



МОНГОЛЫН МЯНГАНЫ СОРИЛТЫН САН
MILLENNIUM CHALLENGE ACCOUNT - MONGOLIA



MONGOLIA WATER COMPACT

WATER SUPPLY PROJECT

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AGENDA

1. Overview of Mongolia Water Compact by Sodontogos Erdenetsogt, CEO, MCA-Mongolia
2. Planned Construction Contracts under Downstream Wells Activity by Zorigt Saruulkhangai, Deputy CEO, MCA-Mongolia
3. Procurement Procedures for MCC-funded Projects by Enkhtungalag Togtokh, Director, Procurement, MCA-Mongolia
4. Tax Exemption under the Compact by Bayar Purevdorj, General Counsel, MCA-Mongolia
5. Q&A Session



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1. Overview of Mongolia Water Compact

- Millennium Challenge Corporation
- U.S. aid agency
- Assists countries to reduce poverty through economic growth
- Grants to countries that show
 - ✓ good governance
 - ✓ economic freedom
 - ✓ investment in their citizens
- Created by the U.S. Congress in 2004 with bipartisan support



FOCUSING ON
COUNTRY
OWNERSHIP AND
SUSTAINABILITY

1. Invoices are paid directly by the U.S. Treasury to the contractor
2. Funding is committed to specific programs up-front
3. The procurement process establishes a fair playing field – Program Procurement Guidelines
4. Winning contracts are price-reasonable and best value
5. International environmental and labor standards are enforced/ IFC

To be included in the mailing of MCA-Mongolia, please contact us at:

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Compact investments for Bulk Water Supply Expansion Program

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The \$350 million Mongolia Water Compact will expand Ulaanbaatar's supply of potable water by more than 80% and enhance the long-term financial, institutional, and environmental sustainability of its water sector

DOWNSTREAM WELLS

- Develop 2 new wellfields downstream from the city to supply water to UB.
- ✓ Groundwater wells, build pump-houses, transmission line
- ✓ Groundwater may contain contaminants, so requires water purification plant
- ✓ Will add 50 mln.m3 of additional water each year.

WASTEWATER RECYCLING

- Replace freshwater used in two largest CHP plants with recycled water.
- ✓ Construct recycling plant, transmission line, storage tanks, plant infrastructure
- ✓ Requires consistent quality of effluent from central wastewater treatment plant
- ✓ Will "free up" 14 mln.m3 of existing water each year.

WATER SECTOR SUSTAINABILITY





- Support policy, regulatory and institutional changes to sustain increased water supplies.
- ✓ Cost Recovery Technical Assistance
- ✓ Ger Area Kiosk/Infra
- ✓ Improvement
- ✓ Targeted Utility Capacity Building
- ✓ Water Quality Lab Equipment
- ✓ Public Awareness/Behavior Change Activity

■ Conditions Precedent to Entry Into Force

Following are some of the conditions which must be satisfied by the GoM before the Compact enters into force:

- a) Removal of the existing long-term debt on USUG's (water utility) balance sheet;
- b) Adoption of a plan that ensures that the water utility's revenues from water and wastewater tariffs and fees fully cover operations and maintenance and ensure long-term sustainability;
- c) Adoption of a plan to ensure that the chemical load of wastewater discharged from commercial and industrial sites into Ulaanbaatar's existing central wastewater treatment plant is reduced to the levels observed in 2013 or lower.

