

# Facility Administration Manual

Project Number: 45007

Loans and Grant Numbers: (Tranche 1 – Loans 3098/3099 and Grant 0380), (Tranche 2 – Loans 3525/3526), and (Tranche 3 – Loans 3946/3947)

June 2020

Mongolia: Ulaanbaatar Urban Services and Ger  
Areas Development Investment Program

## ABBREVIATIONS

ADB	–	Asian Development Bank
CAP	–	community action plan
CDC	–	community development council
DEIA	–	detailed environmental impact assessment
EARF	–	environmental assessment and review framework
EEM	–	external environmental monitoring
EIB	–	European Investment Bank
EMP	–	environmental management plan
FAM	–	facility administration manual
FMA	–	financial management assessment
GAP	–	gender action plan
GEIA	–	general environmental impact assessment
GRM	–	grievance redress mechanism
ICB	–	international competitive bidding
IEE	–	initial environmental examination
km	–	kilometer
LARP	–	land acquisition and resettlement plan
MET	–	Ministry of Environment and Tourism
MFF	–	multitranche financing facility
MUB	–	Municipality of Ulaanbaatar
NCB	–	national competitive bidding
O&M	–	operation and maintenance
OCR	–	ordinary capital resources
OSPF	–	Office of Special Project Facilitator
PMO	–	program management office
PPLM	–	Public Procurement Law of Mongolia
PPMS	–	project performance management system
PSA	–	poverty and social analysis
SDAP	–	social development action plan
SDC	–	small- and medium-sized enterprise development council
SMEs	–	small- and medium-sized enterprises
SPS	–	Safeguard Policy Statement
TA	–	technical assistance
USUG	–	Ulaanbaatar Water Supply and Sewerage Authority

## CONTENTS

I.	INVESTMENT PROGRAM DESCRIPTION	1
A.	Rationale	1
B.	Impact and Outcome	3
C.	Outputs	4
II.	IMPLEMENTATION PLANS	6
A.	Project Readiness Activities	6
B.	Updated Overall Implementation Plan for the Investment Program	7
III.	PROGRAM MANAGEMENT ARRANGEMENTS	9
A.	Program Implementation Organizations: Roles and Responsibilities	9
B.	Key Persons Involved in Implementation	11
C.	Updated Program Organization Structure	12
IV.	COSTS AND FINANCING	13
A.	Cost Estimates Preparation and Revisions	13
B.	Key Assumptions	15
C.	Detailed Cost Estimates by Expenditure Category	17
D.	Allocation and Withdrawal of Loan and Grant Proceeds	18
E.	Detailed Cost Estimates by Financier	19
F.	Detailed Cost Estimates by Outputs and/or Components	20
G.	Detailed Cost Estimates by Year	21
H.	Contract and Disbursement S-Curve	22
I.	Fund Flow Diagram	23
V.	FINANCIAL MANAGEMENT	24
A.	Financial Management Assessment	24
B.	Disbursement	25
C.	Accounting	26
D.	Auditing and Public Disclosure	26
VI.	PROCUREMENT AND CONSULTING SERVICES	28
A.	Advance Contracting	28
B.	Procurement of Goods, Works, and Consulting Services	28
C.	Procurement Plans	29
D.	Consultant's Terms of Reference	37
VII.	SAFEGUARDS	42
VIII.	GENDER AND SOCIAL DIMENSIONS	50
IX.	PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION	84
A.	Project Design and Monitoring Framework	84
B.	Monitoring	88
C.	Evaluation	89
D.	Reporting	89
E.	Stakeholder Communication Strategy	90
X.	ANTICORRUPTION POLICY	90
XI.	ACCOUNTABILITY MECHANISM	91
XII.	RECORD OF CHANGES TO THE FACILITY ADMINISTRATION MANUAL	92



### **Facility Administration Manual Purpose and Process**

The facility administration manual (FAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The FAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the FAM.

The Municipality of Ulaanbaatar is wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by the Municipality of Ulaanbaatar of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the FAM and ensure consistency with the legal agreements. Such agreements shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the FAM and the legal agreements, the provisions of the legal agreements shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the FAM.



## I. INVESTMENT PROGRAM DESCRIPTION

### A. Rationale

1. In 2019, Ulaanbaatar had a population of 1.44 million. Since the 1990s, it has had limited formal extension of its core, which largely comprises apartment blocks with comprehensive utility services, including dedicated heating, water, and sanitation. However, successive waves of in-migration with *ger* tents have reshaped the city's geography, with (i) little upgrading or extension of basic urban services; and (ii) government policy, since 2003, to give each citizen about 700 square meters of land.<sup>1</sup> A vast low-density peri-urban area, named *ger* areas, now extends around the city core, characterized by unplanned settlement of low- and medium-income households with land ownership,<sup>2</sup> unserviced plots, unpaved roads, and poor facilities. The *ger* area population is estimated at 840,000, representing 60% of Ulaanbaatar or 30% of the country population. Despite their size, *ger* areas have until recently been considered temporary settlements. However, their official integration in the 2013 city master plan provides the necessary provision to plan the redevelopment of a formal peri-urban area.

2. Living conditions in *ger* areas are difficult. Poor sanitation—households almost exclusively rely on open pit latrines—and poor waste collection have created highly unsanitary living conditions. Air pollution is among the most severe in the world, particularly during winter because of inadequate household heating systems<sup>3</sup> and unpaved roads. Access to water, supplied by kiosks operated by the Ulaanbaatar Water Supply and Sewerage Authority (USUG), is limited.<sup>4</sup> In 2011, most of the 40,000 people migrating to Ulaanbaatar settled in *ger* areas; by 2022 the city's population is estimated to grow by 400,000 from in-migration and natural growth. Under current situation, the forecasted population increase is a serious threat to the city environment and the health of the population if the situation is not improved.

3. Lack of long-term planning, infrastructure investment, and land use regulation in *ger* areas have resulted in haphazard development, limited availability of space for public facilities, poor access to socioeconomic services, reduced livelihood opportunities, and insecure neighborhoods. The lack of basic urban infrastructure is preventing rational and dynamic urban development, increasing the costs of doing business and of accessing services. The city core where jobs and services are concentrated now has unprecedented congestion. The service gap between the city core and *ger* areas means *ger* residents are poorly integrated in the urban economy; it is one of the most urgent and difficult development challenges. While various government and development partner initiatives have significantly improved living conditions in *ger* areas, approaches have generally focused on specific sectors, failing to design a sustainable vision and provide integrated solutions for the problems of peri-urban development.

4. **Subcenter upgrading.** High construction cost,<sup>5</sup> lack of urban planning, and inadequate infrastructure constrain the upgrading of *ger* areas. These areas are predominately residential with pockets of activity nodes, called subcenters, providing commercial and administrative services. The influence area of a subcenter varies from 30,000 to 100,000 people. Despite the

<sup>1</sup> Large-scale in-migration, started in 1991 during the economic transition, has been exacerbated by recent severe winters (*dzud*). During 2000–2010, the population of *ger* areas increased by about 400,000.

<sup>2</sup> Most *ger* residents have two types of land ownership: right of possession or right of use. Rights of possession are gradually converted into rights of ownership subject to an administrative procedure and a small fee.

<sup>3</sup> Most households rely on unimproved individual coal stoves.

<sup>4</sup> Water consumption in *ger* areas is low at about 10 liters per capita per day (half the recommended minimum by the World Health Organization in similar context). Residents pay 2–10 times more than non-*ger* area residents.

<sup>5</sup> Partly due to cold climate conditions and outdated construction standards.

critical function of subcenters in overall spatial and local development, urban services have not been substantially improved. The lack of basic infrastructure limits economic growth and increases negative environmental impacts.

5. The program approach aims to initiate a redevelopment process in *ger* areas. Improving infrastructure within the *ger* area subcenters and connectivity with the city core center is critical for inclusiveness and important to facilitate the movement of people and goods, develop urban corridors, and create clusters of subcenters. Better urban planning combined with a network of infrastructure along priority roads will initiate a structural change of subcenter urban fabric. This will (i) improve residents' access to basic urban services, public space, and socioeconomic facilities; (ii) support local economic development; (iii) allow residents and businesses to take advantage of urban economies; and (iv) provide better housing options.<sup>6</sup> The changes in land use and higher urban density will improve water, sanitation, and heating services delivery.

6. **Road map.** Based on government and Municipality of Ulaanbaatar (MUB) priorities to redevelop *ger* areas, the road map for the program will support the MUB in establishing a network of well-developed subcenters to provide jobs, housing, and economic opportunities with reduced soil and air pollution. It comprises sequenced investments, municipal reforms, and capacity building (policy, planning, and monitoring), with four strategic objectives: (i) expand roads and basic urban services (water, sewerage, and heating) within subcenters and improve connectivity to initiate land use transformation; (ii) increase economic and public services through investments in socioeconomic facilities to meet population needs, increase urban functions, and encourage job creation; (iii) increase service provider efficiency by improving water supply, sewerage, and heating service operations; and (iv) strengthen institutions and capacity by improving urban planning and subcenter development, community awareness, participation and empowerment, service provider operations and management, and program implementation capacity.

7. **Strategic context and sector policy.** In February 2013, the Mongolia Parliament approved the Adjustments to the Ulaanbaatar City Urban Development Master Plan 2020 and Development Directions 2030. The master plan produced two important outcomes: (i) integration of *ger* area development into the city master plan, and (ii) acknowledgement of the value and function of *ger* area subcenters as key elements of future city growth.<sup>7</sup> The MUB has developed the *Ger* Area Development Program and established a *Ger* Area Development Agency, supervised by the vice mayor in charge of urban development and investment. On 30 May 2013, the city council resolution No.10/38 endorsed the program, subcenter locations under tranche 1, and coordination of the investment program with the city master plan. The MUB proposed a special purpose development vehicle (subcenter redevelopment authority) to facilitate, supervise, and coordinate the redevelopment process of the selected subcenters. In addition, the Ministry of Economic Development's Street Project improved the road conditions in Ulaanbaatar and included a *ger* area component. The National Development Strategy and the New Reconstruction Midterm Program (2008–2016) constitute the national framework for program implementation. The program is consistent with the Asian Development Bank's (ADB) interim country partnership strategy, 2014–2016 for Mongolia; ADB's Strategy 2020 priorities, including environmental

<sup>6</sup> Up to 60% of subcenter households may consider exchanging their land for fully serviced apartment units.

<sup>7</sup> ADB has helped the MUB introduce a redevelopment strategy for *ger* areas through a policy and advisory technical assistance (ADB. 2010. *Technical Assistance to Mongolia for Ulaanbaatar Water and Sanitation Services and Planning Improvement*. Manila [TA 7591-MON]); and the project preparatory technical assistance (ADB. 2011. *Technical Assistance to Mongolia for Ulaanbaatar Urban Services and Ger Areas Development Investment Program*. Manila [TA 7970-MON]).

sustainability and private sector development; as well as the core themes of green, competitive, and inclusive cities of ADB's Urban Operational Plan.<sup>8</sup>

8. **Policy dialogue and capacity development.** To supplement the strong policy framework, policy dialogue and capacity development will focus (i) in communities: on community participation, awareness, and empowerment,<sup>9</sup> including design and implementation of the social and gender action plan, and establishment of community development councils (CDCs) and small- and medium-sized enterprise (SME) development councils (SDCs); (ii) in subcenters: on subcenter upgrading, including technical guidance for preparing and implementing local development plans, urban zoning regulation and construction standards, and a development framework with a transparent mechanism to regulate land redevelopment ensuring current residents are integrated in the redevelopment plan; and (iii) in the city: on the master plan through the ADB technical assistance (TA) to strengthen urban planning capacity.<sup>10</sup> Capacity development for water and wastewater utilities will target (i) improving the MUB and USUG management contract, (ii) defining a clearer tariff road map, and (iii) providing technical support to the Water and Sewerage Regulatory Commission. For heating, the focus will be to ensure financial sustainability and capacity of new and existing heating facilities operators in the selected subcenters and to strengthen provisions in management contracts.

9. **Financing modality.** Multitranche financing facility (MFF) was proposed as financing modality to promote a long-term partnership between ADB, the government, and the MUB to facilitate the development of sustainable, inclusive, and livable *ger* areas. The MFF supports the policy framework for the redevelopment of *ger* areas, and provides opportunities for constructive dialogue and capacity development on city planning, policy reforms, and physical and nonphysical investments. It generates critical mass, predictability, and continuity for basic urban services provision in *ger* areas, and enables ADB to better respond to MUB needs.

10. **Development coordination.** During program preparation, ADB coordinated closely with development partners involved in Ulaanbaatar's urban sector. Three ADB-financed projects directly supported the program: (i) a bus rapid transit line from the city center to Selbe subcenter;<sup>11</sup> (ii) support for housing and micro-, small-, and medium-sized enterprises financing in *ger* areas targeted by the program;<sup>12</sup> and (iii) capacity development TA to strengthen MUB urban planning capacity (footnote 10).

## B. Impact and Outcome

11. The impact of the program is improved living conditions in Ulaanbaatar. The outcome is a network of livable, competitive, and inclusive subcenters in Ulaanbaatar's *ger* areas.

<sup>8</sup> ADB. 2014. *Interim Country Partnership Strategy: Mongolia, 2014–2016*. Manila; ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila; ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila.

<sup>9</sup> The consultative and participatory approach to *ger* area redevelopment, introduced by the United Nations Human Settlements Programme (UN-Habitat) during program preparation, was carried out for the tranche 1 subcenters.

<sup>10</sup> ADB. 2013. *Technical Assistance to Mongolia for Ulaanbaatar Urban Planning Improvement*. Manila (TA 8467-MON). The TA was financed by the Japan Fund for Poverty Reduction.

<sup>11</sup> ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to Mongolia for the Urban Transport Development Investment Program*. Manila (MFF 0070-MON). Implementation of the MFF is independent of and will not affect the implementation of the *ger* area program.

<sup>12</sup> TenGer Financial Group lent a portion of an ADB private sector loan to XacBank. About \$6 million–\$10 million was made available for the targeted areas. ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Senior Loans for XacBank and TenGer Financial Group for Supporting Micro, Small, Medium-Sized Enterprises and Leasing Finance in Mongolia*. Manila.

## C. Outputs

12. The program has four outputs: (i) roads and urban services are expanded within the targeted subcenters and connectivity between subcenters is improved; (ii) economic and public services in subcenters are improved; (iii) service providers become more efficient; and (iv) institutions and capacity for urban development, program management, and service delivery are strengthened. The program will be implemented over three tranches.

13. **Tranche 1.** The first tranche supports the city master plan in developing the Selbe and Bayankhoshuu subcenters. The main components being financed are (i) construction of sewerage collector mains extension; (ii) priority roads, water supply, sewerage, and district heating network pipelines and heating facilities within the subcenters; (iii) social and economic facilities such as two kindergartens, green areas with small children's playgrounds; and two business incubators associated with two vocational training centers; (iv) multi-interventions in USUG to improve its operations and service delivery efficiency; and (v) institutional strengthening and capacity development to prepare detailed design and construction supervision; support for community participation, awareness, and SME development; improve urban planning and subcenter development; strengthen the capacity of the program management office (PMO); and support service providers' reforms.

14. **Tranche 2.** The second tranche extends the urban infrastructure and social facilities upgrading and spatial restructuring to Dambadarjaa and Denjiin subcenters and provide additional investments in Bayankhoshuu and Selbe subcenters. It is financing (i) construction of priority roads; (ii) flood channels and drainage; (iii) power and telecommunications network; (iv) water supply, wastewater, and heating pipelines; (v) heating facilities; (vi) social facilities, such as kindergarten, community development centers, shelter for domestic violence, and sports complexes; and (vii) landscaping.

15. **Tranche 3.** The third tranche will (i) extend the urban infrastructure upgrading and spatial restructuring to two additional subcenters in the eastern and western *ger* areas (Sharkhad and Tolgoit)<sup>13</sup> and connect them to existing subcenters to create network, (ii) support the delivery of socioeconomic facilities, (iii) further improve institutional strengthening and capacity building, and (iv) bridge financing gaps for completion of investments under tranches 1 and 2, if any.

16. **Output 1: Roads and urban services expanded within the targeted subcenters and connectivity between subcenters improved.** This output will involve the construction of (i) 16.62 kilometers (km) of priority roads with 10 closed-circuit television cameras installed; (ii) 10.88 km of flood protection channels and two sediment retention ponds; (iii) 40.00 km overhead electricity cables and 9.60 km of fiber-optic cables with auxiliary facilities for telecommunication network; (iv) 17.26 km of water supply, 6.80 km of sewerage pipeline, and 8.02 km of heating network pipes with seven substations and secondary connections; and (v) one reservoir in Sharkhad and one pumping station each for water supply in Sharkhad and Tolgoit.

17. **Output 2: Economic and public services in targeted subcenters improved.** This output will involve the construction of (i) two kindergartens in Tolgoit and Sharkhad, (ii) one primary health care center in Tolgoit, (iii) two community development and service centers in

<sup>13</sup> Tranche 3 targeted areas have been selected because they are compliant with Framework Financing Agreement selection criteria: (i) central characteristics (i.e., agglomeration and densification processes) are already ongoing; (ii) large influence areas; (iii) socioeconomic impacts; (iv) high pollution levels; (v) economic potential; (vi) alignment with the city master plan; and (vii) potential synergies with tranches 1 and 2 investments. All components of tranche 3 are compliant with the selection criteria indicated in the Schedule 4 of the Framework Financing Agreement.

Tolgoit and Sharkhad, (iv) two training centers in Tolgoit and Sharkhad, (v) one sports complex in Sharkhad, (vi) five green public spaces in Tolgoit and Sharkhad, and (vii) 50 social housing units in Sharkhad.

18. **Output 3: Institutional capacity for program management and urban development strengthened.** This output will involve the engagement of consulting services for people-centered subcenter redevelopment mechanism and platform to ensure a green, livable, and efficient subcenter redevelopment process involving people and public and private stakeholders. This output aims to finalize and institutionalize the activities that has been implemented under tranches 1 and 2 including community participation, awareness, and empowerment; and small- and medium-sized enterprises development. External monitoring consultants will also be engaged to ensure compliance with ADB safeguard requirements.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities<sup>14</sup>

**Table 1: Project Readiness Activities for Tranche 3**

Indicative Activities	2020									Responsible Agency
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Advance contracting actions										MUB, ADB
Strengthen project implementation arrangements										MUB, ADB
ADB President approval										ADB
Loan signing										MOF, MUB, ADB
Government legal opinion provided										MOF, MOJHA
Government budget inclusion										MOF
Loan effectiveness										MOF, MUB

ADB = Asian Development Bank, MOF = Ministry of Finance, MOJHA = Ministry of Justice and Home Affairs, MUB = Municipality of Ulaanbaatar.  
Source: ADB estimates.

<sup>14</sup> The project readiness activities for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

## B. Updated Overall Implementation Plan for the Investment Program

Tasks	2012	2013	2014	2015	2016	2017	2018	2019	2020				2021				2022				2023			
									Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Setting up of PMO																								
Implementation support and capacity building																								
1.1 Detailed design of water/sewerage improvements completed																								
1.2 Detailed design of heating improvements completed																								
1.3 Detailed design of roads/other infrastructure completed																								
1.4 Urban infrastructure constructed, commissioned, and made operational in phases																								
2.1 Detailed design of kindergarten and business incubators/ vocational training centers completed																								
2.2 Facilities constructed, commissioned, and made operational in phases																								
3.1 Support to improvements in operational efficiency																								
3.2 Construction of upgraded facilities and measurement systems completed																								
4.1 PMO fully staffed																								
4.2 Hiring of capacity development consultants																								
4.3 Subcenter planning and development guidelines/regulations in place																								

Tasks	2012	2013	2014	2015	2016	2017	2018	2019	2020				2021				2022				2023			
									Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
4.4 CDCs and SDCs are established in targeted areas																								
4.5 Support to financial strengthening and improved regulatory and institutional framework																								
<b>Tranche 3 advance actions being undertaken in Tranche 2</b>																								
1.1 Detailed engineering design of socioeconomic facilities																								
1.2 Detailed engineering design of road and urban facilities																								
<b>Tranche 3 key activities</b>																								
1.3 Hiring of participatory urban planning consultants and external safeguard monitors																								
2.1 Urban infrastructure constructed, commissioned, and made operational in phases																								
2.2 Socioeconomic facilities constructed, commissioned, and made operational in phases																								
3.1 Implementation of EMP, GAP, and SDAP																								
4.1 Subcenter redevelopment																								
4.2 CDCs and SDCs established in project areas																								

CDC = community development council, EMP = environmental management plan, GAP = gender action plan, PMO = program management office, Q = quarter, SDAP = social development action plan, SDC = small- and medium-sized enterprise development council.

Source: Asian Development Bank.

### III. PROGRAM MANAGEMENT ARRANGEMENTS

#### A. Program Implementation Organizations: Roles and Responsibilities

19. Project implementation arrangement, reporting, and recruitment processes will be in line with the "Regulation on utilization of proceeds of foreign loans incurred by the Government; implementation, administration, financing, monitoring, and evaluation of projects and programs funded by such proceeds," approved under Resolution No. 196 of the Minister of Finance, and other relevant regulations that are approved and amended from time to time

20. The MUB, as the program executing agency, will utilize the existing PMO to implement tranche 3 and shall recruit two additional staff (water supply and heating engineers) using advanced contracting actions.

Program Implementation Organizations	Management Roles and Responsibilities
Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>Oversees the implementation, including compliance by executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB policies and procedures</li> </ul>
Government of Mongolia	<p>The Borrower's representative</p> <ul style="list-style-type: none"> <li>ensures that the Municipality of Ulaanbaatar (MUB) provides timely counterpart funding;</li> <li>screens and approves withdrawal applications;</li> <li>establish five advance accounts (for loans and grant funds, respectively) in a commercial bank acceptable to ADB;</li> <li>ensures annual audit of the project accounts; and</li> <li>negotiates project and loan agreements</li> </ul>
Program Steering Committee	<ul style="list-style-type: none"> <li>Chaired by the Mayor of Ulaanbaatar</li> <li>Comprise representatives of the Ministry of Construction and Urban Development; Ministry of Environment and Tourism; Ministry of Finance (MOF); Ministry of Labor and Social Protection; Ministry of Education, Culture, Science and Sports; and other concerned agencies, as needed</li> <li>Oversees progress of the investment program</li> <li>Provides strategic guidance on program implementation</li> <li>Meets at least once every 6 months until program completion</li> </ul>
Executing Agency–MUB	<ul style="list-style-type: none"> <li>Responsible for program oversight and administration</li> <li>Sets up multimodal coordination committee and follow up the action plan</li> <li>Oversees implementation of investment program road maps</li> <li>Submits progress reports to the steering committee for decision making purposes</li> <li>Prepares subsequent tranches</li> <li>Be accountable and responsible for proper use of advances to the advance accounts</li> <li>Endorses withdrawal applications</li> <li>Ensures compliance with project covenants, including financial, safeguards, social, procurement, and others</li> <li>Responsible for negotiations and finalizing agreements with affected persons (with support from the Land Management Agency of MUB) and payments of compensation in accordance with the land acquisition and resettlement plan requirements and Mayor's decree on compensation</li> <li>Holds quarterly meetings with the program management office</li> </ul>

<b>Program Implementation Organizations</b>	<b>Management Roles and Responsibilities</b>
	<ul style="list-style-type: none"> <li>– Ensures necessary financing for civil works, equipment, land acquisition, resettlement, and institutional strengthening will be reflected in the annual budget of the MUB</li> <li>– Ensures repayments will be made to MOF in accordance to the schedule under the subsidiary loan agreements</li> <li>– Ensures implementation of relevant regulations of the Minister of Finance Resolution No. 196, and other relevant regulations that will be approved and amended from time to time</li> <li>– Ensures relevant reports and financial statements will be uploaded to the MOF's ODAFIN, ODAMIS, and other existing systems</li> </ul>
Implementing Agency– Project Management and Regulation Division under MUB	<ul style="list-style-type: none"> <li>– Ensures implementation of relevant regulations of the Minister of Finance Resolution No. 196, and other relevant regulations that will be approved and amended from time to time</li> <li>– Responsible for implementation of the program, including finance and administration, technical and procurement matters, monitoring and evaluation, and safeguards compliance</li> <li>– Ensures relevant reports and financial statements will be uploaded to the MOF's ODAFIN, ODAMIS, and other existing systems</li> </ul>
Program Management Office and Procurement Committee	<ul style="list-style-type: none"> <li>– Ensures implementation of relevant regulations of the Minister of Finance Resolution No. 196, and other relevant regulations that will be approved and amended from time to time</li> <li>– Responsible for program implementation and management</li> <li>– Establishes and maintain program performance management system</li> <li>– Manages detailed surveys, site investigations, and engineering designs for all subcomponents</li> <li>– Prepares, updates, and submits resettlement plans and updated environmental management plan for ADB approval prior to award of contracts and implements all necessary documents related to environment and land acquisition and resettlement safeguards</li> <li>– Secures technical and ecological expertise for all civil works prior to bidding</li> <li>– Assists the MUB in procurement and management of works, goods supply, and consulting services contracts (with support from relevant municipal bodies)</li> <li>– Ensures monitoring and quality control of construction works with necessary safety measures</li> <li>– Coordinates with ADB on matters related to disbursements, including preparation of withdrawal/replenishment applications for endorsement by the MUB and MOF, and retaining of supporting documents</li> <li>– Submits progress reports and audit reports to ADB and the MUB on time</li> <li>– Maintains the program advance accounts</li> <li>– Submits the withdrawal application to ADB, collects and keeps supporting documents, and submits reporting requirements, including the annual report and financial statements</li> <li>– Ensures relevant reports and financial statements will be uploaded to the MOF's ODAFIN, ODAMIS, and other existing systems.</li> </ul>

Source: Asian Development Bank.

