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STTA for Construction Permitting Reform in Mongolia

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ABBREVIATIONS AND ACRONYMS

BPI	Business Plus Initiative
DB	Doing Business
GASI	General Agency for Specialized Inspections
GOM	Government of Mongolia
IBC	International Building Code
ICC	International Code Council
MCUD	Ministry of Construction and Urban Development
PMCG	Policy Management and Consulting Group
UBM	Ulaanbaatar Municipality
USAID	United States Agency for International Development
WB	World Bank
WG	Working Group

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GLOSSARY

Construction Document	Approved documents that contain textual and graphical information and are the base for issuance of construction permit and execution of construction process.
GASI	General Agency for Specialized Inspection
Occupancy Certificate	Document issued by a relevant agency certifying a building's compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupancy.
Building Code	Set of rules that specify the minimum acceptable level of safety for constructed buildings and other structures.

SECTION I: INTRODUCTION

For Mongolia, 19 procedures and 200 days are required in average for obtaining construction permit. Additionally numerous signatures are required for each procedure. According to World Bank (WB) Doing Business (DB) 2012 data, the country's ranking in Dealing with Construction Permits Indicator is 121, out of 185 economies, which has direct influence on general business climate in the country.

Permits to begin and continue construction, as well as to issue occupancy certificates in Mongolia are issued by General Agency for Specialized Inspection (GASI) and its local branches in the capital city and provinces. Requirements for construction permit are the same for all types of premises. The currently effective Construction Code approved on Feb 5, 2008 is too general and does not fully reflect all construction related issues, leaving many questions open and room for multiple interpretations.

The Government of Mongolia (GOM) recently decided to draft new legal framework – a new construction law – considering international best practice and the WB DB Dealing with Construction Permits indicator. The fast-track package of changes (which should be understood in this document as the Cabinet resolution for a regulation on permit issuance to begin and continue construction activities and issuance of occupancy certificates) also planned to be introduced to regulations for transitional period until the new law on construction is elaborated. But the timing for such a complex reform was not estimated properly. In addition, working process and progress is also inefficient at the working group (WG) level as the WG consists from members from different agencies.

The BPI's consultant on construction law provided technical assistance to the GOM in the process of reforming/streamlining construction permitting and issuance of occupancy certificates by using Georgian experience in reforming the construction permitting system.

The purpose of this document is to highlight the findings during the assignment and provide recommendations to BPI for providing effective technical assistance to the GOM in the reform process.

SECTION II: IMPLEMENTED ACTIVITIES

The consultant, while working with Mongolian counterparts, has accomplished the followings:

1. Analyzed existing legislation regulating construction including assigning of state or municipal lands for construction purposes, licensing designing and construction activities, spatial planning in connection with construction permitting, institutional and organizational framework in construction permitting, preliminary approvals of draft project documents in the process of issuing construction permits, mandatory state expertise of draft project documents, obtaining technical conditions from utility companies, issuance of construction permits and occupancy certificates.
2. Conducted three-day workshop outside Ulaanbaatar, organized by Ministry of Construction and Urban Development (MCUD), with government WG members. The members were explained in details regarding the best-practice concepts of construction permitting in conjunction with Georgian experience.
3. As a result, the WG members became familiar with new concepts, which they are going to introduce to the new framework construction law by changing the greatest part of the whole content of existing concept. In addition, schedules of reforms were revised and more logical timeframes are being considered for development of fast-track package of changes as well as new framework law on construction.
4. Conducted detailed presentation with Ulaanbaatar Municipality working group about Georgian Reforms in Construction. The presentation was designed according to the needs and pre-identified questions from the WG and was about the challenges of the construction regulatory framework before the reform; the main concept and philosophy of reforms; reform phases and results; the legal and institutional system of construction permits issuance in Georgia; one-stop shop principles; and the functioning of Tbilisi Architecture, which is the Municipality agency that issues permits to buildings of risk categories of 2-4. The presentation is attached under Annex A.
5. Reviewed the existing draft concept of fast-track package of changes for immediate, transitional reforms to simplify the current construction permitting procedures until new framework law on construction is elaborated. Currently, the draft cabinet resolution on the regulation to issue permits to begin and continue construction activities and issue occupancy
6. As a result recommendations were provided, logically following the procedures of WB DB “Dealing with Construction Permits” indicator.
7. Conducted brief presentation with the Minister of Construction and Urban Development and WG members about the main differences of Eurocodes and ICC family of codes and rationales of Georgia’s decision on choosing ICC Codes as the base for national building codes. The presentation is attached under Annex B. The presentation highlighted the pros and cons each code to facilitate the MCUD to understand the differences and adoptability to Mongolian situations.
8. Worked with the MCUD WG on a daily basis by spending most of the time with them in the office apportioned by the Ministry. The gained the knowledge and understanding on fundamental concepts and principles of administrative provisions of construction related legislation and will be able to perform better while participating in MCUD WG during the reform process.

1. Identified problems in existing legislation and recommendations how to address them

1.1 Assigning of state or municipal lands for construction purposes

In Mongolia, there is no land ownership that is why Government is assigning state or municipal lands for construction purposes for investors. As usual long-term lease agreement is used. This agreement can be obtained in 28 days from the Land Department of the Office of the City Governor. Therefore, there is extra procedure and time to get consent from the owner (central or municipal Government this case) in the process of construction permit issuance.

The following steps are required for assigning lands for construction purposes:

- City Governor's order for assigning of land (1 signature/14 days)
- Issuance of Land possession certificate (1 signature/2 days)
- Cadastral map of land lot (2 signature/7 days)
- Land possession contract (2 signature/5 days)

GOM needs to decide how to resolve the land issues, which itself is a very complex issue and not many former Soviet countries fixed this yet.

1.2 Licensing designing and construction activities

According to the current Construction Code, licenses to engage in construction activities are required for companies. These include 5 types of licenses: development of construction documents (drawings), construction activities, production of construction materials, production of lifting equipment and their spare parts, and installation and maintenance/services. All together more than 100 signatures are required for these licenses.

GOM wants to eliminate these licenses and introduce registration for the companies involved in construction related activities.

License, as well as registration does not guarantee the safety or quality of work performed. If we need to establish qualification, we have to introduce certification of individual professionals (not the qualification requirements for companies). Certification can be state, half-regulated or self-regulated, but in order to introduce certification, one has to ensure qualification of certain professionals, which is not possible without introducing national building codes (by which the qualification of experts should be ascertained).

1.3 Responsibilities of state and municipal agencies in construction permitting

Permits to begin and continue construction in Mongolia are issued by GASI and its local branches in the capital city and provinces. According to the draft concept of the new construction law, as well as the regulation on issuing permits to begin and continue construction activities and issue occupancy certificates, buildings and other structures are divided into 3 classes according to their dimensions (such as height and number of stories). The reason of classification is to determine bodies responsible for issuing construction permits for different size buildings/structures. MCUD is responsible for Class I (51-150m height and 17-35 stories), UBM is responsible for Class II (up to 51m height and 17 stories) and client is responsible for Class III (individual residential houses, plus building repair works). All types of structures are still suggested to have the same requirements for construction permit, only composition of commissions for issuing occupancy certificates vary. Later, in detail

the concept of new law GOM is going to introduce classes of buildings and other structures based on risk factors.

The reason of not introducing further additions for classification is the existing law. According to MCUD, their authority is limited at this stage and all changes have to response the provisions of existing law. But the law itself is very general and gives an opportunity to introduce individual approach in fast-track package of changes for each class, to give lower requirements for relatively simple premises. The idea of classification is exactly to introduce individual approach – to determine different documents and draft construction documents with different complexity for construction permit as well as different timeframes for procedures of issuing construction permits and occupancy certificates.

1.4 Preliminary approvals of draft project documents

Mongolia has experience in preliminary approvals of draft project documents in the process of issuing construction permits. In total procedures connected with preliminary approval need 49 days and 28 signatures.

There is no need for preliminary approval of draft project document if main parameters for construction are known in advance. Approval of main terms of construction (mainly zoning requirements) needs to substitute preliminary approval of draft project documents.

1.5 Mandatory expertise of draft project document

Mongolia has mandatory state expertise of draft construction documents in the process of construction permit issuance. General expertise opinion, by a consultant selected by Agency of Land Affairs, Geodesy and Cartography, on construction documents (drawings) require 7 signatures and 21 days in average. The GOM is working to eliminate state expertise.

Mandatory expertise must be required only for high-risk building/structures and the authority must be transferred to private sector, to all those professionals, who meet certain qualification. In addition, all construction cycles of highest class can be subject to compulsory expert's assessment. Upon finishing each stage, the expert can assess the construction process for compliance with the construction documents, which is verified by signing the protocol of finishing the respective stage.