Brief Overview of the Major Participants

 <p>MILLENNIUM CHALLENGE CORPORATION UNITED STATES OF AMERICA</p>			
<ul style="list-style-type: none"> • MCC 	<ul style="list-style-type: none"> • MCA-Mongolia 	<ul style="list-style-type: none"> • Program Management Consultant (PMC) 	<ul style="list-style-type: none"> • Design Consultant
<ul style="list-style-type: none"> ✓ Assists countries to reduce poverty through economic growth ✓ Provide grants to countries that show <ul style="list-style-type: none"> ✓ good governance ✓ economic freedom ✓ investment in their citizens. ✓ As funder of the Compact, MCC oversees the performance of various tasks under the contracts, including exercising its rights for approving specifications, quality, and adherence to standards. 	<ul style="list-style-type: none"> ✓ Will execute and manage all contracts under the Compact and coordinate communications between the Government, all consultants and contractors. ✓ Serve as an Employer and approve all of the Contractors deliverables/works and issue all Payment Certificates to the Contractors under the Contracts. 	<p>Will be responsible for:</p> <ul style="list-style-type: none"> ✓ General Program Management, ✓ Design Reviews, ✓ Procurement Assistance, ✓ Construction Supervisors, ✓ Budget Control, and ✓ Closeout Support. <p>Sub-consultants:</p> <ul style="list-style-type: none"> ✓ H.P.Gauff Ingenieure GmbH & Co. KG-JBG- (Germany) ✓ SwecoDanmark A/S (Denmark) ✓ Sheladia Associates Inc. (USA) ✓ Mon Consult LLC (Mongolia) 	<p>Will be responsible for:</p> <ul style="list-style-type: none"> ✓ Development of Detailed design (including Basic design, 60%, 90% and final), ✓ ESIA, DEIA, ESMP ✓ RAP, ✓ Technical Specifications, and ✓ Procurement support. <p>Prime sub-consultant:</p> <ul style="list-style-type: none"> ✓ Prestige Engineering Co., Ltd (Mongolia)



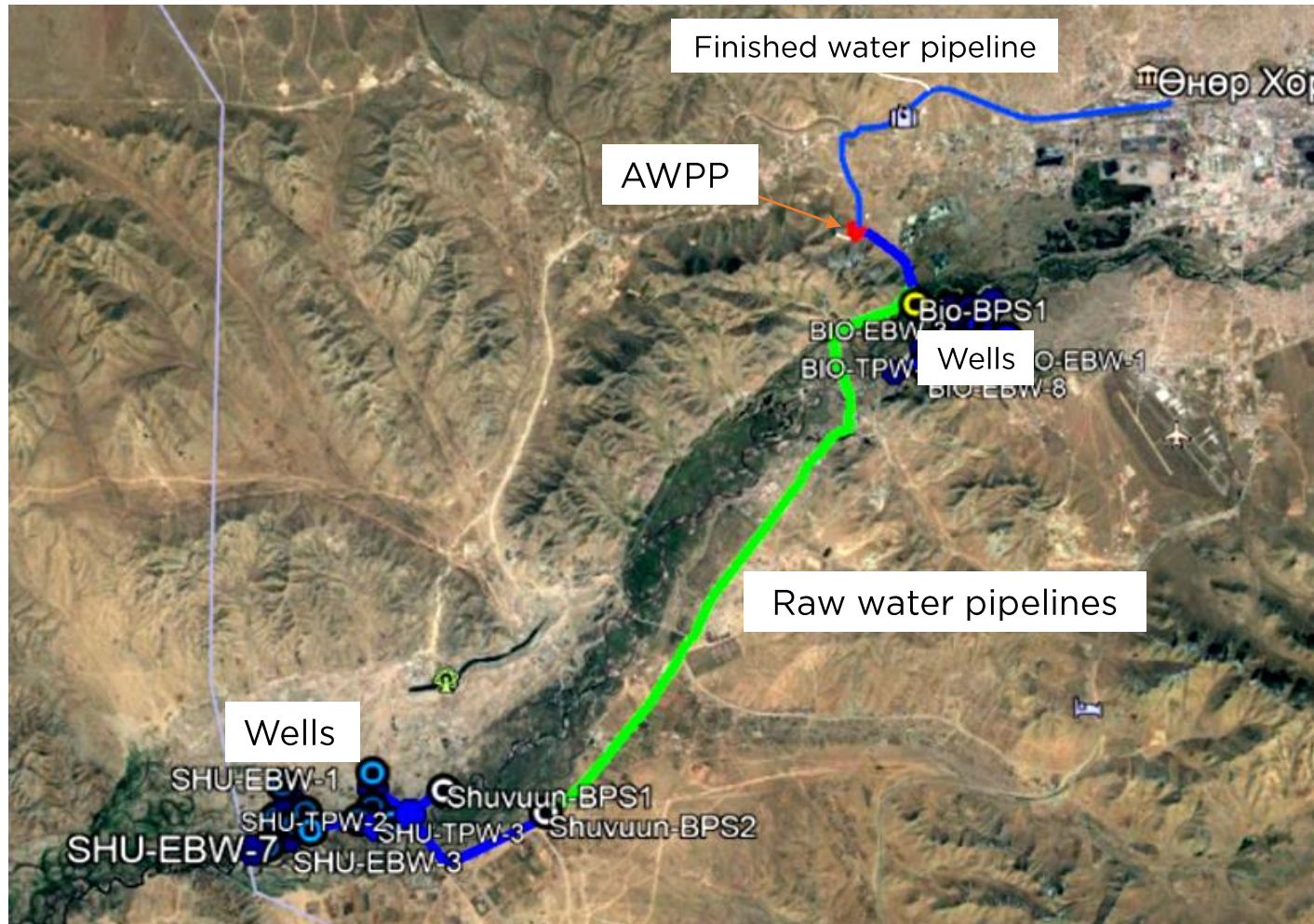
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2. Planned Construction Contracts under Downstream Wells Activity

