

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Mongolia	Project Title:	Darkhan Wastewater Management Project
Lending/Financing Modality:	Project	Department/ Division:	East Asia Department Urban and Social Sectors Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: General intervention

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

The proposed Darkhan Wastewater Management Project will improve wastewater collection and treatment for domestic and industrial users in Darkhan *soum* (district). It will support the city master plan of the Municipality of Darkhan in improving the ecology and living environment of Darkhan citizens. The project will indirectly reduce poverty by (i) providing a safer, reliable, and sustainable sanitation service; (ii) decreasing the incidence of waterborne diseases and household health related costs; (iii) easing the burden of household members' tasks related to sanitation, health, and hygiene; and (iv) providing employment to the poor as a result of the increase in economic development.

The project is aligned with the Government Action Plan, 2012–2016, which includes the objectives of (i) improving centralized wastewater systems in *aimag* (province) centers, (ii) enforcing the Law on Water Supply and Sewer Use of 2011, and (iii) supporting the expansion of industrial development in Darkhan. The project is included in the Asian Development Bank (ADB) Country Operations and Business Plan, 2014–2016 for Mongolia; supports ADB's Interim Country Partnership Strategy, 2014–2016 for Mongolia; and is aligned with ADB's Midterm Review of Strategy 2020, with its objective of inclusive economic and environmentally sustainable growth. The project also follows ADB's urban and water operational plans, aiming at inclusive, green, and competitive cities.^a

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

1. Key poverty and social issues. Darkhan *soum*, the center of Darkhan-Uul *aimag*, has an urban population of 76,400 and is the third largest city in Mongolia after Ulaanbaatar and Erdenet. The city is located 220 kilometers north of Ulaanbaatar and 130 kilometers south of the Russian Federation border. Darkhan has favorable conditions for farming and is rich in mineral deposits. It was founded as an industrial hub in 1961, and located along the Trans-Mongolian rail line and road that connects Ulaanbaatar with Darkhan and the Lake Baikal region. Poverty incidence is significant at 27.0% citywide and 44.0% in *ger* (traditional tent) areas, which is almost the same as that of Darkhan-Uul *aimag* (26.8%) and the central region (26.3%). However, the poverty rate is lower than the national average (29.8%) and higher than in Ulaanbaatar City (23.4%). Poverty is determined by a high unemployment rate (14.3% compared with the 8.2% national average) resulting from migration from other *aimags*, expansion of *ger* areas in Darkhan *soum*, and a decline in living conditions among city residents. Lack of quality sanitation services result in poor and unsanitary living conditions, limiting investment interest in the city. According to the poverty and social analysis, poor sanitation services have a negative impact on households and businesses. Inefficient wastewater management increases the probability of waterborne diseases and households' health-related expenditure. Sewer pipes regularly fill up and block wastewater, requiring additional funds from affected businesses to improve the sanitary condition in buildings to meet standards for hygiene and customer expectations.

2. Beneficiaries. Direct beneficiaries of the project are all households that are connected to the sewer pipe system—the apartment districts with 12,153 households, and public and private entities and businesses in the city with 1,699 entities. The anticipated expansion of the sewer system, once the wastewater treatment plant is operational, will increase the number of direct beneficiaries. Indirect beneficiaries are all 76,400 urban residents of Darkhan who will benefit from the project through (i) the enabled increase of business activities and job creation in Darkhan *soum*, (ii) improved sanitary and health conditions, and (iii) the improved urban and river environment.

3. Impact channels. The project is designed to (i) improve wastewater treatment and management for domestic and industrial users in Darkhan *soum*, and (ii) create some direct short-term employment for construction and indirect long-term income generating opportunities from industrial development in Darkhan. The project will benefit poor and vulnerable households in the apartment areas by improving their health conditions and reducing health care expenditure resulting from illness caused by unsanitary environmental conditions.

