



Technical Assistance Report

Project Number: 49169
Project Preparatory Technical Assistance (PPTA)
December 2015

Mongolia: Ulaanbaatar Affordable Housing and Urban Renewal Project

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Asian Development Bank

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Government of Mongolia and the Municipality of Ulaanbaatar (MUB), in consultation with Asian Development Bank (ADB), identified the project components under the proposed ensuing loan. The project is a complex multisector project—requiring full scale due diligence in technical, economic, financial, social, resettlement, environmental, and institutional aspects through a project preparatory technical assistance (TA). The TA will develop the project suitable for ADB funding, in conjunction with the country partnership strategy, sector and operational experience, international best practices, and lessons from previous projects. The major outputs and activities are summarized in Table A3.1.

B. Major Outputs and Activities

2. **Output 1: Project design and ecodistrict planing.** Building on the ongoing pre-feasibility study,¹ the project design will include (i) finalized project components feasibility study, safeguards, and due diligence documentation; (ii) detailed land use plan, technical specification, urban regulation, formulation of local development plans, building specifications, and architectural designs; (iii) in-depth housing and affordable housing (AH) market analysis; (iv) carrying out socioeconomic surveys, community engagement activities, and private sector consultations; (v) preparation of loan documents; (vi) established financial, institutional, and regulatory framework for AH that maximizes inputs from all players; (vii) sustainable housing finance mechanisms to support access to AH; and (viii) program for capacity building, policy dialogue, and institutional strengthening.

3. **Output 2: Private sector participation.** This includes (i) analysis of all the different options to leverage private sector support and identify the best combination of investment instruments available, (ii) analysis of the advantages and challenges of having private sector participation and informed on the possibility to structure public-private partnership, (iii) recommendation on suitability for ADB (and other international financial institutions) non-sovereign lending and on the establishment of development fund to support real estate developers, (iv) suitable public-private partnership transactions, (v) potential private sector companies and recommendation on how to best structure the projects to ensure bankability, and (vi) assessed various risks linked to identified sponsor, housing market, corporate governance, and legal and regulatory framework.

4. **Output 3: Aid effectiveness and project readiness.** This will support pre-implementation activities, including detailed terms of reference for loan consulting services, consulting firms selection, preparation of bidding documents, early operationalization of project implementation arrangements, and training of key position for procurement.

Table A3.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
Project design	August 2016	Feasibility study	September 2016
Ecodistrict detailed plan	November 2016	Detailed plans and specification	November 2016
Private sector participation	July 2016	Development fund	July 2016
Pre-implementation activities	December 2017	Loan consultants detailed TOR and recruitment	December 2017

TOR = terms of reference.

Source: Asian Development Bank.

¹ City Development Initiative for Asia support for pre-feasibility study of the project.

C. Cost Estimate and Proposed Financing Arrangement

5. The TA is estimated to cost \$1,100,000 equivalent, of which \$1,000,000 equivalent will be financed on a grant basis by the Japan Fund for Poverty Reduction. The government will provide \$100,000 counterpart support in the form of office accommodation, venues for workshops and training, communication facilities for consultants, remuneration and per diem of counterpart staff, administrative support, and other in-kind contributions. The detailed cost estimate is presented in Table A3.2.

Table A3.2: Cost Estimates and Financing Plan
(\$'000)

Item	Total Cost
Japan Fund for Poverty Reduction^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (27 person-months)	630.0
ii. National consultants (42 person-months)	190.0
b. International and local travel	60.0
c. Reports and communications	8.0
2. Equipment (computer, printer, etc.) ^b	10.0
3. Workshops, training, seminars, and conferences ^c	
a. Workshop	7.0
b. Training programs	6.0
4. Surveys	15.0
5. Miscellaneous administration and support costs	10.0
6. Contingencies	64.0
Total	1,000.0

^a Administered by the Asian Development Bank.

