

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Ulaanbaatar Urban Services and Ger Areas Development Investment Program
Lending/Financing Modality:	Multitranches Financing Facility	Department/ Division:	East Asia Department Urban and Social Sectors Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: **TI-MDG (7)**

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

The proposed Ulaanbaatar Urban Services and Ger Areas Development Investment Program will support the city master plan of the Municipality of Ulaanbaatar (MUB) in upgrading priority service and economic hubs in the city's *ger* areas during 2013-2023 through three projects. Project 1 will support the implementation of the city master plan in developing two priority *ger* area subcenters, Bayankhoshuu and Selbe. The main project 1 features are (i) construction of a sewerage network extension; (ii) upgrading and construction of road and urban services network; (iii) construction of social and economic facilities such as kindergartens, open parks or green areas, vocational training centers, and business incubators; and (iv) institutional strengthening and capacity development for community participation, awareness, and empowerment in the project design, implementation, and monitoring.

The investment program is in line with the Asian Development Bank (ADB) country partnership strategy for Mongolia (2012-2016),^a ADB's Strategy 2020,^b and the government's national development strategy. In support of the government's goal of inclusive growth, the investment program aims to provide basic urban services and improve the living conditions in the *ger* areas, as well as to transform these underserved areas into a more competitive segment of the city. Most of the city's poor households are in its *ger* areas. The program will also contribute to the country's progress toward the Millennium Development Goal targets by improving access to water supply and sanitation and improving the urban environment, it will help achieve the latter by improving air quality and reducing soil and water pollution. The intended program outcome will help reduce poverty in the *ger* areas by improving living conditions, increasing access to basic urban services, and enhancing economic opportunities for the poor.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

- 1. Key poverty and social issues.** The *ger* areas of Ulaanbaatar are home to about 800,000 residents, or 60% of the city's population. The areas are characterized by unplanned development, unserved plots, inadequate and mostly unpaved road networks, and a severe lack of social and economic facilities and basic infrastructure and services for water, sewerage, and heating. In 2011, 26.6% of the urban population in Mongolia lived below the national poverty line.^c The socioeconomic survey conducted under the PPTA in 2012 found that^d poverty incidence in the project 1 *ger* area subcenters was about 20% and the average monthly household income of the poor was MNT335,231 (\$231), below the minimum standard of living of MNT506,000 (\$350). The household poverty rate was slightly higher in the Bayankhoshuu subcenter than in Selbe. The lack of basic infrastructure and services results in poor and unsanitary living conditions in the *ger* areas and limited interest in economic investment in the areas because of the underdeveloped conditions.
- 2. Beneficiaries.** The expansion of roads and urban services and the provision of socioeconomic facilities and services in the Bayankhoshuu and Selbe subcenters under the project will benefit about 129,000^e households. It will do this by providing improved access to water supply and sewerage systems, a road network, heating services, kindergarten facilities, a business incubator center, and vocational training programs. Employment, livelihood, and other income opportunities will be generated during construction and afterwards, since the availability of the new basic infrastructure and services to be provided in the subcenters will encourage investments. The vocational training and business incubation center will support existing and potential entrepreneurs in expanding or starting up their businesses, thereby spurring further economic activity and employment. The project will thus improve both the quality of living conditions for residents and income levels. Among the beneficiaries are the poor, especially households headed by women. The socioeconomic survey found that approximately 14% of these households are already engaged in micro and small enterprises in the *ger* areas. Households along the proposed or trunk infrastructure for roads, water and sewer supply will also particularly benefit as well as vulnerable groups such as children, the elderly, and persons with disabilities, who will gain better access to water, sanitation and heating services.
- 3. Impact channels.** Direct channels will be improvement in the living environment, roads and services, social infrastructure, as well as strengthening of the structures, awareness, and voice of communities. Indirect channels will be the improved economic and social opportunities in the revitalized urban areas.
- 4. Other social and poverty issues.** Programs in improved civil registration, land registration, skills training, and social welfare benefits are being implemented by the government to help ensure social inclusion and opportunity.
- 5. Design features.** The project is expected to create opportunities for households to improve their incomes through job creation and business activities. This will be achieved through the skills and business development program which will be developed under the social action plan (SAP) for the project and in the construction of facilities for vocational training and business incubation centers. To ensure the active participation of the target households in

