

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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

<b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b> Poverty targeting: General intervention
<b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b> The program aims to improve public health and living standards by reducing urban air pollution in Ulaanbaatar, Mongolia's capital, through the following reform areas: (i) IAP efficiency and air pollution control regulatory framework; (ii) key measures on air pollution reduction and health protection; and (iii) mechanisms for environmentally sound and integrated urban, energy, and transportation systems. This is expected to benefit all Ulaanbaatar residents, including the poor and vulnerable people living in <i>ger</i> (traditional tent) areas. The program is aligned with the Mongolia National Program for Reducing Air and Environmental Pollution and its IAP. The program is aligned with the ADB country partnership strategy for Mongolia, 2017–2020, <sup>a</sup> which aims to support inclusive growth and environmental sustainability.
<b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b> <b>1. Key poverty and social issues.</b> Mongolia has a population of 3 million and the poverty incidence has increased because of the economic crisis in recent years (from 21.6% in 2014 to 29.6% in 2016). Ulaanbaatar has a population of 1.3 million, 60% of whom live in <i>ger</i> areas where poor, low-income, and migrant people live without adequate public services. <i>Ger</i> areas are commonly not connected to the centralized heating system and are mostly reliant on raw coal and wood for heating, resulting in high indoor and outdoor air pollution. Based on a survey undertaken in 2017 for program preparation, 54.6% of people in <i>ger</i> areas use improved stoves, 37.3% use traditional stoves, 6.2% use heat-only boilers, and 0.3% use electric heaters. <sup>b</sup> The surveyed households used mainly coal and wood for heating. Only 34.9% of households use insulation during winter to avoid heating loss. The negative impacts that indoor and outdoor air pollution cause contribute to poor health and living standards, including high medical costs, lost productivity, chronic illnesses, and short life expectancy for residents. The poor people living in <i>ger</i> 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 treatment for pollution-related health problems. Children are particularly vulnerable to the impacts of air pollution such as reduced fetal growth, preterm birth, pneumonia, and reduced lung function leading to acute and chronic respiratory diseases. <b>2. Beneficiaries.</b> The program will benefit all city residents through improved air quality and improved health. Broadly, the program will benefit those in the city's <i>ger</i> and downtown areas, the city's nonregistered population (e.g., visitors), and the public at large. Poor people are expected to account for about 25% of the total beneficiary population. Clean energy for heating and reduced air pollution are the beneficiaries' main needs. Based on a survey, the households' priorities on air pollution control measures are electric heaters, grid connections, and affordable apartments. <b>3. Impact channels.</b> The program will reduce air pollution by switching to cleaner energy sources and reducing burning of raw coal for heating. This will result in improved air quality, which in turn will have significant positive impacts on public health and well-being through reduced illness and related health care and medical 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 reduced, thereby increasing work productivity in Ulaanbaatar. <b>4. Other social and poverty issues.</b> The program is likely to contribute to an improved environment for economic activities, such as tourism and other investment opportunities. While this is beyond the program scope, the government is expected to promote such opportunities under the improved environment. <b>5. Design features.</b> The program focuses on addressing air pollution through improved policy, regulations, and capacity measures, which will benefit all residents including the poor in Ulaanbaatar.
<b>C. Poverty Impact Analysis for Policy-Based Lending</b> <b>1. Impact channels of the policy reform(s).</b> The program's impact will be public health and living standards in Ulaanbaatar improved. The program will help implement air pollution control through (i) implementation of key