4. Other social and poverty issues. By 2020, the anticipated industrial and residential developments will cause significant increase in demand for urban services. Therefore, investment in infrastructure is urgently needed to meet the present and future demand for improved urban services and to serve existing and developing residential, business, and industrial areas.

5. Design features. The project design responds to the issues raised by the poverty and social analysis, related to wastewater services. Key design features include (i) reducing health care household expenditure by providing better sanitation services; (ii) creating employment opportunities for the poor and women during construction; and (iii) increasing participation of citizens, especially poor and women, in the city public services' improvement processes.

II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. Participatory approaches and project activities. Extensive consultations with Darkhan <i>soum</i> residents and local government agencies were conducted during project preparation. In total, (i) 200 residents were surveyed; (ii) 2 focus group discussions were held with a total of 8 participants for each discussion; (iii) 16 in-depth and key informant interviews were conducted; and (iv) 2 meetings were organized with project stakeholders including the Ministry of Roads, Transportation, Construction and Urban Development, the executing agency, Darkhan-Uul <i>aimag</i> government, and the design agency. Relevant consultations and interviews were held during preparation of the resettlement plan, environmental management plan, and social action plan (SAP).</p> <p>2. Civil society organizations. The Apartment Owners' Association and Business Entrepreneurs Association will (i) organize and participate in public awareness campaigns among apartment residents on the importance and benefits of the project, on wastewater management and sanitation, and on tariff issues; (ii) organize consultation meetings with residents and business owners to determine their wastewater management and sanitation needs; and (iii) participate in the monitoring and evaluation activities during project implementation. Activities to ensure adequate participation of civil society organizations in project implementation are included in the SAP.</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): <input checked="" type="checkbox"/> Information gathering and sharing (M) <input checked="" type="checkbox"/> Consultation (M) <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Participation plan. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A SAP was prepared that details the public consultation and awareness raising campaign required at each stage of the project, 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.</p>
III. GENDER AND DEVELOPMENT
<p>Gender mainstreaming category: <u>Some gender elements</u></p> <p>A. Key issues. The project benefits men and women equally, including an improved living environment, health benefits, and job creation. The project will have some added benefits for women, as they are primarily responsible for disposing of wastewater. Improved sanitation services will ease the burden of women on tasks related to sanitation, health, and hygiene and will reduce medical costs on waterborne and other infectious diseases. According to the poverty social analysis results among surveyed households, 53% of family members who are mainly responsible for sanitation-related issues are women. Therefore, to ensure the sustainability of the project, it is necessary to organize awareness campaigns among project beneficiaries—especially women.</p> <p>B. Key actions. In the design and implementation of the project, the key gender-related issues are (i) awareness of women residents on the importance of the project, (ii) knowledge of treating sanitation facilities in proper ways, and (iii) participation in public hearings on tariff increases. <input type="checkbox"/> Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure The SAP includes activities that target both male and female residents. In regard to women, the project will (i) ensure women's participation in the public awareness campaign on the importance of the project and training in maintaining sanitation facilities in proper ways, (ii) participation of women in tariff increase consultations, and (iii) provide employment opportunities for women during the construction and operation stages.</p>
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES
<p>A. Involuntary Resettlement Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Key impacts. No residential land or structures will be affected by the project. Rehabilitation of some sewer pipe rights-of-way will involve minor land acquisition and resettlement; other construction is located either on public land or on land possessed by Darkhan-Uu Suvag, the utility company. A total of eight affected entities, including two small enterprises, three commercial entities, and three state budget institutions, will be affected by land acquisition and resettlement. Five affected entities will lose a total of 2,711.1 square meters of land and all losses are partial. The affected land plots are owned by state institutions and private companies. Fences and gates, totaling 112 meters in length and belonging to three affected entities, will need to be moved or replaced. Other affected structures include two entrance ways to a food shop, a hair and beauty salon, a speed bump, and an advertisement board. Two businesses will experience a temporary impact.</p> <p>2. Strategy to address the impacts. A land acquisition and resettlement plan (LARP) was prepared in line with ADB's Safeguard Policy Statement (2009) and disclosed to affected people in the local language. Compensation for lost assets and resettlement allowances will be paid to affected persons in accordance with the LARP before starting the related civil works. The Darkhan <i>soum</i> government will assume responsibility for planning, financing, implementing, and reporting on land acquisition and resettlement. A joint environmental and social grievance redress mechanism will be established. The project implementation unit will submit internal monitoring reports semiannually and report issues on LARP implementation also in the quarterly project progress reports. Regular consultations with affected persons will be carried out throughout implementation of the LARP.</p>

