

Ulaanbaatar, Mongolia

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Background

As of March 2018, CDIA has a total of five project preparatory study (PPS) interventions in Ulaanbaatar, of which four have been completed and one is ongoing. Of the five PPSs, three have been linked to ADB downstream financing estimated at about \$240 million. In addition to these PPS interventions, CDIA completed the technical assistance to the National Urban Assessment of Mongolia in 2016.

CDIA conducted a tracer study mission in April 2018 with the specific purpose of verifying the progress of two completed PPS interventions in Ulaanbaatar, namely: the PPS on Affordable Housing and Urban Renewal and PPS on Cultural Heritage and Tourism Development in Ger Areas.

The city government of Ulaanbaatar requested for CDIA's technical assistance back in March 2015 in developing strategies to improve the housing conditions in ger areas.



PPS ON AFFORDABLE HOUSING AND URBAN RENEWAL PROJECT



One of the several ger areas targeted for development under the proposed AH loan project.

Context

Ulaanbaatar City is home to about 1.4 million people equivalent to almost half of Mongolia's population. The city's central district is largely comprised of apartment blocks with comprehensive utility services, including dedicated district heating, piped water supply, and wastewater collection and treatment services. Surrounding this is a vast, low-density, 90 square kilometers of peri-urban area (the so-called ger area) with poor infrastructure that accommodate about 800,000 or 60% of the city's population. Inhabited by low- and medium-income households that migrated from the rural areas, ger areas are characterized by loosely aligned plots creating irregular pathways that remain unpaved. While majority of the households have land tenure, their living conditions are typified by: (i) reliance on inefficient individual coal stoves for heating

during winter that affect residents' health; (ii) use of open pit latrines coupled with poor solid waste collection which create severe soil pollution; (iii) limited access to water supplied by water kiosks; and iv) poor basic urban services exacerbated by critical lack of public space, public facilities and economic amenities.

Residents of ger areas, however, are keen to improve their living conditions and obtain better access to heating system, running water, regular electricity, and socioeconomic services. Based on surveys, more than 75% are willing to move to apartment units if acceptable and affordable solutions are proposed. However, few housing options match the current purchasing power of the population and the demand of the most vulnerable. Most new housing

stock constructed by real estate developers is targeting high- and upper middle-income households to secure high profit margin. Moreover, many of the new residential blocks are focused on price minimization to the detriment of community's well-being or sustainable urban planning. This suggests that without public financial and institutional intervention, affordable housing (AH) will continue to be chronically undersupplied, and sub-standard living conditions and pollution in ger areas will be further exacerbated.

In response to the above issues, the City Government of Ulaanbaatar requested for CDIA's technical assistance back in March 2015 in developing strategies to improve the housing conditions in ger areas through sustainable and comprehensive solutions for AH and ger area development.

Implementation Progress as of March 2018

The PPS was implemented from June 2015 to March 2016. Working closely with relevant government stakeholders and the ADB senior urban development officer based in Mongolia, the CDIA consulting team was able to deliver the following outputs: (i) review of existing AH strategy and urban development plan of Ulaanbaatar; (ii) identification of pilot areas and formulation of local infrastructure development plans and integrated AH options for low- and moderate-income households; and (iii) recommendations on how to establish sustainable institutional and legal framework to support access to AH.

While the PPS was ongoing, it was linked to a \$1.0 million project preparatory technical assistance (PPTA) on Ulaanbaatar Affordable Housing and Urban Renewal Project (AHURP) in January 2016

aimed at formulating a project that will: (i) translate the existing AH strategy into implementable plans, investments, and institutional reforms; (ii) increase the supply of AH; and (iii) enhance city livability through the construction of well-integrated and resource-efficient solutions in strategic locations in the ger areas. The PPTA engaged

most of the consultants mobilized for the CDIA PPS thereby providing continuity to the PPS work initiated by CDIA.

As of March 2018, the PPTA is nearly completed with a proposed project investment package amounting to over \$500 million pipelined for funding by ADB,



Typical open-pit latrine in ger areas

“CDIA’s PPS intervention was very helpful in terms of conceptualizing the overall sector strategy and developing the approach and methodology for implementing affordable housing solutions in Ulaanbaatar. ”

- Mr. Arnaud Heckman, ADB Senior Urban Development Officer

PPS ON GER AREA CULTURAL HERITAGE, TOURISM AND COMMUNITY ENHANCEMENT PROJECT



Context

Green Climate Fund and the private sector. As originally conceptualized in the PPS, the proposed project will leverage private sector investment to deliver affordable and green housing stock, and establish policies, mechanisms, and standards for sustainable AH and green urban development. It tentatively aims to build 8,000 affordable and 2,000 social housing units and redevelop 130 hectares of ger areas into eco-districts that are (i) mixed-use with ample public space and public facilities, (ii) mixed-income with at least 65% of combined affordable and social housing units, and (iii) resource efficient by maximizing the use of renewable energy.