Bulk Water Supply – Key Components

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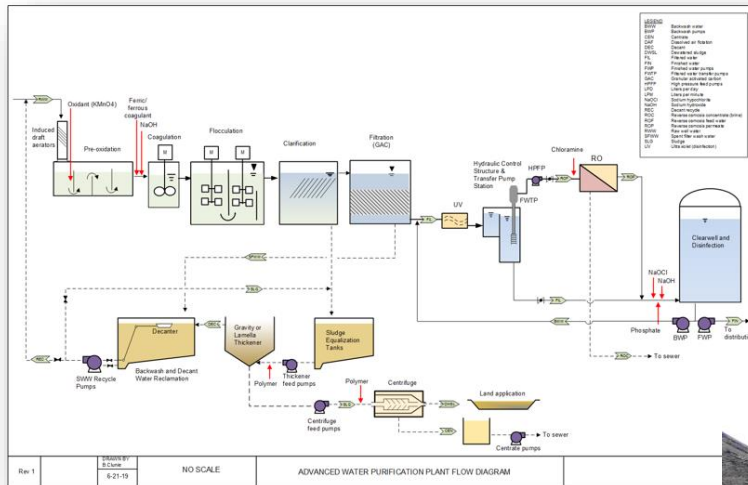


- Shuvuun Wellfield
- Biokombinat Wellfield
- Raw Water Transmission Pipelines
- Advanced Water Purification Plant (AWPP)
- Finished Water Pipelines

Planned Construction Packages (CPs) Downstream Wells Activity

- i. Construction of Wells at Shuvuun and Biokombinat (CP-1)
- ii. Construction of an Advanced Water Purification Plant (AWPP) and SCADA Controls (CP-2)
- iii. Construction of Conveyance and Well Pump-houses, (Raw Water and Finished Water Piping, Network, Flow Monitoring and Controls) (CP-3)

