

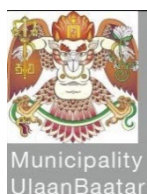
**49169-002 MON: Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector Project (AHURP)**



# **The Third Annual Progress Report (2022)**

**(Incorporating Quarterly progress for Oct-Dec 2022)**

**Prepared by:** PMO with support from PIMS and inputs from PIU/SGFS and EFDP  
**Prepared for:** Government of Mongolia, Municipality of Ulaanbaatar  
Asia Development Bank, Green Climate Fund  
**Submitted:** January 2023



## Acronyms

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ADB	Asian Development Bank
AHURP	Ulaanbaatar Affordable Green Housing and Resilient Urban Renewal Project
AMC-DBM	Asset Management Company of the Development Bank of Mongolia
AP	Action Plan
BOM	Bank of Mongolia
CCHPA	Capital City Housing Policy Agency
CEMP	Contractor Environmental Management Plan
COL	Concessional Ordinary Capital Resources (ADB)
CPP	Consultation and Participation Plan
DBM	Development Bank of Mongolia
DDR	Due Diligence Report
DEIA	Detailed Environmental Impact Assessment
DFS	Detailed Feasibility Study
DTL	Deputy Team Leader
EA	Executing Agency
EBA	Environmental Baseline Assessment
EARF	Environment Assessment and Review Framework
EDAF	Eco-District and Affordable Housing Fund
EFDP	Eco-District Feasibility and Policy Reform Support
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
ESMS	Environmental and Social Management System
FAA	Funded Agreement Activity
FIL	Financial intermediation loan
FMA	Financial Management Assessment
GADIP	Ger Area Development Investment Program
GAP	Gender Action Plan
GBF	Green Building Fund
GCF	Green Climate Fund
GEIA	General Environmental Impact Assessment
GOM	Government of Mongolia
GRM	Grievance Redress Mechanism
HOA	Homeownership Association
IA	Implementing Agency
ICB	International Competitive Bidding
IEE	Initial Environmental Examination
LA	Land Agency
LARP	Land Acquisition and Resettlement Plan
LARWG	Land Acquisition and Resettlement Working Group
MET	Ministry of Environment and Tourism
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MPA	Procurement Agency of the City Governor
MSFA	Mongolian Sustainable Finance Association
MSME	Micro, Small and Medium-Sized Enterprises
MTRM	Mid Term Review Mission
MUB	Municipality of Ulaanbaatar
NCB	National Competitive Bidding
NOSK	Capital City Housing Corporation
O&M	Operations and Maintenance
PAM	Project Administration Manual
PAP	Project Affected Person
PIU	Project Implementation Unit
PSC	Project Steering Committee
PMO	Project Management Office
PPLM	Public Procurement Law of Mongolia

PPMS	Project Performance Management System
PPTA	Project Preparatory Technical Assistance
QACP	Quality Assurance and Control Plan
QA/QC	Quality Assurance/Quality Control
QCBS	Quality and Cost-Based Selection
RAMS	Risk Analysis and Mitigation Strategy
REA	Rapid Environmental Assessment
RF	Resettlement Framework
RP	Resettlement Plan
RRP	Report and Recommendation to the President (ADB)
SCS	Stakeholder Consultation Strategy
SGAP	Social and Gender Action Plan
SGFS	Sustainable Green Finance Support
SMCC	Smart Monitoring Control Center
SPS	Safeguard Policy Statement
STP	Simplified Technical Proposal
TA	Technical Assistance
TAF	The Asia Foundation
TL	Team Leader
TOR	Terms of Reference
UBED	Environment Department of Ulaanbaatar
UDA	Urban Development Agency
UPMPA	Urban Planning and Master Planning Agency
VLS	Voluntary Land Swap
VLSP	Voluntary Land Swapping Plan
WA	Withdrawal Application

## Glossary

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<i>Dzud</i>	Severe winter storm events causing grazing problems
<i>Ger</i>	Traditional circular Mongolian tent
<i>Khashaa</i>	A fence, but referring to an individual's fenced piece of property
<i>Khoroo</i>	The mid-level of local community governance in city administration
<i>Kheseq</i>	The lowest level of local community governance in city administration

## Executive Summary

### Introduction

AHURP's purpose is to bridge current gaps in climate responsive urban development and green affordable housing by transforming the highly climate-vulnerable and heavily polluting peri-urban areas of Ulaanbaatar (*ger* areas) into low-carbon, climate resilient and affordable Eco-Districts. This will be achieved through three Outputs:

**Output 1:** Resilient urban infrastructure, public facilities, and social housing units in selected *ger* area Eco-Districts.

**Output 2:** Long-term financing to developers for low-carbon affordable housing, market-rate housing and economic facilities in the same *ger* area eco-districts, and green mortgages to interested and qualified home buyers.

**Output 3:** Sector policy reforms implemented, and institutional capacities strengthened.

Financing for the project totals \$570.1 million, as illustrated in Table 1 which lists the combination of loans and grants from both ADB, GCF as well as public and private finance

**Table 1 Total Project Finance (Public and Private)**

Source	US \$
ADB (Loan)	80.0
Green Climate Fund (GCF) (Loan)	95.0
Green Climate Fund (GCF) (Grant)	50.0
High Level Technology Fund (Grant)	3.0
Municipality of Ulaanbaatar (MUB)	35.0
Development Bank of Mongolia/Commercial Banks	111.4
Developers	131.8
Beneficiaries	63.9
<b>Total</b>	<b>570.1</b>

This third Annual Progress Report covers the calendar year 2022 and provides planning for quarter one in 2023.

### Progress to Date by Output

**Output 1:** Two groups of activities dominated 2022: EFDP work on Phase 1 urban planning, infrastructure for Bayankhoshuu and Sharkhad. This included extensive PIMS-EFDP community engagement activities, Willingness to Participate Survey and Socio-Economic Surveys.

1. **Preparation of Key Documents:** the following were prepared, reviewed or updated by the Consultants in collaboration with PMO for review and acceptance by PMO/GOM and ADB. Implementation of several documents was also initiated:
  - GCF mid-term evaluation report (August)
  - Updated GCF Logical Framework (October)
  - Updated Risk Management Plan (August and October)
  - Financial management guideline (March)

- Updated procurement plan (November)
- Draft documents required under the Conditions Precedent for Disbursements from Loan Accounts (Continuous- December 2022)
- Tripartite agreement between MUB, PMO and PIU for PIU staff's remuneration
- Updated SGAP (Q4 2022)
- Finalized DDR for the vacated sites in Bayankhoshuu and Sharkhad along with the associated CAP (January)
- Updated Resettlement Framework (July)
- Conceptual Package for the phase I project along with business plan (March)
- Environmental Management Plan for Bayankhoshuu B15 (April)
- Detailed report on each community consultation and study: Social economic survey (BKH, N4 site), Land and asset valuation report (BKH, N4 site), WPS report in Sharkhad, Report on community screening survey report among 12000 households (5 sub-centers), Report on environmental public consultation with the affected communities by the B15 project in Bayankhoshuu and Information campaign report to promote gender equality and asset ownership of women etc. (upon need- throughout the year)
- Design guidelines containing the checklists for the key features (Q4, 2022)
- Living Lab concept paper (May)
- Sustainability roadmap and KPIs (May)
- Updated components of the pre-feasibility study – (to produce DFS)
- Land and Asset Valuation (LAV) was completed in 2022 for the land plots (77 plots) and the assets on the plots of the landowners (119 owners) in Bayankhoshuu

**Output 2:** The progress on establishing the Eco-District and Affordable Housing Fund (EDAF) as the vehicle for commercially financing the Affordable and Market Housing components of AHURP was delayed. After being re-activated, AMC has worked with the Ministry of Finance to finalize the establishment of EDAF. A focus of 2022 was to finalize the establishment documents for EDAF, engage with the developers and commercial banks, and prepare procurement documents for pilot sites. That will remain the priority activity for early 2023. AMC plans to select and execute participation agreements with commercial banks and procure a developer for two sites: Bayankhoshuu and Sharkhad.

**Output 3:** Policy Reform is to evolve out of the experience gained through implementation of the first Eco-Districts. At this point policy issues and reform needs are being identified.

## Disbursements and Procurement

During the reporting period, disbursements and procurement were limited to replenishment for PMO staff expenses and advances for consultant engagement totalling \$ 1,465,609.11.

Projected disbursements for 2023 total \$17.19 million (USD17,190,000). Procurement for construction goods and services for the BKH Social Housing and SHD Social Housing and infrastructures in BKH and SHD, and Smart Monitoring major capital works components are anticipated during 2023 following completion of detailed engineering design and tendering.

## Implementation Issues

Five significant implementation issues emerged during the reporting period, 2022:

**Cost.** The foremost issue to the viability of the project is cost escalation threatening the affordability and commercial viability of the project. Cost increases imply changes in the project

scope and definition of potential alternative options. During 2022, the cost increases where both sudden and dramatic – with some materials undergoing exponential costs increases – raised even the question over the immediate viability of the project.

**EDAF.** The second most crucial issue and related to *cost* above is the delay to establish EDAF. Shareholder's prudence in establishing EDAF has meant the agreed deadline to legally inaugurate EDAF by November 2022 passed. A request from MOF sought further justification – beyond the agreed MOU which sought to pilot Phase 1 to determine project viability – to determine AHURP's viability through developing a DFS. MOF considered existing institutional capacity constraints a hindrance to invest in the public-private equity fund (EDAF), instead expressing preference to follow existing practices of on-lending the loan proceeds to commercial banks directly. At the end, MOF agreed to establish EDAF by February 15, 2023, and started internal process for EDAF establishment late 2022.

**VLS process:** The third most critical issue is the viability of the VLS as a mechanism to obtain land for housing units in an 'heated' housing market.

There was hesitation to share final figures with residents in BKH N4. This delayed the consultation process of sharing house prices of BKH 110 units. The reticence to share values for land and asset swapping means there is no confirmed willingness to participate from N4 residents on how to use the BKH 110 housing units. Various teams must come to the same page and reach a consensus to determine next steps.

**EFDP (SSJV) Management:** The consultancy restructuring proposal preparation is taking significant time. Informal submissions by SSJV have been rejected by PMO who have requested a formal submission of a complete proposal to restructure the consultancy team to demonstrate all outputs can be achieved within budget with the proposed resources. A revised restructuring plan is expected to be submitted to PMO in January 2023 by EFDP. Technical gaps remain in the team's expertise.

**Project Steering Committee:** The Project Steering Committee (PSC) met in November after the ADB Midterm Review (MTRM) (October 2022) to sign and agree to the Memorandum of Understanding (MOU) document. One recommendation from the MTRM as recorded in the MOU was to improve engagement between the IA and EA and consultancy teams with the PSC. Improvements will happen twofold: by firstly increasing the number of PSC meetings per annum and ensuring the attendance of committee members. Secondly, the formation of a Working Committee to sit underneath of the PSC could provide more regular oversight and technical review. This would enable the PSC to make decisions more easily as technical matters would have been discussed at length, prior to reporting to the PSC.

## Plan for 2023

The main focus for 2023 will be construction of the Pilot projects in Bayankhoshuu and Sharkhad. This will entail construction of Social Housing units in both sites. Establishment and operationalization of EDAF will also need to happen in Q1. Selection and mobilization of developers for the Phase I eco-district development will also be key focus and their management to VLS, safeguards and GCF targets will be critical during implementation.

## Conclusion

AHURP made good progress during the second half of 2022 with significant gains made in several areas. The renewed impetus resulted in substantial progress with Bayankhoshuu urban planning, infrastructure assessment and Social Housing design.

Roadblocks continue in relation to restructuring proposal from SSJV. Delays in payment between the SSJV consultancy firm to their subconsultants forced EFDP national staff to stop-work for non-payment of fees and put works being performed by sub-contracts under risk. Efforts continued throughout Q3 and Q4 to address these issues and remained on-going at time of writing.

The ADB MTRM enabled to the project to re-evaluate and ‘reset’: by establishing a realistic number of housing units within the project timeframe for Phase 1. As a priority, PMO/ADB agreed to undertake, ‘Phase 1’ engineering and design work in Sharkhad and Bayankhoshuu. Recognising initial delays during the inception phase (2020-2021) and the cost escalation, the request to focus primarily on Phase 1 project has provided renewed vigour and focus to the project team, working to a schedule which reflects realities on the ground.

A construction start in Bayankhoshuu at the beginning of Q2 2023 is the target.

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## 1. Introduction

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This third Annual Progress Report covers the year 2022 from January to December. This Report also serves as Quarterly Report 6 for the period Oct-Dec 2022 (due to the break during the holiday season, this report purposefully runs into the first two weeks of January in 2023). This is a reporting requirement of both the Asian Development Bank (ADB) and the Government of Mongolia (GOM) to update all key stakeholders on project progress, issues and projections of work to be achieved during the subsequent year, 2023 including details for the Quarter Jan-Mar 2023. The report is compiled using inputs from the Project Executing Agency (EA) represented by the Project Management Office (PMO), the Project Implementing Unit (PIU) and the three project support consulting teams EFDP, SGFS, and PIMS.

## 2. The Project - Background and Basic Data

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### 2.1 Project Purpose & Intended Impact

AHURP aims to bridge current gaps in climate responsive urban development and green affordable housing by transforming the highly climate-vulnerable and heavily polluting peri-urban areas of Ulaanbaatar (*ger* areas) into low-carbon, climate resilient and affordable Eco-Districts. AHURP will also establish policies, mechanisms, and standards for sustainable affordable housing and green urban redevelopment. The resulting impact will be improved living conditions in Mongolia by assisting Ulaanbaatar to be a safe, healthy and green city that is resilient to climate change and provides a liveable environment for its residents.

### 2.2 Project Outputs

AHURP has 3 Outputs:

1. Resilient urban infrastructure, public facilities, and social housing units in selected *ger* area Eco-Districts.
2. Long-term financing to developers for low-carbon affordable housing, market-rate housing and economic facilities in the same *ger* area eco-districts and green mortgages to interested and qualified home buyers.
3. Sector policy reforms implemented, and institutional capacities strengthened.

### 2.3 Project Components Phases - Updates

The project was originally intended to be implemented in 5 Phases comprising a total of approximately 20 sub-projects. Each sub-project consisting of redevelopment of a selected portion of a *ger* area into an Eco-District containing the components listed above. Implementation of the Phases may overlap depending on available resources and the speed with which are necessary feasibility studies and due diligence are completed. Overall project implementation is scheduled to take a period of 6 years from 2020 through 2026.

Since the ADB mid-term review mission in October 2022 the agreed direction of the project is to focus only on Phase 1. The project eco-districts will be low-carbon, climate-resilient, mixed-income, and mixed-use areas with approximately 15% green and public space. The project will begin as a pilot covering approximately 11 ha. Phase 1 (the Pilot project) includes two core subprojects (7.5 ha) in Bayankhoshuu and (4ha) Sharkhad.

The approach agreed during the mid-term review mission is to fast-track Phase 1, Bayankhoshuu and Sharkhad, as the pilot project. Two sub-centres were chosen in the PAM for Phase 1. Selbe was originally stated in the PAM, has been replaced with Sharkhad, because of the availability of vacant land. The vacant land provides an opportunity to swap without the need for temporary housing. The vacant land will also expedite the construction timeframe. Therefore, the pilot will be the focus for the design, engineering and survey work for 2022-2023.

The planned pilot in Bayankhoshuu will include approximately 2.8 ha of vacated, and 4 ha of occupied lands in Bayankhoshuu with an estimated potential of 700 household units. The Sharkhad pilot will include approximately 2 ha of vacated, and 3 ha of occupied lands with the potential for an additional 400 household units. In total the Phase 1 Pilot Project will provide approximately 1100 total housing units.<sup>1</sup>

The development of first 4 blocks of social housing units in BKH and Sharkhad was guided by the AHURP's goal of achieving climate resiliency and community development. Residential and green spaces will be supplemented by public facilities, workshops. Due to the minus 40C temperatures in the winter, the community members expressed residential space to be built with underground parking.

It is anticipated that each subproject will be completed within 5 years from commencement of civil works, which will begin in 2023<sup>2</sup>. This is commensurate with the timeline of the PAM and Pre-feasibility study (PFS). Based on the assumed 2018 signing of the loan agreement the planned completion date was 2026. Current workplans for Phase 1 anticipate a completion date of 2028-2029 for approximately 1100 housing units.

Implementation of the pilot project in these two sub-centres will provide an opportunity to determine project viability over certain aspects. Nominally, the pilot project will determine:

- (i) Accurate construction costs
- (ii) Identification of all potential subsidies to reduce the affordability gap
- (iii) Determination of Depreciation, Operation & Maintenance responsibilities, and costs
- (iv) Finalization of land / asset valuation
- (v) Residents' actual willingness and ability to participate
- (vi) Ability of the project to reach the most vulnerable target group in the Ger areas.

Between Q1 2023 and the ADB Special Review Mission (Q3 2023), there will be a moratorium on activities unrelated to Phase 1 Pilot Project.

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<sup>1</sup> The current understanding is in keeping with intent of the TA 9030 Executive Summary, proposed implementation plan which focused on two sub centers comprising 11 ha. Although the numerical target estimates in the feasibility study will have changed slightly, the focus of the work remains the same.

<sup>2</sup> The phased approach will allow project parameters to be adjusted based on socioeconomic changes.

### 3. Project Cost and Financing

Financing totalling \$570.1 million including \$157 million combined loans and grants for Outputs 1 and 3, and \$413 million combined loans and grants for Output 2 as summarised in **Table 2** and **Table 3**. ADB is contributing a loan of \$80 million for Outputs 1 and 3. External funding is being provided by three entities: ADB, Green Climate Fund and Japan's High-Level Technology Fund. Internal (national) funding will be provided by MUB, DBM, developers and beneficiaries (homebuyers).

**Table 2: Project Financing: Outputs 1 and 3**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Concessional ordinary capital resources (loan)	20.0	12.7
Ordinary capital resources (loan)	60.0	38.2
Subtotal	80.0	50.9
Cofinanciers		
Green Climate Fund (grant) <sup>a</sup>	19.7	12.6
Green Climate Fund (loan) <sup>a</sup>	19.3	12.3
High-Level Technology Fund (grant) <sup>b</sup>	3.0	1.9
Subtotal	42.0	26.8
Municipality of Ulaanbaatar	35.0	22.3
<b>Total</b>	<b>157.0</b>	<b>100.0</b>

<sup>a</sup> Administered by the Asian Development Bank.

<sup>b</sup> Financing partner: the Government of Japan. Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

**Table 3: Project Financing: Output 2**

Source	Amount (\$ million)	Share of Total (%)
Green Climate Fund (grant) <sup>a</sup>	30.3	7.3
Green Climate Fund (loan) <sup>a</sup>	75.7	18.3
Development Bank of Mongolia/commercial banks	111.4	27.0
Developers	131.8	31.9
Beneficiaries	63.9	15.5
<b>Total</b>	<b>413.1</b>	<b>100.0</b>

<sup>a</sup> Administered by the Asian Development Bank (ADB).

Source: ADB estimates.

## 4. Project Management and Implementation Status

### 4.1 Management Arrangements

Table 4 summarises the agencies responsible for project management and their respective roles and responsibilities.

**Table 4 Management Arrangements**

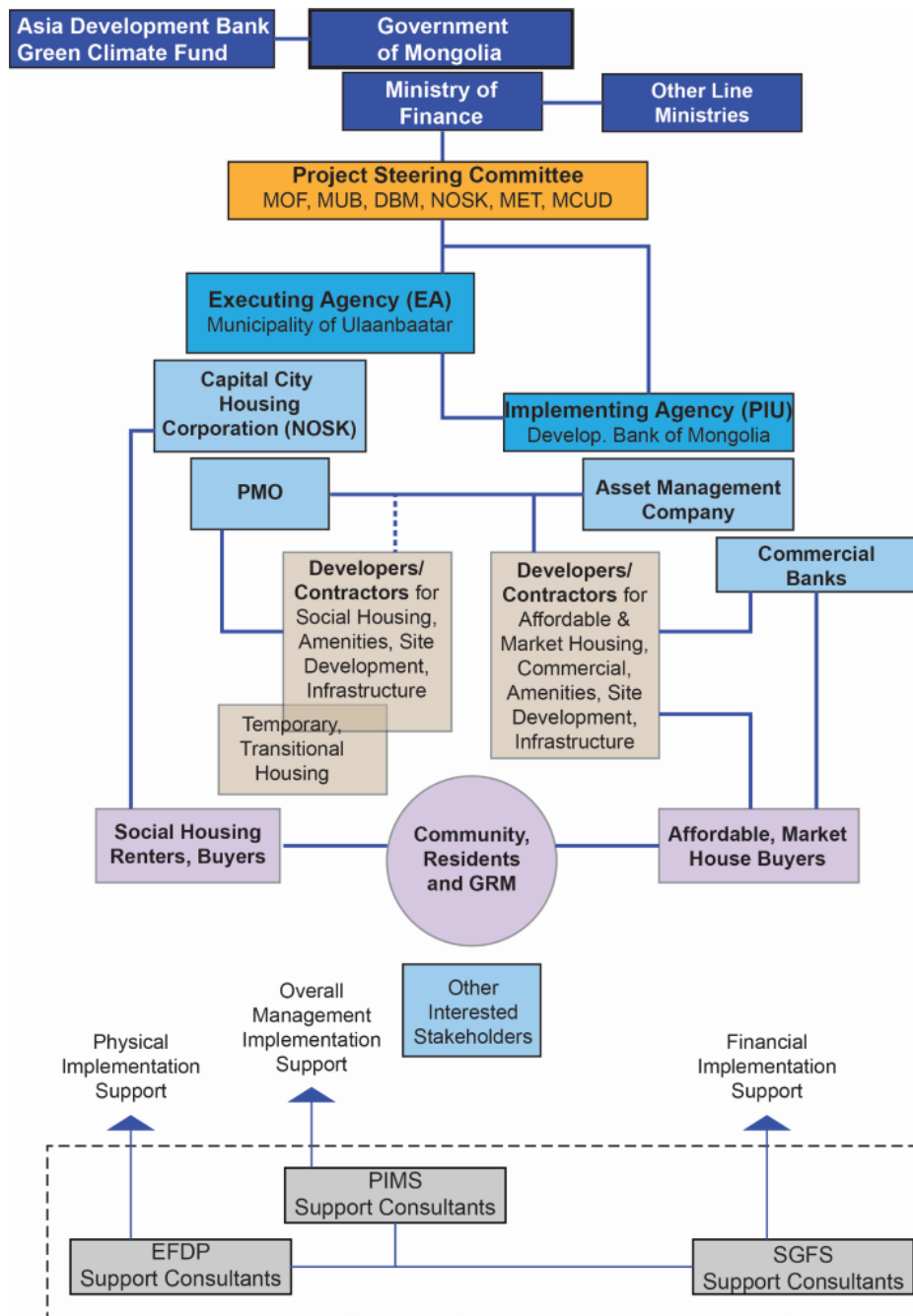
Role	Agency	Summary Responsibilities
<b>Executing Agency</b>	Municipality of Ulaanbaatar (MUB)	MUB, headed by the Governor of Ulaanbaatar, will be responsible for identifying, prioritizing, formulating, appraising, approving, and overseeing the implementation of subprojects in accordance with technical, financial, and economic appraisal criteria, including social and environmental criteria, as agreed with the Asian Development Bank (ADB).
<b>Project Steering Committee</b>	Various agencies	A project steering committee headed by the MUB, will comprise government officials from the Ministry of Finance (MOF), Ministry of Environment and Tourism, MUB departments and agencies, Ministry of Construction and Urban Development (MCUD), Development Bank of Mongolia (DBM), and Capital City Housing Corporation (NOSK) will be established to oversee the project implementation and provide strategic and policy guidance.
<b>Project Management Office</b>	MUB	The PMO will be established under the Mayor of Ulaanbaatar and will be responsible for the overall implementation of the project and closely coordinate with AMC-DBM regarding project implementation.
<b>Project Implementing Agency</b>	Development Bank of Mongolia (DBM)	The Development Bank of Mongolia (DBM) will act as the project implementing agency providing overall support to the AMC-DBM in its establishment and management of the eco-district and affordable housing fund (EDAF).
<b>Project Implementation Unit</b>	Asset Management Company of the Development Bank of Mongolia (AMC-DBM)	AMC-DBM will serve as the project implementation unit to manage the eco-district and affordable housing fund (EDAF) and will directly report to the executing agency and MOF on the status of the EDAF.
<b>Participating Commercial Banks</b>		A commercial bank deemed eligible for the project and subsequently selected to develop an eco-district subproject in partnership with a proponent real estate property developer will be referred to in the project as a participating commercial bank.
<b>Capital City Housing Corporation (NOSK)</b>		NOSK will be in-charge of operating and maintaining the social housing built by the project.
<b>Ministry of Finance (MOF)</b>		MOF will act as a major shareholder of EDAF provide necessary guidance to AMC-DBM on the management of EDAF.
<b>Asian Development Bank (ADB)</b>		ADB will oversee the project administration, monitor the project implementation, and will ensure project compliance with ADB safeguards and relevant policies. ADB will review the execution of subprojects, monitor the capability and performance of MUB, and assess

		any change in circumstances that may have a bearing on the sector development plan in general and on the implementation and operation of the sector subprojects in particular.
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### 4.2 Project Structure and Stakeholders

Recent developments in the structure and influence of the project include the role of other line ministries, namely the Ministry of Environment and Tourism which has had a positive influence on the Ministry of Finance to advocate for the project’s climate adaptation and mitigating roles. The influence stems from working committees held a national level which seek to reduce air pollution. Otherwise, the project structure remains as planned as illustrated in **Figure 1**.

**Figure 1: Project Structure and Stakeholders**



The three consulting entities supporting project implementation are:

1. **Project Implementation Management Support (PIMS):** AARC Ltd. (Ireland) in association with the Education and Social Development Centre (ESDC) (Mongolia). Providing implementation support to the PMO including sector integration support to the other consulting entities.
2. **Sustainable Green Finance Support (SGFS):** Castalia Ltd. (New Zealand). Supporting the PIU (Development Bank of Mongolia) in preparing and operationalising the Eco-District and Affordable Housing Fund (EDAF).
3. **Eco-District Feasibility and Policy Reform Support (EFDP):** Sunjin-Soosung Joint Venture (SSJV) (South Korea). Responsible for preparation of Detailed Feasibility Studies, Detailed Engineering/Architectural Design and Construction Supervision for selected Phases, and Policy Reform in key areas related to AHURP.

### 4.3 AHURP Implementation Activities

Results are achieved through series of activities. **Annex 1** presents a summary of the detailed AHURP Implementation Work Plan tracking originally planned activities against actual achievements to date.

### 4.4 AHURP Work Plan Activities

The starting reference for planned activities was the Overall Project Implementation Plan included in the original Project Administration Manual (PAM) prepared by ADB during pre-feasibility. Agreed project results are presented in the PAM in the Design and Monitoring Framework (DMF) which forms part of the ADB-GOM loan/grant agreements.

During the Project's Inception Phase (2021), the PAM was reviewed and a revised Implementation Work Plan prepared reflecting the updated on-the-ground situation, expanding, and adjusting activities and their timelines to follow the actually required implementation sequence. This began with adjustment of dates to reflect the project's delayed starting date. That revised Inception Phase Implementation Work Plan supersedes the workplan in PAM which is now an historical document and no longer a valid reference point.

The ADB Mission in October 2022 provided another opportunity to revise figures established in the PAM. Changes made to the PAM were discussed during the Midterm review mission in October 2022 and are outlined below and Section 10 - EFDP Activity and Progress Summary.

In addition to the overall implementation plan referenced above (Annex 1), an annual work plan is developed each year and approved by the PSC. The 2023 annual work plan is attached in the Annex 2 Annual Work Plan.

