Resettlement Framework

June 2018

Mongolia: Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector Project

Prepared by Municipality of Ulaanbaatar for the Asian Development Bank. This is an updated version of the draft originally posted in May 2018 available on https://www.adb.org/projects/documents/mon-49169-002-rf-0
CURRENCY EQUIVALENTS
(as of 28 June 2018)

Currency unit – togrog (MNT)
MNT1.00 = $0.00041
$1.00 = MNT2,465.0

ABBREVIATIONS

ADB – Asian Development Bank
AH – affected household
AHURP – Affordable Housing and Urban Renewal Project
AP – affected person
DMS – detailed measurement survey
EM – external monitor
GOM – Government of Mongolia
GRM – grievance redress mechanism
IR – involuntary resettlement
LA – Land Agency of the Municipality of Ulaanbaatar
LAD – Land Acquisition Division of Land Agency of the MUB
LARP – land acquisition and resettlement plan
LARWG – Land Acquisition and Resettlement Working Group
MUB – Municipality of Ulaanbaatar
PMO – project management office
RF – resettlement framework
SPS – Safeguard Policy Statement

NOTE

In this report, "$" refers to US dollars

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Municipality of Ulaanbaatar

Mongolia: Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Project

Resettlement Framework
(Updated)

June 2018

Subject: Endorsement Letter

We would like to submit the revised Resettlement Framework (June 2018) (RF) for the Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Project (Project).

The RF has been prepared in accordance with ADB’s Safeguard Policy Statement (2009) (SPS) and applicable Mongolian laws and regulations.

The RF has been revised to clarify that the scope of application of ADB SPS (Safeguards Requirements2 : Involuntary Resettlement) will apply in areas outside the eco-district subprojects’ perimeters, where involuntary resettlement impacts are expected caused by infrastructure construction (such as widening of roads and construction of utilities to connect the eco-districts with main infrastructure).

Land Acquisition and Resettlement Plans will be prepared in accordance with the agreed RF. If the infrastructure development will have significant involuntary resettlement impacts (category A), it will not be financed under the Project.

The Governor’s Office of the Capital city hereby confirms the content of the RF and makes commitment that it will be implemented and budget for land acquisition and resettlement will be allocated on time.

Best Regards,

ULZIIBAYAR GONCHIG
HEAD OF POLICY AND PLANNING DIVISION
GOVERNOR’S OFFICE OF THE CAPITAL CITY
Table of Contents

I. Introduction .................................................................................................................................................. 1
II. Objectives, Legal and Policy Framework ................................................................................................... 1
III. Eligibility and Entitlements ......................................................................................................................... 14
IV. Compensation, Income Restoration and Relocation .................................................................................. 23
V. Census, Asset Inventory, and Socio-Economic Information ......................................................................... 25
VI. Consultation and Public Participation ...................................................................................................... 26
VII. Institutional Arrangements and Implementation ...................................................................................... 27
VIII. Grievance Redress Mechanism .............................................................................................................. 29
IX. Monitoring and Evaluation ........................................................................................................................ 31
X. Budgeting and Financing ............................................................................................................................ 32
Annex 1: Sample Grievance Action Form (GAF) ......................................................................................... 33
Annex 2: LARP Outline .................................................................................................................................... 34

List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>Comparison of IR Related Provisions in Mongolian Law and the ADB SPS</td>
<td>11</td>
</tr>
<tr>
<td>Table 2</td>
<td>Eligibility and Entitlements</td>
<td>18</td>
</tr>
<tr>
<td>Table 3</td>
<td>Grievance Redress Mechanism</td>
<td>30</td>
</tr>
</tbody>
</table>
Definition of Terms

Affected Household: All persons residing under one roof and eating from the same kitchen, who are adversely affected by the Project, or any of its components; may consist of a single nuclear family or an extended family group

Affected Persons: In the context of involuntary resettlement, displaced persons are those who are physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

Affordable housing: A shelter delivery system that is appropriate for the needs of a range of very low to moderate income households and priced (or subsidized) so that the households are also able to meet other basic needs. It also includes social housing such as rental housing that is subsidized and targets the lowest income households that cannot afford the down payments and subsequent loan amortization payments. Rental tenures can be converted into ownership through rent-to-own schemes.

Compensation: Cash or in-kind payment of the replacement cost of an asset lost due to Project-related impacts

Entitlement: Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation, which are due to affected people, depending on the nature of their losses, to restore their economic and social base

Host Population: Community residing near the area where the APs are relocated

Income Restoration: Reestablishment of income sources and livelihoods of APs

Involuntary Resettlement: Full or partial, permanent or temporary physical displacement (relocation, loss of residential land or shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a consequence of development projects, compelling APs to rebuild their lives, incomes and asset bases

Land Acquisition: The process whereby a person is compelled by a government agency to relinquish their land or land use rights to the government (i) for a public purpose and (ii) in return for compensation. This land may be either owned or possessed by the affected person.

Rehabilitation: Compensatory measures provided under the ADB Policy Framework on Involuntary Resettlement other than payment of the replacement cost of acquired assets

Relocation: The physical resettlement of an AP from her/his pre-Project place of residence

Replacement Cost: The value determined to be fair compensation for various types of agricultural and residential land, crops, trees, and other commodities based on current market rates; the cost of rebuilding houses and structures at current market prices of building materials and labor, without depreciation or deductions for salvaged building material

Servitude (easement): A restriction or obligation attached to a property that entitles somebody other than the owner to a specific use of it such as the right to cross it or occupy it temporarily for maintenance of utility services.

Social Preparation: Process of consultation with APs undertaken before key resettlement decisions are made, to build their capacity to deal with resettlement

Temporary Land Use Impacts: When land outside the proposed ROW is required temporarily to carry out construction, persons may be affected in terms of temporary land loss, damage to attachments or disruption of living or business conditions, for which compensation or mitigation is required to offset such impacts

Usufruct: The right to use and profit from land belonging others or a larger social entity, such as a tribe, community of collective

Vulnerable Groups: Distinct group of people (poor, elderly, disabled and female headed households) who may suffer disproportionately from resettlement effects
I. Introduction

1. The Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Project (the Project) aims to bridge current gaps in climate responsive urban development and green affordable housing.

2. The Project will implement a large-scale demonstration initiative that will leverage private sector investment to deliver 10,000 green housing units that are energy efficient, affordable, and designed to maximize the use of renewable energy and redevelop 100 hectares of ger areas into eco-districts characterized by (i) low-carbon, climate resilient and resource efficient; (ii) mixed-use with ample public space and public facilities; and (ii) mixed-income with about 70% of combined social and affordable housing units. It will use a financing strategy that blends public and private resources, with targeted subsidy and sustainable mechanisms to address the need to accelerate the delivery of green affordable housing within the framework of a more climate resilient urban development. It will provide a comprehensive, integrated, and affordable urban and housing solution for vulnerable communities providing a more liveable urban environment for the ger area residents.

3. Within the project eco-districts’ perimeters, the Project will implement a demand-driven approach, based on a voluntary land swapping mechanism, supported by voluntary land swapping plans (VLSPs). The proposed resettlement is voluntary in nature as households will be provided with an option to agree to participate or not. The proposed resettlement is not considered involuntary resettlement under the ADB Safeguard Policy Statement (SPS). Notwithstanding that the proposed resettlement for the project eco-districts is voluntary, the VLSPs will be prepared and implemented to avoid, if not, minimize impacts during the transitional period, and improve the standard of living of the potential beneficiaries, especially the poor and other vulnerable households.

4. For areas outside the project eco-districts’ perimeters, where involuntary resettlement impacts are expected caused by infrastructure construction, this Resettlement Framework has been prepared and will serve as guide in the screening, preparation, and implementation of Land Acquisition and Resettlement Plans (LARPs). Impacts caused by the infrastructure construction outside the eco-districts’ perimeters such as widening of roads and construction of utilities to connect the eco-districts with main trunk infrastructure will be avoided, and if not, mitigated, as much as possible. One of the selection criteria of redevelopment blocks is the proximity to the main trunk infrastructure, so that connections can be provided with minimum involuntary resettlement impacts. Activities with category A involuntary resettlement impacts will be excluded.

II. Objectives, Legal and Policy Framework

5. The objectives, legal and policy framework has been set out in accordance with the Resettlement Framework to ensure that all affected entities receive the appropriate assistance, compensation and access to project planning in a timely manner to enable them to maintain a level of well-being, which is at least equivalent to or better than what it would have been without the project. To achieve this, the affected entities must be fully informed, closely consulted, compensated for their losses, assisted to gain possession or ownership of replacement land and property, in order to re-establish their living conditions and enterprises. All affected entities should be provided

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1 Specifically, the participation of a plot of land in an eco-district redevelopment will only take place if, and when, the land and non-land owners living in the plot within the perimeter of the eco-district are willing to participate.

2 A VLSP has been prepared for the two core subprojects (Selbe and Bayankhoshuu). During implementation and following completion of detailed design, the VLSP for the two core eco-district subprojects will be updated and similar VLSPs for other eco-districts subprojects will be prepared and submitted to ADB for review and concurrence.
opportunities to participate in any decision-making pertinent to involuntary resettlement (IR). All provisions adopted here are based on the applicable Mongolian Laws and the 2009 ADB Safeguard Policy Statement (SPS).

A. Mongolian Laws and Regulations

6. In Mongolia there is no dedicated and comprehensive law that regulates issues of land acquisition and resettlement. Although the Constitution of Mongolia has provisions that justify exercising of eminent domain power, none of the land related legislation provides the power of eminent domain to the state or any other entity. According to the current Mongolian legislation, any land acquisition, including the ones for public needs such as land for public sewer main collector pipes, shall take place through negotiation and agreement. If negotiations fail, then the case must be resolved at the courts. The laws are silent on land expropriation but do provide provisions on exchange of land or taking over land with compensation for state special needs. However, the related procedures are incomplete, imprecise and fail to properly protect the rights of affected persons and property rights. The basic legislative framework for LAR and related issues consists of: i) Constitution of Mongolia, ii) Law on Land, iii) Law on Allocation of Land to Mongolian Citizens for Ownership and iv) Civil Code of Mongolia. In addition to these laws, Annex 4 of the Government Decree No. 28 from 2003, “Regulation on Taking Over Land for and Releasing Land from State Special Needs”, is used in the LAR activities.

The Constitution of Mongolia

7. The Constitution of Mongolia (1992) sets the fundamental principles for human and property rights. The following provisions are related to the protection of human and property rights, and the acquisition of land for public needs:
- The State recognizes all forms of both public and private property and shall protect the rights of the owners, Article 5.2;
- The owner’s right shall be limited exclusively by due process of law, Article 5.3;
- The State shall have the right to hold land owners responsible in connection with the manner the land is used, to exchange or take it over with compensation on the grounds of special public need, or confiscate the land if it is used in a manner adverse to the health of the population, the interests of environmental protection and national security, Article 6.4;

The citizens of Mongolia shall be guaranteed the privilege to enjoy the following rights and freedoms:
- Right to healthy and safe (living) environment, and to be protected against environmental pollution (from pollution of living conditions/environment) and ecological imbalance, Article 16.2
- Right to fair acquisition, possession and inheritance of moveable and immovable property. Illegal confiscation and requisitioning of the private property of citizens shall be prohibited. If the State and its bodies appropriate private property on the basis of exclusive public need, they shall do so with due compensation and payment, Article 16.3.

8. Constitutional provision 16.2 provides an important right for people to live in healthy and safe conditions, which means that people have the right to be provided with basic infrastructure, such as sewage, heating systems and water supply, to enjoy healthy and safe livelihood.

