



Initial Poverty and Social Analysis

December 2018

Mongolia: Research University Sector Development Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 9 November 2018)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.000391
\$1.00	=	MNT2,560

ABBREVIATIONS

R&D	–	research and development
SDG	–	Sustainable Development Goal
SME	–	small and medium-sized enterprise
STI	–	science, technology, and innovation
TA	–	technical assistance

NOTES

- (i) The school year (SY) in Mongolia starts on 1 September and ends on 1 June of the following year. “SY2017/18” denotes the school year that ended on 1 June 2018.
- (ii) In this report, “\$” refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Mongolia Project Title: Research University Sector Development Program

Lending/Financing Modality: Sector development program Department/Division: East Asia Department/Urban and Social Sectors Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS	
A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy	
<p>The program aims to enhance the R&D capacity of clusters of research universities in Mongolia by establishing governance and regulatory mechanisms for developing research universities and strengthening university research; setting up diversified funding mechanisms for research universities, university research, and graduate students; and developing clusters of research universities with shared R&D facilities. The program supports the goal of enhancing the role of universities in R&D and their contribution to a diversified and knowledge-based economy, set forth in Mongolia's Sustainable Development Vision 2030. The program is aligned with the Asian Development Bank's country partnership strategy, 2017–2020 for Mongolia,^a and its Strategy 2030.^b</p>	
B. Poverty Targeting	
<input type="checkbox"/> General intervention <input type="checkbox"/> Individual or household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input checked="" type="checkbox"/> Non-income SDGs (SDG 4, SDG 8, SDG 9)	
C. Poverty and Social Analysis	
<p>1. Key issues and potential beneficiaries. The growth of Mongolia's economy decelerated in 2015–2016, resulting in a steep rise in unemployment (7.5% in 2015 and 10.0% in 2016). The poverty headcount ratio (the percentage of households living below the national poverty line) also rose from 21.6% in 2014 to 29.6% in 2016. To create jobs and enhance productivity in the business sector, it is necessary to step up investments in industrial R&D (human resources, financing, and infrastructure), which declined in Mongolia after its transition from a centrally planned to a market-based economy. The program will strengthen the R&D capacity of Mongolian universities, especially in the government-defined priority STI areas. The program's direct beneficiaries will be students, faculty members, and research and management staff at universities offering graduate programs, most of which are in the capital, Ulaanbaatar. The program's indirect beneficiaries will be startups, scale-ups, and SMEs supported by R&D, technology transfers, licensing, intellectual property, consultancy, and business support enhanced in clusters of research universities in collaboration with industries.</p> <p>2. Impact channels and expected systemic changes. Direct impact channels will be (i) increased competitive grants for research in strategic priority areas where significant contribution to productivity growth and job creation is expected; (ii) increased scholarship amounts for selected graduate students, with equity considerations; (iii) improved quality of graduate programs, helping students complete programs on time and providing quality research training; (iv) better access to knowledge, technology, and business support for startups, scale-ups, and SMEs through R&D, technology transfer, licenses, intellectual property, consultancy, and business support; and (v) open access to R&D facilities and research equipment for universities, research institutes, companies, and researchers. Expected systemic changes include (i) systems, frameworks, and mechanisms in place to enhance effectiveness, efficiency, and economy in publicly funded research; (ii) stronger governance and management of graduate schools and programs, ensuring the quality of graduate degrees, and adherence to the academic and research code of ethics; (iii) diversified and sustainable funding mechanisms for universities, university research, and graduate students, encouraging high-quality research in strategic priority areas; (iv) increased interdisciplinary applied research, and inter-university and university–industry collaborative research; and (v) expanded pool of research human resources.</p> <p>3. Focus of (and resources allocated in) the transaction technical assistance or due diligence. The transaction TA will support the (i) review of current conditions surrounding the poor, disadvantaged, ethnic minorities, people with disabilities, and other disadvantaged groups in terms of access to higher education (especially graduate education), funding (scholarships and grants), knowledge, technology and business support, and learning and labor market outcomes; (ii) assessment of benefits and negative impacts on various stakeholders, and measures to mitigate negative impacts and enhance benefits; and (iii) preparation of a social development and gender action plan.</p> <p>4. Specific analysis for policy-based lending. The program will support the government's reform agenda of developing research universities through a set of policy actions, capacity development, and physical investment. Transmission channels of policy interventions include (i) sharper focus on strategic research priorities for physical investments in R&D facilities and research equipment, and competitive research grants in line with STI plans and strategy; (ii) better access to sustainable funding for universities, university research, and graduate students, aiming to enhance the capacity of universities to develop human resources, conduct research, and transfer knowledge and technology; and (iii) open access to R&D facilities and research equipment for universities, research institutes, companies, and researchers. Short-term direct impacts will be more graduate students from poor families and disadvantaged backgrounds enrolling and completing graduate programs and being awarded</p>	