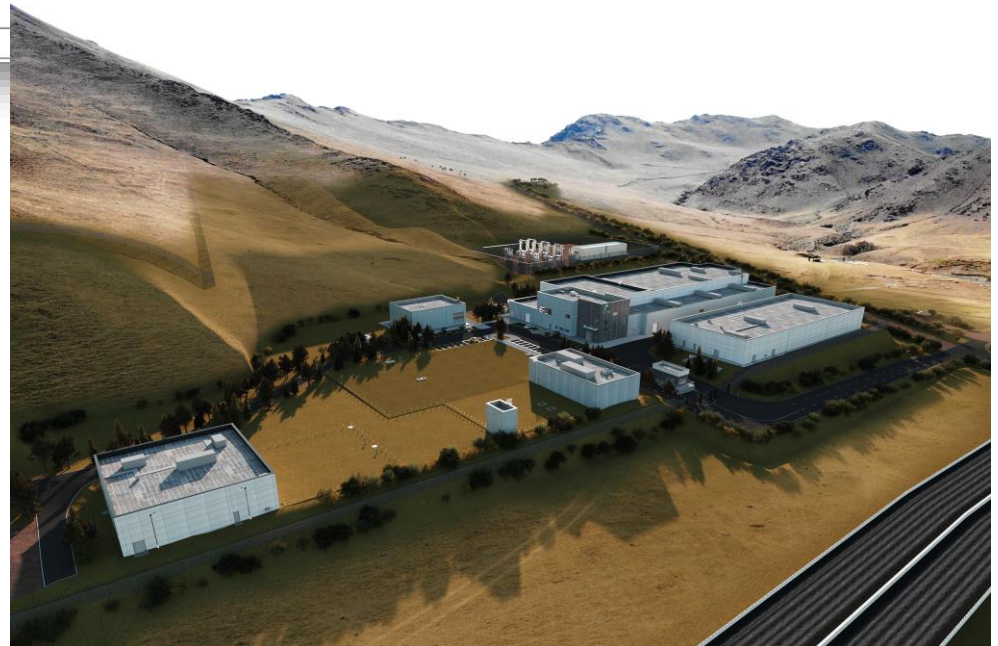
Downstream Wells Activity



Bringing new technology to Mongolia's water sector

- New western wellfields
- Advanced water purification plant
- Conveyance and pipelines

Current water supply to UB is 77 mln.m3.
MCA-Mongolia will add 50 mln.m3 of additional water each year



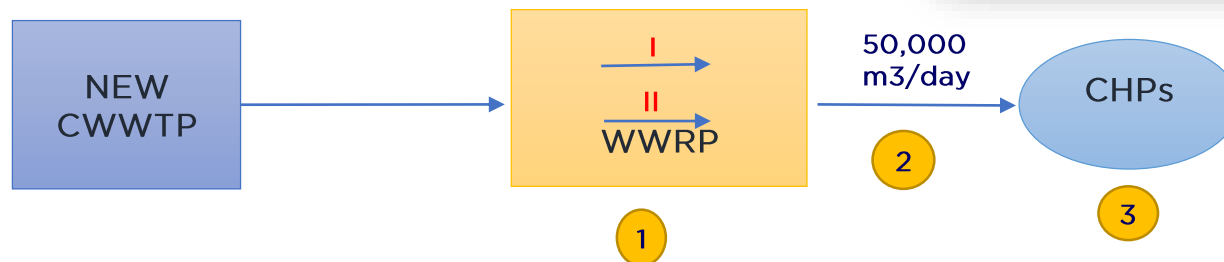
Wastewater Recycling Activity

Will “free-up 14”
mln.m3 of existing
water each year

Introduces water recycling to
Mongolia

- 1 Construction of wastewater recycling plant designed to treat a portion of the effluent from the CWWTP
- 2 Pumping stations and associated pipelines to convey the recycled water to Combined Heat and Power Plants (“CHP-3, 4”)
- 3 Internal piping, storage facilities and control systems to facilitate the use of recycled wastewater for certain processes within CHP-3 and CHP-4 (SCADA system modification)

- Replace freshwater used in CHPs with recycled
- Modern Recycling Plant with high quality transmission and storage infrastructure





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3. Procurement Procedures for MCC funded Projects

- MCC Program Procurement Guidelines establish the procurement rules and process for MCA-Mongolia procurements
- The Purpose of the Guidelines is to protect the integrity of the procurement process and advance the principles of value for money, transparency, fairness, competition and accountability
- The Procurement Guidelines Apply to all types of procurements (e.g., goods, works, consulting and non-consulting services).

