



ID	710
Target Country	Mongolia
Project Sector	Construction, building materials
IIPP number	MNG, 012, I, 2009, 05
Status	P-Promotion
Title (english)	Joint Venture for the production of building materials
Title (italian)	Joint Venture per la produzione di materiali per la costruzione
Isic	4520 - Building of complete constructions or parts thereof
Summary (english)	<p>The project discusses opening a factory of Penoblock /foam concrete/ with the final aim of supplying the market with the highest performance while offering inexpensive solutions by domestically producing construction materials in sustainable basis utilizing the latest technology.</p> <p>The business aims at the production of foam concrete “Feton”, a highly effective building material, and “Penoblock”, a foam concrete block with high thermal and noise insulating properties which is also easily workable and inexpensive.</p>
Summary (italian)	<p>Il progetto punta ad uno stabilimento di Penoblock/mattonato di cemento cellulare con l'obiettivo finale di offrire al mercato una soluzione di buona qualità ad un buon prezzo, grazie alla produzione locale di materiali per la costruzione, con l'utilizzo delle ultime tecnologie.</p> <p>Il business si concentrerà nella produzione di cemento cellulare “Feton”, un materiale da costruzione altamente efficace, e di “Penoblock”, un mattonato di cemento cellulare con proprietà di isolamento termico ed acustico, che è inoltre economico e facile da lavorarsi.</p>
Classification	New project
Entrepreneur	Private
Turn Over	70,000
Business Line	Venture investment
Company search	Joint Venture,
City	Ulaanbaatar
Country	Mongolia
Foundation	2007
Employees	12

## COMPANY

The company is a venture investment firm who plans to open a factory for the production of highly effective building material. “NVC” (National Venture Capital), the first venture investment firm of Mongolia, was founded on 9 august, 2007 by vote of “Financial Services Corporation”. Financial service corporation is not the only founder of venture investment “NVC” company but also the





founder of Mongolian first life insurance “National life Insurance” LLC and “MIBG” (Mongolian Investment Banking Group) LLC which operates broker, dealer and underwriter services. The company invests in venture investment that is emerging and advancing national technology sectors.

## **PRODUCTS**

The business aims at the production of foam concrete “Feton”, a highly effective building material, and “Penoblock”, a foam concrete block with high thermal and noise insulating properties which is also easily workable and inexpensive.

Especially, Foam concrete Feton is a contemporary building material which is sure to help building the future easily and safely. The produced foam concrete features high thermal and noise insulating properties (as compared with the conventional materials, heat resistance is 1,5-2 times higher, which enables to bring down heat consumption in heating systems by 20- 40% and reduce the walls thickness), light weight and improved strength (it can be used in construction of low and high-rise buildings), long life (not less than 20 years), good moisture resistance (better than of lime-and-sand brick), air permeability (the material "breathes"), frost resistance (it can be used in different climatic conditions), fire resistance (not combustible), biological resistance (prevents formation of mildew, fungus), ecological acceptability (contains no hazardous chemical substances).

The material is also easily workable. In these sense, the low cost of the foam concrete is presupposed by the absence of autoclave and thermo-humid treatment, use of cheap source materials (cement, sand or ash, water, foaming agent), low specific energy and operational expenditure.

## **PROJECT**

The project discusses opening a factory of Penoblock /foam concrete/ in the Mongolian capital city Ulaanbaatar. The final aim is to supply the market with the highest performance while offering inexpensive solutions by domestically producing construction materials in sustainable basis utilizing the latest technology.

The company is searching for an external investor in order to have a Joint Venture to open the factory for the production of highly effective building material. The project requires a total of \$722,000 investment. NVC” LLC already has invested \$157,000 and the additional required investment amounts to \$565,000 to begin the business at favorable location with reliable manufacturing machines.

## **STRONG POINTS**

Foam concrete Feton is currently a major building material in more than 40 countries worldwide. It is widely used in Russia, Ukraine, Spain, Italy, Germany, the Netherlands and many other countries.

Now, it is even more worthwhile to use foam concrete Feton alongside with the increasing awareness regarding energy efficiency and protection of the environment, human and animal health.



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Over the last few years, the construction industry in Mongolia has grown rapidly and thus the demand for construction materials is increasing significantly. The introduction of stricter construction standards for buildings and structures increases also the demand for high-performance, inexpensive construction material, satisfying all functional, economic, and ecological requirements. Penoblock meets all those requirements.

The projected block demand is at least 250,000m<sup>3</sup> per year. Mongolian total industry supply is 180,000m<sup>3</sup> per year. So, available demand is 70,000m<sup>3</sup> blocks which is 30% of the remaining demand.

A small testing facility is already available in which the employees have a long history of construction experiences and also they are training on the testing facility right now.

There is a good labour supply and a good availability of infrastructural facilities at location.

Some international agreements permit financial incentives. In fact, Mongolia is a member of The Multilateral Investment Guarantee Agency (MIGA) which is a member of the World bank group. Therefore you have a right to apply for MIGA. Also on July 1, 2005 Mongolia has joined European Union's "GSP+" and enjoys zero importing tax for 7200 different kind of products. The new company could establish this new services in Mongolia professionally by closely cooperating with international financial organization which have highly educated financial specialists.

