



MONGOLIA'S PPP FINANCING OPPORTUNITY

Private participation, financing pathways, and bankable project development

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Public-Private Partnership Forum – 2026
24 April 2026

WHY PPP MATTERS NOW



Mongolia's strategic project pipeline is growing faster than public financing capacity.

PUBLIC SECTOR

- Project pipeline
- Legal and policy framework
- Approvals and enabling support
- **Public funding support, guarantee**

PRIVATE SECTOR

- Capital
- Technical expertise
- Project delivery
- Operational efficiency

STRATEGIC PROJECT PIPELINE

- Mega projects in the pipeline
- Road
- Railway
- Airport
- Energy / power
- Water / industrial infrastructure



The significance of the new PPP Law lies not in introducing new contract types, but in providing a clearer framework for structuring financeable and repeatable PPPs.

MULTIPLE FORMS ALREADY EXISTED

BOT, BT, BOO, BOOT, BLT, DBFO, and ROT were already available under the old law.

THE REGIME REMAINED
CONCESSION-ORIENTED

The old law was more focused on concession transactions than on building a full PPP system.

BT BECAME A PRACTICAL OUTCOME

Many projects were advanced as BT rather than as fully structured long-term PPPs.

BOT WAS AVAILABLE, WITH LIMITED
OUTCOMES

The issue was not the absence of the contract form itself, but the lack of sufficient clarity around government support, risk allocation, and project preparation.

THE NEW LAW IS BETTER SUITED TO
MODERN PPPS

It creates a clearer framework for financing, project analysis, fiscal treatment, and implementation.

**The PPP Law was adopted on 7 December 2022, became effective on 31 December 2023, and the PPP Center was established on 18 October 2024*

CLEARER PATH FOR PRIVATE PARTICIPATION



PREVIOUS
CHALLENGE

PAYMENT MODEL

State support was possible, but the **payment model was often less clearly structured.**

FISCAL SUPPORT

Even where public support existed, its **fiscal treatment was uncertain** for private sponsors and lenders.

PROJECT SELECTION

Projects were more transaction-driven and less consistently screened for PPP suitability.

BANKABILITY

Financeability depended heavily on project-by-project negotiation.

NEW CLARITY

PPPs can be structured as **user-fee, budget-funded, or mixed.**

→ **revenue and payment logic clearer** from the start.

Budget-backed obligations are treated systematically within the fiscal and budget framework.

→ **reduces uncertainty** around how public payment commitments are handled.

Requires stronger project analysis, including **value-for-money, risk, and broader project justification.**

→ This helps **filter for more credible PPP opportunities.**

Gives a clearer basis for **risk allocation, financing structure, and implementation.**

→ This provides a **more credible platform for assessing bankability.**

PPP opportunity is not limited to one type of private participant. It creates entry points for capital, delivery capability, and long-term operating expertise.

- **Sponsors / developers** — originate, structure, and lead projects
- **Lenders / investors** — provide debt and capital support
- **Contractors / EPC firms** — deliver design and construction
- **Operators / service providers** — manage long-term performance
- **Advisers / technical partners** — support structuring, diligence, and implementation

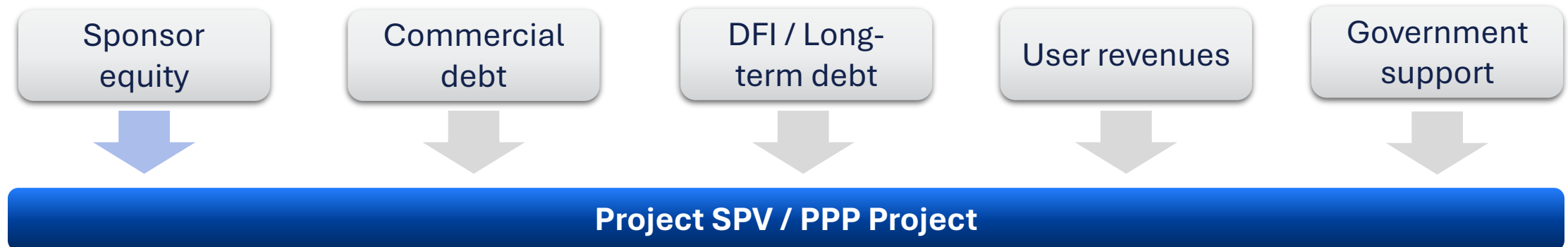


FINANCING PATHWAYS FOR PPP PROJECTS



- Sponsor equity remains essential at the development and structuring stage
- Debt can come from commercial banks, DFIs and other long-term financiers
- Government support may take the form of budget-backed or mixed-payment structures
- User-fee based models are possible where project revenues are sufficiently predictable
- In practice, many PPPs require a hybrid financing structure rather than a single source

