Introduction of JICA MUGCUP2 Project

The JICA-funded The Second Phase of Project on Capacity Development in the Urban Development Sector in Mongolia (MUGCUP2) is one of two sub-projects of the “Project for Improvement of Capacity for Implementation Skills of Ulaanbaatar Master Plan,” which aims to enhance government’s capacity in urban planning and in the implementation of urban development projects, thereby contributing to an improved living environment. The duration of the project is four years, starting in 2015 and ending in 2018. Project counterparts are the Ministry of Construction and Urban Development (MCUD) and the Ulaanbaatar City government.

In Phase 1 of MUGCUP, which was conducted in 2010–2013, the legal framework for urban planning and development in Mongolia was proposed (see figure below). The Urban Redevelopment Law, enacted in June 2015, mandates the functions of organizations responsible for urban redevelopment and procedures in implementing these projects. The law and its rules and regulations serves as the legal basis for urban redevelopment projects.
Outline of Urban Redevelopment (UR) Projects

Urban redevelopment projects will be implemented based on the following basic policies:

1. Realization of Mongolia’s national development strategy
2. Balancing socio-economic development with protecting public safety and the natural environment
3. Ensuring equitability among participants in urban development
4. Considering public good
5. Ensuring public involvement

Characteristics of Urban Redevelopment Projects

Urban redevelopment projects are projects that aim to improve urban functions and the living environment in built-up or ger areas based on the Urban Redevelopment Law and its rules and regulations. These projects have the following four common characteristics:

1. Rearrange land-related rights and apartment floor rights through a rights conversion system. Rights holders can participate in these projects without surrendering their rights to their land and apartment. Land rights holders in ger areas can select dwelling types to live in once a project is completed; old-apartment owners can live in new apartments; and land rights holders also can sell their rights;
2. The environment and living conditions in built-up areas can improve based on a participatory approach and a beneficiary-pays principle;
3. Project implementing bodies can sell reserved lands or floors to recoup part of the project cost; and
4. Projects will be implemented based on a tripartite contract among the government, project implementation body, and rights holders, while considering equitability.

Types of Urban Redevelopment Projects

There are five types of urban redevelopment projects:

- Reconstruction of built-up areas that do not meet urban planning requirements
- Demolition and reconstruction of old buildings and structures that do not comply with building codes (old building/apartment reconstruction)
- Reorganization of lands in ger areas (land readjustment)
- Re-planning and redevelopment of ger areas (ger-to-apartment)
- Re-planning and redevelopment of public spaces

Stakeholders’ Roles in UR Projects

The government, the project implementation body, and rights holders jointly implement urban redevelopment projects.

Rights Holders (Land and Apartment Floor Owners and Possessors in the Project Area):
- Participate in projects with beneficiary-pays principle
- Cooperate to implement projects
- Monitor project implementation

Urban Redevelopment Project:
- Completion of Project
- Promotion of Public Good
- Compliance

Government:
- Approve plans
- Supervise legal, technical, and financial aspects
- Protect ownership rights and ensure fairness among residents
- Provide legal, technical, and financial support in preparing and implementing projects

Project Implementation Body (Legal body):
- Monitor project implementation
- Approve plans
- Supervise legal, technical, and financial aspects
- Protect ownership rights and ensure fairness among residents
- Provide legal, technical, and financial support in preparing and implementing projects
**Land Readjustment in Ger Areas**

This project aims to improve the living environment in ger areas by reshaping or replotting land plots, thereby creating spaces for roads, parks, utility service facilities based on a rights conversion system. This project will be implemented together with government projects on infrastructure and public facilities. Land rights holders will contribute part of their land to the project as “land contribution.” Part of this land will be used for public facilities, and the rest will be sold as “reserved land” to cover part of the project cost. Rights holders can select dwelling types they can live in after the project.

**Ger-to-Apartment Scheme in Ger Areas**

This project aims to improve the living environment in ger areas by redeveloping them into apartment areas based on a rights conversion system and developing infrastructure such as roads and parks. To cover part of the project cost, this project sells part of new apartment floors as “reserved floors.”

**Old Building / Apartment Reconstruction**

This project aims to reconstruct old apartment buildings that do not meet standards on earthquake resistance including condemned structures. Old-apartment owners can own new apartment floors based on a rights conversion system. Part of the new apartment floors will be sold as “reserved floor” to cover part of the project cost.

**Process of Urban Redevelopment Project**

In the Urban Redevelopment Law, the project implementation process and the roles of the government, project implementation body (legal body), and rights holders (land and apartment floor owners and possessors in the project area) are clearly stipulated in each stage of the project cycle, from proposal preparation to planning and decision making, implementation, and completion.

