



Initial Poverty and Social Analysis

Project Number: 49169
December 2015

Mongolia: Ulaanbaatar Affordable Housing and Urban Renewal Project

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Mongolia	Project Title:	Ulaanbaatar Affordable Housing and Urban Renewal Project
Lending/Financing Modality:	Project Loan	Department/ Division:	EARD/EASS

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

Mongolia does not have a formal Poverty Reduction Strategy Paper (PRSP), but in February 2008, the Government launched a long-term National Development Strategy (NDS), consistent with achieving the Millennium Development Goals and Strategic Development Goals. For the period 2020 the NDS aims to enhance development and progress of Mongolia's people in the medium term (2015), and in the long-term (2015-2020) to eliminate poverty.

The project is aligned with the Affordable Housing Strategy for Ulaanbaatar approved by the City Council¹, and it will contribute to achieving the new SDG 11- sustainable cities and communities by making cities inclusive, safe, resilient and sustainable. It will contribute also to achieving the target SDG 6- clean water and sanitation by ensuring access to water and sanitation for all.

The Project directly supports the government efforts and is linked to ADB's Urban Sector Roadmap for Mongolia. It is also directly linked to the Country Partnership Strategy² as well as with the core themes of green, competitive, and inclusive cities of ADB's Urban Operational Plan.³ The project is in line with the emphasis on inclusive economic growth in ADB's long-term strategic framework 2008-2020 (Strategy 2020)

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project will deliver municipal infrastructure, public facilities, commercial services, and affordable housing units to establish mixed-use and mixed-income ecodistricts in *ger* areas of Ulaanbaatar City with at least 65% of combined affordable and social housing units for the poor and vulnerable groups. The project contributes to poverty reduction and inclusive growth in Ulaanbaatar.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The 2014 poverty data for Mongolia indicate that 21.6% of the population was living in the poverty. The poverty headcount in Ulaanbaatar was 16.4% which was slightly lower than the urban average (18.8%). Poverty reduction was slower in urban areas, especially in Ulaanbaatar where poverty declined by 3% during 2012-14 compared to 11% between 2010 and 2012. Thus, the urban areas continue to have the largest share of the poor in Mongolia. During the period from 2008 to 2013, according to data from the National statistics office, the city's annual population growth exceeded 3.5%, with migrants accounting for 56% of this increase. That has resulted in a spreading out of the *ger* areas, which today account for 30% of the total built area of the city and accommodate more than 60% of the 1.3 million Ulaanbaatar population.⁴ While the majority of *ger* area residents are poor, living standards vary, with some residents earning a decent income but still unable to afford the high prices of new apartments elsewhere in the city. According to the socioeconomic survey conducted under the Ulaanbaatar Urban Services and *Ger* Areas Development Investment Program preparatory TA in 2012 the poverty incidence in the project 1 *ger* area subcenters was about 20% and the average monthly household income of the poor was MNT335,231 (\$231), below the minimum standard of living of MNT506,000 (\$350).⁵ Living conditions in the *ger* areas are harsh, especially during winters. Basic infrastructure such as paved roads, water and sewage systems, electricity, and central heating are lacking. A central feature of the *ger* is the stove, which is used not only for cooking but also as the primary source of heating. The lack of basic infrastructure and services results in poor and unsanitary conditions in the *ger* areas and limited interest in economic investment in the areas because of the underdeveloped conditions.

2. Impact channels and expected systemic changes. The project will provide access to affordable and social housing for the poor and vulnerable people in *ger* area as well as improved and quality public and social services. It will focus on comprehensive urban solutions by including housing, municipal infrastructure, and public facilities in one project design. It is expected to directly benefit 70,000 people living in these areas, and to indirectly benefit about 400,000 people.

3. Focus of (and resources allocated in) the PPTA or due diligence. The TA will have inputs of 2.5 person-months for international social, gender and community engagement specialist and 5 person-months for national social, gender and community engagement specialist. Affordability of proposed housing and improved public services will be studied during the

¹ On 28 May 2015, the City Council approved the Affordable Housing Strategy for Ulaanbaatar.

² The CSP's four expected urban sector outcomes include: (i) improved living conditions for urban poor, (ii) improved access of the poor to basic services, (iii) better urban environmental conditions, and (iv) improved planning.

³ ADB. 2014. Interim Country Partnership Strategy, 2014–2016. Manila; ADB. 2013. Urban Operational Plan, 2012–2020. Manila.

⁴ This corresponds to 200,000 households (55% living in houses in *ger* areas and 44% living in traditional *ger* tents).

⁵ Based on the socioeconomic survey and willingness-to-pay for services in Bayankhoshuu and Selbe subcenters. ADB. 2012. *Technical Assistance for Ulaanbaatar Urban Services and Ger Areas Development Program*. Manila. (TA 7970-MON).