## B. Key Persons Involved in Implementation

### Executing Agency

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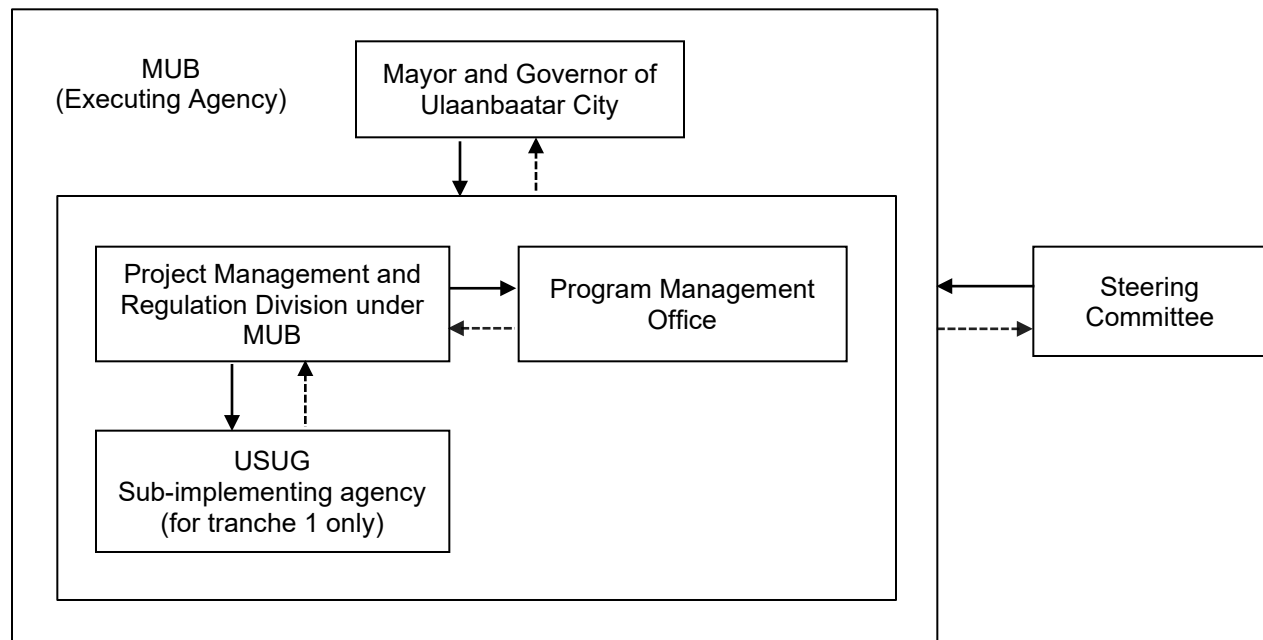
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### C. Updated Program Organization Structure



————→ Instruct/provide guidance

- - - - -> Report

MUB = Municipality of Ulaanbaatar, USUG = Ulaanbaatar Water Supply and Sewerage Authority.

Source: Asian Development Bank.

#### IV. COSTS AND FINANCING

21. The MFF consists of three tranches to be implemented for a period of up to 10 years,<sup>15</sup> subject to the government's submission of related periodic financing requests, execution of the related loan and project agreements for each tranche, and fulfillment of terms and conditions and undertakings set forth in the Framework Financing Agreement. The government will make the proceeds of each tranche available to the MUB, the executing agency of the program, for purposes of financing projects under the MFF.

22. Table 2 shows the updated financing plan for the investment program with a total cost of \$344.20 million equivalent. The government requested ADB for an MFF in an amount of up to \$163.70 million equivalent or 47.56% of the investment program comprising a blend of concessional and regular loans from ADB's ordinary capital resources, and a grant from the Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility (administered by ADB). The MUB is financing a total of \$120.20 million equivalent or 34.92% of the total cost, including land acquisition and resettlement support, civil works and equipment, value-added taxes and custom duties for the MUB contribution, and other miscellaneous costs. Value-added taxes and customs duties for civil works and equipment financed from the ADB loan and grant funds shall be exempted and shall be considered as part of the government or MUB contribution. EIB will provide parallel cofinancing of \$60.30 million (not administered by ADB) to finance expenditures in relation to water supply and sewerage improvements. The total cost of tranche 1 is \$108.86 million, tranche 2 is \$121.14 million, and tranche 3 is estimated to cost \$114.20 million. All costs are inclusive of physical and price contingencies, interest, taxes and duties, and other charges.

**Table 2: Updated Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
<b>Investment Program</b>		
Asian Development Bank	163.70	47.56
Municipality of Ulaanbaatar <sup>a</sup>	120.20	34.92
European Investment Bank <sup>b</sup>	60.30	17.52
<b>Total Investment Program</b>	<b>344.20</b>	<b>100.00</b>
<b>Tranche 1</b>		
Asian Development Bank		
COL loan	22.50	20.67
OCR loan	27.50	25.26
UEIF–UFPF	3.70	3.40
<b>Subtotal</b>	<b>53.70</b>	<b>49.33</b>
Municipality of Ulaanbaatar	33.15	30.45
European Investment Bank	22.01	20.22
<b>Total Tranche 1</b>	<b>108.86</b>	<b>100.00</b>
<b>Tranche 2</b>		
Asian Development Bank		
COL loan	29.24	24.14
OCR loan	37.11	30.63
<b>Subtotal</b>	<b>66.35</b>	<b>54.77</b>
Municipality of Ulaanbaatar	35.15	29.02
European Investment Bank	19.64	16.21
<b>Total Tranche 2</b>	<b>121.14</b>	<b>100.00</b>
<b>Tranche 3</b>		
Asian Development Bank		
COL loan	18.60	16.29

<sup>15</sup> On 16 April 2020, the President approved the extension of the MFF availability period from 9 to 10 years (or from 31 December 2022 to 11 December 2023) to ensure timely implementation of tranche 3.

Source	Amount (\$ million)	Share of Total (%)
OCR loan	25.05	21.93
<b>Subtotal</b>	<b>43.65</b>	<b>38.22</b>
Municipality of Ulaanbaatar	51.90	45.45
European Investment Bank	18.65	16.33
<b>Total Tranche 3</b>	<b>114.20</b>	<b>100.00</b>

COL = concessional ordinary capital resources, MFF = multitranche financing facility, OCR = ordinary capital resources, UEIF–UFPF = Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility.

<sup>a</sup> Includes value-added taxes and custom duties, which will be financed by the government through exemption.

<sup>b</sup> The European Investment Bank is providing parallel collaborative cofinancing (not administered by the Asian Development Bank) for water supply and sanitation of up to \$60.30 million equivalent for the MFF. If this cofinancing does not materialize as planned, the Government of Mongolia will undertake necessary measures to substitute for the shortfall with suitable funding.

Source: Asian Development Bank estimates.

23. The allocation of concessional and regular ordinary capital resources (OCR) financing within the MFF is indicative. It is understood that provision of any additional concessional OCR financing will be accompanied by a corresponding reduction in the available OCR financing, and vice versa, so that in any event the total financing provided by ADB will not exceed the MFF amount. Any concessional resource allocation will be subject to the (i) general availability of concessional resources from time to time, (ii) Mongolia's access to such resources pursuant to ADB's applicable graduation policy and the requirements of concessional donors, and (iii) availability of such resources to Mongolia pursuant to ADB's applicable policy on performance-based allocation of concessional resources.

24. Under the investment program, the concessional OCR loans are financing (i) civil works including equipment and detailed engineering design and supervision, (ii) program management support, (iii) consulting services, and (iv) a proportionate share of the contingencies. The regular OCR loans are financing (i) civil works including equipment, and (ii) a corresponding share of the contingencies. The ADB grant financed the construction of water treatment plant and pumping stations, including installation of supervisory control and data acquisition system. The EIB funding is financing civil works and equipment specific to water supply and sewerage improvements, including contingencies and financial charges during implementation. The counterpart funds from the MUB are financing (i) land acquisition and resettlement support, (ii) civil works and equipment, (iii) taxes and duties, and (iv) contingencies.

25. The updated summary investment plan, including cost estimates by outputs, is presented in Table 3.

**Table 3: Updated Summary Investment Plan**  
(\$ million)

Item	Investment Program (Updated)	Tranche 1 (Updated)	Tranche 2	Tranche 3 <sup>a</sup>
<b>A. Base Cost</b>				
1. Expanded roads and urban services expanded				
1.1 Roads and associated infrastructure	110.54	28.93	30.69	50.92
1.2 Water supply and sewerage including flood protection	57.78	25.70	16.74	15.34
1.3 Heating services	73.84	30.14	32.90	10.80
<b>Subtotal (1)</b>	<b>242.16</b>	<b>84.77</b>	<b>80.33</b>	<b>77.06</b>
2. More efficient service providers	3.70	3.70	0.00	0.00
3. Economic and public services in targeted areas improved	37.89	5.00	18.84	14.05
4. Institutional strengthening and capacity development	11.58	4.00	4.29	3.29
<b>Subtotal (A)</b>	<b>295.33</b>	<b>97.47</b>	<b>103.46</b>	<b>94.40</b>

Item	Investment Program (Updated)	Tranche 1 (Updated)	Tranche 2	Tranche 3 <sup>a</sup>
<b>B. Contingencies</b>	<b>35.07</b>	<b>7.39</b>	<b>11.06</b>	<b>16.62<sup>b</sup></b>
<b>C. Financial Charges During Implementation</b>	<b>13.8</b>	<b>4.00</b>	<b>6.62</b>	<b>3.18<sup>c</sup></b>
<b>Total</b>	<b>344.20</b>	<b>108.86</b>	<b>121.14</b>	<b>114.20</b>

<sup>a</sup> In 2019 prices as of 25 November 2019. Includes value-added taxes and custom duties estimated at \$22.68 million for the investment program—\$6.18 million for tranche 1, \$8.28 million for tranche 2, and \$8.22 million for tranche 3. The government will finance these taxes and duties through exemption.

<sup>b</sup> Physical contingencies computed at 8% of roads and associated infrastructure, including heating; 5.0% of civil works and consulting services; and 10.3% of water supply and sewerage, including flood protection. Price contingencies computed at average of 1.6% on foreign exchange costs and 6.8% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>c</sup> Includes interest and commitment charges. Financial charges during implementation of the Asian Development Bank (ADB) loans are computed at (i) 2.0% per annum for the concessional ordinary capital resources (OCR) loan; and (ii) 5-year US dollar fixed swap rate plus an effective contractual spread of 0.5% and a maturity premium of 0.1% for the regular OCR loan. Commitment charges for the regular OCR loan are 0.15% per year to be charged on the undisbursed loan amount. Financial charges during implementation for the European Investment Bank loan were calculated based on the same assumptions as ADB's regular OCR loan.

Source: ADB estimates.

## A. Cost Estimates Preparation and Revisions

26. The costs were estimated by the consultants in charge of the feasibility studies for the tranches. Estimated costs are reviewed by PMO engineers (for subsequent tranches), Master Planning Agency and various related departments of the MUB, and the ADB project team. Subsequent project costs will benefit from the detailed design, detailed cost estimates, and bill of quantities formulated by previous tranches. Feasibility study costs are revised during preliminary design and detailed design formulation, which are further reviewed by PMO engineers, Master Planning Agency, State Expertise and various related departments of the MUB, and the ADB project team. The cost estimates may be updated prior to approval and during the implementation of the tranches.

## B. Key Assumptions

27. The following key assumptions underpin the cost estimates and financing plan for tranche 3:

- (i) Exchange rate: \$1.00 = MNT2,705.07 (as of 25 November 2019).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

**Table 4: Escalation Rates for Price Contingency Calculation**

Item	2019	2020	2021	2022	2023	Average
Foreign rate of price inflation	1.50%	1.50%	1.60%	1.60%	1.60%	1.56%
Domestic rate of price inflation	8.50%	7.50%	6.00%	6.00%	6.00%	6.80%

Source: Asian Development Bank estimates.

28. For tranche 3, the total investment cost is \$114.20 million. ADB will finance \$43.65 million (38.22% of the investment requirement): \$25.05 million will be financed from ADB's regular OCR, and \$18.60 million will be financed from concessional OCR. The regular OCR loan will have a 26-year term, including a grace period of 6 years, an annual interest rate determined in accordance with ADB's London interbank offered rate-based lending facility; a commitment charge of 0.15% per year (the interest and other charges during construction to be capitalized in

the loan), and such other terms and conditions set forth in the draft loan and project agreements. Based on the custom-tailored repayment method, the average maturity is 16 years, and the maturity premium payable to ADB is 0.10% per year. The concessional OCR loan will have a 25-year term, including a grace period of 5 years, an interest rate of 2.0% per year during the grace period and thereafter, and such other terms and conditions set forth in the draft loans and project agreements.

**Table 5: Summary Financing Plan (Tranche 3)**

<b>Source</b>	<b>Amount (\$ million)</b>	<b>Share of Total (%)</b>
Asian Development Bank		
Ordinary capital resources (regular loan)	25.05	21.93
Ordinary capital resources (concessional loan)	18.60	16.29
European Investment Bank (loan) <sup>a</sup>	18.65	16.33
Municipality of Ulaanbaatar <sup>b</sup>	51.90	45.45
<b>Total</b>	<b>114.20</b>	<b>100.00</b>

<sup>a</sup> The European Investment Bank is providing parallel collaborative cofinancing (not administered by the Asian Development Bank) for water supply and sanitation of up to \$60.30 million equivalent for the multitranche financing facility investment program. If this cofinancing does not materialize as planned, the Government of Mongolia will undertake necessary measures to substitute for the shortfall with suitable funding.

<sup>b</sup> Includes value-added taxes and customs duties, which will be financed by the government through exemption.  
Source: Asian Development Bank estimates.

29. The Government of Mongolia is the borrower of the loan and will relend the proceeds of ADB's loans to the MUB upon terms and conditions satisfactory to ADB.

30. The EIB will provide parallel cofinancing totaling \$18.65 million (16.33% of the investment requirement) to finance the expenditures in relation to water supply and sewerage improvements, including contingencies and financial charges during implementation. The EIB loan will have a 25-year term, including a grace period of 5 years and an interest rate in accordance with its London interbank offered rate-based lending facility. The MUB will provide counterpart funding of \$51.90 million (45.45% of the investment requirement) for land acquisition and resettlement support, civil works and equipment, taxes and duties, and contingencies.

### C. Detailed Cost Estimates by Expenditure Category<sup>16</sup>

**Table 6: Detailed Cost Estimates by Expenditure Category for Tranche 3**

Item	MNT (million)			\$ (million)			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost	
<b>A. Investments Costs</b>							
1 Civil works and equipment	85,125.85	108,519.32	193,645.17	31.47	40.12	71.59	75.8
1.1 Roads and associated infrastructure including heating	85,125.85	28,986.49	114,112.33	31.47	10.72	42.18	44.7
1.2 Water supply and sewerage including flood protection	0.00	41,503.08	41,503.08	0.00	15.34	15.34	16.2
1.3 Socioeconomic facilities	0.00	38,029.76	38,029.76	0.00	14.06	14.06	14.9
2 Land acquisition and resettlement	0.00	52,833.88	52,833.88	0.00	19.53	19.53	20.7
3 Program management support and capacity development <sup>a</sup>	8,358.67	531.49	8,890.16	3.09	0.20	3.29	3.5
<b>Subtotal (A)</b>	<b>93,484.51</b>	<b>161,884.69</b>	<b>255,369.20</b>	<b>34.56</b>	<b>59.84</b>	<b>94.40</b>	<b>100.0</b>
<b>B. Contingencies</b>							
1 Physical	7,228.00	7,154.66	14,382.66	2.67	2.64	5.32	5.6
2 Price	4,959.68	25,616.82	30,576.49	1.83	9.47	11.30	12.0
<b>Subtotal (B)</b>	<b>12,187.68</b>	<b>32,771.47</b>	<b>44,959.15</b>	<b>4.51</b>	<b>12.11</b>	<b>16.62</b>	<b>17.6</b>
<b>C. Financial Charges During Implementation</b>							
1 Interest during construction	8,419.31	0.00	8,419.31	3.11	0.00	3.11	3.3
2 Commitment charges	170.62	0.00	170.62	0.06	0.00	0.06	0.1
<b>Subtotal (C)</b>	<b>8,589.94</b>	<b>0.00</b>	<b>8,589.94</b>	<b>3.18</b>	<b>0.00</b>	<b>3.18</b>	<b>3.4</b>
<b>Total Project Cost (A+B+C)</b>	<b>114,262.13</b>	<b>194,656.16</b>	<b>308,918.28</b>	<b>42.24</b>	<b>71.96</b>	<b>114.20</b>	<b>121.0</b>

Note: Numbers may not sum precisely because of rounding.

MNT = Mongolian togrog, PMO = program management office.

<sup>a</sup> Includes consulting services; and salaries of PMO staff, who will not be civil servants receiving salaries from the government.

Source: Asian Development Bank estimates.

<sup>16</sup> Detailed cost estimates by expenditure category for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

**D. Allocation and Withdrawal of Loan Proceeds<sup>17</sup>****Table 7: Allocation and Withdrawal of Loan Proceeds for  
ADB Ordinary Capital Resources – Tranche 3**

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b> <b>(Ulaanbaatar Urban Services and Ger Areas Development Investment Program – Tranche 3)</b>			
<b>No.</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$) Category</b>	<b>Basis for Withdrawal from the Loan Account</b>
1	Works and equipment**	20,130,000	53.3% of total expenditure claimed*
2	Interest and commitment charges	1,580,000	100.0% of total amounts due
3	Unallocated	3,340,000	
	<b>Total</b>	<b>25,050,000</b>	

\* Exclusive of value-added taxes and custom duties within the territory of the Borrower.

\*\* Subject to the condition for withdrawal described in paragraph 6 of Schedule 2.

**Table 8: Allocation and Withdrawal of Loan Proceeds for  
ADB Concessional Ordinary Capital Resources – Tranche 3**

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b> <b>(Ulaanbaatar Urban Services and Ger Areas Development Investment Program – Tranche 3)</b>			
<b>No.</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$) Category</b>	<b>Basis for Withdrawal from the Loan Account</b>
1	Project cost except for works and equipment for kindergartens**	12,740,000	100.0% of total expenditure claimed*
2	Works and equipment for kindergartens**	1,990,000	69.2% of total expenditure claimed*
3	Interest charge	980,000	100.0% of total amounts due
4	Unallocated	2,890,000	
	<b>Total</b>	<b>18,600,000</b>	

\* Exclusive of value-added taxes and custom duties within the territory of the Borrower.

\*\* Subject to the condition for withdrawal described in paragraph 6 of Schedule 3.

<sup>17</sup> Allocation and withdrawal of loans and grant proceeds for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

## E. Detailed Cost Estimates by Financier<sup>18</sup>

**Table 9: Detailed Cost Estimates by Financier for Tranche 3**

Item	(\$ million)									
	ADB OCR Loan		ADB Concessional OCR Loan		European Investment Bank		Municipality of Ulaanbaatar		Total Cost	
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	Taxes and Duties
<b>A. Investments Costs</b>										
1 Civil works and equipment	20.13	28.1	11.64	16.3	13.54	18.9	26.28	36.7	71.58	7.74
1.1 Roads and associated infrastructure including heating	20.13	47.7	0.00	0.0	0.00	0.0	22.06	52.3	42.18	4.41
1.2 Water supply and sewerage including flood protection	0.00	0.0	0.00	0.0	13.54	88.3	1.80	11.7	15.34	1.80
1.3 Socioeconomic facilities except kindergartens	0.00	0.0	9.65	89.1	0.00	0.0	1.18	10.9	10.83	1.18
1.4 Kindergartens	0.00	0.0	1.99	61.7	0.00	0.0	1.24	38.3	3.23	0.35
2 Land acquisition and resettlement	0.00	0.0	0.00	0.0	0.00	0.0	19.53	100.0	19.53	0.29
3 Program management support and capacity development <sup>a</sup>	0.00	0.0	3.09	94.0	0.00	0.0	0.20	6.0	3.29	0.20
<b>Subtotal (A)</b>	<b>20.13</b>	<b>21.3</b>	<b>14.73</b>	<b>15.6</b>	<b>13.54</b>	<b>14.3</b>	<b>46.00</b>	<b>48.7</b>	<b>94.40</b>	<b>8.22</b>
<b>B. Contingencies</b>										
1 Physical	1.61	30.3	0.74	13.9	1.39	26.2	1.58	29.7	5.32	0.00
2 Price	1.73	15.3	2.15	19.0	3.10	27.4	4.32	38.2	11.30	0.00
<b>Subtotal (B)</b>	<b>3.34</b>	<b>20.1</b>	<b>2.89</b>	<b>17.4</b>	<b>4.49</b>	<b>27.0</b>	<b>5.90</b>	<b>35.5</b>	<b>16.62</b>	<b>0.00</b>
<b>C. Financial Charges During Implementation</b>										
1 Interest during construction	1.55	49.7	0.98	31.5	0.59	18.9	0.00	0.00	3.11	0.00
2 Commitment charges	0.03	50.0	0.00	0.0	0.03	50.0	0.00	0.00	0.06	0.00
<b>Subtotal (C)</b>	<b>1.58</b>	<b>49.7</b>	<b>0.98</b>	<b>30.9</b>	<b>0.62</b>	<b>19.6</b>	<b>0.00</b>	<b>0.00</b>	<b>3.18</b>	<b>0.00</b>
<b>Total Project Cost (A+B+C)</b>	<b>25.05</b>	<b>21.9</b>	<b>18.60</b>	<b>16.3</b>	<b>18.65</b>	<b>16.3</b>	<b>51.90</b>	<b>45.5</b>	<b>114.20</b>	<b>8.22</b>

Note: Numbers may not sum precisely because of rounding.

ADB = Asian Development Bank, OCR = ordinary capital resources, PMO = program management office.

<sup>a</sup> Includes consulting services; and salaries of PMO staff, who will not be civil servants receiving salaries from the government.

Source: ADB estimates.

<sup>18</sup> Detailed cost estimates by financier for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

F. Detailed Cost Estimates by Outputs<sup>19</sup>Table 10: Detailed Cost Estimates by Outputs for Tranche 3  
(\$ million)

Item	Total	Roads and Urban Services Expanded						Economic and Public Services in Targeted Areas Improved		Institutional Capacity for Urban Development Strengthened	
		HSE	% of Cost Category	RI	% of Cost Category	WSSI	% of Cost Category	SDCE	% of Cost Category	SSP	% of Cost Category
<b>A. Investment Costs</b>											
1 Civil works and equipment	71.58	10.80	15.1	31.39	43.8	15.34	21.4	14.05	19.6	0.00	0.0
Roads and associated infrastructure											
1.1 including heating	42.18	10.80	25.6	31.39	74.4	0.00	0.0	0.00	0.0	0.00	0.0
Water supply and sewerage including											
1.2 flood protection	15.34	0.00	0.0	0.00	0.0	15.34	100.0	0.00	0.0	0.00	0.0
1.3 Socioeconomic facilities	14.05	0.00	0.0	0.00	0.0	0.00	0.0	14.05	100.0	0.00	0.0
2 Land acquisition and resettlement	19.53	0.00	0.0	19.53	100.0	0.00	0.0	0.00	0.00	0.00	0.0
Program management support and capacity development <sup>a</sup>	3.29	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.00	3.29	100.0
<b>Subtotal (A)</b>	<b>94.40</b>	<b>10.80</b>	<b>11.4</b>	<b>50.92</b>	<b>53.9</b>	<b>15.34</b>	<b>16.3</b>	<b>14.05</b>	<b>14.9</b>	<b>3.29</b>	<b>3.5</b>
<b>B. Contingencies</b>											
1 Physical	5.32	0.78	14.6	2.37	44.5	1.39	26.2	0.63	11.8	0.15	2.9
2 Price	11.30	0.52	4.6	5.40	47.8	3.10	27.4	2.13	18.8	0.16	1.4
<b>Subtotal (B)</b>	<b>16.62</b>	<b>1.29</b>	<b>7.8</b>	<b>7.77</b>	<b>46.7</b>	<b>4.49</b>	<b>27.0</b>	<b>2.76</b>	<b>16.6</b>	<b>0.31</b>	<b>1.9</b>
<b>C. Financial Charges During Implementation</b>											
1 Interest during construction	3.11	0.40	12.8	1.15	37.0	0.59	18.9	0.80	25.6	0.18	5.7
2 Commitment charges	0.06	0.01	12.2	0.02	35.2	0.03	52.6	0.00	0.0	0.00	0.0
<b>Subtotal (C)</b>	<b>3.18</b>	<b>0.40</b>	<b>12.8</b>	<b>1.17</b>	<b>36.9</b>	<b>0.62</b>	<b>19.6</b>	<b>0.80</b>	<b>25.1</b>	<b>0.18</b>	<b>5.6</b>
<b>Total Project Cost (A+B+C)</b>	<b>114.20</b>	<b>12.50</b>	<b>10.9</b>	<b>59.86</b>	<b>52.4</b>	<b>20.45</b>	<b>17.9</b>	<b>17.61</b>	<b>15.4</b>	<b>3.78</b>	<b>3.3</b>

Note: Numbers may not sum precisely because of rounding.