3. Plan or other Actions	
<input checked="" type="checkbox"/> Land acquisition and resettlement plan	<input type="checkbox"/> Combined resettlement and indigenous peoples plan
<input type="checkbox"/> Resettlement framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Social impact matrix
<input type="checkbox"/> No action	
B. Indigenous Peoples	
Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Key impacts. Not applicable. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Some 16.9% of the city's residents belong to ethnic minority groups and they are well integrated into the society and recognized as full members. The project components are all located in urban areas of Darkhan. No communities of ethnic minorities or groups are living in concentrated areas and no adverse impacts are expected. All local residents, including ethnic minorities, will benefit from the improved wastewater management system.	
2. Strategy to address the impacts. No specific measures are prepared for ethnic minority people in the project.	
3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input type="checkbox"/> Social impact matrix	
<input checked="" type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
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 <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards (M)	
2. Labor market impact. If not monitored properly, domestic and foreign private construction contractors may not comply with national labor laws and regulations. The project will create 70 jobs (40 skilled and 30 unskilled) during construction of the facilities.	
B. Affordability	
According to willingness-to-pay analysis, the mean willingness to pay for wastewater treatment service per cubic meter was estimated at MNT1,076, 53.7% higher than the 2014 price. The affordability assessment indicates that average households, and households in the lowest income segment, will not be seriously affected by planned tariff increases for wastewater as the share of income expended on the service is below 3% of their total income. Measures to ensure affordability of low-income households include (i) at least 30% of participants in public hearings on tariff increase will be poor people, and (ii) monitoring of tariff increase and conducting affordability analysis throughout the project.	
C. Communicable Diseases and Other Social Risks	
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):	
<input checked="" type="checkbox"/> Communicable diseases (L) <input type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify)	
2. Risks to people in project area. The SAP and loan assurances require dissemination of information on HIV/AIDS and sexually transmitted infections at construction sites for all new employees upon engagement.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. For skilled and unskilled laborers, 15% are poor and 30% are female. For participants in awareness education and other information campaigns, 40% are female. The design and monitoring framework, and SAP targets and indicators, were discussed and confirmed with the Darkhan-Uul <i>aimag</i> government and project management office. The comprehensive project performance monitoring system framework and the social monitoring indicators were designed to generate data on social aspects systematically, and developed in consultation with the implementing agency with the assistance of consultants.	
2. Required human resources. A resettlement and social officer (8 person-months) is included in the terms of reference for the loan implementation consultants outlining roles in the project administration manual. The SAP requires project implementation unit staff to oversee the LARP and SAP implementation.	
3. Information in the project administration manual. The project administration manual outlines poverty and social issues and includes the SAP.	
4. Monitoring tools. During project implementation, internal monitoring results of the SAP will be incorporated in the project performance monitoring system report. Data sources will include (i) the project management information system, (ii) official statistics, and (iii) social surveys and research.	

^a ADB. 2014. *Country Operations Business Plan: Mongolia, 2014–2016*. Manila; ADB. 2014. *Interim Country Partnership Strategy: Mongolia, 2014–2016*. Manila; ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila; ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila; ADB. 2011. *Water Operational Plan, 2011–2020*. Manila.