1.6 Technical conditions from utility companies

Nowadays obtaining technical conditions from utility companies are required in the process of construction permit issuance in Mongolia. The following five approvals, 15 signatures and in average 24 days are required for construction permit:

- Approval from heating network authority for technical condition (3 signatures)
- Approval from water use authority for technical condition (2 signatures)
- Approval from electric power network authority for technical condition (5 signatures)
- Approval from telecom mongolia, radio network authority for technical condition (4 signatures)
- Approval from water supply and sewerage system network authority for technical condition (1 signature)

The requirement of obtaining technical conditions and confirming the public utility connections can be removed from the procedure of issuing construction permits as

they have nothing common with each other. Otherwise just information on the possibility of providing utility connections can be obtained via “Single-Window Principle” by construction permit issuer body (during approval of terms of construction), as all utility companies are still Municipal agencies.

1.7 State inspection and issuing occupancy certificate

State Technical Commission provides on-site inspection after construction is completed and GASI issues occupancy certificate. The MCUD has plans to transfer inspection functions to consulting companies (covered by mandatory insurance), which will be entirely responsible for inspections and issuance of occupancy certificates, which is strongly unadvisable.

If government is responsible for permit issuance and it must be responsible for checking compliance of permit terms, therefore for issuance occupancy certificates. Technical inspections can be delegated to the private sector, but documentary check must be government’s responsibility. As for practice of putting premises into exploitation by ad-hoc commissions, it must be abolished and the authority of accepting the object into exploitation transferred to the permit issuer. This will remove the need of excessive signatures which, in turn, will reduce time and possible sources of corruption from the process. This is possible by defining those stages of construction during construction permit issuance, completion of which requires examination by the respective authority of the state/municipal supervision

1.8 Single-window principle in construction permit issuance

Nowadays construction permit seeker in Mongolia obtains approvals of additional permit terms and signatures from various administrative bodies.

GOM wants to introduce single-window principle in construction permit issuance, but first it need to remove all those approvals from other administrative bodies from the process of construction permit issuance whenever they are possible to be removed. For example the fire department must not be involved in checking the drawings or in verification of permit terms. The permit issuer must be responsible for checking compliance with technical, including fire safety requirements. However, there are still state or municipal agencies, which are involved as other administrative bodies in the process of construction permit issuance. In this case, single-window principle need to work and it does not mean that all these agencies need to sit together in one office. The permit issuer must ensure (by sending documents and receiving answers in a set timeframe) approval of additional permit terms by another administrative body and if decision will not be made within the set time, the permit shall be deemed granted (“Silence is Consent” principle).

2. Identified problems in reform process and schedule and recommendations how to address them

2.1 MCUD and UBM working groups

Currently two separate groups are working on construction related reforms in the Government - MCUD working group and UBM working group. Despite the fact that both working groups have different priority issues to address in legislation (construction permitting for MCUD and urban planning for UBM), their scopes are still unclear, which causes confusion, sometimes gaps and duplication of work.

As spatial planning and construction permitting issues are directly connected with each other, it is strongly recommended to set up a joint meeting in order to design

common working group for construction related legislative reforms to become the process more efficient.

2.2 Composition of working group and principles of operation

Currently reform process is inefficient, as typical Government working groups, consisting with members from different agencies, do not work as a rule. The visible example is the necessity of three-day workshop outside Ulaanbaatar, to gather WG members in order to make them focus on reform process, as GOM employees have a lot of daily routine in their main positions. Such WGs did not work in Georgia either.

The GOM, as well as any government in any developing country, has limited opportunities to hire best experts in the industry as well as engage international experts bringing international best practices (as there will not be any legal justification for relatively high rates such experts have), it is very important to use an opportunity to design WGs with participation of BPI project and use their resources for actual drafting process. The GOM will still remain as a main decision-maker and determine key directions of reform.

2.3 Preparation and schedule of reform

The timing determined by the GOM for such a complex reform was not estimated properly, specially the reform schedule is very tight, which may cause a failure in meeting the deadlines or even worse, in the reform process.

As a result of the assignment in Mongolia, the counterparts have better understanding on international best practices, Georgian experience and its success in construction reform, which will help them in the process of reforming construction permitting in Mongolia, including setting feasible timeframes, as well as be more prepared to focus on most important issues during study tour in Georgia to make it more efficient.

2.4 Draft concept of fast-track package

According to the preliminary schedule of the fast-track package of changes are planned to be introduced through a Cabinet regulation for transitional period until the new law on construction becomes effective. Until it happens, all proposed changes have to be consistent with the current construction law. The MCUD has first draft concept of fast-track package. The main idea of existing draft concept is to transfer responsibility of issuance of construction permits and occupancy certificates from GASI to the MCUD and UBM and there is an attempt to streamline construction permitting by reducing number of procedures as well as signatures and timeframes for each procedure. The draft concept of fast-track changes is not reducing the number of procedures but only timeframes and signatures for each procedure are reduced, which will not affect significantly construction permitting and will not improve significantly Mongolia's ranking on WB DB surveys.

The consultant's recommendations in Annex C are provided for existing draft concept and logically follow the procedures of World Bank Doing Business "Dealing with Construction Permits" indicator. DB 2013 simulator is used for calculating Mongolia's possible rank in Dealing with Construction Permits indicator, which is #10 in case suggested changes are completely introduced.

2.5 Building codes and standards

The GOM is going to undertake comprehensive construction permitting reform program aiming at simplifying and streamlining the administrative procedures for

issuing construction permits and occupancy certificates, as well as elaboration of national building codes based on international best practices adjusted to the current technical capacities of the Mongolian construction industry. MCUD had general information on two international systems - Eurocodes and ICC family of codes.

A brief presentation (see Annex B) was delivered to the Minister of Construction and Urban Development about the main differences of Eurocodes and ICC family of codes (including their referenced standards) and rationales of Georgia's decision on choosing ICC Codes as the base for its national building codes. As a result, MCUD has got more information on both international systems with highlights on pros and cons of each code. It should facilitate them making a decision on which international code should be the basis to Mongolian building codes.

2.6 Electronic data processing administration

UBM is considering to apply Tbilisi Architecture's experience and software in order to build electronic data processing administration aimed at streamlining operations for both permit issuer body and permit seeker and rise publicity in the process of construction permit issuance. The system can provide automated registration of applications, automated navigation of application within the agency, perfect control of administrative proceeding dates and deadlines, flexible relations with different public institutions, etc.

In order to build such a complex system, the basics such as data on zoning requirements, land ownership, clear business procedures, among others and must be in place. Otherwise electronic data processing administration can be built step by step. GIS system is recommended to introduce as the first step.

SECTION III: CONCLUSIONS

The GOM is going to undertake comprehensive construction permitting reform program aiming at simplifying and streamlining the administrative procedures for issuing construction permits and occupancy certificates, as well as elaboration of planning regulations and national building codes based on international best practices adjusted to the current technical capacities of the Mongolian construction industry.

Despite the political will and positive actions, which are considered as steps forward, there is still lack of efficiency in the process of reforming construction regulatory system, which is expressed mainly in content, process and schedule of reform.

The following activities will be the basis for effective implementation of comprehensive construction permitting reform:

- Set up a joint working group of MCUD and UBM with participation of BPI project to avoid confusion and duplication of work performed, and use the BPI resources for actual drafting process. This will assist the reform process become more efficient.
- Define reasonable timeframes for reform schedule, including fast-track package of changes for immediate, transitional reforms to simplify the current construction permitting procedures and new framework construction law based on international best practice, by foresee the content of the documents;
- Draft fast-track package of changes by revising existing concept and reducing number of recommended unnecessary procedures to simplify the current construction permitting procedures and improve Mongolia's rank in WB Doing Business, until new framework law on construction is elaborated;
- Elaborate draft framework construction law based on best practice concepts of construction permitting in conjunction with Georgian experience adapted to Mongolia;
- Conduct detail analyses on advantages and disadvantages of Eurocodes and ICC family of codes for choosing one to serve as base codes to be adapted for use in Mongolia;
- Engage best experts in the industry in all stages of comprehensive construction permitting reform, as well as international experts bringing international best practices and ensuring the efficiency in content, process and schedule of reform.