### 5.4 DMF Results Status

**Table 5** reports results achieved by those activities in accordance with the Impact and Outcome indicators in the Project's Design and Monitoring Framework (DMF) and sets out the Work Plan for progressing towards those results in the coming year, 2023. Note that no complete results were achieved as construction has yet to begin. Therefore, reported target indicator achievement rate remains very low, even zero in most cases.



Table 5: DMF Results Achieved to 31 Dec. 2022



AHURP- DESIGN &amp; MONITORING FRAMEWORK - RESULTS TO 31 DEC. 2021

Project Results Chain Outcome and Outputs	Performance Indicators (Targets) (until 2026) (As defined in the DMF) Revised to 2028	Revisions - Adjusted for Actual Project Start & ADB 2021 Mission MOU	Indicator Target Rate Achieved	
<b>Outcome</b>	<b>By 2028 (Revised to 2029)</b>	<b>Revised to 2029 reflecting delayed project start</b>		
Access to low-carbon and climate resilient eco-districts and green affordable housing Ulaanbaatar's <i>ger</i> areas increased.	a. At least 7,000 households, of which 30% are headed by women, relocated into, or have ownership and/or rental titles for social and affordable housing units in the 100 ha of eco-districts in <i>ger</i> areas (2017 baseline: 0)			
	b. Energy consumption per housing unit built in targeted areas reduced to 150 kWh/m <sup>2</sup> /year (2017 baseline: 395 kWh/m <sup>2</sup> /year)			
	c. 200,000 tons of carbon dioxide emission per year avoided (2017 baseline: 0)			
	d. 6,000 person-months per year of employment opportunities for operation and maintenance of facilities and infrastructure created, of which 40% are filled by women (2017 baseline: 0)			
<b>Output 1</b>	<b>Performance Indicator target revised to 2028 reflecting Project start delay.</b>	<b>Performance Indicator target revised to 2028 reflecting Project start delay.</b>		
Resilient urban infrastructure, public facilities and social housing units in <i>ger</i> areas constructed (public sector component)	1a. 1,500 social housing units constructed (2017 baseline: 0)		Previous 0% This year 0% Cumulative 0%	
	1b. 13.7 km of road, 5.5 km of water supply pipes, 6.1 km of sewerage network, 5.5 km of district heating pipes, and 450 low-consumption street lights constructed (2017 baselines: 0)	Quantities will vary depending on Eco-District sites selected.	Previous 0% This year 0% Cumulative 0%	
	1c. 15 ha of public space and green areas, and 36,000 m <sup>2</sup> of public facilities constructed (2017 baselines: 0)	Quantities will vary depending on Eco-District sites selected.	Previous 0% This year 0% Cumulative 0%	
	1d. 72,000 m <sup>2</sup> of photovoltaic solar panels installed (2017 baseline: 0)	Performance-based indicator to replace quantitative. 11 MW production to be achieved	Previous 0% This year 0% Cumulative 0%	
	1e. 100% of constructed buildings equipped with energy-efficient insulation, utility metering, and heating regulation systems (2017 baseline: 0)		Previous 0% This year 0% Cumulative 0%	
	1f. 2,000 m <sup>2</sup> of greenhouses in targeted areas built (2017 baseline: 0)	Quantities may vary depending on community, resident demand and business viability.	Previous 0% This year 0% Cumulative 0%	
	1g. Smart monitoring system and sensors for building performance and renewable energy control installed, including energy storage pilot of 0.5- megawatt capacity (2017 baseline: 0)		Previous 0% This year 0% Cumulative 0%	
	1h. 100,000 person-months of employment opportunities during project construction created, of which 30% are filled by women (2017 baseline: 0)		Previous 0% This year 1% Cumulative 1%	
	<b>Output 2</b>	<b>2a. At least 20 developer subloans approved and released by EDAF (2017 baseline: 0)</b>		Previous 0% This year 0% Cumulative 0%
	Long-term financing to developers for low-carbon affordable housing, market-rate housing, and economic facilities in <i>ger</i> areas and to households for greenmortgages increased (financial intermediation loan component).	These subloans will produce:		
(i) 5,500 affordable housing and 3,000 market-rate housing units built (2017 baseline: 0)			Previous 0% This year 0% Cumulative 0%	
(ii) 204,000 m <sup>2</sup> of commercial facilities, shops, and parking; and 22 km of pedestrian and bike lanes built (2017 baseline: 0)		Infrastructure quantities will vary depending on Eco-District sites selected. Commercial area subject to private sector market analysis.	Previous 0% This year 0% Cumulative 0%	
(iii) 79,000 m <sup>2</sup> of greenhouses installed (2017 baseline: 0)		Quantities may vary depending on community, resident demand and business viability.	Previous 0% This year 0% Cumulative 0%	
(iv) 100% of constructed buildings equipped with energy efficient insulation, utility metering, and heating regulation systems (2017 baseline: 0)			Previous 0% This year 0% Cumulative 0%	
2b. At least 5,500 green mortgages approved and released, with at least 30% of households headed by women provided with access to affordable housing units (2017 baseline: 0)			Previous 0% This year 0% Cumulative 0%	
2c. At least 40% of businesses located in the commercial facilities in the eco-districts are led by women.			Previous 0% This year 0% Cumulative 0%	
2d. 200,000 person-months of employment opportunities during project construction created, of which 30% are filled by women (2017 baseline: 0)			Previous 0% This year 0% Cumulative 0%	

Project Results Chain Outcome and Outputs	Performance Indicators (Targets) (until 2026) (As defined in the DMF) Revised to 2028	Revisions - Adjusted for Actual Project Start & ADB 2021 Mission MOU	Indicator Target Rate Achieved
	2b. At least 5,500 green mortgages approved and released, with at least 30% of households headed by women provided with access to affordable housing units (2017 baseline: 0)		Previous 0% This year 0% Cumulative 0%
	2c. At least 40% of businesses located in the commercial facilities in the eco-districts are led by women.		Previous 0% This year 0% Cumulative 0%
	2d. 200,000 person-months of employment opportunities during project construction created, of which 30% are filled by women (2017 baseline: 0)		Previous 0% This year 0% Cumulative 0%
<b>Output 3</b>	<b>Project implementation and management</b>		
Sector policy reforms implemented and capacity strengthened.	3.1 a. By 2019, gender-disaggregated project performance and management system established (2017 baseline: 0)	Updated PAM timeline: 2022.	Previous 0% This year 50% Cumulat. 50%
	<b>Eco-district feasibility and development</b>		
	3.1 a. By 2020, green building and eco-district norms and standards are in place (2017 baseline: 0)	Updated PAM timeline: 2024.	Previous 0% This year 50% Cumulat. 50%
	3.2b. By 2021, regulations for grid-connected electricity generation from small-scale renewable sources are in place (2017 baseline: 0)	Updated PAM timeline: 2022.	Previous 0% This year 50% Cumulat. 50%
	3.2c. By 2020, regulation to enable viability gap funding of subprojects through eco-district utilities tariff cross-subsidy mechanism approved	Updated PAM timeline: 2024.	Previous 0% This year 50% Cumulat. 50%
	3.2 d. By 2026, 40% of the overall jobs created within the perimeter of each eco-district benefit local communities, at least 40% of job-holders are women, and 15% vulnerable people (2017 baseline: 0)		Previous 0% This year 50% Cumulat. 50%
	<b>Sustainable green housing finance</b>		
3.3 a. By 2020, the EDAF is established and structured in accordance with the applicable Mongolian law and requirements (2017 baseline: 0)	Updated PAM timeline: 2022.	Previous 0% This yr. 100% Cumul. 100%	

#### 4.6 Scheduled Activities

The scheduled detailed Implementation Work Plan as illustrated in Annex 1: AHURP Implementation Work Plan (2020-2026) lists the Management activities which have either been completed or are progressing on schedule with the exception of:

- **EDAF:** The delay to establish EDAF has been a significant risk to the project. However, at the time of writing, the MoF has agreed to establish the Fund before the end of February 2023. The original date, as recorded in the MOU, was to establish EDAF by November 2022.

#### 4.7 Project Coordination

The complexity of the project, with numerous entities involved in implementation, (including three separate consulting teams), necessitates coordination between teams and the IA and EA. Management and coordination activities continued throughout the year and the structure of coordination included the following:

- Weekly PMO-PIMS Management Meetings (virtual and in person) with recorded minutes of meetings (in SharePoint) was re-established in 2022. PIMS represented by the Team Leader and Deputy Team Leader met with PMO and gradually towards the end of 2022 expanded to include EFDP to improve coordination.
- Various combinations of ADB-PMO-PIMS-SGFS-EFDP coordination meetings were held as required.
- In addition to Sector Sub-Groups previously organised to bring together respective sector experts from all entities (PMO, PIMS, SGFS and EFDP), more focused EFDP Working Groups (WG) were established to address specific aspects of the work.

- Working meetings with ADB's related GADIP and other relevant agencies to utilise investment already made in the outlying ger areas.

#### **4.8 International In-Country Visits**

- PIMS Team Leader travelled to Mongolia twice from April to October for a minimum period of one month on each occasion in 2022. The EFDP Team leader made four visits during 2022 with a minimum period of four weeks for each mission.
- AARC's Project Director visited UB in April and September 2022.
- SSJV's Project Coordinator made numerous visits in-country.
- PIMS international resettlement specialist made several visits in 2022.
- EFDP's international team, which includes their solar PV engineer, energy efficient engineer, architect, urban planner, affordable housing specialist - all provided at least one country visit in 2022.

#### **4.9 ADB Mission October 2022**

The ADB's second project coordination and review mission was held in Ulaanbaatar during October 2022 bringing together ADB, EA (MUB/PMO), IA (PIU) and the three supporting consulting entities. Members of Capital City Housing Policy Agency (CCHPA) attended throughout the week, and NOSK was provided with relevant updates in regards with its role towards the project activities and structure. Mongolian Mortgage Company attended on the penultimate day.

Presentations by PMO, PIU and each of the consulting team were held in the AHURP office through a combination of in-person and virtual attendance. All key discussion points, recommendations of the development partner and agreed changes were captured and formalized in a MOU signed by ADB, MOF, MUB, and AMC-DBM.

#### **4.10 Consultant Restructuring Proposal**

The project's initial delay caused by management and capacity problems with the EFDP consulting entity, SSJV, has slightly progressed. In 2022, the implications of this reversal saw a new Team leader for EFDP (previously engineer for PIMS) join SSJV to create continuity and leadership for the project. However, restructuring of EFDP has continued in Q3 2022 with informal submission made to PMO on the structure of the new consultancy. The basis of the restructuring is to form a core team with other specialists (both national and international) being used on a call-down basis. One concern PMO has in respect to the restructure, is how the consultancy will deliver Output 3, (policy focused). The issue will be determining SSJV role – as lead or supporting to deliver Output 3.

A key outcome of Q1 2023 will be confirmation from PMO and EFDP on a revised structure to deliver Phase 1 of AHURP.

#### **4.11 Project Performance Management System**

A cloud-based platform, called SharePoint is established to provide a common working platform, communications vehicle, and progress tracking and reporting mechanisms for all key stakeholders. Within shared platform, a tracking tool is being built with the intention to build more visibility on the project progress, including overall workplan, implementation of the Social Gender Action Plan (SGAP) and the Design and Monitoring Framework (DMF). The system needs to be fully operationalized and regularly updated.

The Impact, Outcome and Output indicators and targets utilised in the DMF are such that no results are yet to be achieved. Although no indicator specified in the DMF, except some indicated in the SGAP, has been met yet, significant works for reaching the target indicators are being implemented and all activities and concepts are being developed in consistency with the DMF indicators. AHURP will begin to break that down and report on incremental progress towards achieving those results as soon as initial portions are achieved.

#### 4.12 Mid Term Review (Phase 1)

The ADB midterm review which took place in October 2022. This provided an opportunity to for the project team to express the changes in material costs since the last mission which will affect the scale of the project. The significant increases in construction costs, require AHURP to consider a reduction in the scale of the project. The cost escalation was well recognised by all stakeholders and the ADB. The ADB Midterm review redefined Phase 1 of the pilot project as the following:

- Phase 1 is 15 ha aimed at delivering 1110 energy efficient social and affordable and market housing units
- Phase 1 will be located in Bayankhosuu (BKH) and Sharkhad
- Phases 2-5, as originally envisaged in the prefeasibility study, PAM and inception report will be based on the success (or failure) to deliver affordable housing which induces ger area residents to swap their land for an apartment

Using 2022 costs, the project will support the completion of approximately 7500 housing units. However, for Phase 1, the pilot project is designed to deliver 1100 units. The social and affordable housing units will, as originally planned, host energy efficient and green features such as greenhouses, PV solar panels, landscaped public parks, playgrounds.

The first stage will focus on social and affordable housing with construction beginning spring 2023. This will require access to ADB loans to finance this component. Stage 2 of the Pilot project which will also focus on affordable and market housing, requires private developers to be selected. This is now scheduled for April 2023.

Depending on the lands allocated to the private sector and the time required to vacate property, construction of the second stage may not commence until later in 2023 or possibly 2024.

One significant point for Bayankhosuu North (B-15) is it is already vacated NOSK site which has already benefited from ADB finance for infrastructure, through the GADIP programme. The integration of BKH into GADIP planning provides efficiency in scale by lowering infrastructure costs.

#### 4.13 Stakeholder Communication

Implementation of stakeholder communication tools including the Stakeholder Consultation Strategy (SCS) and the Consultation and Participation Plan (CPP) was successfully initiated during the reporting period under the guidance of the AHURP Social-Gender and Communications teams. **Section 5** presents a review of activities. These will be on-going through various stages of Eco-District planning and development ensuring as much collaborative participation as possible.

#### 4.14 Training

Training and Capacity Building Details with notes from all sessions filed in the on-line AHURP SharePoint Library. **Table 6** summarises cumulative and recent training activities for 2022.

**Table 6: PIMS Training and Capacity Building (2022)**

№	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
						Total	Male	Female	
<b>Institutional</b>									
1	Training on EDGE		EFDP		Construction contractor / short listed developers	39			A training on EDGE standard was organized for public and private sector stakeholders.
2	Engineering project management		PIMS		PMO				No specific training was organized. The topic was partially covered during the project management training that was organized in December 2021.
3	Green building and eco district		EFDP		Public and private stakeholders				No training was organized in 2022.
4	Green building and Eco-district standards: Awareness raising & international best practice sharing		EFDP		Public and private stakeholders				No training was organized in 2022.
5	Project management and PPMS training		PIMS/EFDP	On the job training	PMO/MUB	6	2	4	A short training & introduction was organized by PIMS TL on the Risk Management Plan. Regular guidance has been provided on the use of project management tools and use of the PPMS components. Comprehensive

No	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
									trainings need to be organized.
6	Project stakeholder engagement and communication training in a multistakeholder/complex environment		PIMS	On the job training	PMO/MUB				No training was organized in 2022.
7	Budget and forecast module of the project-Financial management training including the preparation of annual budget proposal and quarterly budget schedule, financing request, payroll calculation, reconciliation of the used loan/grants, and Glass account information etc		PIMS	On the job training	PMO Finance specialist	1		1	Due to the replacement of PMO's previous finance specialist, provided on-the-job training to PMO's new person based on the initial requirements
8	Accounting policy; Financial statement preparation policy for GoM and ADB								Postponed to 2023 due to PMO having a new finance specialist
9	Double taxation treaty - Basic principles		PIMS	Meeting	PMO&PIU-Finance specialists and other relevant specialists				Postponed to 2023 due to PMO having a new finance specialist
10	International practices on housing and urban development (Paris, Amsterdam)	Jun 18-27	PIMS	Study tour	MUB officials	2	1	1	Official meetings with Paris mayor's office, Ministry of Ecological Transition and Territorial Cohesion, Paris Habitat, Paris Urban Development Agency, MEDEF, Amsterdam Housing

No	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
									Federation and site visits
<b>Monitoring &amp; Evaluation</b>									
<b>Engineering</b>									
1	Environmental issues	2022	PIMS, EFDP	On the job training	PMO environmental specialist	1	0	1	On the job training was conducted from January to April 2022 by EFDP Environmental Specialist.
2	Renewable energy, energy efficiency and climate change features		EFDP						No training was organized in 2022.
<b>Environment and Climate change</b>									
1	Environmental Safeguards workshop		PIMS, EFDP	Workshop	Construction Company/ Environmental Assessment company	3	1	2	Construction company was not selected yet in 2022. However, the environmental safeguards workshop was conducted for the environmental assessment company Khatandalai LLC which performed environmental baseline assessment



No	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
									for BKH B15 site in February 2022.
2	Health&Safety training with Certificate		PIMS	Certificate course	PMO	11	5	6	Online safety training by Construction Development Center for PMO Staffs was held in April 2022. The participants received certificates on Health and Safety training.
3	Climate finance and MRV		PIMS/ EFDP	Online & workshop	PMO	0	0	0	The workshop was not conducted due to MRV to be assessed.
4	Safety: Hazardous material and waste training		PIMS	Field workshop	PMO	0	0	0	Due to absence of PMO Environmental specialist, the workshops were not conducted. The needs will be reassessed once PMO recruits Environmental specialist.
5	ADB Safeguard Policy Statement update		PIMS	Workshop	PMO	8	0	8	PIMS resettlement specialist facilitated the participation of relevant AHURP experts to the SPS updates workshop
<b>Social, Gender and Community Engagement</b>									

No	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
1	GRM training	19-21-May-22	PMO/PIMS participated in	Workshop & training	PMO, PIMS				ADB organized a 3-day GRM workshop for ADB-funded projects in Mongolia and relevant specialists of both PMO and PIMS attended.
2	Gender training	31-Mar-22	PIMS	Training/workshop	PMO, PIU Optional: PIMS, MUB (when necessary)	15	3	12	The participants were exposed to definition and understanding of general terms including gender, gender equality, social inclusion, and diversity. Then they were introduced to the ADB gender policy that was renewed and approved in 2019 as part of the Strategy 2030 document. AHURP's Social and Gender Action Plan was introduced as a follow up. Based on the general understanding and objective of the SGAP, participants then were divided into teams to work on practical activities and ideas

№	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
									that could be initiated and implemented under SGAP.
3	Meaningful youth engagement and the intersection of gender	20-Sep-22	PIMS, Youth-led TA	Training/workshop	PMO, PIMS, EFDP				PIMS requested the Youth-Led Engagement TA to organize a workshop in collaboration with Youth For Asia specialists on meaningful youth engagement and gender intersection for AHURP members. The workshop took place in September 2022 and the Social Team members of PMO, EFDP and PIMS attended.

№	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
4	Campaign for supporting women's housing and asset ownership rights	07-Dec-22	PIMS	Training	Songinokhairkhan and Bayanzurkh district asset registration offices and SME support centers	17	1	16	Registration officers who interact with women and households seeking to register their land and assets as well as representatives of the SME support centers were educated with concepts of gender equality, gender mainstreaming in SME, housing, and finance. The participants provided valuable reflection about the limitations of their job positions and offered ideas centered around educating the residents so that they can make informed and gender-sensitive decisions on their own.
<b>Resettlement</b>									
1	Safeguard policy training	22-Feb-22	PIMS	Workshop	Housing Policy Agency	30	19	11	ADB's Safeguard Policy on Involuntary Resettlement, Negotiated Land Acquisition and Voluntary Land Swapping. The

No	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
									training was conducted by PIMS international resettlement specialist and national resettlement and environmental specialists
2	VLSP and LARP	14-Feb-22	PIMS	Workshop	NOSK	23	15	8	The first training was conducted on February 17 for PMO and PIU on AHURP Voluntary Land Swapping (VLS) that covered principles, steps, requirements and the pending issues of VLS of AHURP. The training was conducted by PIMS international resettlement specialist
3	GRM training	19-21-May-22	PMO/PIMS participated in	Workshop & training	PMO, PIMS				ADB organized a 3-day GRM workshop for ADB-funded projects in Mongolia and relevant specialists of both PMO and PIMS attended.
4	ADB reports		PIMS	Workshop	LMA				This training did not take place in 2022.
<b>Information Technology and Communication</b>									

No	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
1	Data collection from residents and reporting		PIMS/EFDP	On the job training	PMO, PIMS, EFDP and others if necessary				The system has not been developed as the selection of a firm that will develop and implement the system is delayed.
2	Website management		PIMS	On the job training	PMO, PIMS	2		2	Provided a training for Social, Gender and Communicaitons Specialists of PIMS and PMO on how to create and edit a post and other areas in July 2022.
<b>Legal</b>									
1	Contract agreements with land owners and non-land owners		PIMS	Workshop	PMO PIU PIMS	10	4	6	Swapping agreements were drafted and discussed among the various members of the project.
2	GRM training		PIMS	Workshop & on the job training	PMO, PIMS, EFDP	11	2	9	All relevent experts participated in the GRM training.
<b>Real estate</b>									
1	UB Housing cost and market, Cost analyze of LAV		PIMS	Workshop	PMO, PIMS, EFDP	12	4	8	The LAV methodology cost analysis presentations sessions were organized among relevant experts.
2	LAV output related discussion		PIMS	Workshop	PMO, PIMS, EFDP	15	6	9	LAV output related discussions were organized among AHURP team and

No	Capacity need areas (tbc)	Date	Owner/trainer	Type (tbc)	Target	Number of participants			Notes
									relevant MUB agencies.
<b>Procurement</b>									
1	Procurement types, methods and its documentations, procedure	Sep-22	PIMS	On the job training	PMO	1		1	Introduced types of procurements and methods to PMO procurement specialist
2	Procurement on goods and works and its documentations	Sep-22	PIMS	On the job training	PMO	1		1	Worked together on procuring goods and works package and its documentations
3	Procurement on consulting services and its documentations	Sep-22	PIMS	On the job training	PMO	1		1	Worked together on consulting service packages and its documentations
4	Contract management overall understanding,- objectives and benefits, CM processes, Reporting	Q4 2022	PIMS	Workshop & on the job training and included as model in the accounting software	PMO/EFDP/PIMS	5	2	3	Introduced overall contract management understanding to AHURP project staffs
5	Capacity building - Understanding of Procurement planning and along with disbursement	Q4 2022	PIMS	On the job training	PMO/EFDP/PIMS	5	2	3	Introduced procurement planning and its understanding to AHURP project staffs
6	Reporting of the procurement overall processes and documentations	Q4 2022	PIMS	On the job training	PMO	1		1	Writing report to ADB and MUB along with its filings and archiving documentation
7	Understanding private sector involvement in the project	Q4 2022	PIMS	On the job training	PMO/EFDP/PIMS	9	2	7	Worked together on developer selection guideline

## 5. Communications and Community Engagement

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### 5.1 Stakeholder Communication

The first Stakeholder Consultation Workshop on the planning aspects was successfully held with BKH residents during which the BKH Fast Track Social Housing Concept Package was presented, and feedback received. The findings of the consultations were translated into a full report that can be consulted in the cloud based AHURP SharePoint.

The main activities for Stakeholder Communication have been to organize the final design consultation at BKH and the CPP, WPS, and proposed design consultations at Sharkhad site while maintaining consistent communications with the households at both sites in Phase 1 in 2022.

To complement the consultations, the design of the project brochure was improved and printed for all team use. Separate booklets with breakdowns on how resettlement, social and gender, environment, and design components would impact the participating households have been drafted and pending to be finalized.

The content and basic layout of the website was updated, regular uploads were done on the website and project Facebook page. However, with continuous difficulties using the website both from the user and admin side, the project team identified needed changes and currently in the process of recruiting a contractor to create a new website for improved platform of communication with households.

### 5.2 Information Campaign on Project Participation:

As per the project's Consultation and Participation Plan, the initial step in voluntary land-swapping was to conduct an information campaign and community consultation to provide residents' understanding about the Eco-District concept, principles and procedures for voluntary land-swapping.

The engineering team made a decision to move forward to a new target site in Sharkhad's Tsaiz area of 19<sup>th</sup> khoroo in Bayanzurkh District in 2022 where there is vacated land by the Capital City Housing Corporation ready for AHURP eco-district planning and construction. The project team tried to invite a total of 120 households in 111 khashaas based on the khoroo's provided list at Sharkhad site, however, due to seasonal travels in the summer, and incomplete or outdated information by the khoroo, some households were unreachable.

The project completed the information dissemination consultations in Sharkhad site from Jun 18 to Jun 30, 2022. The project team first updated the project brochure and presentations and organized a meeting with the respective khoroo officials.

Once the project materials were updated, the team completed two information dissemination consultations. In preparing these meetings, the project team made phone calls with the residents to directly invite them and encourage women household members to attend as households' heads/decision makers in the local context which tends to be largely men. During the consultations, the team introduced residents to the Eco-District concept, the land-swapping process, project's social safeguarding and SGAP component, followed by questions and answers. These meetings highlighted the importance of women's active participation in the project to reflect the features they need and how the project is not just building apartments, but also livelihood opportunities and spaces to benefit women and vulnerable residents specifically.



The methods of consultation and the information package were adapted to respond to the changing public health restrictions put in place to reduce COVID-19 transmission as per last year as well. Out of the 50 participants taking part in the information dissemination consultations, 29 or 58% of the participants were women. The key comment from women participating in the consultations was to ensure adequate planning for kindergartens, daycares, and schools. They also proposed that plans be made for enough parking space for cars so that the public spaces intended for leisure and playgrounds are not filled with cars. Women also proposed separate waste collection spots outside the apartments to avoid smelly hallways. Other conveniences and social amenities such as grocery stores, health clinics and pharmacies were obvious suggestions. The team visited the households (HHs) that weren't able to attend the consultations in person and provided project information, while others who were not in Ulaanbaatar were introduced to the project information through phone calls.

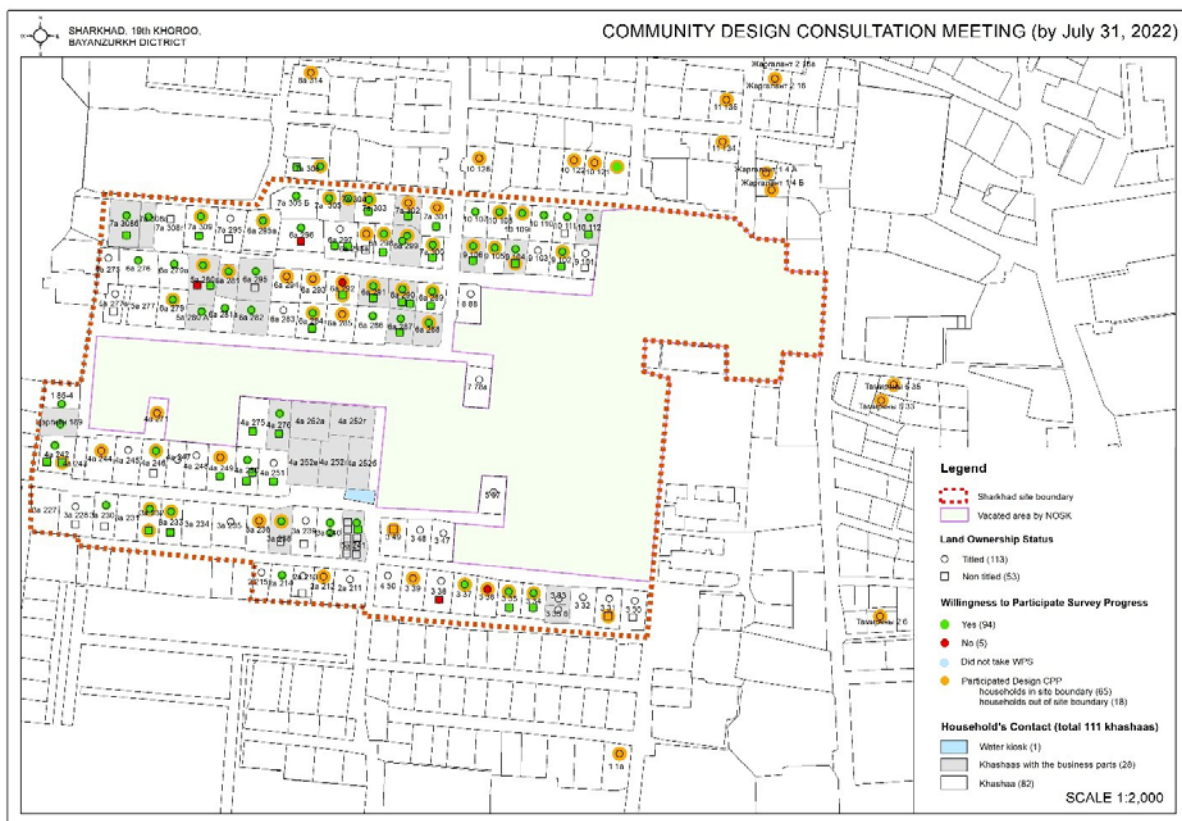
Once the project materials were updated, the team completed two information dissemination consultations. In preparing these meetings, the project team made phone calls with residents to directly invite them and encourage women household members to attend. During the consultations, the team introduced residents to the Eco-District concept and the land-swapping process and answered their questions. These meetings highlighted the importance of women's active participation in the project to reflect the features they need and how the project is not just building apartments, but also a livelihood opportunities and spaces to benefit women specifically.