HSE = heating services expansion, PMO = program management office, RI = road improvement, SDCE = subcenter development and community engagement, SSP = strengthening service providers, WSSI = water supply system improvement.

<sup>a</sup> Includes consulting services; and salaries of PMO staff, who will not be civil servants receiving salaries from the government.

Source: Asian Development Bank estimates.

<sup>19</sup> Detailed cost estimates by outputs for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

**G. Detailed Cost Estimates by Year<sup>20</sup>****Table 11: Detailed Cost Estimates by Year for Tranche 3**  
(\$ million)

Item	Total Cost	2020	2021	2022	2023
<b>A. Investments Costs</b>					
1 Civil works and equipment	<b>63.85</b>	<b>4.85</b>	<b>34.98</b>	<b>21.12</b>	<b>2.91</b>
1.1 Roads and associated infrastructure including heating	37.78	0.00	17.44	17.44	2.91
1.2 Water supply and sewerage including flood protection	13.54	0.00	9.86	3.68	0.00
1.3 Socioeconomic facilities	12.53	4.85	7.68	0.00	0.00
2 Land acquisition and resettlement	19.24	14.43	4.81	0.00	0.00
3 Program management support and capacity development <sup>a</sup>	3.09	0.45	0.91	1.07	0.66
Taxes and duties	8.22	0.83	4.43	2.60	0.36
<b>Subtotal (A)</b>	<b>94.40</b>	<b>20.56</b>	<b>45.13</b>	<b>24.79</b>	<b>3.93</b>
<b>B. Contingencies</b>					
1 Physical	5.32	0.35	2.85	1.84	0.27
2 Price	11.31	2.38	5.71	2.8	0.41
<b>Subtotal (B)</b>	<b>16.62</b>	<b>2.73</b>	<b>8.56</b>	<b>4.64</b>	<b>0.68</b>
<b>C. Financial Charges During Implementation</b>					
1 Interest during construction	3.11	0.05	0.78	1.36	0.93
2 Commitment charges	0.06	0.04	0.03	0.00	0.00
<b>Subtotal (C)</b>	<b>3.18</b>	<b>0.09</b>	<b>0.81</b>	<b>1.36</b>	<b>0.93</b>
<b>Total Project Cost (A+B+C)</b>	<b>114.20</b>	<b>23.38</b>	<b>54.50</b>	<b>30.79</b>	<b>5.54</b>
<b>% Total Project Cost</b>	<b>100.00%</b>	<b>20.50%</b>	<b>47.70%</b>	<b>27.00%</b>	<b>4.90%</b>

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Includes consulting services; and salaries of program management office staff, who will not be civil servants receiving salaries from the government.

Source: Asian Development Bank estimates.

<sup>20</sup> Detailed cost estimates by year for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

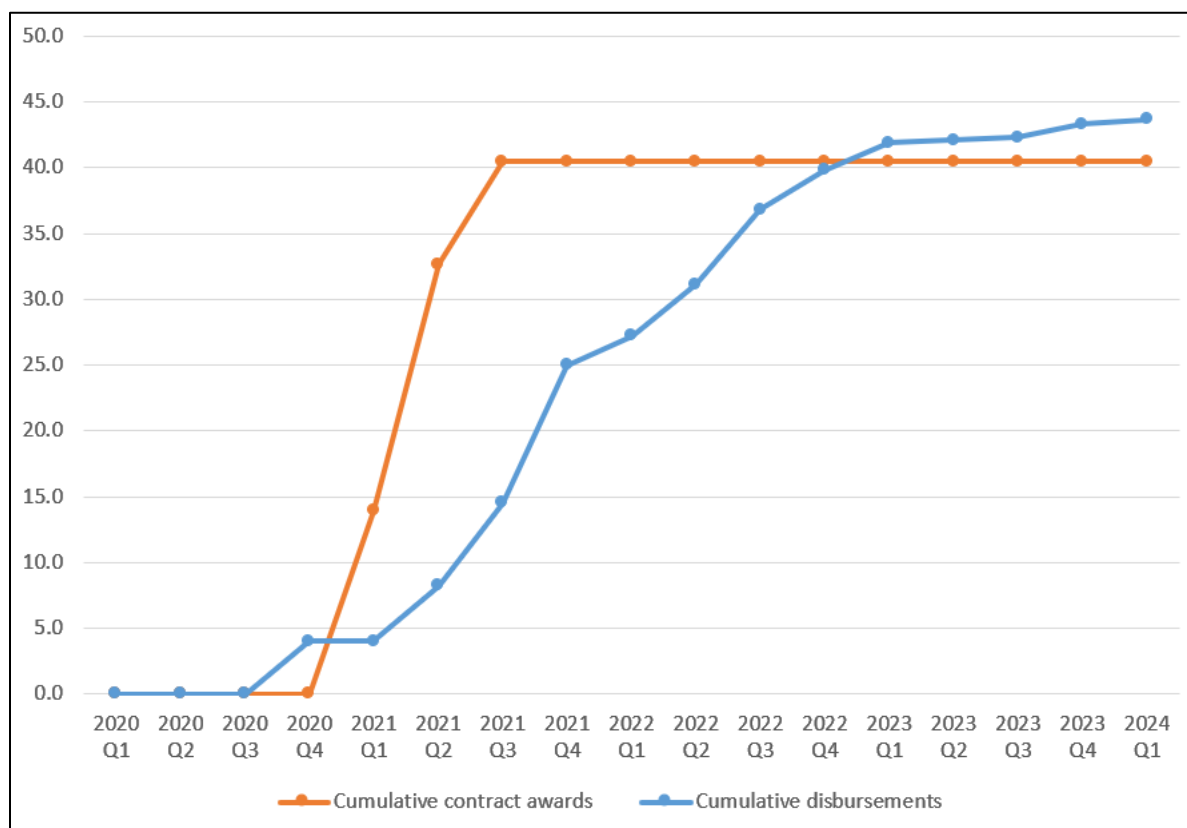
## H. Contract and Disbursement S-Curve<sup>21</sup>

**Table 12: Contract and Disbursement S-Curve for Tranche 3**  
(\$ million)

Year	Contract awards					Disbursement				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2020	0.00	0.00	0.00	0.00	<b>0.00</b>	0.00	0.00	0.00	4.00	<b>4.00</b>
2021	13.92	18.71	7.84	0.00	<b>40.47</b>	0.00	4.20	6.30	10.50	<b>21.00</b>
2022	0.00	0.00	0.00	0.00	<b>0.00</b>	2.20	3.90	5.70	3.00	<b>14.80</b>
2023	0.00	0.00	0.00	0.00	<b>0.00</b>	2.10	0.20	0.20	1.00	<b>3.50</b>
2024	0.00	0.00	0.00	0.00	<b>0.00</b>	0.35	0.00	0.00	0.00	<b>0.35</b>
<b>Total</b>					<b>40.47</b>					<b>43.65</b>

Source: Asian Development Bank estimates.

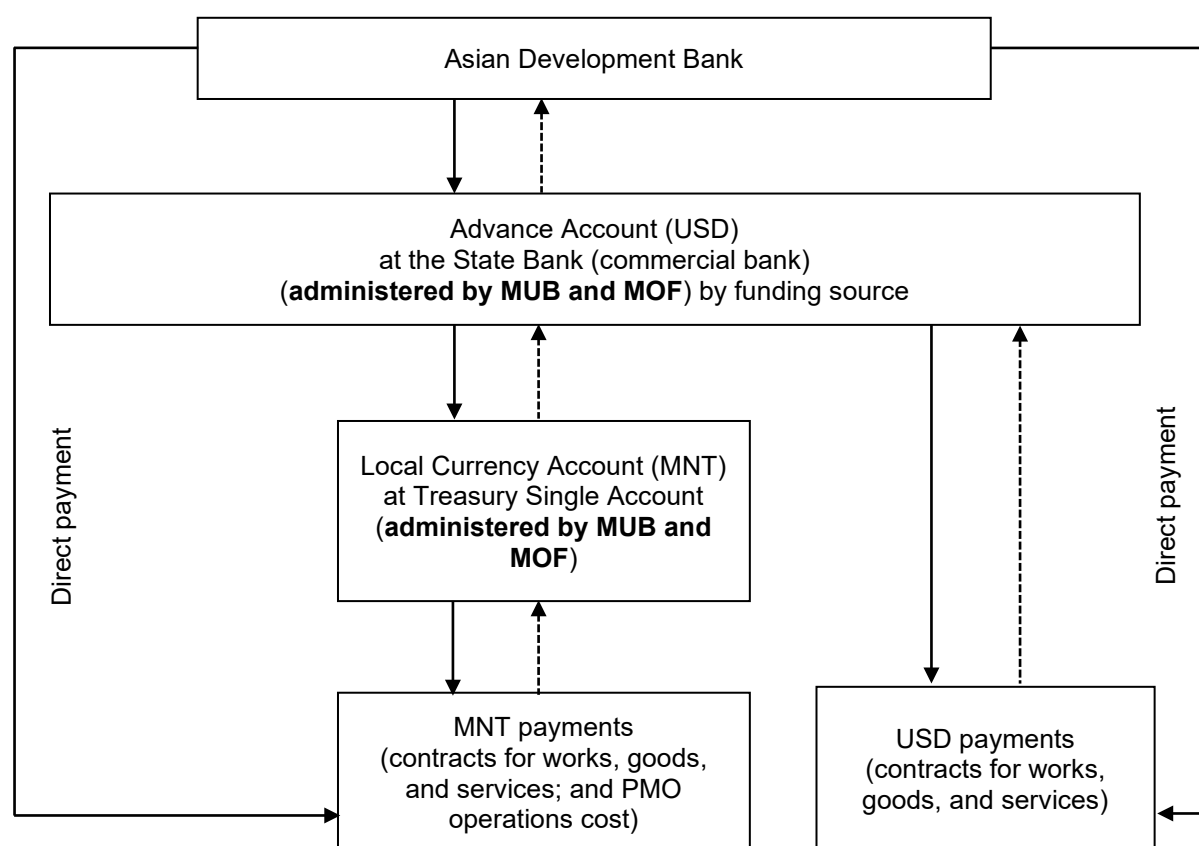
**Figure 1: Contract Awards and Disbursement S-Curve**  
(\$ million)



<sup>21</sup> Contract and disbursement S-curve for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

I. Fund Flow Diagram<sup>22</sup>

Figure 2: Fund Flow Diagram for Tranche 3



—→ flow of funds  
 .....→ payment requests and withdrawal applications

MNT = Mongolian togrog, MOF = Ministry of Finance, MUB = Municipality of Ulaanbaatar, PMO = program management office, USD = United States dollar.

Source: Asian Development Bank.

<sup>22</sup> Fund flow diagrams for previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

31. The financial management assessment (FMA) was conducted for the MFF program in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note. It was updated in September 2019 and considered the capacity of the MUB and the PMO, who will manage the implementation of various subprojects specifically under tranche 3 of the MFF program. The assessment included funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. The MUB and the PMO currently have adequate staffing capacity. The MUB, which will operate and administer the advance accounts, has sufficient experience in administering projects financed by multilateral agencies, including ADB. The PMO will continue to use the existing processes including the funds-flow arrangement and will continue to manage all the program's financial matters.

32. In general, adequate knowledge and skills in program management, financial management, financial analysis, and management accounting are prevalent among the officers and staff of the MUB. The Government of Mongolia through its ministries, various decrees, and trainings strengthened the guidelines for financial management in its hierarchy of governance. The Public Sector Financial Management Law is the overarching decree which regulate the financial management and reporting system of the government.

33. The MUB has undertaken studies and development projects funded by government and various donors such as the Japan International Cooperation Agency, World Bank, and others. Involvement had been from project conceptualization; budget preparation; detailed plans; procurement of goods, services, and infrastructure works; project supervision; monitoring; and evaluation. They are equipped with appropriate information and technology hardware and software programs which enable them to perform their tasks efficiently and generate timely reports. Accounting and finance departments are functioning efficiently with the use of electronic accounting system based on government-prescribed accounting system. The World Bank's review and study of the accounting and finance system of the MUB resulted to a set of recommendations to improve transparency in reporting system on the expenditure accounts and better inform the citizenry to access public utilities and services, which have received municipal funds for improvement.

34. The results of the updated FMA indicated that while the PMO has the financial management capacity and program management experience, interventions are required to strengthen its capacity to implement tranche 3 of the investment program. The assessment rated the financial management risk of the MUB before undertaking mitigating measures as *moderate*.

35. Both the MUB and the PMO agreed to implement the following mitigating measures according to priority: (i) procurement of accounting software for the PMO to comply with IPSAS-accrual requirement to be used starting from FY2019 reporting, (ii) update of financial management manual considering IPSAS-accrual reporting and the requirements of the cofinanciers, and (iii) training of relevant financial management staff to ensure familiarity with ADB policies and procedures, and to improve their financial management capacity, including institutionalization of asset management. These actions will be monitored during project implementation.

**Table 13: Proposed Time-Bound Financial Management Action Plan**

Action	Responsibility	Timing
1. Procure accounting software compliant with IPSAS-accrual requirement	MUB, PMO	Before loan effectiveness
2. Update the financial management manual based on IPSAS-accrual reporting	MUB, PMO, project management support consultant	Before loan effectiveness
3. Financial management training to relevant financial management staff to ensure familiarity with ADB policies and procedures and strengthen their capacity	ADB, project management support consultant	Before loan effectiveness

ADB = Asian Development Bank, IPSAS = International Public Sector Accounting Standard, MUB = Municipality of Ulaanbaatar, PMO = program management office.

Source: ADB.

## **B. Disbursement**

36. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time),<sup>23</sup> and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.<sup>24</sup> Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

37. The MUB, through its PMO, will be responsible for all disbursement arrangements, including (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB.

38. **Advance fund procedure.** The MUB and MOF will establish and maintain two separate advance accounts at the State Bank of Mongolia, one each for the regular and concessional OCR loan proceeds under tranche 3. The advance accounts are to be used exclusively for ADB's share of eligible expenditures. The currency of the advance accounts will be the US dollar. Based on current requirement from MOF, one corresponding local currency account for each advance account will also be established at the State Treasury Fund for local currency (MNT) payments. MUB and MOF who administer the advance accounts are accountable and responsible for proper use of advances to the advance account. The advance accounts will be established, managed, and liquidated in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) and the detailed arrangements agreed between the borrower and ADB.

39. The total outstanding advance to the advance accounts should not exceed the estimate of ADB's share of expenditures to be paid through the advance accounts for the forthcoming 6 months. The MUB may request for initial and additional advances to the advance accounts based on an Estimate of Expenditure Sheet<sup>25</sup> setting out the estimated expenditures to be financed through the accounts for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the MUB in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance accounts.

<sup>23</sup> The handbook is available electronically from the ADB website: <https://www.adb.org/sites/default/files/adb-loan-disbursement-handbook-2017.pdf>

<sup>24</sup> Disbursement eLearning. [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning)

<sup>25</sup> Estimate of Expenditure sheet is available in Appendix 8A of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

40. **Statement of expenditure procedure.** The statement of expenditure (SOE) procedure<sup>26</sup> may be used for reimbursement of eligible expenditures or liquidation of advances to the advance accounts. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

41. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the MUB and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements system is encouraged for submission of withdrawal applications to ADB.<sup>27</sup>

### C. Accounting

42. The MUB will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following International Public Sector Accounting Standard for accrual-based accounting. The PMO will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

### D. Auditing and Public Disclosure

43. The MUB will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited project financial statements, together with the auditor's opinion, will be presented in the English language to ADB within 6 months from the end of the fiscal year by the MUB.

44. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether or not the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether or not the proceeds of the loans were used only for the purposes of the project; and (iii) whether or not the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

<sup>26</sup> SOE forms are available in Appendix 7B of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

<sup>27</sup> The Client Portal for Disbursements facilitates online submission of withdrawal application to ADB, resulting in faster disbursement. The forms to be completed by the executing agency are available online at: <https://www.adb.org/documents/client-portal-disbursements-guide>

45. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

46. The government and the MUB have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>28</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

47. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to Information Policy.<sup>29</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and additional auditor's opinions will not be disclosed.<sup>30</sup>

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<sup>28</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

<sup>29</sup> Available at: <https://www.adb.org/sites/default/files/institutional-document/450636/access-information-policy.pdf>

<sup>30</sup> This type of information would generally fall under access to information policy exceptions to disclosure. ADB. 2018. *Access to Information Policy*. Paragraph 17(iv)–(vi).

## **VI. PROCUREMENT AND CONSULTING SERVICES**

### **A. Advance Contracting**

48. The MUB requested for advance contracting. All advance contracting will follow ADB's Procurement Guidelines (2015, as amended from time to time) and Guidelines on the Use of Consultants (2013, as amended from time to time). The executing agency in accordance with the government regulation on advance procurement shall submit a request to MOF and acquire necessary endorsements. The issuance of invitations for bids under advance contracting will be subject to ADB prior approval. The borrower, MUB, and PMO have been advised that approval of advance contracting does not commit ADB to finance the project.

49. Advance contracts will include two additional staff for water supply and heating engineers for the PMO, and the participatory urban planning consulting services and civil works contracts for socioeconomic facilities. The steps to be concluded in advance may include (i) preparation of tender documents to procure works; (ii) evaluation of bids; and (iii) recruitment of consultants. However, contracts can only be signed after loan effectiveness. All other ADB policy requirements apply, i.e., safeguards compliance and other requirements that are included in the loan and project agreements.

### **B. Procurement of Goods, Works, and Consulting Services**

50. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

51. All procurement contracts will contain anticorruption provisions as specified by ADB. Procurement will be carried out by the PMO with support and guidance from the detailed design consultants and project implementation support consultants.

52. Civil works at \$5,000,000 and above and goods at \$2,000,000 and above will be procured using international competitive bidding (ICB) method. Civil works between \$100,001 and \$4,999,999, and goods between \$100,001 and \$1,999,999 will be procured using national competitive bidding (NCB) method. Packages at \$100,000 and below will be procured using shopping method. Before the start of any NCB procurement, ADB and the government will review the public procurement laws to ensure consistency with ADB's Procurement Guidelines (2015, as amended from time to time).

53. The procedures to be followed for national competitive bidding shall be those set forth in the Public Procurement Law of Mongolia of 1 December 2005, effective 1 February 2006, as amended on 6 February 2007, 16 July 2009, 10 June 2010, 9 June 2011, and December 2011 (referred to as PPLM), with the clarifications and modifications required for compliance with the provisions of ADB's Procurement Guidelines (2015, as amended from time to time).

54. An 18-month procurement plan for tranche 3 indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

55. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The terms of reference for all tranche 3 consulting services are detailed in Section D.

## C. Procurement Plan for Tranche 3<sup>31</sup>

### Basic Data

<b>Project Name:</b> Ulaanbaatar Urban Services and Ger Areas Development Investment Program (Tranche 3)	
<b>Project Number:</b> 45007-009	<b>Approval Number:</b> xxxx
<b>Country:</b> Mongolia	<b>Executing Agency:</b> Municipality of Ulaanbaatar
<b>Project Procurement Classification:</b> Category B	<b>Implementing Agency:</b> Project Management and Regulation Division under the Municipality of Ulaanbaatar
<b>Project Procurement Risk:</b> Low	
<b>Project Financing Amount:</b> \$114,200,000 <b>ADB Financing:</b> \$43,650,000 <b>Cofinancing (ADB Administered):</b> N/A <b>Non-ADB Financing:</b> \$70,550,000	<b>Project Closing Date:</b> 11 December 2023
<b>Date of First Procurement Plan:</b> 25 November 2019	<b>Date of this Procurement Plan:</b> 14 May 2020 (Version 0)
<b>Procurement Plan Duration</b> (in months): 18	<b>Advance Contracting:</b> Yes <b>e-GP:</b> No

### 1. Methods, Review, and Procurement Plan

Except as ADB may otherwise agree, the following methods shall apply to procurement of goods, works, and consulting services.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding for Works	US\$5,000,000 and Above	Prior
National Competitive Bidding for Works	Between US\$100,001 and US\$4,999,999	The first NCB is subject to prior review, thereafter post review
Shopping for Works	Up to US\$100,000	Post
International Competitive Bidding for Goods	US\$2,000,000 and Above	Prior
National Competitive Bidding for Goods	Between US\$100,001 and US\$1,999,999	The first NCB is subject to prior review, thereafter post review
Shopping for Goods	Up to US\$100,000	Post

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection	Prior review; quality–cost ratio 90:10
Consultants Qualifications Selection	Prior review

### 2. List of Active Procurement Packages (Contracts)

The following table lists goods, works, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan duration.

<sup>31</sup> The procurement plans for tranches 1 and 2 are available at:

Tranche 1: <https://www.adb.org/sites/default/files/project-documents/45007/45007-004-pp-en.pdf>

Tranche 2: <https://www.adb.org/sites/default/files/project-documents/45007/45007-005-pp-en.pdf>

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value (\$)</b>	<b>Procurement Method</b>	<b>Review (Prior/ Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
SHEC	Electricity and telecommunication network in Sharkhad subcenter	5,137,790	ICB	Prior	1S1E	Q1 / 2021	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works
TEC	Electricity and telecommunication network in Tolgoit subcenter	4,098,523	NCB	Prior	1S1E	Q1 / 2021	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works
SHRDH11	Roads and associated infrastructure in Sharkhad subcenter (Phase 1)	5,101,838	ICB	Prior	1S1E	Q1 / 2021	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works
SHRDH14	Roads and associated infrastructure in Sharkhad subcenter (Phase 2)	11,916,338	ICB	Prior	1S1E	Q1 / 2021	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Large Works
TRDH11	Roads, heating network, and associated infrastructure in Tolgoit subcenter (Phase 1)	11,079,951	ICB	Prior	1S1E	Q1 / 2021	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Large Works
TRDH14	Roads, heating network, and associated infrastructure in Tolgoit subcenter	11,127,317	ICB	Prior	1S1E	Q1 / 2021	Prequalification of Bidders: No  Domestic Preference

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value (\$)</b>	<b>Procurement Method</b>	<b>Review (Prior/ Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
	(Phase 2)						Applicable: No  Bidding Document: Large Works
SHKG	Kindergarten in Sharkhad subcenter	1,911,857	NCB	Prior	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance contracting: Yes
TKG	Kindergarten in Tolgoit subcenter	1,911,857	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance contracting: Yes
SHSC	Sports complex in Sharkhad subcenter	3,019,880	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance contracting: Yes
SHCDC	Community development and service center in Sharkhad subcenter	1,361,642	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value (\$)</b>	<b>Procurement Method</b>	<b>Review (Prior/ Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
							contracting: Yes
TCDC	Community development and service center in Tolgoit subcenter	1,361,642	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance contracting: Yes
TBC	Training center in Tolgoit subcenter	1,536,903	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance contracting: Yes
SHBC	Training center in Sharkhad subcenter	1,536,903	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance contracting: Yes
PHC	Primary health care center	3,019,880	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Small Works  Advance contracting: Yes
SHTL	Green public spaces in	1,155,080	NCB	Post	1S1E	Q3 / 2020	Prequalification of Bidders: No

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value (\$)</b>	<b>Procurement Method</b>	<b>Review (Prior/ Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
	Sharkhad and Tolgoit subcenters						Domestic Preference Applicable: No
	Lot 1: Green public spaces in Sharkhad subcenter	491,241					Bidding Document: Small Works
	Lot 2: Green public spaces in Tolgoit subcenter	663,839					Advance contracting: Yes

ICB = international competitive bidding, NCB = national competitive bidding.

<b>Consulting Services</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value (\$)</b>	<b>Selection Method</b>	<b>Review (Prior/ Post)</b>	<b>Type of Proposal</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
T3-CS01	Participatory urban planning	1,797,528	QCBS	Prior	FTP	Q2 / 2020	Type: Firm Assignment: International Quality-Cost Ratio: 90:10 Advance Contracting: Yes
T3-CS02	External land acquisition and resettlement monitoring	242,772	CQS	Prior	BTP	Q2 / 2020	Assignment: National
T3-CS03	External environmental monitoring	120,971	CQS	Prior	BTP	Q2 / 2020	Assignment: National

BTP = biodata technical proposal, CQS = consultants qualifications selection, FTP = full technical proposal, QCBS = quality- and cost-based selection.

### 3. Non-ADB Financing

The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.

<b>Goods and Works</b>				
<b>General Description</b>	<b>Estimated Value (\$)</b>	<b>Estimated Number of Contracts</b>	<b>Procurement Method</b>	<b>Comments</b>
SHFP: Flood protection and drainage in Sharkhad subcenter	6,324,650	1	ICB	EIB-financed
TFP: Flood protection and drainage in Tolgoit subcenter	3,051,754	1	NCB	EIB-financed
SHTSC: Water, sewage and heating secondary	4,732,431	1	NCB	EIB-financed

<b>Goods and Works</b>				
<b>General Description</b>	<b>Estimated Value (\$)</b>	<b>Estimated Number of Contracts</b>	<b>Procurement Method</b>	<b>Comments</b>
connection in Sharkhad and Tolgoit subcenters				
WSSPE: Water and sewerage supply pipeline and equipment	3,343,174	1	ICB	EIB-financed
SHWR: Water reservoir in Sharkhad subcenter	2,377,688	1	NCB	EIB-financed
SHS3: Social housing services for Tranche 3 project subcenters	3,205,696	1	NCB	MUB-financed (50 units)

EIB = European Investment Bank, ICB = international competitive bidding, NCB = national competitive bidding.