ANNEX A: CONSTRUCTION PERMIT REFORMS IN GEORGIA: 2004-2013



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Construction Permit Reforms in Georgia: 2004-2012

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November 9, 2012
Ulaanbaatar, Mongolia



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Background on the First Decade of the Post- Independence Period

- Eighteen normative acts regulating construction sector and covering three types of procedures:
 - Construction permit issuance;
 - State supervision over construction;
 - Putting completed premises into operation.
- Room for multiple interpretation of certain norms arising from numerous legislative gaps;
- Contradictory normative acts;
- Construction was considered as one of the most corruptive sectors (together with the Traffic Police and Customs)

#	Name of Document	Document Type	Approving Authority	Document Number	Date of Approval
1	On Grounds for Issuance of Licenses and Permits for Entrepreneurial Activities	Law	Parliament	1426	14.05.02
2	General Administrative Code of Georgia	Law	Parliament		
3	On License and Permit Fees	Law	Parliament	2937	12.08.03
4	On Construction Permits	Law	Parliament	245	25.06.04
5	On Construction Activity	Law	Parliament	577	27.10.00
6	On Architectural Activity	Law	Parliament	1335	14.04.98
7	On State Supervision over Architectural – Construction Activity	Law	Parliament	1105	14.11.97
8	On Licensing Projecting - Construction Activity	Law	Parliament	2374	9.09.99
9	On State Complex Expertise (Examination) and Approval of Construction Projects	Law	Parliament	1888	16.04.99
10	On Protection of Cultural Heritage	Law	Parliament	2209	25.06.99
11	On Environmental Permits	Law	Parliament	424	15.10.96
12	On Approval of the Norms and Rules for Acceptance in Exploitation of Completed Constructed Premises	Order	Ministry of Construction and Urbanization	2	9.10.02
13	On Approval of Construction Rules for Residential Houses, Auxiliary and other Premises on the Border of Plots of Land and at the Border	Order	Ministry of Construction and Urbanization	57	18.09.01
14	On Approval of those Objects, construction projects of which are subject to mandatory state complex expertise regardless the value, financing source and form of property and ownership of the construction, with consideration of importance, designation, placement and other technical – economic aspects thereof	Order	Ministry of Construction and Urbanization	4	12.02.01
15	On Approval of the Rule for conducting Expertise of those Construction Projects, which are not subject to Mandatory State Expertise	Order	Ministry of Construction and Urbanization	5	13.02.01
16	On Approval of the List of Objects given in Order N4 of the Minister of Construction and Urbanization of February 12, 2001, Construction Projects of which are Subject to Mandatory Expertise Regardless the Value of Construction.	Order	Ministry of Construction and Urbanization	74	27.12.01
17	Order on Approval of Construction Norms and Rules Including Daylight Illumination and Insolation	Order	Ministry of Construction and Urbanization	59	21.09.01
18	Rules on Use and Regulation of Development of Tbilisi Territories	Decision	Tbilisi Sakrebulo	8-13	1.08.2001

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Main Challenges of the Construction Regulatory Framework Before 2005

- **Construction Permit**
 - Documents and approvals from 5-10 state or municipal authorities were required (depending on place and type of building)
 - Time required for obtaining permits was one year in average
- **Putting premises into operation**
 - Unreasonably prolonged process, 30 or 60 days, depending on the type of premises
 - Redundant commissions created on ad-hoc basis



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Main Challenges of the Construction Regulatory Framework Before 2005

- **Mandatory state expertise of construction projects**
 - carried out by a single State owned private company
 - A basic principle of the private law, stipulating that agreements are concluded on the basis of consensus, was overlooked
 - Regardless the term “state expertise” the State was not held accountable in case of poorly conducted expertise
 - The businesses had no possibility of negotiating the service fees established by the state expertise
 - Mandatory expertise was applicable to the projects with an estimate expenditure equivalent to 0.5 million GEL or above
 - Risk factors were not accounted by legislation regulating mandatory expertise
- **Conflicting provisions existed in the legislation.**

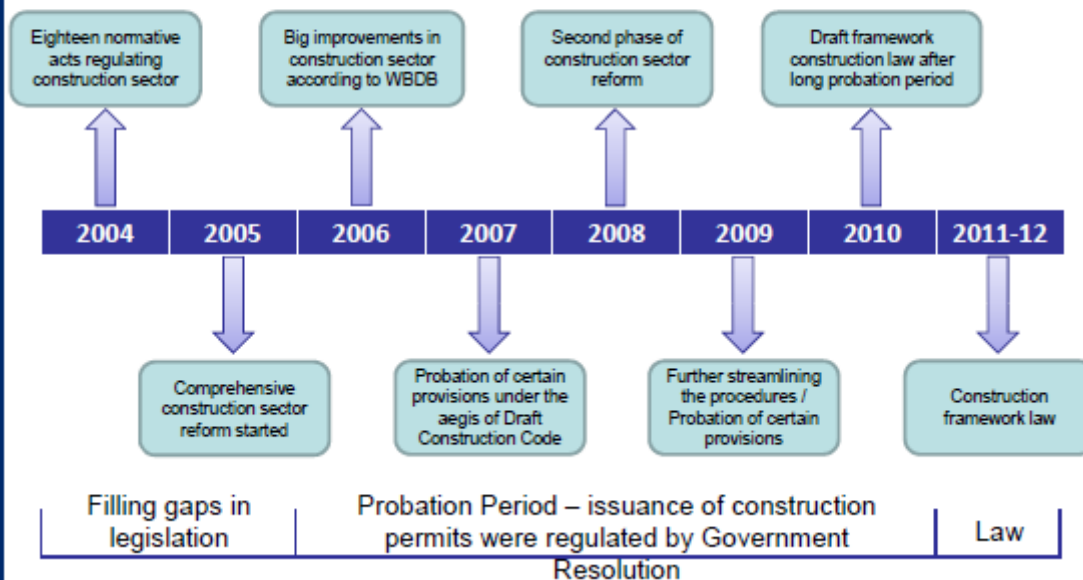


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History of Construction Permitting Reform in Georgia









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First Phase of Construction Sector Reform

The fundamental reform of the licensing system of the country was carried out in 2005 when the framework *Law of Georgia on Licenses and Permits was adopted*. The Law incorporates two major principles in the license and permit issuance procedure:

- **“One-Stop-Shop principle”** – License/Permit issuing body itself ensures approval of additional license/permit terms by another administrative body;
- **“Silence Is Consent”** – License/Permit issuing body shall make decision within the set timeframe from submission of the application. If decision is not made within the set time, the license/permit shall be deemed granted.






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One-Stop-Shop principle

We have removed all those approvals from other administrative bodies from the process of construction permit issuance which were possible to remove (e.g. Fire Department).



