



## Mongolia: Urban Transport Development Investment Program

Project Name	Urban Transport Development Investment Program										
Project Number	39256-023										
Country	Mongolia										
Project Status	Active										
Project Type / Modality of Assistance	Loan										
Source of Funding / Amount	<table border="1"><tr><td colspan="2"><b>MFF Facility Concept: Urban Transport Development Investment Program</b></td></tr><tr><td>Global Environment Facility</td><td>US\$ 1.50 million</td></tr><tr><td colspan="2"><b>MFF Facility Concept 0070-MON: Urban Transport Development Investment Program</b></td></tr><tr><td>Ordinary capital resources</td><td>US\$ 95.70 million</td></tr><tr><td>Asian Development Fund</td><td>US\$ 120.20 million</td></tr></table>	<b>MFF Facility Concept: Urban Transport Development Investment Program</b>		Global Environment Facility	US\$ 1.50 million	<b>MFF Facility Concept 0070-MON: Urban Transport Development Investment Program</b>		Ordinary capital resources	US\$ 95.70 million	Asian Development Fund	US\$ 120.20 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth										
Drivers of Change											
Sector / Subsector	<b>Transport</b> - Urban transport										
Gender Equity and Mainstreaming	Effective gender mainstreaming										
Description	<p>The multitranche financing facility (MFF) is proposed as the financing modality to complete the investment program. Ulaanbaatar's urban infrastructure is growing very fast and urban transport requires a range of investment in public transport network improvement, management and planning, traffic management and safety, and institutional development. It will take the government some years to improve urban transport and develop a sustainable and efficient urban transport system. An MFF provides a suitable mechanism for ADB to provide the extended engagement and support that is needed to help improve urban transport and strengthen Ulaanbaatar's urban transport capacity. The investment program comprises three tranches and aims to (i) develop the bus rapid transit (BRT) infrastructure and system; (ii) apply traffic management measures to increase traffic flow efficiency and safety; (iii) develop and implement parking, traffic, and travel demand management policies; (iv) develop an efficient and sustainable public transport system; and (v) improve the public transport management and quality of services. The investment program will be implemented over a period of 10 years starting in 2012.</p>										

Project Rationale and Linkage to Country/Regional Strategy

The Government of Mongolia (MUB) proposes an investment program to develop a sustainable urban transport system in Ulaanbaatar, the capital city of Mongolia. This has the following components: (i) BRT infrastructure and vehicles; (ii) a city-wide BRT system; (iii) intelligent transport systems (ITS): bus management system (BMS), bus information system (BIS), and smart-card ticketing system; (iv) improved traffic and pedestrian safety; and (v) improved public transport and traffic management policies, and institutional capacity.

The enforcement of sustainable urban transport in Ulaanbaatar, is one of the most important development issues facing the country. The transition to a market economy since the 1990s and a series of severe winters have resulted in the migration of many low-income families from the countryside into the ger areas around Ulaanbaatar. The city grew from some 600,000 people in 1989 to over 1.17 million in 2010, representing 42% of the nation's population (2.8 million). Given the lack of employment opportunities in other parts of the country, migration to Ulaanbaatar is expected to continue. It is estimated that the population of Ulaanbaatar is likely to reach 1.4 million in 2020 and about 1.7 million in 2030.

Over the last 20 years, the number of registered vehicles increased by 4.4 times. In recent years, 35,000 private vehicles have been added annually, representing an average increase of over 25% per year. Unplanned urbanization and the increasing fleet of vehicles have overwhelmed the city's transport system exacerbating congestion and contributing to poor air quality. Transport infrastructure and services in Ulaanbaatar are in poor condition and badly overburdened. Most of the major intersections in the city center are severely congested resulting in average speeds of 5-8 kilometers (km) per hour near the center of the city during peak hours. Traffic congestion is exacerbated by poor traffic management, insufficient parking management and enforcement, excessive and inappropriate designation of on-street parking spaces, lack of pedestrian facilities, poor driver discipline, and inadequate traffic signaling and control. With an uncontrolled interaction of pedestrians and vehicles, traffic accidents are common.

Increased trip times, excessive fuel use, and health problems due to vehicle emissions, are reducing the quality of life for Ulaanbaatar. Despite the rapid increase in motor vehicles, the majority of Ulaanbaatar residents rely on public transport or walking to move about the city. Congestion has slowed and reduced the quality and reliability of bus services. The poor are suffering disproportionately because they face longer travel distances and higher costs, ride in overcrowded and poorly maintained buses, and are particularly affected by the lack of provisions for pedestrians. Ulaanbaatar needs significant investments in the public transport system to ensure access to economic opportunities and social services for all its residents and to support inclusive and sustainable economic growth.

The public transport system is struggling with technical, financial, and institutional challenges. There has been chronic underinvestment in public transport services, which have not kept pace with recent urban growth. The majority of buses are more than 10 years old and in poor condition. Large parts of the trolleybus infrastructure are no longer functioning due to lack of maintenance, service quality is deteriorating, and bus operators are under increasing financial stress. About 40% of public transport passengers are subsidized by the municipal budget, but the mechanism for allocating subsidies to bus operators lacks transparency and is perceived as inequitable. As a result, bus operators lack the financial resources to renew and expand their bus fleets and provide an adequate level of service.

While the total number of recorded traffic accidents may have peaked in the year 2000 and appear to have been falling since then, the rates of traffic fatalities and personal injury accidents relative to the number of registered vehicles are alarming. The capital city is home for about 42% of the total population of Mongolia, but Ulaanbaatar routinely accounts for over 70% of annual traffic accidents in the country. An incidence of 7.5 deaths per 10,000 vehicles per year highlights the need for continued improvements in urban road safety and better protection for pedestrians.