### **5.3 Consultations on Proposed Designs**

In April 2022, the final design consultations were held at BKH site. Of the 52 participants in the consultations, 26 (50%) were women. The participants confirmed that the final designs addressed the points made in the proposed design consultations such as measures to slow traffic and ensuring first floor space available for laundry and other services such as daycare. In May, the design package elements for the Fast Track package were transformed into bidding documents to start the construction procurement process.

The gender and community engagement team is continuing to update residents in Bayankhoshuu through social media and other activities as the design process moves forward. An AHURP information office was set up in the Bayankhoshuu business incubator center in collaboration with GADIP. The GADIP information centers target women entrepreneurs and this activity will further ensure women's access to information about the project once the Information Officer position resumes in 2023 at the site.

In July 2022, the team organized the proposed design consultation at Sharkhad site. Of total 83 participants in the consultation, 53% were women. The consultation was done twice –one in the morning and one in the evening –to ensure participation of the residents with more time options.

**Figure 2 Household attendance at proposed design consultation at Sharkhad site**


The participants were divided into 9 teams in the consultation which allows in-depth understanding on an individual level and opportunity to voice their opinions on the proposed design in a small group setting. Each team had 6 to 10 people at most and presented their suggestions written down which the project team collected and used for centralizing the feedbacks.

**The key suggestions were:**

Key words	FEEDBACKS	%
Architectural design	Make good soundproofing of the internal walls. Have only few families live on the same floor. Have free and open space in the corridor. Put mailboxes by the entrance or by the outdoor entrance. The entrance should be wide and spacious. Have a door separating the floors. Internal walls should have white wallpapers or painting. The roof should be leak-proof. Plan a storage room in the apartment. Put water meter high up, not by the floor. Apartments need to have a separate kitchen.	10.0
Street	Improvement of outdoor lights, camera and security.	7.4
Balcony	The balcony should be covered	7.0
Agree	No feedbacks, agree all of the initial design.	6.6
M2	The m2 of the rooms is small, and we need to discuss adding them. It should be 2-rooms apartment have 45-50m <sup>2</sup> , 3-rooms apartment have 65-70m <sup>2</sup> , and 4-rooms apartment have master bedroom.	6.1

Drainage system	Due to the high flow of flood water, there should be good drainage pipes and improve flood protection. / the Sharkhad area flooded many times so need to concentrate about it/	6.1
Parking	Indoor and outdoor parking numbers should be enough	5.2
No feedback	Other (Indicates their current situation with no feedback)	5.2
Playground	Adequate and safe playground for children	4.4
Window	The size of the window should be large, the sunlight should be good through the window, it should be no heat loss. The window on the first floor should be safe and covered, it should be double-glazed and with good quality.	3.9
Sport halls	Sport halls and sports complex, open basket and volleyball and football fields, good cleaning service for sport halls and swimming pool, flexible conditions for renting and holding competitions.	3.9
Heat	Attention should be paid to the quality of the construction, the 5th floor or roof should not have heat loss, the parquet floor should be good quality, and the floor of the 1st floor should not have heat loss, and the insulation materials of the outside of building should be good qualified.	3.5
Bathroom	The bathroom should have space for a washing machine, high-quality equipment that uses less water, be large, have a standing shower, have a large bathtub, and take the family's suggestions on the interior decoration of the bathroom.	3.1
Green space	Garden and green facilities should not allow vehicles to enter the green facilities, green facilities should be accessible to people who need them when entering from inside and outside, green facilities should be made according to the drawings.	2.6
Kindergarten	Kindergarten	2.6
School	School	2.6
Business center	To provide an area for goods unloading and storages in the wholesale center and trade service section, to have 2 exits at the up and in front exit doors	2.6
Outdoor tools	Need rest areas for the elders, children and disabled people	2.6
Façade and fence	The color of the exterior facade should be gray, it should not fade easily, there should be walking road for residents, there should not be a fence around the campus, and the facade should be made of glass.	2.6
Garbage	Garbage corner will located in outdoor area not in the house and there should be separately sorted garbage containers	2.2
Sewage network	Make a good heating and sewage network, Heat and sewage should be connected to a city main line	1.7
Livelihood	Increase jobs, willing to work as an engineer during construction	1.3
Greenhouse	greenhouse, vegetable garden,	1.3
Day care center	Day care center	1.3
LAV	The Land assessment valuation should be done by the project	1.3
Public Services	Hospitals and pharmacies	0.9
LAV	Land valuation by mutual agreement	0.4

LAV	Clarification was requested regarding land swapping process	0.4
LAV	Clarification was requested regarding the starting time of land valuation	0.4
House certificate	Issuance of housing certificate without problems	0.4

The key recommendation from the consultations was to continue and maintain the ongoing dialogue with residents through social media, phone and eventually in person consultations which the project will need to prioritize in 2023.

#### 5.4 Website Content

The content and basic layout of the website was updated, regular uploads were done on the website and project Facebook page throughout 2022. However, following consistent difficulties using the project website from both the user and admin side, the team discussed and collected comments from the key members at AHURP. With the needed improvements identified, PIMS and PMO held a meeting with a potential contractor to create a new website addressing the current challenges that are causing insufficient update and available information to the interest residents and project stakeholders in December 2022. The procurement process is underway and the content of the social and gender, and community engagement components in the website will be done in early 2023.

## 6. Social Safeguards and Gender

### Progress on actions and targets:

AHURP's Social and Gender Action Plan (SGAP) includes key activities under each project output to promote gender equality, gender mainstreaming, social inclusion, and ensure women and vulnerable groups' meaningful participation in the project. The activities include increasing women's participation in decision-making in urban planning and households scale, reducing women's time poverty and workload through gender-responsive urban design features, and contributing to women's economic empowerment through access to housing finance and new livelihood opportunities. The project will benefit women-headed households that will have increased access to social and affordable housing. AHURP also provides opportunities to increase housing access and affordability for vulnerable groups within the project context such as households headed by persons with disabilities, households living in poverty, and elderly populations.

*Vulnerability indicators:* In relation to more alignment needed on livelihood support measures, the social and gender team identified and finalized the indicators of vulnerable households in the specific context of the project as follows:

**Table 7 Vulnerability indicators**

No.	AHURP Vulnerable Groups Indicators	Notes
1	Poor households based on the Government's regulations	Minimum subsistence level of income: 277,800MNT per person per month, resolution No. A/22 18 January 2022 from NSO

2	Single woman-headed households with dependents	Dependent: Children and elderly under one's care
3	Households headed by an elderly person with no other means of support apart from pension	Elderly: 55 years of age and over for women, and 60 years of age and over for men
4	Households headed by children	Children: Under 18 years of age
5	Households headed by a person with a disability	Disability needs to be assessed

The indicators have been discussed across teams at AHURP and narrowed down to ensure these indicators provide clarity and guidance for livelihood support measures by the project such as construction work skills training, recruitment of residents for the construction phase and operation and maintenance stage, in addition to greenhouse access and training, moving forward.

*Participation of women in the consultations on proposed designs.* The social and gender team reached out to residents to ensure that women members of households attended the consultations on the final designs held for Bayankhoshuu residents in April 2022. The target of women being 50% of the participants in the consultations was achieved (26 women out of 52 participants). Women have been 59 out of 115 (51%) participants across the two design consultations held to date.

*List of Gender-responsive design feature:* The project social and gender and technical teams have researched gender-responsive and inclusive housing and site design features from diverse sources including ADB and the Global Disability Innovation Hub. Following comments from women and people with disabilities during key informant interviews and design consultations and after discussions with the design team and international architects of the project, the list of gender-responsive and inclusive features to be applied in each of AHURP eco-district has been finalized.

Please refer to the list in Annex 3 List of AHURP Gender-Responsive Design Features

*Campaign on promoting women's housing and asset ownership rights:* During the reporting period, the project launched AHURP's first campaign on promoting women's housing and asset ownership rights as planned in the SGAP yearly workplan 2022. After discussion with other team members, the social and gender team prepared an initial concept note for submission to PMO. As a background, ADB's pilot gender survey on asset ownership conducted in 2018 by the ADB and the National Statistics Office of Mongolia showed that only 33% out of total of 5,592 respondents participated in the gender survey were women who own housing properties such as apartments compared to 60% of men in Mongolia. This indicates that women own 1.8 times less immovable assets compared to men. AHURP's surveys shows that only about 10% of all titled heads of household are women at both BKH and Sharkhad sites. Pro-active measures such as campaigns are needed to promote women's asset ownership under AHURP to ensure that women benefit fully from the project benefits.

Based on this identified gap, the larger purpose of the campaign aims to enhance women's economic empowerment through:

- raising awareness of gender mainstreaming across the public and financial sectors,
- influencing the decision-making around inheritance and asset ownership in the households and the role that women play in it,

- producing knowledge products to educate residents on their housing and asset ownership rights, obligations, and process map (khoroo, district level), as well as
- providing tailored workshops for intergenerational residents on the significance of women's asset ownership and access to finance which would all contribute to promoting women's housing and asset ownership rights.

As a first step in the campaign, the Social and Gender team consulted and decided to engage with land administration stakeholders to understand better the issues and potential measures to promote women's asset ownership rights. An event was planned with the public servants including asset registration officers and SME Support Center representatives at Songinokhairkhan and Bayanzurkh districts where the pilot project is ongoing. The event was the campaign's first activity with the purpose of laying the foundation of partnership and maximum possible support from the respective districts. Despite asking participating agencies to assign a balanced representation of both women and men to attend the event, only one out of 11 participants, was a man due to the high representation of women in land registration jobs.

The event agenda was fully covered as follows:

- Introduce general information about AHURP, SGAP, and ADB SPS to participants
- Share relevant results of the WPS in BKH and Sharkhad sites regarding women's land and asset ownership
- Educate participants on the local context of gender inequality and gender mainstreaming
- Share main challenges of women entrepreneurs and the role of asset ownership in them
- Introduce about gender mainstreaming in local financial sector and women's access to finance
- Note main challenges on the ground at district level
- Discuss actionable steps to promote women's housing and asset ownership at district and project level
- Identify further ways to collaborate

The participants provided valuable reflection about the limitations of their job positions and offered ideas centred around educating the residents so that they can make informed and gender-sensitive decisions on their own. Additionally, gender-sensitive policies are needed to allow more meaningful relationships between residents and public and private sector stakeholders, including financial institutions, construction companies, and public agencies that could positively assist and advise the residents. Both the participants and the guest speakers on behalf of TAF and MSFA expressed interest in collaboration throughout upcoming campaigns on promoting women's housing and asset ownership.

*Greenhouse component:* In order to promote access of vulnerable and non-titled households to the eco-district rental and rent-to-own apartments, the project has been working on how to incorporate greenhouses into the Eco-District as a key livelihood support measure. To this end, the Greenhouse Working Group (PMO, PIMS, EFDP) was established in September 2022. The working group reviewed and identified indicators of greenhouse component in five project documents (DMF, PAM, VLSP, SGAP, ADB Loan Agreement No.3695) to check the cohesion and existing gaps. These documents need to be updated to ensure alignment with and to provide livelihood support rather than focusing on the construction of greenhouses alone. The results and proposed changes have been presented at the mission by the Social and Gender Team which completed the write-ups for the MOU of the mission to officially reflect the agreed actions.

**Progress on proposed changes and updates to SGAP:** The Social and Gender team completed the process of reviewing the SGAP to ensure activities and targets are aligned with

the DMF and updated project targets. Following the identified issues in the first half of the year and additional proposed changes, the Social and Gender Team finalized the main proposed changes in advance to the Mid-Term Review Mission (MTRM) by ADB. The proposed changes were made to align the SGAP and the DMF and focus the SGAP targets on gender outcomes that are achievable even if the DMF targets change in the future. For example, the target “100,000 person/months of employment opportunities during project construction of which 30% are women” was changed to “30% of person/months per year of employment opportunities created during project construction are held by women”. This allows enough flexibility in times of the project documents and directions being under review while ensuring SGAP stays relevant and achievable without compromising on the SGAP goals. The proposed changes were discussed in detail prior to and during the actual MTRM with ADB (Hyun Joo Youn, the Senior Social Development Specialist, EASS-EARD) and was approved following the MTRM. It was included in the MoU of the MTRM and AHURP Social and Gender Team will start planning, implementing, and reporting on the updated version from Q1 2023.

Please refer to the full updated version of SGAP in Annex 4: Updated SGAP.

### Willingness to Participate Survey

The objective of the Willingness to Participate Survey (WPS) is to define interests of households in participating in the VLS under AHURP. The WPS is targeted to be conducted with 100% of titled households and non-titled households living at the eco-districts. In the reporting period, the WPS was conducted at Sharkhad site in June 2022.

The project information campaign and consultations was conducted from Jun 18 to 30 to ensure residents received information about the Eco-District and land-swapping process to discuss within their household. Once residents had sufficient information about the project, they were asked to express their willingness in a follow-up survey administered by the project team during in person sessions with residents. On Jun 30 and for additional few days, a total of 98 households (60 titled and 38 non-titled) completed the Willingness to Participate Survey (WPS) of which 95% were willing to participate.

**Table 8 Responses about willingness to participate in the project by number and percentage at Sharkhad site**

#	Willingness to participate status	# of HH	%
1	Willing to participate	94	95
2	Not willing to participate	4	5s
	Sub-total	98	100

Findings on housing preferences were similar among titled and non-titled households and in line with the project plans. Residents of both titled and non-titled households showed the highest interest in medium sized apartments (46–60 m<sup>2</sup>), but the general trend was that non-titled households preferred 2-room apartment units, while titled households preferred 3-room apartment units. Regarding housing arrangement for accessing the apartment units, it is notable that only 8% of non-titled households preferred rental only arrangement, while 72.9% expressed that they’d prefer rent-to-own, and 43.2% would prefer to purchase the apartment unit with EDAF loan.

The project team learned that although it was the first time AHURP is providing information and gathering the communities at the target area of Sharkhad, the residents at the site were overall very positive and receptive, and asked well-thought questions and shared their preferences and perspectives.

Most of the household heads are business owners, of which, several operate a shop and small auto repairs in the neighborhood that eco-district development would be able to continue to support. The fact that 70 out of 99 HHs are interested in growing vegetables in a greenhouse to be constructed as part of the eco-district development in Sharkhad indicates a significant opportunity for both the project and the residents to ensure the livelihood support component of AHURP to be successful and meaningful. Additional livelihood support channels are being researched by the project team, for instance, growing decorative flowers such as lilies that are high-demand and relatively easy to grow and maintain, as well as handicraft collaborative groups that are also in demand by local production brands.

Households were asked about their interest in growing vegetables if the project constructed greenhouses in the eco-districts. A total of 40 or 66.6% of titled HHs and 30 or 77% of non-titled HHs expressed their interest. Out of these 70 HHs who expressed their potential problems with operating a greenhouse, 38 or 54% stated that they lack vegetable growing knowledge and experience, 17 or 24% said they don't have sales and business management knowledge, while 23 or 32% shared they don't have the financial resources to operate a greenhouse which highlight the effectiveness of the planned interventions through SGAP on greenhouses.

**Table 9 Residents' experience and interest in greenhouses and vegetable growing**

N		% of titled households	% of non-titled households
1	Have a past experience of greenhouse cultivation	28.3	41
2	Have an interest in future greenhouse cultivation	66.6	77

Although average income data was collected, more information will be collected in the Socio-economic survey about both income and expenditures to better understand the economic situation of the residents, and therefore tailor plans for providing appropriate support, ensure accessible future loan products among many other related targets in the SGAP.

### Socio-Economic Survey/Data Collection

The project conducted the Socio-economic survey (SES) targeted for the Phase 1 Eco-District in BKH in 2021 and its report was finalized in March 2022. The data was collected from September 27 to October 27 the previous year and covered 117 households in the project targeted areas of 8<sup>th</sup> and 9<sup>th</sup> khoroo of Bayankhoshuu district. The report showed that 52% of adult household members had full-time jobs, 3% part-time jobs, and 4% had seasonal jobs which total to 59% of household members being employed. The remainder 41% are unemployed which showed a concerning aspect within the economic capacity of the community. After excluding a few very large business incomes, the average household income at BKH was 1.5 million a month. It is rather low considering the average number of family members in the households at BKH was 4, pushing the income per member to 375,000 MNT per month which was barely 100,000MNT higher than the Minimum subsistence level of income (277,800MNT per person per month).

This further highlights the importance of the SGAP interventions focused on supporting livelihood of the participating households, especially the non-titled and vulnerable households which AHURP is mandated to provide eco-district rental housing.



Terms of Reference of the SES for Sharkhad site is finalized together with the updated SES questionnaire. In the next reporting period, SES will be conducted at the site, providing further insights outside what's been collected and shared in the Willingness to Participate Survey.

## 7. Resettlement

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### 7.1 Updating of the Resettlement Framework

A Resettlement Framework (RF) was prepared in 2018 to serve as a guide in the screening, preparation, implementation and monitoring of Land Acquisition and Resettlement Plans (LARPs) implementation for involuntary resettlement impacts that could occur in the areas outside the project eco-district's perimeters for construction of infrastructure in support of the eco-district. The RF was updated in 2022 to reflect (i) changes in the Government's requirements and regulations on land acquisition and resettlement between 2018 and 2021, (ii) lessons learned on land acquisition and resettlement in the implementation of GADIP Tranche 1 and Tranche 2; and (iii) provisions for compensation for some assets that were not included in the RF (2018) such as compensation for affected trees and affected public assets. The updated RF was reviewed and accepted by ADB in June 2022 and uploaded to ADB's website in July 2022. The document was translated into Mongolian language and uploaded to the websites of MUB and AHURP in September 2022.

### 7.2 Implementation of the Corrective Action Plans for Bayankhoshuu and Sharkhad Sites

PMO and PIMS resettlement teams coordinated with relevant agencies to implement the agreed Corrective Action Plan (CAP) in the approved Resettlement Due Diligence Reports for Byankhoshuu and Sharkhad sites. Three (3) out of six (6) corrective actions were completed in 2022, include:

- Granting certificates of ownership of the apartments to 37 households who received apartments at BuyantUkhaa (August, 2022);
- Providing temporary houses to the 2 non-titled households who are staying at Bayankhoshuu site (August, 2022).
- Paying moving assistance in cash to 83 non-titled households (December, 2022)

Two corrective actions in the Corrective Action Plan were progressing in 2022. It includes (i) preparation of Livelihood Restoration Program for non-titled households and vulnerable households by NOSK's land acquisition; and (ii) compensation for the assets of non-titled households. The draft Livelihood Restoration Program for non-titled households and vulnerable households was available for reviews by PMO and ADB in December, 2022. The Livelihood Restoration Program will be implemented for eligible households from March, 2023. PIMS and PMO resettlement teams, from May-July 2022 - disclosed the Corrective Action Plan (with the agreed action of providing compensation for the assets of non-titled households) to the non-titled households; in addition, meetings with the non-titled households were held in June-August 2022 on the entitlement – however, no non-titled household with affected assets has been identified. PMO/PIMS will work with NOSK and local authorities in 2023 to find-out the feasible and doable solutions to assist the non-titled households who are with difficulties in finding a place to stay - that is the only pending action in the agreed Corrective Action Plan to implement.

### 7.3 Completion of Land and Assets Valuation

Land and Asset Valuation (LAV) was completed in 2022 for the land plots (77 plots) and the assets on the plots of the land owners (119 owners) in Byankhoshuu site who are interested

in participating in the Project. LAV was carried out by the external and qualified appraiser (a consulting firm) with participation of PMO and PIMS resettlement specialists.

Initial results of LAV were prepared by the external LAV appraiser and discussed with PMO/PIMS, Land Management Division of UB and other relevant agencies in February, 2022. Due to the value of the plots located along the main road in between GADIP and AHURP is appraised as too high by the external LAV appraiser, as discussed and agreed between ADB, PMO and PIMS – a “third-party” LAV appraisal is required for validation of the adopted methodology for the completed LAV and the value of the land plots along the main road. A team of third-party LAV appraisers was mobilized in June 2022 for the validation; of which, one (1) LAV appraiser is the team member of the LAV team that conducted LAV for GADIP before – this is to ensure that the used methodology in the conducted LAV for GADIP before is adequately considered in the LAV for the AHURP. The validation of the third-party LAV appraiser was completed in August, 2022. The findings of the validation by the third party LAV appraiser were discussed with the external LAV appraiser and PMO in September, 2022.

The draft LAV Report for Bayankhoshuu site incorporating the recommendations of the third party LAV appraiser was submitted by the external LAV appraiser in December, 2022 for review by PMO, PIMS and other stakeholders. The LAV Report will be finalized to officially submit to PMO and ADB for review in February 2022.

#### **7.4 Updating to the leaders of local authorities and residents on progress of land swapping**

A meeting with *khoroos* leaders was organized in June 2022 in Bayankhoshuu site to again clarify on the approach and steps of voluntary land swapping and update to the *khoroos* leaders on the progress of AHURP in general, on voluntary land swapping related activities in particular. During conducting of LAV of land plots and assets on the plots of the land owners, the progress of AHURP and the next steps of voluntary land swapping were also explained to the residents by the external LAV experts and the resettlement specialists of PMO/PIMS resettlement teams.

#### **7.5 Review the land use and land ownership of land area in the designed Green Corridor**

Site visits and discussions with the owner of the land plots (only one household) in the area of the designed Green Corridor connecting North-South Bayankhoshuu site were conducted in April-May, 2022. The household is interested in participating in the project. Detailed Measurement Survey (DMS) and the LAV on the land-plots and the assets on land of the household were conducted by the external LAV appraiser in July, 2022.

#### **7.6 Engagement of External Resettlement Monitor**

Procurement of an external monitor for monitoring of resettlement and social/gender planning and implementation was progressing. In 2022, the advertisement and short-listing of eligible and qualified candidates were completed and the contract negotiations were conducted. The external monitor will be mobilized in February 2023 for monitoring of resettlement and social/gender planning and implementation.

### **7.7 Preparation of various types of voluntary land swapping agreements**

Required agreement forms for voluntary land swapping between the AHURP and residents were prepared by the PIMS lawyers in July-October, 2022. The draft agreement forms were shared with PMO, PIU and relevant agencies in November, 2022 for review and comments. The PIMS lawyer worked with the PIU lawyer to address the received comments to finalize the forms in December, 2022. It is planned that the agreement forms will be finalized in close consultations with key stakeholders in February 2022.

### **7.8 Preparation of Database for Resettlement, Gender and Social Development**

A database to record resettlement, gender and social development data was progressing in 2022. It is a single system to register and maintain data about residents that agree to participate in the project over the life of the project. The system will be finalized in the Quarter 1 of 2022.

### **7.9 Training on Voluntary Land Swapping and Involuntary Resettlement**

Two trainings for relevant agencies and stakeholders were conducted in 2022. The first training was for PMO and PIU (12 participants, of which 7 is females) on AHURP Voluntary Land Swapping (VLS) that covered principles, steps, requirements and the pending issues of VLS of AHURP. The second training was for the larger audience (PMO, PIU, Land Management and Financial Management of MUB, and others – with 28 participants in total - of which 18 is females) on ADB's Safeguard Policy on Involuntary Resettlement, including Negotiated Land Acquisition.

### **7.10 Resettlement Monitoring Report (Semi-Annual)**

The Semi-Annual Resettlement Monitoring Report for the period of January-June 2022 was prepared and submitted to PMO and ADB in July 2022. The report was reviewed and accepted by ADB and uploaded to ADB's website in July 2022.

## 8. Environmental Safeguards

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AHURP complies with ADB Safeguard Policy Statement (SPS) 2009 and the environmental regulations of the Government of Mongolia (GOM). The project was classified as category B by ADB, and an Initial Environmental Examination (IEE) was prepared in 2018 for the project sites in Bayankhoshuu and Selbe. An Environmental Assessment and Review Framework (EARF) was also prepared and approved by ADB in 2018. The Detailed Environmental Impact Assessment (DEIA) and relevant Environmental Management Plan (EMP) (available in Mongolian only) were developed during the prefeasibility study for the two initial sites identified in Selbe and Bayankhoshuu subcentres in 2018. In addition, Bayankhoshuu North (B15 and B13 sites) and Sharkhad sites were approved by the ADB in August 2021 and in January 2022 respectively.

For Bayankhoshuu North (B15) and Sharkhad sites, the following activities were carried out as required by the Project's environmental safeguards in 2022.

### 8.1 Compliance with GOM environmental requirements

According to this legal framework of GOM, Environmental Baseline Assessment (EBA) and Detailed Environmental Impact Assessment (DEIA) must be undertaken for project sites. The Environmental Management Plan (EMP) must be approved by the Ministry of Environment and Tourism (MET) or the Environmental Department of MUB (UBED) and implemented by construction contractors through their Contractor Environmental Management Plan (CEMP).

#### 8.1.1 Environmental Baseline Assessment (EBA)

For the Bayankhoshuu B15 site, an Environmental Baseline Assessment (EBA) was conducted by a licensed company – Khatandalai LLC - between February and April 2022. Based on the EBA, the Environmental Department of MUB issued a General Environmental Impact Assessment (GEIA) conclusion on 28th April 2022, stating that a Detailed Environmental Impact Assessment (DEIA) was not required for the B15 site in Bayankhoshuu.

Environmental assessments, including an EBA and a DEIA, will be conducted by a specialised company for the Sharkhad site in 2023. The TOR for EBA and DEIA were prepared and submitted to PMO and EFDP procurement team for the selection of an environmental assessment licensed company.

#### 8.1.2 Contractor Environmental Management Plan (CEMP)

The CEMP is based on the project's general EMP and in accordance with Mongolia's environmental laws and regulations. The CEMP identifies (i) required mitigation measures for potential adverse environmental impacts that will be caused by the project's activities, (ii) the implementation period for the Environmental Management Plan and required budget, as well as (iii) the relevant procedures and standards on Environmental Protection. Environmental safeguard team worked closely with the national firm Khatandalai LLC for the development and finalization of the Environmental Management Plan (EMP). The EMP is to be implemented by the contractor(s) in charge of developing the Bayankhoshuu B15 site. The EMP 2023 for Bayankhoshuu B15 site has submitted to UBED for approval in December 2022.

### 8.2 Compliance with ADB environmental safeguard requirements

Action on these requirements during the reporting period was pending confirmation of the sites for Phase 1. The two NOSK sites, Bayankhoshuu North (B-15) and Sharkhad, are now confirmed and required assessments will be conducted in 2022 as planning and design details are completed. Requested guidelines from the ADB regarding the scope of the IEE and EARF updates.