Permit Seeker

↔

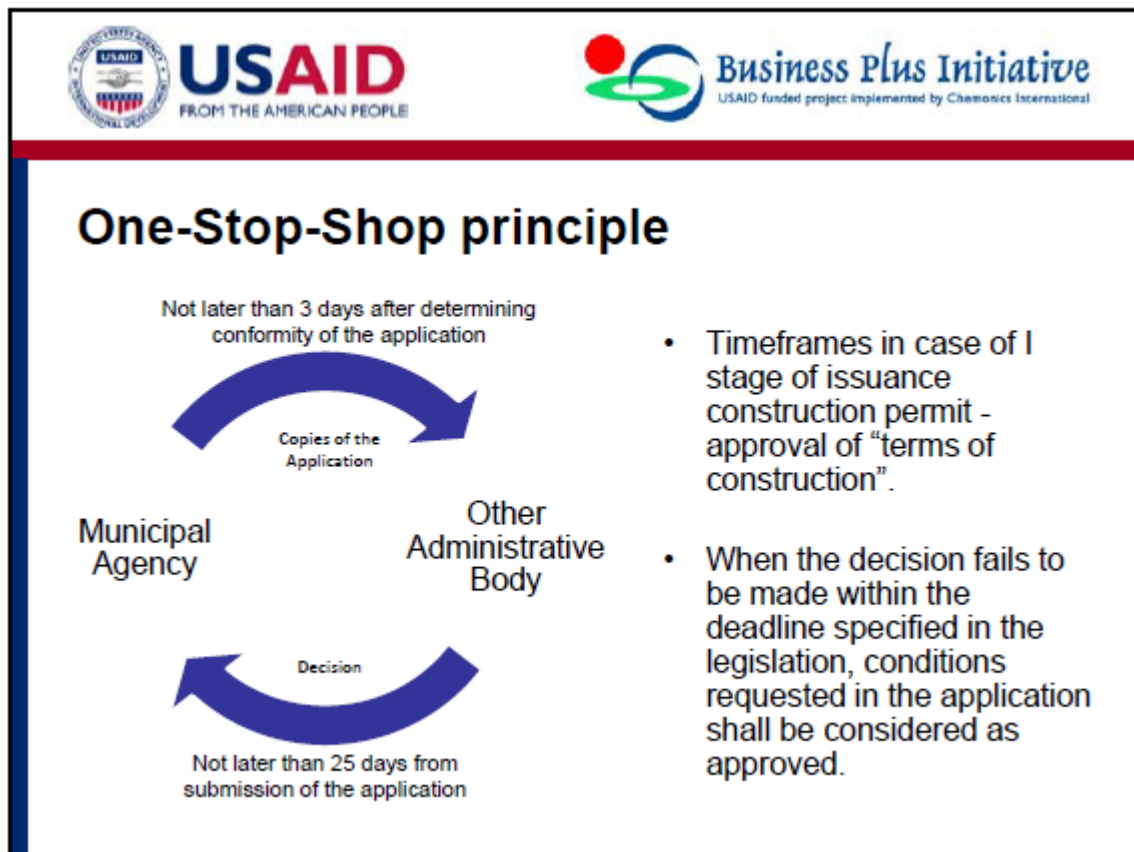
Municipal Agency

The Ministry of Culture – in the zones of cultural heritage protection

Border Police – within the borderland and/or frontier zones

Ministry of Economy - for class IV buildings/structures

Municipal Agency provides involvement of other administrative bodies in the process of issuance of construction permits.





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First Phase of Construction Sector Reform

Putting Completed Premises into Exploitation

- Practice of putting premises into exploitation by ad-hoc commissions was abolished
- The authority of accepting the object into exploitation was transferred to the permit issuer
- Removed the need in excessive signatures which, in its turn, removed the respective sources of corruption from the process
- The stage-by-stage procedure of putting completed premises into operation was defined.
- Defined those stages of construction, completion of which requires examination by the respective authority of the state supervision
- Timeframe for putting completed premises into exploitation was unified and equalled 30 days for all types of premises



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First Phase of Construction Sector Reform

Mandatory state expertise of construction projects

- Normative acts governing the procedures of mandatory state complex expertise were abolished.
- The only buildings of special importance (airports, stations, bridges, motorways, hydropower stations, masts, etc.) were subject to mandatory expertise.
- The exclusive authority of state owned private company for conducting the state expertise was terminated.
- This authority was transferred to all those persons, who met requirements determined under the Ministerial Order (# 1-1/823).



Assigning of State or Municipal Lands for Construction Purposes

- Before massive privatization, we had such practice;
- Nowadays almost 99% of all land parcels (except public spaces) in the boundaries of developed territories of each settlement are under private ownership;
- the basis for construction permit issuance is the ownership (or consent from the owner) on a land.

For illegal construction (including construction on a municipal property), there are sufficiently high fines.



Preliminary Approvals of Draft Project Documents

- Georgia had such practice;
- Nowadays it is substituted by the first stage of construction permit issuance – approval of terms of construction (main parameters for construction);
- Main parameters for construction (e.g. zoning limitations, how to place building on a land parcel, what can be the maximum height of the building, also predominant type of development for each functional zone, etc.) are known in advance and there is no need for preliminary approval of draft project document.



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Results from First Phase of Reform

Changes implemented in 2005-2006 significantly reduced time and procedures required for obtaining construction permit on the territory of Georgia. Following these changes, number of procedures to be undertaken for obtaining construction permit was cut, on average, **from 29 to 17**, while average time required for obtaining permits reduced from **285 days to 137 days**. As a result of streamlining, Georgia's ranking in the World Bank's Doing Business Survey 2007 on Dealing with Licenses category improved from **152nd to 42th**.



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Second Phase of Construction Sector Reform

Confirming the engineering and public utility connections

- The requirement of confirming the engineering and public utility connections has removed from the procedure of issuing construction permits and occupancy certificates.
- The owner has freedom of choosing the arrangement of sources of energy at his own discretion - either registering as a customer of public utility companies or looking for alternative sources of energy.

The owners of appropriate main utility networks are considered as administrative bodies;

Information on the possibility of providing water, sewage, electricity and natural gas is a public information;

Per applicants' request, information on the possibility of providing utilities are obtained via single-window principle.

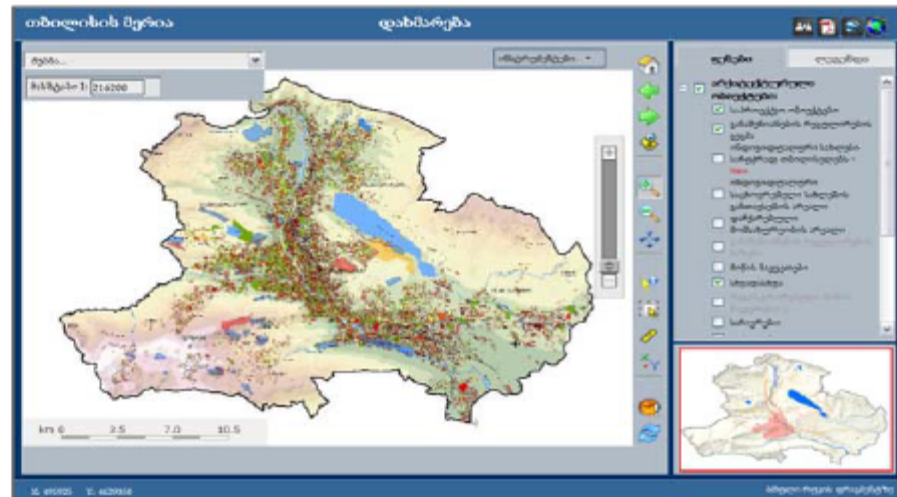


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United Geographic Information System (GIS) and its Publicity



Information on existing utility networks are also available.



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Second Phase of Construction Sector Reform

Approval of architectural project

- At the II stage of construction permit issuance procedure, approval of the architectural project became mandatory only in the zones of cultural heritage. Until these changes this requirement was relevant for any type of construction.
- Removed the possibility of unnecessary interference and disputes over architectural resolutions, which depends on the creativity of the architect.



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Second Phase of Construction Sector Reform

Issuance of construction permit

- For issuance of construction permit and commissioning of the object, building complexity has divided into five classes according to various risk factors.
- Determined characteristics of the classes, which are connected with various risk factors.
- List of documentation required at the 3rd stage of permit issuance procedure was specified for each class of the building.
- Project documents of the different specification are requested for construction of e.g. 100 m² individual residential houses and multi-storey apartment blocks, because of risk factors, which is fair.



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Classes of Buildings and Other Structures

For issuance of building permit and putting completed premises into operation, building complexity is divided into five classes according to various risk factors:

- Class I – Buildings that do not require building permit;
- Class II – Buildings with low risk factor;
- Class III – Buildings with medium risk factor;
- Class IV – Buildings with high risk factor;
- Class V – Buildings with excessive risk factor (buildings of special importance).

Municipal agencies are totally responsible for issuing construction permits for all classes, except class V, which is Ministry's responsibility.



Second Phase of Construction Sector Reform

Issuance of construction permit

- Nowadays on the territories where there is a development plan, the first stage is not necessary and the development plan serves as the terms of construction
- Removed the requirement for submitting extract from the National Public Registry for obtaining construction permit (just parcel registration number is required in the application)

Putting Completed Premises into Exploitation

- Reduced time for putting completed premises into exploitation from 30 to 15 days for certain classes.



Results from Second Phase of Reform

Recent changes significantly reduced time and procedures required for obtaining construction permit on the territory of Georgia. Following these changes, number of procedures to be undertaken for obtaining construction permit was cut, on average, **from 17 to 9**, while average time required for obtaining permits reduced from **137 days to 74 days**. As a result of streamlining, Georgia's ranking in the World Bank's Doing Business Survey 2012 on Dealing with Construction Permits indicator improved from **42nd to 4th**.



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General and simplified Procedures for Construction Permit Issuance

- I Stage – Establishment of terms of construction: not more than 30 days in case of V class and 15 days for the rest of classes;
- II Stage: Approval of a construction and/or technological scheme – not more than 20 days;
- III Stage: Issuance of building permit – not more than 10 days.

Another option is one-stage administrative dealing. In such case the permit seeker in his/her own risk submits to the permit issuing body all the documents required for getting the permit. The specified time frame is not more than 30 days.



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Publicity in Determining Terms of Construction

The procedures of approval for lower level planning documents (which define all those terms, that are determined by I Stage) are the following:

- Issuance of planning order;
- Approval of planning document.

Both procedures are implemented in accordance with public administrative proceeding specified in the General Administrative Code, which foresee participation of interested parties and general public by sending their considerations and taking part in a public hearings.