## **D. National Competitive Bidding**

### **1. Regulation and Reference Documents**

56. The procedures to be followed for national competitive bidding shall be those set forth in the Public Procurement Law of Mongolia of 1 December 2005, effective 1 February 2006, as amended in February 2007; July 2009; and February, June and December 2011 (hereinafter referred to as PPLM), with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB Procurement Guidelines.

### **2. Procurement Procedures**

#### **a. Eligibility [Recommended standard provision]**

57. The eligibility of bidders shall be as defined under section I of the Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the Guidelines, **as amended from time to time**.

58. Government-owned enterprises in Mongolia shall be eligible for projects only if they can establish that they: (i) are legally and financially autonomous; (ii) operate under the principles of commercial law; and (iii) are not dependent agencies of the Borrower, Beneficiary, Recipient Executing Agency and/or the Implementing Agency.

#### **b. Participation of Foreign Bidders**

59. International bidders from eligible countries of ADB shall be allowed to participate in local procurement and may not be denied participation due to nationality.

#### **c. Preferences**

60. No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

#### **d. Prequalification and Registration**

61. Prequalification is discouraged for procurement contracts using NCB. When used, particularly for works contracts, an individual prequalification exercise is acceptable for each

contract as is the use of a registration system (or approved standing list) of contractors based on criteria such as experience, financial capacity, and technical capacity. Foreign bidders from eligible countries must, however, be allowed to register and to bid without unreasonable cost or additional requirements.

**e. Rejection of All Bids and Rebidding**

62. All bids shall not be rejected or new bids invited without ADB's prior written concurrence.

63. No bid shall be rejected merely on the basis of a comparison with the estimated cost or budget ceiling without ADB's prior written concurrence (with specific reference to Article 30 of the PPLM).

**3. Bidding Documents**

**a. Use of Bidding Documents**

64. National Standard Bidding Documents Goods and Works that have been approved for procurement in ADB-financed projects shall be used.

**b. Language**

65. Bidding documents may be prepared in other languages, but a copy of the bidding documents must be made available in English and submitted to ADB for review.

**c. Bid Validity**

66. Bidders shall be requested to extend the validity of their bids only under exceptional circumstances and the Executing or Implementing Agency, as the case may be, shall communicate such request for extension to all bidders before the date of expiry of their bids. When the procurement is subject to ADB's prior review, the Executing or Implementing Agency, as the case may be, shall obtain in a timely manner the prior written concurrence of ADB for the extension of the bid validity period.

**d. Bid Evaluation**

67. Evaluation and qualification criteria, and submission requirements, to be used in each bidding activity shall be clearly specified in the bidding documents. The evaluation of bids shall be done in strict adherence to the criteria specified in the bidding documents.

68. Negotiations with bidders shall not be undertaken before award of contract, except as provided in Paragraph 2.63 of ADB's Procurement Guidelines. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify its bid as originally submitted.

69. At the same time that notification on award of contract is given to the successful bidder, the results of the bid evaluation shall be posted on a well-known freely accessible website (namely Mongolia's Ministry of Finance e-procurement website: [www.e-procurement.mn](http://www.e-procurement.mn)) identifying the bid and lot numbers and providing information on the: (i) name of each bidder that submitted a bid; (ii) bid prices as read out at bid opening; (iii) names of bidders whose bids were rejected and the reasons for their rejection; and (iv) name of the winning bidder, and the price it offered, as

well as the duration and summary scope of the contract awarded. The Executing Agency or Implementing Agency, as the case may be, shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids were not selected.

**e. ADB Policy Clauses**

70. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

71. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that the Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question.

72. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices or any integrity violation in competing for, or in executing, ADB-financed contract.

## D. Consultant's Terms of Reference for Tranche 3

### 1. T3-CS01: Participatory Urban Planning

73. The consulting service package will require total inputs of 81 person-months (24 person-months, international and 57 person-months, national). In addition, 110 person-months of non-key experts are required.

74. **Objective of the assignment.** The main objective of the assignment is to encourage multi-stakeholder participation in all stages of subcenter development and build institutional capacity to improve inclusive urban planning and subcenter development policies, processes, and structures.

75. **Scope of services and tasks.** The tasks include (i) support for adoption of appropriate *ger* area subcenter development mechanism for the Municipality of Ulaanbaatar (MUB), the executing agency; and (ii) engage communities, private sector, and other key stakeholders in the development and implementation process of subcenter in participatory manner.

76. Under the task 1, the following activities should be performed:

- (i) Gender-sensitive assessments of sustainability of past and ongoing urban planning development projects and programs carried out in *ger* areas by various agencies, including the MUB, to develop effective capacity development response that addresses the gaps in effort of *ger* area redevelopment process by the municipality.
- (ii) Those assessment should include the cost-benefit analysis in order to maximize the economic value of further intervention in subcenter development process.
- (iii) Capacity development and capacity building plan employing a wide range of intervention based on a deep understanding of an underlying causes and tailored to the local context.
- (iv) Support the establishment of partnerships and alliances at the local, national, and international levels for implementation of participatory urban planning.

77. Under the task 2, the following activities should be performed:

- (i) Awareness, education, and capacity building programs are key for mobilizing citizen participation in redevelopment projects; conduct stakeholder analysis and develop participation matrix to identify key groups and their interests to ensure the participation of different stakeholders that will be affected by the project.
- (ii) Carry out gap assessment of community engagement and stakeholder participation in previous tranches to engage and involve the necessary stakeholders more effectively in the program implementation.
- (iii) Develop integrated communication strategy and identify necessary communications and media tools including multimedia, audio and/or visual tools, and others to effectively communicate about the project and cause a social change that supports *ger* area development efforts.
- (iv) Set up a system to inform the community on a regular basis and ensure that two-way information flow is established.
- (v) Conduct evaluation of its communication activities in three stages: (a) formative evaluation, (b) process evaluation, and (c) summative evaluation to ensure that not only key messages got across whether those messages resulted in a change in attitudes or behavior.
- (vi) Strengthen the community urban planning practices established under tranches 1

and 2 subcenters and ensure that capacity building at community level continue to build skills and confidence among citizens to contribute to community planning removing dependence on external support and promoting sustainability.

- (vii) Ensure the involvement and participation of private sector in the subcenter development and lead the initial communication between private sector, communities, and municipality; and set up a permanent mechanism within the prevailing legal framework.

78. **Implementation schedule.** The duration of the assignment is estimated at 24 months. The Consultant shall be aware that the necessary tasks should be carried out simultaneously and/or in sequence depending on the interrelation of the activities and require high level of management and coordination.

79. The indicative program of works under the assignment and implementation phases is set out below by each component. The Consultant shall submit overall implementation schedule as well as individual implementation schedule for each component. The below duration is indicative, not necessarily requiring full-time inputs for the whole duration.

80. The Consultant should note that the duration presented in the table only indicates total duration necessary for the project and the tasks under each component will require different length for completion. The Consultant may propose an amended program of the works in their technical proposal. However, each task outlined in the terms of reference shall be included in the program.

81. **Outputs and deliverables.** The Consultant is responsible for presenting and defending their outputs and deliverables including work plan, survey reports and data quality, plans and policy documents developed under the assignment as well as other relevant documents as required by the client and the approval agencies. The Consultant is responsible for revising and supplementing the documents as required by the relevant agencies, and shall submit the following key outputs and reports. The key contents in the table below are tentative and the final key contents must be discussed with the PMO and be approved prior to drafting.

**Table 14: Key Outputs and Reports**

Report or outputs	Key Contents/Sub-outputs	Number of Copies	Tentative Date for Submission
Inception report	<ul style="list-style-type: none"> <li>Revised manning schedule and revised consolidated and detailed work plan</li> <li>Analysis and reviews</li> <li>Initial meetings held</li> <li>Mobilization arrangements, including specific deliverable</li> <li>Initial issues/constraints arising</li> </ul>	5	2 months after the contract signing
Assessment report of past and ongoing urban planning development projects and programs	<ul style="list-style-type: none"> <li>Analysis and review of all ongoing and implemented urban planning development projects and programs in ger area</li> <li>Stakeholders analysis and record of initial meetings held</li> <li>Project impact analysis</li> </ul>	5	9 months after the contract signing

<b>Report or outputs</b>	<b>Key Contents/Sub-outputs</b>	<b>Number of Copies</b>	<b>Tentative Date for Submission</b>
Communication strategy	<ul style="list-style-type: none"> <li>Stakeholder analysis</li> <li>Participation matrix</li> <li>Communication tools to be used</li> </ul>	5	9 months after the contract signing
Report on capacity building (annual)	<ul style="list-style-type: none"> <li>Capacity needs assessment report</li> <li>Capacity building program</li> <li>Report on capacity building program implementation</li> </ul>	5	End of 12 months
Monitoring report of communication activities (semiannual)	<ul style="list-style-type: none"> <li>Outcome of communication activities, including basic statistics</li> </ul>	5	End of 6 and 12 months
Studies and surveys	<ul style="list-style-type: none"> <li>Reports of required surveys completed</li> <li>Dataset of completed surveys</li> </ul>	5	Within 2 weeks of completing the survey
Progress reports (monthly, quarterly, annual)	<ul style="list-style-type: none"> <li>Brief summary of work undertaken and progress against work plan</li> <li>Major achievements</li> <li>Main actions for next quarter</li> <li>Record of meetings held</li> <li>Issues/constraints encountered</li> </ul>	5	10th of every month/quarter
Interim and final reports	<ul style="list-style-type: none"> <li>Summary of work completed, including progress and performance against project output and outcome</li> <li>Major achievements and constraints encountered</li> <li>Lessons learned and recommendations</li> </ul>	5	End of 6 and 12 months

82. All documents and reports will be prepared in English and translated into Mongolian. Final reports will be submitted to the client with CD-ROM storing all the data. The Consultant will be responsible for all the expenses for translation services to translate the English reports into Mongolian. The Consultant should indicate the timing for the delivery of outputs in their proposal and confirm the timings in its inception report.

83. The payment for the services under the terms of reference will be paid to the Consultant based on the acceptance of deliverable approved by the PMO.

84. The Consultant is responsible to recruit international and national as well as the non-key experts that are well-suited to conduct the tasks outlined in the terms of reference and manage the team to produce the deliverables of highest possible quality in a timely manner.

85. Any delay occurred due to late (behind the schedule) submission of deliverable (without acceptable justification for such delay) and/or unsatisfactory quality of deliverable might cause damage to the implementation of the project and affect the overall project and program performance. Therefore, if delay occurs due to unacceptable reasons or causes, the Consultant shall be requested to take immediate actions and corrective measures to minimize such damage and all expenses related to such actions will be the responsibility of the Consultant.

86. A deliverable will be considered complete only when all relevant components for each item are submitted as final, i.e., accepted and approved by the PMO and in both English and Mongolian

languages. Submission of incomplete and/or non-approved deliverable will not be considered acceptable and could cause delay in processing the payments claimed.

87. In case the Consultant is not able to provide qualified deliverable, the Consultant will be requested to take measures to meet the quality standards without any extra cost, i.e., if the Consultant used his/her person-month input to produce low quality deliverable, the Consultant as a firm responsible for hiring qualified experts for the job and effective management of the contract will be responsible for producing qualified deliverables without any cost implications to the contract. More specifically, unsatisfactory output, i.e., report without useful information after three rounds of back-and-forth comments and feedback is subject to extensive revision without any paid inputs.

88. The Consultant is expected to develop a work plan which presents clearly the tasks, deliverables, and timeframe each consultant specialist is expected to produce. The schedule should take the implementation schedule of the program management support consultancy.

## **2. T3-CS02: External Land Acquisition and Resettlement Monitoring**

89. **Objectives of the assignment.** External monitoring and evaluation will be conducted to (i) assess the effectiveness, impact, and sustainability of resettlement measures; (ii) determine whether safeguard compliance has been met; and (iii) learn strategic lessons for future policy formulation and planning. All data and analysis will be disaggregated by gender and vulnerability, if applicable.

90. **Methodologies.** Monitoring methodologies will be but not limited to the following: desk review and field visits; use of structured questionnaires; meetings with various departments and organizations, local officials, and affected households; focus group discussions; and key informant interviews. Separate meetings will be held with women and vulnerable households. Monitoring indicators and findings will be disaggregated by gender, if applicable. Households who moved outside the *ger* areas or those who are in temporary housing within or outside the *ger* areas will be covered in the external monitoring.

91. **Project coverage.** The following components will be covered in the semiannual and post-evaluation monitoring:

- (i) Tolgoit subcenter
  - (a) Land acquisition and resettlement plan (LARP) for construction of roads and infrastructure in Tolgoit subcenter; and
  - (b) LARP for construction of social facilities in Tolgoit subcenter;
- (ii) Sharkhad subcenter
  - (a) LARP for construction of roads and infrastructure in Sharkhad subcenter; and
  - (b) LARP for construction of social facilities in Sharkhad subcenter;
- (iii) EIB components
  - (a) LARP for construction of flood protection channels in Sharkhad and Tolgoit subcenters; and
  - (b) LARP for construction of water reservoir in Sharkhad subcenter.

92. **Process and indicators.** The external monitoring process will include the following: (i) review and verification of the internal monitoring reports of the PMO; (ii) identification and selection of impact indicators; (iii) impact assessment through quantitative and qualitative surveys; (iv) consultation with local stakeholders; (v) assessment of compliance with local laws,

ADB's Safeguard Policy Statement (SPS, 2009), resettlement framework, and LARP; and (vi) lessons learned for future resettlement policy formulation and planning. All data collection and analysis will be disaggregated by gender and vulnerability. The following are some of the external monitoring key indicators:

- (i) Economic status of affected households, including employment, income, and household assets (this assessment will be done against the pre-project baseline information).
- (ii) Status of vulnerable persons, in terms of food security, household demographics, livelihoods, and health (this assessment will be done against the pre-project baseline information).
- (iii) Impact of land acquisition on women, children, elderly, the poor, and other vulnerable groups (this assessment will be done against the pre-project baseline information).
- (iv) Degree of support received by affected persons during relocation and in income activities and livelihood restoration.
- (v) Degree of support the vulnerable households received during relocation and in income activities and livelihood restoration.
- (vi) Perceptions of affected households regarding the implementation of the land acquisition process.
- (vii) Participation and involvement of affected households in LARP implementation.
- (viii) Effectiveness and fairness of valuation, compensation, assessment, and disbursement measures.
- (ix) Implementation and effectiveness of income restoration measures.
- (x) Effectiveness and fairness of grievance redress mechanisms.
- (xi) Level of satisfaction among affected entities in the post-resettlement phase.
- (xii) Adequacy of resettlement funds and results of financial audits.
- (xiii) Level of satisfaction among the affected persons in the post-resettlement phase.
- (xiv) Adequacy of resettlement funds and their timely availability.
- (xv) Performance of LARP implementing agencies (PMO, Land Management Agency, project consultants).

93. The external monitor will also report on any outstanding land acquisition and resettlement issues or potential issues and propose time-bound action plan in order to resolve them.

94. **Reporting.** External monitoring will be carried out semiannually during the implementation of LARPs. The external monitor will also carry out post-implementation evaluation on the basis of the socioeconomic baseline surveys within 1 year after the completion of land acquisition and resettlement activities in each subcenter, to ascertain whether the subproject was able to implement the objectives and provisions of the LARP. If the objectives have not been achieved, the external monitor will recommend remedial measures.

### 3. T3-CS03: External Environmental Monitoring

95. **Objectives of the assignment.** Based on safeguard policy requirements of ADB and the Government of Mongolia, a qualified external environmental monitoring (EEM) agency will be engaged to conduct environmental monitoring (air, soil, noise, water); and external independent monitoring and assessment of the project environmental compliance and reporting, which will be submitted to ADB and the Ministry of Environment and Tourism (MET), and disclosed on the ADB website. The objectives of the assignment are to (i) ensure compliance with the environmental management plan (EMP) and environmental protection requirements of the government; (ii) conduct field investigation, occupational environmental monitoring, and sampling; (iii) assess

and identify the potential impacts on the environment during project implementation to ensure that the proposed mitigation measures for the control of dust, odour, soil quality, water quality, waste and noise impacts during both construction and operation phases are effective; and (iv) formulate and suggest measures for the PMO and other relevant departments to prevent, reduce, and mitigate environment negative impacts and other issues.

96. **Scope of services and detailed tasks.** The EEM agency will carry out the related monitoring and assessment and will verify the project's environment performance in accordance with the following required scope of service:

- (i) Prepare the scope of the EEM and assessment, approach, procedure, timing, and personnel arrangement.
- (ii) Conduct quarterly environmental quality monitoring (e.g., air, soil, water, noise) in accordance with the national<sup>32</sup> and international<sup>33</sup> standards to compare the project environmental impacts, assessing the effectiveness of the mitigation measures, and suggesting enhancement measures, as required.
- (iii) Conduct field inspections together with onsite environment engineers of the contractors, or undertake independent field inspections during and at the end of the subprojects to verify the implementation of EMPs, if necessary, to verify the project's environmental management performance reported in the internal environmental monitoring report, and quarterly progress report are in compliance with ADB's safeguard and other relevant policies.
- (iv) Submit EEM and EMP implementation compliance verification reports to the PMO and ADB (in Mongolian and English) on semiannual and annual basis providing recommendation and advice to the PMO on required corrective actions.
- (v) Provide relevant training when identifying issues to strengthen environment management capacity for relevant departments.

97. **Minimum qualification of key experts.** The key experts should preferably have (i) appropriate qualification or availability to monitor water, air and noise and other environmental impacts in terms of set standards stated in the project environmental assessment and review framework (EARF) and EMP; (ii) good English skill both in oral and writing; (iii) 8 years of relevant environment monitoring experience with preferably at least 3 years of working experience in similar tasks with projects financed by international financial institutions; (iv) good knowledge on the environment protection and treatment laws and regulations of Mongolia; (v) familiarity with ADB requirements for environmental management is an advantage; and (vi) ability to prepare comprehensive environmental impact monitoring and assessment reports.

98. **Expected deliverables.** The EEM agency will provide (i) inception report; (ii) semiannual report on the implementation of environment external monitoring and EMP; (iii) annual report on external monitoring; and (iv) quarterly reports on environmental quality monitoring.

## VII. SAFEGUARDS

### A. Safeguards for Tranche 1

99. **Environment.** Tranche 1 was classified as category B for environment by ADB as it does not have significant and/or irreversible negative environmental impacts. An initial environmental examination (IEE), including environmental management plan (EMP) for tranche 1, as well as an

<sup>32</sup> Mongolian national standards for environmental parameters including water, noise and air quality.

<sup>33</sup> World Bank. 2012. *The General EHS Guidelines*. Washington D.C.

EARF for the entire MFF investment program, have been prepared. The EARF provides guidance for the selection, screening and categorization, environmental assessment, and preparation and implementation of environmental safeguard plans of projects and subprojects prepared after approval of the investment program to comply with ADB's SPS and the Law on Environmental Impact Assessment of Mongolia (2012). The IEE, including a comprehensive EMP for tranche 1, was prepared by the project preparatory technical assistance consultants on behalf of the MUB. Domestically, tranche 1 was subject to general environmental impact assessment (GEIA) by MET which required a detailed environmental impact assessment (DEIA) for each subcenter. DEIAs for tranche 1 subcenters were conducted by a local professional firm in 2013 and were amended in 2017 following development of the detailed designs for tranche 1 subcomponents. Tranche 1 annual EMP implementation reports were prepared in 2018 and 2019.

100. **Institutional responsibilities.** The EARF and EMP specify the roles and responsibilities of institutions (including the MUB, PMO, project units, contractors, and environment consultants) in overall environmental management.

101. The MUB as executing agency has the overall responsibility for compliance with EARF, EMPs, and IEEs. The PMO handles day-to-day activities under the program. The PMO ensures compliance with assurances, including preparation, finalization, and implementation of the EMP for each tranche. It is staffed with at least one environmental safeguard staff (an environmental engineer/scientist). The PMO environmental safeguard staff is responsible for the coordination and supervision of the implementation of the EARF and tranche 1 EMP, including (but not limited to) (i) updating IEE and EMP after detailed project design for tranche 1 and subsequent tranches; (ii) overseeing incorporation of EMP recommendations into the bidding documents; (iii) ensuring the procurement of environmentally responsible contractors; (iv) ensuring that DEIA approval by MET has been secured prior to the awarding of civil works contract; (v) setting up of baseline ambient air quality, noise and vibration levels, ground- and surface water quality, and baseline in concerned *khoroos*<sup>34</sup> for subsequent tranches; (vi) setting up, coordinating, and reporting on the grievance redress mechanism (GRM, see below); (vii) monitoring contractors to ensure adherence to the tranche 1 EMP and the contractor EMPs; (viii) preparing monthly reports on project EMP implementation to the PMO; (ix) coordinating consultation with local stakeholders as required, informing them of imminent construction works, updating them on the latest project development activities, GRM, etc.; (x) supporting the environment consultants in conducting training, EMP compliance reviews, annual reporting, etc.; and (xi) coordinating the preparation of IEEs, including EMPs, for subsequent tranches.

102. Contractors are required to formulate contractor EMPs with complete management systems for adverse impacts, e.g., dust control, noise control, traffic management, addressing as minimum the requirements of the tranche 1 EMP. The contractor EMPs are reviewed and cleared by the PMO, and by MET, as necessary. To ensure that the contractors comply with the tranche 1 EMP provisions, the PMO will prepare and provide the following specification clauses for incorporation into the bidding procedures: (i) a list of environmental management requirements to be budgeted by the bidders in their proposals; (ii) environmental clauses for contractual terms and conditions; and (iii) the full tranche 1 EMP and DEIAs in Mongolian.

103. In compliance with the agreed upon procurement plan, the PMO engaged the services of environment consultants to provide support in (i) project preparation including updating the tranche 1 EMP; (ii) training; (iii) quarterly environmental quality monitoring (air, surface and ground water, and noise); (iv) annual project EMP implementation reporting; (v) identifying

<sup>34</sup> Same with *kheseg*, lowest administrative structures in the community.

environment-related implementation issues and necessary corrective actions; and (vi) undertaking site visits as required.

**104. Environment grievance redress mechanism.** Environment safeguards related complaints or disputes are handled in accordance with the GRM established for the investment program and tranche 1. The GRM is linked to the Citizen Service Center of the Office of the Mayor of Ulaanbaatar (established in 2012 by virtue of Mayor's Ordinance A/675 for a centralized system of receiving, referring, solving, and responding to public grievances in the Capital City). The environment specialist of the PMO coordinates the environment GRM. The GRM is defined in the EMP.

**105. Information disclosure.** In compliance with ADB's SPS, environmental information related to tranche 1 components are disclosed as follows: (i) the environmental impact assessments or IEEs for each tranche have been disclosed on ADB's project website ([www.adb.org](http://www.adb.org)), and are available for consultation in the PMO office; (ii) approved DEIAs are disclosed on MET website; and (iii) annual EMP implementation report are available at [www.adb.org](http://www.adb.org).

**106. Resettlement.** Tranche 1 was categorized A for involuntary resettlement, based on the significance of impacts. The LARPs for tranche 1 subprojects were updated based on the detailed engineering designs. Implementation of the LARPs is underway. The MUB and PMO are cooperating closely to ensure that the LARPs are implemented and monitored satisfactorily consistent with the provisions of the resettlement framework for the investment program.

**107. Institutional arrangements.** The MUB, with support from the PMO and Land Management Agency, was responsible to ensure compliance with assurances, including safeguards and preparation, updating, and implementation of LARPs. The resettlement specialist positions in the PMO have been staffed by July 2015. During tranche 1 implementation, the land acquisition and resettlement process was supported by community engagement consulting services to ensure smooth negotiations with the affected people. In addition, the PMO is assisted by a technical assistance consultant team engaged as part of the capacity building/institutional support (including issues related to land acquisition and resettlement safeguards) to provide advisory and capacity building services to the MUB and the PMO.

**108.** A land acquisition and resettlement committee for Bayankhoshuu and Selbe subcenters' sewer main collector pipes subprojects was established on 6 March 2015 by Resolution No. A/175 of the Mayor of MUB. With this resolution, a working group for the implementation of the LARP was established as well. The working group, under the guidance of the land acquisition and resettlement committee and with close coordination and support of the PMO, has been responsible for the implementation of LARP. A GRM to address grievances and complaints of affected persons and communities has been established in 2015 and has been functional during tranche 1 implementation. Subsequent to the receipt of complaints on implementation of resettlement plan provisions, the PMO with support from ADB, provided capacity building and training programs to the Land Management Agency staff, valuation experts, project implementation consultants, contractors, and other key stakeholders on ADB involuntary resettlement policy and procedures, conflict resolution and effective communication, and stakeholder engagement. These training programs have contributed to improvement in addressing grievances from communities and affected persons.

**109.** During tranche 1 implementation, training workshops were carried out for the staff of the PMO, MUB, *khoroos*, and other government officials involved in land acquisition and resettlement

activities and other stakeholders about the resettlement plan provisions and implementation arrangements, as well as the principles and safeguards requirements of ADB resettlement policy, the agreed resettlement framework, and legislation of Mongolia. The training also highlighted the differences between the provisions of the ADB's SPS and the Mongolian laws and explain how to ensure that ADB's SPS requirements are met. The trainings on land acquisition and resettlement will continue for the entire implementation period of the program.