### **8.2.1 Rapid Environmental Assessment (REA)**

A Rapid Environmental Assessment (REA), including Covid-19 screening test for the Bayankhoshuu B15 site, was conducted in Q1 2022 and approved by ADB in March 2022. The REA confirmed that the Bayankhoshuu B15 site is a category B according to ABD safeguards classification. Thus, the IEE is required according to the SPS 2009.

### **8.2.2 Initial Environmental Examination (IEE) and Environmental Assessment and Review Framework (EARF) Progress**

The update of an IEE and EMP, including the B15 site, required conducting a public consultation at the Bayankhoshuu subcenter. An environmental safeguard public consultation was held with potentially affected households and neighbouring households of the 9<sup>th</sup> khoroo Songinokhaikhan district on 3<sup>rd</sup> December 2022. The IEE update is underway, and it is expected to be submitted to ADB in Q1 2023. The EARF will also be updated and submitted to ADB in Q1 2023.

### **8.2.3 Environmental monitoring**

#### *Internal monitoring*

In relation to the required environmental monitoring, regular, ongoing site monitoring of the project sites took place during the reporting period. The environmental monitoring identified safety concerns in and around the Sharkhad site located in the 19<sup>th</sup> khoroo of the Bayanzurkh district of Ulaanbaatar, where the Project will build eco-districts. As the site was unfenced, it became a waste dumping point by nearby households. In September 2021, in collaboration with the 19<sup>th</sup> khoroo of Bayanzurkh District and the Public Service Agency of Bayanzurkh District, accumulated waste in the site was removed and disposed by the district waste management fleet to UB city centralized dump site at their own cost. Regular environmental monitoring identified public health and safety concerns in and around the Sharkhad Tsaiz site. As the site is unfenced and access is not restricted, cleaning of the site by khoroo Administration is not a long-term solution for this issue. Thus, the acquired land parcels at Sharkhad Tsaiz were required to be secured with a temporary fence. The fence will prevent inappropriate use of the site and ensure public health and safety. The TOR for fencing works at the Sharkhad site was finalized, and a contractor company was selected via the procurement process. However, at the time of writing, the contract has not yet been awarded due to financing issue related to 10 loan conditions which AHURP must comply to enable funding from ADB loan.

#### *External monitoring*

An External Environmental Monitoring (EEM) consultancy company will be contracted to conduct independent periodical environmental monitoring and assessment of the Project's compliance with ADB and GoM's environmental safeguards requirements. The EEM contractor will also ensure that EMP implementation is in accordance with the Project's environmental safeguards. An announcement soliciting EOIs for an External Environmental Monitoring consultancy was posted on ADB's CMS platform in September 2022. The EEM TOR was prepared by the environmental safeguard team and reviewed by ADB's Environment

Safeguards experts. The procurement of an EEM contractor is still on-going. During the reporting period, potential candidates were shortlisted by an evaluation committee with members from MUB, PMO and NGO. The contract for EEM is expected to be awarded in January 2023. During the MTRM, it was agreed that ADB national environmental consultant will deliver the required training to the selected contractor to strengthen its capacity for EEM, as well as to enhance their capacity for safety and environment concerns as specified in the EEM ToR.

### **8.2.4 Semi-Annual Environmental Monitoring Report (EMR)**

Four Environmental Monitoring Reports (EMR) covering October 2019 to December 2021 were approved by ADB and disclosed on the ADB website Q4 2022. Semi-annual EMRs were timely prepared and submitted to ADB for their review. The latest EMR covering July - December 2022 will be submitted to ADB in early January 2023. No complaints were received via the GRM during the reporting periods.

### **8.2.5 Environmental public consultation**

A public consultation was conducted at the Bayankhoshuu Incubator center on 3<sup>rd</sup> December 2022, with 30 participants attending from the 9<sup>th</sup> khoroo of Songinokhairkhan district. During the consultation, information on the Project's environmental safeguard requirements, GRM, EBA and public safety was provided. Environmental safeguard brochures, including information on AHURP's Grievance Redress Mechanism (GRM), were distributed to participants for their information.

### **8.3 Stakeholder communications**

To satisfy ADB's requirements on stakeholders' engagement, the PIMS environmental team conducted meetings and discussions with the following stakeholders.

- Meeting with the Environmental Department, Municipality of Ulaanbaatar (MUBED). PMO and PIMS agreed to submit the EBA report to the MUBED and share the project documents related to the environment and climate change.
- Meeting with the GCF's national coordinator. During the meeting PIMS and PMO shared information about the project and agreed to share some information from the 2021 GCF APR. It was also agreed to hold regular meetings in the future and exchange information.
- Ministry of Environment and Tourism (MET): following a request received from government counterparts, PMO, PIMS and EFDP held a meeting with MET in April 2022 to introduce the project's green and resilient development concept and share information on the Project's environment and climate change related activities.
- Asian Development Bank (ADB): a meeting between the Project's environment team and ADB national consultant was held in March 2022. A number of aspects were clarified regarding the climate change risk screening for the Rapid Environmental Assessment (REA), external and internal environmental monitoring, public consultation guidance, etc.
- Others: several meetings were held with the company tasked with the EBA, to provide feedback and comments and discuss aspects of the EBA report and conclusions.
- The PIMS environmental specialist prepared the environmental safeguards content for the Project's website (in English and Mongolian).
- News on the Environmental safeguard public consultation was posted on AHURP website in December 2022.

#### **8.4 Capacity development and training**

Training and capacity building activities related to environmental safeguard were developed and included in the PIMS Capacity Development plan for 2023. This includes training on the implementation of ADB's environmental safeguards policies for PMO, EEM and contractors. A public safety training for the 76<sup>th</sup> school will be planned in 2023 in the Bayankhoshuu subcenter located near the Bayankhoshuu B15 site as requested by the residents during the public consultation. Details on capacity development and training can be found in the PIMS Training section of this report.

#### **8.5 Environment and Social Management System**

The Sustainable Green Finance Support (SGFS) Team prepared an Environmental and Social Management System (ESMS) for EDAF in 2020. The creation of the EDAF ESMS is intended to facilitate EDAF's compliance with ADB Safeguards as set out in the ADB SPS 2009 as a Financial Intermediary (FI). As noted in the Project Administration Manual (PAM), the Government, through the MUB and DBM-AMC, will require each Qualified Commercial Bank to submit semi-annual ESMS monitoring reports to DBM-AMC for compilation and timely submission to ADB.

#### **8.6 Preparation for ADB MTR mission**

The Environmental Safeguard team prepared an update on environmental safeguard and GCF Logic Framework for ADB's Mid Term Review. A meeting with ADB was held on 18 October 2022 to discuss progress on environmental safeguards, required next steps, relevant issues, and concerns. The MTRM meeting concluded that it is necessary to erect fencing at the Sharkhad site as part of the required safety measures, as well as to hire a Health and Safety Specialist for the project.

#### **8.7 Update of the project's GCF logical framework**

The environment safeguards team coordinated the update of the GCF logical framework and participated in work and discussions with EFDP to determine the required response. Considering that at mid-term the project had not yet started construction, a qualitative narrative report was assembled and submitted to GCF, with ADB's feedback.

#### **8.8 GCF Annual Performance Report (APR)**

The 2021 GCF APR was prepared by the environmental safeguard team with inputs from PIMS Social and EFDP Engineering teams. The report was submitted to GCF on January 2022, via ADB. The GCF APR was shared with the GCF National Designated Agency (NDA) on March 2022 after the meeting with the GCF national coordinator. The annual performance report 2022 for GCF is being compiled with an expected completion date of early February 2023.

#### **8.9 Policy reform - Climate change**

Work has continued in this area in order to identify policy gaps in relation to climate change adaptation and mitigation, climate finance, environmental sustainability and green finance. Work will include review of current green finance experiences in Mongolia, linkages between green finance and climate finance, while collaboration is expected between the projects'



consulting team and based on the experience and lesson learnt being developed under AHURP.

A key requirement of the project is the development of a measuring, reporting and verification system (MRV) whose aim is to track, report and verify the use of green and sustainable construction and renewable energy solutions, as well with the associated GHGs emissions reduction. Ultimately, the MRV will generate experience and lesson learnt for the establishment of green building standards, support the improvement technical skill, promote solar photovoltaic and heating, electricity generation from renewable sources, among other aspects.

## 9. SGFS Activity and Progress Summary

In the latter part of 2021, the Asset Management SC LLC (AMC) was re-activated and re-staffed. During 2022, the AMC reviewed the outputs of SGFS team that were submitted previously. Recall that the SGFS consultant was mobilized in April 2020 and has since then submitted several sets of deliverables for the establishment and operations of the Eco-District and Affordable Housing Fund (EDAF): core documents to be submitted to the Financial Regulatory Commission (FRC) to establish EDAF, policy and operational documents for AMC, and environmental and social (E&S) safeguard documents that will be institutionalized as part of EDAF operations, in compliance with Asian Development Bank (ADB) and Green Climate Fund (GCF) requirements.

In 2022, the AMC team reviewed the deliverables of SGFS consultant – particularly focusing on the deliverables related to the establishment of EDAF listed in **Table 11**. The SGFS consultant revised the EDAF establishment and governance documents to address the comments of the new AMC team.

**Table 10: SGFS Deliverables Reviewed by AMC in 2022**

Deliverable		Description
D-4	Policy and Internal Documents for the Establishment of EDAF	<p>These documents include EDAF establishment documents required by the Financial Regulatory Commission (FRC), such as:</p> <ul style="list-style-type: none"> <li>- Fund charter</li> <li>- Fund investment policy</li> <li>- Fund business plan</li> <li>- Asset and income registration policy and guidelines</li> <li>- Shareholder registration policy and guidelines</li> <li>- Expense policy and guidelines</li> <li>- Dividend, Distribution policy and guidelines</li> <li>- Risk management policy and guidelines</li> <li>- Collateralized loan issuance policy and guidelines</li> <li>- Audit policy and audit plan for the EDAF</li> </ul> <p>Other governance documents completed:</p> <ul style="list-style-type: none"> <li>- Procurement template for the selection and supervision of Qualified Developers</li> <li>- Environmental and Social Management System (ESMS)</li> <li>- Template agreements</li> </ul>
D-18	Revised and Updated Internal Policy Documents Related to EDAF	<p>These documents include:</p> <ul style="list-style-type: none"> <li>- Contract Administration Manual</li> <li>- HR Policy</li> <li>- Quality Assurance and Control Plan</li> </ul>

Deliverable		Description
		<ul style="list-style-type: none"> <li>- Communications Strategy</li> <li>- Monitoring and Evaluation Plan</li> </ul>
D-32	Environmental Management Plan (EMP)	<p>The Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Project (AHURP) Environmental Management Plan (EMP) dated January 2018 has been largely adopted for EDAF purposes. The AHURP EMP as appended to the Initial Environmental Examination (IEE) prepared by the Municipality of Ulaanbaatar (MUB) for the Asian Development Bank (ADB) has been developed in the context of the ADB approved IEE, and based on the overall AHURP project planning.</p> <p>As no further approved design specification for the AHURP is available to date, the full and existing EMP has been adopted by EDAF accordingly. None of the commitments of requirements of the January 2018 EMP have been removed.</p> <p>The requirement for the development and update of the EMP document is contingent on future events and milestones including:</p> <ul style="list-style-type: none"> <li>- Developer specific concerns, practices, and capacities</li> <li>- Updated design specifications for Eco-District and Affordable Housing developments</li> <li>- Monitoring and reporting to be implemented at the EDAF level and at the Developer level.</li> </ul> <p>The acceptance and adoption of the EMP is intended to align the project implementation, monitoring, and reporting required of EDAF to the ADB SPS 2009 and the specific risks and impacts associated with EDAF functions. This document has been updated and adopted in parallel to the creation of the EDAF Environmental and Social Management System (ESMS), developed to facilitate EDAF's compliance with ADB Safeguards as set out in the ADB SPS 2009 as a financial intermediary (FI).</p>
D-33	Grievance Redress Mechanism (GRM)	<p>The GRM covers EDAF specifically. The purpose of the EDAF GRM are to: (i) facilitate the settlement of disputes and the redress of complaints without resorting to litigation, and (ii) obtain feedback from stakeholders regarding the performance of EDAF and the entities receiving financing from it in various forms.</p> <p>It is anticipated that the EDAF GRM will handle matters related to the financing side, specifically Output 2 of AHURP, or the provision of financing for affordable housing. The AHURP GRM, on the other hand, will deal with technical issues related to the implementation of AHURP's various sub-projects.</p>
D-34	Social and Gender Action Plan (SGAP)	<p>The SGAP is for EDAF specifically. The document: (i) analyzes the social and gender issues in financial intermediation (FI), and (ii) discusses a proposed SGAP that addresses the social and gender challenges for the FIL or EDAF component of AHURP.</p>
D8	Guidelines, Criteria, and Procedures for On-lending Activities	<p>This Report establishes:</p> <ul style="list-style-type: none"> <li>▪ Guidelines for MOF investment into EDAF, as the Fund's sole investor</li> <li>▪ Guidelines for the flow of funds from EDAF to pre-selected real estate developers and selected commercial banks that provide developer finance and residential mortgage loans</li> <li>▪ Criteria and procedures to be applied by EDAF to financing the applications it receives, and</li> <li>▪ Guidelines for custodian services for EDAF.</li> </ul> <p>We have proposed EDAF financing structures with the understanding that GoM expects to use the EDAF experience as a point of reference for its longer term objective of setting up a "Mongolian Green Development Fund" to attract foreign direct investment (FDI). GoM</p>

Deliverable		Description
		intends to tap the policy framework, institutions, and capacity that are instigated by EDAF to institutionalize green banking and climate finance in Mongolia. EDAF will be GoM's key driver and institution for creating green financial products and services and attracting further potential green financing from international market.
D12	Eligibility and Selection Criteria for Participating Commercial Banks Issuing AHURP Mortgages	Establish eligibility and selection criteria for commercial banks including financial requirements, due diligence requirements, green banking for climate resilient housing requirements
D15	Communication Tools and Materials	<p>This report outlines the key content of the communication tools and materials required to implement EDAF's communications strategy.</p> <p>This report also:</p> <ul style="list-style-type: none"> <li>discusses how EDAF and the Municipality of Ulaanbaatar's (MUB) Project Management Office (PMO) could harmonize their communications</li> <li>identifies the steps needed to develop the communications materials for EDAF.</li> </ul>
D17	Institutional Analysis of EDAF	<ul style="list-style-type: none"> <li>Institutional analysis of EDAF, its borrowers, and all other relevant stakeholders</li> <li>Establish consolidated and detailed work schedules and workload distribution for the PIU</li> </ul>
D19	EDAF Management Information System	<ul style="list-style-type: none"> <li>Develop the EDAF management information system (EMIS) which is necessary for effective commencement of EDAF's operations</li> <li>The deliverable discusses in detail the specifics of the EMIS and its implementation: describes the components required for EDAF's MIS; outlines the key specifications for the information and communication technology (ICT) infrastructure that would implement the EMIS; summarizes next steps to implement EDAF's MIS.</li> </ul>
D20	Project Performance Monitoring System (PPMS) including ICT tools for project and financial management, financial accounting, etc.	<p>The Project Performance Management System (PPMS) is the framework that will be used to implement EDAF's Monitoring and Evaluation Plan (MEP). The PPMS will be a module (Module 7) under the EDAF EMIS.</p> <p>Using the PPMS, EDAF management—in close coordination with the Municipality of Ulaanbaatar (MUB) and its Project Management Office (PMO)—will collect data, calculate the indicators, analyse the results, and prepare reports describing the extent to which the project is generating the intended outputs and outcomes.</p> <ul style="list-style-type: none"> <li>This deliverable outlines the content of the PPMS and identifies what EDAF will monitor, and presents key considerations in designing the PPMS portal establishing how the PPMS is linked with the broader EMIS and the next steps in terms of implementation.</li> </ul>
D23	EDAF Policies and Financing System	This document contains policies, processes, and procedures for financial and procurement management under EDAF. The policies,

Deliverable		Description
		<p>processes, and procedures would govern what comes after the selection process.</p> <ul style="list-style-type: none"> <li>▪ This deliverable provides standardized and consistent rules that EDAF management and staff can apply across direct developer financing (bond) transactions, and Commercial bank financing (bond) transactions, which will in turn finance bank mortgage loans to qualified homebuyers.</li> </ul>
D36	Capacity Development Plan	<p>This report proposes an organizational structure for the asset management company that would operate EDAF. This report also:</p> <ul style="list-style-type: none"> <li>- Defines staff positions and qualifications requirements for each position</li> <li>- Lists the trainings that are proposed to be offered to the EDAF Asset Manager's staff to enhance and maintain their skills and expertise levels</li> <li>- Describes the implementation of the capacity development plan.</li> </ul>

During 2022, SGFS team and AMC DBM together conducted an engagement with developers and bankers to understand their interest in participating in EDAF's project. The engagement was implemented with workshops, surveys, and two rounds of individual interviews with developers and banks. AMC obtained the latest household income data of target households from National Statistics Office, households residing in ger area to determine housing affordability.

Based on these market soundings, AMC prepared and submitted the EDAF private placement memorandum to MoF. The MoF is evaluating the issue of fund setup internally. Once the internal review is completed, the proposal to establish the fund will be circulated through Ministries for Cabinet consultation and approval, which is projected to occur in Q1 2023.

Following the selection of pilot sites, SGFS consultants started the preparation of the procurement documents to select the developers. The procurement is expected to be conducted in the first quarter of 2023. The selection criteria of participating banks were finalized. The selection process will also be started in the first quarter of 2023.

AMC plans to select and sign a participation agreement with commercial banks for EDAF component in the first quarter of 2023.

## 10. EFDP Activity and Progress Summary

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Key activities and achievements for 2022 include:

**10.1 EFDP Team Review and Restructuring:** The EFDP went through a restructuring with a new TL, and DTL. Both EFDP TL and DTL undertook a full team resource review identifying gaps, new resources needed and suggested replacements. Work was on-going at the end of the reporting period to resolve all EFDP resource issues. It is planned that the final restructuring process will be ready and accepted by PMO by the end of Q1 2023.

### DFS (Business Case for Phase 1)

The MoF requested the DFS to be updated, based on the Pre-Feasibility Study prepared in 2018. Whilst the Phase 1 Pilot project is aiming to verify the viability of the project, the request to provide updated calculations was made by MoF to provide reassurance. The focus during the Q3 was the completion of DED for Pilot Project, and selection of additional subprojects in Bayankhoshuu and Sharkhad. Work on the DFS for Phases 2-5 will not begin until the Pre-Feasibility Study for Phase 1 is completed and approved.

### 10.2 Willingness to Participate Survey (WPS) and Socio-Economic Survey (SES)

Both provided key inputs to the physical planning and design work described below and provided inputs to a critical Affordability Analysis to be completed early in Q1-2023.

**10.3 Bayankhoshuu Urban/Site Planning:** Major milestones reached during the reporting period include:

- Status of the Bill of Quantities and Approved Cost Estimates for BKH Pilot Project
  - Off-site infrastructure - *complete*
  - On-site grading and infrastructure - *expertized*
  - Buildings A & B – *complete & expertized*
  - Buildings C & D – *complete & expertized*

### 10.4 Bayankhoshuu Infrastructure Planning:

EFDP has assessed existing infrastructure networks and capacities available to service the BKH site and undertook conceptual design of both off-site connections and on-site servicing for roads, drainage, heat, water supply and sanitation. The BKH sites are serviced with existing municipal infrastructure which will mean the B13 and B15 sites will require secondary infrastructure to connect to existing facilities. All sites are well serviced with roads and only onsite road and parking will be needed. Cost calculations for BKH have been prepared and are being finalised at the time of writing.

### 10.5 Summary of services for BKH:

- Power and electricity will be delivered from the primary electrical substation located on N5 A local substation will be needed and designed to provide power for both B13 & 15.
- Telecom will be provided from the communications building on N4
- Space heat and hot water supply for B15 is from HDS 7 while B13 will be supplied via HDS6 and N4 serviced from HDS 5
- Potable water supply system will be connected to the water mains adjacent to the property. Internal construction can be extended to provide looping the regional system and therefore a more secure supply for residents in the area.
- Regional sewage collector trunks will service all sites.

**10.6 Social Housing Design:** Replicable Social Housing units for BKH have been designed. A sketchbook - required document for GOM (Urban Development Agency (UDA)) to review and approve – has been completed.

**BKH Topographic and Geotechnical Surveys** - complete.

**Sharkhad:** The sketchbook for Sharkhad North illustrating the architectural design and site planning are complete and were approved by Urban Development Agency of the MUB. The urban design principles have been produced to generate housing development at an appropriate scale i.e. 2 - 5 story residential buildings interconnected with commercial and retail space. Site development will include parking, green corridors, bike paths to neighbouring school, as well as rooftop PV panels and greenhouses.

- Sketchbook for Sharkhad North has been approved.
- Other technical studies or designs in progress include:
  - Geotechnical Investigation – *complete*
  - Topographical Survey – *complete*
  - Hydrogeologic (ground water) investigation – *complete*
  - Storm water management study – *Preparation of TOR complete*
  - Off-site Infrastructure preliminary design – *complete*
  - DED development for Sharkhad North – *90% complete, procurement early in Q1 2023.*

## 11. Financial and Risk Management

### 11.1 Financial Management Status

Progress made during the reporting period is summarised in **Table 12**. Procurement actions were initiated to define and obtain a Financial and Procurement Management software package with selection and operationalisation anticipated during 2022.

**Table 11: Financial Management Progress - Highlights**

Plan ref.	Task	Progress Made
1.1.13	Monitor physical and financial progress of the project and promptly report significant deviations from the budget.	<p>Any transactions during the reporting period were reviewed by PIMS specialist and provided advice for the required improvements to PMO.</p> <p>Drafted the financing agreement for PIU's salary cost between MUB and DBM-AMC and PMO.</p> <p>In the absence of a finance specialist at PMO, the PIMS finance specialist took charge of finance and accounting for three months.</p>
2.1.1	Develop financial management plans, budgeting, financial statements and reports etc.	<p>Prepared and submitted the annual budget proposal 2023 and financial projection 2024-25 to MUB and MOF.</p> <p>Prepared and submitted the contract awarding and disbursement plan for 2022-2027 to ADB.</p> <p>Prepared and submitted semi-annual financial statements and year ended financial state for 2022 to MUB and MOF.</p> <p>Prepared the annual project financial statement to ADB.</p>
2.1.4	Prepare and finalize the Financial Management Manual.	The initial draft of the financial management guideline has been submitted to PMO.
2.1.5	Preparing project budgets and financial targets.	<p>Supported the preparation of the quarterly budget schedule and sent to MOF.</p> <p>Budget and forecast module of the project Financial management training including the preparation of annual budget proposal and quarterly budget schedule, financing request, payroll calculation, reconciliation of the used loan/grants and glass account information requirement were delivered in Q3, 2022.</p>
2.1.6	Provide systematic on-going financial management support to the PMO, including on-going support in handling the ADB disbursements and utilization of advance accounts and sub-accounts, in preparing annual project statements and reports	<p>Provided on-going support for the financing and disbursement utilizations to PMO and PIU.</p> <p>Provided the project reports and financial statements.</p>

Plan ref.	Task	Progress Made
2.1.7	Procure accounting software to ensure effective and efficient accounting, monitoring and reporting of all financial transactions	Due to AARC's contract amendment and financing issue, the procurement process of accounting software was delayed until December 2022.
		It is now at the contract signing stage. The transactions of 2020-2021 are ready to be imported into the system.

Since the start of the project, three types of review of financial management implementation for the project have been carried out, as follows:

- Compliance with loan agreements
- Compliance with local regulations
- Review of budget versus disbursements

## 11.2 Financial Management Issues

### 1. Staffing

**New hiring process:** The process of issuance of order for the appointment of a new finance specialist and approval of salary rate by the Ministry of Finance was slow. Thus, it resulted in delays on any payments at PMO combined with the factor that it requires the further approval of signatures.

### 2. Budgeting

**MUB counterpart financing and cost allocation:** Due to the financial constraints on the local budget of the Municipality, MUB will not be able to provide the required counterpart financing for the project costs. This poses a serious risk to the smooth advancement of the pilot project. As discussed during the midterm review mission by ADB, the PMO and MUB requested to make changes in the financing portion as mentioned below.

**Table 12: MUB counterpart financing and cost allocation**

Loan and Grant No.	Cost Category	As per the agreement				Revised version	
		ADB financing %		MUB financing %		ADB %	MUB %
		Cost allocation	%	Amount	%		
L3695-MON (COL)	Green and Resilient Design and Supervision	12,650,000	86.5%	1,974,277	13.50%	90.9%	9.10%
L3694-MON (OCR)	All Works Except Green and Resilient Social Housing	21,720,000	70.0%	9,308,571	30.00%	90.9%	9.10%
L3694-MON (OCR)	Green and Resilient Social Housing	21,800,000	75.1%	7,227,963	24.90%	90.9%	9.10%
L8348-MON (EF)	Photovoltaic solar panels	15,580,000	61.0%	4,623,346	18.10%	70.0%	9.10%
G0594-MON (EF)		5,340,000	20.9%			20.9%	
<b>TOTAL</b>		<b>77,090,000</b>		<b>23,134,157</b>			

PMO is undertaking needed action to finalize the process of formalization of above changes.



**Table 13: Grant Agreement GCF**

GRANT AGREEMENT CGF-0594-MON			ACTUAL CONTRACT AMOUNT and ALLOCATION	As per LFIS	Exceeded amount	VARIANCE (%)
Financier	LOAN AMOUNT	Percentage for Withdrawal				
ABB	1,838,527	90.90%	1,934,347	1,758,322	- 95,820	
MUB	184,055	9.10%	193,648	-	- 9,593	
<b>TOTAL</b>	<b>2,022,582</b>		<b>2,127,995</b>		<b>- 105,413</b>	<b>-5.21%</b>

**Unspent Authorized Budget:** The bidding process was postponed due to the partial fulfillment of the 10 conditions specified in the agreement MON-3695 (OCR). Consequently, the planned activities and the approved budget for 2022 could not be fully performed.

### 3. Payment

**Foreign exchange currency loss:** In accordance with local legislation, any transactions in the territory of Mongolia must be made in local currency. Due to the requirement, the realized foreign exchange loss was recognized by both parties of PMO and Sunjin Engineering and Architecture Co. Ltd in order to make transactions from the Treasury Bank account at the Ministry of Finance to the Contractor's bank account in Mongolia even though the contract was denominated in US dollars. As discussed by both parties, the realized exchange gain and loss will be solved by making a reconciliation after the actual payment and the required reimbursement will be settled when the contract evaluation takes place.

#### Tax registration for Non-resident contractors

**VAT exemption requirement:** If contractor is non-resident in Mongolia a Permanent Establishment has to be registered in accordance with the local law in order to obtain VAT exemption. As a taxpayer registered in Mongolia, contractor should submit the actual received income deducting the VAT in the tax filing system. Thus, the GOM or MUB confirms the financing portion and includes it in the financial report as a GOM in-kind contribution. As of today, there are two issues related to this matter.

- a) **Sunjin Engineering and Architecture Co. Ltd.** The company received initial invoice payment without VAT in Dec 14, 2021 when they were not registered as a taxpayer in Mongolia. The amount couldn't be submitted to the Tax office before the closing of 2022 financial year as required. Now there is outstanding amount that be recorded as exempted in the project financial statement of 2022. PMO requires the contractor to submit the received payment amount to the Tax Office.
- b) **Castalia Limited.** They refused to register as a taxpayer and agree to deduct any withholding taxes including VAT and income tax from the invoiced amount. Thus, MUB has been facing with the financing issue on the Castalia payment which is related to payment process from MUB to Tax Office instead of settling it through reporting only. PMO advises PIU to discuss it with MUB such that either MUB accepts this arrangement or Castalia establishes a Permanent Establishment in Mongolia to settle the outstanding amount in the project financial statement.