Provision of publicity of issuance of permit and fulfillment of permit terms

Upon submission of application for approval of terms of construction, an information board containing the deadline of intended construction shall be conspicuously posted by the permit seeker in appropriate building/structure and/or land parcel.

The information on board must be updated regularly:

- Just after completion of each stage of construction permit issuance;
- During the whole process of construction;
- If any changes occur in approved construction documents;

The information board should be in place during the whole period of construction and removed after completion of construction and/or issuance of occupancy certificate





WBDB Dealing with Construction Permits Indicators

Category	DB 2006	DB 2007	DB 2008	DB 2009	DB 2010	DB 2011	DB 2012
Dealing with Construction Permits	152	42	11	10	7	7	4
Procedures (no.)	29	17	12	12	10	10	9
Time (days)	282	137	113	113	98	98	74
Cost (% of income per capita)	145	71.7	28.9	20.3	21.6	23.2	20.2

Dealing with Construction Permits Indicators Measure:

- Procedures to legally build a warehouse (number)
- Time required to complete each procedure (calendar days)
- Cost required to complete each procedure (% of income per capita)






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Comparative Table of Construction Permit Issuance Procedures Before and After Reform

Construction Permit Issuance Procedures Before Reform	Construction Permit Issuance Procedures After Reform
Unclear procedures / Contradictory normative acts	Clear procedures
Documents and approvals from 5-10 administrative bodies	Single-window principle
Time required for obtaining permits - one year in average	Time required for obtaining permits - one month in average / Silence is consent principle

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Progress to Date

Licensing

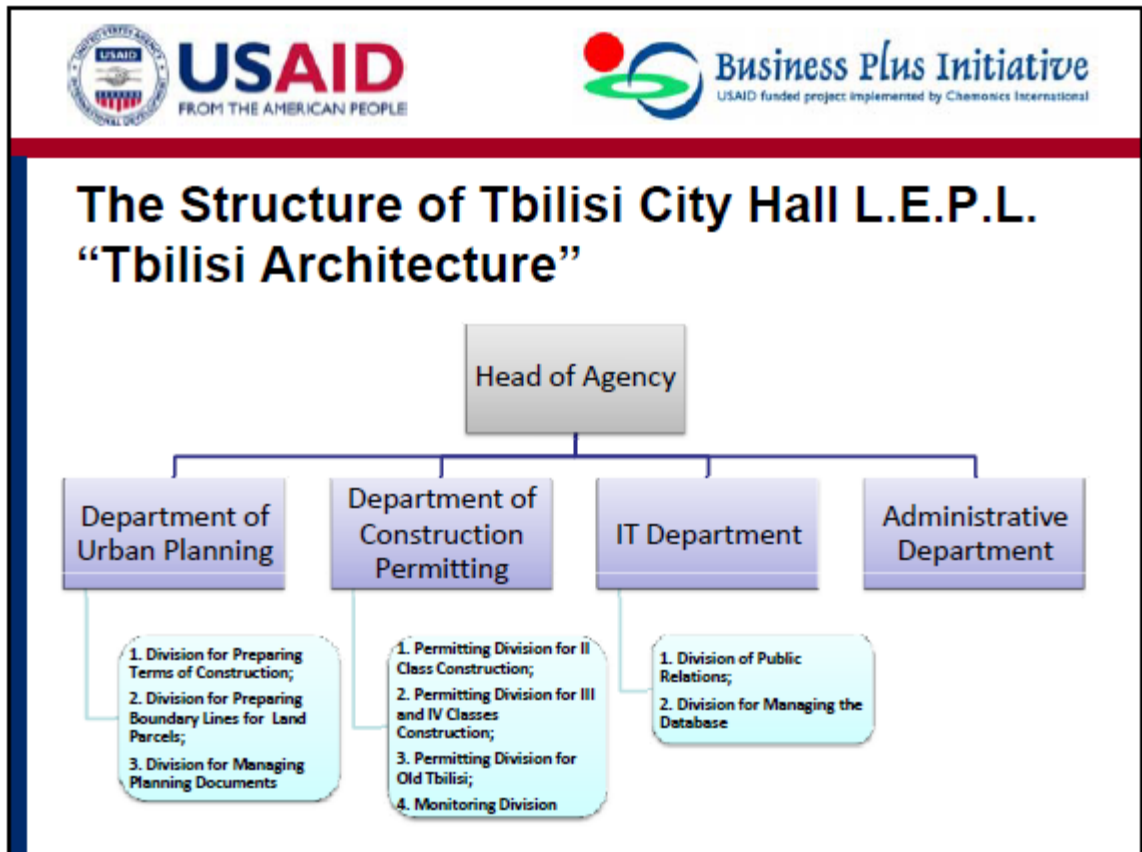
- License for designing and construction activities (which itself included a lot of sub-licenses) has abolished

Construction Permitting

- Issuance of construction permits has streamlined

Building Codes and Standards

- Georgia is in the process of elaboration of local building codes and standards, based on International Code Council's codes and their referenced standards




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Updated web-site and interactive map are available at this stage

“Tbilisi Architecture” built Electronic Data Processing Administration



The system provides:

- automated registration of applications
- displaying application immediately after registration on the map (publicity)
- automated distribution of registered applications to workers
- automated navigation of application within the service
- possibility of participation in the online council consideration
- automated preparation and publicity of council protocols
- automated generation of the decision ready for sending to applicant
- simple correction of errors in documentation
- perfect control of administrative proceeding dates and deadlines
- sending decision immediately to applicant
- uniqueness of the decision and protection from falsification
- solving analytic and statistic tasks
- flexible relations with different public institutions, etc.



The screenshot displays the web application interface for the Business Plus Initiative. At the top, the USAID and Business Plus Initiative logos are visible. The main content area is divided into two sections: "Authorization" and "Registration". A "Customer's panel" is also indicated. A modal window is open, showing a form with fields for "მომხმარებელი:" (User) and "პაროლი:" (Password), along with a "შეგვა" (Log in) button and a "პაროლის აღდგენა" (Reset password) link. Below the modal, there is a registration form with fields for "სახელი:" (Name), "გვარი:" (Surname), "ბიზნესი/სამსახური:" (Business/Job), "მისამართი:" (Address), "მომხმარებლის სახელი:" (User name), "პაროლი:" (Password), "გამომწვევი მისამართი:" (Billing address), and "დამფუძვლები/სტრუქტურა:" (Founder/Structure). A "შეგვა" button is located at the bottom right of the registration form.

Authorization – My Page

Every proceeding and completed document is displayed on **My Page**

Application search engine

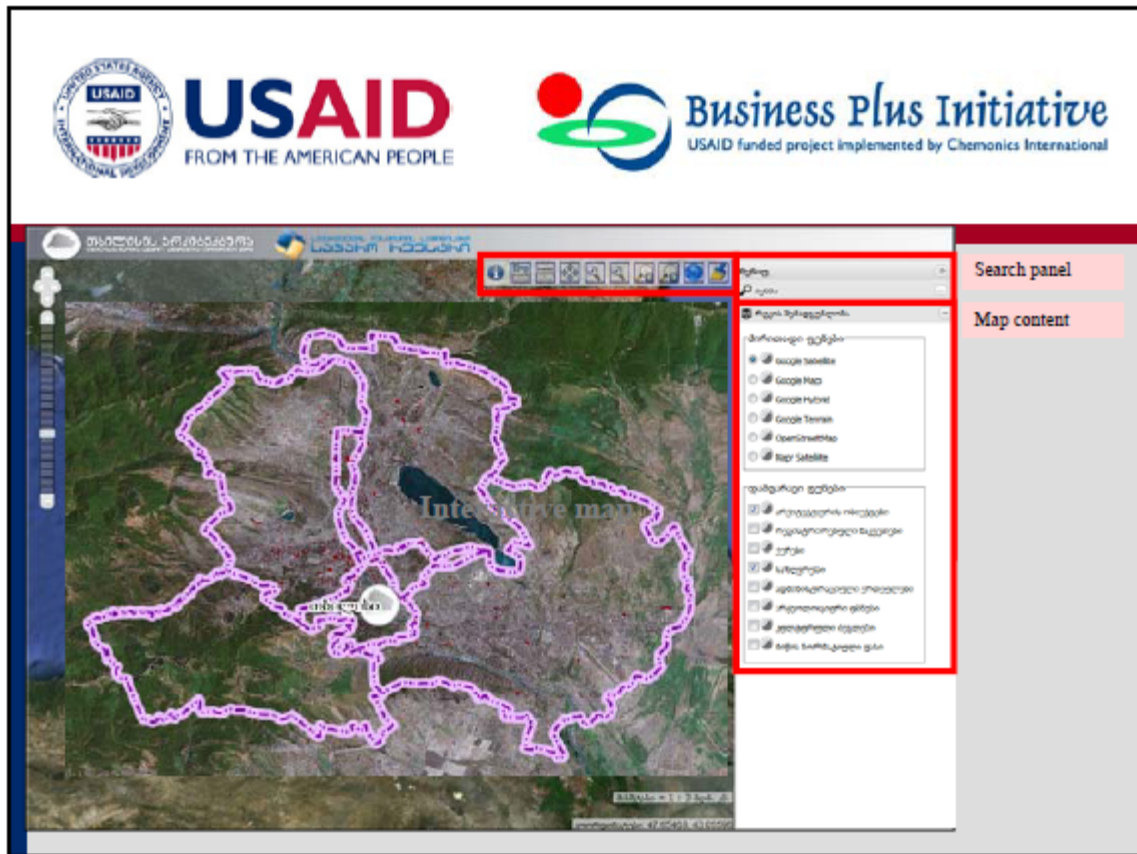
№	Ихэнэ	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж
AR121212	2012/01/01	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж
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AR121212	2012/01/01	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж
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AR121212	2012/01/01	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж
AR121212	2012/01/01	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж
AR121212	2012/01/01	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж
AR121212	2012/01/01	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж
AR121212	2012/01/01	Хүний нэр	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж	Хүний нэрийн үндэсний үзэмж