**PPP FINANCING IN MONGOLIA IS MORE LIKELY TO RELY ON HYBRID STRUCTURES RATHER THAN A SINGLE FUNDING SOURCE.
CLEARER GOVERNMENT SUPPORT AND PARTICIPATION HAVE OPENED UP BROADER FINANCING POSSIBILITIES**



COST-BENEFIT ANALYSIS BUILDS THE PPP CASE



ROBUST COST-BENEFIT ANALYSIS IS NOT ONLY A PUBLIC-SECTOR REQUIREMENT — IT IS PART OF BUILDING A BANKABLE PPP CASE

ECONOMIC

- Lower transport and operating costs
- Shorter travel time and higher logistics efficiency
- Higher trade, tourism and regional productivity

SOCIAL

- Better access to jobs, services and markets
- New local employment during construction and operation
- Stronger regional inclusion and development

ENVIRONMENTAL

- Reduced land degradation from multiple unpaved tracks
- Lower dust, vehicle damage and unmanaged roadside impact
- Better mitigation through planned alignment and design

WHY THIS MATTERS

- ✓ **Builds the case** for government support and approvals
- ✓ Strengthens **project credibility** with lenders and DFIs
- ✓ Improves **stakeholder acceptance and long-term project durability**
- ✓ Creates **follow-on business opportunities** along the corridor and beyond



A project is more likely to succeed as a PPP when it brings together **public value, bankability and implementation readiness.**

1. STRONG DEVELOPMENT CASE

- Clear economic, social and environmental benefits
- Alignment with national and regional development priorities
- Measurable spillover effects beyond the project itself

3. BANKABLE STRUCTURE

- Credible revenue or payment mechanism
- Balanced risk allocation between public and private parties
- Financeable capital structure and acceptable return profile

2. DELIVERY READINESS

- Feasibility, technical studies and environmental work substantially prepared
- Key approvals, land and implementation responsibilities identified
- Realistic procurement and construction pathway

4. CREDIBLE PRIVATE PARTICIPATION

- Sponsor capability and long-term commitment
- Relevant technical and operating expertise
- Ability to work with government, lenders and local stakeholders

Few proven precedents

- Mongolia has prior concession and PPP-type experience, but the number of strong reference cases remains limited

Different participation models

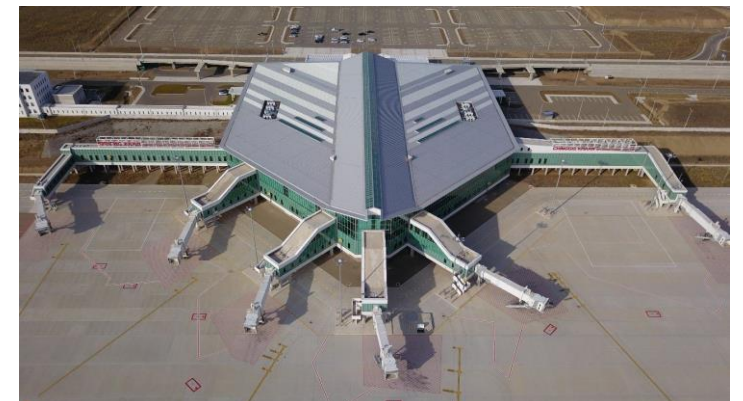
- Existing examples show that private participation can work, but structures differ significantly
- Some cases are closer to concession-based operation than privately financed greenfield PPP delivery
- The key lesson is to build project-specific, bankable structures rather than rely on one model

Need for tailored structuring

- For Mongolia's next wave of PPPs, project preparation, risk allocation and payment design will be critical

Illustrative precedent: NUBIA – JV operator under a 15-year airport concession

- ODA-financed airport asset
- 2019 Mongolian-Japanese JV operator
- 15-year concession for operation and management
- **Shows that structured private participation can work in Mongolia**
- More relevant as an operating precedent than a financing template



FROM LEGAL FRAMEWORK TO INVESTABLE MARKET

PROJECT PREPARATION

- Projects need credible feasibility work, realistic structuring and clearer implementation readiness.

COST-BENEFIT ANALYSIS

- Economic, social and environmental impact should be evidenced clearly to support project selection and public backing.

RISK ALLOCATION & PAYMENT DESIGN

- Private capital will respond more actively where risks are allocated credibly and revenue or payment mechanisms are clear.

CREDIBLE PIPELINE

- Private participants, lenders and investors need confidence that PPP opportunities will emerge consistently, not only occasionally.

REFERENCE CASES

- Repeatable, well-executed projects are essential to building confidence in Mongolia's PPP market.



