

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Upscaling Renewable Energy Sector Project
Lending/Financing Modality:	Sector Loan	Department/Division:	EARD/EAEN

<p align="center"><b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b></p> <p>Targeting classification: general intervention</p> <p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b></p> <p>The project will set up distributed renewable energy systems in selected regions of Mongolia, supply air pollutant-free space heating facilities in several townships, and enhance local technical capacity for renewable energy investment planning and implementation. It is closely aligned with (i) the findings of ADB's Midterm Review of Strategy 2020,<sup>a</sup> which identifies environmentally sustainable growth as a priority in helping developing member countries move onto a low-carbon growth path; (ii) the action plan of the Government of Mongolia for 2016–2020,<sup>b</sup> which supports the sustainable and reliable supply of energy, including the development of the renewable energy subsector; (iii) the State Policy on Energy, 2015–2030,<sup>c</sup> which is aimed at reducing the country's greenhouse gas emissions and electricity imports, and improving energy security; (iv) Mongolia's renewable energy investment plan<sup>d</sup>, which looks forward to increasing the share of renewable energy in total generation capacity to 20% by 2023, and to 30% by 2030; (v) ADB's country partnership strategy for Mongolia, 2017–2020,<sup>e</sup> which supports the development of infrastructure to diversify the economy and ease electricity and heating shortages (pillar 2), and the strengthening of environmental sustainability through renewable energy development (pillar 3); and (vi) ADB's Energy Policy,<sup>f</sup> which prioritizes renewable energy development.</p> <p><b>B. Results of the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence</b></p> <p>1. <b>Key poverty and social issues.</b> Unreliable electricity supply reduces the productivity of business and household activities, and public services, including health and education. Also, traditional coal-based heating services provided to public institutions, including schools and hospitals, create serious air pollution indoors and outdoors. The project will address these issues by demonstrating renewable energy-based (i) distributed electricity supply to semi-urban and rural households; and (ii) heating supply to public buildings, including schools and hospitals, in six provinces in western Mongolia.</p> <p>2. <b>Beneficiaries.</b> The project will improve living, health, and environmental conditions for about 258,313 people in the project areas (50% of the total population of the project areas). In 2016, 36% of the population of the western Mongolia had incomes below the minimum subsistence level (versus the national average of 29.6%).<sup>g</sup> According to data from a household survey done in November 2017 under project preparatory TA, incomes among 37.2% of the surveyed households in the project areas did not exceed the regional minimum subsistence level (an average per capita monthly income of MNT168,000).</p> <p>3. <b>Impact channels.</b> The project will improve (i) the productivity of business and household activities, and public services, by providing clean and reliable electricity services; and (ii) the medical and school environment, by providing clean and reliable heating services.</p> <p>4. <b>Other social and poverty issues.</b> The people in the project area have raised these other concerns: (i) limited access to better and more affordable housing, (ii) lack of employment opportunities, and (iii) substandard educational and medical services. Some of these concerns are being met by government programs with donor support.</p> <p>5. <b>Design features.</b> The project is designed to provide clean and reliable electricity and heating services in the project areas.</p>
<p align="center"><b>II. PARTICIPATION AND EMPOWERMENT OF THE POOR</b></p> <p>1. <b>Participatory approaches and project activities.</b> Consultations were held for local people; local government authorities; and representatives of educational institutions, health clinics, and companies in the telecommunications, tourism, financial, trade, and manufacturing industries. A household survey was conducted among 755 households from about 80 locations in the project areas; priority attention was given to women and the poor. In addition, two focus group discussions and more than 20 in-depth interviews were held with different groups of stakeholders. The results showed a high level of public support for the project.</p> <p>2. <b>Civil society organizations.</b> Civil society has no specific role in the project. The implementing agencies communicate directly with the potential beneficiaries.</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   <input checked="" type="checkbox"/> Consultation   <input checked="" type="checkbox"/> Collaboration   <input checked="" type="checkbox"/> Partnership</p> <p>4. <b>Participation plan?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>



**3. Information in the project administration manual.** Compliance with social and gender measures will be dealt with in the quarterly project progress reports.

**4. Monitoring tools.** Required data will be collected from the implementing agencies and contractors.

ADB = Asian Development Bank.

<sup>a</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

<sup>b</sup> Government of Mongolia. 2016. *Government Action Plan, 2016–2020*. Ulaanbaatar.

<sup>c</sup> Government of Mongolia. *State Policy on Energy, 2015-2030*. Ulaanbaatar

<sup>d</sup> Government of Mongolia. 2015. *Scaling-Up Renewable Energy Programme: Investment Plan for Mongolia*. Ulaanbaatar.

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

<sup>f</sup> ADB. 2009. *Energy Policy*. Manila.

<sup>g</sup> National Statistical Office, Mongolia. 2017. *Mongolian Statistical Yearbook 2016*. Ulaanbaatar

<sup>h</sup> Environmental and Social Assessment and Review Framework (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President).

Source: Asian Development Bank estimates.