The road network in Ulaanbaatar has not been expanded to accommodate the increased population and vehicle numbers. Between 2007 and 2011, 42.5 km of new road have been completed and 68 km have been rehabilitated, but from 1990 to 2006, only two road construction projects were carried out, both financed by bilateral donor agencies. The result is exceptionally slow operating speeds for both public transport and private vehicles. There is also a need for improved road maintenance. At present, about 65% of Ulaanbaatar's road network is in poor condition. The road network is particularly deficient in the outlying residential ger areas, where many low income families live. The city's ger areas are home to over 700,000 people representing over 60% of its population. The lack of a reliable road network is a major barrier to the provision of public transport services into these areas.

Impact	Economic growth of Ulaanbaatar is promoted by sustainable and efficient urban transport system and services
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**Project Outcome**

Description of Outcome	Efficient, safe, and affordable urban transport services developed in Ulaanbaatar
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Progress Toward Outcome

**Implementation Progress**

Description of Project Outputs	<ol style="list-style-type: none"> <li>1. Infrastructure for BRT installation developed</li> <li>2. Sustainable, affordable, and efficient BRT system established and operationalized</li> <li>3. ITS: BMS, BIS, and e-ticketing systems developed</li> <li>4. Traffic and pedestrian safety improved</li> <li>5. Public transport and traffic management policies, and institutional capacity improved</li> <li>6. Investment program is managed efficiently according to the schedule and budget</li> </ol>
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Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

## Summary of Environmental and Social Aspects

Environmental Aspects	To comply with national laws and ADB requirements, an environmental assessment and review framework was reviewed by ADB's Regional and Sustainable Development Department and the MUB. Environment classification of project 1 is category B as it will not have significant irreversible or permanent negative environmental impacts during or after construction. To comply with ADB's Safeguard Policy Statement (2009), an initial environmental examination was prepared and disclosed. The environmental management plan will become an integral part of construction contracts. Assuming effective implementation of the mitigation measures and monitoring requirements outlined in the plan, project 1 is not expected to have significant adverse environmental impacts. Subsequent projects are expected to be classified environment category B.
Involuntary Resettlement	Project 1 has been classified involuntary resettlement category B. A land acquisition and resettlement framework has been prepared for the investment program; it was endorsed by the MUB and disclosed on ADB's website. It specifies compensation eligibility and entitlements, land acquisition and related conditions for subproject implementation, and mechanisms for the preparation of land acquisition and resettlement plans (LARPs) for subprojects. Subsequent projects are expected to be classified involuntary resettlement category B. A LARP has been prepared for project 1 and endorsed by the government and the MUB, and has been disclosed to affected persons in the local language. The PIU will be responsible for implementing land acquisition and resettlement activities, and internal monitoring and reporting. An external monitoring agency will be engaged to investigate and assess LARP implementation, and results of monitoring will be reported to the MUB and ADB semiannually. The LARP has been posted on the ADB website. It will also be disclosed on the MUB website and made available to affected persons and communities at the local level.
Indigenous Peoples	Project 1 has been classified category C for indigenous peoples. Subsequent projects are expected to be classified category C.

## Stakeholder Communication, Participation, and Consultation

During Project Design	<p>The project team will continue active dialogue with key project stakeholders to (i) sustain their support to the investment program, and (ii) ensure intermodal integration of the BRT and LRT modalities.</p> <p>The potential initial stakeholders are users of public transport, including the urban low- and mid-income population groups, public transport bus services, private minibus services, residents using private vehicles, and the local government.</p> <p>Consultation will be carried out with public transport service providers and operators, the general public, residents adjacent to the proposed BRT lines, and the local government. Focus group discussions will be held with members of the communities as well as several consultation workshops with transport providers and the local government.</p>
During Project Implementation	<p>Project implementation will require close coordination among the agencies including the Ministry of Finance; Ministry of Roads, Transportation, Construction and Urban Development; MUB; and the National Police Agency.</p> <p>C&amp;P plan for the project will include (i) focus group discussions, (ii) workshops, and (iii) mass media campaign.</p>

## Business Opportunities

Consulting Services	The project management consultant will help the MUB and PIU manage contracts under the investment program and provide training in project management and monitoring, financial management, disbursement, operation and maintenance, and reporting. The details of consulting services input and outline terms of reference for consulting services are in the FFA.
Procurement	A procurement plan will be prepared for each tranche. Procurement to be financed from the ADB loan will be carried out in accordance with ADB's Procurement Guidelines (2010, as amended from time to time). The civil works and materials have been packaged into contracts that will be procured through international and national competitive bidding procedures. ADB standard bidding documents will be adopted.

## Responsible Staff

Responsible ADB Officer	Kim, Ki-Joon
Responsible ADB Department	East Asia Department

Responsible ADB Division

Transport and Communications Division, EARD

Executing Agencies

*Municipal Government of Ulaanbaatar  
Sukhbaatar Square-11  
Ulaanbaatar-46, Mongolia*

## Timetable

Concept Clearance	23 Mar 2012
Fact Finding	23 Jan 2012 to 03 Feb 2012
MRM	31 May 2012
Approval	18 Sep 2012
Last Review Mission	-
Last PDS Update	30 Sep 2014

## MFF Facility Concept 0070-MON

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	272.90	Cumulative Contract Awards			
ADB	215.90	-	0.00	0.00	%
Counterpart	57.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page <https://www.adb.org/projects/39256-023/main>

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