the program, a comprehensive information, education, and communications campaign will be implemented, along with other activities set out in the program's consultation, participation, and communication strategy, including those under the social action plan (SAP). Community representatives from primary stakeholder groups, community development councils (CDCs), and small and medium-enterprise development councils (SDCs) that were organized by the PPTA consultants and local government in 2012 will be the primary partners of the government in implementing the program. The program will also provide capacity building support to local administration leaders, CDCs, and SDCs, to help them be effective and efficient program implementers.

C. Poverty Impact Analysis for Policy-Based Lending (Not applicable)

II. PARTICIPATION AND EMPOWERING THE POOR

1. *Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.* Consultations with the target beneficiaries, affected persons, and vulnerable groups will be established as an integral process in the overall investment program, as specified in the SAPs. The SAPs for project 1 are incorporated in the facility administration manual (FAM) and in the loan agreement.
2. *If civil society has a specific role in the project, summarize the actions taken to ensure their participation.* Civil society will be actively involved through the CDCs throughout the program, including the project preparation, detailed design, construction, implementation, and operations stages. Specific measures are detailed in the SAPs prepared under the investment program.
3. *Explain how the project ensures adequate participation of civil society organizations in project implementation.* The MUB project management office will work closely with the CDCs in the implementation of consultative activities from project preparation to the operation stage. The implementation and monitoring and evaluation of the SAPs and gender action plan (GAP) for the program will be done in close collaboration with the CDCs and other concerned nongovernment organizations.
4. *What forms of civil society organization participation is envisaged during project implementation*
 Information gathering and sharing: High (H) Consultation: High (H) Collaboration: High (H)
5. *Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?*
 Yes. A SAP was prepared that details the consultative activities required at each stage of the project 1, the key stakeholders involved, the vulnerable groups (i.e., women, the elderly, poor households, and affected households), the mechanisms for participation, the schedule, and the indicative budget.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective Gender Mainstreaming

A. Key issues: Analysis of the survey and focus group discussion data revealed several key issues. The majority¹ of households currently access water supply from public kiosks, which means that water must be collected daily. This task is done primarily by women or children. About 95% of households use open pit latrines which are hard for children, the elderly, and women to use in the winter months. 60% of households in the *ger* areas use traditional stoves for heating and cooking, which is a major source of air pollution in the city, especially inside homes. As in many countries, women are among the most at risk from household smoke from cooking. The road network within the *ger* areas is mostly unpaved and lacks sidewalks or lighting. This is a risk for the majority of road users, who are pedestrians. Safety, particularly at night, is another important related concern, especially for women. Safety and security at bus stops is a priority issue for residents of both subcenter communities. The subcenters lack public spaces such as parks and social services such as kindergartens and vocational training.

B. Key actions. The GAP (i) incorporates gender mainstreaming actions in the design and implementation of road networks, water supply, sanitation, heating services, and road infrastructure; (ii) requires sex disaggregated data in the project performance management system and other monitoring mechanisms; (iii) ensures participation by women in the vocational training and business development activities; and (iv) strengthens the role of women in decision-making bodies.

Gender action plan Other actions or measures No action or measures

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. Key impacts. The construction of the main physical infrastructure for project 1—specifically, its right of way and land acquisition requirements—will potentially affect the home lots or the land of 75 households and 379 persons. About 12 households will lose their residences but can relocate within their original plots. Project 1 requires 3,800 square meters of land.

2. Strategy to address the impacts. Two land acquisition and resettlement plans were prepared for project 1. Compensation measures recommended under the land acquisition and resettlement plans. Assistance will be provided to households based on the severity of the impact they experience and their vulnerability. Regular consultations with affected persons will be carried out throughout implementation of the resettlement plan.