<p>measures on reduced air pollution and health protection; (ii) improvement of IAP efficiency and the air pollution control regulatory framework; and (iii) establishment of mechanisms for environmentally sound and integrated urban, energy, and transport systems. In turn, these will (i) improve the health of citizens, particularly children and the poor; and (ii) reduce significant health and economic costs for residents and communities.</p> <p><b>2. Impacts of policy reform(s) on vulnerable groups.</b> The program actions are expected to positively benefit the poor, who are more at risk of poor health because of air pollution and cannot afford good medical prevention or treatment for pollution-related health problems. The program will help protect children as well as elderly people from air pollution impacts through interventions such as providing child vaccinations against pneumonia and installing air filtering systems in hospitals, schools, and kindergartens.</p> <p><b>3. Systemic changes expected from policy reform(s).</b> From a long-term perspective, the program will help integrate urban and energy planning for more efficient and sustainable development of <i>ger</i> areas. As a result of coordinated urban and energy master plans, the city will be able to supply heat and electricity to <i>ger</i> areas. Expanding the district heating transmission network to <i>ger</i> areas will benefit poor households.</p>
<p><b>II. PARTICIPATION AND EMPOWERING THE POOR</b></p>
<p><b>1. Participatory approaches and project activities.</b> The program's main stakeholders include government 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 have been conducted during the preparation of the program.</p> <p>Surveys and consultations with potential beneficiaries have been undertaken. A survey to understand the current situation and needs of households living in <i>ger</i> districts was conducted in August 2017. The survey covered a total of 89 <i>khoroos</i> (sub-districts) of six <i>ger</i> districts in key targeted zones for air quality control designated by the government and Ulaanbaatar city. The survey included focus group discussions, key information interviews, and questionnaire interviews. A total of 757 sample households were interviewed for the survey questionnaire.</p> <p>Policy matrix actions include activities for periodic reviews and meetings with stakeholders, including (i) regular parliamentary discussions on the progress report on air pollution control; (ii) education and outreach programs targeting schools and other organizations, including 50% female participants; (iii) further studies and consultation on cleaner technologies; (iv) public information centers; and (v) public campaigns to provide pneumonia vaccination for children.</p> <p><b>2. Civil society organizations.</b> Nongovernment and community organizations, particularly those working on air pollution issues, have been consulted during the preparation of the program and will be consulted during its implementation.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):</p> <p><input checked="" type="checkbox"/> Information gathering and sharing H <input checked="" type="checkbox"/> Consultation M <input checked="" type="checkbox"/> Collaboration L <input type="checkbox"/> Partnership N/A</p> <p><b>4. Participation plan.</b></p> <p><input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. While there is no separate participation plan, consultation and participation measures are included in the policy matrix.</p>
<p><b>III. GENDER AND DEVELOPMENT</b></p>
<p>Gender mainstreaming category: Some gender elements</p> <p><b>A. Key issues.</b> 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. Women face greater risks of poor health because of air pollution. Because of their traditional roles as the primary users of household energy sources, women suffer more than men from inefficient and polluted household energy. Improved air quality is expected to benefit women as well as men. Women will 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. Stakeholders, including women, will be consulted during the program implementation.</p> <p><b>B. Key actions.</b> The policy actions include measures on female participation. The policy matrix includes (i) at least 50% women participation in public awareness and outreach programs; (ii) 50% girls in pneumococcal conjugate vaccination programs; (iii) targeting the poor including households headed by women in distribution of cleaner heating fuel; and (iv) include gender analysis in the study on innovative heating technologies.</p> <p><input type="checkbox"/> Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p>

<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>	
<b>A. Involuntary Resettlement</b> <b>1. Key impacts.</b> The policy-based loan only supports policies. It is not expected to involve civil works requiring land acquisition and resettlement. <b>2. Strategy to address the impacts.</b> An impact matrix of policy actions has been developed and confirms that there will be no resettlement impacts. <b>3. Plan or other Actions.</b> <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> No action	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input checked="" type="checkbox"/> Social impact matrix
<b>B. Indigenous Peoples</b> <b>1. Key impacts.</b> The policy-based loan 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). Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>2. Strategy to address the impacts.</b> An impact matrix of policy actions has been developed and confirms that there will be no impacts triggering ADB policy requirements on indigenous peoples. <b>3. Plan or other actions.</b> <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> Social impact matrix <input type="checkbox"/> No action	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>	
<b>A. Risks in the Labor Market</b> 1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input type="checkbox"/> unemployment N/A <input checked="" type="checkbox"/> underemployment L <input type="checkbox"/> retrenchment N/A <input type="checkbox"/> core labor standards N/A 2. <b>Labor market impact.</b> Local residents including the poor will benefit from some job opportunities created in promoting cleaner energy.	
<b>B. Affordability</b> No affordability issues are expected as the program will support increased budget for cleaner energy fuels. The policy matrix includes that the government will consider the poor's affordability and needs while developing new standards for electric heaters and stoves.	
<b>C. Communicable Diseases and Other Social Risks</b> 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (N/A): <input type="checkbox"/> Communicable diseases N/A <input type="checkbox"/> Human trafficking N/A <input type="checkbox"/> Others (please specify) _____ 2. <b>Risks to people in project area.</b> No risks to local people are expected.	
<b>VI. MONITORING AND EVALUATION</b>	
1. <b>Targets and indicators.</b> The DMF includes targets and indicators, including the number of persons for public awareness, frequency of meetings to coordinate stakeholders, and reporting requirements. 2. <b>Required human resources.</b> The government will assign its existing staff to implement relevant policy actions. 3. <b>Information in the project administration manual.</b> N/A 4. <b>Monitoring tools.</b> The government will prepare semi-annual progress reports, including the progress on key DMF targets and indicators.	

ADB = Asian Development Bank, DMF = design and monitoring framework, IAP = implementation action plan, N/A = not applicable.

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

<sup>b</sup> ADB. 2015. *Technical Assistance for Promoting Sustainable Energy for All in Asia and the Pacific - Energy Access for Urban Poor*. Manila

Source: Asian Development Bank.