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4 Amended twice on 24 Dec 1999 and 4 Dec 2000, respectively. The English translation of the Constitution of Mongolia used in this report is obtained from the website of the Parliament of Mongolia, [www.parliament.mn](http://www.parliament.mn) accessed on 27 Mar 2015
9. The Law on Land (2002)\(^5\) regulates issues related to land possession and land use by individuals and legal persons. Law on Land determines three types of land tenure, namely land ownership, land possession and land use. These are defined in the Article 3 of Law on Land.

- “to own land” means to be in legitimate control of land with the right to dispose of this land. Only Mongolian citizens can own Land. All land, except those, which are given to Mongolian citizens, is the property of the State, i.e. public property. “Land ownership” is comparable to the “freehold” tenure in many other countries. The Law on Allocation of Land to Mongolian Citizens for Ownership deals with land ownership related issues. Further details on land ownership are provided in the next part, which examines particularly this law.

- “to possess land” means to be in legitimate control of land in accordance with purpose of its use and terms and conditions specified in respective contracts. The land possession right can be obtained only by the citizens and legal persons of Mongolia. The respective local governors make the decision for provision of land possession rights. The land possession rights are provided for 15-60 years, with possible extension of 40 years. The size of land plot for land for possession is up to 0.07 ha for household residential use. The size of land for commercial purposes depends on the type of activities and is set in the contract between the state and land possessor. In current practice, the state, as the owner of the land, provides land possession rights to the interested Mongolian persons. This right is registered in the cadastral/land information system operated by the organization in charge of land affairs – the Administration of Land Affairs, Geodesy and Cartography (ALAGaC) and its local offices in the aimag that are called Department of Land Affairs, Construction and Urban Development. In the Capital city-Ulaanbaatar this responsibility is under the PRD. Land possession right is transferable and can be used as collateral as well. Land possession can be registered in the State Registration of Property Rights, which is operated by the General Authority of State Registration.

- “to use land” means to undertake a legitimate and concrete activity to make use of some of the land’s characteristics in accordance with contracts made with owners and possessors of land. Land use rights can be given to Mongolian citizens, companies and organizations or foreign countries, international organizations, foreign legal persons, companies with foreign investment, foreign citizens and stateless persons for specific purpose, duration, conditions and under contract. Land use rights for the foreign citizens and stateless persons (who reside in Mongolia for more than 183 days) can be provided only for family residence purpose through auctioning by the respective local governor. The duration for such rights shall be for 5 years and is renewable for 5 years at a time. Provision of land use rights for specific period of time for foreign countries, international organizations, and foreign legal persons under leasing and concession agreement shall be decided by the Parliament of Mongolia. The boundaries and procedures of use shall be set by the Government of Mongolia. As for the companies with foreign investment, the land use rights shall be provided in accordance with the law and in this case the Government of Mongolia decides the duration of the tenure.

10. The land possession and land use rights are similar to leasehold tenure in other countries. In current practice, the State is the sole owner who lets land for possession and use. It is not common that the private land owners provide their land for possession and use. Common practice is that

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immovable property, together with the land, is rented. The possession right is transferable, whereas land use is not. Article 6.2 of the Law on Land sets the types of land, which can be used publicly (common use land) under the regulation of relevant state body, if not stated differently in the law. This include i) pastureland, water points in pastureland, salt licks, ii) public use land in the city, village and other settlement, iii) land under road and network, iv) forest area and v) water area.

11. The Law on Land regulates that land under possession can be exchanged or taken over, i.e. acquired, for the state special needs. Article 16 lists 12 types of land use as the land that belongs to the state special needs as follows:

- land under special protection of the state\(^6\);
- national border strip land;
- land for ensuring national defence and security;
- land for foreign diplomatic missions and consulates, and representative offices of international organizations;
- land for scientific and technological tests, experiments, and for environmental and climatic permanent observations;
- inter-aimag reserve pasture land;
- hay field land for state fodder fund;
- contracted oil field to be used for exploration according to product sharing agreement;
- free zone area;
- land for construction and use of nuclear facilities;
- land for artisanal mining; and
- land for border point zone.

12. The procedures for acquisition of and compensation for land under possession are specified in the “Article 42 Exchange or taking over land under possession before the expiration of the contractual period” and “Article 43 Provision of compensation when exchanging or taking over land under possession before the expiration of the contractual period”.

13. The law sets that central state administrative organization in charge of land affairs\(^7\) shall make a preliminary agreement with the land possessor to exchange or take over its land wholly or partially with compensation for state special needs. After that a proposal shall be sent to the Cabinet for decision to acquire the land. Once the Cabinet makes a decision to acquire the land, based on this decision, respective local Governor shall conclude a contract for land acquisition with the land possessor, provide the compensation and acquire the land. The affected land possessor shall vacate the land within 90 days after concluding the contract and hand over to the disposal of the respective Governor. The acquisition of land, which is used for residential purposes, can be implemented only between May 15 to September 15. This is due to the inconveniences associated with relocation/moving in cold period of the year.

14. The law states that in the decision for land acquisition, the value of the buildings, facilities and other properties that cannot be separated from the land, be appraised based on the rates at the time of acquisition, and costs for acquiring the land, i.e. vacating the land, shall be reflected. The compensation shall be provided to the affected persons from state budget through the respective Governor. The Governor shall provide the compensation within 60 days after concluding an agreement, if not specified differently in the agreement. The affected land possessor shall vacate

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\(^6\) Law on Special Protected Area (1994) specifies, Article 3, that there are four categories of special protection land: i) strictly protected areas, ii) natural complex area, iii) nature reserves iv) monument area.

\(^7\) In Mongolian legislative practice ‘central state administrative organization in charge of …..’ means respective ministry for certain sector(s) and government functions. In this case, central state administrative organization in charge of land affairs means the Ministry of Construction and Urban Development that is responsible for, among others, land policies and governmental functions and institutions related to land.
the land within 30 days after receipt of the full compensation, if not specified differently in the agreement.

15. The law does not say that the land itself should be appraised and compensated. Moreover, the provisions of the law do not specify what entitlements the compensation consist of, who shall carry out the appraisal, what are the principles in the compensation appraisal, what can be understood under the rate at the time of acquisition (is this market value or another value/rate) and if there will be any rehabilitation measures. It is not clear how and what land can be provided in exchange to replace the land being taken back. These issues are not specified in the law.

16. There is no provision in the law that allows land expropriation, if necessary, for public needs such as public sewer main collector pipes and it regulates that land acquisition should take place based on negotiation and agreement. However, the law specifies, article 59, that land can be vacated and forced relocation enforced, with the help of police, if the land possession right has ended as per the provisions of the law or contract and based on the decision of respective Governor. Also, it specifies clearly that disputes to arise in connection with the exchange or taking over land shall be brought to the Governor or organization that is superior to the ones against whom the claims are being made. Further, it is specified that the land related property disputes or if the decision of the higher-level authorities are still not agreeable, the case can be brought to the court for judgment.

17. The Law on Land does not recognize any land use without proper permission, i.e. land ownership, possession and use rights, from relevant state bodies. The persons using land without permission are obliged to vacate the land upon the request by the local Governor. If the entity did not vacate the land within the time specified by the Governor, forcible measures shall be taken to clear the land and associated costs are to be provided by the entity using the land without permission.

18. There is no LAR related provision in the law concerning affected persons holding land use rights, except to say that compensation is not applicable to them (article 43.6).

**Law on Allocation of Land to Mongolian Citizens for Ownership**

19. The Law on Allocation of Land to Mongolian Citizens for Ownership (2002)\textsuperscript{8} regulates procedures for allocating land for ownership and other relations associated with this tenure. Only Mongolian citizens can obtain land ownership rights. It can be obtained free of charge in accordance with this law or purchased. Land, which are already held under ownership rights by individuals, are freely traded and transferred on the market.

20. This law was enacted as part of socio-economic reform since early 1990s and is effective starting from 1 May 2003. The law enables private ownership of land for Mongolians and provides opportunities to capitalize on land assets. Land is given to all Mongolian citizens, regardless of age and sex, one time free of charge until 1 May 2018. Land is privatized in accordance with the land management plans for family (residential) needs and commercial use. Initially, the allocation process was implemented on first come first served basis and mostly the people who already held land parcels under possession rights upgraded them into land ownership rights. In Ulaanbaatar, currently, new land parcels are being allocated and it is realized using electronic random selection method. The size of land parcels allocated for ownership for family needs vary depending on location. In the Capital city – Ulaanbaatar and along the national level main roads connecting aimags with Ulaanbaatar, individuals are entitled to up to 0.07 hectares, in the aimag centers up to 0.35 hectares, and in soum centers and villages up to 0.5 hectares land parcels, respectively.

\textsuperscript{8} Law on Allocation of Land to Mongolian Citizens for Ownership was enacted in 2002 and became effective since 1 May 2003. It was amended 5 times, on 23 Jun 2005, 7 Jul 2005, 5 May 2008, 10 Feb 2011 and 18 May 2012, respectively.
size of land parcels for commercial use depends on the type of activities (agricultural, industrial etc.) and decided based on the size of existing land parcel under possession, if applicable, and scope and nature of the business. The land ownership right for commercial use is obtained by purchasing the land directly from the state or through auctioning. Cadastral information on parcels under land ownership is registered in the cadastral/land information system operated by the ALAGaC and its local offices in the aimag, Department of Land Affairs, Construction and Urban Development. In the Capital city Ulaanbaatar this responsibility is under the PRD. The land ownership rights are registered in the State Registration of Property Rights in accordance with the Law on Registration of Property Ownership Rights and other related rights.

21. “Article 32 Exchange or taking over land owned by citizens based on state special needs with compensation” and “Article 37 Ensuring the land ownership right of the citizen when exchanging or taking it over based on state special needs with compensation” specify the details of acquiring land under ownership.

22. The law defines that land under ownership can be exchanged or taken over for three types of state special needs, namely: i) land for ensuring national defence and security; ii) land for scientific and technological tests, experiments, and for environmental and climatic permanent observations; and iii) land for national scale roads, lines and network, and other constructions and facilities.

23. The Cabinet shall make the decision for land acquisition and it shall state clearly the purpose for acquisition and justification that the land taking is unavoidable. Before this decision is made, the state administrative organization in charge of land affairs shall enter into preliminary agreement on land acquisition with the land owner not less than one year prior to the decision. The compensation is provided from the state budget. The land owner and state administrative organization in charge of land affairs shall have preliminarily agreed on the following:

- the land value;
- the value of immovable property on the land;
- the amount of investment made by the owner on the land and the amount of loss to incur to the land owner due to land acquisition;
- size of the land to be acquired;
- location, size, characteristics and quality of the land to be allocated in replacement of the land being acquired;
- conditions and timing for land acquisition;
- rights and duties of the parties in connection with the land acquisition;
- amount of compensation, procedures and timing for its payment.

24. Further the law provides that land acquisition should take place after certain measures were taken. This include measures such that the replacement land should be no worse than the previously owned land by its characteristics and quality, the value of land and immovable property shall be paid, compensation shall include the investments made by the owner to the land, the loss to incur to the land owner due to land acquisition shall be paid fully according to Civil Code and related legislation. Also, the law specifies that affected person shall be notified in writing about the land acquisition.

9 The Law on Land specifies 12 types of land for state special needs (Article 16). The first two state special needs land specified here are i) land for ensuring national defense and security and ii) land for scientific and technological tests, experiments, and for environmental and climatic permanent observations. These two are specified in the Law on Land. However, the third state special need specified here, i.e. land for national scale roads, lines and network, and other constructions and facilities, is not defined in the Law on Land. This conflicts with the Law on Land. Also, it should be given a consideration, if the land for roads, lines and networks and other associated structures, be it national or local scale, are for state special need or for common public use.

