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Technical Assistance Report

Project Number: 51100-001
Knowledge and Support Technical Assistance (KSTA)
September 2018

Mongolia: Green Urban Planning

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 1 September 2018)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.0004
\$1.00	=	MNT2,475.5

ABBREVIATIONS

ADB	–	Asian Development Bank
JFPR	–	Japan Fund for Poverty Reduction
MCUD	–	Ministry of Construction and Urban Development
SDG	–	Sustainable Development Goals
TA	–	technical assistance

GLOSSARY

<i>aimag</i>	–	province
<i>dzud</i>	–	severe winter condition
<i>ger</i>	–	traditional tent
<i>soum</i>	–	subdistrict

NOTE

In this report, “\$” refers to United States dollars.

Vice-President	Stephen Groff, Operations 2
Director General	Amy S. P. Leung, East Asia Department (EARD)
Director	Qingfeng Zhang, Environment, Natural Resources and Agriculture Division, EARD
Team leaders	Maria Pia Ancora, Climate Change Specialist, EARD Tuul Badarch, Senior Project Officer (Infrastructure), Mongolia Resident Mission, EARD
Team members	Omar Shariff B. Belisario, Senior Operations Assistant, EARD Mary Dianne Rose S. Molina, Senior Operations Assistant, EARD

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 51100-001	
Project Name	Green Urban Planning	Department/Division	EARD/EAER
Nature of Activity	Capacity Development	Executing Agency	Ministry of Construction and Urban Development
Modality	Regular		
Country	MON		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	CO ₂ reduction (tons per annum)	1
Environmentally sustainable growth (ESG)	Environmental policy and legislation Global and regional transboundary environmental concerns Natural resources conservation Urban environmental improvement	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development Organizational development	No gender elements (NGE)	✓
Knowledge solutions (KNS)	Knowledge sharing activities Pilot-testing innovation and learning		
Partnerships (PAR)	Implementation Private Sector		
Private sector development (PSD)	Conducive policy and institutional environment Public sector goods and services essential for private sector development		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Not Applicable	
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG11, SDG13		
6. Risk Categorization	Low		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		0.60	
Japan Fund for Poverty Reduction (Full ADB Administration)		0.60	
Counterpart		0.00	
None		0.00	
Total		0.60	

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) will strengthen the capacity of green urban planning to underpin livable cities and sustainable urban development. The TA will support capacity building primarily through research and knowledge sharing of international best practices on urban planning and building codes. The TA will analyze international lessons relevant to Mongolia's extreme weather, prepare recommendations to update urban planning regulations and codes, and test the recommendations on local master plans. Improving the regulatory framework on urban planning will enhance the effectiveness and sustainability of an urban planning process that embraces economic, social, and environmental considerations.¹

2. The TA is consistent with the country partnership strategy for Mongolia, 2017–2020 of Asian Development Bank (ADB).² It will support the Government of Mongolia's Sustainable Development Vision 2030 and, ultimately, Sustainable Development Goals (SDGs) 11 (make cities and human settlements inclusive, safe, resilient, and sustainable) and 13 (strengthen resilience and adaptive capacity to climate-related hazards and natural disasters).

II. ISSUES

3. In 1950, only 20% of Mongolians lived in urban areas. Since then, Mongolia has experienced rapid rural–urban migration, especially after it made the transition from central planning to a market-based economy in 1991. In 2018, the urban population represents 70% of the country's 3 million inhabitants (the average urbanization ratio in Asia is 50%). Except for the cities of Darkhan and Erdenet (each with about 80,000 people), most of the *aimag* (province) capitals and towns have a population of less than 25,000. Rural–urban migration has formed substandard peri-urban settlements around cities, called *ger* (traditional tent) areas, which have spread and expanded through successive migration waves. Migration has been driven by the loss of millions of livestock because of extreme weather events resulting in droughts and severe winter conditions (*dzuds*) and general loss of livestock productivity caused by poor pasture management, overgrazing, and poor veterinary services.

4. Since families have moved to larger urban centers, like Ulaanbaatar, *aimag* centers, and other *soums* (subdistricts), the provision of adequate urban services has lagged. The outdated urban planning system is not conducive to the uptake and introduction of more inclusive city planning models, innovative and more sustainable technologies, and the application of greener construction methods. Residents of *ger* areas (i) use inefficient individual stoves to burn low-quality coal and live in low energy-efficient shelters, making *ger* areas a hot spot for carbon dioxide and other air pollution emissions; (ii) rely on open pit latrines, which create severe soil pollution impacting residents' health especially when temperatures rise; and (iii) have limited access to water supplied by water kiosks. *Ger* areas are highly prone to flooding in summer (June to August) because of their extensive system of muddy roads and the lack of a buffer zone and drains.