110. **Monitoring.** Internal monitoring has been carried out routinely by the PMO and monthly reports to the city were submitted. The results are communicated to ADB through the quarterly project implementation reports.<sup>35</sup> The PMO is responsible for managing land acquisition and resettlement implementation and taking actions to handle the day-to-day issues. The PMO engaged a qualified individual expert as an external monitor to investigate and assess resettlement plan implementation in tranche 1. External monitoring is being carried out semiannually during the implementation of the resettlement plan, and its results reported to the MUB and ADB in semiannual resettlement monitoring reports. The external monitor will carry out a post-implementation evaluation(s) of the resettlement plan about 1 year after completion of its implementation to ascertain if the objectives of the resettlement plan have been attained or not and to recommend remedial measures to address any gaps identified.

111. **Resettlement complaints and current status.** Tranche 1 involved significant land acquisition and resettlement impacts and required extensive efforts from the PMO and the MUB to ensure that the tranche 1 subprojects are implemented in accordance with the provisions of the resettlement framework for the program. During the implementation of tranche 1, there were two complaints from affected persons and nongovernment organizations (NGOs) related to the implementation of the resettlement provisions, which were determined as eligible complaints by ADB's Office of Special Project Facilitator (OSPF). The first complaint received on 28 March 2018 by OSPF was from a group of project-affected people alleging damages and negative impacts due to land acquisition and property valuation of the project.<sup>36</sup> A second complaint from 39 complainants claiming to be affected by the tranche 1 implementation was received on 29 March 2019. The implementation of the corrective measures to resolve the complaints was agreed through a joint memorandum of understanding (MOU) signed between the various parties on 2 July 2018. The MOU included description of actions, timelines and responsibilities for (i) negotiations with the individual complainants on the grievances related to land valuation, payment of compensation, and other resettlement impacts; (ii) concluding contracts towards payments of compensation and assistance measures; (iii) payment of compensation to all the complainants; (iv) official hand over of the comparable land to the affected households without legal titles to their lands; and (v) ensuring that all affected persons (not only the complainants) are provided the same entitlements and benefits.

112. The ADB project team is monitoring the implementation of the MOU actions by the MUB and PMO. During tranche 1 implementation, ADB provided technical assistance support towards the implementation of livelihood support measures to the affected persons. While progress has been achieved on most of the MOU actions, the progress on the following measures were significantly delayed due to administrative approvals and implementation difficulties and are expected to be completed by April 2020:

- (i) **Payment of the gap in compensation and assistance to the affected persons, in line with the valuation of properties and assets at replacement costs.** Of

<sup>35</sup> As and when necessary to report significant progress, implementation issues, or status of earlier identified problems.

<sup>36</sup> The complainants were supported by two Mongolia-based NGOs—Oyu Tolgoi Watch and Zurgaаn Buудal Residents and Rights and Protection Federation.

the total 907 affected households impacted under tranche 1, additional compensation has been paid to 895 affected households as of 1 April 2020. The PMO is making efforts to reach out to the 12 affected households who are yet to sign the contract for different reasons (2 passed away, 2 in jail, 2 have deposited their land certificates in banks as collateral, 2 persons in countryside, 1 lives abroad, and 3 expected to sign the contract in April 2020). The PMO is working closely with the affected persons and the MUB to speed up disbursement of compensation to the remaining households by April 2020.

- (ii) **Identification and allotment of replacement land plots to 253 non-titled affected households.** The approval of the relocation site by the Urban Development Agency and the MUB, and the finalization of bidding documents for the social housing for resettling the non-titled households is underway. The individual negotiations and agreements with the 253 non-titled households for selection of relocation options is progressing and expected to be completed by April 2020.
- (iii) **Addressing grievances of partly affected households related to delays in getting registration certificates for the remaining plots and updating of records in the cadaster maps.** A total of 224 of the 307 partially affected households in both subcenters have been re-issued land certificates. The PMO, together with the Land Management Agency and the affected persons, is working on the early issuance of the land certificates and is expected to be completed by April 2020.

113. **Indigenous peoples.** Tranche 1 is classified category C for indigenous peoples as there are no ethnic minority communities in the project area. No further action is required. Subsequent tranches were also screened and were categorized as category C.

## **B. Safeguards for Tranche 2**

114. **Environment.** Tranche 2 is classified as category B for environment. The IEE and EMP of tranche 2 was prepared based on the DEIA for tranche 2 pursuant to the requirements of the Mongolian Law on Environmental Impact Assessment (2012). Public consultation meetings that identified environmental issues and concerns, and appropriate impact mitigations, were conducted in August 2016 to introduce tranche 2 to affected households and stakeholders in Dambadarjaa and Denjiin 1,000 subcenters. The EARF was updated as part of detailed design of tranche 1. The updated EARF continues to provide guidance for screening and categorization, environmental assessment, and preparation and implementation of environmental safeguards for project subcomponents to comply with ADB's SPS and the Mongolian Law on Environmental Impact Assessment (2012). Tranche 2 was subject to GEIA by MET. DEIA for tranche 2 subcenters were conducted by a local professional firm in 2017 and is planned to be amended following development of the detailed designs for tranche 2 subcomponents before commencement of construction in 2020.

115. The IEE of tranche 2, including a comprehensive EMP, was prepared based on the current feasibility design of tranche 2. The IEE is prepared by the MUB and has been disclosed on the ADB website. Potential environmental impacts which are largely site-specific and short-term disturbances, arising from the construction of the different project subcomponents, are insignificant and reversible. Construction-related disturbances such as noise, dust, soil erosion, surface water sedimentation, solid and liquid waste pollution, worker camp disturbances, reduced local access, traffic safety, and worker and public safety can be managed with standard construction practices and guidelines.

116. The examination of the feasibility design of tranche 2 indicates the following major benefits: (i) households and businesses will have better access to a piped potable water supply; (ii) the infrastructure to collect and convey domestic waste away from *ger* homes and businesses for proper treatment will significantly increase environmental quality (e.g., soil and groundwater) thereby reducing sickness and disease, and improve overall quality of life; (iii) improved access to heating system will lead to better quality of life and significantly cause major improvements to ambient winter air quality from reductions in smog and the critical health impairing particulate matter smaller than 2.5 micrometers (PM<sub>2.5</sub>) from individual household coal burning; (iv) potential removal or significant reduction in the use of coal-fired cooking stoves for heating will significantly improve indoor air quality; (v) the physical and social service support facilities to be constructed will improve the quality of life and reduce domestic stress; (vi) near-term improvements in air quality, surface water quality, and soil quality in tranche 2 subcenters by providing existing social, civil, and some commercial buildings with access to new water and wastewater utility networks; and (vii) the new urban parks, and the "green" kindergarten classrooms will create greenspace, promote green development thinking, and complement and support densification.

117. The PMO and MUB is responsible for the overall implementation and compliance with the EMP, including inspection, monitoring, reporting, and corrective actions or measures. Environmental management is supported by loan assurances and capacity development and institutional strengthening activities under the project. The PMO and MUB conducted meaningful consultation with potentially affected people and project beneficiaries. Environmental complaints are being handled in accordance with the GRM developed for the project.

118. **Resettlement.** Tranche 2 is categorized A for resettlement due to significant land acquisition and resettlement impacts. Prior to the approval of tranche 2 in 2016, the MUB prepared a consolidated LARP for the four subcenters based on the feasibility studies in accordance with the resettlement framework for the investment program. It was estimated that 539 households with 2,156 persons; and 16 government agencies will be affected. Of the 384 land parcels identified, 220 were considered fully affected and may require relocation. An estimated 12.9 hectares of land (mostly residential land) will be acquired. Preparation of detailed designs of tranche 2 components is underway and the LARP is being updated based on census and detailed measurement surveys and consultations with the affected persons. Consistent with the requirements of the resettlement framework, efforts to minimize land acquisition and resettlement impacts are being carried out as part of the detailed designs. The resettlement framework, applicable to all subprojects implemented under the investment program, was reviewed and updated in 2019<sup>37</sup> to reflect the experiences and lessons learned from implementation of tranche 1 subprojects.

119. The institutional arrangements for implementation of land acquisition and resettlement, GRM, and monitoring arrangements established for tranche 1 are being continued for tranche 2.

120. **Indigenous peoples.** The project is indigenous peoples category C. The project components are all focused on mid-*ger* urban areas of Ulaanbaatar. These areas have been in

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<sup>37</sup> Review and updating of the resettlement framework is stipulated in the Framework Financing Agreement, Schedule 5, paragraph 3. While there was an opportunity to modify the resettlement framework during the approval and processing of tranche 2 in 2016, to reflect the learnings from tranche 1, it was not possible to do so given the delays in mobilizing the PMO resettlement specialist, finalization of detailed designs, etc. Consequently, many of the resettlement plans' finalization happened only after 2016. Therefore, the issues related to implementation of the resettlement framework provisions was not known at the time of tranche 2 processing. These changes to the resettlement framework have been consulted with stakeholders including the affected persons, and incorporates suggestions received.

existence for some time and are very heterogeneous in terms of residents' socioeconomic status. The project investments will benefit all residents. No specific communities of ethnic minorities have been identified.

### C. Safeguards for Tranche 3

121. **Environment (category B).** The IEE and EMP for tranche 3 were prepared based on the feasibility study report, and were disclosed on the ADB website in April 2020. A GEIA for tranche 3 was issued by MET in October 2019.

122. As concluded in the GEIA, tranche 3 is subject to DEIA pursuant to the requirements of the Mongolian Law on Environmental Impact Assessment (2012). The draft DEIA has been prepared and is expected to be approved by MET after public consultation meetings at *khoro* level are conducted.<sup>38</sup>

123. Potential environmental impacts which are largely site-specific and short-term disturbances are insignificant and reversible. Construction-related disturbances such as noise, dust, soil erosion, surface water sedimentation, solid and liquid waste pollution, worker camp disturbances, reduced local access, traffic safety, and worker and public safety can be managed with standard construction practices and guidelines. Public consultation meetings that identified environmental issues and concerns, and appropriate impact mitigations, were conducted in June 2019 to introduce tranche 3 to affected households and stakeholders in Sharkhad and Tolgoit. The EARF prepared for the entire investment program was updated and disclosed on the ADB website in April 2020.

124. **Involuntary resettlement (category A).** Based on the implementation experiences from tranche 1, the PMO updated the provisions in the resettlement framework. The revisions to the entitlement provisions and implementation arrangements were carried out to ensure compliance with ADB's SPS requirements and the national requirements. Prior to finalization of the resettlement framework, consultations were carried out with stakeholders, including the affected persons in tranches 2 and 3 locations.

125. Tranche 3 is categorized A for involuntary resettlement. A LARP for tranche 3 components, consistent with the provisions of the revised LARF, has been prepared based on a socioeconomic survey and census of affected persons and a preliminary inventory and valuation of all affected land parcels and structures that were identified during the feasibility studies. A total of 846 land parcels with a land area of 297,740 square meters will be affected, of which 474 will be fully affected. A total of 1,350 households will be affected, including 1,324 residential households and 26 business entities; 1,270 of the 1,350 affected households will experience major impacts.<sup>39</sup> In addition to the 26 business entities, economic displacement impacts will occur to 87 residential households that have income-generating activities on their residential parcels. A total of 5,170 people are expected to be affected and includes 252 employees working in the business entities impacted. The LARP will be updated during implementation upon completion of the detailed designs.

<sup>38</sup> Due to the outbreak of COVID-19, the government has suspended any public gathering of more than eight people. The consultant will organize public consultations as soon as the moratorium is lifted.

<sup>39</sup> Affected households that (i) are physically displaced from housing or (ii) lose 10% or more of their productive assets (income generating) are considered households with major impacts.

126. The institutional arrangements for implementation of land acquisition and resettlement, GRM, and monitoring arrangements established for tranches 1 and 2 will be continued for Tranche 3 with adequate enhancements incorporating tranche 1 implementation experiences and lessons learned. Based on implementation experiences in tranche 1, the MUB commits to (i) provide adequate and timely allocation of funds for compensation and assistance to avoid any payment delays to affected persons; (ii) carry out continuous consultations with the affected persons during the resettlement planning process and resolve grievances at an early stage; and (iii) plan and implement measures including preparation of resettlement sites, apartments for social housing, kindergarten, and school enrolment of children in affected households, prior to occurrence of displacement of the affected households. During tranche 1 implementation, the PMO with support from ADB, provided capacity building to the PMO staff, Land Management Agency, consultant teams associated with tranche 1 implementation, and other key stakeholders on ADB involuntary resettlement policy and procedures, implementation of land acquisition and resettlement plans, conflict resolution, and effective communication with the communities and affected persons. These training and capacity building programs will be continued during tranche 3. Given the significant impacts on land acquisition and resettlement during tranche 1 implementation, the staffing of PMO resettlement positions was reassessed, and additional land acquisition assistants were hired to support the PMO resettlement specialists. This would be continued for tranche 3, and the MUB has committed to deploy one resettlement specialist supported by two land acquisition assistants for each of the subcenters, after approval of tranche 3.

127. **Indigenous peoples (category C).** The indigenous peoples safeguard requirements are not triggered as the population in the project areas does not include communities that could be treated as such under ADB's SPS.

128. **Prohibited investment activities.** Pursuant to ADB's SPS, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS.

## VIII. GENDER AND SOCIAL DIMENSIONS

129. This section describes the required actions for gender and social dimensions, other than social safeguards. A poverty and social analysis (PSA), including gender analysis was undertaken during the project preparation phase in accordance with ADB guidelines on gender and social dimensions. The PSA included a review of secondary data and collection of primary data through stakeholders' consultations, focus group and community discussions, and key informant interviews. The PSA assisted in the design of the various subcomponents to ensure they are socially inclusive and implemented with a high degree of community participation. The program is expected to improve the living conditions of population in *ger* areas of Ulaanbaatar by developing a network of livable, competitive, and inclusive subcenters in Ulaanbaatar's *ger* areas.

130. **Key issues.** In 2018, 28.4% of the Mongolian population lived below the national poverty line—a decrease by 1.2 percentage points from the poverty rate of 29.6% in 2016. This shows that 1.4 million people out of the total 3.2 million people in Mongolia were living in poverty. In 2018, the poverty depth amounted to 7.2% representing a decrease of 0.5 percentage points from 2016 level, and poverty severity amounted to 2.7%, decreased from 2.9% in 2016. Comparison of the livelihood standards in urban and rural areas showed that poverty has increased more in rural areas than in urban areas. The share of the poor in urban areas had increased from 62.1% in 2016 to 63.5% in 2018, and more than 40% of the poor lived in Ulaanbaatar in 2018. The same pattern also appears between the city center and peripheral (*ger*) areas within the major cities including Ulaanbaatar. About 60% (800,000) of Ulaanbaatar's population live in unplanned, underserved informal settlements without water or sewerage connections, poor access, highly polluted environment, limited access to social facilities, and limited employment opportunities. Direct beneficiaries of the project include almost 25,000 residents living in the four subcenters targeted by tranches 1 and 2 investments. Direct beneficiaries will also include those utilizing women shelter, kindergarten, and business incubator components. Elderly and persons with disabilities will also directly benefit from targeted improvements to inclusiveness and access to all project facilities. The tranche 3 investment will target 15,799 residents living in the two subcenters, including 480 children from two kindergartens; 1,715 residents for the primary health care center; 1,200 residents from community development center (only training facilities); and 1,200 residents from the training centers annually from each social facility. Upon the completion of heating, water, and sewage systems, a total of 8,577 residents will benefit through secondary connections.

131. To maximize the benefits of the projects for the beneficiaries and to mitigate the potential risks, social development action plan (SDAP) and gender action plan (GAP) have been developed for each tranche. In addition to these action plans, to ensure community engagement, including community-based, small- and medium-sized businesses, community action/participation plan has been developed for the projects.<sup>40</sup>

### A. Social Development Action Plan for Tranche 1

132. The SDAP includes measures to (i) facilitate and support the subcenter community development council (CDC) and business councils; (ii) identify and prioritize CDC and business councils needs and sustain awareness and support to the project by the different stakeholders; (iii) mobilize and organize community members as well as the business owners in the two subcenters affected into subcenter CDC and business councils to support the development of the

<sup>40</sup> Tranche 1 has only a social action plan which includes also the community engagement features, including establishment and operation of business councils to support SMEs. Tranche 3 has a separate action plan for community engagement and SME development support.

land use plan, local development plan, and investment plan of the project; (iv) build consensus concerning overall strategy of urban functions development; (v) facilitate the skills mapping of the community members and matching with the demand of the small- and medium-sized enterprises (SMEs) as well as linking the community groups with training institutions to provide vocational/technical skills training; and (vi) facilitate proper monitoring and evaluation of the different aspects of these components.

133. Tranche 1 SDAP has 48 target indicators to measure 17 activities. Out of them, 26 indicators of 9 activities were fully achieved and completed; 22 indicators of 8 activities are ongoing. As of November 2019, 37 complaints and inquires have been received through GRM system, which were all resolved in a timely manner, and mainly in favor of the complainants (31 complaints out of 37). The information, education, and communication campaign program for (i) basic hygiene practices, (ii) water conservation, (iii) community involvement on the *ger* redevelopment, and (iv) SME development program have been launched and are in line with the project progress. Relevant education materials were also published.

**Table 15: Detailed Design and Implementation Phases of Tranche 1  
(Social Development Action Plan)**

Activity	Target /Indicators	Responsible Entity	Timeline
<b>I. Project Preparation Phase</b>			
Conduct series of consultative meetings and information campaign at the <i>kheseg</i> <sup>a</sup> level on (i) project objectives and investments, and (ii) redevelopment options and preferences	20 meetings conducted organized with primary groups, CDCs and SDCs attended by 50% women  SAP and SDC development plans reflect the needs of the communities and considered in the preliminary design of the physical infrastructures  Documentation of meeting minutes	Staff consultant  PMO, MUB  CDCs, <i>kheseg</i> and <i>khoro</i> <sup>b</sup> leaders	Q2 2013– Q1 2014
<b>II. Detailed Design Phase</b>			
Continuing organizational formation and strengthening of primary groups, community development councils, SME development councils, and savings groups	90 primary groups in Bayankhoshuu and 70 in Selbe organized and functioning with by-laws, policies, systems, and plans  50% women members for each groups and CDCs  5 <i>khoro</i> level CDCs and 1 subcenter CDC organized and functioning with by-laws, policies, systems, and plans  Documentation of organizational strengthening activities and training/OJT modules  Savings groups formed and functioning with policies, systems, and ongoing micro-credit project	Staff consultant PMO, MUB  CDCs, <i>kheseg</i> and <i>khoro</i> leaders	Q1 2013– Q4 2014
Conduct series of consultations on the scope and technical/engineering design of proposed water supply, sanitation, sewerage, heating facilities, and affordable apartments	15 meetings conducted, attended by 50% women  Final detailed design of proposed projects confirmed by the beneficiaries, women, elderly, differently-abled persons, and affected persons/families	PMO, MUB, staff consultant  CDCs, primary groups, <i>kheseg</i> and <i>khoro</i> leaders	Q1 2014– Q3 2014
Conduct consultations with households, businesses, and public institutions affected by the construction/right-of-way requirements for tranche 1	24 meetings in both subcenters attended by all affected stakeholders  Documentation of meeting/consultation minutes	PMO, MUB, staff consultant  CDCs, <i>kheseg</i> and <i>khoro</i> leaders	Q1 2014– Q3 2014

Activity	Target /Indicators	Responsible Entity	Timeline
Comprehensive IEC campaign on the final redevelopment schemes, land valuation, engineering designs, resettlement plan, etc.	Comprehensive IEC plan developed  Printed IEC materials distributed (i.e., project leaflets/brochures on FAQs, posters, etc.)  16 IEC campaign meetings in both subcenters conducted; documentation of meeting minutes	PMO, MUB, staff consultant  <i>Kheseg and khoroo</i> CDC leaders	Q4 2013
Setting up of grievance or feedback mechanisms in the community	System for resolution of grievance/feedback established  CDCs function as the grievance committee with guidelines on handling grievances	PMO, MUB, staff consultant  <i>Kheseg and khoroo</i> CDC leaders	Q3 2013
Preparation and finalization of the proposed SME development plan	16 meetings of SDC with CDCs in both subcenters Skills survey and demand mapping completed and documented  Documentation of meeting minutes  50% women members actively participating	PMO, MUB, staff consultant <i>Kheseg and khoroo</i> CDC leaders	Q2 2013–Q1 2014
Capacity building of the CDCs on how to engage meaningfully in the subcenter redevelopment process	Legal support for the CDC to guide them in their engagement in the SRA  Terms of reference of the CDCs in the SRA are well-defined and understood by them  Curriculum/training design for CDC engagement in the SRA  Documentation of capacity building approach and modules	PMO, MUB, staff consultant  <i>Kheseg and khoroo</i> CDC leaders	starting Q1 2014
<b>III. Implementation/Construction Stage</b>			
Facilitate consultative meetings for resettlement/relocation	20 meetings in both subcenters attended by all affected stakeholders	PMO, MUB, staff consultant  CDC leaders	Q4 2013–Q2 2014
Facilitate and support implementation of SME development plan	1,000 community members trained so various skills and partnership with SMEs and other institutions are developed for employment or contracted for goods and services  Trained community members linked with the business incubators for services like work space, business advisory, etc.  Documentation of process and results—number of (i) employed, (ii) those who entered into self-employment, (iii) recorded increases in income, and (iv) of employees generated	PMO, MUB, staff consultant  <i>Kheseg and khoroo</i> CDC leaders	Q4 2013–Q1 2015
Conduct community-led monitoring of construction works for quality control	System, tools, and templates developed and used for community-led construction project monitoring  Trained CDCs with structure on construction project monitoring	PMO, MUB, staff consultant  <i>Kheseg and khoroo</i> CDC leaders	Q1 2017–Q2 2014
Facilitate and support consultations on the implementation of relocation	Number of households provided with transfer assistance to new apartments	PMO, MUB, staff consultant	2015

Activity	Target /Indicators	Responsible Entity	Timeline
plan from temporary housing to new apartments		<i>Kheseg</i> and <i>khoro</i> CDC leaders	
Continuous capacity building for the CDC and primary groups	<p>20 capacity building trainings/workshops and learning exchange conducted in both subcenters</p> <p>Training designs of capacity building interventions on leadership, team building, community contracting, participation in the SRA, contract negotiations, business planning, savings movement, etc.</p> <p>Registration of the CDCs as NGOs with the State Registration Authority of the Ministry of Justice and Home Affairs</p>	<p>PMO, MUB, staff consultant</p> <p><i>Kheseg</i> and <i>khoro</i> CDC leaders</p>	Q1 2014–Q3 2014
Documentation of good practices, lessons learned, feedback, complaints, or grievance issues	<p>Documented good practices, lessons learned, and community feedback shared with all stakeholders and reflected in major reports</p> <p>Complaints and grievance issues documented and resolved</p>	<p>PMO, MUB</p> <p><i>Kheseg</i> and <i>khoro</i> CDC leaders</p>	starting Q1 2014
IEC program for (i) basic hygiene practices, (ii) water conservation, (iii) community involvement on the <i>ger</i> redevelopment, and (iv) SME development program, etc.	IEC materials developed and disseminated	<p>PMO, MUB</p> <p><i>Kheseg</i> and <i>khoro</i> CDC leaders</p>	Q3 2014
Capacity development activities for CDCs or small neighborhood associations for redeveloped lots on (i) O&M of new facilities, (ii) estate management, etc.	<p>Curriculum on O&amp;M and estate management developed and implemented</p> <p>4 trainings on O&amp;M, etc. conducted and documented</p>	<p>PMO, MUB</p> <p><i>Kheseg</i> and <i>khoro</i> CDC leaders</p>	Q3 2014–Q4 2014
Conduct series of consultations on the scope and technical/engineering design and implementation arrangements for proposed social and environmental projects (i.e., kindergarten, clinics, bus station, market, <i>khoro</i> building, vocational training centers, public spaces/open parks)	<p>Consultation plans and minutes documented</p> <p>Designs reflect the needs of the vulnerable groups</p> <p>Implementation arrangements reflect inputs of the CDCs and community members especially the women and other vulnerable groups</p>	<p>PMO, MUB</p> <p><i>Kheseg</i> and <i>khoro</i> CDC leaders</p>	2015 onwards
Documentation of good practices, feedback, complaints, or grievance issues and lessons learned	Good practices and lessons learned documented and complaints and grievance issues resolved	PMO, MUB, staff consultant	starting Q3 2014
Documentation of schemes/approaches that worked (good practices), feedback, lessons learned, complaints, or grievance issues	<p>Documented good practices and lessons learned on the approach shared with all stakeholders</p> <p>Number of complaints and grievance issues documented and resolved</p>	<p>PMO, MUB, staff consultant</p> <p>CDCs, <i>kheseg</i> and <i>khoro</i> leaders</p>	starting Q2 2013 to end 2018
Conduct community-based monitoring and evaluation of new basic infrastructure and services for the community	Community empowerment and SME development component developed and agreed upon by all stakeholders	PMO, MUB, staff consultant	starting Q4 2014 to end 2018

Activity	Target /Indicators	Responsible Entity	Timeline
empowerment and SME development	Monitoring reports and final evaluation reports done according to quality standards of ADB and submitted on time	CDCs, <i>kheseg</i> and <i>khoro</i> leaders	2015

ADB = Asian Development Bank; CDC = community development council; FAQ = frequently asked questions; IEC = information, education, and communication; MUB = Municipality of Ulaanbaatar; NGO = nongovernment organization; O&M = operation and maintenance; OJT = on-the-job training; PMO = program management office; SAP = social action plan; SMEs = small- and medium-sized enterprises; SDC = small- and medium-enterprise development council; SRA = subcenter redevelopment authority.

