finalized, approvals secured, and tender launched.

Bid process is completed and contracts are signed. Construction starts by April 2027.