5. In its Sustainable Development Vision 2030, the Government of Mongolia pledged to provide greater independence to urban areas and settlements; build roads, transportation, and engineering infrastructure; create a healthy, safe, and comfortable living environment for citizens;

¹ Formerly known as Green Urban Development Planning, the concept was approved on 4 January 2018. The Ministry of Construction and Urban Development (MCUD) and ADB agreed in a memorandum of understanding to revise the title to Green Urban Planning. The TA first appeared in the business opportunities section of ADB's website on 5 January 2018.

² ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020—Sustaining Inclusive Growth in a Period of Economic Difficulty*. Manila.

and improve urban planning in line with world-class green development models. Under this objective, the government committed to develop the green development standards for urban development, build infrastructure that meets the green development model, redevelop Ulaanbaatar and other urban areas and settlements, and reduce heat loss in buildings by 20%.³

6. This objective cannot be achieved with the current urban planning codes, norms, and standards, which were last updated in 2004. These codes are linked to a development strategy that was striving to achieve the Millennium Development Goals (i.e., economic development and poverty reduction) without emphasizing green development as laid out in the SDGs, especially SDG 11 and SDG 13.

III. THE TECHNICAL ASSISTANCE

A. Impacts and Outcome

7. The TA is aligned with the following impacts: (i) urban planning in line with world-class green development models improved; and (ii) inclusive, safe, resilient, and sustainable cities and human settlements achieved (footnote 3). The TA will have the following outcome: green urban planning for *aimag* centers in Mongolia strengthened.⁴

B. Outputs, Methods, and Activities

8. **Output 1: Good practices for green urban planning reviewed.** International good practices for green urban planning, emphasizing aspects that are related to the harsh climate in Mongolia, will be reviewed and summarized through (i) a literature review of green urban planning codes suitable for Mongolia's climate; and (ii) an international roundtable discussion on green urban planning, which will also serve as capacity building for relevant agencies and offices.

9. **Output 2: Green urban planning process updated.** This output will have two components: (i) an assessment of priority regulations and guidelines that would require revisions; and (ii) the preparation of the actual recommendations and/or updated documents (planning codes, norms, and standards) that would facilitate the transition to a greener urban planning process. The update will be based on the experiences and feedback compiled under output 1. A digital publication of the resulting recommendations and updated regulations will be shared with the government for discussion.

10. **Output 3: Green urban plans prepared and disseminated.** This output will demonstrate the application of the updated and greener codes and regulations, mindful of environmental impacts, to an existing urban development master plan. It is envisaged that the TA will support the preparation of plans for one *aimag* center and 1–3 *soums*. The output has three components: (i) drafting the green urban development plans, (ii) conducting consultation workshops to present and discuss the draft plans, and (iii) preparing final recommendations and awareness-raising materials to promote green urban development planning for urban centers in Mongolia.⁵

³ State Great Khural. 2016. *Mongolia Sustainable Development Vision 2030*. Ulaanbaatar; and United Nations. 2015. Sustainable Development Goals. www.sustainabledevelopment.un.org.

⁴ The design and monitoring framework is in Appendix 1.

⁵ The selection of the *aimag* centers and *soums* will ensure that ADB and the Japan International Cooperation Agency's upcoming TA on Human Settlement Development Program and/or investment are targeted as much as possible to the same localities to amplify synergies and outcomes.

11. The TA outputs will support the overall upgrading of the national capacity and regulatory framework on urban planning that is more conducive to the introduction and uptake of more inclusive city planning models, innovative and more sustainable technologies, and the application of greener construction methods that can make Mongolian cities more livable. The TA will provide critical support in upgrading the core planning codes for Mongolian cities. It will apply the first green urban planning in cities and centers—other than the capital city—to facilitate urban development models, which distribute population and productivity evenly in the country while maximizing the use of and preserving local natural resources. The TA will build on lessons learned from ADB experience.⁶

12. Given its capacity-building nature, the TA approach is appropriate for delivering targeted outputs under ADB's guidance and employing expert knowledge from ADB. The TA modality allows ADB the degree of administrative and technical supervision needed for national TA. Lessons learned from the TA, which will be disseminated through seminars and knowledge briefings, can be replicated in other similar ADB central western members.