### 11.3 Legal Support to Project Implementation

The draft Housing Arrangement Agreements to be established between the titled households/non-titled households and the Project, have been developed and the project team is preparing to review and discuss the draft agreements in more details with relevant parties.

The EFDP legal team has prepared a plan for the Sector Policy Reform components of the project and establishing the list of the existing policies, regulations, and frameworks in relation to the green housing development and climate change adaptation and mitigation in the first part of the reporting period. The actual sector policy reforms will be developed as physical implementation of Phase 1 of the project proceeds.

SGFS legal team developed the draft agreement template with commercial banks and developers while analysing the current legal and regulatory conditions in terms of green finance development in Ulaanbaatar.

### 11.4 Risk Management

A draft Risk Management Register prepared by PIMS is presented in **Table 15**. This forms the basis of an overall Risk Assessment and Management Plan (RAMP). This will be fully operationalised to ensure close monitoring and management of the risks in all aspects of the project. PIMS will continue to update as the project proceeds.

The risk management register was updated twice in 2022. Items written in red illustrate the second update of 2022.

**Table 14: Risk Management Register (Q3 and Q4 2022)**

No.	Date Raised	Description	Reason/Cause	Effect	Likelihood	Impact if Occurs	Severity if Occurs	Manager of Risk	Mitigation Actions (reduce risk)	Contingency Actions (if risk happens)	Actions to complete	Date to Complete and responsibility	Status
A		<b>Internal</b>											
A.1		<b>Project Structure/ Team</b>											
A.1.1	No issue to date.	Project goals/results (Impact, Outcomes, Outputs) not well defined.	Poor early assessment of needs and priorities. Lack of design expertise.	Unachievable goals, deliverables resulting in poor performance reporting.	Not likely	Significant	Severe	ADB, GOM	Assess original project design during DFS phase of work.	Revise project design.	None required.		OK
A.1.2	Dec. 2020, ADB mission Oct. 2021	Project DMF results' indicators not well defined.	Poor early assessment of capacities and project context. Project context not well understood at pre-feasibility level	Unachievable goals, deliverables resulting in poor performance reporting.	Possible	Moderate	Low	ADB, EA	Review PAM and DMF during Midterm review and make appropriate revisions as needed to match changing realities.	Revise PAM and DMF through collaborative ADB-EA consultations.	Previous proposed changes made to PAM, DFS In ADB Oct. 2021 Mission MOU. Accepted. Clarify definitions within DMF and SGAP, such as vulnerability. Create actions from indicators in SGAP. Revise DMF accordingly. Identify how to strengthen PPMS process.		progressing

A.1.3	Aug. 2021	Poorly designed or revised project structure.	Poor early assessment of capacities and project context. Project context not well understood at pre-feasibility level. Introduction of additional intermediary agencies.	Challenge to implement in an efficient, effective manner. May introduce redundancy and confusion.	Moderate	Moderate	ADB, EA	Review project structure and clarify roles, responsibilities. Monitor operations and report progress, issues Quarterly.	Revise structure or individual stakeholder TOR as needed.	On-going discussions to clarify and adjust roles & relationship of EA and IA. Discussions on-going between ADB and MUB regarding the role of the newly added HIA agency claiming ownership of the project.	Progressing
A.1.4	Oct. 2020 On-going	Project structure not operationalised in timely manner. (Steering Committee, PIU)	Lack of high level decision making to operationalise components including Project Steering Committee (SC). Lack of institutional resources. Changed government or institutions.	Lack of institutional advocacy from PSC / MoF for the project which causes Project implementation delays. Delays with high level decision making, budget approvals, DMF revisions.	ADB, EA	Renewed advocacy from ADB to: 1. support PSC through leadership change and; 2. to expedite the establishment of EDAF. PIMS and EFDP to review project structure and clarify roles within consultancy and EA teams. Monitor and report progress, issues Quarterly reports.	ADB intervention required if structure not functioning or supporting budgets not being distributed. Replace, restructure non-functioning structure entities. ADB intervention required to maintain project advocacy in-light of changing Deputy Mayors advocating for the project.	1. Establish EDAF in Q4 2022. (PIU) 2. Establish Working Groups to support PSC. 3. Full resources in PMO 4. Plan for PSC meeting (twice yearly)	1. Q4 2022 (PIU) 2. Q4 (PIMS) 3. Changed government or institutions.	On-going concern.	

							Ensure timely procurement, disbursement of resources as needed by structure entities including PMO.				
A.1.5	Q3 2020	Poor communication between key stakeholders, team members.	Lack of, or failure to implement, communication protocols. Lack of stakeholder appreciation of importance.	Creates team member confusion, decreased efficiency, frustration, duplicated or mis-guided efforts. Delays project. No hand-over upon personnel departing (PIMS)	Manage-able	EA	Establish and implement communication protocols. Monitor issues, implement corrections. Establish and maintain regular hierarchy of meetings.	Multi-party consultations to address issues and strengthen application of communication protocols.	PIMS initiated project operation manual (POM) to provide prescriptive advice on protocols for consultants. This includes project briefing when consultants join the project, implement communication plan, and the need to provide a project handover when consultants resign.	Improving	

A.1.6	Nov. 2020	Inadequate stakeholder, counterpart resources (MUB, MOF, MCUD, UDA, etc.) to effectively participate and assume ownership.	Agencies do not assign adequate counterpart staff. Adequate technical or financial resources are not provided.	Project delays. Poor performance reported. Impact on agencies' morale.	Manage-able	ADB, GOM, EA	Ensure roles and responsibilities are clearly understood and accepted. On-going review of agency structures, capacities and project-dedicated resources. Quarterly reporting of status. Strengthen alignment with ongoing urban projects (e.g. GADIP, Spatial Plan) to maximise inhouse resources and potential synergies and minimise duplication of effort.	GOM to restructure and/or correct capacity, performance gaps in accordance with ADB expectations and requirements.	MUB resource weakness, lack of communication identified early and on-going.	
A.1.7	Q3 2020	Inadequate EA resources at PMO level.	Poor project design, management or disbursement of resources.	Restricted ability of PMO to perform as planned and needed.		EA	Ensure adequate resources are budgeted and provided as anticipated in PAM.	Restructure resource allocations and or disbursement procedures to ensure on-going effective operation.	PMO operational budget and recruitment of resources in place. Turnover of staff, moving within the project requires PIMS and EFDP technical support.	Manageable

A.1.8	Q3 2020	Lack of EA - IA coordination	Poorly defined roles, TOR. Unclear reporting, communication protocols.	Inability to proceed efficiently with project implementation.		EA	Clear roles and responsibilities during project design. Regular consultations to identify, clarify issues.	Restructure TOR and related resources - financial, technical and human as required. Clarify responsibility and reporting structure,	On-going EA-IA-ADB discussions. Restructured IA (AMC) after 1-year gap.	On-going.
A.1.9	No issue to date.	Weak ADB-EA communication	Protocols not established and implemented. Inadequate human resources.	Inability to proceed efficiently with project implementation.		ADB, EA	Regular ADB, EA meetings. Ensure appropriate human resources.	Correct communications' protocols. Change personnel. Add capacity.	No action required to date.	OK
A.1.10	On-going since Q3 2020	Inadequate PMO performance.	Lack of adequate leadership, coordination. Lack of PMO experience. Lack of supporting resources.	Lack of efficient, effective communication with higher stakeholders. Lack of effective guidance to PMO team. Inadequate PMO guidance, communication with consultants.		EA	Regular ADB, EA review meetings to ensure full understanding of PMO roles, responsibilities, reporting structure, and operational methodologies. Review provision of required technical and financial resources by	Provide PMO training and capacity building. Change PMO's human resources as needed. Ensure operational funding flows to PMO as agreed and needed.	Regular monitoring by ADB, PIMS. PIMS support through training sessions, formal and informal meetings. Operational support funding being provided through EFDP and PIMS budgets.	On-going concern.

								MUB, GOM to PMO. Report status Quarterly.				
A.1.11	On-going since Q3 2020	Consultant (PIMS, EFDP, SGFS) delays and poor performance.	Lack of consultant capacity. Political interference in original selection.	Project delays. Wasted resources.				EA, ADB	Comprehensive assessment of qualifications during procurement. On-going monitoring by PMO and ADB followed by consultant discussions. Early action to address emerging issues.	Request change of consultant approach, methodology. Restructure consultant roles, responsibilities. Replace consultant personnel. Replace consultant entity.	Q4 2020 recommendation by PIMS to replace SSJV. Q4 2021 proposed actions to restructure SSJV-PIMS contracts to address SSJV weaknesses. Rejected.	On-going concern.
A.1.12	Periodic since Q1 2021	PIMS (AARC) team lacks capacity/ability to undertake TOR.	Lack of consultant team capacity and/or project TOR understanding. Inadequate management and/or	Project delays. Wasted resources.				EA, PIMS (AARC)	On-going internal monitoring by PIMS (AARC). On-going monitoring by EA and ADB. Request early action to address	Request change of approach and methodology. Request replacement of consultant team member(s). Request replacement of	Replacement of at least 3 team members as a result of both internal and external assessments. Re-focus on PM activities only. New PIMS TL and Deputy TL Q2 2022	Continue monitoring, adjusting.



			team leadership. Loss of key personnel.					emerging issues.	consultant entity.		
A.1.13	On-going since Q3 2020	EFDP (SSJV) team lacks capacity/ability to undertake TOR.	Lack of consultant team capacity and/or project TOR understanding. Inadequate management and/or team leadership. Loss of key personnel.	Project delays as EFDP (SSJV) has full responsibility for technical aspects of the project. Wasted resources.			EA, EFDP SSJV)	On-going internal monitoring by EFDP (SSJV). On-going monitoring by EA and ADB. Request early action to address emerging issues.	Request change of approach and methodology. Request replacement of consultant team member(s). Request replacement of consultant entity.	EFDP Restructuring proposed. On-going PMO-ADB-SSJV discussions regarding lack of capacity and performance. EFDP Key international experts are recruited. The recruitment of several national experts is pending due to the ongoing restructuring of EFDP and on-going payment issues.	Ongoing monitor
A.1.14	No issue to Q1 2022.	SGFS (Castalia) team lacks capacity/ability to undertake TOR.	Lack of consultant team capacity and/or project TOR understanding. Inadequate management and/or team leadership.	Project delays. Wasted resources.			EA, SGFS (Castalia)	On-going internal monitoring by SGFS (Castalia). On-going monitoring by EA and ADB. Request early action to address emerging issues.	Request change of approach and methodology. Request replacement of consultant team member(s). Request replacement of consultant entity.	None reported to date.	OK

			Loss of key personnel.									
A.1.15	On-going since Q3 2020	Delay in decision making by responsible stakeholder agencies	Lack of agency capacity. Changed government, institutional structures Political interference.	Delays project progress. Potential waste of project resources if work is reversed.			GOM, EA	Ensure project clarity from the beginning of approval requirements for all steps of the project. Maintain realistic Work Plans. Ensure full project engagement by key decision makers.	ADB intervention to reinforce loan agreement, PAM requirements.	Lack of Steering Committee meetings noted in Quarterly Reports since Q3 2020.		Unresolved.
A.1.16	No issue to date.	Project scope creep.	Components added by ADB, EA or other key stakeholder.	Over-extended budget and other project resources. Potentially missed DMF results.				Ensure full stakeholder understanding of agreed project results: Impact, Outcomes, Outputs and related commitment of inputs.	Reverse project creep, or revise deliverables and budget to accommodate.	None required to date.		OK

A.1.17	On-going since Q3 2020	Political pressure to arbitrarily alter deliverables or schedules.	Political agendas not in-line with project agenda in spite of signed ADB-GOM loan agreement(s). Lack of understanding of ADB project processes.	Project delays. Potential withdraw of project funding.	Monitor establishment of EDAF	EA, ADB	Ensure clear understanding by stakeholders of ADB project procedural requirements. Training and capacity building. Regular ADB, PIMS monitoring, reporting and follow-up discussions.	ADB action to rectify misunderstandings and reinforce ADB procedures and the terms of the loan agreement(s).	Implementation of the Corrective Action Plan relating to the former NOSK site, will close-off safeguard gaps will be complete by Q3 2022.	
A.1.18	On-going since about Q3 2020.	Interference in procurement processes.	Political attempt to alter or control procurement selections and divert resources.	Project delays. Potential withdraw of project funding. Potential corruption investigations.		EA, ADB	Ensure clear understanding by stakeholders of ADB project procedural requirements. Training and capacity building. Regular ADB, PIMS monitoring, reporting and follow-up discussions.	ADB action to rectify misunderstandings and reinforce ADB procedures and the terms of the loan agreement(s).	PIMS monitoring and advising PMO of ADB-required procedures.	

A.1.19	Feb. 2022	Interference in implementation of ADB Safeguards	Political attempt to change safeguard requirements to reduce government costs and/or shorten implementation timelines.	Project delays. Potential withdraw of project funding.			EA, ADB	Ensure clear understanding by stakeholders of ADB project procedural requirements. Training and capacity building. Regular ADB, PIMS monitoring, reporting and follow-up discussions.	ADB action to rectify misunderstandings and reinforce ADB procedures and the terms of the loan agreement(s).	PIMS monitoring and advising PMO of ADB-required CAP (regarding former NOSK sites), resettlement, LAV, VLSP compensation procedures.	Ok
A.1.20	2018-2019	Early start-up delays affect planned end dates	Additional time required for ADB-GOM project loan negotiations. Additional time required to establish EA and IA. Additional time required to procure supporting consultant resources.	Original delivery targets delayed. Increased risk of cost escalations.		ADB, GOM	Expedite ADB-GOM loan negotiations to extent possible. Identify delay budget and deliverable implications.	Adjust budgets, timelines, PAM and DMF as required.	Timeline and expectation revisions led by PIMS, addressed in Quarterly Reports. Issued raised during ADB Oct. 2021 Mission and will be reiterated during Midterm review	OK	

A.1.21	None to date.	Legal actions delay or pause work.	Community or other stakeholder legal challenges to project. Service provider contractual disputes (within EFDP)	Original delivery targets delayed. Threat to project design. Increased risk of cost escalations.	ADB, GOM	Ensure widespread stakeholder engagement and full project disclosure within and beyond immediate project. Ensure project's DRM is effectively operational. Ensure procurement processes and contracts are correct and clear to all involved. Engage in adequate contract management as service delivery, works proceed to identify early issues.	Engage in dispute resolution processes as required. Ensure EFDP restructuring with local consultancy has legal provision.	None to date.		On-going
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A.1.22	Q3 2020	Project conflicts not resolved in a timely manner.	Involved parties not transparent and forthcoming with concerns. Mis-understanding of project goals and required implementation procedures. Personality conflicts.	Project delays. Non-constructive work environment. Potential loss of resources.	Any	Establish Project Operation Manual (POM) to provide staff with code of conduct, guidance on communications lines, who to raise grievances with. Identify and raise emerging conflicts immediately for early attention.	Varies by situation.	POM is being drafted. Communication and grievance management will form part of the document. Most significant conflict to date has been performance concerns and misunderstandings between SSJV and PMO.	ok to date
A.1.23	None to date.	Delayed milestone approvals forcing work to continue at risk.	Political pressure to deliver without following full approval steps.	Project delays. Risk of wasted resources and need to re-do work. EA criticism.	EA	Establish early engagement with key decision makers ensuring full project understanding and approval needs. Ensure EA/PMO fully understand and communicate approval processes.	Update 2023 Work Plan. Review consultant (EFDP) ToR commitments against revised work plans and commitments. Identify AHURP alignment to other projects (Spatial concept, GADIP ) to utilise opportunities and regain lost time. Re-allocate	On-going communications between EA/PMO, PIMS and EFDP on milestone production and approval requirements.	On-going concern.

							resources where needed. Mitigate related false expectations amongst stakeholders including residents. Monitor with restructuring of EFDP.		
A.1.24	August 2022	Unplanned work that must be accommodated.	Poor initial project design. Needed response to added internal or external requirements.	May impact budget requiring re-allocation of funds. May impact implementation schedule.	ADB, EA	Regular progress monitoring with early identification of additional work requirements.	Review budget and timeline implications. Redesign as needed.	BKH Fast Track Social Housing component added and DED for two blocks complete. Diverting resources from complete Phase 1 DFS. Emergence of GoM spatial plan and alignment will potentially require greater PIMS involvement to manage and coordinate programmes.	delay

A.1.25	Q3 2020	Cost estimating and/or scheduling errors in original project design.	Lack of complete project understanding. Inaccurate initial information or analyses. Global inflationary increases since Covid19.	Require project adjustments: timelines and/or budget allocations.				ADB, EA	Ensure comprehensive project understanding by those preparing original cost estimates and schedules.	Review budget and timeline implications. Redesign as needed.	PAM implementation schedule revised by PIMS during Inception and regularly updated. Cost estimates being revised, but due to situational changes over time, not original errors. Revision of 10,000 hh target under review by SGFS. A change of target, i.e.DMF will require ADB, GOM, EA concurrence	OK to date.
A.2		<b>Project Context</b>										
A.2.1	No issue to date.	Lack of political support.	Change of government and/or political priorities within MUB or central government	Project may not proceed as designed. Project funding is withdrawn.	Possible.	Significant	Potentially severe.	ADB	Maintain high-level communications with incumbent and incoming new government. Develop "institutionalized" policies and agreements that survive changes in government.	Re-design project. Terminate project.	None required to date, although political attempts to alter original deliverables encountered and challenged. Incoming Government 2023 and new Deputy Mayor provide opportunity to reassert original project objectives.	OK to date.



A.2. 2	No issue to date.	Lack of community, resident interest.	Lack of pre-feasibility testing. Poor communications with residents, communities. Inappropriate project design.	Project will not proceed as designed.	Possible.	Significant	Severe	EA	Ensure full and transparent community engagement with full disclosure of all available project information. Maintain open and ongoing dialogue with strong SCS to enable incorporation of community inputs to project design.	Re-design project as required. Terminate project.	Strong community, resident engagement implemented to date. LAV being carefully developed to address resident concerns.	Good to date
A.2. 3	Q3 2020	Lack of investor interest.	Commercially unviable project due to poor project design or lack of private sector consultation.	Project will not proceed as designed.	Possible.	Significant	Severe	EA	Ensure full and transparent investor engagement with full disclosure of all available project information. Maintain open and ongoing formal dialogue to enable incorporation of investor inputs to project design.	Re-design project as required. Terminate project.	Developers are not shortlisted. A developer consultation workshop was organized in March 2021 and individual dialogues with developers happened and relative report was prepared. A procurement template for developer selection and supervision is being developed but not completed yet.	Ongoing concern

A.2.4	Q3 2020	Unplanned cost escalation.	Project implementation delays. Global economic shifts. Regional political changes.	Project may not proceed as designed.	Likely.			ADB, EA	Maintain flexibility in DMF in anticipation. Minimize project delays.	Re-design project as required including DMF results/indicators, technical outputs, budgets.	Preliminary cost estimates and project affordability under constant review by PIMS with findings highlighted to ADB, EA. Substantial cost increases since PFS. Numbers of affordable housing able to be financed through EDAF reduced from 10,000.	On-going.
A.2.5	2001	Technical resources not readily available.	Inadequate pre-feasibility assessment. Desired consultant expertise not available. Desired contractor/construction expertise not available. Desired construction materials, equipment not available.	Project may not proceed as designed. Project components delayed.	Possible.				Ensure realistically implementable project design beginning with pre-feasibility. Maintain willingness to adapt project to emerging technical issues.	Re-design project as required including DMF results/indicators, technical outputs, budgets. Ensure comprehensive DMS completed prior to investment commitments.	Restructure of EFDP requires revision of local subconsultancy contracts. SSJV revision of engagement through PE Status, revised contracts. Revision SSJV of ToR and their ability to deliver requires core team plus availability of qualified consultants and their willingness to contractually shift to lump sum. Difficulty finding specialist conversant with ADB systems (procurement, PIMS) Environment (PMO) Monitoring COVID supply chain interruptions and cost escalations.	
A.2.6	No issue to date.	Withdrawal of funding by ADB, GCF, HTF.	GOM failure to continue project support. GOM failure to comply with loan covenants.	Project cancelled.	Not likely.	Significant	Severe		Establish and maintain strong dialogue with GOM and EA to ensure implementation issues do not arise that	ADB-GOM negotiations.	Most loan conditions are approved but EDAF not legally "established" (see below)	

			ADB, GCF withdraw of support.						may threaten funding.			
	August. 2022	The 10 Loan conditions not met	GOM failure to enact EDAF and further establish on-lending agreements	Project cancelled.	Possible.	Significant		GOM, EA	Establish and maintain strong dialogue with GOM and EA to ensure implementation issues do not arise that may threaten funding.	ADB-GOM negotiations.	Most loan conditions are approved by ADB, but EDAF is not legally "established". The subsidiary loan agreement (item a) has not been concluded. MUB consider there is no need for establishing the subsidiary loan agreement in the immediate future until the final owner of the solar PV facility is defined and repayment liability is discussed with this entity. This may give rise to separate DFS for solarPV in addition to DFS on Phase 1.	On-going concern
	August. 2023	Failure to establish EDAF	GOM failure to enact EDAF and further establish on-lending agreements	Project cancelled.		Significant		GOM, EA, PIU	Establish and maintain strong dialogue with GOM and EA to ensure implementation issues do not arise that	ADB-GOM negotiations.	EDAF business plan was developed and presented to ADB and the project team. (i) MOF investment terms have not been negotiated and the investment agreement is not in	On-going concern

									may threaten funding.		place. (ii) Submission of EDAF documentation is pending due to the absence of investment agreement.	
	August 2022	Commercial Banks not identified to support EDAF	EDAF has yet to be established	Project may not proceed as designed.	Possible			PIU, EA	Establish and maintain strong dialogue with GOM and EA to ensure implementation issues do not arise that may threaten funding.	ADB-GOM negotiations. Select candidate commercial banks that will co-finance developers with EDAF for the core subprojects, and pre-select real estate developers. This was due May 2022.	Underway	Ongoing concern
	August 2022	No real estate developers identified	Failure to issue DED and DFS to justify the project's commercial and technical credentials	Project may not proceed as designed.	Possible			IA, PIU			Start the selection process of real estate developer by June 2022.	Ongoing concern
	August 2022	Significant delays to initiate Phase 1, stall the project commencement.	Restructuring of EFDP. Desired resources and team composition unavailable.	Project may not proceed as designed.	Possible			EFDP, IA	Identify components of the DFS to expedite phase 1. Identify spatial planning opportunities in UB in	PIMS support, alternative consultancy	Bayankhoshuu eco-district infrastructure and public space detailed design (DED) due Q3. The DED for 2 blocks of social/affordable housing units underway. DED for remaining 2 blocks	Ongoing concern

									which the project could link to.		is expected to be completed Q3. Detailed technical specifications for affordable and market rate housing units and associated mixed commercial delayed but expected Q4 2022.	
	August 2022	Delays to ADB required documents such as DFS.	Restructuring of EFDP. Desired resources and team composition unavailable.	Project may not proceed as designed.	Possible			EFDP, IA	Identify components of the DFS for Selbe and Sharkhad to expediate phase 1. Identify spatial planning opportunities in UB to which the project could link to.	PIMS support, alternative consultancy	No progress recorded yet on DFS. A major screening survey was conducted in Q2, 2022 among over 12000 households in 5 sub-centers (BKH, SKH, SBE, Tolgoit and Dambadarjaa). It gave a clear picture on the interest of residents in those areas and the perimeters of eco-districts of all phases are being predetermined.	
B		<b>External</b>										
B.1	Project start-up.	Pandemic (COVID) impacts.	Global impact beyond project control.	Team personnel health issues. Limits on stakeholder consultation and need for alternative engagement strategies. International	Likely.			GOM	Ensure project flexibility to accommodate alternative approaches. Maintain regular online meetings between PIMS, PMO, EFDP. Maintain regular and effective	Adapt.	Alternative communication and engagement strategies implemented. Relocation of EFDP TL to Mongolia for Q3.	ok so far.

				consultants unable to travel. Project delays.					project stakeholder communications.			
B.2	Project start-up.	Global economic changes.	Global impact beyond project control.	Impact on project costs.	Likely.			GOM	Ensure project flexibility to revise project design (DMF) - physical and financial - as required and reflect this in the DFS. Maintain regular and effective project stakeholder communications.	Adapt.	Revised project costing is underway and being regularly updated. DMF is under review for possible changes in deliverables. No progress of DFS recorded yet. Simplification process is being discussed and identified. DFS should reflect ability of EDAF (reduction in monies available to subsidise housing).	On-going concern
B.3	Project start-up.	Global supply chain changes.	Global impact beyond project control.	Impact on project costs.	Likely.			GOM	Ensure project flexibility to revise project design (DMF) - physical and financial - as required. Maintain regular and effective project stakeholder	Adapt.	Monitoring and revising cost estimates.	On-going.

									communicati ons.			
B.4	No issue to date.	Regional political interruptions.	Regional political disputes beyond project control.	May interrupt supply chains and access to project materials. Add to cost increases.				GOM	A responsibility of GOM and ADB to monitor.	Adapt.	Border closure with China has limited building supply and increased production costs. SGFS has revised the estimates of number of units twice, with significant degree of difference in both figures.	Monitor and Adapt
B.5	No issue to date.	Local weather, climate events.	Global impact beyond project control.	May require project design revisions.	Possible.			EA	On-going monitoring of events, conditions with project flexibility to adapt.	Adapt.	Increasing awareness of climate change impacts being incorporated into project design. Cost and schedule implications identified.	OK to date.

## 12. Project Expenditure, Loan Disbursements, Procurement

### 12.1 Statement of Budget vs Actual Expenditure to 31 Dec. 2022

Table 16 presents the statement of budget versus actual Expenditures through to 31 December 2022.