graduate degrees. Medium-term indirect impacts will be more quality jobs and economic opportunities available in STI-related industries. Other positive and negative impacts of developing research universities on the poor and disadvantaged groups will be examined, and measures to mitigate negative impacts on and enhance benefits for them will be identified during program design.
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?</p> <p>More female students enroll in higher education (58.2% in school year 2016/17) than male students across all types of programs, with the largest share of female students in master's programs (62.6%), doctorate programs (57.7%), and bachelor's programs (57.6%). However, the share of female graduate students is smaller in information and communication technology (38.7%); and engineering, manufacturing, and construction (43.1%). Similarly, more female students tend to complete higher education programs (60.9%), obtaining doctorate degrees (64.0%), and master's degrees (63.9%), except in engineering, manufacturing, and construction (41.0%). There are more female staff than male staff in higher education (62.4%), including among full-time faculty staff (59.7%). As part of the poverty and social analysis, the reasons for lower male enrollment and completion in higher education; lower female enrollment and completion in engineering, manufacturing, and construction; and a smaller proportion of male staff in higher education will be examined, along with other dimensions such as opportunity gaps in training, research, funding, promotion, and managerial responsibilities between female and male staff. The poverty and social analysis will include an examination of gender issues in access to knowledge, technical and business support, and funding for entrepreneurs, startups, scale-ups, and SMEs.</p> <p>2. Does the proposed project or program have the potential to contribute 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The program will promote gender considerations in scholarship and competitive grant programs, and evaluation of research quality, while ensuring sex-disaggregated monitoring of research and training participants, graduate degree, scholarship, and grant awardees. A social development and gender action plan will be prepared under the transaction TA.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. Indicate the intended gender mainstreaming category:</p> <p><input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
III. PARTICIPATION AND EMPOWERMENT
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.</p> <p>The main stakeholders of the program are universities, especially those offering graduate programs; research institutes; companies; students and their families; university teaching, research, and management staff; and entrepreneurs, startups, scale-ups, and SMEs benefiting from R&D, technology transfer, licenses, intellectual property, consultancy, and business support enhanced in clusters of research universities in collaboration with industries. They will be consulted through questionnaires, interviews, focus group discussions, and workshops.</p> <p>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?</p> <p>The process of setting strategic research priorities and evaluating research quality (through the implementation of the research excellence framework) will involve stakeholders, including research users. Updating managerial and operational procedures for scholarships for graduate students with equity considerations will require participation of students from poor families and disadvantaged backgrounds.</p> <p>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?</p> <p><input checked="" type="checkbox"/> Information generation and sharing (M) <input checked="" type="checkbox"/> Consultation (H) <input checked="" type="checkbox"/> Collaboration (L) <input checked="" type="checkbox"/> Partnership (L)</p> <p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Students and their families will be consulted to identify measures to make research universities and graduate education more accessible. Similarly, entrepreneurs, startups, scale-ups, and SMEs will be consulted to identify their needs for and gaps in knowledge, technology, and business support as well as funding.</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The program may involve significant land acquisition and resettlement impacts because of R&D facilities; technology transfer, licensing, and intellectual property offices; and other facilities that will be located in densely populated urban areas in Ulaanbaatar or in <i>ger</i> (tent) areas; or in second-tier cities like Darkhan and Erdenet,</p>

especially their sparsely populated surrounding areas. As part of due diligence, a socioeconomic survey and valuation of affected assets will be conducted on potential sites to identify potential impacts on affected people, and compensation and other measures for them. Specific to the policy-based lending component, a comprehensive social assessment of proposed policy interventions will be carried out, and an environmental and social assessment policy action matrix will be prepared.

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

- Resettlement plan Resettlement framework Policy actions matrix
 Environmental and social management system arrangement None

If the land requirements and impacts are not known during program preparation, a resettlement framework will be prepared to guide the screening, planning, implementation, and monitoring of resettlement activities.

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

Policy actions and capacity development under the program are designed for universities across the country, some of which may have higher proportions of students and staff from ethnic minority groups. A comprehensive social assessment of proposed policy interventions on ethnic minorities will be conducted, and an environmental and social assessment policy action matrix will be prepared to ensure that the identified ethnic minorities will benefit from policy interventions as much as other students and staff do.

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 transaction TA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Policy actions matrix
 Environmental and social management system arrangement None

Ethnic minority actions and measures will be incorporated into a social development, ethnic minority, and gender action plan for the project.

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 (M) 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 Others, please specify

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

The program will contribute to the creation of quality jobs and economic opportunities by promoting R&D, technology transfer, licensing, intellectual property, consultancy, and business support for industries, entrepreneurs, startups, scale-ups, and SMEs. Compliance with core labor standards and dissemination of information on the risk of communicable diseases, including HIV/AIDS, will be integrated in the loan agreements. The program will increase scholarships for graduate students, with equity considerations, to enhance the affordability of graduate programs. The location of R&D facilities, technology transfer, licensing, intellectual property offices, and venture capital funds will be determined with consideration for rural–urban migration.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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 transaction TA or due diligence?

2.0 person-months of international and 3.0 person-months of national social development and gender specialists will be engaged under the transaction TA to conduct poverty, social, and gender analysis, and prepare a social development and gender action plan.

R&D = research and development; SDG = Sustainable Development Goal; SMEs = small and medium-sized enterprises; STI = science, technology, and innovation; SY = school year; TA = technical assistance.

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

^b ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.