

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Mongolia	Project Title:	Aimag and Soum Centers Regional Development Investment Program
Lending/Financing Modality:	Multitranche Financing Facility	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

The investment program aims to improve basic urban services and promote local economy in priority *aimag* (province) capitals and *soum* (subunit of an *aimag*) centers of Mongolia. Physical investments and policy framework will support the inclusive, green, and competitive urban development of the targeted areas. The program is consistent with ADB's country partnership strategy for Mongolia, 2017–2020;^a ADB's Strategy 2020 priorities, including environmental sustainability and private sector development;^b as well as the core themes of green, competitive, and inclusive cities of ADB's Urban Operational Plan.^c It will support the (i) Strategic Development Goal for Mongolia; (ii) Mongolia Sustainable Development Vision 2030; (iii) Action Program 2016–2020; (iv) National Green Development Policy; (v) recent resolution "To approve the regional development program of Mongolia, to disperse populations of Ulaanbaatar city" issued by the National Security Council for Smog Hazard on 3 January 2017; and (vi) Government Strategy on reverse migration.^d

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The geographically targeted and integrated approach of the program will focus on priority regional urban clusters (RUCs) and *soum* centers that have potentials to be engines of growth and promote economic diversification. The first tranche will focus on RUCs with high potential for growth and high concentration of significant manufacturing enterprises: (i) west RUC, consisting of Olgii, Hovd, and Ulanngom *aimag* capitals and surrounding *soums*; and (ii) east RUC consisting of Choibalsan and surrounding *soums*. The highest national poverty ratio is in the eastern region (31% in 2014), and the second highest is in the western region (26% in 2014).

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Mongolia's urban and economic development suffers from two main challenges: (i) the high concentration of activities in the capital city of Ulaanbaatar, and (ii) the lack of economic diversity. Ulaanbaatar is currently home to over 1.4 million people. In 2015, Ulaanbaatar accounted for 45% of the population, 63% of gross domestic product, and 66% of the urban population. Except for Darkhan and Erdenet cities (each with around 80,000 people in 2015), the rest of the urban systems are weak, dysfunctional, and truncated.^e According to the National Statistics Office and United Nations Development Programme's poverty assessment in 2011, almost 25% of Mongolia's population was living in poverty, including 261,000 in Ulaanbaatar. Poverty rates of over 25% were found in 241 *soums* and districts, accounting for 435,000 residents. Poverty rates in 2011 were above 35% in the two central corridors and in the Moron-Khuvsgul corridor, and 30%–35% in the Altai-Uliastai corridor, Mandalgovi, and Baruun-Urt. The lowest poverty rates were in the South Gobi corridor, south-eastern corridor, followed by Ulaanbaatar extended metropolitan region and the western cluster.

2. Impact channels and expected systemic changes. The program will provide improved access and quality of basic services in *aimag* and *soum* centers of Mongolia. Through the program implementation, the overall social and economic status will grow together with the improvement of the urban infrastructure and environment, and this will bring further indirect benefits to the local people and sustainable development of *aimag* and *soum* centers.

3. Focus of (and resources allocated in) the transaction technical assistance or due diligence. The transaction technical assistance (TA) will focus on (i) collecting social and poverty data in assessing the current needs in social and poverty aspects; (ii) assessing the affordability to access basic services such as water supply and sanitation, heating, solid waste, etc.; (iii) assessing types of employment opportunities, and identifying effective measures in improving employment opportunities for local people, including the poor and women; (iv) assessing the negative impact and compensation mechanisms for those involved in land acquisition and resettlement during program implementation; and (v) identifying effective mechanisms for community participation and community-based awareness activities.

4. Specific analysis for policy-based lending. Not applicable.

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?

Poor access to urban basic services has a different gender impact. Time burden for daily water collection, sanitation access, mobility constraints, and safety and security issues affect women differently than men. Women are expected to benefit most from water services improvements through the reduction in time and labor burdens of retrieving water from kiosks. Adequate sanitation facilities at home will ease the burden of women on tasks related to sanitation, health, and hygiene; and will likewise reduce energy expenditures and medical costs on waterborne, vector-borne, and other infectious diseases. Lighting of streets, fixing roads, and adding proper sidewalks will benefit women. Enhancement of urban infrastructure will attract new investments and will provide new sources of employment, and allow for key services such as supermarkets, entertainment facilities, and public space to be initiated; all of which will have beneficial impacts on women's time burden and opportunities for initiating economic activities outside of the home.

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 Please explain.

Gender analysis will be conducted as part of poverty and social analysis, and gender actions will be incorporated in the design and implementation of the proposed program components. Gender analysis will identify strategies, mechanisms, and components for addressing gender concerns and a gender action plan will be developed.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain

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.

Potential initial stakeholders include the targeted areas' residents, private and public services, and services providers in the subcenters, local governments, municipal governments, and public utility companies.

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?

The TA will conduct a poverty and social analysis and address social safeguards. A socioeconomic survey, affordability and willingness-to-pay analysis, stakeholder workshops, community consultations, focus group discussions, and key informant interviews will be conducted during the TA.

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 (H) Consultation (M) 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

The TA will focus on accessibility, quality, and affordability of services and prioritization of investments. Affordability will be addressed in the affordability and willingness-to-pay analysis to be undertaken during the TA. Prioritization of investments will be addressed through implementation of the community participation mechanisms for urban planning.

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 exact location for possible financing under the investment program will only be determined during TA implementation. However, due to the geographic coverage area and the infrastructure facilities and roads proposed, it is expected that there will be significant impacts.

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

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

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

The program investments will all be focused in *aimag* and *soum* centers. These areas have been in existence for some time and are very heterogeneous in terms of residents' socioeconomic status. All will benefit and no specific communities of ethnic groups will be affected. Further, this will be verified during TA implementation.

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 TA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

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 (L) 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 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?

Affordability of increased tariffs to poor and vulnerable households will be assessed during TA implementation and mitigation measures, such as subsidies or exemptions, will be developed. The program will create employment opportunities during construction and operation. The use of core labor standards will be included in the assurances. HIV/AIDS clauses will be included in the bidding documents, and awareness and prevention activities during program implementation will be included in the assurances.

VI. TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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

The TA will have inputs of 2.5 person-months for international resettlement and land management specialist and 2.5 person-months for international social, gender, and community engagement specialist, 3.5 person-months for national resettlement and land management specialist, and 2.5 person-months for social, gender, and community engagement development specialist. During TA stage, poverty and social analysis, including gender and affordability analysis will be conducted and social and resettlement trainings and workshops will be held to enhance the local authorities' awareness and capacity.

^a ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020*. Manila.

^b ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

^c ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila.

^d State Great Khural. 2016. *Mongolia Sustainable Development Vision 2030*. Ulaanbaatar; Government of Mongolia. 2016. *Action Program for 2016–2020*. Ulaanbaatar.

^e Most of the rest of the *aimag* capitals have a population below 25,000.

Source: Asian Development Bank.