<sup>a</sup> A *kheseg* is a subdivision of a *khoro* with no formal administrative role (equivalent to neighborhood).

<sup>b</sup> A *khoro* is an administrative subdivision in Ulaanbaatar and is often translated as subdistrict or microdistrict.

Source: ADB.

134. In order to facilitate and support the subcenters' redevelopment, CDCs and business councils have been established with significant representation of women. CDCs are organized community groups at the *khoro* and eventually at the subcenter levels, which will represent the larger community in the project (TA 7970). Their main function is to (i) serve as the voice of the larger community in providing their sentiments, inputs, and/or recommendations to the project to ensure that the investment projects truly respond to their needs through the needs identification and/or prioritization and community action plan processes; (ii) facilitate the involvement of community members in the actual implementation of the investment projects so that they do not only benefit from access to improved physical environment but also access to employment as paid labor during construction; (iii) function as the grievance mechanism of the project apart from representing the interest of the larger community; (iv) ensure that the requirements of the vulnerable groups, especially the women, persons with disability, very poor, elderly, and children are considered in the design and up to the implementation of the investment projects; (v) serve or function as a monitor to ensure that their needs are not only included in the plan but are actually implemented; (vi) serve as the lobby or advocacy group of the community to deal with government and other institutions to push for the community-led approach in *ger* area development; (vii) facilitate awareness-raising among the community members during the land redevelopment process to foster better understanding of the land markets, etc.; (viii) serve as the mechanism to uphold the legal rights of the people especially on matters pertaining to land rights, through the guidance of the legal expert; (ix) work with the private sector to ensure that the construction standards are observed, the appropriate costs are maintained to ensure affordability of services, and that the community members are given the opportunity for employment in the investment projects; and (x) highlight the meaningful involvement of women members in the community in all processes of community development (more on qualitative involvement in issues analysis and decision making), that optimum benefits accrue to them, and they will not be negatively or adversely affected by the investment projects.

135. As a structure, the CDCs formed from the primary groups are composed of 10–20 families from the larger community covered by the project. Each primary group elects their group leader and secretary to represent them to the *khoro* CDC. There is one subcenter CDC in each subcenter. The formation process as well as the roles and functions of the SDC are very similar to that of the regular CDC except that the SDC is a sectoral grouping—SDC. It has been functioning as the voice of the sector including the micro-entrepreneurs in the areas, which are mostly operated by women, in the development of the economic facilities in the subcenter. Similar to the CDC, the SDC also went through the needs assessment and prioritization and SDC action plan preparation processes which were submitted to the project preparatory technical assistance for consideration in the selection and preliminary design of the economic facilities. Eight *khoro* level CDCs (three in Selbe and five in Bayankhoshuu) with 48% of female members and one subcenter CDC functioning with 61.1% of female members. Two CDCs in Selbe and one CDC in

Bayankhoshuu are registered as NGOs and functioning with their charters and action plans. All the CDCs and SDCs are now functioning and actively engaged in the project.

136. In addition to CDCs and SDC, one business council in Bayankhoshu and two in Selbe are actively functioning. Selbe business council members reached 120 with 45.8% female members while Bayankhoshuu reached 159 with 50.9% female members. Two community engagement workshops were organized in both Bayankhoshuu and Selbe subcenters in October–November 2019. The business incubators under tranche 1 have been put into operation and will create more opportunities for the business councils. The resources for implementation of SDAP are part of project component 4 (institutional strengthening and capacity development).

137. **Implementation and monitoring.** The PMO, with the assistance of the project implementation support consultants for community engagement and SME development, have been responsible for the implementation of SDAP and GAP, and reporting on progress and achievements of the project. Key indicators from both plans have been included in the project performance management system (PPMS).

## B. Gender Action Plan of Tranche 1

138. **Key actions.** Tranche 1 is categorized *effective gender mainstreaming*. Improvements in the infrastructure (roads, water supply and sanitation, and heating) will have a significant impact on time savings, mobility, access, economic opportunity, health, safety and security of *ger* area residents, particularly for women residents. A GAP has been prepared and the actions have been agreed on. The GAP ensures that the project (i) includes design features for safety, security, and pedestrian mobility are integrated into road network; (ii) collects sex-disaggregated data on key issues such as utility connections, time, and cost savings; (iii) further investigates affordability issues under improved services provision to make recommendations on providing subsidies for the vulnerable groups including female-headed households; and (iv) provides social service infrastructure which has targets to serve women so they can join economic opportunity activities. Tranche 1 GAP has 16 indicators to measure 11 activities. Out of them, 12 indicators to measure 8 activities are in progress; 4 indicators of 3 activities have not been started yet. These are impact assessment of infrastructure, tariff assessment, and customer satisfaction survey to be implemented in 2021.

**Table 16: Gender Action Plan for Tranche 1**

Outputs	Action	Indicator	Budget	Responsible Party
Roads and urban services are expanded within the targeted subcenters and connectivity between subcenters is improved	Integrate gender inclusive design measures into road infrastructure to ensure safe and security mobility and access	6.15 km in Bayankhoshuu and 8.77 km in Selbe of sidewalks built alongside improved roads	Included in the project output	MUB, PMO, gender specialist, community engagement consultants
		6.15 km in Bayankhoshuu and 8.77 in Selbe of lighting provided on improved roads		
	Assess impact of improved roads, water, sanitation and heating on population	4.5 ha and 3.43 ha in Bayankhoshuu and Selbe of landscaping (public spaces) including pedestrian pathways		

Outputs	Action	Indicator	Budget	Responsible Party
		Social indicators included in PPMS such as number of households connected, time and cost savings, health impact, number of nighttime safety incidents, (disaggregated by sex, income quintile and female-headed households where possible). Focus group discussions will also be conducted to further assess impact.		
Economic and public services are improved	<p>One kindergarten facility in each subcenter with 1,800 m<sup>2</sup> of floor areas of classrooms, administration and services, and 500 m<sup>2</sup> of playground (2012 baseline: 0)</p> <p>One business incubator and vocational training center in each subcenter with 1,800 m<sup>2</sup> floor area and 500 m<sup>2</sup> of open green area (2012 baseline: 0)</p>	<p>At least two kindergartens operating by 2018 (number of students served and staff sex-disaggregated)</p> <p>At least two business incubators and vocational training centers operational by 2018 (number of students and staff served annually, sex-disaggregated)</p> <p>At least 20 SMEs, 50% of which are women-led, graduated from incubation program (2012 baseline: 0)</p> <p>At least 1,000 beneficiaries, 50% of whom are women, receiving vocational training (2012 baseline: 0)</p>	Included in project costs	MUB, PMO, gender specialist, community engagement consultants
Service providers become more efficient	<p>Report on affordability and subsidies included in tariff assessment (disaggregated by income quintile and if possible looking at female-headed households as a special group)</p> <p>Customer satisfaction survey</p>	<p>Report by 2018</p> <p>Survey report (providing sex-disaggregated data where possible)</p>	Included in project costs	PMO and consultants working with service providers
Institutional capacity building	<p>Establishment of <i>khoro</i> CDCs and SDCs with women's representation</p> <p>Establishment and agreement on community, gender and SME plans</p> <p>Targets established and sex disaggregated data</p>	<p><i>Khoro</i> CDCs and SDCs fully functioning in targeted areas, with at least 40% women participating actively (baseline: to be established)</p> <p>Community, gender, and SME action plans</p>	Included in project costs	MUB, PMO, gender specialist, community engagement consultants, staff of new educational establishments

Outputs	Action	Indicator	Budget	Responsible Party
	collected on participants for all community consultations on urban planning and project activities (see SAP activities) collected and reported on in the GAP	accepted and regularly updated in each subcenter (2012 baseline: 0)		
	Subcenters' plan and redevelopment process are prepared and endorsed by all the stakeholders through community consultation including at least 50% of women's participation	GAP report with targets and sex disaggregated data provided semi annually		
	Establishment of PMO with 30% gender representation	Consultation meeting attendance and SAP monitoring		
		PMO is fully functioning with trained staff at least 30% women (2012 baseline: 0)		

CDC = community development council, GAP = gender action plan, ha = hectare, km = kilometer, m<sup>2</sup> = square meter, MUB = Municipality of Ulaanbaatar, PMO = program management office, PPMS = project performance management system, SAP = social action plan, SDC = small- and medium- enterprise development council, SMEs = small- and medium-sized enterprises.

Source: Asian Development Bank.

139. **Budget and monitoring of the gender action plan.** All actions in the GAP have been integrated into the project budget. GAP implementation progress reporting has been included in the semiannual social monitoring reports by the executing agency.

### C. Social Development Action Plan for Tranche 2

140. The SDAP has been prepared for tranche 2 and is presented in the Table 17 of this section. It sets out activities (i) for the mitigation of adverse impacts and risks identified in the course of the PSA of the project, and (ii) to help maximize the benefits to be derived from the project. Actions include (i) targets for employment of local labor, including the poor and women during construction and operation; (ii) road safety awareness education program for the residents and school children; (iii) ongoing, inclusive information, communication and education program for all residents to inform about improvements, benefits, risks, and impacts of the project; (iv) public participation in road, water supply, and socioeconomic services improvements; and (v) citizens' feedback mechanism for assessing the effectiveness of service provision. Its implementation will be monitored through the PPMS, project progress reports, and ADB supervision missions.

141. To address the risk of spread of HIV/AIDS, the project requires (i) inclusion of clauses on HIV/AIDS and other communicable disease into contract bidding documents; (ii) conduct of public health and HIV/AIDS prevention education to the civil works contractors; (iii) establishment of health measures for construction workers (e.g., setting up a temporary infirmary, using local medical resources); and (iv) conduct of diverse publicity activities on HIV/ AIDS (e.g., brochures, posters, and picture albums).

142. The tranche 2 SDAP consists of 30 indicators to measure 15 activities. As of 20 November 2019, out of 30 indicators, 13 indicators to measure 11 activities are in progress, and 17 indicators of 4 activities have not started yet because these depend on completion of construction works and SME interventions. The PMO signed a memorandum of understanding with respective government agencies and departments on the operation and service delivery of the social facilities, such as kindergarten, business incubator, shelter house, etc.

**Table 17: Social Development Action Plan for Tranche 2**

Actions and Activities	Target and Indicators	Responsible Agency	Timeline	Indicative Budget
<b>Output 1: Roads and urban services expanded</b>				
1.1 Public awareness campaigns and information disclosure on project design	Number and type of awareness and disclosure activities	PMO, <i>kheseg</i> , <sup>a</sup> and <i>khoro</i> <sup>b</sup> district leaders and officials, contractors of Metropolitan Employment Department of Ministry of Labor, and all infrastructure service provider agencies	2017–2021	Project implementation support cost
1.2 Consultation with residents and stakeholders on roads and urban facilities' detailed design	Number and percent of people participating in consultation meetings and awareness campaigns (sex-disaggregated)			
1.3 Improved design of roads and urban facilities to ensure public safety and inclusiveness (gender, age, and disability responsiveness)	Number and type of participants' suggestions incorporated into investment program components and design (sex-disaggregated)			
1.4 Road safety awareness program for residents and schoolchildren in target areas	Lighting installed along the improved roads of 2.48 kilometers in Denjiin and 3.25 kilometers in Dambadarjaa			
	Around 25 cameras installed in streets of Denjiin and Dambadarjaa subcenters			
	Number and percent of people participating in awareness education program with 50% female participation			
	At least two trainings conducted for pupils (aged 6–15) of all schools			
<b>Output 2: Economic and public services in targeted areas improved</b>				
2.1 Consultation with beneficiaries and stakeholders regarding the location and detailed design of social facilities such as CDSCs with business incubators, vocational training center, kindergartens, transition house/shelters, public parks, and sport facilities	Number and type of community-based participation activities	PMO, UN-Habitat, <i>kheseg</i> , <i>khoro</i> district officials, CDCs, CDSCs, NGO, and Metropolitan Education Department	2017–2021	Project construction and operation cost
2.2 Improved design of social facilities to ensure public safety and inclusiveness (gender, age, and disability-responsiveness)	Number and percent of beneficiaries of social facilities, i.e., CDSC, vocational training center, business incubators, kindergartens etc., with CDSC and transition house first made available to the poor, persons with disability, and women (sex-disaggregated)			
	Number and type of participants' suggestions incorporated into the project components and design			
2.3 Develop sustainable business plans for each social facility	Business plans are available for each social facility (baseline: 0)	Ministry of Labor, Ministry of Education and Culture, Ministry of Health, MUB Department of Sports and Culture, private sector	2017–onwards	

Actions and Activities	Target and Indicators	Responsible Agency	Timeline	Indicative Budget
		participants, and facility operators		
2.4 One multipurpose CDSC constructed in each project subcenter with day care, business incubators, space for government, CBO, and NGOs' social programs, public toilets, and public laundry	100% of residents will have access to CDSC. Priority will be given to the poor, women, including single mothers and persons with disability  Number of community health, education, economic development and other support programs conducted  Number of entrepreneurs and businesses resulting from business incubator support	Relevant MUB agency(ies), NGOs, CBOs, and implementing agency		
2.5 One kindergarten classroom constructed in each tranches 1 and 2 subcenters	100 children accommodated in each facility, 8% of which are first made available to the children from the poor and vulnerable families, including children with disability (sex-disaggregated) (baseline: X)	Metropolitan Education Department, NGOs, and CBOs		
2.6 Pilot a transitional housing for domestic violence survivor women in Denjiin	Accommodate about 20 women and children (baseline: 0)	Relevant MUB agency(ies), and implementing agency		
2.7 Sports facilities developed in Bayankhoshuu and Dambadarjaa subcenters	Combined active and passive sports facilities (baseline: 0)  Accessible to 100% of residents including the youth, elderly, and disabled  Number of sport programs established	MUB Department of Sports and Culture, implementing agency, and CBOs		
2.8 Public parks and open green spaces provided in all subcenters	Number and type of safety measures conducted			
<b>Output 3: Institutional capacity for program management and urban development strengthened</b>				
3.1 Service providers conduct ongoing, inclusive information, communication, and education program for all residents to inform about improvements, benefits, risks, impacts and timelines of proposed services	Number and percent of information, communication, and education program participants (sex- and income-disaggregated)	PMO, all service provider agencies from public and private, UN-Habitat Ger Area Development Agency, <i>kheseg, khoroo</i> , district leaders/officials, CDCs, CDSCs, and NGOs	2017–onwards	Project construction and operation funds
3.2 Establish preferential service support programs for lowest income and other disadvantaged groups	Number and percent of lowest income and disadvantaged groups receiving improved services (sex-disaggregated) (baseline: 0)			
3.3 Establish citizens' feedback mechanism to assess the effectiveness of service provision	Citizens' feedback mechanism is established and operating			

Actions and Activities	Target and Indicators	Responsible Agency	Timeline	Indicative Budget
<b>Generating job opportunities: Outputs 1–3</b>				
1. Generate 267 skilled and 533 unskilled jobs at the construction stage.	8% of which are first made available to the poor and 10% to women (baseline for female construction workers: is 5%)	MUB-PMO, <i>kheseg</i> , <i>khoro</i> , district leaders/official, contractors of Metropolitan Employment Department, Ministry of Labor, and all infrastructure service provider agencies	2017–2021	Project construction and operation funds
2. Generate 468 jobs of at the operation stage	8% of which are first made available to the poor and 10% to women for infrastructure facility, 70% for kindergarten and CDSC, and 100% for woman transition center			
<b>Measures to reduce potential risks: Outputs 1–3</b>				
1. Include HIV/AIDS and other communicable disease clauses into contract bidding documents	Terms of construction contract and implementation	MUB/PMO, <i>kheseg</i> , <i>khoro</i> , district leaders/officials, construction contractors, CDCs and SDCs, Metropolitan Employment, Department, Ministry of Labor, and all infrastructure service provider agencies	2017–2021	Funds under the construction contract  National workplace program (safety, HIV/AIDS, harassment, equity) development consultant fees of \$7,500
2. Public health, HIV/AIDS/sexually transmitted infections, gender violence, and sexual harassment prevention education program conducted to contractors and community residents	Public health, HIV/AIDS/sexually transmitted infections, and sexual harassment prevention training courses (number of trainees disaggregated by sex and target groups)			
3. Health measures for construction workers (e.g., setting-up a temporary infirmary, using local medical resources) are established	Number and type of health measures			
4. Conduct publicity activities on HIV/AIDS, gender violence, sexual harassment, e.g., brochures, posters, and picture albums	Forms of publicity on HIV/AIDS and sexual harassment prevention at the construction stage, e.g., number of brochures, posters, and picture albums distributed			
5. Ensure gender and disabled-friendly workplace facilities during the construction				

CBO = community-based organization, CDC = community development council, CDSC = community development service center, PMO = program management office.

<sup>a</sup> A *kheseg* is a subdivision of a *khoro* with no formal administrative role (equivalent to neighborhood).

<sup>b</sup> A *khoro* is an administrative subdivision in Ulaanbaatar and is often translated as subdistrict or microdistrict.

Source: Asian Development Bank.

**D. Community Action Plan for Tranche 2**

143. In addition to SDAP, a community action plan (CAP) has been developed in the frame of tranche 2 to ensure smooth implementation of the project through the communities' mobilization and institutionalization. The main objective of the CAP is to make sure that the communities will benefit from the project and take the co-ownership of the subcenter development. The tranche 2 CAP follows the tranche 1 community engagement logic. It envisages activities aimed at sustaining the involvement of the community members and organized groups (CDCs and business councils) for subcenters and for SME business development. For the implementation of the CAP, the consulting team has been conducting consultation meetings, and carrying out socioeconomic surveys and focus group discussions. The team is working toward re-activation of the primary groups and CDCs.

144. The following detailed activities are being undertaken in the project for community and local business owners' mobilization and engagement in the detailed design and implementation phases of the project.

**Table 18: Community Action Plan for Tranche 2**

Activity	Targets/Indicators	Indicative Budget/ Cost (\$)	Responsible Entity	Timeline
<b>I. Detailed design phase</b>				
1. Conduct series of consultative and information dissemination meetings at the <i>khoroa</i> <sup>a</sup> level on (i) project objectives and investments, (ii) redevelopment options and preferences, and (iii) resettlement and other issues, as required	<ul style="list-style-type: none"> <li>Conducted 40 meetings with organized primary groups, CDCs, and business councils</li> <li>Consultation meeting minutes</li> </ul>	10,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> <li>DDPTs</li> <li>CDCs and primary groups</li> </ul>	2017–2021
2. Conduct series of consultations on the scope, technical and engineering design, and implementation arrangements for the proposed infrastructures	<ul style="list-style-type: none"> <li>Consultation plans and documentation of minutes</li> <li>CAP and SME development plans reflect the needs of the communities and businesses and considered the design of the proposed infrastructures</li> <li>Designs reflect the needs of communities and businesses, especially the vulnerable groups</li> <li>Final detailed design of proposed projects is confirmed by affected persons and families, beneficiaries, elderly, persons with disability, and women</li> <li>Implementation arrangements reflect inputs of the CDCs and community members, business councils and their members, and women and other vulnerable groups</li> </ul>	25,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> <li>DDPT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2020
3. Conduct consultations with households, businesses, and public institutions affected by construction and right-of-way requirements for the project	<ul style="list-style-type: none"> <li>24 meetings in both subcenters attended by all affected stakeholders</li> <li>Consultation meeting minutes</li> </ul>	5,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> <li>DDPT</li> <li>Land resettlement team</li> <li>CDCs and primary groups</li> </ul>	2017–2021
4. Comprehensive IEC campaign on the final redevelopment schemes, land valuation, and engineering (i.e., project designs, resettlement plan, and brochures, etc.)	<ul style="list-style-type: none"> <li>Comprehensive IEC plan developed</li> <li>Printed IEC materials (i.e., leaflets/frequently asked questions, posters, etc.) distributed</li> <li>10 IEC meetings in both subcenters conducted</li> <li>Consultation meeting minutes</li> </ul>	10,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> <li>CDCs and primary groups</li> <li>Third party service provider (i.e., communication firm)</li> </ul>	2017–2021
5. Setup grievance or feedback mechanism in the community	<ul style="list-style-type: none"> <li>System for grievance or feedback mechanism established</li> <li>CDCs function as the grievance committee with guidelines on handling grievances</li> </ul>	5,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2021
6. Prepare and finalize the proposed SME development plan	<ul style="list-style-type: none"> <li>10 meetings of business councils with CDCs in both subcenters</li> <li>Skills survey and demand mapping completed and</li> </ul>	25,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> </ul>	2017–2021

Activity	Targets/Indicators	Indicative Budget/ Cost (\$)	Responsible Entity	Timeline
	<ul style="list-style-type: none"> <li>documented</li> <li>Consultation meeting minutes</li> <li>Documentation of the training processes, i.e., on-the-job-training and apprenticeship with SMEs and construction companies, in coordination with training institutes</li> </ul>		<ul style="list-style-type: none"> <li>Business councils, CDCs, and primary groups</li> </ul>	
7. Capacity building of business councils and CDCs on how to meaningfully engage in the project	<ul style="list-style-type: none"> <li>Provide legal support for the business councils and CDCs to guide them in their engagement in the project</li> <li>Terms of reference of the business councils and CDCs are well-defined and understood</li> <li>Purpose and structure of the project are clearly understood by the business councils and CDCs</li> </ul>	15,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2021
<b>Subtotal</b>		<b>95,000</b>		
<b>II. Implementation/construction phase</b>				
1. Facilitate consultative meetings for resettlement/relocation	<ul style="list-style-type: none"> <li>20 meetings in both subcenters attended by all affected stakeholders</li> </ul>	5,000	<ul style="list-style-type: none"> <li>PMO</li> <li>CMT</li> <li>Design team and land resettlement team</li> <li>CDCs and primary groups</li> </ul>	2017–2021
2. Facilitate and support the implementation of SME development plan	<ul style="list-style-type: none"> <li>500 community members trained in various skills, and partnership with SMEs and other institutions are developed for employment or for contracting of goods and services</li> <li>Pilot Manpower Association, composed of trained community members on civil works, is organized and functioning with systems, policies, and ongoing contracts</li> <li>Trained community members are linked with business incubators for services, i.e., work space, business advisory, etc.</li> <li>Documentation of process and results, i.e., number of (i) employed persons, (ii) persons who entered into self-employment, (iii) recorded increases in income, and (iv) employees generated</li> <li>Documentation of manpower association piloting and operations</li> </ul>	55,000	<ul style="list-style-type: none"> <li>MUB</li> <li>CMT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2021
3. Conduct community-led monitoring of construction works for quality control	<ul style="list-style-type: none"> <li>System, tools, and templates are developed and used for community-led construction project monitoring</li> <li>Trained CDCs with structure on construction project monitoring</li> </ul>	5,000	<ul style="list-style-type: none"> <li>PMO-MUB</li> <li>CMT</li> <li>CDCs and primary groups</li> <li>Contracted construction companies</li> </ul>	2017–2021

Activity	Targets/Indicators	Indicative Budget/ Cost (\$)	Responsible Entity	Timeline
4. Continuous capacity building for the business councils, CDCs, manpower associations, and primary groups	<ul style="list-style-type: none"> <li>20 capacity building trainings, workshops, and learning exchanges conducted in both subcenters</li> <li>Training designs created for capacity building interventions on leadership, team building, community contracting, participation in the subcenter redevelopment process, contract negotiations, business planning, savings movement, etc.</li> <li>Training sessions conducted on business development and management</li> <li>Official registration of business councils and CDCs as nongovernment organizations</li> </ul>	25,000	<ul style="list-style-type: none"> <li>PMO-MUB</li> <li>CMT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2021
5. Document good practices, lessons learned, feedback, complaints or grievance issues	<ul style="list-style-type: none"> <li>Documentation of good practices, lessons learned, and community feedback are shared with all stakeholders and reflected in major reports</li> <li>Complaints and grievance issues are documented and resolved</li> </ul>	20,000	<ul style="list-style-type: none"> <li>MUB</li> <li>CMT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2021
6. Develop IEC program for (i) basic hygiene practices, (ii) community involvement on the <i>ger</i> <sup>b</sup> redevelopment, and (iii) SME development program, etc.	<ul style="list-style-type: none"> <li>IEC materials developed and disseminated</li> </ul>	20,000	<ul style="list-style-type: none"> <li>MUB</li> <li>CMT</li> <li>DDPT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2021
7. Organizational capacity building of communities and SME through community contracting of small infrastructure works	<ul style="list-style-type: none"> <li>10 micro-projects for small infrastructure works developed and implemented based on the CAPs of business councils and CDCs</li> <li>Documentation of community implementation of micro-projects</li> </ul>	150,000	<ul style="list-style-type: none"> <li>MUB</li> <li>CMT</li> <li>DDPT</li> <li>Business councils, CDCs, and primary groups</li> </ul>	2017–2021
<b>Subtotal</b>		<b>280,000</b>		
<b>Total</b>		<b>375,000</b>		

CAP = community action plan; CDC = community development council; CMT = community mobilization team; DDPT = design development and planning team; IEC = information, education, and communication; PMO = program management office; SMEs = small- and medium-sized enterprises.

<sup>a</sup> A *khoro* is an administrative subdivision in Ulaanbaatar.

<sup>b</sup> *Ger* is the Mongolian dwelling fit for nomadic way of life and is easily assembled and disassembled.

Source: Asian Development Bank.