10 State administrative organization in charge of land affairs means a government agency under a ministry (which is referred to in the laws as central state administrative organization compared to state administrative organization). In current Governmental organizational setup, this agency is called Administration of Land Affairs, Geodesy and Cartography.
acquisition not less than one year prior to making the decision for land acquisition. The actual land acquisition can take place after one year has passed since the affected person was notified about the land acquisition and the measures specified in the second sentence of this paragraph were taken. Compensation for immovable property built or costs of other improvements that significantly increased the land value, after receiving the written notice, shall not be paid. If the affected person and state organizations cannot reach an agreement, the dispute shall be settled by court.

25. Compared to the Law on Land, the Law on Allocation of Land to Mongolian Citizens for Ownership specifies more in detail the procedures for land acquisition and the subjects that need to be agreed with the affected persons. This includes the value of the land and immovable properties, replacement land, loss to incur, compensation and its provision and timing etc. However, the law does not address rehabilitation and social safeguard issues, the principles for land and property appraisal, the completeness and clarity of the processes and procedures related to LAR are still weak. As is the case for the Law on Land, possible exercising of the eminent domain power of the state, if necessary, for public purposes is not legislated.

Civil Code

26. In the absence of legal provisions regulating LAR in the context of local scale public infrastructure facilities, including sewage pipes, the Civil Code (2002)\(^{11}\) provides a legal framework which place LAR in the context of negotiated settlement. This implies that the State and affected persons engage with each other contractually as equal and autonomous legal persons and participants in a civil legal relationship (Article 1). Citizens and organizations, as well as aimags, the capital city, soums and districts are able to enter into civil legal relations with regard to objects of material and non-material wealth and their acquisition and possession (Articles 6, 7 and 8). The affected persons and MUBs shall enter into contractual relations, which will specify the entitlements, compensation and allowances, rehabilitation and social safeguard measures as required by the Mongolian Civil Code and other legislation, and the ADB policy and principles.

27. Chapter 10 of the Civil Code defines property and assets, including land and other immovable property. Chapter 11 specifies possession of properties and Chapter 12 specifies property types, ownership by individuals and other legal persons, rights of owners etc. This chapter defines the land ownership tenure and refers to the subsequently enacted Law on Land, Law on Allocation of Land to Mongolian Citizens for Ownership with regard to relations concerning land ownership, possession and use. Chapter 15 is dedicated to the contractual legislation. The negotiated agreements on transfer of land and properties would need to be concluded in accordance with the requirements in this Chapter.

Regulation on Taking Over Land for and Releasing Land from State Special Needs

28. The Cabinet enacted this regulation in 2003 to complement the Law on Land on issues related to land acquisition for state special needs and releasing land from state special needs. It regulates procedures for taking over and releasing both the public land, i.e. land which are not given to citizens, business persons and organizations for possession and use, and land under possession and use as specified in 6.1 of the Law on Land. Also, this regulation is used only when the acquisition and releasing concerns state special needs defined in 16.1.5-16.1.8 of the Law on Land\(^{12}\).

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\(^{11}\) The Civil Code was amended 9 times since it was approved in 2002. The amendments were made on 7 Jul 2005, 9 Jul 2009, 9 Jul 2009, 23 Apr 2010, 6 Oct 2011, 6 Oct 2011, 15 Dec 2011, 10 Jan 2013, and 15 May 2014, respectively.

\(^{12}\) State special need land specified in 16.1.5-16.1.8 are the following: 16.1.5 land for scientific and technological tests, experiments, and for environmental and climatic permanent observations; 16.1.6 inter-aimag reserve pasture land; 16.1.7 hay field land for state fodder fund; 16.1.8 contracted oil field to be used for exploration according to product sharing agreement.
29. This regulation contains basically all the provisions and procedures that are set in the Law on Land Allocation to Mongolian Citizens for Ownership, articles 32 and 37, which were described in the previous part. The difference is that one concerns taking over land under ownership and therefore allows compensation for land, whereas the other concerns land possession rights and does not provide compensation for the land.

30. The regulation assumes that the affected person and the respective Governor will reach consensus on the land acquisition and conclude an agreement. Further, it regulates that if the affected person does not vacate the land within the time period specified in the agreement, then forced relocation shall be carried out with the support of police based on the decision of the Governor who concluded an agreement with the affected person. The grounds for such an action is set in the “article 41 vacating land when land possession right expires” and “article 59 the duties of police related to land issues” of the Law on Land.

31. In the provision 24 of this regulation, it is stated that the acquisition of land under use rights held by commercial persons with foreign investment, foreign citizens and stateless persons for state special need with compensation shall be regulated by this regulation. This conflicts with the article 43.6 of the Law on Land as this article specifies that compensation is not applicable for citizens and commercial persons holding land use rights. Related to this conflict, there are more issues that complicate or make it difficult or uncertain in that the regulation concerns about commercial persons with foreign investment, foreign citizens and stateless persons and the law specifies only citizens and commercial persons holding land use right, not mentioning “foreign”.

32. The regulation clarifies some of the issues that are not clearly addressed in the Law on Land in similar way as set in the Law on Land Allocation to Mongolian Citizens. Equally to the Law on Land, this document does not provide any regulations for cases where there is no consensus and agreement between the affected person and the respective Governor and state administrative organization in charge of land affairs.

**Regulation on Purchasing Land and Taking Back and Swapping Land with Compensation on the Territory of the Capital city**

33. The “Regulation on Purchasing Land and Taking Back and Swapping Land with Compensation on the Territory of the Capital city” was approved by Resolution No. 126 of the Board of Citizens Representative Khural on 8 July 2014. The Resolution is intended to regulate relations between the Municipality and land owners and possessors on land acquisition and compensation. This regulation aims to regulate the issue of (i) land acquisition for state special needs for roads, engineering network and public buildings/facilities by taking back and swapping land with compensation, and (ii) purchasing land for public road, engineering network and buildings/facilities that have municipal level socioeconomic significance.

- Section 1 specifies the steps for land acquisition for road, engineering network and buildings/facilities that have municipal level socioeconomic significance. The first step is to develop investment project and obtain review and approval by the municipal Government. Following to demarcation of the project sites, a proposal for compensation will be presented to the affected households and entities for agreement. Cost of land acquisition will be included in the subsequent fiscal year budget for implementation.

- Section 2 regulates the procedures for land acquisition. The District Land Office (DLO) will conduct the detailed survey and inventory to determine value of land and assets within one month after the validation of boundaries of affected areas. Within 10 working days after the completion of surveys and inventory, the DLO will inform the affected households and entities on the following:
(i) Decision by the relevant authorities on the implementation of physical project;
(ii) Maps of the project site with boundaries and location of physical infrastructure, buildings and public areas
(iii) Boundaries of the affected land and the scope of the affected assets
(iv) Land and assets included in land acquisition and resettlement scheme
(v) Closure Notice
(vi) Contact details (telephone, email) of authorized person for further information

The next phase is to negotiate with legitimate land owners and possessors on the amount of compensation and conditions for resettlement. The following are the key elements for negotiations:

(i) Value of land and immovable property
(ii) Resettlement Cost
(iii) Terms and Conditions, Schedule of Resettlement
(iv) Rights and obligations of each party
(v) Payment conditions and schedule of compensation
(vi) In case of land swap, the quality and location of land offered for compensation.

34. The value of land and assets will be determined by the licensed surveyor or estimator. The indicative market value of land and associated assets will be established annually by the Board of Citizens Representative Khurals.

35. Sixty percent (60%) of the payment is made on signing of agreement and 40% on the completion of land acquisition. If less than 50% of the affected households are agreed with terms and condition of the compensation agreement, then the project site will be re considered and if more than 70% of the affected communities are accepted then mandatory measures will be considered for the minority of the affected households.

36. To determine if this regulation was used or practiced, consultations were held with the PMO Resettlement specialist and other related staff from the City mayor’s land acquisition division about the validity of the regulation. The consensus was that the regulation is still valid. However, its use and enforcement is an issue. The regulation was developed based on the Law on Allocation of land to Mongolian Citizen for Ownership (Article 32) and Law on Land (Article 42). The purpose of the regulation is to regulate purchasing of land and taking back and swapping land with compensation in the Capital City’s territory. According to the regulation, the price for compensation of land parcel should be determined through comparing market prices of similar parcels by the Capital City’s land authority. Then it would be approved by the meeting of Citizen’s representatives of the Capital city and should be publically announced in January of each year. So, the approved price for land should be used as a standard price for land compensation in the particular year. District governors and entities responsible for land management are in charge of determining the compensation prices for land parcels to be taken back and swapping and conducting the valuation of compensation according to the Property Valuation law of Mongolia.

37. At the time of updating the Resettlement Framework of the Ulaanbaatar Urban Services and Ger Areas Development Investment Program for Tranche 2\textsuperscript{13}, there was no clear indication that the regulation will be used in the future in its present or amended form. Some of the provisions, for instance MUB Citizen’s Representative Khural to approve the land price, to be used as reference price, for each year was not enforced. Also, due to changes in the organizational structure, for instance changes in the former PRD to form Land Agency, etc. the implementation of the regulation was uncertain. The Updated Resettlement Framework for the Program also states that the use and

\textsuperscript{13} The Program’s Tranche 2 was approved on 31 March 2017. The Updated Resettlement Framework agreed between ADB and MUB is dated 30 November 2016.
applicability of the regulation has to be further discussed and assessed with the concerned agencies during preparation/updating of the LARPs for the program.

38. On 18 April 2017, the Presidium of MUB Citizen’s Representative Khural has issued Decision, No. 59 to void its previous decision approving the “Regulation on Purchasing Land and Taking Back and Swapping Land with Compensation on the Territory of the Capital city” therefore, it will not be used for LAR activities. With this decision, the Chairman of the MUB Citizen’s Representative Khural, has commissioned the Mayor of UB to implement LAR activities in accordance with the Law on Land, Law on Allocation of Land to Mongolian Citizens for Ownership and other related rules and regulations. The decision did not recommend to revise and amend this regulation and up to date, 31 December 2017, the Land Agency has not made any efforts to revise and amend the void regulation.

B. ADB Involuntary Resettlement Policy Requirements

39. The 2009 ADB Safeguard Policy Statement outlines the requirements that ADB borrowers/clients are required to meet in delivering involuntary resettlement safeguards to ADB supported projects. The overriding objectives of the safeguards are: (i) avoid involuntary resettlement wherever possible; (ii) minimize IR by exploring project and design alternatives; (iii) improve, or at least restore the assets, living conditions and livelihoods of affected persons; and (iv) improve the standards of living of vulnerable displaced groups.

40. The ADB’s IR safeguards state that eligibility includes all people with formal legal rights to affected land (in whole or part) and those who have claims to the affected land that is recognized under national laws. People without formal legal rights or recognized claims, but who have occupied the land or structure prior to the agreed upon and publicized cut-off date, are eligible for compensation for non-land assets and resettlement assistance.

41. The ADB’s IR principles also describe the compensation and assistance that will be provided, including: adequate and appropriate replacement land and structures, or cash compensation at full replacement cost without depreciation, transaction costs, accrued interest, transitional/restoration costs and any other payments; preference for land-based (not cash) resettlement strategies; assistance with relocation and improved housing with comparable access to employment/productive opportunities, civic infrastructure and community services; transitional support and development assistance; and opportunities to share in project benefits. For those who are economically displaced, they will be compensated for loss of income, and as well be assisted in restoring, and where possible improving, their earning capacity, production levels and standard of living.

42. Project proponents are expected to carry out meaningful consultations with affected persons and other stakeholders, including disclosure of information on entitlements and resettlement options, participation in the resettlement planning process, and establishment of a transparent and effective Grievance Redress Mechanism (GRM), and, wherever possible, negotiate fair settlements to avoid forcible evictions.