**Table 15 Statement of Budget vs Actual Expenditure to 31 Dec. 2022**

STATEMENT OF BUDGETED vs ACTUAL EXPENDITURE AS OF 31 DECEMBER 2022

						USD
#	Category code	Type of expenses	Total amount allocated for	Total expenditure cumulative to 31 Dec 2022	Disbursement %	
<b>MON-3695 (COL)</b>						
1	0301	Works (Green and Resilient Design and Supervision)	12,650,000	0	0.0%	
2	2101	Consulting Service	4,290,000	807,660	18.8%	
3	6901	Interest Charge	1,370,000	31,485	2.3%	
4	6301	Unallocated	1,690,000		0.0%	
5	9901	Advance account		750,834		
<b>TOTAL MON-3695 (COL) AMOUNT</b>			<b>20,000,000</b>	<b>1,589,979</b>	<b>7.9%</b>	
<b>MON-8348 (GCF)</b>						
1	3101	Works (Photovoltaic solar panels)	15,580,000	-	0.0%	
2	6601	Service charge and Commitment Charge	850,000	850,000	100.0%	
3	8101	Contingencies	2,870,000	-	0.0%	
4	?	Financial intermediary	75,700,000	-	0.0%	
<b>TOTAL MON-8348 (GCF) AMOUNT</b>			<b>95,000,000</b>	<b>850,000</b>	<b>0.9%</b>	
<b>MON-3694 (OCR)</b>						
1	0301	All Works (Except Green and Resilient Social Housing)	21,720,000	-	0.0%	
2	0302	Works (Green and Resilient Social Housing)	21,800,000	-	0.0%	
3	2701	Incremental PMO/PIU Administration	3,600,000		0.0%	
4	6601	Interest and Commitment Charge	4,290,000	326,709	7.6%	
5	9301	Unallocated	8,590,000	-	0.0%	
6	9901	Advance account		905,435		
<b>TOTAL MON-3694 (OCR) AMOUNT</b>			<b>60,000,000</b>	<b>1,232,144</b>	<b>2.1%</b>	
<b>MON-0594 Grant (GCF)</b>						
1	3201	All Works (Except Photovoltaic Solar Panels)	6,560,000	-	0.0%	
2	3202	Works (Photovoltaic Solar Panels)	5,340,000	-	0.0%	
3	3101	Consulting Service	5,290,000	543,493	10.3%	
4	4901	Unallocated	2,510,000	-	0.0%	
5	4801	Performance-based grants for eco-district climate change	30,300,000	-	0.0%	
6	9901	Advance account		955,900		
<b>TOTAL MON-0594 Grant (GCF) AMOUNT</b>			<b>50,000,000</b>	<b>1,499,393</b>	<b>3.0%</b>	
<b>MON-0595 Grant (HLTF)</b>						
1	3201	Works for SMART Monitoring	3,000,000	-	0.0%	
<b>TOTAL MON-0595 Grant (HLTF) AMOUNT</b>			<b>3,000,000</b>	<b>-</b>	<b>0.0%</b>	
<b>TOTAL ALLOCATION -ADB</b>			<b>228,000,000</b>	<b>5,171,517</b>	<b>2.3%</b>	



#	Category code	Type of expenses	Total amount allocated for	Total expenditure cumulative to 31 Dec 2022	Disbursement %
<b>MUNICIPALITY OF ULAANBAATAR - MON-3695 (COL)</b>					
1		Works (Green and Resilient Design and Supervision)	1,974,277	-	0.0%
2		Consulting Service	429,472	143,345	33.4%
<b>TOTAL MON-3695 (COL) AMOUNT</b>			<b>2,403,749</b>	<b>143,345</b>	<b>6.0%</b>
<b>MUNICIPALITY OF ULAANBAATAR - MON-8348 (GCF)</b>					
1		Works (Photovoltaic solar panels)	4,623,346	-	
<b>TOTAL MON-8348 (GCF) AMOUNT</b>			<b>4,623,346</b>	<b>-</b>	<b>0.0%</b>
<b>MUNICIPALITY OF ULAANBAATAR - MON-3694 (OCR)</b>					
1		All works (Except Green and Resilient Social Housing)	9,308,571		0.0%
2		Works (Green and Resilient Social Housing)	7,227,963	9,213	0.1%
3		Incremental PMO/PIU Administration	360,396	8,659	2.4%
<b>TOTAL MON-3694 (OCR) AMOUNT</b>			<b>16,896,930</b>	<b>17,871</b>	<b>0.1%</b>
<b>MUNICIPALITY OF ULAANBAATAR - MON-0594 Grant (GCF)</b>					
1		All works (Except Photovoltaic Solar Panels)	656,722		0.0%
3		Consulting Service	529,582	27,993	5.3%
<b>TOTAL MON-0594 Grant (GCF) AMOUNT</b>			<b>1,186,304</b>	<b>27,993</b>	<b>2.4%</b>
<b>MUNICIPALITY OF ULAANBAATAR - 0595 Grant (HLTF)</b>					
1		Works for SMART Monitoring	300,330	-	0.0%
<b>TOTAL MON-0595 Grant (HLTF) AMOUNT</b>			<b>300,330</b>	<b>-</b>	<b>0.0%</b>
<b>MUNICIPALITY OF ULAANBAATAR</b>					
1		Operation and maintenance (Public sector)	1,840,000	-	0.0%
2		Contengengies	7,740,000		
<b>TOTAL</b>			<b>9,580,000</b>	<b>-</b>	<b>0.0%</b>
<b>TOTAL ALLOCATION-MUNICIPALITY OF ULAANBAATAR</b>			<b>34,990,659</b>	<b>189,210</b>	<b>0.5%</b>

**Table 16 Cumulative Disbursements to 31 December 2022**

AGENCY	No.	WA No.	DATE	GRANT/LOAN No.	TYPE OF DISBURSEMENT	PURPOSE OF ADVANCE	APPLICATION AMOUNT
MUB	1	00001	2020-07-23	MON(OCR) 3694	Initial Advance	Salary payment for PMO/PIU staff	\$ 467,485.71
MUB	2	00002	2022-09-27	MON(OCR) 3694	Replenishment	Salary payment for PMO/PIU staff	\$ 437,949.21
MUB	3	00001	2020-07-23	MON(COL) 3695	Initial Advance	Project management and implementation support consulting fee	\$ 750,834.00
MUB	4	00002	2022-12-06	MON(COL) 3695	Direct payment	Project management and implementation support consulting fee payment for the period of 01 Jul 2021-30 Jun 2022	\$ 807,659.90
MUB	5	00001	2020-12-10	MON(EF) 0594	Direct payment	Deposit payment for Eco District Feasibility Development, Detailed Design, and Supervision and Policy Reform Support (EFDP)	\$ 313,186.86
MUB	6	00002	2021-12-14	MON(EF) 0594	Direct payment	Consultancy service fee for the period from Oct 2020-Sep 2021 for EFDP	\$ 230,306.20
MUB	7	00003	2022-09-14	MON(EF) 0594	Initial Advance	Advance for Eco District Feasibility Development, Detailed Design, and Supervision and Policy Reform Support (EFDP)	\$ 220,000.00
DBM-AMC	1	00001	2020-05-05	MON(EF) 0594	Initial Advance	Payment for Sustainable Green Finance Support	\$ 735,900.38
<b>Total received in disbursement as of December 31, 2022</b>							<b>\$ 3,963,322.26</b>

## 12.2 Projected Disbursements for 2023

The project's current projections for disbursements in 2023 totalling \$ 17.19 million are shown in Table 18 and the loan and grant disbursements are detailed below

**Table 17 Projected Disbursements for the year 2023**

Loan or Grant No.	Q1	Q2	Q3	Q4	Total
<b>L3694</b>	0.44	2.62	3.81	3.81	<b>10.69</b>
<b>L3695</b>	0.35	0.17	0.15	0.15	<b>0.83</b>
<b>G0594</b>	0.53	0.88	1.08	1.08	<b>3.57</b>
<b>G0595</b>	-	0.12	0.12	0.12	<b>0.36</b>
<b>L8348</b>	-	0.44	0.65	0.65	<b>1.74</b>
<b>Totals</b>	<b>1.32</b>	<b>4.22</b>	<b>5.82</b>	<b>5.83</b>	<b>17.19</b>

### L3694

- Q1. The amount of USD0.44m is estimated for PMO/PIU Administration cost.
- Q2. The total estimated cost of USD2.62m included the fencing at the Bayankhoshuu site by 100% and the initial payment of 20% for 5 packages of works for Social Housing and Infrastructure in the Bayankhoshuu & Selbe sub-centers.
- Q3. The total of USD3.81m included the payment of 30% for 5 packages of works for Social Housing and Infrastructure in the Bayankhoshuu & Selbe sub-centers.
- Q4. Same as comment in Q3.

### L3695

- Q1. The total of USD0.34m is planned for remuneration fee payments for 2 quarters and reimbursable expenses for 2020-2022 for PIMS and the initial payment of USD0.01m for Resettlement external monitoring fee .
- Q2. The estimated disbursement amount of USD0.15m for the PIMS payment and the remaining is included payment of USD0.02m for Resettlement external monitoring fee and Environmental External Monitoring fee.
- Q3. The estimated disbursement amount of USD0.15m for the PIMS payment.
- Q4. The estimated disbursement amount of USD0.15m for the PIMS payment and the amount USD0.01m is Environmental External Monitoring fee.

### G0594

- Q1. The estimated disbursement of USD0.53m for EFDP cost is planned.
- Q2. The estimated disbursements are USD0.20m for EFDP cost and USD0.39m for SGF's fee payment and USD0.29 for Green building facility grants for Social Housing in Bayankhoshuu and Sharkhad sub-centers
- Q3. The estimated disbursements are USD0.25m for EFDP cost and USD0.41m for SGF's fee payment and USD0.42 for Green building facility grants for Social Housing in Bayankhoshuu and Sharkhad sub-centers
- Q4. Same as comment in Q3.

### G0595

- Q1. N/A
- Q2. Total estimated cost of USD0.12m for Works for SMART Monitoring
- Q3. Same as comment in Q2.
- Q4. Same as comment in Q2.

**L8348**

- Q1. N/A
- Q2. Total estimated disbursement is USD0.44m for EDAF
- Q3. Total estimated disbursement is USD0.65m for EDAF
- Q4. Same as comment in Q3.

**12.3 Contract Awards and Procurement Plan - 2023**

Table 19 presents a summary of projected contract awards in 2023 that total in US\$ 19,050,000 as per the procurement plan updated in November 2022 during the ADB MTRM, of which ADB contribution amount calculated to US\$ 17,316,450. Due to the complexity of certain processes and partial fulfilment of 10 loan conditions, the contract awards planned for 2022, are pushed to the year of 2023 as shown in the table below:

**Table 18 Projected Contract Awards/Procurement Plan 2023**

No.	Loan No.	Package No.	Contract Description	Contract Nature (Goods/Civil Works/Consultant)	Previous Cost Estimates as per PAM (USD)	Revised Cost Estimates (USD)	Revised Cost Estimates (USD)	ADB Disbursement Percentage	Revised ADB Disbursement Percentage	Expected ADB Financing (USD)	Expected Date of Award (Q1/Q2/Q3/Q4)	Remarks
1	L3694/G0594	BYW.CW1	Construction of 110 Social Housing in Bayankhoshuu Sub-center	Civil Works	1,972,000	2,841,000	7,500,000	75.10%	90.90%	6,817,500	Q2	Cost estimates increased by 46% in line with Covid and inflation
2	L3694/G0594	SHD.CW1	Construction of 110 Social Housing in Sharkhad Subcenter	Civil Works	N/A	1,384,000	5,088,000	75.10%	90.90%	4,624,992	Q2	Cost estimates increased by 46% in line with Covid and inflation
3	L3694	BYW.CW2	Urban facilities, Secondary networks in Bayankhoshuu	Civil Works	948,000		824,000	70.00%	90.90%	749,016	Q2	Package splitted into two packages and cost increased by 46% in line with Covid and inflation and modified during ADB mission in Oct 2021
4	L3694	BYW.CW2	Secondary and Tertiary Roads and Landscaping in Bayankhoshuu	Civil Works			700,000	70.00%	90.90%	636,300	Q2	
5	L3694	SHD.CW2	Urban Facilities, Secondary and Tertiary Roads, Networks and Landscaping in Sharkhad Sub-center	Civil Works	N/A		1,450,000	70.00%	90.90%	1,318,050	Q2	New package added during ADB mission in Oct 2021
6	L3694	BYW.SHP1	Fencing for Bayankhoshuu site	SPH		71,000	88,000	70.00%	90.90%	79,992	Q1	New package added during ADB mission in Oct 2021, the estimated amount increased and approved by ADB MTR in 2022.
7	G0595	SMCC	Works for SMART Monitoring	Plant			3,000,000	100.00%	90.90%	2,727,000	Q2	
8	L3695	REXM	Resettlement external monitoring	Consultant	200,000		200,000		90.90%	181,800	Q1	New package added during ADB mission in Oct 2021
9	L3695	ENVI.EXM	Environmental external monitoring	Consultant			200,000		90.90%	181,800	Q2	New package added during ADB mission in Oct 2021

The contract award for the package SHD.SHP1 Fencing for Sharkhad site is pending due to the partial fulfilment of precedent disbursement conditions;

The packages BYW.CW2-001, REXM and EEXM are being evaluated at the time of writing and subject to certain clarifications from the participating entities as part of the evaluation.

The package BYW.CW1 is approved by ADB and pending PSC approval for advertisement.

For the remaining packages of SHD.CW1, BYW.CW2-002 and SHD.CW2, completion of detailed engineering design is pending.

For the package of SMCC, the ToR is yet to be developed and the requirements to be determined.

For the year of 2023 following procurement management activities are planned:

1. The current procurement plan will be updated with minor changes as per the comments for each package.
2. All contract awards planned for 2022 are expected to be made in Q1 2023 and the contract award for the remaining procurement packages will happen by the end of May in accordance with austerity law and PSC ordinance.
3. The contract management module will be set up, tested and operationalized in the accounting software system, for regular use.
4. The contract management plan will be put in place for tracking contract administration processes and contract closure.

#### 12.4 Consultancy Cost Projection – 2023

**Project Implementation and Management Support (PIMS)**- The consulting contract was commenced on June 10, 2020, for 6 years. The consultancy fee cost is estimated to be 55% of the accumulative amount as of December 2023 within 2.5 years since the commenced date

**Detailed Design and Supervision Support and Eco District Feasibility Development and Policy Reform Support (EFDP)**- The contract was commenced on July 24, 2020, and the contract performance will be achieved by 36% at the end of the year.

**Sustainable Green Finance Support (SGF)**- The contract was commenced on April 10, 2020, it will be finished by the end of 2023.

**Resettlement External Monitoring (REXM)**- It is in negotiation process and total of 10% of the contract amount to be paid in 2023.

**Environmental External Monitoring (EEXM)**- It is in evaluation process and total of 10% of the contract amount to be paid in 2023.

Table 20 presents a summary of consultancy expenditures to date and a projection for 2023

**Table 19 Consultancy Cost Projections - 2023**

Package Number	Agreement No.	Financier	Financier %	Estimated value	Procurement Status	DEPOSIT PAID			INVOICE PAYMENTS AS OF DECEMBER 31 2022					PAYMENTSCHEDULE FOR 2023					CUMULATIVE AS AT DEC 31 2023
						Paid	Instalment	Remaining as of Dec 31 2022	Invoice amount	Transferred amount	Exempted from VAT	Remaining payment by MUB	Remaining payment by ADB	Q1	Q2	Q3	Q4	TOTAL FOR 2023	
<b>1. Project Implementation and Management Support</b>																			
PIMS	3695-MON (COL)	ADB	100%	4,291,328	Awarded		-		1,433,449	1,433,449									
		MUB	10%	429,133					143,345	-	143,345	-			47,000	15,000	15,000	15,000	92,000
Total				4,720,460	Completion %			33%					11%	3%	3%	3%	21%	55%	
<b>2. Detailed Design and Supervision Support and Eco District Feasibility Development and Policy Reform Support</b>																			
EFD	3695-MON (COL)	ADB	86.5%	1,730,000	Awarded														
		MUB	13.5%	270,000		313,187	208,800	104,387	651,296	439,735			2,761	531,249	203,100	245,430	245,430	1,225,209	1,873,744
EFD	0594-MON (EF)	ADB	90.9%	3,451,473	Awarded				65,201										
		MUB	9.1%	345,527							27,993	37,208	2,761	53,183	20,332	24,570	24,570	122,656	150,649
Total				5,797,000	Completion %			12.6%					10%	4%	5%	5%	24%	36%	
<b>3. Sustainable Green Finance Support</b>																			
SGF	0594-MON (EF)	ADB	90.9%	1,934,154	Awarded				310,419	310,451			(32)	405,926	405,926	405,926	405,926	1,623,703	1,934,154
		MUB	9.1%	193,628					31,044	-	-	31,044			40,593	40,593	40,593	40,593	162,370
Total				2,127,782	Completion %			16%					21%	21%	21%	21%	84%	100%	
<b>4. Resettlement external monitoring</b>																			
REXM	3695-MON (COL)	ADB	90.9%	181,800	In contract negotiation									9,090	9,090			18,180	18,180
		MUB	9.1%	18,200												910	910		
Total				200,000	Completion %								5%	5%			10%	10%	
<b>5. Environmental external monitoring</b>																			
ENV/EXM	3695-MON (COL)	ADB	90.9%	181,800	In evaluation									9,090			9,090	18,180	18,180
		MUB	9.1%	18,200												910		910	1,820
Total				200,000	Completion %								5%			5%	10%	10%	
<b>TOTAL ESTIMATED BUDGET</b>		ADB		11,770,554		313,187	208,800		2,395,165	2,183,635			2,729	1,416,265	777,206	801,356	810,446	3,805,272	6,197,707
		MUB		1,274,688		-	-		239,590	-	208,546	31,044	2,729	141,686	77,745	80,163	81,073	380,666	583,048

## 12.5 Financial and Procurement Management

During 2023, the following financial management activities are planned as listed in Table 21.

**Table 20 Planned Financial Management Activities – 2023**

Plan ref	Task	Expected interventions
1.1.13	Monitor physical and financial progress of the project and promptly report significant deviations from the budget	Monitoring and recording transactions as they happen will continue over the next reporting period.  Control or reporting issues will be identified, analysed and recommendations for their resolution put forward.
2.1.1	Develop financial management plans, budgeting, financial statements and reports etc.	Local annual financial statements for the year ended December 31 2022 for MUB and MOF will be prepared and submitted by Jan 25 2023.  Audited project financial statements for the year ended 31 Dec 2022 will be submitted by May 01, 2023.
2.1.2	Develop and implement on-the-job training programs on ADB's disbursement policies	Training in the preparation of local reports and financial statements and ADB reports will be delivered during Q1 2023.
2.1.4	Prepare and finalize Financial Management Manual	The Financial management guideline will be finalized by the end of Q2 2023.
2.1.5	Preparing project budgets and financial targets	The annual budget proposal for 2024 will be prepared by July 25, 2023. After approval the detailed feasibility study on Phase I and the project budget will be updated.  The project budget will be kept under review and PIMS projections can form the basis of any required reforecast(s) for the next 6-month period.

Plan ref	Task	Expected interventions
2.1.6	Provide systematic on-going financial business process support to the PMO and define training needs	Analysis of PMO training needs is carried out in situ and on an ongoing basis. This tendency will continue into the next reporting period. Where there is a need for intervention, PIMS specialists will schedule trainings in Q1-Q2, 2023.
2.1.7	Procure accounting software to ensure effective and efficient accounting, monitoring and reporting of all financial transactions	All data transfer into the software will be made within Q1 2023 with reconciliation controls to ensure that all data is transferred and the required financial reports can be produced and are complete and accurate.
2.1.8	Provide support for the configuration of an electronic accounting system for the project	The semi-annual and annual financial statements of 2023 will be prepared using the accounting software.

## 13. Compliance with Loan Covenants

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There are 10 specific conditions in the Loan Agreement MON-3694 (OCR) which should be met before any loan or grant advances can be made by ADB. The project implementation documents consist of the various template agreements and documents to be reviewed and acceptable to ADB and which are conditions for loan disbursements. No withdrawals shall be made from the Loan Account for Goods and Works category until the conditions have been met.

Each of the agreements have been written in partnership with respective partners and shared. By mid-January 2023 all 10 conditions have been submitted to MUB from PMO. These in turn will be submitted as draft final for review by ADB's General Counsel.

An overview of the changes made during 2022 is presented in Table 22 and includes the following:

**Condition (a)** the subsidiary loan agreement for the loan component, was split into two - to represent the different loan modalities. The first part of condition (a) has been duly executed and delivered and shall become legally binding. This was completed in Q3 of 2022.

For the second part of the subsidiary loan agreement, the project comprises 3 Loan agreements, and 2 Grant agreements. The third loan agreement (LA 8348 (EF)) comprises of the GCF loan (US\$95m, of which \$75.7m is for EDAF - should be invested directly from MOF to EDAF. The remaining US\$19.3m is for Solar PV, which MoF wishes to transfer responsibility of repayment to MUB. Therefore, the \$19.3m requires a subsidiary loan agreement between MoF and MUB. The SLA allows allocation of funds to MUB. In September 2022 PMO issued an official letter to the Capital City Housing Policy Agency which delivered an official letter to MUB requesting to take measures to establish a subsidiary loan agreement between MUB and MOF. During the ADB mid-term review mission, MUB confirmed its commitment to establish the SLA and its intention to do so once the need for use of this fund arises.

**Conditions (b) and (c)** "Land and Asset Swap Agreement is acceptable to ADB is in place" and condition C "a template Housing Arrangement Agreement acceptable to ADB is in place" has been prepared by PIMS in partnership with stakeholders, including PMO. The agreement was translated into English and is ready for submission to ADB.

**Conditions (d), (e), (f), (g) and (h)** have been "accepted" by ADB. However, these loan conditions and individual agreements will come into place once EDAF is 'legally established' in February 2023 upon agreement by MoF. The DFS prepared by EFDP will, to some extent, illustrate the financial viability of the project.

**Conditions (h)** At the time of writing this Annual report, January 2023, this condition was completed. This is being developed in parallel with discussion on the design of the project and the evidence and requirements for this condition is becoming apparent as the design and engineering team develops the DED and DFS for Phase 1, pilot project



**Table 21 Conditions Precedent for Disbursements from Loan Accounts**

No	Conditions precedent for Disbursements from Loan Accounts	Status	Remarks	Reason for Delay	Steps to Complete	Planned completion Date
	a) the Subsidiary Loan Agreement has been duly executed and delivered and shall have become legally binding;	Complete	i)The Subsidiary Loan Agreement covering LA 3694-MON and LA 3695-MON (COL) was executed between MOF and MUB on 15 <sup>th</sup> May 2020 and is legally binding. ii) Funding allocated for upcoming Civil Works will be withdrawn from LA 3694-MON.	NA	NA	NA
		In progress	<p>AHURP consists of 3 Loan agreements, 2 Grant agreements.</p> <p>The third loan agreement LA 8348 (EF) is the GCF loan (US\$95m). Of this amount \$75.7m is for EDAF - should be invested directly from MoF to EDAF.</p> <p>The remaining US\$19.3m loan is for Solar PV-should be loaned to MUB from MoF. Therefore, the following is required:</p> <p>i) MoF is transferring responsibility of repayment to MUB. Therefore, the \$19.3m loan requires a subsidiary loan agreement between MoF and MUB to allow allocation of funds to MUB. Measures are underway by PMO to establish a subsidiary agreement for US\$19.3m which should be lent to MUB</p> <p>i) PMO issued an official letter to the Capital City Housing Policy Agency who delivered an official letter to MUB requesting to take measures to establish a subsidiary loan agreement between MUB and MoF.</p>	<p><b>1.Development Bank of Mongolia Asset Management SC (DBM AMC) was liquidated</b></p> <p>1a. The establishment of EDAF was delayed as because the Government of Mongolia liquidated the “DBM Asset Management SC” LLC*</p> <p>1b. The decision to reverse the liquidation of DBM AMC was made 18 August 2021.**</p> <p>1c. DBM AMC new structure was approved 23rd November 2021.</p> <p><b>2. The subsidiary loan agreement was delayed since the loan must be split into two, and MUB does not see an immediate need for establishing the SLA</b></p>	<p>Establish EDAF</p> <p>1a. DBM AMC is seeking confirmation from MoF to establish EDAF and negotiate the management agreement.</p> <p>1b. Once DBM AMC LLC and MOF agree on the management agreement, the application to establish EDAF will be submitted to Financial Regulatory Committee.</p> <p>Subsidiary Loan Agreement (SLA)</p> <p>2a. The adequate timeline for establishment of SLA is being discussed between MUB and PMO.</p> <p>2b. The Capital City Housing Policy Agency is to support on the establishment of the SLA.</p> <p>2c If needed, MOF will make counterparty evaluation.</p> <p>2d. MUB and MOF will negotiate terms of SLA.</p>	<p>February 2023</p> <p>Formal establishment of EDAF</p> <p>September 2023 (signing of the SLA)</p>

No	Conditions precedent for Disbursements from Loan Accounts	Status	Remarks	Reason for Delay	Steps to Complete	Planned completion Date
2.	b) a template Land and Asset Swap Agreement acceptable to ADB is in place;	Complete	Draft is prepared in English and Mongolian		Submit to ADB for review	January 2023
3.	c) a template Housing Arrangement Agreement acceptable to ADB is in place;	Complete	Draft is prepared in English and Mongolian		Submit to ADB for review	January 2023
4.	d) the EDAF lending policies and guidelines acceptable to ADB are in place;	Complete	Draft was submitted to ADB by PIU on 28 <sup>th</sup> January 2021.	Development Bank of Mongolia Asset Management SC (DBM AMC) was liquidated therefore EDAF could not be legally established.	1. Secure ADB concession on conditional acceptance of the initial draft although the EDAF is not legally established.  2. Finalize the documents upon establishment of EDAF	December 2022
5.	e) a template participation agreement between AMC and a Qualified Commercial Bank acceptable to ADB is in place;	Complete	Initial draft was submitted to ADB by PIU on 28 <sup>th</sup> January 2021.	Development Bank of Mongolia Asset Management SC (DBM AMC) was liquidated therefore EDAF could not be legally established.	1. Secure ADB concession on conditional acceptance of the initial draft although the EDAF is not legally established.  2. Finalize the documents upon establishment of EDAF	December 2022
6.	f) a template sub-loan agreement between a Qualified Commercial Bank and a Qualified Developer acceptable to ADB is in place;	Complete	Initial draft was submitted to ADB by PIU on 28 <sup>th</sup> January 2021.	Development Bank of Mongolia Asset Management SC (DBM AMC) was liquidated therefore EDAF could not be legally established.	1. Secure ADB concession on conditional acceptance of the initial draft although the EDAF is not legally established.  2. Finalize the documents upon establishment of EDAF	December 2022
7.	g) a template mortgage agreement for Affordable Housing	Complete	Initial draft was submitted to ADB by PIU on 28 <sup>th</sup> January 2021.	Development Bank of Mongolia Asset Management SC (DBM AMC) was liquidated therefore	1. Secure ADB concession on conditional acceptance of the initial draft although	December 2022

No	Conditions precedent for Disbursements from Loan Accounts	Status	Remarks	Reason for Delay	Steps to Complete	Planned completion Date
	Units between a Qualified Commercial Bank and a Qualified Homebuyer acceptable to ADB is in place;			EDAF could not be legally established.	the EDAF is not legally established.  2. Finalize the documents upon establishment of EDAF	
8.	h) a template legal agreement among MUB, AMC and a Qualified Developer setting out the parameters of Affordable Housing Units acceptable to ADB is in place;	Complete	Initial draft is developed and can be finalized with inputs from relevant parties.		2. Submit to ADB for review 3. Approval from MUB	January 2023
9.	i) a procurement template based on commercial practices for the selection and supervision of Qualified Developers acceptable to ADB is in place; and	Complete	The developer selection guideline was prepared and submitted to ADB in December 2022. ADB comments are being addressed.	Development Bank of Mongolia Asset Management SC (DBM AMC) was liquidated therefore EDAF could not be legally established.	The revised version to be submitted to ADB for review.	February 2023
10	j) an ESMS is established by each Qualified Commercial Bank acceptable to ADB and such Qualified Commercial Bank has appointed relevant qualified officers to implement such ESMS.	Complete	Commercial Banks need to be identified.  But as a basis for preparation ESMS template is completed and Xasbank is confirmed as a sample.	“Legal establishment” of EDAF required.	1. Identify Commercial Banks 2. Assess ESMS of each bank	N/A

## 14. Key Implementation Issues and Solutions

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During 2022 the following project implementation issues have emerged that require attention during 2023, to avoid significant project delays. Many of the issues below need to be addressed in Q1 2023.

**1. Cost.** The foremost issue to the viability of the project is cost escalation threatening the affordability and commercial viability of the project. Cost increases imply changes in the project scope and definition of potential alternative options. During parts of 2022, exponential cost increases of materials triggered even the question of closing down the project.

**2. EDAF.** The second most crucial issue and related to cost above is the delay to establish EDAF. Shareholder's prudence in establishing EDAF has meant the deadline to establish by November 2022 passed with a request by MOF to seek project viability – not in the pilot project of phase one but in the delivery of a DFS. MOF considered the existing institutional capacity constraints a hindrance to invest in the private equity fund and expressed preference to follow existing practices of on-lending the loan proceeds to commercial banks directly.