MONGOLIA INTERNATIONAL CAPITAL CORPORATION

FROM FRAMEWORK TO BANKABLE EXECUTION

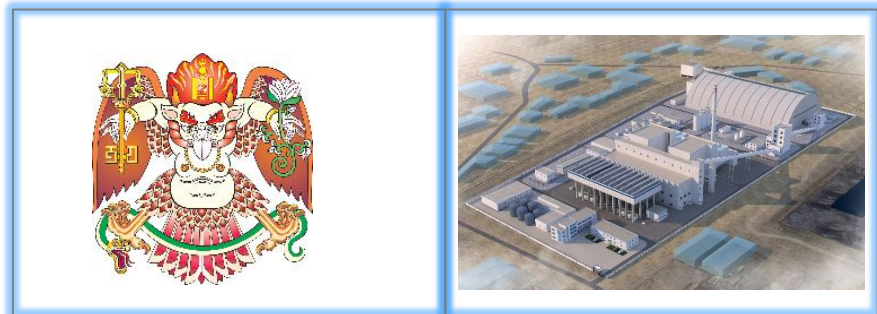
MICC at a glance:

Founded in 2005 | Mongolia's first full-service investment bank and brokerage firm |
100+ transactions completed | USD 2bn+ financing mobilized

OUR RECENT TRANSACTIONS



ULAANBAATAR CITY



PUBLIC BOND

MICC is acting as the underwriter for a publicly offered bond issuance in Ulaanbaatar city.

The use of proceeds will be allocated to the financing of Thermal Power Plant No. 5. With an installed capacity of 300 MW of electricity and 340 Gcal of thermal energy, the plant will help meet the rapidly growing electricity demand of Ulaanbaatar and the Central Region's power system, while also enhancing the safety and reliability of heat supply for the city's consumers.

INDUSTRY	TRANSACTION TYPE	AMOUNT
Infrastructure	Bond financing	MNT 200 billion

ULAANBAATAR CITY



PUBLIC BOND

As part of the Vision-2050, Mongolia's long-term development policy, initiatives were undertaken to establish reliable energy sources to meet domestic electricity demands, enhance engineering networks, and alleviate traffic congestion through infrastructure projects. To finance these objectives, public bonds were issued, MICC worked as a leading underwriter facilitating the process.

INDUSTRY	TRANSACTION TYPE	AMOUNT
Infrastructure	Bond financing	MNT 500 billion

OUR RECENT TRANSACTIONS



GOVERNMENT OF MONGOLIA



ADVISORY IN INVESTMENT AGREEMENT

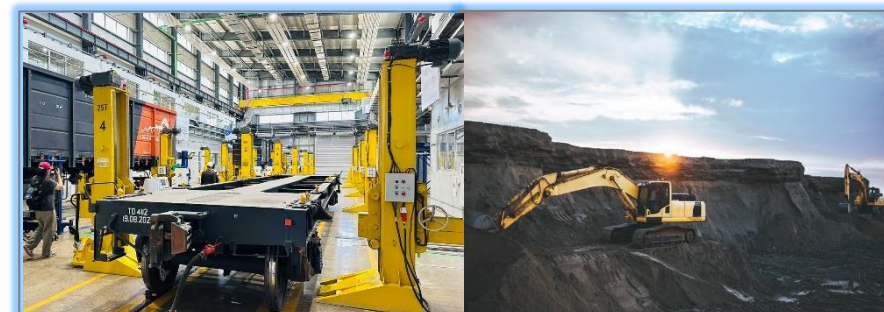
MICC advised to the Government of Mongolia to conclude an Investment Agreement for the Franco-Mongolian project between the Government of Mongolia and Orano Mining SAS, nuclear energy provider.

The Zuuvch Ovoo uranium deposit is expected to produce 4% of global uranium production in the future. The sustainable development of the Zuuvch Ovoo enables Mongolia to diversify its export products, increase exports, and expand diplomatic ties. The Zuuvch Ovoo project will create ~700 employment opportunities.

INDUSTRY
Mining

ADVISORY
Advisory services

ERDENES TAVAN TOLGOI JSC



PUBLIC BOND

Erdenes Tavantolgoi JSC is one of the top 5 companies in Mongolia and is a closed joint stock company operating the strategically important Tavan Tolgoi coal deposit. MICC has worked as a financial advisor and an underwriter for the Erdenes Tavantolgoi JSC to raise the funding needed to implement its 2021-2025 business expansion plan.