43. Project proponents are also expected to undertake a comprehensive Social Impact Assessment (SIA) in order to understand fully who will be displaced and how it will impact them currently and into the future. The SIA is to include an inventory of affected people, their assets, their income and livelihoods, and should be disaggregated based on gender. The SIA should also describe the people who might be more vulnerable to negative impacts, and suggest targeted measures the proponent will put in place to ensure vulnerable people do not suffer disproportionately and can share equally in the project opportunities and benefits.

C. Assessment of Policy Gaps
44. There are several significant policy gaps between the Mongolian legal framework and the ADB IR safeguards. According to Mongolian law or practice: (i) nontitled occupants of land (without ownership or possession license), including lessees of land and structures, are not eligible for compensation and rehabilitation entitlements; (ii) income and livelihood rehabilitation is not normally considered in local land acquisition practice; (iii) transaction costs are not included in compensation payments; (iv) there are no project internal grievance procedures preceding dispute resolution by governors and the courts; (v) public consultation and information disclosure is not practiced; (vi) an eligibility cut-off date is not declared; (vii) there is no limitation on commencement of civil works until after completion of all land acquisition procedures, and (viii) there is no need to prepare a LARP or to undertake monitoring and evaluation activities.

45. Table 1 outlines the key provisions of existing Mongolian laws and practices relevant to land acquisition and resettlement and indicates their compatibility or inconsistency with the ADB IR safeguards.

<table>
<thead>
<tr>
<th>LAR issues</th>
<th>Provisions of Mongolian law</th>
<th>ADB policy requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary Resettlement</td>
<td>Invoking eminent domain is only legally recognized when taking back land for special needs of the State including, lines and networks and other objects of national scale (Law on Allocation of Land to Private Citizens, Articles 32 and 37; Land Law, Articles 42 and 43). This law does not apply to the AHURP and consequently, the Civil Code will apply. Current practice by government in local scale projects entails a demand letter with threat of sanctions and offer of payment of compensation.</td>
<td>Eminent domain is generally recognized and subject to policy provisions aiming at avoiding and minimizing land acquisition and replacement of lost assets and rehabilitation of livelihoods. Affected entities to be at least as well-off as without project.</td>
</tr>
<tr>
<td>Negotiated Settlement</td>
<td>The Civil Code of Mongolia is the legal basis for contractual agreements on the transfer of land in the ROW from affected entities to the government (Chapter 15, Articles 1, 6, 7, 8, 109 and 112, among others).</td>
<td>Recognition of negotiated settlement, where there is a willing buyer and a willing seller.</td>
</tr>
<tr>
<td>Eligible Affected Entities</td>
<td>Licensed owners, possessors and users of land can transfer their titles to other legal persons recognized under the Land Law (Articles 35 and 38) and the Law on Allocation of Land to Private Citizens (Article 27). Non-titled occupants of land as illegal possessors are not eligible to transfer the land occupied or receive compensation (Land Law, Article 27.4). The Civil Code recognizes the right of a long term non-owner occupant of ownerless immovable property (incl. land) to own it after 15 years, if registered in the State register (104.2).</td>
<td>Titled and non-titled affected entities are eligible to receive different entitlements. Titled affected entities are entitled to compensation and rehabilitation for affected land and non-land assets at replacement cost. Non-titled affected entities are eligible for entitlements for non-land assets at replacement cost and to rehabilitation assistance, possibly including replacement land, such that they are no worse off than before the project.</td>
</tr>
<tr>
<td>Compensation for land</td>
<td>Contractually agreed payment for land transferred to the government. In the case of land under ownership title, the compensation is based on market value within 1 year before the delivery of compensation or replacement.</td>
<td>Land compensation at replacement cost based on land valuation at average market value within 1 year before the delivery of compensation or replacement.</td>
</tr>
<tr>
<td>LAR issues</td>
<td>Provisions of Mongolian law</td>
<td>ADB policy requirements</td>
</tr>
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<tr>
<td>rates assessed by certified appraisers. For land under possession and use title, no compensation. The practice of using the government land valuation tariff (Cabinet Resolution 103, 2003) is used if the market rate is lower than this tariff. Replacement land can be provided if an affected entity's entire land or large part thereof is acquired.</td>
<td>land of similar size and quality.</td>
<td></td>
</tr>
<tr>
<td>Compensation for structures</td>
<td>Contractually agreed payment for transfer of structures located on land acquired. The value of structures is determined at market rates, with depreciation deducted from gross value of the structure. Affected entities can be permitted to salvage materials.</td>
<td>Valuation of structures is based on current market value, i.e. replacement cost of new construction of the structure without deduction of depreciation. Affected entities can be permitted to salvage materials.</td>
</tr>
<tr>
<td>Joint property ownership</td>
<td>The Civil Code recognizes common property ownership and family property rights (Articles 108, and 125-128). Common property ownership requires permission of other owners to dispose of part of the property (108.4). Family property includes ‘other properties accrued since the marriage, notwithstanding in which name of spouses or family members the property is registered’ (126.2.4). Disposal of immovable (incl. land) family property requires mutual agreement (128.1) and certified written permission from an adult family member (128.2).</td>
<td>No conflict with ADB SPS. Joint signatures are encouraged.</td>
</tr>
<tr>
<td>Easement (property servitude)</td>
<td>Legal provision for easements or property servitude, allowing the use of another person’s property for specific public or private purposes is permitted under local law; mutual agreement and payment of a fee are required (Civil Code, Article 151, Land Law, Article 48 and Law on Allocation of Land to Private Citizens, Article 33).</td>
<td>No conflict with ADB SPS</td>
</tr>
<tr>
<td>Rental of land or house</td>
<td>The Civil Code, Chapter 25 regulates the lease of property, including land and houses. If ownership is transferred the new owner incurs all rights and obligations of a lessor (Article 297). No provisions for lessee rights in case of land acquisition for a project, except that termination of a lease requires a 3 month notice (Article 294.3)</td>
<td>Lessee is considered an affected entity and eligible to receive entitlements based on the type and degree of impacts.</td>
</tr>
<tr>
<td>Community and public resource losses</td>
<td>Affected community and public assets can be transferred through contractual agreement under the Civil Code. The cost of moving affected infrastructure is included in cost of civil works under the Project.</td>
<td>Common property resources or public structures and infrastructure affected by land acquisition are eligible for compensation.</td>
</tr>
<tr>
<td>LAR issues</td>
<td>Provisions of Mongolian law</td>
<td>ADB policy requirements</td>
</tr>
<tr>
<td>------------</td>
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</tr>
<tr>
<td>Income and livelihood rehabilitation</td>
<td>No provisions in contractual agreements for transfer of property.</td>
<td>Assistance for economic and social rehabilitation due to loss of jobs, incomes and livelihoods, including (i) income compensation or support for the period of interruption of business or employment, and (ii) priority employment in project civil works, especially to poor and vulnerable households.</td>
</tr>
<tr>
<td>Relocation and transaction costs</td>
<td>The Mongolian Law on State Registration of Property Allocation Rights and Other Related Rights requires payment of registration duties and service fees for the registration of immovable property with the State Administrative Authority in charge of state registration of property rights (Article 9). All registration and other fees, as well as cost of relocation, are responsibility of parties to a contract and can be included in a contract.</td>
<td>Relocation and transfer expenses, including fees for the registration of properties and other administrative charges, are part of the replacement cost of lost assets and included in compensation.</td>
</tr>
<tr>
<td>Grievance procedure</td>
<td>The Land Law refers disputes over land to the governors of administrative units and eventually the courts (Article 60). The Civil Code and Law on Allocation of Land to Private Citizens refer various types of disputes to the courts.</td>
<td>An adequate GRM for affected people is required.</td>
</tr>
<tr>
<td>LARP information disclosure and public consultation</td>
<td>No provision for public consultation and information disclosure. In practice, all cases involve a period of negotiation.</td>
<td>Affected entities are to be fully informed and closely consulted on compensation and resettlement options. Draft, final and revised LARPs is to be disclosed and discussed, as well as published on ADB’s website.</td>
</tr>
<tr>
<td>Cut-off date</td>
<td>Not applicable</td>
<td>An eligibility cut-off date is to be set when the project is officially notified, the project area is delineated or the census of the affected population is taken, to prevent influx of non-eligible persons and land speculation.</td>
</tr>
<tr>
<td>Right of way</td>
<td>Water pipes up to 1000mm diameter require a safety zone of 10m (5m from center of pipe) in dry soil. It may be narrowed in built-up areas. (Mongolian Law on Water Supply and Sewerage System Utility of Cities and Settlements, Article12.6; Construction Standard and Procedure of Mongolia BNBD 40-02-06, paragraph 10.20).</td>
<td>No conflict with SPS.</td>
</tr>
</tbody>
</table>
### LAR issues

<table>
<thead>
<tr>
<th>Notification period for vacating property and commencement of civil works</th>
<th>Time period for vacating a property may be defined in contract. Civil works commence in parallel with acquisition of property, but without defined waiting period.</th>
<th>Cash compensation and/or replacement of assets must be completed before displacement; land acquisition procedures, except for rehabilitation measures, must be completed before commencement of civil works.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost and Budget</td>
<td>43.3 of Law on Land and 32.6 of Law on Land Allocation to Mongolian Citizens for Ownership specify that the compensation payment to be provided to the land possessor or land owner, respectively, shall be paid from the state budget. In practice the LAR costs are not reflected in the project budget and costs and are not born from the project budget. Often, unavailability of funding for resettlement activities cause delays in the project implementation.</td>
<td>The costs and budget should be estimated, it shall provide the description of the arrangements for funding land acquisition and resettlement, including the preparation and review of cost estimates, the flow of funds, and contingency arrangements.</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>Responsibility of Citizen’s Representative Khurals of Aimag, capital city and district and soums (11.1.1, 13.1.1 of Law on Land Allocation to Mongolian Citizens for Ownership). Responsibility of Citizen’s Representative Khurals and Governors of Aimag, capital city and district and soums (20.1.1 of Law on Land). The monitoring and evaluation responsibilities of the persons specified above are more general to land related activities and no specific monitoring and evaluation provision exist in the laws.</td>
<td>Establish procedures to monitor and evaluate the implementation of land acquisition resettlement plan.</td>
</tr>
</tbody>
</table>

### III. Eligibility and Entitlements

46. All affected entities are eligible for entitlements, as stipulated in ADB’s Safeguard Policy Statement, including owners, possessors, users, legal occupants, non-titled occupants and lessees. The eviction of unlicensed affected persons is a violation of the ADB’s Safeguard Policy Statement. All affected persons who are unlicensed occupants of land in areas designed for the land allocation are treated as potentially legal. The lost land and properties will be compensated based on the principle of full replacement cost. The eligibility and entitlements for specific types of losses are summarized in the entitlement matrix.

47. The land acquisition and resettlement (LAR) by the government for projects in urban areas is based on negotiation and contracts with affected persons according to the Civil Code of Mongolia. The project will adopt a negotiated LAR practice involving contractual agreements negotiated between the affected persons and the Land Administration Department of MUB on the basis of the Civil Code of Mongolia. Each AP may experience a combination of the losses indicated in the first column of the entitlement matrix. Each case must be investigated and determined carefully so that all possible losses of the AP are covered.
To bridge the gap between Mongolian Law and ADB SPS, this Resettlement Framework provides a policy framework and entitlement provisions, which integrate both, while ADB policy requirements prevail in cases of discrepancies.

- Design and implementation of the project will make every effort to avoid and minimize LAR impacts, including temporary impacts during construction.

- The project will adopt a negotiated LAR practice involving contractual agreements on the basis of the Civil Code of Mongolia.

- All compensation and allowances will be determined and paid or provided as specified in the contractual agreements\(^\text{14}\) and all agreements will be certified by a notary and land and property titles registered with the State Administrative Authority in charge of State Registration of Property Rights. The parties to the contracts will retain their own legal copies.