3. Plan or other Actions. Resettlement plan Resettlement framework

B. Indigenous Peoples

Safeguard Category: A B C FI

<p>1. Key impacts. Project 1 is located in urban areas. The poverty and social assessment found only 23 ethnic minority households (Buryat, Zakchin, and Chinese) living in and socially and economically integrated into the communities for project 1. No ethnic minority communities will be impacted by project 1, and ADB's indigenous peoples policy requirements are not triggered.</p>
<p>2. Strategy to address the impacts (not applicable)</p>
<p>3. Plan or other actions. <input checked="" type="checkbox"/> No action</p>
<p>V. ADDRESSING OTHER SOCIAL RISKS</p>
<p>A. Risks in the Labor Market</p>
<p>1. Relevance of the project for the country's or region's or sector's labor market: Low or not significant (L). <input type="checkbox"/> unemployment <input checked="" type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards The construction stage will be closely supervised by the MUB project management office and monitored by ADB to comply with national and international labor regulations and ensure minimum wage and safe working standards are met for workers.</p>
<p>2. Labor market impact. Limited impact. Construction activities under the project will employ local labor for skilled and unskilled jobs during and maintenance. The project will provide both long-term and short-term employment. About 12% of the surveyed heads of household are employed in the construction sector. Women can also be hired as skilled or unskilled laborers during construction and for the operations of the new service facilities (see GAP). The development of the infrastructure and services in the subcenters will also provide employment opportunities.</p>
<p>B. Affordability. The projected tariff structures for water supply and sewerage have been designed to ensure that very poor households can afford them. The affordability analysis shows that current spending on water is 8% of the monthly income of the very poor. At the projected water and sewerage tariff rates, the proportion will decline to about 3%. The current average monthly expenditure on heating of households in the two project subcenters is 10% of monthly income. At the projected tariff for heating, this is expected to decline to 5%–8% of total household expenses. The indicative tariffs for water and sewerage and heating services are within the willingness to pay. Cross subsidies for the connection costs of water, sewerage, and heating services are also proposed to ensure that these costs remain affordable for poor households.</p>
<p>C. Communicable Diseases and Other Social Risks</p>
<p>1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases: Low (L) <input checked="" type="checkbox"/> Human trafficking: Low (L)</p>
<p>2. Describe the related risks of the project on people in project area. A SAP with specific measures on the an information, education, and communications campaign related to risks on HIV/AIDS, among other topics, was prepared and will be incorporated in the program's FAM and in the MFF loan agreement.</p>
<p>VI. MONITORING AND EVALUATION</p>
<p>1. Targets and indicators. The design and monitoring framework includes targets and indicators for community participation, participation by women, employment recruitment, and subcenters inclusive design features.</p>
<p>2. Required human resources. Extensive human resources to address gender, social development, and social safeguards will be provided by the consultant services and program management office (PMO) staff. Community engagement and a component for development of small and medium-sized enterprises will require 18 person-months of international and 60 person-months of national consultants. PMO support will require 3 person-months of international and 27 person-months of national consultants. In addition, the PMO will have a staff member engaged for 20 person-months to supervise and implement the social actions under the project.</p>
<p>3. Information in PAM. Social and gender indicators and targets are included in the program's design and monitoring framework and the FAM.</p>
<p>4. Monitoring tools. Project performance management system on social and gender action plans is incorporated in the FAM.</p>

ADB = Asian Development Bank, CDC = community development council, FAM = facility administration manual, GAP = gender action plan, MFF = multitranchise financing facility, MUB = Municipality of Ulaanbaatar, PMO = program management office.

^a ADB. 2012. *Country Partnership Strategy: Mongolia, 2012–2016*. Manila.

^b ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila. The investment program also addresses ADB's strategic objectives in the urban sector. Under Strategy 2020, cities are a key focus—in terms of promoting livable cities that are competitive, socially inclusive, environmentally attractive, resilient, and responsive.

^c ADB. 2013. *Basic Statistics 2013*. Manila.

^d Based on the socioeconomic survey and willingness-to-pay for services in Bayankhoshuu and Selbe subcenters. ADB. 2012. *Technical Assistance for Ulaanbaatar Urban Services and Ger Areas Development Program*. Manila. (TA 7970-MON).

^e Based on 2011 National Statistical Office population estimates.

^f 95% in Selbe and 78% in Bayankhoshuu. The rest have either private wells or are in apartments that are serviced by utilities.

Source: Asian Development Bank estimates.