INDUSTRY
Mining

TRANSACTION TYPE
Bond Financing

AMOUNT
MNT 731.5 billion

OUR RECENT TRANSACTIONS



TOSON ENERGY LLC



TOSONTSENGEL THERMAL POWER PLANT

The Tosontsengel Thermal Power Plant, with a capacity of 22 MW, was commissioned in 2025 and connected to the Central and Altai-Uliastai integrated power grids. The plant generates electricity using coal sourced from the Mogoin Gol and Ovoot coal deposits. It produces approximately 150 million kWh of electricity annually, supplying power to the Altai-Uliastai region.

MICC acted as advisor in raising long-term debt financing (both capital expenditure and working capital facilities) from domestic bank.

INDUSTRY	TRANSACTION TYPE	AMOUNT
Infrastructure	Debt financing	USD 15 million

DESERT SOLAR POWER ONE LLC



SAINSHAND SOLAR POWER PLANT

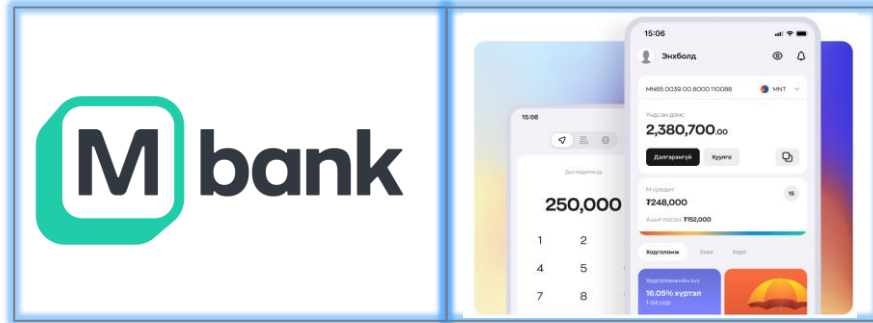
DSPO operates a 30 MW onshore solar power plant located in Sainshand, Mongolia. The station was put into operation on October 17, 2020 and produces more than 50,000 MW/h of electricity per year. The solar power plant reduces greenhouse gas emissions by 14,994 thousand tons and coal consumption by 6,589 thousand tons annually.

INDUSTRY	TRANSACTION TYPE	AMOUNT
Renewable energy	Green financing	USD 10 million

OUR RECENT TRANSACTIONS



M BANK



DEBT FINANCING

M Bank obtained its banking license in 2022, becoming Mongolia's first fully digital bank. Wholly owned by MCS Holding LLC, the bank operates an integrated ecosystem designed to deliver a seamless customer experience, offering innovative financial and lifestyle products and services to both individuals and businesses. MICC has successfully raised MNT-denominated funding from foreign investors.

INDUSTRY	TRANSACTION TYPE	AMOUNT
Banking	Debt financing	USD 20 million

StorePay NBFI LLC



BOND FINANCING

Store Pay NBFI LLC was established in 2019 to address payment challenges faced by individuals and businesses. It is a leading Mongolian fintech company providing BNPL (“Buy Now, Pay Later”) installment payment solutions, working with the largest network of users and merchant partners in the country. MICC acted as underwriter for the company’s MNT 8 billion bond financing, which was successfully raised through a private placement on the OTC market.

INDUSTRY	TRANSACTION TYPE	AMOUNT
FinTech	Bond financing	MNT 8 billion

OUR RECENT TRANSACTIONS



DEVELOPMENT BANK OF MONGOLIA

K & K ROAD LLC



OTC BOND

MICC acted as a financial advisor for the Development Bank of Mongolia's issuance of bonds on the OTC (over-the-counter) market, attracting significant foreign investment. Key highlights of this initiative include: MICC facilitated the launch of the first floating-rate bonds in Mongolia, pioneering this instrument in the market. Unique to these trades was foreign investors committing funds in Mongolian Tugrik (MNT), boosting local currency participation. Across five trades, the Development Bank of Mongolia secured a total of MNT 707 billion, comprising MNT 219 billion from floating-rate bonds and MNT 488 billion from fixed-rate bonds. These efforts signify a substantial advancement in Mongolia's bond market, showcasing innovation and the growing appeal of local financial instruments to international investors.

DEBT FINANCING

K&K Road LLC is developing the A1102 Murun–Uliastai Road PPP project, a 261.89 km paved road corridor in northwestern Mongolia to be implemented under a BOT structure. The project is expected to improve regional connectivity, support tourism and trade flows, and enhance access to markets and services across Khuvsgul and Zavkhan provinces. MICC will act as financing advisor for the project, supporting the structuring and raising of approximately USD 150 million in long-term financing.

INDUSTRY	TRANSACTION TYPE	AMOUNT
Bank	Bond financing	MNT 707 billion

INDUSTRY	TRANSACTION TYPE	AMOUNT (pending)
Banking	Debt financing	USD 150 million







THANK YOU FOR ATTENTION

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