C. Cost and Financing

13. The TA is estimated to cost \$620,000, of which \$600,000 will be financed on a grant basis by the Japan Fund for Poverty Reduction (JFPR) and administered by ADB. The key expenditure items are listed in Appendix 2.

14. The following are ineligible expenditures: (i) vehicle purchases, (ii) salaries for civil servants, (iii) foreign travel, (iv) scholarships or long internships, (v) detailed engineering design, (vi) civil works and other related expenses, and (vii) those under ADB's List of Ineligible Items (or Negative List) and Prohibited Investment Activities List.⁷

15. The government will provide counterpart support in the form of counterpart staff, office space, data and information, office supplies, secretarial assistance, in-city transportation, and other in-kind contributions valued at \$20,000.

D. Implementation Arrangements

16. ADB's East Asia Department will administer the TA.

17. The executing and implementing agency, the Urban Development and Land Affairs Department under the Ministry of Construction and Urban Development (MCUD), is responsible for preparing the legal framework for urban planning, including laws on urban development, land management, and construction. Green master planning will be embedded in the national regulations and building codes, which will inform future development countrywide when they are approved. The MCUD's implementation capacity was assessed *adequate*, and it will benefit from sharing international best practices and other capacity-building opportunities to be provided under this TA as well as other projects being processed and implemented in ADB.

18. The implementation arrangements are summarized in the following table.

⁶ ADB. 2017. *Technical Assistance for Green Cities: A Sustainable Urban Future in Southeast Asia*. Manila; and ADB. 2013. *Technical Assistance to Mongolia for Ulaanbaatar Urban Planning Improvement*. Manila.

⁷ ADB. 2011. *Cost Sharing and Expenditure Eligibility: Policy Implementation Review*. Manila.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	October 2018–March 2020		
Executing agency	Ministry of Construction and Urban Development, Urban Development and Land Affairs Department		
Implementing agencies	Ministry of Construction and Urban Development, Urban Development and Land Affairs Department Local governments of <i>aimag</i> and <i>soums</i>		
Consultants	To be selected and engaged by the Asian Development Bank		
	Firm: quality- and cost-based selection	Consulting firm (output-based proposals)	\$537,000
Disbursement	The technical assistance resources will be disbursed following the Asian Development Bank's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

Source: Asian Development Bank.

19. **Consulting services.** ADB will engage a firm or an entity for overall TA implementation including an international urban planner, as the team leader specialist, and a national civil and/or environmental engineer. The firm will propose other specialists and the overall composition of the consulting team. ADB will engage the firm or entity following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions using quality- and cost-based selection with quality-cost ratio of 90:10 and simplified technical proposal.⁸

20. **Cofinancier requirements.** The TA will be financed by JFPR and will comply with JFPR's Guidance Note on Japanese Visibility.⁹ There are no additional monitoring and reporting requirements specific to JFPR.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the Asian Development Bank administering technical assistance not exceeding the equivalent of \$600,000 to the Government of Mongolia to be financed on a grant basis by the Japan Fund for Poverty Reduction for Green Urban Planning, and hereby reports this action to the Board.

⁸ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3). To reduce administrative burden and improve economy, efficiency, and value for money, ADB will engage all consulting services on output-based (lump-sum) contracts.

⁹ ADB. 2018. *Japan Fund for Poverty Reduction: Guidance Note on Japanese Visibility*. Manila. <https://lnadbg1.adb.org/oco0006p.nsf/0/EEE594E105EAC26A482576C7002240AB/?OpenDocument>.

DESIGN AND MONITORING FRAMEWORK

Impacts the Technical Assistance is Aligned with			
Urban planning in line with world-class green development models improved (Mongolia Sustainable Development Vision 2030) ^a Inclusive, safe, resilient, and sustainable cities and human settlements achieved (Mongolia Sustainable Development Vision 2030) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Green urban planning for <i>aimag</i> centers in Mongolia strengthened	By 2020: a. At least three green urban planning codes, standards, and norms submitted by the Construction Development Center for the MCUD minister's approval (2017 baseline: Not applicable) b. Two green urban plans submitted by the Urban Development and Land Management Department to <i>aimag</i> government and Parliament for approval (2017 baseline: 0)	Annual reports from MCUD Other available bulletin and assessment reports Project technical and progress reports	Upgraded regulations and guidelines are not approved due to lack of commitment from various levels of government
Outputs 1. Good practices for green urban planning reviewed 2. Green urban planning process updated	By 2018: 1a. An overview of potentially suitable international good practices compiled (2017 baseline: Not applicable) By 2019: 2a. List of priority regulations and guidelines will be revised. (2017 baseline: Not applicable) 2b. Recommendations and at least three updated codes, standards, and norms that will facilitate the transition to a greener urban planning process prepared (2017 baseline: Not applicable)	1a. Project technical and progress reports 2a. Project technical and progress reports Annual reports from MCUD 2b. Project technical and progress reports	Inadequate institutional coordination among national and local governments Turnover of trained staff