Documentation produced by applicant

Application information

Company Worker's panel

Comment – the information in this field is prepared by a specialist and sent to the Head of the Unit



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Privatization of Land Parcels

The only way to privatize land in Georgia is Auction conducted by Property Management Agencies

Participation in the Auction

- After announcement of auction, signing in and selecting the desired lot on the Agency website;
- Paying the advance and filling out the online advance payment form before expiration of the application date;
- Take part in online auction on the day fixed in the manner prescribed.

After the Auction Procedures

- After the auction, the list of property sold by auction will be placed on the Agency website: the link of privatized lots and the protocol evidencing the winning/the order of the Agency shall be uploaded;
- Paying the privatization amount of purchased property;
- Reflecting land ownership information on Public Registry web-site.

**ANNEX B: COMPARATIVE ANALYSIS OF CODES AND STANDARDS
REGULATING DESIGN, CONSTRUCTION AND OPERATION OF BUILDINGS**

ANNEX B: COMPARATIVE ANALYSIS OF CODES AND STANDARDS REGULATING DESIGN, CONSTRUCTION AND OPERATION OF BUILDINGS



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Comparative Analysis of Codes and Standards Regulating Design, Construction and Operation of Buildings

Example of ICC Codes and Eurocodes

Temur Bolotashvili
Construction Law Expert

November 22, 2012
Ulaanbaatar, Mongolia



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ICC Codes

ICC Codes - A Set of Rules Including Referenced Standards

- **ICC Codes** represent a comprehensive, compatible and updating regulatory system providing for the prevention of hazards while designing, constructing and operating buildings.

#	ICC Codes
1.	International Building Code
2.	International Residential Code
3.	International Fire Code
4.	International Plumbing Code
5.	International Mechanical Code
6.	International Existing Building Code
7.	International Fuel Gas Code
8.	International Private Sewage Code
9.	International Property Maintenance Code
10.	International Energy Conservation Code
11.	International Green Construction Code
12.	International Wildland-Urban Interface Code
13.	International Code Council Performance Code
14.	International Zoning Code

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Eurocodes

Eurocodes - A Set of European Standards

- **Eurocodes** are set of harmonized technical rules developed by the European Committee for Standardization for the structural design of construction works.



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#	Eurocodes
1.	Basis of structural design
2.	Actions on structures
3.	Design of concrete structures
4.	Design of steel structures
5.	Design of composite steel and concrete structures
6.	Design of timber structures
7.	Design of masonry structures
8.	Geotechnical design
9.	Design of structures for earthquake resistance
10.	Design of aluminum structures



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#	Building Safety Issues	ICC Codes	Euro codes
1.	Building Planning <ul style="list-style-type: none"> Assigning occupancy classification to buildings or parts thereof Special detail requirements for use and occupancy Means of egress Accessibility 	+	-
2.	Fire Protection <ul style="list-style-type: none"> Fire and Smoke Protection Features Fire Protection Systems 	+	-
3.	Structural Provisions <ul style="list-style-type: none"> Structural design Structural tests and inspections Soils and foundations Materials (concrete, masonry, steel, wood, etc.) 	+	+
4.	Building Services <ul style="list-style-type: none"> Electrical systems Mechanical systems Plumbing systems Fuel gas systems 	+	-



IBC: Legal Issues

Advantages

- IBC is comprehensive.
- Has been used and fine-tuned for over 80 years. It has provided the highest level of safety in the world.
- Can be amended to address local climatic, environmental, legal and geographical needs.
- Architects, engineers, labors, craftsmen and material tool suppliers are all considered when writing IBC.
- Provides standards for the construction industry.



IBC: Legal Issues

Disadvantages

- The IBC is basically a U.S. code but projects to adopt it internationally are underway.
- IBC heavily relies on references to a number of US-based standards that are not contained within the covers of IBC. For concrete, it is the ACI; for steel, it is the AISC; for wind load, it can be the ASCE, etc.



Eurocodes: Legal Issues

Advantages

- Eurocodes provide common design criteria and methods to calculate mechanical resistance, stability and resistance to fire.
- Allows for maximum flexibility. National governments can indicate nationally important parameters.
- Eurocodes will help to harmonize the services market in the construction engineering sector. As a result, architectural firm for example will be able to bid for the design of a construction work in any European country.



Eurocodes: Legal Issues

Disadvantages

- Eurocodes lack fire safety design and other non-structural provisions. They address only structural issues.
- Eurocodes are relatively new and incomplete, no EU member state has yet adopted them entirely to replace their national code.
- Eurocodes are designed to be used with a “national annex” produced by each member state that picks up the gaps left in the Eurocodes.
- A small expert group drafts Eurocodes, therefore it lacks broad scientific basis.



IBC: Assistance Issues

Advantages

- The International Code Council has an active assistance program.
- IBC provides information to countries which decide on a building code program to be developed for their country or want new vocation information to add to their existing building code.
- There are abundant educational materials available to acquaint users with the IBC.
- IBC can help with providing information to customize your step-by-step process regarding new building codes.
- IBC has the links with all trade associations and Universities in the US and many in Europe regarding the best construction technology for your needs.
- IBC provides Code application programs, Certification Programs, Plan reviews, Educational programs, Technical handbooks and software.
- IBC provides you with the proper organization contacts who can provide this updated information and bring this to on site application.



Eurocodes: Assistance Issues

Advantages

- Number of EU institutions provides seminars, training materials, handbooks, research tools, testing materials and software related to implementation of Eurocodes. These include Institution of Civil Engineers, Concrete Center (Eurocode 2 for concrete), Steel Construction Institute (Eurocode 3 for steel), Geocentrix (for Eurocode 7 for geotechnical design).
- Technical content, reports and information related to Eurocodes implementation is available through European Committee for Standardization, Institution of Structural Engineers and member country Eurocodes websites.

Disadvantages

- Eurocodes do not have the similar resource development advantages as IBC



Georgia's Choice

- It was recommended to choose IBC as a base code for Georgia for the following reasons:
 - IBC is more comprehensive
 - It is less costly and easier to implement
 - More training and support services available

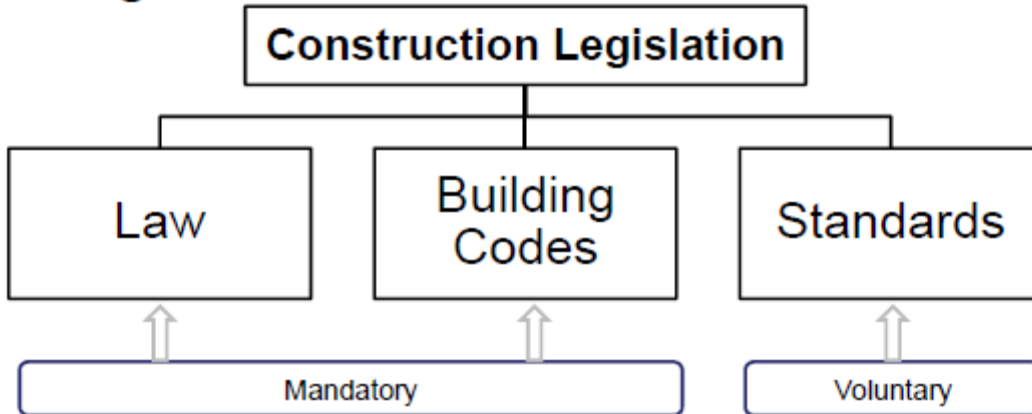


Jurisdictions and Adoption Activity of ICC Codes: the Eastern Hemisphere

- Abu Dhabi – 7 Codes
- Saudi Arabia – 3 Codes
- Bahrain, Kuwait, Oman, Qatar, United Arab Emirates – 7 Codes
- Afghanistan – IBC
- Iraq – IBC
- China – 3 Codes
- Japan – Conformity programs
- Malaysia – IgCC
- Guam – 8 Codes
- Georgia - IBC