- Adequate GRMs will be established.

- The APs, regardless of whether they are titled or non-titled, will not be served notices or demand letters regarding claims by the government to their properties. All LAR related notification of APs and negotiation of agreements will be carried out by the LAD staff with the support of Project staff in individual as well as in public consultations with the APs. Khorgoo governors, social workers and land administrators shall assist in identifying, consulting, and formulating with APs and the project staff special measures such as allocation of new plots and income restoration schemes for affected vulnerable persons.

- All APs will be eligible for compensation and rehabilitation entitlements irrespective of their property status, including unlicensed occupants of land, and of the type of use of their property (residential, commercial, public or community).\(^\text{16}\)

- Affected land will be (i) compensated either at replacement cost based on market rates for comparable land or the applicable government compensation fixed rate, whichever is higher, or, (ii) in the case of full loss of a plot of land, with replacement land outside the AHURP’s redevelopment areas, including land preparation and restoration of utility services (electricity, water, etc.), as applicable. Those who opted for cash compensation will be offered to purchase or rent housing units under AHURP. For those who opted for replacement land, the District Land Office will assist the APs to identify and approve the relocation plot. The loss of 50 percent or more of a plot is considered a full loss eligible for compensation for the entire plot, if the AP so desires.

- Unlicensed occupants in case of full loss of land (i.e. greater than 50 percent) will be (i) provided relocation assistance sufficient for them to restore their standard of living at an adequate alternative site outside the AHURP’s redevelopment areas with security of tenure (through grant of land possession or ownership certificate and state title registration), as well as compensation at full replacement cost for loss of non-land assets, such as dwellings and other improvements to the land or (ii) offered to purchase or rent housing units under AHURP.

\(^{14}\) If feasible, the provision of employment in Project civil works to poor and vulnerable APs, if they desire so, will be included in the contracts.
• Unlicensed occupants in case of partial loss of less than 50 percent of their land will be awarded a land possession or ownership certificate and state title registration for remaining contiguous unlicensed land provided that it is not within the AHURP’s redevelopment areas. All taxes and fees associated with grant and registration of possession or ownership rights will be covered by the project.

• Affected users of land with possession licenses will be provided where possible with replacement plots outside the AHURP’s redevelopment areas but suitable to business operations and new possession licenses or, if possible and desired, with a ownership title, within 3 months of conclusion of a contractual agreement between the MUB and the affected entity.

• All APs agreeing to receive replacement land or APs with pending license approval for ownership or possession or APs with possession licenses seeking ownership status, will be provided with ownership licenses prior to displacement, but not exceeding 3 months after conclusion of a contractual agreement between the MUB and the AP and will be registered with the State Administrative Authority in Charge of state registration of property rights.

• Affected structures\textsuperscript{15} will be compensated at replacement cost based on prevailing market rates for comparable types of structures without deduction of depreciation. Materials may also be salvaged by the APs.

• In cases of joint property ownership, the written notarized consent of the partners in a common property relationship or of an adult family member will be required.

• Those APs who do not have formal legal rights, but have a claim to such land or assets, i.e., in the process of obtaining land possession or ownership rights, will be compensated for both the lost land and structures.

• Temporary disturbances, including removal of fences and civil works on land outside ROW, will be compensated in cash based on negotiated agreement with affected entities. Affected entities will enjoy continued access to land and residences. Civil works contractors will move fences and will restore land and fences upon completion of works.

• Temporary loss of employment income will be compensated for the period of interruption of employment. Permanent loss of employment will be compensated with cash indemnity for 3 months wages for workers/employees that have been engaged for at least 1 year; otherwise entitlement is 1 month wage. The affected persons with permanent loss of employment shall be provided also (a) other labor benefits and retrenchment allowances according to the national labor law, (b) skills development trainings for new employment opportunities, and (c) assistance to find new employment.

• Temporary loss of business income to the owner will be compensated through cash compensation equivalent to net profit after tax, i.e. for the period of interruption of business based on tax receipts/other valid documents or, if these are not available, based on the average net income of similar businesses in the project areas.

• For permanent business loss, compensation shall include also any costs required for physical and financial reestablishment of business. If the business

\textsuperscript{15} Including houses, fences, sheds, latrines, garages and other immovable structures built on affected land.
needs to be relocated, the following options will be provided to the APs: (a) government will provide replacement land/shop space prior to relocation; or (b) if an acceptable plot of land/space cannot be agreed upon, net income loss of one year will be paid and, in consultation with the affected persons; the replacement land/shop space will be provided within one year of displacement.

- Land lessees, including those living in gers, will be provided with a cash refund at rental fee rate and proportionate to duration of remaining lease period.

- Vulnerable and poor households will be provided preferential employment in project vicinity or related workforce, if available and desired by affected entities. Depending on nature of impact, other support may include: cash assistance up to a maximum of six months, guaranteed at the rate of minimum wage and assistance in reconstituting affected business or employment; assistance with selecting a replacement plot and with preparation of contracts and administrative process of provisions of replacement plot; and, assistance with house relocation and other construction activities (new construction should meet minimum standards), registration of property titles, relocation expenses, or a minimum housing guarantee.

- All relocation, transfer and transaction expenses (fees and duties) will either be waived by government or included in the contract price of the affected properties.

- An eligibility cut-off date will be set for the project at the time of the census and detailed measurement of affected land and property.

- Civil works shall not commence unless all compensation and relocation activities have been completed, and short-term financial assistance for loss of income has been paid.

- Cash compensation will not be taxable, and all fees and transaction costs to register property will be paid by the project owner.

- ADB SPS information disclosure and public consultation provisions will be observed.

- Loss of income will be compensated through short-term financial compensation equivalent to the loss, i.e. for the period of interruption of business or employment. Vulnerable and poor households will also be provided with employment opportunities or other assistance.

- Given the scarcity of replacement land in the Project area or nearby areas in Ulaanbaatar, and that the affected households who may have to be relocated outside the Project’s redevelopment areas will adversely affect their source of livelihood, suitable income restoration programs will be designed in areas where they will be relocated based on needs assessment and consultations with the affected households, government and concerned organizations.

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16 If they lack of required skills, the contractor will provide basic training to the employed APs.
49. The above described entitlements are summarized in the entitlement matrix in the table below.

Table 2: Eligibility and Entitlements

<table>
<thead>
<tr>
<th>Type of Loss/Application</th>
<th>Specification</th>
<th>Eligibility</th>
<th>Compensation entitlements</th>
<th>Implementation Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Full loss of plot (&gt;50%)</td>
<td>Owner, possessor</td>
<td>The AP may choose between the following alternatives: Land for land compensation through provision of replacement plot of comparable value and location as lost plot; Ownership license and state registration OR Cash compensation at market rates or the government compensation tariff, whichever is higher, based on contractual agreement. All taxes, registration and transfer costs are waived or included in compensation prices.</td>
<td>The replacement land will be outside the AHURP’s redevelopment areas.</td>
</tr>
<tr>
<td>Unlicensed occupant of land</td>
<td>Relocation assistance sufficient to restore standard of living at an adequate alternative site with security of tenure (ownership or possession certificate and state title registration). All taxes, registration and transfer costs are waived or included in compensation prices.</td>
<td>The replacement land will be outside the AHURP’s redevelopment areas. If AHs choose, the replacement land can be allocated in one of the sites where there is plan for allocation of land for ownership (Unlicensed occupant of land are (i) occupants of a land without official permission, i.e. without ownership, possession or use rights, or (ii) residents on the land of holders of land tenure rights (ownership, possession or use rights). These can be residents households such as children, siblings, relatives, acquaintances of the land tenure holders If the unlicensed occupant of land belongs to the vulnerable groups, they will have access to the social housing at the same conditions than the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Loss/Application</td>
<td>Specification</td>
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<td>Compensation entitlements</td>
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</tr>
<tr>
<td><strong>User</strong></td>
<td>Replacement plot with use license OR, if feasible and desired Ownership license and State title registration</td>
<td>Replacement plot with use license OR, if feasible and desired Ownership license and State title registration</td>
<td>All taxes, registration and transfer costs are waived or included in compensation prices</td>
<td>The replacement land will be outside the AHURP’s redevelopment areas.</td>
</tr>
<tr>
<td><strong>Lessee</strong></td>
<td>The AP may choose between the following alternatives: Allocation of plot with ownership license and State registration All taxes, registration and transfer costs are waived or included in compensation price OR Cash refund at rental fee rate for duration of remaining lease period</td>
<td>The AP may choose between the following alternatives: Allocation of plot with ownership license and State registration All taxes, registration and transfer costs are waived or included in compensation price OR Cash refund at rental fee rate for duration of remaining lease period</td>
<td>The replacement land will be outside the AHURP’s redevelopment areas. If AHs choose, the replacement land can be allocated in one of the sites where there is plan for allocation of land for ownership</td>
<td></td>
</tr>
<tr>
<td><strong>Partial loss of plot (&lt;50%)</strong></td>
<td>Owner, possessor</td>
<td>Owner, possessor</td>
<td>Cash compensation at market rates or the government compensation tariff, whichever is higher, based on contractual agreement. All taxes, registration and transfer costs are waived or included in compensation prices</td>
<td>The AHs will be offered to use the cash compensation they received to purchase or rent housing units under AHURP. In some cases, even if the loss is less than 50%, it may be full loss as the remaining land cannot be used for original purpose. In such cases, if the APs decide, he/she can request that the land is fully acquired. The viability of land will be discussed and agreed by all parties (MUB, LA, and AP)</td>
</tr>
<tr>
<td><strong>Unlicensed occupant of land</strong></td>
<td>Ownership or possession certificate and state title registration for adjacent unlicensed land will be provided by government provided that the said land is outside AHURP’s development areas. All taxes, registration and transfer costs are waived or included in compensation prices</td>
<td>Ownership or possession certificate and state title registration for adjacent unlicensed land will be provided by government provided that the said land is outside AHURP’s development areas. All taxes, registration and transfer costs are waived or included in compensation prices</td>
<td>If the unlicensed occupant of land belongs to the vulnerable groups, they will have access to the social housing at the same conditions than the households in the eco-district under AHURP.</td>
<td></td>
</tr>
<tr>
<td>Type of Loss/Application</td>
<td>Specification</td>
<td>Eligibility</td>
<td>Compensation entitlements</td>
<td>Implementation Notes</td>
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<tr>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>transfer costs are waived or included in compensation prices</td>
<td></td>
</tr>
<tr>
<td>User</td>
<td></td>
<td>Continuation of use license on remaining land provided that the said land is outside AHURP's development areas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lessee</td>
<td></td>
<td>Cash refund at rental fee rate and proportionate to duration of remaining lease period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structures</td>
<td>Full loss of structure and relocation</td>
<td>Owner, possessor, unlicensed occupant of land</td>
<td>Cash compensation for replacement of lost structure at market rate determined through professional valuations without deduction of depreciation, based on contractual agreement and no deduction for salvaged materials</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alteration to structure</td>
<td>Owner, possessor, unlicensed occupant of land</td>
<td>Cash compensation for lost part of structure and reconstruction of remaining structure at market rate without deduction of depreciation, based on contractual agreement and no deduction for salvaged materials</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Moving back of fences</td>
<td>Owner, possessor, unlicensed occupant of land</td>
<td>The AP may choose one of the following alternatives: Cash compensation for relocation of fence at market rate without deduction of depreciation, based on contractual agreement and no deduction for salvaged materials OR Replacement/reconstruction of the fence by the project owner / contractor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Moving or relocation of ger</td>
<td>Owner, possessor, unlicensed occupant of land, lessee</td>
<td>Cash compensation for cost of taking down and raising of ger and for transport, as applicable; to be included in contractual agreement</td>
<td></td>
</tr>
<tr>
<td>Temporary disturbance</td>
<td>Removal of fence, civil works on land outside ROW, restoration of land and fences</td>
<td>Owner, possessor, unlicensed occupant of land</td>
<td>Cash compensation fee negotiated with AP. Access to land and residences Fences will be moved by civil works contractor There is no deduction for salvaged materials</td>
<td></td>
</tr>
<tr>
<td>Businesses</td>
<td>Any business loss due to land acquisition or</td>
<td>All APs temporarily affected</td>
<td>Cash compensation equivalent to the loss, for the period of interruption of</td>
<td></td>
</tr>
<tr>
<td>Type of Loss/ Application</td>
<td>Specification</td>
<td>Eligibility</td>
<td>Compensation entitlements</td>
<td>Implementation Notes</td>
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<tr>
<td>---------------------------</td>
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</tr>
<tr>
<td>construction activities by Project</td>
<td>business based on tax receipts/other valid documents or, if these are not available, based on the average net income of typical/similar businesses in project areas.</td>
<td>All affected entities permanently affected</td>
<td>Cash compensation equivalent to the loss, i.e., for the period of interruption of business based on tax receipts/other valid documents or, if these are not available, based on the average net income of typical road businesses or similar businesses in the project areas. AND Any costs required for physical and financial reestablishment of business. If the business needs to be relocated, the following options will be provided to the affected entities: (a) government will provide replacement land/shop space outside the AHURP’s redevelopment areas prior to relocation; or (b) if an acceptable plot of land/space cannot be agreed upon, net income loss of 1 year will be paid and, in consultation with the affected persons.</td>
<td>The AHs will be offered to use the cash compensation they received to purchase commercial units under AHURP. Needs assessment will be carried out to design suitable income restoration programs</td>
</tr>
<tr>
<td>Employment</td>
<td>Any employment loss due to land acquisition or construction activities</td>
<td>All temporarily laid-off employees of affected businesses</td>
<td>Compensation for loss of employment income for the period of interruption of employment.</td>
<td>Needs assessment will be carried out to design suitable income restoration programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All permanently laid-off employees of affected businesses</td>
<td>Compensated with cash indemnity for 3 months wages for workers/employees that have been engaged for at least 1 year; otherwise entitlement is 1-month wage. AND Other labor benefits and retrenchment allowances according to the national labor law. Skills development</td>
<td></td>
</tr>
<tr>
<td>Type of Loss/ Application</td>
<td>Specification</td>
<td>Eligibility</td>
<td>Compensation entitlements</td>
<td>Implementation Notes</td>
</tr>
<tr>
<td>---------------------------</td>
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</tr>
<tr>
<td>Loss of Income</td>
<td>Temporary or Permanent loss of livelihood</td>
<td>All APs affected by loss of livelihood</td>
<td>Preferential employment in project-related workforce, if available and desired by affected entities and any assistance that they are entitled according to the Social Welfare Law. If severely affected, Cash assistance up to a maximum of six months at guaranteed lowest living level and assistance in reconstitution of business or employment</td>
<td></td>
</tr>
<tr>
<td>Vulnerable</td>
<td>Permanent loss of livelihood</td>
<td>All vulnerable</td>
<td>Preferential employment in project-related workforce, if available and desired by affected entities; Employment training (3–6 months). Cash assistance up to a maximum of six months at guaranteed lowest living level and assistance in reconstitution of business or employment AND any assistance that they are entitled to according to the Social Welfare Law.</td>
<td>Needs assessment will be carried out to design suitable income restoration programs</td>
</tr>
<tr>
<td>Vulnerable</td>
<td>Loss of land and will be required to relocate</td>
<td>All vulnerable</td>
<td>Assistance with selecting a replacement plot and with preparation of contracts and administrative process of provisions of replacement plot outside the AHURP’s redevelopment areas</td>
<td>They will be offered to purchase socialized housing units under AHURP or other assistance based on the needs of vulnerable AHS. Needs assessment will be carried out to design suitable income restoration programs</td>
</tr>
<tr>
<td>Vulnerable</td>
<td>Loss of structure</td>
<td>All vulnerable</td>
<td>Assistance with house relocation and other construction activities (new housing should meet minimum standard), registration of property titles, relocation expenses, minimum housing guarantee</td>
<td></td>
</tr>
</tbody>
</table>