## E. Gender Action Plan for Tranche 2

145. Tranche 2 is also categorized *effective gender mainstreaming*. The project will have significant benefits for women and will allow them to participate in trainings, income-generating activities, family entertainment, or leisure. Women strongly support the project across all subcomponents, and they perceive that the project will improve their quality of life and create education, employment, and income opportunities for them. The GAP which is presented in Table 19 will help to ensure (i) gender-sensitive design features for safety and security purposes; (ii) education and awareness programs on financial literacy, road, and public space safety with 50% female participation; (iii) operation of multidisciplinary teams on prevention and response to domestic violence in target *khoroos*; (iv) piloting of transitional housing for domestic violence survivors in Denjiin; and (v) provision of social service infrastructure with relevant targets for serving women in order to provide access to economic opportunities.

146. Tranche 2 GAP has 24 indicators to measure 15 activities. As of 20 November 2019, 7 indicators to measure 5 activities are in process, 3 indicators to measure 2 activities were revised, and 14 indicators to measure 8 activities have not started yet due to construction work. The bidding process for hiring a certified agency to train the multidisciplinary team of target *khoroos* is finalized, and the training will start from early December 2019. Overall, women participation in community activities is well-maintained. About 58.42% of the participants of all the consultations with residents and project stakeholders were women. As per request of the Ministry of Justice and Home Affairs, a shelter house for women and children (victims of domestic violence) will be built instead of women transition house. The design of the shelter is in progress. Collaboration agreement has been signed to ensure cooperation between respective parties on the construction and operations of the shelter house.

147. All actions in the CAP, GAP, and SDAP for tranche 2 have been integrated into the project budget. In addition, 424 person-months of consulting services have been provided to support the PMO in establishing the mechanisms, implementing, and monitoring the actions. Extensive human resources to address social and gender dimensions are being provided by the consultants and PMO staff. The PMO has one dedicated staff for the social, community, and gender development action plans' implementation and monitoring.

**Table 19: Gender Action Plan for Tranche 2**

Activities	Targets/Indicators	Responsible Entity	Timeline	Indicative Budget
<b>Output 1: Roads and urban services expanded</b>				
1. Integrate gender-responsive design measures into road infrastructure to ensure access and safety and security mobility	1.1 Number and type of gender-responsive design features 1.2 Lighting installed along the improved roads of 7.08 kilometers in Denjin and Dambadarjaa	MUB, PMO, district, <i>kheseg</i> , <sup>a</sup> <i>khoro</i> , <sup>b</sup> and school officials	2017–2020	Included in project costs
2. Conduct road safety awareness education program for residents and schoolchildren in target areas	2. At least 50% of participants are women			
3. Ensure safety of girls and women in public places	3.1 25 cameras installed and operating in streets of Denjiin and Dambadarjaa subcenters 3.2 At least four peer educators (female and male) trained for each school in the subcenters 3.3 At least two trainings conducted on Violence Against Women and Girls for adolescent girls of 3 schools in each subcenter (baseline: 0)	MUB, PMO, and school officials	2017–2020	Included in project costs
4. Sensitize construction workers on gender equity in labor relations	4. At least two workplace trainings conducted on gender equity in labor relations including labor exploitation (sex-disaggregated) (baseline: 0)	MUB, PMO, and construction contractors	2017–2020	Included in project costs
<b>Output 2: Economic and public services in targeted areas improved</b>				
5. Establish one multipurpose community development and service center in the subcenter	5.1 At least 50% of training participants are women (baseline: 0) 5.2 Sex-disaggregated data collected on community development and service center clients	MUB, associated agency, and PMO	2017–2020	Included in project costs
6. Construct four kindergarten classrooms in the subcenters	6.1 Four new kindergarten classrooms with capacity of 100 children each is operational by 2019 (sex-disaggregated) 6.2 Rapid qualitative assessment conducted among mothers whose children were enrolled in new kindergartens	MUB and PMO	2017–2020	Included in project costs
7. Pilot a transitional housing for domestic violence survivor women in Denjiin subcenter	7.1 One transitional house with capacity of 20 women and children is constructed 7.2 Women in transitional house benefitted from skills-building or business development programs in business incubators	MUB, PMO, district, <i>kheseg</i> and <i>khoro</i> officials including social workers	2018–2020	Included in project costs
8. Train multidisciplinary teams in target <i>khoro</i> s on prevention and response to domestic violence, and public space safety for girls and women	8. At least 80% of multidisciplinary teams in target <i>khoro</i> s are trained on prevention and response to domestic violence against women and children, and public space safety for girls and women (baseline to be determined in 2017)	Ministry of Justice and Home Affairs, and Ministry of Labor and Social Protection MUB, PMO, district, <i>kheseg</i> and <i>khoro</i> officials including multidisciplinary teams	2017–2020	Included in project costs

Activities	Targets/Indicators	Responsible Entity	Timeline	Indicative Budget
9. Raise awareness among adolescent girls and boys on public and private space safety	9. At least one behavior change communications campaign held in all schools of each subcenter (Baseline: 0)	MUB, PMO, and school officials including social workers	2017–2020	Included in project costs
<b>Output 3: Institutional capacity for program management and urban development strengthened</b>				
10. Ensure that subcenter plan and redevelopment process are prepared and endorsed by all stakeholders through community consultations	10.1 Dambadarjaa and Denjiin plans and redevelopment processes are prepared and endorsed by all the stakeholders, through community consultation, including at least 50% of women participants (2015 baseline: 0) Dambadarjaa and Denjiin plans and redevelopment processes are prepared and endorsed by all the stakeholders, through community consultation, including at least 50% of women participants (2015 baseline: 0) 10.2 CDCs and SDCs in Dambadarjaa and Denjiin fully functioning, with at least 40% of women participating actively (2015 baseline: 0)	MUB and PMO	2017–2019	Included in project costs
11. Institutional capacity for program management and urban development are strengthened	11. PMO is fully functioning with fully trained staff, at least 50% of whom are women (2015 baseline: 14 persons)			
12. Train relevant officials of different administrative levels on prevention and response to public and private space safety	12.1 A training module on prevention and response to public and private space safety including gender-based violence is developed (baseline: 0) 12.2 At least one training for relevant officials of different administrative levels is conducted (sex-disaggregated) (baseline: 0)	MUB, PMO, district, <i>kheseg</i> and <i>khoroos</i> officials, and non-government organization(s)	2017–2020	Included in project costs
13. Sex-disaggregated data will be collected by the project performance management system to ensure monitoring, evaluation, and reporting of the gender action plan and social development action plan	13. Sex-disaggregated project performance and management system operational (2015 baseline: 0)	MUB and PMO	2017–2020	Included in project costs
14. Ensure semiannual monitoring and reporting of the gender action plan implementation	14. Gender action plan progress monitoring matrix is updated semiannually	MUB and PMO	2017–2020	Included in project costs
15. Provide recommendations and draft regulatory framework including standards for establishment of the transitional house	15. Regulatory framework including standards for establishment of the transitional house is drafted and submitted to line ministries (baseline: 0)	Ministry of Justice and Home Affairs, and Ministry of Labor and Social Protection MUB, and PMO	2017–2020	Included in project costs

CDC = community development council, MUB = Municipality of Ulaanbaatar, PMO = program management office, SDC = small- and medium-enterprise development council.

<sup>a</sup> A *kheseg* is a subdivision of a *khoroos* with no formal administrative role (equivalent to neighborhood).

<sup>b</sup> A *khoroos* is an administrative subdivision in Ulaanbaatar and is often translated as subdistrict or microdistrict.

Source: Asian Development Bank.

## F. Social Development Action Plan for Tranche 3

148. To continue to mitigate the social risks related to the project and to ensure the positive benefits of project components for vulnerable groups, SDAP and GAP have been developed for tranche 3 to be conducted during the course of the project, supported by the loan implementation consulting services. CAP, SME development plan, and stakeholders' communication strategy (SCS) have also been prepared to strengthen the community and business participation in the urban redevelopment process and communication with stakeholders.

149. **Social development action plan.** Tranche 3 *ger* area redevelopment will have strong social impacts on project beneficiaries through the following channels: (i) access to improved basic urban infrastructure such as roads, water and sanitation, and heating supply; (ii) construction of social facilities such as kindergartens and primary health care center; (iii) support to start-ups, small and medium-sized business through establishment of training centers; (iv) construction of multipurpose community centers to provide different kind of services for community members; (v) design of public park and construction of mix-use sports complex; and (vi) creation of skilled and unskilled, short and long-term job opportunities during project implementation and operation.

Table 20: Social Development Action Plan for Tranche 3

Activity	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
<b>Output 1: Roads and urban services expanded within the targeted subcenters and connectivity between subcenters is improved</b>				
1. Ensure integration of universal design and gender-sensitive features in the design of social facilities (gender, age, and disability-responsiveness) and urban infrastructure	1.1 2 kindergartens, 1 sports complex, 2 community development centers, and 2 training centers have universal access and gender-sensitive design features 1.2 10 closed-circuit television cameras installed and operating along the planned roads in Sharkhad and Tolgoit subcenters to ensure safety and security for women and girls in public spaces 1.3 Lighting installed along the improved roads of 16.62 kilometers in Tolgoit and Sharkhad subcenters 1.4 Traffic lights and signs, sidewalks, and crosswalks will be provided along the newly constructed roads	MUB, PMO, district <i>khoroa</i> <sup>a</sup> and <i>kheseg</i> <sup>b</sup> officials	2020–2021	N/A
2. Road safety awareness raising activities will be organized	2.1 At least 1,000 children of which 55% are girls, from schools and kindergartens of each subcenter will be attended and learn about road safety (2019 baseline: 52%) 2.2 Organize gender-sensitive behavior change campaign with participation of children 2.3 At least four public awareness events that enabled community members' participation in road safety in cooperation with government and nongovernment organizations		2021–2022	5,000
<b>Output 2: Economic and public services in targeted subcenters improved</b>				
3. Build a community development center in each project subcenter with public library, multi-functional halls, training rooms, and social programs	3.1 100% of residents will have access to community development center with priority access to vulnerable groups 3.2 1,200 residents per year will use gender-sensitive and inclusive community development center (2019 baseline: 840 residents by District Department for Family, Child and Youth Development, tenant organizations of community development under tranche 2)	MUB, PMO, district <i>khoroa</i> and <i>kheseg</i> officials	2020–2023	N/A
4. Construct one kindergarten in each subcenter	4.1 240 children accommodated in each kindergarten (sex-disaggregated) 4.2 Priority access will be given to children from vulnerable families (by percentage)	MUB, PMO, district <i>khoroa</i> and <i>kheseg</i> officials	2020–2023	N/A
5. Open training center in Tolgoit and Sharkhad subcenters	5.1 Number and percent of beneficiaries of training center, with priority access for the poor, persons with disability, and women (sex-disaggregated) 5.2 At least 60% of the beneficiaries will be women (2019 baseline: 54%) 5.3 Number of entrepreneurs and businesses resulting from training centers support (2019 proxy: 458)	MUB, PMO, district <i>khoroa</i> and <i>kheseg</i> officials	2020–2023	N/A
6. Build primary health care center in Tolgoit	6.1 Number and type of prevention programs provided by the primary health care center	MUB, PMO, district <i>khoroa</i>	2022–2023	N/A

Activity	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
	6.2 1,715 people per year will use gender-sensitive health care services (sex-disaggregated)	and <i>kheseg</i> officials		
7. Sports complex is constructed in Sharkhad subcenter	7.1 Accessible to 100% of residents including children, youth, elderly, and people with disability 7.2 750 people per year will use gender-sensitive and inclusive sport complex services (sex- and age-disaggregated)	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2022–2023	N/A
<b>Output 3: Institutional capacity for program management and urban development strengthened</b>				
8. Ensure sustainable operations of social facilities to enhance the overall quality of life within the subcenters	8.1 Owner/operator of each social facilities are identified and cooperated in design and planning stage 8.2 PMO will have an agreement with relevant government agency for each social facility to ensure adequate budget and human resources of social facilities upon completion of construction	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2020–2022	1,000
9. Enhance information dissemination on public services, especially for vulnerable families	9.1 Information on <i>khoro</i> -level public service will be developed and embedded into "Shine Ded Tuv" mobile application including residential registration, employment and training opportunities, social welfare, and health services 9.2 Number of people downloaded "Shine Ded Tuv" mobile application	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2020–2022	N/A
10. Lesson learned and good practices are documented and reported	10.1 Number and types of documents produced on lesson learned and good practices 10.2 Number of lessons learned and good practices from the project implementation reported in social safeguard monitoring report and other reports	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2020–2023	N/A
11. Institutional capacity for program management and urban development strengthened	11.1 PMO is fully functioning with trained staff with at least 60% women (2019 baseline: 50%) 11.2 PMO will have at least two full time staff for GAP, SDAP, and CPP implementation	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2020–2023	N/A
<b>Generating job opportunities: Outputs 1–3</b>				
12. Generate 180 skilled and 547 unskilled jobs during construction stage and 205 jobs for operational stage	12.1 At least 10% of unskilled jobs are first made available to the vulnerable groups during the construction stage (2019 baseline: 0) 12.2 At least 78% skilled jobs are first made available to women for social facilities including kindergarten, CDC, and primary health care center (2019 baseline: 74%) 12.3 At least 8% unskilled jobs during the construction stage are women (2019 baseline: 6%)	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials, and contractors	2022–2023	1,000
<b>Measures to reduce potential risks: Outputs 1–3</b>				
13. HIV/AIDS, sexually transmitted diseases, GBV, and sexual harassment prevention education programs conducted to construction contractors (and	13.1 Contract bidding documents and contracts with construction companies have clause on HIV/AIDS, sexually transmitted disease, and sexual harassment prevention training clauses 13.2 Construction company staff are enrolled in the HIV/AIDS, sexually transmitted disease, and sexual harassment	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials, and contractors	2021–2023	Included in construction budget

Activity	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
subcontractors)	prevention trainings			
14. Organize public awareness raising activities on HIV/AIDS, GBV, and sexual harassment	14.1 Community members have understanding of the HIV/AIDS, sexual harassment and prevention measures 14.2 At least 63% of participants are women (2019 baseline: 60%)	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2021	6,000
15. Sensitize construction workers on labor rights	15.1 Include labor rights component in bidding documents reflecting Mongolian core labor standard (no child labor, discrimination, forced labor, and freedom of association) 15.2 Provide on-site training to construction workers on labor rights and labor safety	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials, and contractors	2021–2022	1,000
<b>Total</b>				<b>14,000</b>

ADB = Asian Development Bank, CDC = community development council, CPP = community participation plan, GAP = gender action plan, GBV = gender-based violence, MUB = Municipality of Ulaanbaatar, PMO = program management office, SDAP = social development action plan.

<sup>a</sup> A *khoro* is an administrative subdivision in Ulaanbaatar and is often translated as subdistrict or microdistrict.

<sup>b</sup> A *kheseg* is a subdivision of a *khoro* with no formal administrative role (equivalent to neighborhood).

Source: ADB.

**150. Community and SME participation, consultation, and stakeholders' communication.**

Tranche 3 will continue to be highly participatory. It will replicate the good example of community engagement of tranches 1 and 2. In addition to existing approach, it will focus on youth engagement as drivers of change and innovation. The CAP, SME development plan, and SCS will ensure community, SMEs, and stakeholders engagement, consultation, and communication through (i) establishing community-based primary groups— CDCs, SDCs, and business councils to support *ger* redevelopment as well as local entrepreneurship; (ii) building consensus among stakeholders and community members concerning overall strategy of urban redevelopment and project implementation; (iii) facilitating the skills and needs mapping of the community members and SMEs as well as linking them with training and financial institutions; and (iv) facilitating community-based participatory monitoring and evaluation of the project components. In tranche 3 CAP and SME development plan along with the original CDC-, SDC-, and business council-related activities, actions towards engaging youth participation will be highly promoted.

## G. Community Participation Plan

151. The following detailed activities in the CAP and SME development plan will be undertaken in tranche 3 for community and local business owners' mobilization and engagement in the detailed design and implementation phases of the project.

**Table 21: Community Participation Plan for Tranche 3**

Activity	Objective	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
<b>I. Community information and education campaign</b>					
Community participation handouts	To provide consistent information to the community about the project and community involvement in the project	3,000 manuals distributed to the community (2019 baseline: 0)	Consultant	2020–2023	10,000
Community education program activities – information and communication technology	To provide online training to community members on urbanization, urban planning, <i>ger</i> <sup>a</sup> area redevelopment, real estate marketing and value, participatory urban planning, etc.	Five online training tools developed and trainings conducted through social networks (2019 baseline: 0)	Consultant/ Urban planner	2020–2023	20,000
Consultation and presentation of project with <i>khoroob</i> governors	To strengthen cooperation with project area officials	Seven <i>khoroob</i> governors signed the cooperation memorandum of understanding with PMO (2019 baseline: 0)	PMO, district <i>khoroob</i> and <i>kheseg</i> <sup>c</sup> officials	2021	No budget
Project information dissemination	To disseminate periodic information to the community level	Every quarter (4 each total of 16) newsletters, bulletins, leaflets, and videos (2019 baseline: 0)	Contractor	2020–2023	Communication budget
Conduct consultation for establishment of the primary groups including youth	To establish good community building mechanism for residents	40 meetings conducted to community members including youth; number of maximum participants: 2,400 residents, non-accumulative (2019 baseline: 0)	PMO, district <i>khoroob</i> and <i>kheseg</i> officials	2020–2021	40,000
Cooperate with youth community organization to work in <i>ger</i> area	Link CDCs with local youth groups (Eco Green Club, Mothers Club, Readers Club, Car Owners' Club, etc.) to initiate community projects	Implement four small-scale community projects with selected four youth organizations (2019 baseline: 0)  Total participation of youth in the community projects initiated and led by youth organizations in cooperation with CDCs will reach	Consultant	2021–2023	60,000

Activity	Objective	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
		400			
Good practice documentation	Youth engagement and CDC community projects' achievements will be documented	Four videos, including lessons learned and good practices, shared via social network (2019 baseline: 0)	Consultant	2021–2023	No budget required (included in the above)
<b>II. Establishment of primary groups, CDCs, and SDCs</b>					
Establishment of primary groups	To establish primary groups	30 primary groups in Sharkhad and 30 primary groups in Tolgoit organized, of which 60% female and 30% youth (2019 baseline: 0)	Consultant, PMO	2021–2022	40,000
Mobilize youth to take part in community-based activities including primary group and CDC activities	To ensure participation of youth in the community-based activity	20 events contribute to public awareness raising campaigns for youth community	Cooperate with youth organizations and find out ways to increase outreach	2021	15,000
Establishment of CDCs, SDCs	To establish CDCs and SDCs	Seven CDCs and two SDCs established in both subcenters, of which 60% female and 30% youth	Consultant, PMO	2021	10,000
CDCs and SDCs cooperation in <i>ger</i> area redevelopment	To enable secondary connections for block/sub-block redevelopment projects	Redevelopment concept design for two blocks to be developed, and secondary connections completed at two blocks (2019 baseline: 0)	Consultant	2023	Included in the participatory urban planning consultancy budget
<b>III. Capacity building of the primary groups, CDCs, and SDCs</b>					
Capacity building for the primary groups, CDCs	To train community groups on leadership, urban development, community participation, etc.	40 capacity building trainings/ workshops and learning exchange conducted in both subcenters (2019 baseline: 0)	MUB, PMO, community engagement team, district <i>khoroo</i> and <i>kheseg</i> officials	2022–2023	30,000
Capacity building for CDCs and SDCs	To strengthen NGOs for sustainability	Two fully functioning NGOs (2019 baseline: 0)	Consultant, PMO	2022–2023	5,000
Inclusive urban planning and CDCs and SDCs participation	Joint training for CDCs, SDCs, and business councils in inclusive urban planning, community rights in urban development, design-making, and cooperation with government agencies and private sector in the context of urban planning	Each CDC and SDC will have at least two staff/representatives trained in urban development (2019 baseline: 0)	Consultant	2020–2023	Included in the participatory urban planning consultancy budget

Activity	Objective	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
Training on community-led monitoring tools and grievance redress mechanism	To train CDCs and SDCs on community-led monitoring approach	Number of community members trained and involved in community-led monitoring (2019 baseline: 0)	Consultant, PMO	2022	15,000
CDCs and SDCs cooperation in land acquisition and resettlement activities	Train CDCs and SDCs on ADB's Safeguard Policy Statement (2009) on LAR, and receive support from focal points	12 focal points from the community trained in LAR (2019 baseline: 0)	Detailed design consultant	2020–2023	5,000
<b>IV. Knowledge management</b>					
Share experience events among subcenters	To support community knowledge sharing experience	Two primary groups and two urban redevelopment cases should be introduced to community members (2019 baseline: 0)	MUB, PMO, community engagement team	2020–2023	5,000
<b>V. Community-led monitoring</b>					
Provide regular information to community members on feedback and grievance mechanism of the project	To increase community knowledge and practice on feedback and grievance	Number of events presented feedback and grievance mechanism  Handout on feedback and grievance will be developed and disseminated	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2020–2023	5,000
Participatory monitoring of the project activities	CDCs, SDCs, and business councils	Twice a year	CDCs, SDCs, business councils	2022–2023	15,000
Community-based reporting on project progress	CDC, SDCs, and business councils	Twice a year	CDCs, SDCs, business councils, MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2022–2023	5,000
<b>Total</b>					<b>280,000</b>

ADB = Asian Development Bank, CDC = community development council, LAR = land acquisition and resettlement, MUB = Municipality of Ulaanbaatar, NGO = nongovernment organization, PMO = program management office, SDC = subcenter development council.

<sup>a</sup> *Ger* is the Mongolian dwelling fit for nomadic way of life and is easily assembled and disassembled.

<sup>b</sup> A *khoro* is an administrative subdivision in Ulaanbaatar and is often translated as subdistrict or microdistrict.

<sup>c</sup> A *kheseg* is a subdivision of a *khoro* with no formal administrative role (equivalent to neighborhood).

Source: ADB.

**Table 22: Small- and Medium-Sized Enterprise Development Plan for Tranche 3**

Activity	Objective	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
<b>I. Provide support to business councils<sup>a</sup></b>					
Organizational formation and strengthening of business councils, and in close collaboration with CDCs and SDCs	A total of 4 business councils will be established in 2020, and 1 business council in 2021; capacity building activities will be conducted	5 business councils consisting of 50% female members for each subcenter, 4 business councils in 2020, 1 business council in 2021 (2018 baseline: 48.7%)	PMO, consultant team, district, <i>khoroob</i> <sup>b</sup> officials	2020–2021	5,000
Provide support to business councils to conduct workshops with SMEs	Establish a strong community with SMEs and business councils	Map the existing community-based SMEs, 20 meetings conducted with SMEs and business councils (2018 baseline: 10)  Result: 245 members joined business councils by 2020, of which 50% are women  Focus on increasing the number of business council members, targeting 330 members by 2021, of which 50% are women (2018 baseline: 48.7%)	Consultant team, district <i>khoroob</i> and <i>khesegc</i> officials  Consultant team, district <i>khoroob</i> and <i>kheseg</i> officials	2020–2023	20,000
Capacity building of business councils on how to meaningfully engage in the project	To strengthen the five business councils	Joint training for CDCs, SDCs, and business councils in inclusive urban planning, community rights in urban development, design-making, cooperation with government agencies and the private sector in the context of urban planning  Provide legal support for the business councils to guide them in their engagement in the project  Terms of reference of the business councils are well-defined and understood  Training plan developed for capacity building interventions on leadership, team building, contract negotiations, business planning, savings movement, etc. for SMEs and start-ups	Consultant team, district <i>khoroob</i> and <i>kheseg</i> officials	2020–2023	15,000

Activity	Objective	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
		Official registration of business councils as nongovernment organization			
<b>II. Mobilize training center's operation (implement following actions in cooperation with the business councils)</b>					
Support business councils to implement SME development service through the project's training center's support	At least 50% of SMEs linked with services, such as human resources, goods and services, financial, and business advisory	<p>Prepare SMEs' development action plan on annual basis</p> <p>Cooperate with at least 10 financial institutions including SME Fund, and Credit Guarantee Fund to improve financial access of SMEs by 20%</p> <p>Partner with at least five consulting companies specialized in financial management, project management, human resources, and district SMEs support centers</p> <p>Provide various skill training to SMEs operating in two subcenters and facilitate employment opportunities</p> <p>Trained community members linked with the training centers for services, such as workspace, business advisory, etc.</p> <p>At least 50% of participants are women (2018 baseline: 48.7%)</p> <p>Job creation: 86 jobs will be created by increasing capacity of SMEs as a result of training, consulting, financial accessibility with priority access by community members</p>	Consultant team, business councils, training center, <i>khoro</i> and <i>kheseg</i> officials	2020–2023	40,000
Support business councils to implement startup development program	Encourage prospective entrepreneurs	<p>Organize 12 accelerate programs for youth startups and micro-business entrepreneurs in coordination with CDCs and SDCs</p> <p>Result: Increase startup entrepreneurs and new micro-businesses by 20%, from 458 to 550 in both subcenters. (2019 baseline: 458)</p>	Consultant team, business councils, training center, <i>khoro</i> and <i>kheseg</i> officials	2020–2023	20,000

Activity	Objective	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
		At least 50% of participants are women entrepreneurs (baseline: to be determined)			
		92 jobs created as a result, with priority access for community members			
Fully utilize training centers' resources to support businesses in impacted areas	Access to low-cost distribution channels to promote sales	Create database of unregistered businesses in coordination with CDCs and SDCs and support to formalize informal business  Organize 12 exhibitions and tradeshow and enhance SMEs income  Enable access to online distribution channels including shoppy.mn, madeinmongolia.mn to promote SME products  Attended by at least 50% of women entrepreneurs	Consultant team, business councils, training center, <i>khoroos</i> and <i>khesegs</i> officials	2020–2023	24,000
	Build easy access to loan service including access to SME fund of the government, Loan Guarantee Fund, government and financial institutions	By adding loan function into "New family" mobile application, financial access will increase by 20%  Attended by at least 50% of women entrepreneurs	PMO, consultant team	2020–2023	20,000
<b>Total</b>					<b>144,000</b>

CDC = community development council, PMO = program management office, SDC = subcenter development council, SMEs = small- and medium-sized enterprises.