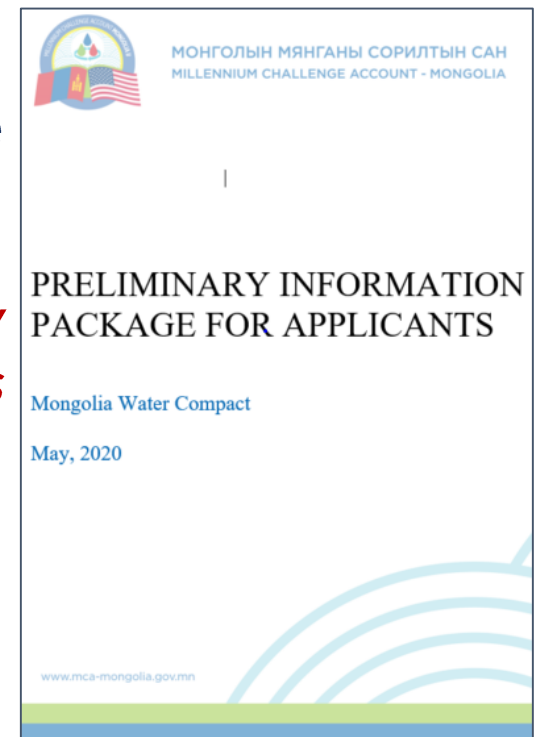
Planned procurements of works

For the next 12 months, MCA-Mongolia plans to announce the **following major procurements of works** which are included in our recently published General Procurement Notices (GPN):

<u>Downstream Wells Activity</u>	<ol style="list-style-type: none">1. Construction of Downstream Wellfield Wells at Shuvuun and Biokombinat2. Construction of an Advanced Water Purification Plant (AWPP) and SCADA Controls3. Construction of Well pump-houses and Conveyance (Raw Water and Finished Water Piping, Network, Flow Monitoring and Controls)
<u>Wastewater Recycling Activity</u>	<ol style="list-style-type: none">1. Wastewater recycling plant/Conveyance/Storage facilities (Design-Build)
<u>Water Sector Sustainability Activity</u>	<ol style="list-style-type: none">1. Infrastructure/Kiosk Improvement works

Planned procurements of works

- These procurements will begin with an enhanced pre-qualification process. The pre-qualification phase will incorporate elements from MCC's Quality and Price Based Selection procurement procedure. Each pre-qualification process will result in a shortlist of entities qualified to bid on the corresponding works package.
- Pre-qualification processes will be open to all bidders from eligible source countries, as defined in the MCC PPG.
- Pre-Solicitation Notice*** and ***Preliminary Information Package for Applicants*** published on MCA-Mongolia's website:
- <https://mca-mongolia.gov.mn/en/news/press-news/pre-sol-notes>



Advertising and Publishing Procurement Opportunities

- ✓ MCA-Mongolia's Website - www.mca-mongolia.gov.mn
- ✓ Mongolian daily newspapers
- ✓ dgMarket - www.dgmarket.com
- ✓ UNDB Online - www.devbusiness.com
- ✓ Other media
- ✓ Procurement Notices will also be sent to the long list of potential bidders identified during the planning stage of the procurements.

To be included in the mailing list of potential/interested bidders, please contact the Procurement Team of MCA-Mongolia.

Contact details: PA-Mongolia@charleskendall.com
procurement@mca-mongolia.gov.mn



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4. Tax Exemption under the Compact

Contractors (Providers) shall be exempt from any existing and future applicable taxes or duties, levies, contributions or similar charges of Mongolia. At the same time, the exemptions shall extend to the duly authorized representative/sub-Contractor of the Contractor in Mongolia.

Taxes subject to exemption include:

- Value Added Tax (VAT) at local purchases;
- VAT at Importation of Goods;
- Import and Customs Duties;
- Corporate Income Tax;
- Individual Income Tax;
- Social Insurance;
- Workplace Payment.

Exceptions to Exemption:

- Citizens of Mongolia;
- Permanent residents of Mongolia;
- Legal entities formed under the laws of Mongolia, in case of corporate income tax and social insurance contribution.



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Thanks for your attention!