PPTA. Socio-demographic and socio-economic profile of *ger* area population also will be reviewed.

4. Specific analysis for policy-based lending. Not Applicable

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

Poor access to affordable housing and basic urban services has a differential gender impacts. Absence of permanent good quality housing, time burdens for daily water collection, sanitation access, mobility constraints, safety and security issues affect women differently than men. Women are expected to benefit most from water services improvements through the reduction in the time and labor burdens of retrieving water from kiosks. Adequate sanitation facilities at the home will ease the burden of women on tasks related to sanitation, health, and hygiene, and will likewise reduce energy expenditures and medical costs on waterborne, vector-borne, and other infectious diseases. Safety and security are big issues in *ger* areas and particularly for women and children. Subcenters are where key transport stations are located. Lighting of these areas, fixing roads and adding proper sidewalks and street lighting are all priorities for women. Enhancement of subcenters and their ability to be drivers of development in *ger* areas will potentially provide new sources of employment, and allow for key services such as supermarkets, entertainment facilities and public space to be initiated, all of which will have beneficial impacts on women's time burdens and opportunities for initiating economic activities outside of the home.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain.

Gender analysis will be conducted as part of the poverty and social analysis, and gender actions will be incorporated in the design

and implementation of the proposed project. Based on the analysis a gender action plan will be developed.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

Key stakeholders include *ger* area residents, community leaders, NGOs, private and public services and services providers in the subcenters, local government, Ulaanbaatar Municipal Government, public utilities (i.e., USUG and heating companies).

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

Local people will be consulted during PPTA implementation and preliminary design through consultations. PPTA will conduct poverty and social analysis and address social safeguards. Socioeconomic survey, stakeholder workshops, focus group discussions, and key informant interviews will be conducted during the TA. This will be complemented by survey and consultations under the resettlement and environment safeguards. The project team will closely work with UN Habitat on community engagement and participation in the area of land swap and pooling.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

Information generation and sharing (H) Consultation (H) Collaboration (H) Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

Community participation is the key for the success of the project. Extensive consultations will be held during the project design and implementation to ensure affordability of the social and affordable housing units and improved services for the poor and vulnerable groups. In addition, attention will be paid to social relations of the neighborhood and livelihood systems of local people. UN Habitat and other civil society organizations will contribute to conduct participatory assessments during the design and implementation stages of the project. Key documents, such as the social development action plan, gender action plan, community participation plan and stakeholders communication strategy. Resettlement plans, and environmental management plan will outline consultation and participation activities for implementation. Loan assurances will address implementation and monitoring of the plans.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

130 ha of land need to be developed to construct the physical, social infrastructure and affordable housing. Construction will take place within existing *ger* areas. 2,500 households will be resettled. Efforts will be made to avoid or minimize the IR impact

by negotiating voluntary land swaps with affected households. Most IR impact would be covered by infrastructure construction.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

- Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

The project components are focused on *ger* areas of Ulaanbaatar City. These areas have been in existence for some time and are very heterogeneous in terms of residents' socio-demographic and socio-economic status. All residents will equally benefit from the project. No specific communities or groups of ethnic minorities have been identified in the preliminary scoping. This will be further studied during the TA.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None, but further due diligence will be conducted during the PPTA.

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment (L) Adhering to core labor standards (L) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS (L) Increase in human trafficking Affordability (M)
 Increase in unplanned migration (L) Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts (L) Others, please specify _____

Affordability analysis will be conducted as part of the TA to ensure affordability of the proposed housing units and improved services for the poor and vulnerable groups. During the TA extensive consultations and community engagement work will be done to assess the needs and concerns of local people and recommend mutually acceptable solutions for all parties. The project investment will generate employment opportunities during construction and operation. Core labor standards will be used and include in the assurances. All construction activities will take place in urban *ger* subcenter areas. It is anticipated that local construction companies and labor will be used. Under the PPTA, the social development consultants will investigate the risk of HIV/AIDS and if deemed appropriate, design appropriate mitigation measures.

2. How are these additional social issues and risks going to be addressed in the project design?

Affordability analysis of proposed housing and improved services will be assessed during the TA. International and national social, gender and community engagement specialists will be recruited as part of the TA team to prepare a community participation plan, social development action plan and stakeholders communication strategy to address the social risks and issues through the project design.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?

- Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

The PPTA will have inputs of 2.5 person-months for international social, gender and community engagement specialist and 5 person-months for national social, gender and community engagement specialist. International and national resettlement specialist with input of 2.5 and 4 person-months will be involved as well. UN Habitat will be also engaged to contribute to community mobilization and engagement in the project design and implementation process.