



Project Data Sheet

Project 49169-001

Project Name	Ulaanbaatar Affordable Housing and Urban Renewal Project	
Project Number	49169-001	
Country / Economy	Mongolia	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 9030-MON: Ulaanbaatar Affordable Housing and Urban Renewal	
	Japan Fund for Prosperous and Resilient Asia and the Pacific	US\$ 1.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Water and other urban infrastructure and services / Water and other urban infrastructure and services	
Gender	Effective gender mainstreaming	

Description

Strategic fit. The government and the MUB requested Asian Development Bank's (ADB) support to formulate a project that will (i) translate the existing Affordable Housing Strategy (AHS) into implementable plans, investments, and institutional reforms; (ii) increase the supply of AH; and (iii) enhance city livability through the construction of well-integrated and resource-efficient solutions in strategic locations in the ger areas. This will support the Ulaanbaatar City Master Plan. The project will build on existing ADB projects aiming to integrate and upgrade the ger areas and transform Ulaanbaatar into a more inclusive city; and will also build on prior ADB Housing Sector Finance Project and housing loans to the very poor. The project is consistent with ADB's interim country partnership strategy for Mongolia, 2014 2016 as well as with the core themes of green, competitive, and inclusive cities of ADB's Urban Operational Plan.

Special features and design principles. ADB's investment will launch a demonstration project and leverage private sector investment to deliver affordable and green housing stock, and establish policies, mechanisms, and standards for sustainable AH and green urban development. It tentatively aims to build 8,000 affordable and 2,000 social housing units and redevelop 130 hectares of ger areas into ecodistricts that are (i) mixed-use with ample public space and public facilities, (ii) mixed-income with at least 65% of combined affordable and social housing units, and (iii) resource efficient and maximizing the use of renewable energy. Physical development will integrate innovative planning to ensure maximum resource efficiency, social cohesion, and economic opportunities. Most of the redevelopment process and housing construction will be demand driven through land swap or land pooling processes. Intensive community consultation and participation will be integrated into each stage of the project design and implementation. Financial and institutional arrangements will establish sustainable housing finance mechanisms, such as micro-mortgages, rent-to-own schemes, contract savings schemes, subsidies, and grants, and will merge public and private financial mechanisms to ensure the comprehensive redevelopment of the selected areas. The project will strengthen regulatory, financial, and institutional framework and establish sustainable solutions for AH delivery. The targeted areas will mainly be located in ger areas where ADB has ongoing programs that aim to (i) improve public transportation system, and (ii) upgrade existing subcenters and urban corridors (footnote 10). This will (i) allow capitalizing on areas where communities have been engaged and organized, (ii) provide redevelopment options to the communities, and (iii) benefit from main trunk infrastructure implementation.

The project impact is in line with the Ulaanbaatar City Master Plan and the AHS of improved housing conditions in Ulaanbaatar ger areas. The project outcome will be replicable, sustainable, and comprehensive solutions for affordable housing and ger areas redevelopment established. The project outputs will be (i) mixed-use, mixed-income, and resource efficient ecodistricts built in ger areas; (ii) mechanisms for delivery of affordable housing units stock established; (iii) urban redevelopment process and standards improved; and (iv) project management, and institutions for urban redevelopment and AH strengthened.

Project Rationale
and Linkage to
Country/Regional
Strategy

Substandard living conditions. Ulaanbaatar City is home to over 1.35 million people. The city central districts largely comprise apartment blocks with comprehensive utility services, including dedicated district heating, piped water supply, and wastewater collection and treatment services. Surrounding this is a vast, low-density, 90 square kilometers of peri-urban area (the so-called ger area) with poor infrastructure that accommodate about 60% of the city's population (approximately 800,000 inhabitants). Ger areas have spread and expanded through successive waves of migration. These settlements of low- and medium-income households are characterized by loosely aligned plots, creating irregular pathways that remain unpaved. Majority of the households have land tenure. Lacking urban basic services cause heavy pollution that affect the city residents' health: (i) unimproved individual coal stoves used by most ger area residents during winter generate high air pollution; and (ii) poor sanitation households almost exclusively rely on open pit latrines and poor solid waste collection create highly unsanitary living conditions. Also, residents have limited access to water supplied by water kiosks. Finally, poor basic urban services in ger areas are combined with critical lack of public space, public facilities, commercial areas, and economic amenities.