^b Equipment will be turned over to the executing agency upon completion of TA activities. All equipment will be purchased following ADB's Procurement Guidelines (2015, as amended from time to time)

Type	Quantity	Cost (\$)
Computer	4	4,000
Printer	1	1,000
Photocopier	1	3,000
Related office equipment	Various	2,000

^c Workshops, training, seminars, and conferences include translation and interpretation and will be administered by the consultants.

Purpose	Venue
Inception, interim, and final workshops	Ulaanbaatar
Workshops with targeted topics (ecodistrict, universal design, transit-oriented development, affordable housing, land value capture, private sector participation and financial arrangements, and project implementation)	Ulaanbaatar
Participatory meetings	Ulaanbaatar

Source: Asian Development Bank estimates.

D. Consulting Services

6. The TA will require 11 positions (27 person-months [pm]) of international and 10 positions (42 pm) of national consulting services. ADB will select and engage individual consultants in accordance with ADB's Guidelines on Use of Consultants (2013, as amended from time to time). Individual consultants will be additionally engaged after submission of the draft final report, to support start-up activities of the ensuing loan project based on the need using the contingencies. The outline terms of reference for the TA consultants are described in paragraphs 7 to 15.² The

² Individual Consultant Selection is preferred for the TA because (i) it is quicker and will insure that the momentum and the synergy with the current team in charge of prefeasibility is kept; (ii) this will also give more chances for the well performing consultants involve in the prefeasibility to be selected to insure that the project preparation knowledge is transferred from the prefeasibility team to the TA team; and (iii) it allows a closer and more efficient monitoring of individual consultants' performance, and to better guide and lead the whole team.

use of output-based/lump sum contracts for consulting services will be considered in the detailed TOR. Contingencies might be used to hire additional positions according to the expertize needs that could emerge during the TA implementation.

Table A3.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
1. Team leader/architect, urban planner	5.0
2. Local planning expert	1.5
3. Real estate and private sector participation specialist	2.0
4. Municipal engineer	2.0
5. Resource efficiency and renewable energy specialist	2.0
6. Social, gender, and community engagement specialist	2.5
7. Resettlement and land management specialist	2.5
8. Economist and finance specialist	3.0
9. Environmental specialist	2.0
10. Affordable housing specialist	2.0
11. Procurement specialist	2.5
Total	27.0
National	
1. Deputy team leader/urban planner, affordable housing specialist	6.0
2. Local planning expert	3.0
3. Real estate and private sector participation specialist	3.0
4. Municipal engineer	3.0
5. Resource efficiency and renewable energy specialist	2.0
6. Social, gender, and community engagement specialist	5.0
7. Economist and project finance specialist	4.0
8. National accredited environmental firm (lump sum)	
9. Resettlement and land management specialist	4.0
10. Procurement specialists	6.0
11. Office manager and translator	6.0
Total	42.0

Source: Asian Development Bank.

7. **Team leader/architect, urban planner** (international, 5 pm). The consultant with a Master's degree and at least 15 years of experience in project development and planning and in infrastructure programming will guide, coordinate, and supervise the inputs of each individual consultant in the team and take the responsibility for delivering outputs 1 and 2 of the TA.

8. **Local planning expert, and real estate and private sector participation specialists** (international, 3.5 pm). The consultants with a Master's degree and at least 10 years of relevant experience in urban planning in developing countries and will develop a (i) local plan in targeted areas with great participatory approach; (ii) assessment of land administration issues, (iii) option for implementing land agency, (iv) tools for land market development, and (v) option for land based financing.

9. **Municipal engineer, and resource efficiency and renewable energy specialists** (international, 3.5 pm). The consultants with a Master's degree and at least 10 years of relevant experience will perform the whole scope of infrastructure design and management activities: (i) feasibility study and preliminary designs; (ii) cost estimate; (iii) procurement capacity assessment of the implementing agency; and (iv) relevant technical specification, design method, norms and standard specific to *ger* areas, green buildings, and renewable energy components.