17 Vulnerable groups are distinct groups of people (poor, elderly, disabled, and female headed households) who may suffer disproportionally from resettlement.
<table>
<thead>
<tr>
<th>Type of Loss/Application</th>
<th>Specification</th>
<th>Eligibility</th>
<th>Compensation entitlements</th>
<th>Implementation Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Disturbance</td>
<td>All vulnerable APs</td>
<td>Preferential treatment to avoid, minimize or mitigate disturbance as quickly as possible.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relocation</td>
<td>Transport/transition costs</td>
<td>All APs to be relocated</td>
<td>Provision of allowances to cover transport costs on actual cost basis at current market rates; to be included in contractual agreement Assistance to find an alternative plot or to find comparable house to rent, as applicable</td>
<td></td>
</tr>
<tr>
<td>Unidentified Losses</td>
<td>Unanticipated impacts</td>
<td>All APs</td>
<td>To be identified during project implementation; measures will be formulated as appropriate according to ADB policy and reported to ADB prior to implementation</td>
<td></td>
</tr>
</tbody>
</table>

**IV. Compensation, Income Restoration and Relocation**

50. This section provides the basis for determining the compensation for the different types of losses, income restoration and relocation measures. It also presents the rehabilitation strategy regarding households that may be vulnerable and those that are severely affected (i.e., need to physically relocate or lose 10% or more than of their productive assets (income generating)).

51. The compensation should be determined for the loss of land, structures, livelihood and transaction costs. Compensation valuation should be carried out by certified property appraisers (with special permission form the Ministry of Finance) based on the detailed measurement surveys and technical drawings to be provided by the technical design company, cadastral mapping and registration information from LA, the inventory of affected land and structures, and the measurements and surveys of the certified property appraiser. The compensation valuation results should be discussed with and reviewed by the LA, resettlement specialists of the PMO and consulting companies and disclosed and negotiated with the affected persons.

52. Affected land will be compensated either at replacement cost based on market rates for comparable land or the applicable government compensation fixed rate, whichever is higher. All affected structures shall be compensated at full replacement cost based on market value for comparable assets. The structures should be valued without depreciation and deductions for salvaged materials.

53. The temporary loss of livelihood such as loss of employment will be compensated for the period of interruption of the employment. In case of permanent loss of employment, the employment will be compensated with cash indemnity for 3 months wages for workers/employees that have been engaged for at least 1 year; otherwise entitlement is 1 month wage. The monthly wage will be determined based on the social insurance and/or tax payment documentation. In case that such documents are not available, the wage will be calculated based on the average wage of similar employment in the project area and, in general, in ger area. The affected persons with permanent loss of employment shall be provided also (a) other labor benefits and retrenchment allowances
according to the national labor law, (b) skills development trainings for new employment opportunities, and (c) assistance to find new employment.

54. Temporary loss of business income to the owner will be compensated through cash compensation equivalent to net profit after tax, i.e. for the period of interruption of business based on tax receipts/other valid documents or, if these are not available, based on the average net income of similar businesses in the project areas. For permanent business loss, compensation shall include also any costs required for physical and financial reestablishment of business. If the business needs to be relocated, the following options will be provided to the APs: (a) government will provide replacement land/shop space prior to relocation; or (b) if an acceptable plot of land/shop space cannot be agreed upon, net income loss of one year will be paid and, in consultation with the affected persons; the replacement land/shop space will be provided within one year of displacement.

55. Other types of livelihood loss such as household handcraft production, vegetable or berry planting etc. will be compensation for the period of interruption of the livelihood activities based on net profit after tax, i.e. based on tax receipts/other valid documents or, if these are not available, based on the average net income of similar activities in the project areas. In case of permanent loss of these livelihood activities, the compensation shall include any costs required for physical and financial reestablishment of the activity in the relocation area.

56. Moreover, affected households (AHs) whose livelihood is impacted by the project will get preference in jobs associated with the subproject’s construction and implementation. Those who are unskilled will be employed in civil works as desired and as feasible (e.g. construction, restoring fences, and other project derived work, as applicable).

57. In order to improve the livelihoods of the vulnerable AHs, MUB and PMO will implement livelihood support and rehabilitation activities based on the needs and concerns of the affected vulnerable households. The support and rehabilitation activities can be implemented following the existing governmental programs and projects such as (i) Program for preparation for labor and skills development, (ii) Program for supporting employment, (iii) Program for supporting young people’s employment and startup businesses, and (iv) Program for supporting employment of disabled persons. Apart from these programs there are various skills development, employment and livelihood support activities and projects implemented by the MUB, district and khoroo administrations. The livelihood support and rehabilitation activities are to be implemented by the PMO with the support of the district and khoroo administration and Labor Department of MUB. Also, the Labor Department of MUB will provide support on (i) Provision of orientation (career coaching) employment/skills, (ii) inclusion in the unified registration (of job seekers) and information provision, (iii) Mediation/provision for finding jobs, and (iv) savings and bookkeeping. Wider market for skills and livelihood restoration options will be explored.

58. To ensure a clear understanding and due consideration of the specific needs and problems of female APs and to safeguard their livelihoods, a number of gender provisions will be adopted by the land acquisition and resettlement process of the Project: (i) women will receive compensation pertaining to their economic activities in their name; (ii) female heads of households will be registered as the recipients of compensation and rehabilitation measures due to their households; (iii) land titles for replacement land will be registered in the name of women, when land lost to the project was legally owned by women; (iv) women will be included in the participation process in all consultation meetings alongside male APs; (v) due consideration is to be given to complaints and grievances lodged by affected women; and (vi) access for women to project related employment opportunities and targeted needs based special assistance will be guaranteed in case of loss of livelihood.

59. All transaction costs will be covered by the project. This means that where households are being supported in the formalization of their land title, or where they are relocating to a new plot, or
where there is a change in their land parcels all the fees associated with these processes will be covered by the project. This includes any fees for notary services, the preparation of cadastral maps, issuance of cadastral maps, issuance of land possession certificates, issuance of land title certificate or other required service fees. Rates for these fees are dependent on the characteristics of individual transactions and are to be based on the fees for notary services, and other fees and charges required by the cadastral surveyors, LA and state title registration agency, at the time of the preparation of LARPs.

60. All AHs, including the AHs who do not have land title, who are affected fully and permanently, are entitled to relocation assistance, i.e. replacement land outside the AHURP’s redevelopment areas, including land preparation and restoration of utility services (electricity, water, etc.), as applicable. The MUB and LA will provide the list of available relocation sites for selection by the eligible AHs. The list of available relocation sites will be prepared based on the MUB and district land use planning and plans for allocation of land for ownership. Once the relocation sites are agreed between the MUB and AHs, the relocation land will be provided and all the costs for relocation, i.e. moving costs and transactions costs are to be covered by project.

V. Census, Asset Inventory, and Socio-Economic Information

61. Early screening of the scope and scale of resettlement impacts helps avoid or minimize displacement, leads to more informed project decision-making (scheduling and budgeting), helps resettlement planners achieve goal of improving living conditions and standards of living of affected populations, and facilitates monitoring and evaluation activities. To that end, extensive consultations, a range of surveys census, asset inventory, and socio-economic survey will be carried out.

62. Following detailed engineering design and ground validation for a specific area or component, a census of affected people will comprise the main survey that will form the basis of preparation of LARPs. Information will be collected in such areas as household demographics, family structure (relation, age, residence status, occupation), and household livelihoods and economic information (income, occupation), and vulnerability. The census will also provide: (i) enumeration and collection of basic socio-economic information of the affected population; and (ii) registration of the affected population as per their residency or locality.