Challenges in affordable housing. Ger areas residents are keen to improve their living conditions and obtain better access to heating system, running water, regular electricity, and socioeconomic services. Based on surveys, more than 75% are willing to move to apartment units if acceptable and affordable solutions are proposed. This represents a current demand estimated at 150,000 units mainly from households of medium to low income (below the seventh income decile). However, few housing options match the current purchasing power of the population and the demand of the most vulnerable. Most new housing stock constructed by real estate developers is targeting high- and upper middle-income households to secure high profit margin. Housing financing that expanded due to the Government of Mongolia's 8% mortgage loan program mainly caters to upper middle-income households who are able to finance down payments and repay the loans. There is a lack of suitable financing support to developers for addressing a volatile market with low potential margins. There is no existing sustainable affordable housing (AH) solution that includes infrastructure, developers, and housing finance aspects. Moreover, many of the new residential blocks are focused on price minimization to the detriment of community's well-being or sustainable urban planning. There is a lack of criterion to maximize energy, resource efficiency, and prioritize renewable energy options. This suggests that without public financial and institutional intervention, AH will continue to be chronically undersupplied, and substandard living conditions and pollution in ger areas will continue to grow and be further exacerbated.

Government initiatives. The government and the Municipality of Ulaanbaatar (MUB) initiated a series of policies and programs to support housing development and to supply AH units. The objective of these combined programs is to deliver up to 130,000 housing units through both a redevelopment process and the development of new areas. In addition, a rental housing program aims to provide 16,000 housing units for the most vulnerable people. However, these programs fail to generate AH due to lack of implementable solutions, sustainable housing finance mechanisms, and risk appetite of the private sector and commercial banks' lending flexibility (predominantly used for high-end real estate market). Current available AH is approximately 3,700 units, with a supply pipeline set to bring the total to 11,000 units by 2019. Even though through the newly established Ulaanbaatar Housing Organization (NOSK), th

Impact

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

	<p>Potential initial stakeholders include ger area residents, private sector, service providers, local governments, Ulaanbaatar Municipal Government, public utilities (i.e., USUG and heating companies), and line ministries.</p>
During Project Design	<p>Extensive consultations will be held during the project design to ensure affordability of the social and affordable housing units and improved services for the poor and vulnerable groups. The PPTA will conduct a poverty and social analysis and address social safeguards. A socioeconomic survey, affordability survey, stakeholder workshops, focus group discussions, and key informant interviews will be conducted during the PPTA.</p>
During Project Implementation	<p>Extensive consultations will be held during the project implementation to ensure affordability of the social and affordable housing units and improved services for the poor and vulnerable groups. Key documents, such as the social development action plan, gender action plan, community participation plan and stakeholders communication strategy , resettlement plans, and environmental management plan will outline consultation and participation activities for implementation. Loan assurances will address implementation and monitoring of the plans.</p>

Business Opportunities

Consulting Services	<p>The TA engaged individual consultants 9 international and 11 national consultants in accordance with ADB's Guidelines on Use of Consultants (2013, as amended from time to time). Individual consultants will be additionally engaged after submission of the draft final report, to support start-up activities of the ensuing loan project based on the need using the contingencies.</p>
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Responsible ADB Officer Heckmann, Arnaud

Responsible ADB Department East Asia Department

Responsible ADB Division Urban and Social Sectors Division, EARD

Executing Agencies

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

Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	10 Dec 2015
Last Review Mission	-
Last PDS Update	28 Sep 2018

TA 9030-MON

Milestones

Approval	Signing Date	Effectivity Date	Closing	Revised	Actual
			Original		
10 Dec 2015	26 Jan 2016	26 Jan 2016	01 Dec 2017	31 Oct 2018	28 Jan 2019

Financing Plan/TA Utilization

							Cumulative Disbursements	
ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
0.00	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00	17 Jun 2022	997,409.51

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