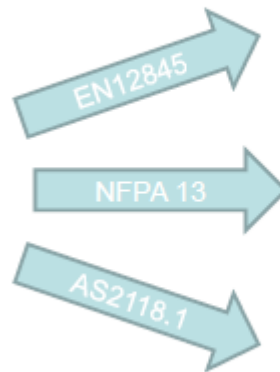


The System of Construction Legislation





Code and Standards

An automatic sprinkler system shall be provided throughout every portion of educational buildings below the lowest level of exit discharge serving that portion of the building.





Code Provision

Standards for the installation of sprinkler systems







Structure of IBC

	Administration and Terms
Nonstructural Provisions	Building Planning
	Fire Protection
	Occupant Needs
Structural Provisions	Building Envelope
	Structural Systems
	Structural Materials
Other Provisions	Nonstructural Materials
	Building Services
	Special Devices and Conditions
	Referenced Standards
	Appendices

IBC Nonstructural Provisions

- Classification of buildings. 
- Area and height limits 
- Fundamental concepts of fire performance
- Provisions allowing timely relocation or evacuation of building occupants
- Requirements for accessibility 
- Requirements for exterior walls and roof assemblies



IBC Structural Provisions

- Minimum structural loading requirements
- Minimum requirements for foundation systems
- Requirements for concrete construction - both plain and reinforced
- Requirements for masonry, steel and wood construction



Building Services

- Minimum regulations for mechanical systems
- Minimum regulations for plumbing facilities



- Design and installation of fuel gas systems and gas-fired appliances



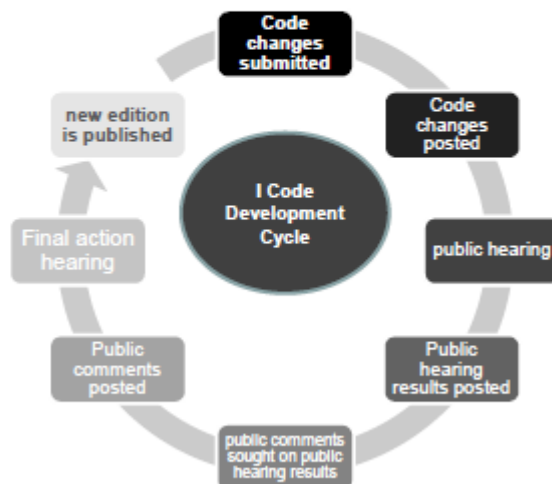


International Code Council

The International Code Council is a member-focused association dedicated to helping the building safety community and construction industry provide safe, sustainable and affordable construction through the development of codes and standards used in the design, build and compliance process.



ICC Code Development Process



**ANNEX C: SUGGESTED FAST-TRACK CHANGES TO SIMPLIFY CONSTRUCTION
PERMITTING AND IMPROVE MONGOLIA'S RANKING ON WORLD BANK DOING
BUSINESS SURVEYS**

ANNEX C: SUGGESTED FAST-TRACK CHANGES TO SIMPLIFY CONSTRUCTION PERMITTING AND IMPROVE MONGOLIA'S RANKING ON WORLD BANK DOING BUSINESS SURVEYS

Background

The purpose of this brief report is to assist Government of Mongolia (GOM) to select a fast-track package of changes for immediate, transitional reforms to simplify the current construction permitting procedures as well as work for concept of new Law.

Fast-track package of changes are planned to be introduced in Government Regulation for transitional period until new framework Law on Construction is elaborated. Until it happens all amendments have to be consistent with actual Law. The main idea of existing draft concept is to transfer responsibility of issuance of construction permits and occupancy certificates from State General Specialized Inspection to the MCUD and UBM, plus there is an attempt to streamline construction permitting by reducing number of procedures as well as signatures and timeframes for each procedure.

Ministry of Construction and Urban Development (MCUD) is in the process of negotiation with a number of other interested administrative bodies, including Ulan Bator Municipality (UBM) about certain provisions of new draft concept (the document is not written on legal language at this stage) related to construction permit issuance, supervision over construction and issuance of occupancy certificate, therefore it has not yet clearly defined positions related to these key issues.

Recommendations

Recommendations in this report are provided for existing draft concept and logically follow the procedures of World Bank Doing Business "Dealing with Construction Permits" indicator. Before providing recommendations regarding the procedures, there is one conceptual issue we need to focus on, classification of buildings and other structures.

According to draft concept, buildings and other structures are divided into 3 classes according to their dimensions (such as height and number of stories). The reason of classification is just to determine bodies responsible for issuing construction permits for different size buildings/structures. MCUD is responsible for Class I (51-150m height and 17-35 stories), UBM is responsible for Class II (up to 51m height and 17 stories) and client is responsible for Class III (individual residential houses, plus building repair works). All type of structures are still suggested to have the same requirements for construction permit, just composition of commissions for issuing occupancy certificates vary. Later, in detail concept of new law GOM is going to introduce classes of buildings and other structures based on risk factors.

The reason of not introducing farther additions for classification is the existing Law. According to MCUD their authority is limited at this stage and all changes have to response the provisions of existing Law. But the Law itself is very general and it gives an opportunity to introduce individual approach in fast-track package of changes for each class, to give lower requirements for relatively simple premises. The idea of classification is exactly to introduce individual approach – to determine different documents and draft construction documents with different complexity for construction permit as well as different timeframes for procedures of issuing construction permits and occupancy certificates. Here are suggested model of individual approach for five different classes in case of Georgia:

Class	Body Responsible for Issuing Construction Permit	Main Documents Required for Construction Permit	Main Content of Draft Construction Document
I	Municipality (ensures the ownership)	Land Parcel Registration Number	N/A
II	Municipality	a) Land Parcel Registration Number; b) Document verifying the payment of construction permit fee; c) Draft Construction Document	a) Terms of construction (Coefficients, Setbacks, etc.); b) Technical Characteristics of Building/Structure; c) General Structural Scheme of Building/Structure
III	Municipality	a) Land Parcel Registration Number; b) Document verifying the payment of construction permit fee; c) Draft Construction Document	a) Terms of construction (Coefficients, Setbacks, etc.); b) Technical Characteristics of Building/Structure; c) Detailed Plan of Main Structural System of Building/Structure Including Base and Foundation
IV	Municipality	a) Land Parcel Registration Number; b) Document verifying the payment of construction permit fee; c) Draft Construction Document; d) Expert's Opinion on Draft Construction Document	a) Terms of construction (Coefficients, Setbacks, etc.); b) Technical Characteristics of Building/Structure; c) Detailed Plan of Main Structural System of Building/Structure Including Base and Foundation
V	Ministry	a) Land Parcel Registration Number; b) Document verifying the payment of construction permit fee; c) Draft Construction Document; d) Expert's Opinion on Draft Construction Document	a) Terms of construction (Coefficients, Setbacks, etc.); b) Technical Characteristics of Building/Structure; c) Detailed Plan of Main Structural System and All of Its Structural Elements of Building/Structure; d) Designs of Local Public Engineering-Communal Networks

Timeframes for Different Classes				
Procedure	Class II	Class III	Class IV	Class V
Approval of Terms of Construction	15 days	15 days	15 days	30 days
Issuance of Occupancy Certificate	15 days	15 days	30 days	30 days

Such model can be used for Mongolia in case of 5, 4 or even 3 classes, but considering local circumstances.

It is also worth to mention, that draft concept of fast-track changes are not reducing the number of procedures, just timeframes and signatures for each procedure is reduced. The following recommendations are to eliminate or streamline certain procedures provided in “Comment” section of each procedure in case of existence:

1. Request and obtain environmental impact assessment from the City Environmental Office - 28 days, no charge

2. Article 4.6 of the Law on Environmental Impact Assessment, adopted in 1998 and amended on July 20, 2006, provided that authorized investigators will make a general environmental impact assessment within 12 working days. If necessary, the related state authority may extend this time. However, in practice, this takes on average 28 -- 30 days.