63. An asset inventory (Detailed Measurement Survey, or DMS) will record land and other impacted assets at household, enterprise and community levels. Asset identification will include, but not be limited to: (i) land including classification, use, holdings, and tenancy; (ii) structures including organization, size, building materials, and other characteristics of private and public structures in the area of direct influence; and (iii) water, power, and telecommunication networks including potable water supply, sanitation, solid waste management and communication networks, and other assets (trees).

64. In addition to the census and DMS, a more complete socio-economic baseline survey will be implemented, sampling a portion of households affected by the project. This will collect more detailed demographic data than the census, as well as information on migration, employment and livelihood strategies, income and expenditure, education, health, transport, vulnerability, community needs and social cohesion. All the census and socio-economic baseline surveys will provide gender disaggregated information, where possible.

65. Vulnerable households and their special needs will be identified in the census and socio-economic survey and specified in the LARPs. Subsequent consultation and measures for the re-establishment and enhancement of their livelihoods will be taken to safeguard against impoverishment and to reduce their vulnerability.
66. Vulnerability indicators will be established to identify vulnerable people and their households among APs. Potentially vulnerable households include those with one or a combination of the following conditions: (i) poverty line or less per capita per month income; (ii) single parent headed households without children/others contributing income; (iii) elderly head of household without children/others contributing income; (iv) untitled landholders; and (iv) disabled persons.

67. A database to be used as a baseline for subsequent socio-economic assessment search that may be required to identify income restoration and rehabilitation measures, vulnerable groups, other development interventions, and monitoring and evaluation programs.

68. To ensure a clear understanding and due consideration of the specific needs and problems of female APs and to safeguard their livelihoods, a number of gender provisions will be adopted by the land acquisition and resettlement process of the Project: (i) women will receive compensation pertaining to their economic activities in their name; (ii) female heads of households will be registered as the recipients of compensation and rehabilitation measures due to their households; (iii) land titles for replacement land will be registered in the name of women, when land lost to the project was legally owned by women; (iv) women will be included in the participation process in all consultation meetings alongside male APs; (v) due consideration is to be given to complaints and grievances lodged by affected women; and (vi) access for women to project related employment opportunities and targeted needs based special assistance will be guaranteed in case of loss of livelihood.

vi. Consultation and Public Participation

69. Affected entities must be fully informed, closely consulted, and encouraged to participate in any decision making pertinent to land acquisition and resettlement, including the final design of infrastructure facilities, preparation of contractual agreements, determination of prices for assets to be transferred, selection of replacement plots and the restoration of livelihoods.

70. Disclosure of information to and consultation with APs at an early stage ensures that they can express their opinions, apprehensions and objections. Project proponents, including government stakeholders, can address the issues raised and, upon careful consideration, incorporate them in the final design and LARP, insofar as they are compatible with applicable local law and the ADB IR safeguards.

71. During disclosure of the draft and final LARPs, the entitlement matrix will be explained to the APs in detail with compensation measures for affected land, structures, businesses, and employment income each presented separately. Measures to protect vulnerable people will be described and the project’s GRM will be explained.

72. The consultation and public disclosure process with land acquisition impact will at minimum involve the following steps:

- Individual consultations with APs during and after the census and socio-economic survey, to ensure that they have understood the Project’s parameters and their own rights, and have had the opportunity to provide input.
- Public consultation meeting (early in the project process) open and accessible to all APs and other interested community members to inform APs and other stakeholders about the land acquisition and resettlement planning process, its guiding legal and policy framework and its anticipated scope of impact (who is identified as a potential AP)
- Public consultation meeting open to all APs to announce declaration of the entitlement cut-off date and identify its geographical scope.
- Public consultation meeting with all APs to disclose the draft LARP, including eligibility and entitlements, grievance procedures and monitoring, and to discuss changes and other concerns of the APs and other stakeholders.
• Continued individual consultations to prepare contract negotiations and address individual concerns.
• Individual negotiations of contract terms with AP households.
• Public consultation meeting with all APs to disclose and discuss revised draft LARP.
• Public consultation meeting with all APs to disclose approved RP and to announce the date, venue, and time of the payment of agreed property transfer prices and other compensation or entitlements.
• Additional individual and public consultation meetings will be held throughout the planning and implementation of the LARP as required by any issues arising.
• Attendance lists and minutes of all public consultations will be kept and appended to LARPs and subsequent monitoring reports.
• Use of an accessible, identifiable project information board or project information office.
• Documentation of the consultation and participation process.

73. English version of the LARPs will be endorsed by the City Government of Ulaanbaatar and submitted to ADB for review and concurrence. Each LARP will list the public consultations conducted and planned. This RF and the LARPs prepared during implementation will be uploaded on the ADB website (Mongolian and English versions).

VII. Institutional Arrangements and Implementation

74. The executing agency (EA) and implementing agency (IA) for the program is the Municipality of Ulaanbaatar. The Vice Mayor in charge of the Infrastructure and Ger area development of MUB will be responsible for coordination and implementation of the AHURP. A project management office (PMO) will be established under the Vice Mayor.

75. The PMO will ensure compliance with assurances, including safeguards and preparation and implementation of LARPs. The PMO will be supported by a team of resettlement consultants who will be engaged by the Project to ensure the effective implementation of project related land acquisition and resettlement activities. Orientation and training workshops on land acquisition and resettlement will be provided once the PMO is set-up and staff assigned for the project are mobilized. The participants will include the MUB officials, officers of LA, MUB and district citizens representatives – elected officials, district officials, khoroo governors and officials and the kheseg leaders who will be involved in LAR activities.

76. Similar to USGDIP, a Land Acquisition and Resettlement Working Group (LARWG) will be established. The LAR working group (LARWG) will be responsible for the overall management and supervision of the LAR activities for AHURP. The members will comprise of but not limited to the following district and khoroo governors, Director General of Land Agency, municipal water supply, road, title registration, district social welfare departments and representatives of NGOs and APs.

77. The implementation of the LARP will be the responsibility of the Land Agency, especially its Land Acquisition Division (LAD), under the guidance of LARWG and with close coordination and support of the PMO. Thus, the core group of LARP implementation is the LAD. This core group will be supported closely by the Governors and officials of the project khorooos – khoroo governors, officials and kheseg leaders. This setup is shown in Figure 1.
78. The PMO and LAR specialists will ensure that LAR safeguard requirements are met in the formulation and implementation of the LARP. The PMO, with the assistance of the LAR specialists, ensures LAR safeguard compliance and submission of a satisfactory LARP to MUB and ADB for review and concurrence prior to any resettlement implementation and the commencement of civil works.

79. All LARPs will meet ADB SPS requirements, closely follow the provisions and observe the following procedure:

- Identification of scope of land acquisition for every component (impact category A, B or C). If the infrastructure development will have significant involuntary resettlement impacts (Category A), it will not be considered for financing by the ADB fund.
- Field verification and modification of design of infrastructure facility, as far as technically feasible, to avoid and minimize impact.
- Preparation of map of final design of infrastructure facility, ROW and land acquisition impacts, with design engineers.
- AP lists and cadastral maps, Detailed Measurement Survey and land valuation, as well as valuation of affected non-land assets on the basis of mapped impact.
- Census of all APs and inventory of affected land, property and income losses.
- Notification of cut-off date and notification of APs.
- Socio-economic household survey and identification of vulnerable households/persons.
- Preparation of draft and final LARPs based on consultation with individual APs, including impact assessment, compensation standards, relocation and income restoration plans, itemized compensation and resettlement budget, institutional arrangements and grievance mechanism, implementation schedule and internal and external monitoring and evaluation procedure.
- Disclosure of Draft LARPs and formal consultation meetings with APs.
- Finalization of LARPs.
- Disclosure of the revised Draft LARPs to APs.
- Government endorsement and submission to ADB for review and approval.
- Disclosure of approved LARPs (locally and on ADB website).
- Implementation of LARPs.
- Inform the APs about the schedule of payments, relocation arrangements, if any, and the commencement of civil works once the compensation and entitlement estimates have been completed for each AP.
- Validate the inventory of affected assets, and negotiate contractual agreements with the affected households.
- Once the AP agrees, contractual agreements indicating the negotiated terms for each AP will be prepared and signed by the concerned AP, and notarized by a registered notary. After completing all the necessary agreements, the LARWG will inform the APs.
about the date, venue, and time of the payment of agreed property transfer prices and
other compensation or entitlements.

- Participating Community Based Organizations will work with APs and the Khoroo and
  facilitate communication and monitoring the land acquisition process.
- Provide an updated land management map prepared by the Land Agency of MUB
  indicating all lands that are eligible for ownership to APs to be relocated and assist the
  process of allocation of land ownership to these APs.
- The District Governor will review and resolve the applications within 3 months, as
  specified by law, and issue orders allocating lands to the APs.
- Facilitate the process of consolidation, review, approval and allocation of compensation,
  including livelihood restoration measures, for the project’s APs.

80. The PMO and LAR specialists will ensure that LAR safeguard requirements are met in the
formulation and implementation of the LARP. The PMO, with the assistance of the LAR specialists,
ensures LAR safeguard compliance and submission of a satisfactory LARP to MUB and ADB for
review and concurrence prior to any resettlement implementation and the commencement of civil
works.

81. The PMO, with the assistance of LAR specialists, is responsible for adequate monitoring and
supervision of the implementation of the LARP and the resulting impacts on APs. The PMO will be
responsible for reporting the progress in implementing the LARP to the LARWG, MUB and ADB.

VIII. Grievance Redress Mechanism

82. The grievance redress mechanism to be set-up for AHURP will be based on the GRM
established for USGDIP as it shows a more harmonized approach in terms of how the project’s
grievance redress mechanism can integrate or use the existing practice of MUB’s on grievance
handling.

83. The MUB has established a Grievance Redress Mechanism (GRM) for USGADIP to support
the affected persons on problems arising from land acquisition and associated impacts, and provide
means by which the various conflicting stakeholders may be consulted and negotiated agreement
reached, paying particular attention to the impacts on vulnerable groups. Affected persons will be
informed and consulted about the detailed process of the GRM during the public and individual
consultations, interviews and through the disseminations of pamphlets on the LARP and land
acquisition and resettlement tasks. Importantly, affected persons will enjoy the right to access the
judicial system at any time if they feel their grievance or concern is not being adequately addressed
through the GRM.

84. A sample Grievance Action Form (GAF) will be used as reference and guide in the
preparation of a more detailed form during implementation to cover the various aspects of land
acquisition addressed by the LARP and used in the grievance redress process to log and follow up
any grievance. The sample form is presented in Annex 1. The GAF, a copy of which will be
provided to AP, will at minimum contain the following:
  • Basic information about affected entities (name, address, contact number)
  • Date of last disclosure meeting
  • Category of grievance filed (legal, technical/engineering, social, financial)
  • Detailed description of grievance
  • Type of action taken (resolved at the RPIC level or referred to higher authorities)

85. As a grievance is addressed, the type of action taken will also be recorded on the GAF, in
order to document how the grievance was resolved.
86. The Project Management Office will be the initial recipient of the grievance. It will establish a complaint registry system, and will maintain records of all grievances and status of resolution. The PMO will make every effort to solve the issues of the APs at the early stage with the help of the members of the LARC and/or Working Group and/or Land Administration Department of MUB, Khoroo and/or other relevant units of the Districts and MUB.

87. The PMO will harmonize its GRM with MUB’s grievance redress procedures. In parallel to the AHURP GRM, the affected persons can lodge their grievances by visiting MUB’s office or submitting the grievance by means such as SMS, smart UB application, phone and website. Within this system, the grievance recipient of MUB will convey it to PMO through a web portal where PMO is registered and has access to its designated window where the grievances are posted.

88. The GRM process is presented below and in Table 3. The APs shall be actively involved in all stages of the grievance redress procedures.