**Rights of Rights Holders:** Agreement of 80% or more of rights holders to the project plan and establishment of a residents’ association

**Formulation of Project Plan:** Formulation of a project plan, which includes a rights conversion plan and a financial plan, and approval of the plan by the city /aimag/ soum/ district governor

**Tripartite Contract:** Contract among the city /aimag/ soum/ district governor, right holders, and project implementation body on rights conversion and project implementation

**Establishment of a Supervisory Committee:** Supervision of the project, collection of public comments, calculation of compensation money
Project Implementation Process in the Urban Redevelopment Law

Proposal Stage (14.1 - 14.6)

- Proposal of UR Project by Independents (14.1)
- Provision of Comments (14.2)

Preparation Stage (14.7.1)

- Decision on Project Area (14.7.1.a)
- Consensus among more than 80% of population (14.7.1.d)
- Establishment of Resident’s Associations (14.7.1.e)

Planning and Decision Stage (14.7.2)

- Approval of the Project Implementation Plan by Governor (14.7.2.c)
- Discussion with Land and Property Owners and Possessors about the Project Implementation Plan (14.7.2.b)

Implementation Stage (14.7.3)

- Tripartite Contract among City/ Aimag/ District/ Soum Governor, Rights Holders, and Project Implementation Body (14.7.2.d)
- Preparation of Drawings (14.7.3.d)
- Approval of Each Drawing (14.7.3.d)
- Submission of Requests to Justice for Land Acquisition with Compensation for Those who Do Not Agree with the Project (14.7.3.c)
- Establishment of a Supervisory Committee (14.7.3.a) (26)
- Compensation, Relocation of Rights Holders (14.7.3.b)
- Preparation of Drawings (14.7.3.d)

Completion Stage (14.7.4)

- Completion of Redevelopment (14.7.4.a)
- Moving in after Redevelopment
- Renewal of Rights Registration after Redevelopment (14.7.4.b)
- Account Settlement and Contract Fulfillment for Completion (14.7.4.c)

Based on the Urban Redevelopment Law approved in June 2015
Expected Outputs

**Output1:** The current status and issues regarding urban redevelopment projects are clarified.

**Output2:** Ulaanbaatar’s medium-term implementation plan on urban redevelopment is clarified.

**Output3:** Re-organization of ger area land project(s) is(are) promoted through model project(s).

**Output4:** Implementation methodologies of urban redevelopment projects are established.

**Output5:** Citizen participation and provision of information to the public are promoted.

**Output6:** Capacity for the implementation of urban redevelopment projects is enhanced.

Major Approach

1. To develop capacity to implement urban redevelopment projects indicated in the Ulaanbaatar Master Plan and MUGCUP1.

2. To develop an urban redevelopment policy to manage urbanization in Ulaanbaatar and balance housing supply and demand.

3. To select model project(s) with high positive impact and feasibility. To help develop implementation plan(s) and carry them out through technology transfer.

4. To transfer practical techniques to counterparts based on results of MUGCUP2 activities. To train counterparts to become trainers.

5. To develop planning prototypes and project implementation methodologies to replicate urban redevelopment projects. To develop a handbook for practitioners.

6. To deepen the understanding of UB and aimag residents about urban redevelopment projects through information dissemination.

Implementation Structure

**Joint Coordinating Committee (JCC)**

- Ulaanbaatar City
- Ministry of Construction and Urban Development (MCUD)
- JICA

**Improvement for Planning and Implementation Skills of Ulaanbaatar Master Plan**

- Project Manager (JICA Advisor on Urban Development)

**Sub-Project 1**

Project on Capacity Development in Implementation Planning of Ulaanbaatar Master Plan

2014-2016 (3 years)

**Sub-Project 2**

The Second Phase of Project on Capacity Development in Urban Development Sector in Mongolia (MUGCUP2)

2015-2018 (4 years)

Japan International Cooperation Agency (JICA)

Ministry of Construction and Urban Development (MCUD)

Ulaanbaatar City Government

**IMPROVEMENT FOR PLANNING AND IMPLEMENTATION SKILLS OF ULAANBAATAR MASTER PLAN SUB-PROJECT 2**

The Second Phase of Project on Capacity Development in Urban Development Sector in Mongolia (MUGCUP2)

**Ger Area**

- Land Readjustment

**Old Apartment**

- Ger to Apartment

**Develop Residential Area**

- Develop Apartment Area

JICA Project Office

Room #406, Government Bld 12, Barilgachdiin Talbai 3 Ulaanbaatar

Tel: +976-9930-1374

JICA Mongolia Office

Bodi Tower 7th Floor, Sukhbaatar Square 3 Ulaanbaatar

Tel: +976-11-312393, 311329
**Introduction of MUGCUP2**

MUGCUP2 is one of two sub-projects of the “Improvement for Planning and Implementation Skills of Ulaanbaatar Master Plan,” which aims to enhance government’s capacity in urban planning and urban development project implementation, thereby contributing to an improved living environment. The MCUD, the Ulaanbaatar city government, and JICA are implementing this project together.

### Main Activities of MUGCUP2

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**Before Redevelopment Project**

**After Redevelopment Project**