According to Mr. Arnaud Heckman, ADB Senior Urban Development Officer in-charge of the project, the CDIA's PPS intervention was very helpful in terms of conceptualizing the overall sector strategy and developing the approach and methodology for implementing AH solutions in Ulaanbaatar. Moreover, the proposed AHURP fully complements the ongoing Urban Services Ger Area Development Investment Project (USGADIP) thereby contributing to the sustainable and inclusive development of ger areas in Ulaanbaatar.

Ulaanbaatar's rapid growth and modernization generated some concern about the survival of the city's cultural heritage and quality of its environment. The Master Plan for Ulaanbaatar 2030 aims to establish a capital city that embodies the special characteristics of the Mongolian traditional lifestyle and to restore Mongolian cultural heritage, tradition and memorial buildings. It also aims to make Ulaanbaatar a tourist destination and a "green city" based on "sustainable and green development that ensure human development", and for upgrading the city's ger areas in a progressive manner. However, the actual implementation of the City Master Plan was being carried out under an old-style, top-down approach with limited recognition of culturally significant buildings and the cultural traditions that support them, and very little appreciation of

the importance of these assets in the re-development of ger areas.

In order to address the need to safeguard cultural heritage assets and to link their conservation and revitalization to the development of tourism and resilient livelihoods around them, the City Government of Ulaanbaatar requested CDIA's technical assistance in July 2015 for the conduct of PPS that will help: (i) identify valuable cultural heritage assets within ger areas and assess the urban infrastructure conditions surrounding the identified sites; and (ii) formulate priority urban infrastructure investments that will enhance the value of cultural heritage assets in ger areas and provide economic opportunities and better living conditions for inhabitants.





CDIA's PPS aimed to safeguard cultural heritage assets and link their conservation and revitalization to the development of tourism and resilient livelihoods around them.

Progress of Implementation as of March 2018

Largely on account of the project's interconnection with two major ADB loan projects in Ulaanbaatar (AHURP and USGADIP), the city application was approved by CDIA in July 2015. The PPS work was commenced in September 2016. The CDIA consulting team completed the PPS report in July 2017 highlighting two main elements: (i) the improvement of cultural heritage assets within or near to ger areas; and (ii) the upgrading of ger areas in tandem with cultural heritage preservation. The PPS identified five packages for development and investment with each package designed to promote cultural heritage values including rehabilitation of historic monasteries while introducing major infrastructure

improvements to ger areas around the cultural heritage sites. Historical monasteries identified by the PPS for redevelopment include Gandantegchinlen, Dambadarjaalin and Bayankhosuu.

The PPS report projected that some 13,000 people within the targeted ger areas will directly benefit from the investments through improved access to water, sanitation, electricity and heating. Moreover, some 117,000 people living near the targeted ger areas will have access to green parks and sports facilities while about 47,000 local residents will have improved access to livelihood opportunities through tourism-related employment and business enterprises.

As of March 2018, two of the five PPS packages were formally linked to financing with the approval of Tranche 2 of the Multitranche Financing Facility (MFF) for the Ulaanbaatar Urban Services and Ger Areas Development Investment Program (USGADIP) in December 2017. When fully implemented, this project will enhance the urban infrastructure services in the ger areas surrounding Dambadarjaa and Bayankhosuu monasteries.