**3. VLS process:** The third most critical issue is the viability of the VLS as a mechanism to obtain land for housing units in an 'heated' housing market.

There was hesitation to share final figures with residents in BKH N4. This delayed the consultation process of sharing house prices of BKH 110 units. Because of this there is no confirmed willingness to participate from N4 residents on how to use the BKH 110 housing units. Various teams must come to the same page and reach a consensus to determine next steps.

**4. EFDP (SSJV) Management:** The consultancy restructuring proposal preparation is taking significant time. Informal submissions by SSJV have been rejected by PMO who have requested a formal submission of a complete proposal to restructure which can demonstrate all outputs can be achieved within budget with the proposed resources and is possible given the current contractual arrangement. A revised restructuring plan is expected to be submitted to PMO in January 2023 by EFDP which is to be finalised in Q1 2023. Technical gaps remain in the team's expertise.

**5. Project Steering Committee:** The Project Steering Committee (PSC) met late November after the ADB MTRM (October 2022) to discuss the project annual workplan, financial plan and procurement plan along with major project implementation matters including the recommendations of the ADB midterm review mission. One recommendation from the midterm review mission was to improve engagement between the IA and EA and consultancy teams with the PSC. Improvements will happen twofold: firstly, increase the number of meetings and ensure the attendance of committee members. Secondly, the formation of a Working Committee to sit underneath of the PSC to provide more regular oversight and technical review. This would enable the PSC to make essential decisions more easily as the process and technical matters would have been discussed at length, prior to reporting to the PSC.

The third PSC meeting is scheduled for Q1-2023 to make decisions on the important aspects such as site selection and perimeter definition, issuance of the procurement packages for the housing units in Bayankhoshuu and Sharkhad as well as the developer selection process and legal arrangements with developers, and residents.

**6. PMO Vacancies:** Critical positions are vacant at PMO: social, gender and communication specialist, administrative officer, legal expert, and environmental specialist. The vacancies oblige the existing experts to fill the gaps.

**7. Planning and Design Approvals:** planning and design of the first BKH Fast Track Social Housing including infrastructure and public space development is completed with formal approvals from GOM, MUB and ADB. Approval times can be lengthy and disrupt Work Plan objectives. The detailed engineering design for the first 110 housing units and associated infrastructure facilities, is close to be finalized. Lack of existing electrical power for Sharkhad phase 1 project: It requires the extension of the sub-station of 110/10kVt 2\*16MVA. A solution needs to be found either at the GOM or MUB level or the project level.

## 15. Tasks Planned for the Next Reporting Period

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### Major Implementation Tasks

- Establish and operationalize EDAF;
- Organize consultations with N4 residents in Bayanhkoshuu to disclose the swapping price of the housing units to be built on the BKH B15 site and initiate the negotiations with them;
- Conclude contract with a contractor for the infrastructure facilities for the B15 site in BKH;
- Advertise the procurement package for the 110 housing units on B15;
- Complete DED for the 110 housing units and infrastructure facilities on Sharkhad site;
- Undertake information and consultation activities for the residents of the subsequent sites

Table 23 – Summary of Annual Work Plan - illustrates the major planned tasks and related timelines for 2023 relating directly to the project's DMF.

**Table 22 Major Tasks - 2023**

Project Outputs	Planned activities in 2023	2023											
		Q1			Q2			Q3			Q4		
		1	2	3	4	5	6	7	8	9	10	11	12
<b>Output 1. Resilient urban infrastructure, public facilities, and social housing units in ger areas constructed (public sector component)</b>	Develop the feasibility study for eco-district development in stages												
	Complete the construction of 110 housing units on B15 site in Bayankhoshuu												
	Complete the construction of first 110 housing units in Sharkhad												
	Develop voluntary land swapping plan for Bayankhoshuu and Sharkhad sub-project areas and obtain necessary approvals												
	Conduct resettlement external monitoring activities in Bayankhoshuu and Sharkhad sub-project areas												
	Organize a consultation and communication activities to identify subsequent project sites												
	Develop the DED for the first 56 housing units and facilities in Selbe eco-district area and obtain the necessary approvals												
	Complete the civil works for the secondary connection infrastructure for Bayankhoshuu B15 site												
	Select contractor (s) for the civil works of the secondary connection infrastructure, networks and buildings and facilities on Bayankhoshuu B13 site												
	Carry out the construction of 336m2 multi-storey greenhouse attached to housing units on the site B15												
	Carry out the construction of 252m2 nursery greenhouse next to the 110 housing units on the site B15 in Bayankhoshuu												
	Carry out the construction of 54m2 greenhouse on the rooftop of the 110 housing units in Sharkhad												
<b>Output 2. Long-term financing to developers for low-carbon affordable housing, market-rate housing, and economic facilities in ger areas and to households for green mortgages increased</b>	Select the private sector developers to develop phase I eco-districts in the vacated sites and non-vacated sites in Bayankhoshuu and Sharkhad sub-centres where the basic studies are conducted.												
	Initiate the civil works for affordable green housing to be developed by the private developers on the site B13 in Bayankhoshuu												
<b>Output 3. Sector policy reforms implemented and capacity strengthened</b>	Organize thematic trainings, and campaigns on the women's ownership of assets and housing for the residents of Bayankhoshuu and Sharkhad sub-projects area												
	Organize activities to increase knowledge and understanding of international best practices and standards in the field of green building and Eco-district standards												
	Develop the DED of the buildings and facilities for phase 1 eco-districts in compliance with EDGE requirements												

## Communications and Community Engagement

The tasks planned for 2023 for Community Engagement and Stakeholder Communication and for Social Inclusion and for Gender and Social Inclusion include:

### Community Engagement and Stakeholder Communication

- Complete the socio-economic survey and final design consultations in Sharkhad.
- Increase stakeholder engagement with residents, khoroos, municipality in both Bayankhoshuu and Sharkhad including updating social media platforms.
- Undertake other stakeholder communication events in collaboration with PIU/EDAF such as private sector engagement.
- Gather information on AHURP progress/plans from other specialists and update website.
- Establish AHURP information center in Sharkhad and continue to disseminate project information through the Bayankoshuu Incubator Center.
- Disseminate information about training opportunities from GADIP and other programs.
- Develop new publications, presentations and video to promote the program such as printing materials, social media posts and infographics, photos, videos, etc.
- Organize community consultation meetings on final designs at Sharkhad site.
- Conduct the youth design contest according to the planned concept.

### Gender and Social Inclusion

*SGAP Output 1: Resilient urban infrastructure, public facilities, and social housing units constructed & Output 2 Low carbon affordable housing constructed (FIL Component).*

- Ensure universal and gender-sensitive features in the design of public facilities and social housing units throughout the planning, contracting, and construction phases.
- Interact with women and vulnerable groups and ensure their inclusion in design consultations; document their feedback and ensure information is channelled to technical team.
- Continue to provide inputs to technical design team on gender-responsive design features for final designs.
- Provide inputs to estimate types, sizes, and uses to be allocated to commerce, social amenities, schools etc. and provide inputs to urban planning technical team for final designs.
- Train for and conduct participatory monitoring of construction works.
- Undertake skills assessments, identify training programs and design local construction employment programs under AHURP that target women.
- Continue the gender-sensitive outreach and awareness campaigns to promote women's housing ownership rights.
- Start active operation of the GRM working group.

### *Output 3 – Sector policy reform and enhance institutional capacity*

- Enhance capacity of staff in gender/SGAP monitoring.
- Develop concepts and further research on communities interested in job opportunities raised from eco-district economic activities and MSME training for business development in the eco- districts.
- Further research on greenhouse management in Ulaanbaatar based on real cases and developing an official concept note.

## Phase 1 Eco-District Detailed Feasibility Study

Despite limited human resources currently working, EFDP has progressed with the updates of the prefeasibility study for the Phase 1 and developed a business plan with different options



for the phase 1 project. The team is preparing to get it reviewed by an independent committee of experts under the Ministry of Construction and Urban Development in the quarter 2, 2023.

### **BKH Phase 1**

EFDP will concentrate on preparing this package through all planning, design, tendering, contracting and approval stages required to attempt to commence construction in 2023.

### **Training and Capacity Building**

Stakeholder Needs Assessment is on-going and will continue through 2023. The focus is to expand the capacity building activities to external stakeholders. A comprehensive plan for the capacity building activities in 2023 will be developed under the coordination of PIMS.

## 16. Actions Required by Each Party for 2023

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### 16.1 Project Steering Committee

The project steering committee needs to convene a follow-up meeting early February to provide guidance on the following matters:

- Site identification and perimeter definition.
- Phase I DFS review and approval
- Developer selection process review and approval
- Review and approve EDAF funding principles
- Approve the advertisement of procurement package for first 110 HU in BKH

### 16.2 Executing Agency/ PMO

- Review, comment on, share with ADB and approve all project documentation prepared and submitted by the consultants.
- Establish a quarterly project team meeting (ADB, PMO, PIU, PIMS, EFDP, SGF) arrangement to ensure enhanced coordination and information sharing among the project stakeholders
- Coordinate with PIU for the implementation of output 2 activities for Phase I
- With PIMS guidance work closely with EFDP, to operationalize the restructuring of the consultancy service and to enhance performance toward DFS and sector policy reform activities
- Encourage regular and timely Project Steering Committee meetings and get a Project Working Committee established to serve as a subordinating body to the PSC.

### 16.3 Implementing Agency / PIU

- Submit the latest Fund regulatory documents to MoF for fund unitholders' review and approval.
- Register the fund with the financial regulatory commission (FRC) and enter into an asset management agreement with MoF.
- Lead the selection process of real estate developer(s) for the pilot areas.
- Enter into participating agreement with qualified commercial banks.
- Develop and procure necessary fund management software and hardware to operationalize the fund.
- Continue AMC capacity development program under the SGFS.

### 16.4 PIMS

- Expand the operationalisation of the PPMS.
- Update of project business plan, analysis, and economic estimates for the phase 1 and subsequent phases in accordance with the current socio-economic situations and identification of viable alternative options that enable viability of the project;
- Finalise operationalisation of Financial Management software;
- Continue providing management guidance to PMO as they deal with EFDP management and capacity issues and navigate their way through the numerous ADB project process requirements.

- Provide on-going guidance to EFDP for Phase 1 as it proceeds through various stages of planning, procurement, design and approval leading towards a planned April 2023 construction start date.
- Support Pre-qualification of developers as part of the procurement process with PMO, PIU and EFDP.
- Support in the consultation and willingness to participate surveys prior to civil works in phase I sites in BKH and SKH
- **Community engagement:** carry out the tasks listed under PIMS in the Community Engagement and Stakeholder Communication work plan in particular to develop project promotion and safeguard materials for dissemination to the community, MUB and other stakeholders and animate various platforms (website, social media, workshops, consultations) to share project information and engage feedback from stakeholders on project design.
- **Gender and social:** carry out the tasks listed under PIMS in the Gender and Social Work plan in particular assessments, maintaining socio-economic information and outreach activities for women and vulnerable groups, planning, capacity building and monitoring of the AHURP SGAP
- Continue Training and Capacity Building program.

## 16.5 SGFS

Castalia' SGFS Work Plan for 2023 is presented below in Table

**Table 24 23 SGFS Work Plan - 2022**

Deliverable <sup>3</sup>	Deliverable Name	Indicative Activity Description (defined further as the project progresses to consider needs and limitations)
<i>Phase I-A: EDAF Establishment and Management / Part Two: EDAF Management</i>		
D10:	Prepare a list of commercial banks eligible to partner with qualified real estate developers	- Assess commercial banks against the eligibility criteria (D12) - Identify a list of qualified commercial banks
D11:	Prepare Real estate developer selection and eligibility criteria	- Establish eligibility and selection criteria for real estate developers, which may include financial requirements, collateral requirements, due diligence requirements, climate resilient housing requirements, and bankability requirements
D13:	Undertake financial evaluation and the final selection of the real estate developers' proposals	- Work with PMO to select developers
D14:	Undertake selection of developer proposals	
<i>Phase 1-B: Project Implementation Support / Part One: Institutional and operational support</i>		
D22:	Establish and Implement QA and QC systems	- Assist the PMO and PIU in establishing and implementing a quality assurance (QA) and quality control (QC) system (PIU focusing on EDAF's system which may be integrated into PMO's overall system)

<sup>3</sup> The deliverables in this table are not being produced in the strict order of their numerical value.

<i>Phase 1-B: Project Implementation Support / Part Two: Financial and Procurement Management</i>		
D24:	Develop EDAF financial management and accounting system	<ul style="list-style-type: none"> <li>- Review the fund's accounting and auditing needs and reporting requirements and the appropriate mechanisms for responding to these requirements</li> <li>- Develop and continually update the EDAF's Financial Management and Accounting system in accordance with the Financial Management Action Plan</li> </ul>
D25:	Develop EDAF policies and financing system	<ul style="list-style-type: none"> <li>- Develop the necessary documents, procedures, guidelines, and templates</li> </ul>
D26:	Develop Bidding documents	<ul style="list-style-type: none"> <li>- Prepare template bid documents</li> </ul>
D27:	Develop Risk management plan and system	<ul style="list-style-type: none"> <li>- Develop and implement a risk management system</li> <li>- Incorporate the appropriate monitoring tools for procurement performance into the EMIS and PPMS</li> <li>- Submit relevant reports</li> </ul>
D28:	Develop Project procurement plan	<ul style="list-style-type: none"> <li>- Implement and regularly update the project procurement plan and system</li> <li>- Develop plan for procurement of goods, works, equipment and its installation, and other procurement activities</li> <li>- Submit relevant reports</li> </ul>
<i>Phase 2: Sector Capacity Development and Policy Reforms for Sustainable Green Finance</i>		
<i>Part 1: Policy and Sector Reforms Related to Green Finance</i>		
D38:	Develop a roadmap including a 10-year strategic implementation plan	<ul style="list-style-type: none"> <li>- Assess current policies and legal environment</li> <li>- Consult with stakeholders</li> <li>- Develop a 10-year policy recommendations strategic roadmap and sector capacity development plan</li> </ul>
D39:	Develop an implementation plan for policy reforms	<ul style="list-style-type: none"> <li>- Develop implementation plan to develop policy and sector reforms related to green finance to attract foreign direct investment (FDI) from multilateral, bilateral and private individual investors to grow the investment fund market</li> </ul>
D40:	Undertake policy sector evaluation	<ul style="list-style-type: none"> <li>- Conduct evaluation, analysis and studies on international best practices and lessons learned on green and sustainable finance</li> </ul>
D42:	Develop financial mechanism, products, and services for green affordable housing for targeted groups	<ul style="list-style-type: none"> <li>- Develop green financial mechanism, including possible products and services - mortgages, equity loans, securitization, etc</li> <li>- Develop green MBS from the affordable housing unit mortgage portfolio and provide relevant reports</li> </ul>
D43:	Develop legal and policy framework documents and other relevant guidelines	<ul style="list-style-type: none"> <li>- Develop proposal to improve the legal environment for investments</li> </ul>
D44:	Provide progress guidelines of recommendation and relevant document	<ul style="list-style-type: none"> <li>- Underwrite and issue green mortgage-backed security (MBS) in cooperation with DBM and qualified commercial banks and provide relevant reports</li> </ul>
D45:	Sex-disaggregated project performance and management system	<ul style="list-style-type: none"> <li>- Develop sex-disaggregated project performance and management system and provide relevant reports</li> </ul>
D46:	Develop charters, policies, guidelines, and procedures for the future investment funds	<ul style="list-style-type: none"> <li>- Study and introduce international best practices and lessons learned on green and sustainable finance</li> <li>- Develop the necessary documents to set up and institutionalize future investment funds in Mongolia</li> </ul>

<i>Part 2: Development of a Sustainable Green Investment Brand for Mongolia</i>		
D47:	Develop investor outreach strategy	- Develop investor outreach strategy - Hold stakeholder discussions and collaborations
D48:	Develop sustainable green investment label for Mongolia	- Develop strategy for sustainable green investment label - Conduct discussions with relevant parties and develop relevant reports
D49:	Support development of functional environment, social, and governance (ESG) system	- Develop ESG evaluation, management, monitoring and reporting system tailored to Mongolia, targeted towards organizations, projects, initiatives and investment funds that are striving towards attracting sustainable green finance
D50:	Develop planning concepts for commercial banks, local communities, and developers	- Develop integrated and participatory planning concepts to the qualified commercial banks, local communities and developers and support the parties to establish clear communication channels
D51:	Fundraising, marketing and communications strategy, standards and guidelines	- Support the PIU in the development of fundraising, marketing and communications strategy, standards, and guidelines, which will set the foundation for fund raising mechanism for the project and other subsequent green projects
D52:	Develop a website	- Assist PIU in developing website for public information purposes and contracting third party service providers
D53:	Hold communication programs and information campaigns	- Hold consultations, organization of communication programs, and information campaigns marketing the Sustainable Green Investment Brand for Mongolia
<i>Part 3: Development of a Sustainable Green Project Qualification and Selection System</i>		
D54:	Develop documents and systems for projects' selection, establishment and management	- Develop standards, guidelines, and regulations for green project qualification and selection system for the use of future green projects that adhere to international and national standards - Development of systems for establishment and management of projects
D55:	Develop environmental, social and governance valuation, management, monitoring and reporting systems	- Develop an ESG valuation, management, monitoring systems, and reporting system in cooperation with PMO consultants and relevant stakeholders

Source: SGFS

## 16.6 EFDP

- Resolve restructure process by Q1 2023.
- Resolve team management and resource issues including procurement of several missing national and international experts.
- Complete all stages of planning, design and procurement to begin construction of Phase 1 by Q2 2023.
- Continue engagement with private sector developers throughout 2023 to obtain their planning and design inputs to Eco-District planning and requirements for their investment in Affordable and Market Housing.
- Finalise Phase 1 Detailed Feasibility Study with guidance from PMO and PIMS. This includes Conceptual and Preliminary Design for Social, Affordable and Market Housing. The latter two rely upon PIU fully engaging private sector developers and commercial banks to obtain their required DFS inputs.

- **Community engagement:** continue the tasks listed under EFDP in the Community Engagement and Stakeholder Communication work plan as development of Bayankhoshuu continues, Sharkhad begins.
- **Gender and social:** continue the tasks listed under EFDP in the Gender and Social Work Plan as development of Bayankhoshuu continues, Sharkhad begins

### 16.7 ADB

- Continue active participation and technical guidance to all AHURP full-team meetings with reference to ADB expectations, protocols, technical requirements, as well as coordination with the expectations of the protocols and technical requirements of the Green Climate Fund (GCF).
- Provide timely comments on all project documentation as/when delivered by PMO.
- Assist as possible with resolution of GOM issues including the establishment of EDAF before the February deadline, as stated in the MOU.

## 17. Conclusion

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AHURP made good progress during the second half of 2022 with significant gains made in a number of areas. A change in both PIMS and EFDP leadership and Deputy team leadership, followed by mobilisation of international staff throughout 2022 brought together an erstwhile remote team and project to produce a number of deliverables required for Output 1.

The renewed impetus resulted in substantial progress with Bayankhoshuu urban planning, infrastructure assessment and Social Housing design. Furthermore, the performance of compliance to safeguards, and operationalising the Social and Gender action plan is on track. Extensive work on the voluntary land swap has been continuous and on track. How the VLS performs in the Phase 1 will be critical to the success of the project. Depending on the VLS is received, other options must be considered and shared prior to the Special review Mission to be held in 2023.

The ADB MTRM enabled to the project to ‘reset’ - to construct a realistic number of housing units within the project timeframe. PMO/ADB agreed to undertake as a first priority, ‘Phase 1’ engineering and design work in Sharkhad and Bayankhoshuu. Recognising initial delays during the inception phase (2020-21) and the cost escalation, the request to focus primarily on Phase one first, provides a sense of renewal and vigour to focus the project team, working to a schedule which reflects realities on the ground.

Roadblocks have continued in relation to restructuring proposal from SSJV. A delay in payment between the consultancy firm to subconsultants forced a stop-work decision for the majority of national EFDP team for non-payment of fees. This consequently put works being performed by sub-contracts under risk. Efforts continued throughout Q3 and Q4 to address these issues and remained on-going at time of writing.

A construction start in Bayankhoshuu at the beginning of Q2 2023 is the target.

## Annexes

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- Annex 1: AHURP Implementation Work Plan (2020-2026)
- Annex 2: Annual Work Plan
- Annex 3: List of AHURP Gender-Responsive Design Features
- Annex 4: Updated SGAP
- Annex 5: Bayankhoshuu and Sharkhad Site Planning





1		Phase 1 Sites Development													
1.a	Prepare Stakeholder Communication Strategy	100%													
1.b	Prepare Community Consultation Plan	100%													
<b>1.1 Output 1: Feasibility &amp; Construction Phase 1</b>															
1.1.a	Conduct Communication Activities	50%													
1.1.b	On-going PIMS Management Support	50%													
1.1.1	Detailed Feasibility Study - Phase 1 Sites	85%													
1.1.1.1	Review Pre-Feasibility Study (PFS) Development Strategy	100%													
1.1.1.2	Conduct Stakeholder Consultations	50%													
1.1.1.3	Conduct Community Residents' Consultation	50%													
1.1.1.4	Complete Demand Analyses - All Housing Types	50%													
1.1.1.5	Confirm Site Residents' VLSP Participation	75%													
1.1.1.6	Confirm Original PFS Phase 1 Sites' Selection	75%													
1.1.1.7	Select New Phase 1 Site(s) if Required	50%													
				NOTE: If new Phase-1 Site Selection is Required, all Phase Activities are Delayed											
a.	Fast-Track NOSK BKH-N Site Selected (B-15 site)	100%													
1.1.1.8	Review PFS Phased Approach to Site Development	100%													
1.1.1.9	Review PFS Infrastructure Planning	100%													
a.	Fast-Track NOSK BKH-N Infrastructure Planning (B-15 site)	75%													
1.1.1.10	Review PFS Housing Units' Designs & Integration	80%													
1.1.1.11	Review PFS Public Space, Social/Green Facilities	100%													
a.	Fast-Track Public Spaces, Social/Green Facilities (B-15 site)	75%													
1.1.1.12	Review PFS Integration of Commercial Facilities	50%													
1.1.1.13	Prepare Revised Phase 1 Site Plans as Required	50%													
a.	Fast-Track Planning (B-15 site)	80%													
b.	BKH Planning (B-15 and N-4 sites)	75%													
c.	Selbe and Sharkhad Planning	25%													
1.1.1.14	Prepare Prelim. Revised Housing Unit Designs as Required	60%													
a.	Fast-Track Social Housing Design (B-15 site)	75%													
1.1.1.15	Conduct Environmental/Safeguard Assessments	25%													
1.1.1.16	Prepare Environmental Assessments, EMP	50%													
1.1.1.17	Prepare Social Gender Action Plan (SGAP)	100%													
1.1.1.18	Complete VLSP Agreements	75%													
1.1.1.19	Confirm/Prepare Transitional Housing Arrangements	100%													
1.1.1.20	Review Costing and Implementation Strategy	75%													
a.	Fast-Track Costing and Implementation Strategy (B-15 site)	15%													
1.1.1.21	Prepare/Submit Feasibility Study for Review/Approval	50%													
a.	Fast-Track: Prepare/Submit Portions of Detailed Feasibility Study	15%													
1.1.1.22	Client/Stakeholder Approval Processes	75%													
a.	Fast-Track: Client/Stakeholder Approval Processes (B-15 site)	0%													
1.1.2	Detailed Engineering/Architectural Design (DED) Phase 1	50%													
1.1.2.1	On-going PIMS Management Support	50%													
1.1.2.2	Prepare DED for Social Housing Units	100%													
a.	Fast-Track Social Housing Units DED	0%													
1.1.2.3	Prepare DED for Social Housing Infrastructure	100%													
a.	Fast-Track Social Housing Infrastructure DED	0%													
1.1.2.4	Prepare DED for Affordable/Market Housing Units	25%													
1.1.2.5	Prepare DED for Affordable/Market Housing Infrastructure	100%													
1.1.2.6	Prepare DED for all Public Space, Social Facilities	100%													
a.	Fast-Track Public Space, Social Facilities DED	0%													
1.1.2.7	Prepare Conceptual Designs for Commercial Facilities	5%													
1.1.2.8	Prepare Cost Estimates for All	20%													
a.	Fast-Track Cost Estimates for all Components	0%													
1.1.2.9	Submit Draft/Final DEDs for Review/Approval	100%													
a.	Fast-Track DED Submission	0%													
1.1.2.10	Client/Stakeholder Approval Processes	75%													