Agency: City Environmental Office

Comment: This procedure is no more relevant, according to last changes in the Law on Environmental Impact Assessment. Indicate number and date of amendment.

3. Request and obtain land possession agreement and permission to build - 15 days, no charge

This agreement can be obtained from the Land Department of the Office of the Capital City Governor.

Agency: Land Affairs, Geodesy and Cartography Agency

Comment: In Mongolia, there is no land ownership that is why Government is assigning state or municipal lands for construction purposes for investors. As usual long-term lease agreement is used. Therefore, there is extra procedure and time to get consent from the owner (central or municipal Government this case) in the process of construction permit issuance. Government of Mongolia (GOM) needs to decide how to resolve the land issues, which itself is a very complex issue and not many former Soviet countries fixed this yet.

4. Request and obtain approval of preliminary drawings from the Urban Development Department - 14 days, MNT 60,000

5. One letter with drawings is sent to the Urban Development Department and it is first approved by the Capital City General Architect (within the Urban Development Department, UDD), then the District Architect, a member of UDD, approves the drawings and both approvals are stamped on the same page and sent back to the architect.

Agency: Land Affairs, Geodesy and Cartography Agency

Comment: There is no need for preliminary approval of draft project document if main parameters for construction are known in advance. The rest of the issues from the permit seeker are to comply with building codes. But because cities of Mongolia do not have approved development plans, approval of main terms of construction (mainly zoning requirements) must be introduced in the process of construction permit issuance, which will substitute preliminary approval of draft project documents. As for body responsible for approving terms of construction, it must be body responsible for construction permit issuance. In order to introduce the procedure, we need to work on submitting requirements for approval of terms of construction, time for approval (presumably it can be no more than 30 days) and content of the terms. No cost must be required to complete the procedure.

6. Request and obtain approval of preliminary drawings from the Technical Commission - 14 days, no charge

The company must obtain an approval from the Technical Commission stating that the proposed construction work will not affect any heating, electrical power, water, sewage or telecommunication lines. The Technical Commission consists of members from the Heating Network Authority, Electric Power Network Authority, Water Use Authority, Telecom Mongolia, Radio Network Authority, Housing and Public Utilities Authority, Environmental Protection Authority, Hygiene and Sanitation Control Authority, and Fire Fighting Department. There is no need for the company to visit each authority separately.

Agency: Technical Commission

Comment: Recommendation to eliminate the procedure. Refer to comments on procedures number 3 and 5.

7. Request and obtain technical conditions from the following agencies through the Technical Commission - 24 days, MNT 290,601:

The Company must submit a letter of application to receive technical specifications from the agencies. No other procedures are necessary for obtaining power connection. Obtaining all technical conditions take on average 24 -- 30 days. The fee is estimated to vary from MNT 75,000.00 to MNT 390,000.00.

Agency: Technical Commission

Comment: Recommendation to eliminate the procedure. The requirement of obtaining technical conditions and confirming the public utility connections can be removed from the procedure of issuing construction permits as they have nothing common with each other. Otherwise just information on the possibility of providing utility connections can be obtained via "Single-Window Principle" by construction permit issuer body (during approval of terms of construction), as all utility companies are still Municipal agencies. No cost must be required to obtain the information.

8. Request and obtain approval of final drawings from the Fire Department - 1 day, MNT 150,000

For a building of less than 3000 sq. m., this is obtained from the City Fire Department. Project drawings are inspected and a fee is calculated based on a schedule set by the Organization of Special Emergencies.

Agency: Fire Department

Comment: Recommendation to eliminate the procedure. If designer when making draft construction documents (drawings) is responsible and able to use fire safety requirements

existing in national building codes, then the official with the same qualification can also check compliance of draft construction documents with national building codes. So the role of fire department in these processes is hard to understand. The role of fire department in all over the world is to fight with the fire. The origins of the modern building codes we use today lie in the great fires in the history of developed countries, therefore fire-safety requirements are key instruments in the whole building code in order to ensure life safety in buildings, but it does not mean that fire officials need to deal with designing or inspecting the drawings.

9. Request and obtain approval of final drawings from the Sanitation Department - 14 days, MNT 25,000

Agency: Sanitation Department

Comment: Recommendation to eliminate the procedure. The same logic, permit issuer body is responsible to check compliance of draft construction documents with national building codes.

10. Request and obtain approval of final drawings from the Chief Architect - 7 days, MNT 60,000

Submit a copy of the sketch, working drawing, certificate from the Fire Department and certificate from the Sanitation department to the Chief Architect to approve.

Agency: Land Affairs, Geodesy and Cartography Agency

Comment: This procedure must be transferred in “Issuance of Construction Permit” by relevant Municipal Agency. In order to introduce the procedure, we need to work on submitting requirements and time for issuance of permit (presumably it can be no more than 10 days) and content of permit terms. Permit fee must be calculated and determined according to cost-recovery principle (permit issuers’ costs associated with plan-check and inspection services). MNT 60,000 is not relevant, it must be more in this case. I will use MNT 550,000 for the purposes of calculating cost required to complete the procedure

11. Request and obtain permission from the State Technical Expert - 30 days, MNT 756,949

The expert examination of a construction drawing shall be made by a consultant selected by Agency of Land Affairs, Geodesy and Cartography through a tender. The cost might vary according to the consultant (MNT 9,700 per sq. m. * 1300.6 sq. m. * 0.06).

Agency: Authorized consultant

Comment: Recommendation to eliminate the procedure. Mandatory expertize must be required only for high-risk building/structures and the authority must be transferred to private sector, to all those professionals, who meet certain qualification.

12. Request and obtain a license “to engage in the construction works” (permission to build) - 21 days, no charge

To start the actual construction, BuildCo must obtain a license “to engage in the construction works” (permission to build) from the Ministry of Construction and Town Planning. The law authorizes a period of 21 business days to issue the license. In practice, however, it varies.

Agency: State inspector for technical control of construction

Comment: Recommendation to eliminate the procedure. License, as well as registration does not guarantee the safety or quality of work performed.

13. Request and receive inspection from the Water Use Authority - 2 days, no charge

Agency: Water Authority of Mongolia

Comment: According to WB Doing Business methodology, this procedure is calculated despite its existence in the process of issuing occupancy certificate. Procedure #13 must merge with this procedure.

14. Request and receive inspection from telecom services - 1 day, no charge

Agency: Post and Telecommunications Authority (PTA)

Comment: According to WB Doing Business methodology, this procedure is calculated despite its existence in the process of issuing occupancy certificate. Procedure #14 must merge with this procedure.

15. Connect to water services through the Water Use Authority - 2 days, no charge

Agency: Water Authority of Mongolia

Comment: Merge with procedure 11.

16. Connect to telecom services - 1 day, no charge

Agency: Post and Telecommunications Authority (PTA)

Comment: Merge with procedure 12.

17. Request on-site inspection from the Technical Commission - 14 days, no charge

Agency: Technical Commission

Comment: Inspection by Technical Commission must be abolished and the responsibility on supervision over construction must be transferred to State/Municipal Inspection Agency

18. Receive on-site inspection from the Technical Commission and approval - 1 day, no charge

Agency: Technical Commission

Comment: N/A

19. Request on-site inspection by the State Inspection Authority - 1 day, no charge

Agency: State General Specialized Inspection Department

Comment: N/A

20. Receive on-site inspection and obtain approval of the building by the State Commission - 17 days, no charge

After the inspection has been completed, the company waits on average 10 days for approval.

Agency: State General Specialized Inspection Department

Comment: Practice of putting premises into exploitation by ad-hoc commissions must be abolished and the authority of accepting the object into exploitation transferred to the permit issuer. This will remove the need in excessive signatures which, in its turn, reduce time and possible sources of corruption from the process. This is possible by defining those stages of

construction during construction permit issuance, completion of which requires examination by the respective authority of the state/municipal supervision.

21. Register the building in the real estate registry - 14 days, MNT 47,854

The Office for Registration of Ownership and Related Rights registers the right of ownership within 14 days of the application date, and issues a certificate of ownership. The registration fees to be paid are equal to 0.01% of the value of the real property.

Agency: Real Estate Registry

Comment: According to WB Doing Business methodology, this procedure is calculated despite its connection with construction permitting.

Dealing with Construction Permits Indicator Mongolia	Nowadays	After Suggested Changes (Roughly)
Procedures (number)	19	10
Time (days)	208	95
Cost (% of income per capita)	39.2	18.4
Rank	121	10