Conclusion and Lessons Learned

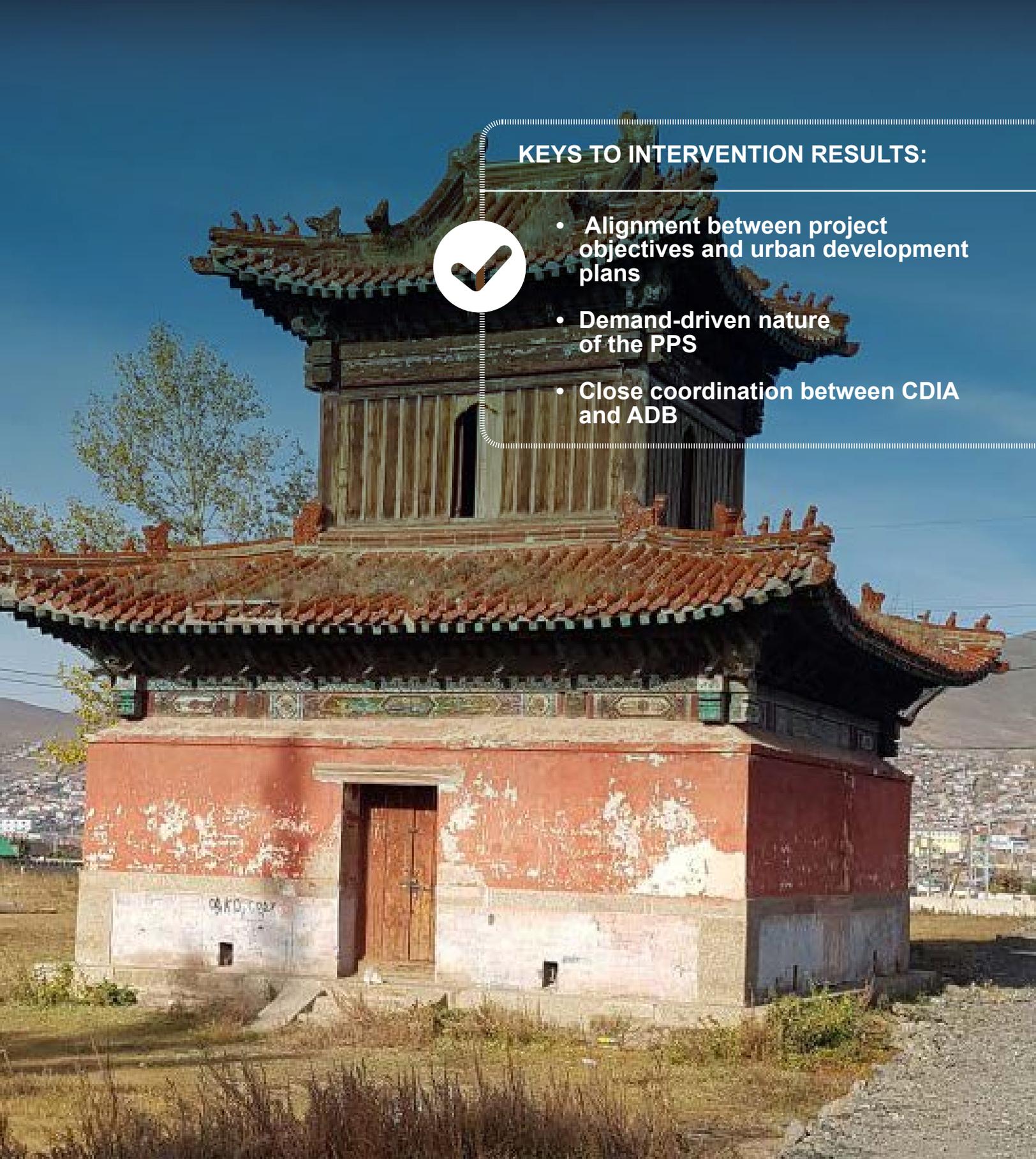
Significant progress has been achieved by the two CDIA-supported PPS interventions in Ulaanbaatar. Key factors that facilitated the attainment of PPS objectives include: (i) alignment of project objectives with the urban development plans (e.g. Master Plan for Ulaanbaatar 2030); (ii) demand-driven nature of PPS intervention; and (iii) close coordination among the main project actors within the city, CDIA and ADB. In addition, Mr. Arnaud Heckmann, ADB Urban Development Officer based in Mongolia, cited timeliness and flexibility of CDIA support as key factors that contributed to the effectiveness of PPS interventions. He further noted CDIA's added value in terms of its "ability to provide the PPS support needed by its clients in a customized, practical, efficient and timely manner."

Finally, Ulaanbaatar provides an excellent example of a partner city whereby key elements of the new CDIA strategy such as taking a broader approach to PPS, engaging with the city over a prolonged period and securing the PPS linkage to downstream financing at the outset have been effective in addressing the client's needs and enhancing the quality of the project preparation work. While intended project outcomes have yet to be realized, it is worthy to mention that the PPS interventions in Ulaanbaatar have contributed towards creating synergy among various urban development projects that aim to transform ger areas into sustainable, low-carbon and climate-resilient settlements and provide affordable housing solutions to ger area residents with the active participation of the private sector.

“CDIA’s added value was its ability to provide the support needed by its clients in a customized, practical, efficient and timely manner.”

- Mr. Arnaud Heckman, ADB Senior Urban Development Officer





KEYS TO INTERVENTION RESULTS:



- Alignment between project objectives and urban development plans
- Demand-driven nature of the PPS
- Close coordination between CDIA and ADB

One of several cultural heritage assets found in Dambadarjaa Monastery complex