# Annex 2 Annual Work Plan

Project Outputs	Project performance indicator (until 2022)	Planned activities in 2023	Output measurement	Target Rate /2023/	2023												Co-implementing parties			
					Q1			Q2			Q3			Q4						
					1	2	3	4	5	6	7	8	9	10	11	12				
<b>Output 1. Resilient urban infrastructure, public facilities, and social housing units in ger areas constructed (public sector component)</b>	1,500 social housing units constructed	Develop the feasibility study for eco-district development in stages	DFS	100%														Consultancy team		
		Complete the construction of 110 housing units on B15 site in Bayankhoshuu	Physical buildings	100%														Contractor		
		Complete the construction of first 110 housing units in Shaikhad	Physical buildings	100%															Contractor	
		Undertake the development of BMS for the phase I buildings	Completion of the stage	100%															Contractor/ Consultancy team	
		Implement EMP in Bayankhoshuu and Shaikhad sub-project areas	Completion of the work, report	100%															Contractor/ Consultancy team	
		Conduct environmental external monitoring in Bayankhoshuu and Shaikhad sub-project areas	Completion of the work, report	100%															Contractor	
		Develop voluntary land swapping plan for Bayankhoshuu and Shaikhad sub-project areas and obtain necessary approvals	Approved plan	100%															Developer/ Consultancy team	
		Conduct resettlement external monitoring activities in Bayankhoshuu and Shaikhad sub-project areas	Report	100%															Consultancy teams	
		Organize a consultation and communication activities to identify subsequent project sites	6 consultations	100%															Developer/ Consultancy teams	
		Develop the DED for the first 56 housing units and facilities in Selbe eco-district areas and obtain the necessary approvals	DED	100%															Consultancy teams	
	13.7 km of road, 5.5 km of water supply pipes, 6.1 km of sewerage network, 5.5 km of district heating pipes, and 450 low-consumption streetlights constructed	Complete the civil works for the secondary connection infrastructure for Bayankhoshuu B15 site	Physical facilities	100%															Contractor	
		Obtain the necessary approvals on the DED for the secondary connection infrastructure, networks and buildings and facilities on Bayankhoshuu B15 site	Approved DED	100%															Contractor	
		Select contractor (s) for the civil works of the secondary connection infrastructure, networks and buildings and facilities on Bayankhoshuu B15 site	Contract	100%															MUBI relevant agencies	
		Initiate the civil works of the secondary connection infrastructure, networks and buildings and facilities on Bayankhoshuu B15 site	Physical facilities	10%															Contractor	
		Develop a LAPP in case of involuntary resettlement for construction of secondary connection engineering infrastructure on B-13 in BKH sub-center and obtain necessary approvals	Approved plan	100%															MUBI relevant agencies	
		Complete the construction of tertiary and internal roads, and landscaping on Bayankhoshuu B15 site	Physical facilities	100%															Contractor	
		Complete the civil works of the secondary connection infrastructure, networks and buildings and facilities on Shaikhad sub-project area	Physical facilities	60%															Contractor	
		Develop a LAPP in case of involuntary resettlement for construction of secondary connection engineering infrastructure on Shaikhad sub-project area and obtain necessary approvals	Approved plan	100%															MUBI relevant agencies	
		Support the employment of residents and women at the project sites who are in active search of jobs through intermediation to the jobs created for the civil works for 220 housing units and infrastructure facilities in Bayankhoshuu and Shaikhad	Person months of actual jobs created	3000 person months																Contractor/ Consultancy team
		Support the employment of residents and women at the project sites who are in active search of jobs through intermediation to the jobs created for the civil works for 220 housing units and infrastructure facilities in Bayankhoshuu and Shaikhad	Person months of actual jobs created	3000 person months																Contractor/ Consultancy team
2,000 m <sup>2</sup> of greenhouses in targeted areas built	Prepare bidding documents for the contractor for the installation of Solar PV to the 220 housing units in Bayankhoshuu and Shaikhad	DFS documents	100%															Contractor/ Consultancy team		
	Develop a feasibility study for the solar PV system for the phase I eco-districts	DFS documents	100%															Contractor/ Consultancy team		
	Make estimates for the solar PV system for the phase I-V sites and reflect the planning to the phase I feasibility study	Report	100%															Contractor/ Consultancy team		
	Carry out the construction of 336m <sup>2</sup> multi-storey greenhouse attached to housing units on the site B15	Physical facilities	100%															Contractor/ Consultancy team		
	Carry out the construction of 252m <sup>2</sup> nursery greenhouse next to the 110 housing units on the site B15 in Bayankhoshuu	Physical facilities	100%															Contractor/ Consultancy team		
	Carry out the construction of 54m <sup>2</sup> greenhouse on the rooftop of the 110 housing units in Shaikhad	Physical facilities	20%															Contractor/ Consultancy team		
<b>Output 2. Long-term financing to developers for low-carbon affordable housing, market-rate housing, and economic facilities in ger areas and to households for green mortgages increase (financial intermediation loan component)</b>	At least 20 developer sub-areas approved and released by EDMP (2017 baseline). (i) These sub-areas will produce (ii) 5,500 affordable housing and 3,000 market-rate housing units built (2017 baseline). (i) 204,000 m <sup>2</sup> of commercial facilities, shops, and parking, and 22 km of pedestrian and bike lanes built (2017 baseline). (ii) 16179,000m <sup>2</sup> of greenhouses installed (2017); of constructed buildings equipped with energy efficient insulation, utility metering and heating regulation systems	Select the private sector developers to develop phase I eco-districts in the vacated sites and non-vacated sites in Bayankhoshuu and Shaikhad sub-centres where the basic studies are conducted.	Contract	100%														ADE/ consultancy team/ relevant MUB agencies		
		Initiate the civil works for affordable green housing to be developed by the private developers on the site B15 in Bayankhoshuu	Physical facilities	30%															Contractor/ Consultancy team	
		Support and supervise the development or detailed engineering design of green affordable housing units by private sector for the site B14 in Bayankhoshuu	DED, report	100%															Consultancy team	
		Support and supervise the development of detailed engineering design of green affordable housing units by private sector in Shaikhad sub-center	DED, report	100%															Consultancy team	
		Initiate the civil works by the private developers for the green affordable housing units in eco-districts in Shaikhad	Physical facilities	30%															Contractor/ Consultancy team	
		Support the employment of residents and women living at the project sites who are in active search of jobs, through intermediation to the jobs created for the civil works for 220 housing units and infrastructure facilities in Bayankhoshuu and Shaikhad	Person months of actual jobs created	3990 person months																Contractor/ Consultancy team
		Ensure regular use of project performance management system in project implementation, reporting and decision making	Use of the system in reporting	100%																Consultancy teams
		Ensure transparency in the project implementation	Use of glass account, report	100%																Consultancy teams
		Carry out tasks assigned by the higher level authorities	Report performance of the tasks	100%																Consultancy teams
		Ensure the financial management and book keeping in accordance with relevant legislations, procedure and standards and administer the approved operation costs in accordance with the schedule	Performance of the tasks	100%																Consultancy teams
<b>Output 3. Sector policy reforms implemented and capacity strengthened</b>	Green building and eco-district norms and standards are in place	Timely redress grievances and respond to the queries received from the residents in accordance with the Grievance Redress Procedure	Performance of the tasks	100%															Consultancy teams	
		Ensure "renting" or "leasing" agreements and "administration" or "management" documents in accordance with applicable regulations, guidelines and procedures	Performance of the tasks	100%																Consultancy teams
		Ensure OHS in all project activities and create non-discriminative work place	Performance of the tasks	100%																Consultancy teams
		Report on implementation of the project's Social and Gender Action Plan quarterly, semi-annually, and annually	Report	100%																Consultancy teams
		Report on implementation of project's land acquisition and resettlement activities quarterly, semi-annually and annually	Report	100%																Consultancy teams
		Integrate relevant clauses on SGGP indicators to the contracts and procurement documents and monitor their implementation	Report	100%																Developer/ contractor, consultancy teams
		Organize thematic trainings, and campaigns on the women's ownership of assets and housing for the residents of Bayankhoshuu and Shaikhad sub-projects areas	2 trainings/campaigns	100%																Consultancy teams
		Conduct need-based trainings for MSME in Bayankhoshuu and Shaikhad sub-projects areas	report, MOU with professional organizations	100%																Consultancy teams
		Build capacity of group of residents for monitoring of construction process in the eco-district in BKH and Shaikhad and support them for ensuring the monitoring in stages	Report	100%																Consultancy teams
		Strengthen the capacity of relevant organizations in the field of green building and Eco-district standards	2 trainings	100%																MOU, MUB, relevant MUB agencies, developers
Regulation to enable viability gap funding of subprojects through eco-district utilities tariff cross-subsidy mechanism approved	Organize activities to increase knowledge and understanding of international best practices and standards in the field of green building and Eco-district standards	1 seminar, discussions	100%																MOU, MUB, relevant MUB agencies, developers	
	Develop the DED of the buildings and facilities for phase I eco-districts in compliance with EDGE requirements	DED compliant to the standard	100%																FC, EDGE accreditation companies	
	Develop a guideline that specifies the detailed technical requirements for green housing	Guideline	100%																Consultancy teams	
	Develop a procedure to release the subsidy for green elements for the eco-districts under the GEF	Developed procedure, documents	100%																ADE, consultancy teams, relevant MUB agencies	
Regulation to enable viability gap funding of subprojects through eco-district utilities tariff cross-subsidy mechanism approved	Carry out the affordability analysis for the social (rent and rent-to-own) and affordable housing in the eco-district and develop workable solutions	Affordability analysis and proposed solutions	100%																AMC-DEM, consultancy teams	
	Present the affordability analysis and proposed mechanism for the social (rent and rent-to-own) and affordable housing in the eco-district to the relevant authorities and make appropriate decisions	meetings, decision	100%																ADE, MUB	

## Annex 3 List of AHURP Gender-Responsive Design Features

N	Proposed	Confirmed	Feature	Gender-responsive*	Accessible to PWD, inclusive	How is it gender-responsive / inclusive
1			<b>Eco-district site and landscaping</b>			
1.1			<b>Safe, secure, accessible features</b>			
i	X		Connection to public transportation	✓	✓	Women and people with disabilities depend more on public transport. Connection to public transit outside perimeter is planned but not yet confirmed; bus station site to be confirmed.
ii		X	Housing has accessible parking and drop off area that is as near as possible to entryway entrance	✓	✓	Facilitates safe access to entry for people with disabilities and for families with infants and young children
iii		X	Ramps to be placed at all road-crossing and sidewalks to ensure access for all including wheelchairs, prams and bicycles	✓	✓	Facilitates safe access to entry for people with disabilities and for families with infants and young children
iv		X	Zebras, cross-walks and traffic signals	✓	✓	Ensure safety and security for all including families with young children and people with disabilities.
v	X		Speed bumps to slow traffic near apartment entries and playgrounds	✓	✓	Ensure safety and security for all including families with young children and people with disabilities.
vi		X	Green spaces and playgrounds with equipment for disabled children	✓	✓	Safe, nearby playing areas ensures security and saves time for women with childcare responsibilities; accessible equipment for children with disabilities ensures inclusion.

vii		X	Dedicated pedestrian and cycling paths with strong visually contrasting surface for separation	✓	Safe circulation for all including women, children, PWD. Walking paths facilitate women and PWD safe access to various services (shopping, daycare, micro-enterprise) within the site.	
viii	X		Well-lit streets and public spaces with durable solar lighting to enhance physical security for all in particular women.	✓	✓	Ensure safety and security for all including women, children and people with disabilities to move around safely at night.
ix		X	Kiosk design to be accessible including having a service counter at height to accommodate people in both seated and standing position	✓	Facilitates safe access for people with disabilities	
1.2			<b>Clean environment and better health features</b>	✓		
iii		X	Green spaces and playgrounds with equipment for disabled children	✓	✓	Safe, nearby playing areas ensures security and saves time for women with childcare responsibilities; accessible equipment for children with disabilities ensures inclusion.
iii		X	Planned seating area with back and arms rest to provide support to people who need it.	✓	✓	Seating areas will provide comfort to pregnant women, mothers with infants, elderly and people with disabilities.
1.3			<b>Time-saving and entrepreneurship/employment features</b>			
i		X	Mixed use space: Kiosks, commercial centers and first-floor retail outlets in residential buildings offer a mixed use spaces with housing, daycare, groceries, and enterprise / employment opportunities in close proximity. Potential for social, medical and pharmacy services to be established in commercial spaces.	✓	✓	This proximity facilitates access time saving and balance of domestic, childcare, and income-generation responsibilities for women; increases access of PWD to services and enterprise/employment opportunities.

ii			The buildings are being designed to hold some greenhouses for those interested in growing vegetables and other crops; other green spaces will also be available for greenhouses or seasonal horticulture activities.	✓		Women will have access to greenhouses and other spaces for growing vegetables for family consumption or selling. This activity will enhance women's livelihoods and support family nutrition.
<b>2</b>			<b>Building</b>			
<b>2.1</b>			<b>Safe, secure, accessible features</b>			
			Accessible parking and drop off area as near as possible to building entrance.	✓	✓	This feature ensures that PWD can easily and safely enter the building from vehicles. It also enhances women's safety by ensuring they can be dropped off at the door, especially at night. It also avoids everyone having to carry heavy things for longer distance which benefits women who are more responsible for tasks such as bringing home groceries and caring for children.
i		X	Entryway has canopy protection from the weather when entering/exiting the building and also helps to identify the main entrance.	✓	✓	Facilitates safe access to entry for people with disabilities and for families with infants and young children
ii		X	All entry/exit points to buildings, commercial sites, kiosks and pagoda should have step free access, including emergency exit routes.	✓	✓	Facilitates safe access to entry for people with disabilities and for families with infants and young children
iii	X		All entry/exit points to buildings, commercial sites, kiosks and pagoda are well-lit with reliable power supply	✓	✓	Ensure safety and security for all including women, children and people with disabilities to move around safely at night.
iv		X	Mail boxes for wheelchair user apartments should be within easy reach from a seated position		✓	Facilitates easy access for people with disabilities

v		X	Apartment entrance doors are recessed. Ensure clear space on the leading edge (minimum 300mm recommended) to allow a wheelchair user to draw up to the door and pull open	✓	✓	Facilitates safe entry for people with disabilities and for families with infants and young children
2.2			<b>Time-saving and entrepreneurship/employment features</b>		✓	
i		X	Daycare: Ground-floor has common areas that can be used for shared daycare.	✓		daycare space will facilitate access to shared or paid childcare to be determined by residents. Space is confirmed; arrangements for daycare service provision to be confirmed among residents who will determine the usage of common areas.
			Laundry: Ground-floor has common areas that can be used for shared laundry facility.	✓	✓	Common space for laundry will facilitate time-saving on domestic tasks usually carried out by women; space is confirmed; access to water connections and equipment to be confirmed.
ii		X	Ground floor space will be available for storing items such as baby strollers and small trolleys used for transporting groceries or products.	✓		Women are more responsible for infant care and will have a convenient place to store baby strollers; women will also benefit from access to space to store trolleys they use for their domestic tasks or micro-enterprise activities.
			<b>Clean environment and better health features</b>			
i		X	Building materials provide high performance envelope, air tight and moisture control to create comfortable indoor environment in winter and summer	✓	✓	Women spend more time indoors due to their higher responsibility for domestic tasks and benefit more from increased comfort in apartment building. PWD are also indoors more and will also benefit from



					these comfort features.
ii	X	Common space in ground floor for recycling and waste management.	✓	✓	Common space for recycling and waste management contributes to healthier environment for families and people with disabilities; women are often responsible for waste management tasks and access to organized waste management area will save their time.
<b>3</b>		<b>Apartment</b>			
<b>3.1</b>		<b>Safe, secure, accessible features</b>			
i	X	Effective clear opening width of doors and clear space at the leading edge on the pull side of doors to allow easy opening by wheelchair users and for baby carriages	✓	✓	Facilitates safe entry for people with disabilities and for families with infants and young children
iii	X	Flexible apartment layouts that can be finished by tenant/owner based on their needs. Internal partition wall of the bedrooms and kitchen are made by gypsum to be easily removed and changed. All ground floor apartments are already design taking in consideration wheelchairs access.	✓	✓	Flexible design will accommodate a range of needs and requirements. Tenants/owners can change apartment layouts to meet their specific requirements, for example, from any disabled tenants or women responsible for care of children or elderly or operating home-based micro-enterprise.
<b>3.2</b>		<b>Time-saving and entrepreneurship/employment features</b>			
i	X	Access to reliable power supply, conveniently located electric outlets, for cooking, cleaning and computer access; high performance water system for domestic tasks and personal hygiene	✓	✓	Women will save time on domestic tasks from high performance water systems to
<b>3.3</b>		<b>Clean environment and better health features</b>			

i		X	Improved sanitation: Fully enclosed bathrooms with connections to safely managed sewerage, high performance water system for personal hygiene and privacy. Level thresholds to shower cubicles and provision of grabrails (as required by tenants) in bathrooms	✓	✓	Convenient bathroom design and water systems will meet women's personal hygiene, privacy needs and greater responsibility for supporting hygiene needs of children and elderly; bathrooms on groundfloor will be wheelchair accessible and grabrails can be added to increase safety for elderly or PWD.
ii	X		Kitchen design: the kitchen will be open concept, have natural light and two-way air flow	✓		Women spend more time in the kitchen and will benefit from improved lighting and airflow in this area. Open concept kitchen allows parents to watch children while cooking which particularly saves women time as they are more responsible for these tasks.
iii		X	Access to balconies with natural light, views of outdoors and level threshold for PWD access	✓	✓	Increased natural light and fresh air; Access to balcony space facilitates domestic tasks, kitchen garden and views of children playing outdoors; has accessible threshold for PWD

## Annex 4: Updated SGAP

### SOCIAL AND GENDER ACTION PLAN (Updated Nov 30, 2022)

Proposed Action	Targets and Indicators	Responsible Agencies	Timeline	Budget
<b>Output 1: Resilient urban infrastructure, public facilities, and social housing units in ger areas constructed (public sector component)</b>				
1. Ensure universal and gender-sensitive features in the design of Eco-district site plans, public facilities and social housing units.	1.1. At least 20 gender-sensitive and inclusive design features for safety/accessibility, time-saving and clean environment in eco-district site plans, social housing building and apartment units (2017 baseline: 0)	<ul style="list-style-type: none"> <li>• MUB, PMO, AMC-DBM</li> <li>• Social and gender specialist</li> <li>• Community engagement specialist</li> </ul>	2018–2026	\$500,000  Project management cost  \$200,000 for community contracting (small civil works activities in eco-district)
	1.2. At least 1 consultation is held in each target community to introduce project's voluntary land-swapping/willingness to participate process (at least 50% of participants are women).			
	1.3. The proposed and final designs presented in at least 2 consultations for the households that confirmed their willingness to participate in the project to share their feedback on the proposed and final design of the Eco-District site and social housing (at least 50% of participants are women).			
2. Ensure vulnerable households (including women-headed households with dependents) who voluntarily agree to participate in the project have access to improved housing and utility services in the Eco-district perimeter.	2.1. 'Vulnerable' household selection criteria developed and applied to ensure their access to housing and livelihood benefits.			
3. Train for and conduct participatory monitoring of construction works	3.1. Number and percent of community members trained and participated in the monitoring with at least 30% vulnerable people and 50% female participants (2017 baseline: 0)			
	3.2. All contracts include the special clause on the periodicity of participatory monitoring of the construction works			
4. Ensure women benefit from employment opportunities during construction of	4.1. 30% of person/months per year of employment opportunities created during project construction are held by women			

infrastructure, public facilities and green spaces, and social housing	4.2. Include “equal pay for work for equal value for both women and men” in all contracts			
5. Ensure women and vulnerable groups benefit from employment opportunities from Eco-District operation.	5.1. 40% of person- months/year of jobs created for eco-district operation and maintenance are held by women (2017 baseline: 0)			
	5.2. At least 10% of person-months/year of jobs created for Eco-District operation are held by vulnerable groups;			
6. Conduct social-inclusive and gender-sensitive awareness campaigns	6.1. At least 10 socially-inclusive and gender-sensitive outreach and awareness campaigns implemented to promote women’s housing property and asset ownership/co-ownership, of which 50% of participants are women (2017 baseline: 0)			
<b>Output 2:-Long-term financing to developers for low carbon affordable housing, market rate housing, and economic facilities in ger areas and to households for green mortgages increased (FIL component)</b>				
1. Ensure universal and gender-sensitive features in the design of affordable and market housing units and economic facilities	1.1. At least 20 gender-sensitive design features in planning guidelines to be used by private developers for affordable housing buildings and units and for economic facilities (2017 baseline: 0)	<ul style="list-style-type: none"> <li>• MUB, PMO, AMC- DBM, NOSK</li> <li>• Social and gender specialist</li> <li>• Community engagement specialist</li> <li>• Detailed design consultant</li> </ul>	2018–2026	<p>\$500.000</p> <p>Project management cost</p>
	1.2. The proposed and final designs of the affordable housing units and economic facilities presented in at least 2 consultations for the households that confirmed their willingness to participate in the project to share their feedback (at least 50% of participants are women (2017 baseline: 0)			
2. Design and implement gender-sensitive capacity-building and support activities for business development in the Eco-District.				
2. Design and implement gender-sensitive capacity-building and support activities for business development in the Eco-District.	2.1. Prepare training needs analysis for residents (at least 50% women) interested to operate businesses in the Eco-District)			<p>\$75,000 from the sustainable green finance capacity</p>
	2.2. Provide at least 20 trainings on business development for at least 400 participants (20 per training) including at least 50% women			
	2.3. At least 40% of the businesses located in the Eco-District are led/co-led by women; At least 10% of employment opportunities in the Eco-District are held by vulnerable groups;			
3. Ensure women benefit from employment opportunities during construction of affordable and marketing housing and commercial centers (FIL component).	3.1. 30% of person/months per year of employment opportunities created during construction (FIL component) are held by women			
	3.2. Include “equal pay for work of equal value for both women and men” in all contracts			

4. Improve access to green mortgages provided through banks participating in the FIL component of the project.	4.1. Women are at least 25% of those approved for green mortgages as principal/ co-lender. (2017 baseline: 0)			
5. Conduct trainings on impact investing, gender lens investing and global inclusive investment trends to all participating developers and banks	5.1. At least 30% of Senior management of all participating developers and banks will attend. The training will be open for non-participating private developers and banks as well.			
<b>Output 3: Sector policy reforms implemented and capacity strengthened</b>				
1.Ensure women representation in the PMO and enhance capacity of PMO staff	1.1. By 2019, PMO established and operational, with at least 40% of staff are women (2017 baseline: 0)	<ul style="list-style-type: none"> <li>• MUB, PMO, AMC- DBM</li> <li>• Social and gender specialists</li> <li>• Community engagement specialist</li> <li>• Detailed design consultant</li> </ul>	2019	\$150,000  the project management support
	1.2. By 2019, all staff of PMO trained on social safeguards and SGAP monitoring and reporting (2017 baseline: 0)			
2.AMC-DBM established and fully functioning	2.1. By 2019, PIU established with fully trained staff, at least 50% of whom are women (2017 baseline: 0)			
3.The PMO and AMC-DBM assign persons to be responsible for SGAP implementation and reporting	3.1. One gender focal point staff member in the PMO and in AMC-DBM PIU responsible for SGAP implementation and reporting (2017 baseline: 0)			
4.Social and gender specialists recruited as part of the project implementation and management consulting services	4.1. By 2018, two social and gender specialists recruited to support the implementation of the SGAP (2017 baseline: 0)			
5. Community-based recycling program established	5.1. Eco-district recycling committee established per each eco-district (2017 baseline: 0) 5.2. Recycling guidelines in accordance with the local administration or the government guideline developed and implemented in all eco-districts		2018-2026	
6. Improve livelihoods through cooperatives or enterprises with market greenhouse and community garden products.	6.1. Conduct capacity building program for potential households to be supported through greenhouse production per each eco-district			

AMC-DBM = Asset Management Company of the Development Bank of Mongolia; IEC = information, education, and communication; FIL = financial intermediation loan, MSMEs = micro, small, and medium-sized enterprises; MUB = Municipality of Ulaanbaatar; NOSK = Capital City Housing Corporation; O&M = operation and maintenance; PMO = project management office; PPMS = project performance management system; SGAP = social and gender action plan; SWM = solid waste management.

a MUB is also known as the Governor's Office of the Capital City Ulaanbaatar.

b To be implemented and monitored by the PMO and NOSK.

c Vulnerable people can be defined as people with diminished capacity to anticipate, cope with, resist, and recover from the impact of a natural or manmade hazard.

Source: Asian Development Bank

## Annex 5 Bayankhoshuu and Sharkhad Site Planning



### Bayankhoshuu Eco-District



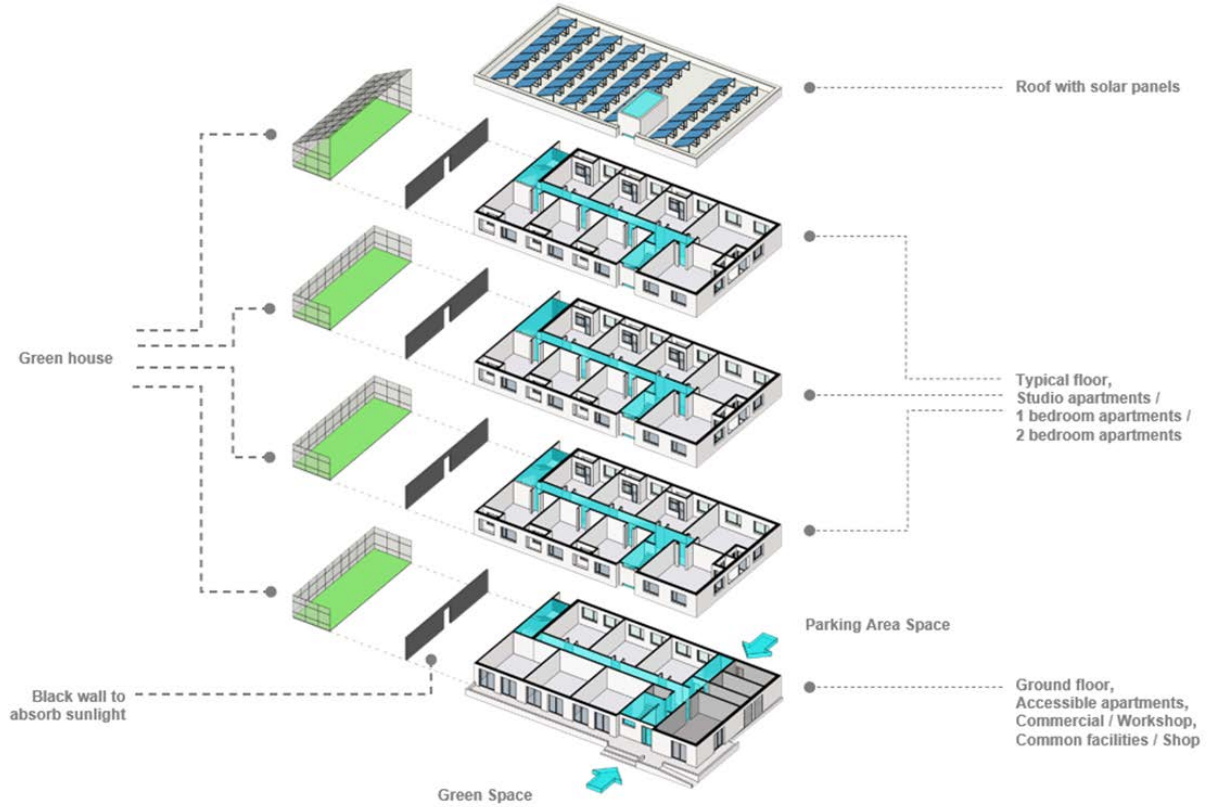
- |                          |                   |                         |
|--------------------------|-------------------|-------------------------|
| Social Housing           | Park              | Pilot building          |
| Affordable/Mixed Housing | Green Corridor    | Cleared boundary of B15 |
| Market/Mixed Housing     | Arterial Road     | 30M setback             |
| Commercial Area          | Neighborhood Road | 15M setback             |
|                          | Existing Building | Existing kindergarten   |

## Bayankhoshuu (B-15) Fast Track Social Housing

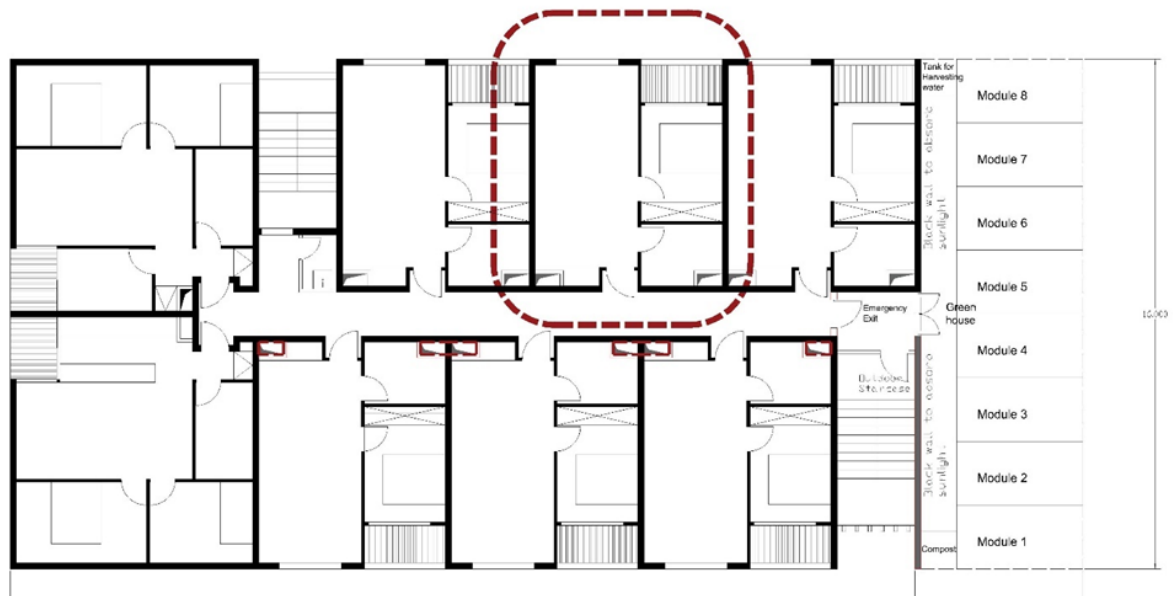


# BKH Fast Track Social Housing Concept

## Axonometric Cross-Section



## Typical Floor Layout with internal partitions





### Ground floor - Universal access unit - 3 rooms



### Social Housing Building & Immediate Surrounding



## Social Housing & Social Plaza



**Sharkhad (S27-5) Social Housing Concept**



## Social Housing Building & Immediate Surrounding

