

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The water and other urban infrastructure and services sector enjoyed strong emphasis from multilateral and bilateral development partner assistance in Mongolia since the mid-1990s. Because of the challenges posed by rapid urban growth, particularly in Ulaanbaatar, the capital city has received much of this assistance. Since 2002, second-tier cities like Darkhan and Erdenet, and other *aimag* (province) centers, particularly in the fast growing areas of southeastern Gobi with its developing mining industry, have increasingly received assistance. Within Ulaanbaatar, and other cities and larger *aimag* centers, emphasis has been on water supply and, to a lesser extent, wastewater management and *ger* (traditional tent) area upgrading and redevelopment.

2. The Asian Development Bank (ADB) has been a leading development partner to Mongolia in the water and other urban infrastructure and services sector. Until recently, the focus of ADB's urban services development assistance was on secondary cities. Since 2010, the focus of ADB support in the urban sector has widened to include urban services and *ger* area development in Ulaanbaatar. ADB is joined by other development partners in providing assistance to urban development, and the water and other urban infrastructure and services sector in Mongolia, including German development cooperation through GIZ, Japan International Cooperation Agency, the Millennium Challenge Account of the United States, the United Nations Human Settlements Programme, and the World Bank. Other development partners that have provided assistance in the urban water and wastewater sector are Government of France, Government of Germany, and Government of the Netherlands. Table 1 provides an overview of multilateral and bilateral development support in the urban sector in Mongolia.

Table: Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
Urban Sector Development			
ADB	Housing Sector Finance (TA 3406-MON)	2000–2001	\$0.60
	Housing Finance Sector Project (Loan 1847-MON)	2001–2008	\$15.00
	Integrated Development of Basic Urban Services in Secondary Towns (TA 3685-MON)	2001–2002	\$0.70
	Improving the Living Environment of the Poor in Ger Areas of Mongolia's Cities (Grant 9015-MON)	2002–2005	\$2.20
	Integrated Development of Basic Urban Services in Provincial Towns Project (Loan 1907-MON)	2002–2009	\$20.10
	Urban Development and Housing Sector Strategy (TA 4352-MON)	2004–2006	\$0.35
	Urban Development and Housing Project (TA 4632-MON)	2005–2007	\$0.60
	Urban Development Sector Project (Loan 2301-MON)	2006–2015	\$35.23
	Community-Driven Development for Urban Poor in Ger Areas (Grant 9106-MON)	2007–2012	\$1.50
	Southeast Gobi Urban and Border Town Development Project (TA 7216-MON)	2008–2010	\$0.40
	Southeast Gobi Urban and Border Town Development Project (Grant 0204-MON)	2010–2015	\$15.00
	Ulaanbaatar Urban Services and Ger Areas Development Investment Program (TA 7970-MON)	2012–2013	\$1.70
	Ulaanbaatar Urban Services and Ger Areas Development Investment Program (MFF 0078-MON)	2013–ongoing	\$163.70