- **Step 1:** An aggrieved AP shall submit grievances to the Resettlement specialist of the PMO, who will log a complaint in the GAF. Then he/she will contact relevant member of the LARWG. The grievance will be presented, addressed and resolved within 1 week within the PMO and LARWG. The PMO Resettlement Specialist will record its deliberations and inform the concerned parties within the same week of its findings and recommendations and present these to the PMO and LARWG for action.

- **Step 2:** If the grievance is not resolved within 2 weeks from its lodging, the grievance will be submitted to the related divisions/offices of the related district and its resolution is recommended to the District Governor for approval and action within 1 more week.

- **Step 3:** If still unresolved within another week, the LARWG will seek to resolve the issue and make recommendations to the chairman of LARWG, who is MUB Vice Mayor. The Vice Mayor shall initiate action within another week.

- **Step 4:** If the preceding stakeholders cannot resolve the grievance, it is referred to the courts. Mongolian legislation and the ADB SPS will guide all decisions.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Actors /Actions</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AP lodges grievance with PMO, where the PMO assigns the grievance redress to the Resettlement Specialist</td>
<td>1 week</td>
</tr>
<tr>
<td></td>
<td>PMO Resettlement Specialist addresses grievance, informs AP and proposes resolution with the support of relevant member of LARWG</td>
<td></td>
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<tr>
<td></td>
<td>PMO initiates action for resolution</td>
<td>1 week</td>
</tr>
<tr>
<td>If grievance is not resolved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>PMO submits grievance to relevant division/office of the respective district</td>
<td>1 week</td>
</tr>
<tr>
<td></td>
<td>Relevant division/office of respective district addresses grievance, informs AP through PMO and proposes resolution to District Governor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>District Governor initiates action for resolution with the support of PMO</td>
<td>1 week</td>
</tr>
<tr>
<td>If grievance is not resolved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>PMO submits grievance to LARWG</td>
<td>1 week</td>
</tr>
<tr>
<td></td>
<td>LARWG addresses grievance and informs AP and proposes resolution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vice Mayor of MUB initiates action for resolution</td>
<td>1 week</td>
</tr>
<tr>
<td>If grievance is not resolved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Grievance is referred to courts</td>
<td>Open</td>
</tr>
</tbody>
</table>
89. With specific regard to land disputes, in accordance with the Land Law (Article 60, “Settlement of Land Related Disputes”), these will be settled by the relevant Khoroo Governor. Where this is unsuccessful, the dispute shall be settled by a higher level authority, or in court. Alternatively, residents may also go directly to the District Land Officer.

90. If an AP is still not satisfied and believes they have been harmed due to non-compliance with ADB policy and they have made good faith efforts to solve their problems by working with the ADB Project Team, they may submit a complaint to ADB’s Office of Special Project Facility or Office of Compliance Review in accordance with ADB’s Accountability Mechanism. The information on how to make a complaint can be found at internet site www.adb.org/site/accountability-mechanism/main.

IX. Monitoring and Evaluation

91. The PMO will conduct internal monitoring of LARP implementation and submit monthly reports to the MUB. The PMO will also include the results of internal monitoring in its quarterly reports to the ADB. These reports will also focus on the progress of LARP implementation. The Project mid-term review will include a separate section on the progress of LARP implementation. Internal monitoring reports will also be included in the completion audit that will be conducted upon completion of the land acquisition and resettlement activities. The PMO will prepare this resettlement completion report for submission to the ADB.

92. The objectives of internal monitoring is to ensure: (i) proper execution of the responsibilities of key stakeholders; (ii) participation of affected people in internal monitoring; (iii) protection of the rights of affected entities under Mongolian laws, the ADB Safeguard Requirements, this RF and the LARPs; (iv) adequate and prompt payment of compensation; and (v) timely grievance redress.

93. In addition, the Audit Department of the MUB will independently audit and monitor the agencies involved in the LAR process, based on Law of Mongolia on State Audit. The PMO will periodically review audits, and report any irregularities to the ADB, to allow for the early identification and resolution of problems encountered.

94. The following are some of the internal monitoring key indicators:

- Number of affected persons.
- Number of information sessions and other consultation activities conducted with affected persons.
- Status of land acquisition, compensation payment and entitlement delivery.
- Status of livelihood restoration activities and impact of these activities on displaced persons.
- Provision of replacement land.
- Number of and length of time taken to redress grievances.

95. An external monitor will be engaged for the VLSP and the terms of reference will also include monitoring and evaluation of involuntary resettlement impacts. Specifically, it will cover the following: (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. For this project the Ulaanbaatar City Government will be responsible for engaging an external monitor, which will investigate and assess LARP implementation and regularly report to the LARCs, the PMO and ADB.

96. External monitoring will be carried out semi-annually during the implementation of LARPs and its results will be reported to the PMO and ADB in semi-annual reports at the end of each input.
97. The following are some of the external monitoring key indicators:

- Economic status of affected households, including employment, income and household assets.
- Status of vulnerable persons, in terms of food security, household demographics, livelihoods and health.
- Impact of land acquisition on women, children, elderly, the poor and other vulnerable groups.
- Degree of support for and post land acquisition status of affected vulnerable households.
- Perceptions of affected entities regarding the implementation of the land acquisition process.
- Participation and involvement of affected entities in LARP implementation.
- Effectiveness and fairness of valuation, compensation, assessment and disbursement measures.
- Implementation and effectiveness of income restoration measures.
- Effectiveness and fairness of GRMs.
- Level of satisfaction among affected entities in the post-resettlement period.
- Adequacy of resettlement funds and results of financial audits.

98. The EM will carry out post-implementation evaluation on the basis of the socio-economic baseline surveys 1 and 2 years after the completion of land acquisition activities, to ascertain whether the project was able to implement the objectives and provisions of the LARP. If the objectives have not been achieved, the EM will recommend remedial measures.

**X. Budgeting and Financing**

99. The total cost of resettlement including the cost of compensation, rehabilitation administration and monitoring is an integral part of the Project cost. The LARP will include a budget section with a table of costs for all compensation expenses including administration and contingencies.

100. Finances for implementation of LARPs will be provided by MUB from government funds. The MUB is responsible for timely allocation of funds needed to implement land acquisition for each tranche. Allocation will be reviewed semi-annually based on the budget requirements indicated in the LARPs.

101. The PMO will work with the MUB, Land Agency (LA), and other state agencies to manage the process of formal contractual agreements with the affected persons and disbursement of compensations. After having concluded contractual agreements about the transfer of the affected assets from the affected persons to the government, the LA will consolidate all financial commitments of the contracts and refer these to the MUB. The MUB will initiate the transfer of funds to the affected persons. The MUB with the assistance from LA and PMO resettlement specialist will be responsible for delivery of entitlements to the affected persons.

102. Full Payment (100%) will be made at the time of signing agreement or within 1 month of the time of conclusion of contractual agreements about the transfer of affected assets from the affected persons to the government. The household, upon receipt of full payment will vacate the property within the prescribed timeframe as per signed agreement. Disbursement of compensations and entitlements will be carried out via the bank transfer to the bank account of the affected persons. No land will be acquired by the government or handed over to the PMO for commencing construction works prior to implementation of the agreed LARP, and full payment of due compensation and provision of other resettlement entitlements to the affected person.
Annex 1: Sample Grievance Action Form (GAF)

The Project welcomes complaints, suggestions, queries and comments regarding project implementation. We encourage persons with grievance to provide their name and contact information to enable us to get in touch with you for clarification and feedback.

Should you choose to include your personal details but want that information to remain confidential, please inform us by checking box requesting CONFIDENTIALITY, below. Thank you.

☐ Request for Confidentiality

CATEGORY OF GRIEVANCE

☐ Legal  ☐ Administrative  ☐ Social  ☐ Financial  ☐ Technical  ☐ Environment  ☐ Other

<table>
<thead>
<tr>
<th>Date</th>
<th>Place of registration</th>
<th>Project site:</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Name (if not confidential)

Home address

District/Khoroo

Phone number/email:

Description of grievance/comment or suggestion:

If includes attachment/note/letter, please tick here: ☐

FOR OFFICIAL USE ONLY

Registered by: (Name and signature of officer registering grievance)

Mode of communication:  
Note/Letter  
E-mail  
Verbal/Telephonic

Reviewed by: (Names/Positions of Official(s) reviewing grievance)

Action Taken:

Whether Action Taken Disclosed: ☐ Yes ☐ No

Means of Disclosure:
Annex 2: LARP Outline

A LARP is required for AHURP components involving land acquisition and resettlement impacts. Its level of detail and comprehensiveness will be commensurate with the significance of potential resettlement impacts and risks.

A. Executive Summary

This section provides a concise statement of project scope, key survey findings, entitlements, and recommended actions.

i. Project Scope
ii. Key Survey Findings
iii. Entitlements
iv. Recommended Actions

B. Project Description

This section provides a general description of the project, discusses project components that result in land acquisition, involuntary resettlement, or both and identify the project area. It also describes the alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision.

i. General Description
ii. Project Components
iii. Project Area
iv. Alternatives Considered

C. Scope of Land Acquisition and Resettlement

Discusses the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities; describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment project; summarizes the key effects in terms of assets acquired and affected persons; and provides details of any common property resources that will be acquired.

D. Socioeconomic Information and Profile

This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by gender, vulnerability, and other social groupings, including: define, identify, and enumerate the people and communities to be affected; describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account; discuss the project's impacts on the poor, indigenous and/or ethnic minorities, and other vulnerable groups; and identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

E. Information Disclosure, Consultation, and Participation

This section: identifies project stakeholders, especially primary stakeholders; describes the consultation and participation mechanisms to be used during the different stages of the project cycle; describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders; summarizes the results of consultations with affected persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan; confirms disclosure of the draft resettlement plan to affected persons and includes arrangements to disclose any subsequent plans; and describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with affected persons during project implementation.
F. Grievance Redress Mechanisms

This section describes mechanisms to receive and facilitate the resolution of affected persons’ concerns and grievances. It explains how the procedures are accessible to affected persons and gender sensitive.

G. Legal Framework

This section:

i. describes national and local laws and regulations that apply to the project and identify gaps between local laws and ADB’s policy requirements; and discuss how any gaps will be addressed;
ii. describes the legal and policy commitments from the executing agency for all types of affected persons;
iii. outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods;
iv. set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided; and
v. describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

H. Entitlements, Assistance and Benefits

This section:

i. defines affected persons’ entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
ii. specifies all assistance to vulnerable groups, including women, and other special groups; and
iii. outlines opportunities for affected persons to derive appropriate development benefits from the project.

I. Relocation of Housing and Settlements

This section:

i. describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);
ii. describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
iii. provides timetables for site preparation and transfer;
iv. describes the legal arrangements to regularize tenure and transfer leases to resettled persons;
v. outlines measures to assist affected persons with their transfer and establishment at new sites; and
vi. describes plans to provide civic infrastructure; and (vii)explains how integration with host populations will be carried out.
J. Income Restoration and Rehabilitation

This section:

i. identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
ii. describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets);
iii. outlines measures to provide social safety net through social insurance and/or project special funds;
iv. describes special measures to support vulnerable groups;
v. explains gender considerations; and describes training programs.

K. Resettlement Budget and Financing Plan

This section:

i. provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation;
ii. describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items);
iii. includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement costs; and
iv. includes information about the source of funding for the resettlement plan budget.

L. Institutional Arrangements

This section:

i. describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan;
ii. includes institutional capacity building program, including technical assistance, if required;
iii. describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management; and
iv. describes how women’s groups will be involved in resettlement planning and management.

M. Implementation Schedule

This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline.

N. Monitoring and Reporting

This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of affected persons in the monitoring process. This section will also describe reporting procedures