<sup>a</sup> Business councils are very similar to CDC except that the business council is a local business grouping. It functions as the voice of the local businesses including the micro-entrepreneurs in the areas which are mostly operated by women.

<sup>b</sup> A *khoroos* is an administrative subdivision in Ulaanbaatar and is often translated as subdistrict or microdistrict.

<sup>c</sup> A *kheseg* is a subdivision of a *khoroos* with no formal administrative role (equivalent to neighborhood).

Source: Asian Development Bank.

## H. Gender Action Plan for Tranche 3

152. Tranche 3 is also categorized *effective gender mainstreaming*. The project will have significant benefits for women and will allow them to participate in behavior change and awareness raising campaign, capacity building, and decision-making. Women strongly support the project across all subcomponents, and they perceive that the project will improve their quality of life and create education, employment, and income opportunities for them as well as for their family members. The GAP prepared for tranche 3 will (i) incorporate gender-sensitive actions in the design and operations of urban infrastructure and social facilities including roads, community development and service center, sports complex, kindergartens, primary health care center, and green public spaces; (ii) strengthen response and prevention service of domestic violence and gender-based violence through at least two capacity building activities of five multidisciplinary teams which are frontline service providers; (iii) increase community and service providers knowledge on gender inequality and safety of girls and women through at least 10 public awareness-raising events in each subcenters, with at least 70% female participation; (iv) strengthen roles of women in all levels of decision-making process through empowerment and leadership in community-based organizations; and (v) proactively support the prevention of sexual harassment, exploitation, and abuse.

153. All actions in the SDAP, GAP, CAP, and SME development plan for tranche 3 will have to be integrated into the project budget. Extensive human resources to address social and gender dimensions will be provided by the consultants and PMO staff. Social safeguard and gender intervention require dedicated staff in both the PMO and consultancy service. The PMO will have full-time social development and gender specialist and a community engagement specialist. Community engagement will require 15 person-months of national consulting services; social safeguard and gender actions will require 4 person-months of international and 26 person-months of national consulting services; and SME actions will require 15 person-months of national consulting services.

**Table 23: Gender Action Plan for Tranche 3**

Activity	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
<b>Outcome:</b> A network of livable, competitive, and inclusive subcenters in Ulaanbaatar's <i>ger</i> <sup>a</sup> areas	<b>By 2025</b> a. % of population (at least 51.7% women) in Sharkhad and Tolgoit with improved access to water, heating, and sanitation increased by 15% (2019 baseline: 0% for water, 0% for heating, and 0% for sanitation)  b. Average density increased in Sharkhad to 100 persons per ha and in Tolgoit to 63 persons per ha (2019 average baseline: 70 [Sharkhad] and 45 [Tolgoit] persons per ha)  c. Number of business establishments in Sharkhad and Tolgoit increased by 10%, of which 35% will be women-led (2019 baseline: 370 business establishments; 110 women-led)	MUB, PMO, and district <i>khoroos</i> <sup>b</sup> and <i>khesegs</i> <sup>c</sup> officials	2020–2023	Project budget
<b>Output 1: Roads and urban services expanded within the targeted subcenters and connectivity between subcenters improved</b>				
1. Integrate gender-inclusive design measures into road infrastructure to ensure access, safety and security, and mobility	1.1 10 closed-circuit television cameras installed and operating along the planned roads in Sharkhad and Tolgoit subcenters to ensure safety and security for women and girls in public spaces 1.2 Lighting installed along the improved roads of 16.62 kilometers in Tolgoit and Sharkhad subcenters	MUB, PMO, district <i>khoroos</i> and <i>khesegs</i> , and school officials	2020–2021	N/A
2. Conduct road safety awareness campaigns for community members and children	2.1 At least 1,000 children, of which 55% are girls, from schools and kindergartens of each subcenter will be attended and learn about road safety (2019 baseline: 52%) 2.2 Organize two gender-sensitive behavior change campaigns with participation of children (sex-disaggregated) 2.3 At least four gender-sensitive public awareness events that enabled community members' participation in road safety in cooperation with government and nongovernment organizations (sex-disaggregated)	MUB, PMO, district, <i>khoroos</i> and <i>khesegs</i> , and school officials	2020–2021	5,000
<b>Output 2: Economic and public services in targeted subcenters improved</b>				
3. Ensure gender-sensitive service provision and physical environment in social facilities	3.1 Separate restrooms for men, women, and persons with disability 3.2 Separate changing rooms and showers in sports complex 3.3 Baby feeding and changing rooms in community development centers 3.4 Sensitization training on gender-sensitive service deliveries to staff of social facilities by MDTs (sex-disaggregated)	MUB, PMO, district <i>khoroos</i> and <i>khesegs</i> , and school officials	2021–2023	2,000

Activity	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
	3.5 Fully equipped exercise room for elders and persons with disability in primary health care center			
4. Train MDT of each target <i>khoroos</i> on prevention and response service to domestic violence and safety of girls and women	4.1 At least two on-the-job trainings will be provided to each <i>khoroos</i> MDT (total five <i>khoroos</i> ) on prevention, response, and public safety 4.2 Number and type of joint activities with MDT for project implementation	MUB, PMO, district <i>khoroos</i> and <i>kheseg</i> officials	2020	11,000
5. Increase awareness of communities and families on public space safety of girls	5.1 At least two awareness raising trainings will be organized in each school of the Tolgoit and Sharkhad subcenters 5.2 At least 65% of women and girls' participation (2019 baseline: 60%)	MUB, PMO, district <i>khoroos</i> and <i>kheseg</i> officials	2021–2022	5,000
6. Prioritize women in skills training for income generation opportunities	6.1 At least 60% of the participants of capacity building training for employment consists of women 6.2 Number and percentage of new businesses established by women due to project activities 6.3 205 jobs will be created for operating the social facilities, of which 78% will be women (2019 baseline: 74%)	MUB, PMO, district <i>khoroos</i> and <i>kheseg</i> officials	2020–2023	3,000
7. Organize public awareness-raising and knowledge promotion activities on HIV/AIDS, gender-based violence, and sexual harassment, exploitation, and abuse during construction and operation	7.1 Community members have understanding of the HIV/AIDS, sexual harassment, and prevention measures, and at least 63% of participants are women (2019 baseline: 60%)	MUB, PMO, district, <i>khoroos</i> and <i>kheseg</i> officials	2021	6,000
8. Women participate equally in decision making about urban planning and infrastructure	8.1 At least 55% of the participants of community consultation on land resettlement and urban planning are women (2019 baseline: 52%) 8.2 Primary community groups, CDCs, and business councils in Sharkhad and Tolgoit fully functioning, with at least 60% women participation (2019 baseline: 55%) 8.3 At least 70% women in leadership positions of CDCs and business councils (2019 baseline/proxy: 70%)	MUB, PMO, district, <i>khoroos</i> and <i>kheseg</i> officials	2020–2023	N/A
<b>Output 3: Institutional capacity for program management and urban development strengthened</b>				
9. Sex-disaggregated data will be collected by the project performance management system to ensure the monitoring, evaluation, and reporting of GAP	9.1 Sex-disaggregated project performance management system is operational using information and communication technology tools integrated with geographic information system mapping	MUB, PMO, district <i>khoroos</i> and <i>kheseg</i> officials	2020–2023	N/A
10. Institutional capacity for program management and urban development are strengthened	10.1 PMO is fully functioning with trained staff with at least 60% women (2019 baseline: 50%) 10.2 PMO will have two full time staff for GAP, SDAP, and CPP implementation	MUB, PMO, district <i>khoroos</i> and <i>kheseg</i> officials	2021–2022	N/A

Activity	Indicators/Targets	Responsible Entity	Timeline	Indicative Budget (\$)
11. Subcenter planning and development, community participation, small- and medium-sized enterprise development in Sharkhad and Tolgoit	11.1 People-centered subcenter redevelopment mechanism and platform established and endorsed by all stakeholders through community consultation with at least 50% women participation (2019 baseline: 0)	MUB, PMO, and district <i>khoro</i> and <i>kheseg</i> officials	2021–2022	N/A
12. Ensure semiannual monitoring and reporting of GAP implementation	12.1 GAP progress monitoring matrix is updated semiannually	MUB, PMO, district <i>khoro</i> and <i>kheseg</i> officials	2020–2023	N/A
<b>Total</b>				<b>32,000</b>

CDC= community development council, CPP = community participation plan, ha = hectare, GAP = gender action plan, MDT= multidisciplinary team, MUB = Municipality of Ulaanbaatar, PMO = program management office, SDAP = social development action plan.

<sup>a</sup> *Ger* is the Mongolian dwelling fit for nomadic way of life and is easily assembled and disassembled.

<sup>b</sup> A *khoro* is an administrative subdivision in Ulaanbaatar and is often translated as subdistrict or microdistrict.

<sup>c</sup> A *kheseg* is a subdivision of a *khoro* with no formal administrative role (equivalent to neighborhood).

Source: Asian Development Bank.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework<sup>41</sup>

154. The project design and monitoring framework for tranche 3 is provided in Table 24.

**Table 24: Project Design and Monitoring Framework for Tranche 3**

Impact the Project is Aligned with Improved living conditions in Ulaanbaatar (Ulaanbaatar City Master Plan [2030]) <sup>a</sup>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<b>Outcome</b> A network of livable, competitive, and inclusive subcenters in Ulaanbaatar's <i>ger</i> areas	<b>By 2025</b> a. % of population (at least 51.7% women) in Sharkhad and Tolgoit subcenters with improved access to water, heating, and sanitation increased by 15% (2019 baseline: 0% for water, 0% for heating, and 0% for sanitation) <sup>b</sup> (RFI A)  b. Average density increased in Sharkhad to 100 persons per ha and in Tolgoit to 63 persons per ha (2019 average baseline: 70 [Sharkhad] and 45 [Tolgoit] persons per ha) (RFI B)  c. Number of business establishments in Sharkhad and Tolgoit increased by 10%, of which 35% will be women-led (2019 baseline: 370 business establishments; 110 women-led) (RFI C)	a–c. MUB report on urban construction, Ulaanbaatar City statistics office, and district and <i>khoroо</i> records	Policy reforms are delayed or prevented by political interference
<b>Outputs</b> 1. Roads and urban services expanded within the targeted subcenters and connectivity between subcenters improved	<b>By 2023</b> 1a. 16.62 km paved roads constructed (2019 baseline: 6.25 km) (RFI D)  1b. 17.26 km water supply pipeline and 2 pumping stations with capacity of 6,000 m <sup>3</sup> /d in Sharkhad and 4,600 m <sup>3</sup> /d in Tolgoit; and 6.8 km sewerage pipeline constructed (2019 baseline: 9.42 km of water supply main and 1.3 km of sewerage main) (RFI D)  1c. 8.02 km of heating pipeline with 7 substations and secondary connections constructed (2019 baseline: 451 m of heating pipeline) (RFI D)  1d. 10.88 km of flood protection channels and 2 sediment retention	1a–f. PMO quarterly progress and completion reports	Delay in preparation and approval of detailed designs due to parliamentary and local elections in 2020  Insufficient resources allocated to the operation and maintenance of socioeconomic facilities

<sup>41</sup> The design and monitoring framework for the investment program and previous tranches are available at: ADB. [Mongolia. Ulaanbaatar Urban Services and Ger Areas Development Investment Program \(Tranche 2\).](#)

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>ponds constructed (2019 baseline: 0) (RFI D)</p> <p>1e. 40 km of 10-kilovolt power cable and 9.6 km fiber-optic cables with auxiliary facilities (2019 baseline: 8 km of 10-kilovolt overhead lines; 7.15 km underground telecommunication cables with auxiliary facilities) (RFI D)</p> <p>1f. 10 closed-circuit television cameras installed and operating along the planned roads to ensure safety and security for women and girls in public spaces (2019 baseline: 0) (RFI D)</p>		
2. Economic and public services in targeted subcenters improved	<p><b>By 2023</b></p> <p>2a. Two kindergartens with additional capacity for 480 students constructed in Sharkhad and Tolgoit subcenters (2019 baseline: 3 kindergartens with capacity for 350 students) (RFI D; RFI E)</p> <p>2b. Two community development and service centers constructed in Tolgoit and Sharkhad (2019 baseline: 0) (RFI D)</p> <p>2c. Five green public spaces constructed in Tolgoit and Sharkhad (2019 baseline: 0) (RFI D; RFI E)</p> <p>2d. One sports complex constructed in Sharkhad (2019 baseline: 0) (RFI D)</p> <p>2e. One primary health care center constructed in Tolgoit (2019 baseline: 0) (RFI D; RFI F)</p> <p>2f. Two training centers constructed in Tolgoit and Sharkhad (2019 baseline: 0) (RFI D)</p> <p>2g. 50 social housing units constructed in Sharkhad (2019 baseline: 0)</p> <p>2h. 205 jobs will be created for operating the social facilities, of which 78% will be women (2019 baseline: 74%) (RFI C)</p>	2a–h. PMO quarterly progress and completion reports and district records	
3. Institutional capacity for program management and urban development strengthened	<p><b>By 2021</b></p> <p>3a. People-centered subcenter redevelopment mechanism and platform established and endorsed by all stakeholders through</p>	3a–b. PMO quarterly progress and completion reports	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>community consultation with at least 50% women participation (2019 baseline: 0) (RFI B; RFI G)</p> <p><b>By 2023</b> 3b. 60 primary community groups, 14 CDCs, and 10 business councils in Sharkhad and Tolgoit fully functioning, with at least 60% women participation (2019 baseline: 0)</p>		

#### Key Activities with Milestones

##### 1. Roads and urban services expanded within the targeted subcenters and connectivity between subcenters improved

- 1.1 Detailed design of roads and associated infrastructure completed by March 2021
- 1.2 Detailed design of water supply, sewerage, and heating secondary connections completed by March 2021
- 1.3 Detailed design of electricity and telecommunications completed by March 2021
- 1.4 Urban infrastructure constructed, commissioned, and made operational in phases between September 2021 and June 2023
- 1.5 Payment of compensation and LARP entitlements (except livelihood restoration support activities) completed prior to initiation of construction activities
- 1.6 EMP, GAP, and SDAP implemented

##### 2. Economic and public services in targeted subcenters improved

- 2.1 Detailed design of social facilities completed by Q3 2020
- 2.2 Social facilities constructed, commissioned, and made operational in phases between April 2021 and June 2023
- 2.3 Payment of compensation and LARP entitlements (except livelihood restoration support activities) completed prior to initiation of construction activities
- 2.4 EMP, GAP, and SDAP implemented

##### 3. Institutional capacity for program management and urban development strengthened

- 3.1 People-centered subcenter redevelopment mechanism and platform established and endorsed by June 2021
- 3.2 Primary community groups, CDCs, and business councils established in target areas by December 2022
- 3.3 Support to financial strengthening provided, and regulatory and institutional framework improved by December 2020

#### Inputs for Tranche 3

ADB: \$43.65 million (loan) [\$25.05 million OCR regular loan and \$18.60 million OCR concessional loan]

Government: \$51.90 million

#### Assumptions for Partner Financing

European Investment Bank: \$18.65 million (loan)

ADB = Asian Development Bank, CDC = community development council, EMP = environmental management plan, GAP = gender action plan, ha = hectare, km = kilometer, LARP = land acquisition and resettlement plan, m = meter, m<sup>3</sup>/d = cubic meter per day, MUB = Municipality of Ulaanbaatar, OCR = ordinary capital resources, PMO = program management office, SDAP = social development action plan.

#### Contribution to the ADB Results Framework:

- RFI A: People benefiting from improved services in urban areas. Expected: 2,370 people.  
 RFI B: Entities with improved urban planning and financial sustainability. Expected: 2 subcenters.  
 RFI C: Jobs generated. Expected: 382 jobs during operations stage.  
 RFI D: Urban infrastructure assets established or improved. Expected: to be determined (TBD).  
 RFI E: New and existing infrastructure assets made climate and disaster resilient. Expected: TBD.  
 RFI F: Health services established or improved. Expected: TBD.  
 RFI G: Measures to improve regulatory, legal, and institutional environment for better planning supported in implementation. Expected: 3.

<sup>a</sup> State Great Khural (Parliament) of Mongolia. 2013. *Adjustments to the Ulaanbaatar City Urban Development Master Plan 2020 and Development Directions 2030*. Ulaanbaatar.

<sup>b</sup> The 15% improved access in the subcenter project areas will be mostly achieved through the synergy with the on-going ADB-financed Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector Project. At least one of the 20 eco-districts planned under the sector project will be implemented in each subcenter, corresponding to 1,000 housing units in each subcenter. Access will also be promoted by the secondary connections cofinanced by EIB under this project, organic development due to the attraction of the subcenters, and other redevelopment schemes in line with the local development plans are currently being developed by the program management office.

Source: ADB.



## B. Monitoring

155. **Investment program performance monitoring and evaluation.** The MUB will be assisted by a program steering committee (PSC). The PSC will be set up and will be chaired by the Mayor of Ulaanbaatar and will comprise representatives of the MUB and national agencies. The PSC will meet at least once in every 6 months and review the progress of implementation and provide guidance, as necessary.

156. ADB will regularly visit the project to monitor performance during implementation.

157. ADB and the MUB will use the PPMS to monitor the effectiveness of the investment program. This will be achieved through the use of indicators and targets covering both macro and micro issues.

158. **Investment program review.** ADB and the MUB will review the investment program and the periodic financing requests annually covering all institutional, administrative, technical, economic, and other relevant aspects that may have an impact on the performance of the investment program. The review will examine implementation progress and compliance with assurances in the loan agreements.

159. **Compliance monitoring.** The compliance status of loan and project covenants will be reported and assessed through the semiannual progress reports and verified by ADB review missions.

160. **Project performance monitoring and evaluation.** The government will cause the MUB to monitor and evaluate impact through a performance monitoring system, as agreed to by the government and ADB, to ensure that project equipment and materials are efficiently managed, benefits are maximized, and impacts are monitored. The government will also cause the MUB to collect the necessary information and data on project performance, as agreed to by the government and ADB, before project implementation, and at completion of the investment program.

161. **Safeguards monitoring.** The government and MUB will ensure that laws and regulations of Mongolia governing safeguards, as well as ADB's SPS, are followed. The MUB will ensure that all works contracts under the investment program incorporate provisions and budgets for safeguards plans implementation. A PMO has been established in the MUB. The PMO includes full time social and environment staff members responsible for social and environmental aspects of the project, respectively.

- (i) **Resettlement plan.** Internal monitoring for resettlement plan implementation will be carried out routinely by the PMO either directly or through the services of a resettlement consultant. The results will be communicated to ADB through the quarterly project implementation reports.<sup>42</sup> The PMO is responsible for managing resettlement plan implementation and taking actions to handle the day-to-day issues. At the end of each tranche, the PMO will prepare a resettlement plan completion report and submit to ADB. The PMO is also responsible for engaging a qualified external monitor to investigate and assess resettlement plan implementation in each tranche. External resettlement plan implementation monitoring will be carried out semiannually during the implementation of

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<sup>42</sup> As and when necessary to report significant progress, implementation issues, or status of earlier identified problems.

resettlement plan and its results will be reported to the MUB and ADB in semiannual reports.

- (ii) **Environmental management plan.** During construction, contractors will develop contractor environment management plans with environmental management and internal monitoring systems based on the updated EMP for tranches 1 and 2, undertake self-check activities and fully cooperate with the environmental inspectors of the municipal specialized inspection department and/or specialized inspection divisions of the districts. Contractors will submit monthly contractor environment management plans implementation reports to the PMO. Tranches 1 and 2 EMP implementation coordination and verification for the construction and operation periods will be carried out routinely by the PMO with the support of the services of environment consultants. Periodic environmental impact monitoring will be carried out by the PMO through the services of a licensed institute or consultant. The results of tranches 1 and 2 EMP implementation and environmental impact monitoring will be communicated to ADB through the annual project EMP monitoring and progress reports, and summarized in the quarterly project implementation reports. The annual project EMP monitoring and progress reports will be disclosed on the ADB website.

162. **Gender and social dimensions monitoring.** The PPMS will have the monitoring of the GAP and SDAP using information and communication technology tools integrated with geographic information system mapping. Clear targets and indicators have been established and some indicators, such as those on employment and training, are also captured in the design and monitoring framework. The international and national gender and social development consultants will assist the executing and implementing agencies to set up effective monitoring systems, and work with the focal points in the executing and implementing agencies to ensure implementation of the GAP, CAP, SDAP, and SME development plan. The GAP, CAP, SDAP, and SME development plan will be monitored and reported semiannually and during ADB review missions.

### C. Evaluation

163. ADB and the government will jointly review implementation of the investment program once a year, covering a detailed evaluation of the scope, implementation arrangements, institutional, administrative, technical, economic, financial, achievement of scheduled targets, and other relevant aspects that may have an impact on the performance of the investment program. The review will examine implementation progress and compliance with assurances in the loan agreements. Feedback from the PPMS activities will be analyzed. Within 3 months of physical completion of tranches 1 and 2, the executing agency will submit a project completion report to ADB.<sup>43</sup>

### D. Reporting

164. The MUB will provide ADB with (i) quarterly progress reports in a format consistent with ADB's PPMS; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of first tranche. To ensure projects continue to be both viable and sustainable, project accounts and audited project

<sup>43</sup> Project completion reports available at: <https://www.adb.org/projects/documents/doctype/Completion%20Reports>.

financial statements, together with the associated auditor's report, should be adequately reviewed.

## **E. Stakeholder Communication Strategy**

165. The PMO with support of consultants will undertake consultations with key stakeholders as outlined in the stakeholders' communication plan. Communication with stakeholders will be managed by the PMO environmental and/or social safeguards specialist. The PMO will ensure local stakeholders are consulted, that information on the project is disseminated, and that questions and complaints are addressed quickly and effectively. The community participation component builds off the participation process initiated during the tranche 3 processing and has a focus on community-based planning. During implementation, the development of a framework with a transparent mechanism to regulate urban and land redevelopment will support continuous dialogue with the communities and will ensure the integration of the current resident into the urban redevelopment process.

166. **Public disclosure.** Public disclosure of all project documents will be undertaken through the PMO and on the ADB website, including the project data sheet, design and monitoring framework, and the report and recommendations of the President. Disclosure of social and environmental monitoring reports will be undertaken during project implementation.

## **X. ANTICORRUPTION POLICY**

167. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the investment program.<sup>44</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the program.<sup>45</sup>

168. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the loan regulations and bidding documents for the program. In particular, all contracts financed by ADB in connection with the program shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all contractors, suppliers, consultants, and other service providers as they relate to the investment program. In relation to the program, the executing agency will ensure that (i) a supervisory body is established for prevention of undue interference in business practices, and adequate resources are made available for its effective operation; (ii) a leading group of officials from the supervision division of the executing agency is located in offices involved in bidding, installation, and other operational activities under the investment program; and (iii) periodic inspections on the contractor's activities related to fund withdrawals and settlements are carried out. The executing agency shall also initiate liaison meetings with the Prosecutor's Office, as needed, to discuss any warnings about, or information on, alleged corrupt, fraudulent, collusive, or coercive practices relating to the investment program.

169. The MUB will disclose to the public and update annually the current status of the program and how the proceeds of the facility are used. For each contract financed under the program, the MUB will disclose on their respective websites information on, among others, the (i) list of

<sup>44</sup> Anticorruption Policy: <https://www.adb.org/sites/default/files/institutional-document/32026/anticorruption.pdf>

<sup>45</sup> ADB's Integrity Office web site: <https://www.adb.org/site/integrity/main>.

participating bidders; (ii) name of the winning bidder; (iii) basic details on bidding procedures and procurement methods adopted; (iv) amount of contract awarded; (v) list of goods/services, including consulting services procured; and (vi) intended and actual utilization of the facility proceeds.

## **XI. ACCOUNTABILITY MECHANISM**

170. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>46</sup>

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<sup>46</sup> Accountability Mechanism. <https://www.adb.org/site/accountability-mechanism/main>.

## **XII. RECORD OF CHANGES TO THE FACILITY ADMINISTRATION MANUAL**

171. All revisions/updates during the course of implementation are retained in this section to provide a chronological history of changes to implemented arrangements recorded in the FAM.

<b>No.</b>	<b>FAM Changes/Updates</b>	<b>Date</b>	<b>Remarks</b>
1	Initial draft	29 Jul 2013	First draft provided to executing agency during fact-finding mission
2	Agreed draft (Tranche 1)	1 Nov 2013	Loan negotiations
3	Agreed draft (Tranche 2)	22 Feb 2017	Loan negotiations
4	Agreed draft (Tranche 3)	14 May 2020	Loan negotiations

FAM = facility administration manual.