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
3. Green urban plans prepared and disseminated	<p>By 2020:</p> <p>3a. Local green urban plans for at least one <i>aimag</i> center and one <i>soum</i> center drafted (2017 baseline: 0)</p> <p>3b. Final recommendations to promote green urban planning prepared and disseminated (2017 baseline: Not applicable)</p>	<p>3a. Project technical and progress reports</p> <p>Annual reports from MCUD</p> <p>3b. Final report</p> <p>Media information and news releases</p> <p>Annual reports from MCUD</p>	Plans are not implemented due to changed government priorities
Key Activities with Milestones			
<p>1. Good practices for green urban planning reviewed</p> <p>1.1. Engage consultants (Q4 2018–Q1 2019)</p> <p>1.2. Collect and compile information on successful international approaches for green urban planning (Q4 2018–Q1 2019)</p> <p>1.3. Organize and conduct an international roundtable discussion (Q1 2019–Q2 2019)</p> <p>1.4. Document and summarize the findings and recommendations (Q1 2019–Q2 2019)</p> <p>2. Green urban planning process updated</p> <p>2.1. Collect all relevant regulations and guidelines related to the urban planning process in Mongolia (Q2 2019–Q3 2019)</p> <p>2.2. Review and assess issues and opportunities for improving the promotion of green urban planning, including the assessment of priority codes for update (Q2 2019–Q3 2019)</p> <p>2.3. Propose and discuss proposed updates with related ministries, agencies, and stakeholders (Q3 2019–Q4 2019)</p> <p>2.4. Formulate the draft recommendations and updated documents (Q3 2019–Q4 2019)</p> <p>3. Green urban plans prepared and disseminated</p> <p>3.1. Prepare updated green urban plans for one <i>aimag</i> center and 1–2 urban settlements (<i>soums</i>) (Q3 2019–Q4 2019)</p> <p>3.2. Finalize the recommendations and updated regulations and guidelines for green urban planning by (Q4 2019–Q1 2020)</p> <p>3.3. Prepare and print awareness materials and develop an outreach program, including a consultation workshop (Q4 2019–Q1 2020)</p> <p>3.4. Provide the final documents to the minister of MCUD for discussion in the Cabinet (Q1 2020)</p>			
Inputs			
Asian Development Bank: \$600,000 (Japan Fund for Poverty Reduction)			
Note: The government will provide counterpart support in the form of counterpart staff, office space, data and information, office supplies, secretarial assistance, in-city transportation, and other in-kind contributions valued at \$20,000.			
Assumptions for Partner Financing			
Not applicable			

MCUD = Ministry of Construction and Urban Development, Q = quarter.

^a State Great Khural. 2016. *Mongolia Sustainable Development Vision 2030*. Ulaanbaatar; and United Nations. 2015. Sustainable Development Goals. www.sustainabledevelopment.un.org.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Japan Fund for Poverty Reduction ^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (7 person-months)	160.0
ii. National consultants (40 person-months)	324.0
b. Out-of-pocket expenditures	
i. International and local travel	12.0
ii. On-the-job training, and two conferences	15.0
iii. Reports and communications	10.0
iv. Printed external publications ^b	10.0
v. Miscellaneous administration and support costs	6.0
2. Training, seminars, workshops, forum, and conferences ^c	
a. Facilitators	1.0
b. Travel cost of Asian Development Bank staff acting as a resource person	4.0
c. Venue rental and related facilities	2.0
3. Contingencies	56.0
Total	600.0

Note: The technical assistance (TA) is estimated to cost \$620,000, of which contributions from the Japan Fund for Poverty Reduction are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office space, data and information, office supplies, secretarial assistance, in-city transportation, and other in-kind contributions. The value of government contribution is estimated to account for 3% of the total TA cost.

^a Administered by the Asian Development Bank.

^b Knowledge briefs to be shared with relevant government agencies will distill recommendations and findings from the final report to ensure adequate dissemination in localities outside the capital.

^c Two sessions will be arranged at the beginning and at the end of the TA implementation. Cost estimate includes interpretation and translation costs.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=51100-001-TARreport>

1. Terms of Reference for Consultants