Development Partner	Project Name	Duration	Amount (million)
World Bank	TA: City Development Strategies for Secondary Cities	2003–2005	\$0.25
	Loan: Second Ulaanbaatar Services Improvement Project	2004–2012	\$22.98
	Grant: Community-led Infrastructure Development for the Urban Poor in Ulaanbaatar	2004–2011	\$1.98
	Grant: Community-led Infrastructure Development for the Urban Poor in Ulaanbaatar Phase 2	2011–2015	\$2.77
France	Ulaanbaatar City Master Plan 2020	2005–2006	€0.5
JICA	TA: Preparatory Study on City Master Plan and Urban Development Program of Ulaanbaatar City	2007–2009	¥450.00
JICA	TA: The Project on Capacity Development in Urban Development Sector in Mongolia	2010–2013	¥320.00
United States	Grant: Property Rights Project (Millennium Challenge Account)	2007–2013	\$27.15
UN-Habitat	TA: Sustainable Urbanization in Mongolia (Sustainable Cities Programme Support)	2005–2008	\$0.10
	TA: Citywide Pro-poor Ger area Upgrading Strategy and Investment Plan of Ulaanbaatar City (funded by Cities Alliance)	2005–2010	\$0.50
	Grant: Community Led Ger Area Upgrading in Ulaanbaatar (funded by the Government of Japan)	2009–2013	\$5.80
GIZ	Integrated Urban Development	2006–2012	€3.38
Water Supply and Sanitation			
ADB	Ulaanbaatar Water and Sanitation Services and Planning Improvement (TA 7591-MON)	2010–2012	\$0.60
World Bank	TA: Low Cost Sanitation for the Urban Poor (Sanitation, Hygiene and Wastewater Support Service)	2005–2006	\$0.05
	TA: Water and Wastewater Master Plan of Ulaanbaatar 2020 (funded by the Government of France)	2005–2006	€0.73
JICA	Grant: Programme for Ulaanbaatar Water Supply Development in Gachuurt	2011–2016	¥3300.00
	TA: Study on the Strategic Planning for Water Supply and Sewerage Sector in Ulaanbaatar City in Mongolia	2012–2013	¥190.00
	Grant: Programme for Darkhan Water Supply Development	2010–2013	¥460.00
France	Loan: Support to the development of the wastewater treatment plant extension at Orkhon <i>aimag</i>	2010–2014	€10.00
Netherlands	Institutional and operational support to USAG (water and wastewater utility company) in Ulaanbaatar	2007–2011	€1.40
KfW	TA: Design of WWTP for Nisekh District, Ulaanbaatar	2009–2011	€1.00
Germany	TA: Integrated Water Resources Management for Central Asia: Model Region Mongolia (MoMo); including pilot project for Darkhan WWTP	2006–2013	€8.00
Republic of Korea	Support to wastewater management in Ulaanbaatar	2013–2015	\$0.25
Spain	Review of rehabilitation requirements for Ulaanbaatar WWTP	2009–2010	(...)
UNDP	Water Operator Partnerships in Asia – Ulaanbaatar Case Study	2010–2012	€1.70

(...) = data not available, ADB = Asian Development Bank, JICA = Japan International Cooperation Agency, MFF = multitranches financing facility, UNDP = United Nations Development Programme, UN-Habitat = United Nations Human Settlements Programme, TA = technical assistance, WWTP = wastewater treatment plant.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

3. Development coordination in Darkhan has been particularly effective with prior ADB assistance and several bilateral projects. Prior ADB assistance to Darkhan includes the Housing Finance Sector Project (completed), and Improving the Living Environment of the Poor in Ger Areas of Mongolia's Cities. Significant assistance in water supply and wastewater management has been provided by the Government of Germany and Japan International Cooperation Agency. During the preparation of this project, close collaboration has been maintained between ADB and other development partners, particularly the Cities Development Initiative for Asia which is supporting complementary technical assistance in the water and wastewater management sector, focusing on *ger* area services.

C. Achievements and Issues

4. Until 2010, ADB and the World Bank coordinated their urban development-related assistance—ADB supported secondary and/or smaller cities and the World Bank supported Ulaanbaatar City. ADB has been supporting a series of urban service improvement and upgrading projects in secondary cities and towns since 2000. Achievements were made and lessons learned in providing assistance to urban and infrastructure planning and in delivering urban services including to *ger* areas. Some issues of the projects were related to identifying and developing technology solutions suitable for both the cold climate condition and *ger* area conditions, including affordability to pay for urban services of connecting to centralized systems.

D. Summary and Recommendations

5. Development partner assistance in the urban sector has focused on *ger* area upgrading, including building energy efficiency, wastewater and sanitation, and urban transport. Three key lessons learned from the previous multilateral and bilateral initiatives have been identified: (i) improved urban planning is necessary for *ger* area upgrading and redevelopment; (ii) basic urban services infrastructure is critical to improving liveability including water supply, sanitation and wastewater management, roads, and district heating; and (iii) community participation is central to *ger* area planning, upgrading, and redevelopment. The proposed project builds on these lessons, as well as on the previous technical assistance and investment work carried out in the city, including plans and investments in the wastewater management experience from wastewater management projects, ongoing and proposed, in Mongolia and elsewhere in the region.