



## Initial Poverty and Social Analysis

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# Mongolia: Ulaanbaatar Air Quality Improvement Program

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 18 September 2017)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.000407
\$1.00	=	MNT2,454.00

## ABBREVIATIONS

ADB	–	Asian Development Bank
IAP	–	implementation action plan
PBL	–	policy-based loan

## NOTE

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

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Mongolia	Program Title:	Ulaanbaatar Air Quality Improvement Program
Lending/Financing Modality:	Policy-based loan	Department / Division:	East Asia Department/Environment, Natural Resources, and Agriculture Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The program aims to improve public health and living standards by reducing urban air pollution in Ulaanbaatar, Mongolia's capital, through (i) rationalization of the IAP (for efficient use of financial resources) and air pollution control regulatory framework improved; (ii) measures on air pollution reduction and health protection implemented; and (iii) environmentally sound and integrated urban and energy plans developed and approved. This is expected to benefit all Ulaanbaatar residents, including the poor and vulnerable people living in *ger*<sup>a</sup> areas. The program is aligned with the Mongolia National Program on Environment Pollution Reduction and its IAP. The program is aligned with ADB's country partnership strategy for Mongolia, 2017–2020,<sup>b</sup> which aims to sustain inclusive growth.

#### B. Poverty Targeting

General Intervention  Individual or Household (TI-H)  Geographic (TI-G)  SDGs (Goal 3)

The program's impact will be improved public health and living standards through reduced air pollution in Ulaanbaatar. The program will benefit all city residents, including the poor and vulnerable, through improved air quality and improved health.

#### C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** About 60% of Ulaanbaatar's population lives in *ger* areas, which comprise about 80% of the city, where poor, low-income, and migrant people live without adequate public services, including clean energy sources. *Ger* areas are commonly not connected to the centralized heating system and are reliant on raw coal for heating, resulting in high indoor and outdoor air pollution. In general, the poor and vulnerable people living in *ger* areas and other parts of the city are more at risk of poor health because of air pollution, as they normally have (i) poor access to public information on air quality, (ii) living and working places prone to or without any protection against air pollution, and (iii) little choice of working hours and places. Often, they cannot afford good medical prevention or treatments of pollution-related health problems.

The program's beneficiaries include about 1.3 million people—the total population of Ulaanbaatar. Access to clean energy sources for heating is one of the beneficiaries' basic needs. Broadly, the program will benefit those in the city's *ger* and other areas, the city's nonregistered population (e.g., visitors), and the public at large, as the program will contribute to the reduction of pollution (e.g., black carbon) emitted in the burning of raw coal (which the program aims to displace with cleaner heating and energy sources). The number of poor and vulnerable people is expected to be about one-fifth of the total beneficiaries.

2. **Impact channels and expected systemic changes.** Better air quality will have a significant positive impact on public health through reduced illness and related health care and medicine expenses. It will particularly benefit children and the elderly, who are most vulnerable to cardiovascular and respiratory diseases. Income loss from restricted economic activities because of poor air quality will be avoided or mitigated, thereby increasing work productivity in Ulaanbaatar.

3. **Focus of due diligence.** The project team will develop a summary poverty reduction and social strategy based on a rapid assessment of proposed policies to be supported under the PBL. The assessment will be conducted as an examination of the PBL policy matrix, which will be finalized during project preparation.

4. **Specific analysis for policy-based lending.** Amidst efforts to stabilize the economy, it is a social and political imperative to implement measures to curb air emissions from key sectors. In the short term (1–3 years) such measures can prevent another winter with high levels of air pollution and the resulting negative health impacts, and ensure protection for the most vulnerable groups despite fiscal consolidation efforts under the on-going International Monetary Fund program. In the medium to long term (4–10 years), the program addresses the air pollution threat in two ways: (i) establishing economic incentives to encourage and/or facilitate private action (e.g., credit guarantee funds to support air pollution reductions, and changes to the excise tax law to incentivize cleaner transportation fuels); and (ii) providing fiscal resources to facilitate environmental policy enforcement (e.g., strategy

to upgrade Ulaanbaatar air quality and emission compliance monitoring network). In addition, the program includes technical assistance to build capacity for environmental management and governance.

## 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?  
Women play a critical role in household work, such as cooking, heating, caring for children and the elderly, as well as in paid work outside the house. Women are adversely affected by air pollution, particularly indoor pollution. Improved air quality is expected to benefit women as well as men. Stakeholders, including women, will be consulted during the PBL preparation to further identify gender-specific issues.
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  
Women are expected to benefit from improved indoor and outdoor air quality through increased support for cleaner sources of energy for heating homes. They will also benefit from having healthier children and elderly family members, since this will reduce their caretaking time. Healthier family members will also increase household disposable income, which would have otherwise been spent on medical expenses. Gender elements will be finalized during the PBL preparation.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?  
 Yes  No The program is not expected to widen gender inequality.
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.  
The program's main stakeholders include cabinet agencies and Ulaanbaatar city agencies related to air quality improvement, as well as nongovernment and community organizations or groups, particularly those working on air pollution issues. Policy dialogues with government agencies and consultations with other stakeholders will be conducted to develop the PBL policy matrix.
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?  
Surveys and consultations with beneficiaries and other stakeholders will be undertaken during PBL preparation.
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 (M)  Consultation (L)  Collaboration  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  
Consultation with beneficiaries in *ger* areas will be needed to ascertain their views on the use of improved stoves and cleaner energy sources. It is important to ensure there will be no behavior change barriers or issues of access and affordability for beneficiaries, particularly for poor and vulnerable people.

## 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  
The PBL only supports policies; it is not expected to involve civil works and/or land acquisition and resettlement. An impact matrix of policy actions will be developed during PBL preparation to confirm there are no resettlement impacts.
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

<p><b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The PBL only supports policies to improve air quality that will benefit all Ulaanbaatar residents. It will not target or have differential impacts on any specific ethnic minority communities that would trigger ADB's indigenous peoples' policy requirements under the Safeguard Policy Statement (2009). An impact matrix of policy actions will be developed during PBL preparation to confirm there are no such impacts.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?  <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p><b>V. OTHER SOCIAL ISSUES AND RISKS</b></p>
<p>1. What other social issues and risks should be considered in the project design?  <input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment  <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability  <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability  <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify:</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?          Poor and vulnerable people will benefit from increased job opportunities through cleaner energy sources and better living environments.</p>
<p><b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b></p>
<p>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?  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Not applicable</p> <p>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?          A social development specialist will prepare the summary poverty reduction and social strategy based on the rapid assessment of policy actions. Budget is also allocated for surveys.</p>

ADB = Asian Development Bank, IAP = implementation action plan, PBL = policy-based loan.

<sup>a</sup> Gers are traditional portable round tents covered with skins or felt and used as a dwelling by nomads in the steppes of East Asia. Ger areas comprise traditional gers and houses often constructed with poorly insulating materials.

<sup>b</sup> ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020*. Manila.

Source: Asian Development Bank.