10. **Economic and finance specialist, and affordable housing specialist** (international, 5 pm). The consultants with a Master's degree and at least 10 years of relevant experience in finance and economic analysis will conduct (i) financial viability evaluation of the project and financial analysis of the EA in accordance with ADB's Guidelines on the Financial Management

and Analysis of Projects (2005) and Financial Due Diligence Methodology Note (2009); (ii) economic analysis for the project in accordance with ADB's Guidelines for Economic Analysis of Projects Conduct to assess the risks relating to financial and economic viability; (iii) willingness-to-pay and affordability analysis and if appropriate, assess the economic and financial effects of the use of grant funds as subsidies to AH, (iv) financial management assessment of the implementing agency in accordance with ADB's Guidelines for ADB's FMAQ and Financial Management and Analysis of Projects Guidelines (2005), (v) design of a fund-flow mechanism disbursement arrangements following ADB procedures and based on the project needs and the capacity of the executing and implementing agencies to manage fund flow and disbursements; (vi) establish housing finance complete solutions and sustainable mechanisms, such as micro-mortgages, rent-to-own schemes, contract savings schemes, subsidies, and grants, and establish a housing payment recovery scheme from beneficiaries, and (vii) formulate regulatory, financial, and institutional framework for AH delivery.³

11. **Resettlement and land management specialist** (international, 2.5 pm). The consultant with a Master's degree and at least 10 years of relevant experience in resettlement will prepare (i) the resettlement plan/s in compliance with ADB's Safeguard Policy Statement (SPS) 2009 and Safeguard Requirements on Involuntary Resettlement, and (ii) land swaps and land pooling process and plans in close collaboration with the social, gender, gender, and community development specialist.

12. **Environmental specialist** (international, 2 pm). The consultant with a Master's degree and at least 10 years of relevant experience in environmental impact assessment will develop (i) the initial environment examination responding to SPS requirements, including an environmental management plan in compliance with ADB's Safeguard Policy Statement (SPS) 2009 and in ADB's required format. A national accredited environmental firm (lump sum) will be hired to prepare a request for a general environmental impact assessment and prepare a detailed environmental impact assessment as required.

13. **Social, gender, and community engagement specialist** (international, 2.5 pm). The consultant with a Master's degree and at least with 10 years of relevant experience will conduct a poverty, social, and gender analysis of the project and prepare all required outputs, and prepare a summary poverty reduction and social strategy, and social and gender action plan; mobilize and organize the communities, work with economic and financial specialist on affordability analysis, develop consultation and stakeholder awareness regarding land planning and redevelopment.

14. **Procurement specialist** (international 2.5 pm). The consultant with a Master's degree and at least 10 years of procurement experience will support pre-implementation activities (output 3), including detailed terms of reference for loan consulting services, consulting firms selection, early operationalization of project implementation arrangements, and training of key position for procurement following ADB's Procurement Guidelines (2015, as amended from time to time).

15. The national experts will work in tandem with the international specialists to assist in all tasks under the international experts' terms of reference. The national consultants will have at least 8 years of experience in their respective area of assignment.

E. Implementation Arrangements

16. The TA will be implemented over 24 months from 2 December 2015 to 1 December 2017. MUB will be the executing agency for the TA. A project management unit will be established. The

³ Sample TOR for Financial Due Diligence can be found at <http://www.adb.org/sites/default/files/page/82468/example-terms-of-reference.pdf>.

proceeds of the TA will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). TA equipment will be procured in accordance with ADB's Procurement Guidelines (2015, as amended from time to time) and transferred to the executing agency upon TA completion. The proposed TA processing and implementation schedule is listed in Table A3.4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Recruitment of FSR consultants	15 January 2016
FSR consultants fielded	15 February 2016
FSR inception mission	15 March 2016
FSR midterm review mission	1 June 2016
Tripartite meeting and loan fact-finding mission	31 August 2016
Ecodistrict planning final mission	1 November 2016
Recruitment of project readiness consultants	1 February 2017
Final input of project readiness	1 December 2017
TA physical completion	1 December 2017
TA financial closure	1 March 2018

FSR = feasibility study report, TA = technical assistance.

Source: Asian Development Bank.