



Guidelines for Upgrading of Middle Ger Areas

Citywide Pro-poor
“Ger-area Upgrading Strategy and Investment Plan” (GUSIP)
of Ulaanbaatar City



Prepared under Citywide Pro-poor “Ger-area Upgrading Strategy and Investment Plan” (GUSIP) of Ulaanbaatar City, implemented by the Municipality of Ulaanbaatar with technical and financial assistance of UN-HABITAT Regional Office for Asia and the Pacific, and financial assistance provided by Cities Alliance Trust Fund.

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Cities Alliance
Cities Without Slums

Guidelines for Upgrading of Middle Ger Areas

(Output 2.2)

October 2010

**Prepared under
Citywide Pro-poor
“Ger-area Upgrading Strategy and Investment Plan” (GUSIP)
of Ulaanbaatar City**

FOREWORD

The Ger areas, where over 60 percent of Ulaanbaatar city's population lives now, are an integral part of the urban social fabric. Ger areas pose unprecedented development challenges given their location, low population density and unique urban morphology. Therefore, a strategic development approach is required for sustainable improvements in the quality of life of Ger area residents.

The implementation of the Citywide Pro-poor 'Ger-area Upgrading Strategy and Investment Plan' (GUSIP) of Ulaanbaatar City was led by the Municipality of Ulaanbaatar. The Ministry of Road, Transportation, Construction and Urban Development and the Mongolian Association of Urban Centres were the key national partners of the Municipality. The United Nations Human Settlements Programme (UN-HABITAT) provided the comprehensive technical support for the successful completion of the GUSIP project.

Cities Alliance and UN-HABITAT provided financial assistance for GUSIP. As members of Cities Alliance, the World Bank, the Asian Development Bank, and the Governments of France, Japan and the Netherlands co-sponsored the project.

The structured consultative process adopted under GUSIP involved key local, national and international stakeholders, and was instrumental in the participatory development of the Citywide Pro-poor Ger-area Upgrading Strategy of Ulaanbaatar City. The process included the systematic assessment of development issues in the Central, Middle and Peri-urban Ger areas, analysis and adaptation of various urban upgrading approaches to Ger area conditions, and the formulation of Ger area-specific strategic options and recommendations. It has contributed to a shared understanding of the problems as well as possible solutions that can sustainably improve the quality of life in Ger areas and environmental conditions of the city.

In June 2007, the Mayor's Council approved the Citywide Pro-poor Ger-area Upgrading Strategy of Ulaanbaatar City. Following this and in July 2007, the Ulaanbaatar City Citizens' Representatives Council adopted the Strategy for its implementation. Since then, the Strategy has been guiding the design and implementation of national and international programmes and projects for the upgrading and development of Ger areas.

The various reviews, guidelines, action plans and toolkits developed under GUSIP constitute valuable contributions to the Municipality of Ulaanbaatar, government organizations and development agencies involved in improving the quality of life and environmental conditions in Ger areas.

I would like to convey my appreciation and grateful thanks to all our partners for sharing their expertise and sense of vision with us during the design and implementation of the GUSIP project.

A handwritten signature in black ink, appearing to read 'M. Gombosuren', with a long, sweeping underline that extends to the right and then curves downwards.

Munkhbayar Gombosuren

Capital City Governor and Mayor of Ulaanbaatar

PREFACE

This Guideline is one of three Urban Development Guidelines that seek to respond to overlying issues in each of the Ger areas in Ulaanbaatar, integrating lessons learnt from past interventions and initiatives, and providing a support framework for dealing with the current challenges of urban development. The Guidelines aim to support the Ger area communities by harnessing their ability to identify and prioritise problems, and find solutions to their development needs. The set of Guidelines consist of:

- ***Guidelines for the Redevelopment of Central Ger Areas*** - addressing issues arising for the redevelopment of central Ger areas.
- ***Guidelines for Upgrading and Redevelopment of Middle Ger Areas*** - addressing the need for incremental upgrading and provision of basic urban services in middle Ger Areas.
- ***Guidelines for Peri-urban Incremental Upgrading and Orderly Expansion*** - addressing issues arising due to the haphazard expansion of Peri-urban Ger areas.

The *Guidelines for Middle Ger-area Upgrading* address the urgent need for the incremental upgrading and provision of basic urban services in middle Ger areas. The major challenge in middle Ger areas is to make more efficient use of land resources and improve distribution of infrastructure and basic urban services through increased population density and land readjustment. With lower population densities, the costs of provision and coverage are very high and will necessarily be incremental and reflect the level of resources available. It will require fostering of partnerships and innovative ways for securing investment funds. Experience shows that upgrading is best approached as a community-led and, where appropriate, community implemented and community co-financed initiative.

These Guidelines have been developed in consultation with the MUB. The approach recommended has been tested through a multi-stakeholder participatory Training-of-Trainers workshop that introduced the Community Livelihood Action Planning method to *Kheseg 1 and 2 of Khoroo - 9 Songino Khaikhan District* (November 2008). The draft Guidelines have been developed based on this workshop, which involved detailed (active) feedback.

An initial draft of the Guidelines was distributed and discussed at a Workshop with several stakeholders. Based on feedback received, the Guidelines have been amended.

ACKNOWLEDGEMENTS

The *Citywide Pro-poor 'Ger-area Upgrading Strategy and Investment Plan'* (GUSIP) was implemented by the Municipality of Ulaanbaatar (MUB) with technical support by the United Nations Human Settlements Programme (UN-HABITAT). The Ministry of Road, Transportation, Construction and Urban Development (MRTCUD, and previously the Ministry of Construction and Urban Development) and the Mongolian Association of Urban Centers (MAUC) were the key national partners. In addition to the Municipality's Departments and Divisions, District and *Khoroo* Officials, the representatives of Ger area residents, the private sector, civil society organizations and NGOs, academic institutions, specialized agencies (such as Mongolian Housing Corporation) and the project offices of various bilateral and multilateral aid agencies supported GUSIP's implementation.

Six members of Cities Alliance, UN-HABITAT, the World Bank, the Asian Development Bank, and the Governments of France, Japan and the Netherlands, co-sponsored the project. Cities Alliance and UN-HABITAT provided financial assistance for GUSIP's implementation.

The GUSIP project could not be completed successfully without the invaluable contributions of the many individuals, as follows:

- *Municipality of Ulaanbaatar*: Mayor Mr. Munkhbayar; former Mayors Mr. Bilegt, Mr. Batbayar and Mr. Enkhbold; Vice Mayor Mr. Baatarzorig; Vice Mayor Mr. Munkhbaatar; General Manager Mr. Choimpog Bat; Mr. G. Nandinjargal, Head, Urban Development Policy Department; Mr. Tumurkhuyag, Head (former) and Mr. Saandui, Head, Land Administration Department; Mr. Bold, former Director of Urban Planning, Research and Design Institute; Mr. Natsagdorj, Chief Architect and Head of Urban Development Department; Ms. S. Tumurdulam, Head, Urban Planning & Information Technology Division, Urban Development Department
- *Ministry of Road, Transportation, Construction and Urban Development*: Minister Mr. Kh. Battulga; former Ministers Dr. Ts. Tsolmon, Mr. Narantsatsralt and Mr. Batbayar; Dr. Ochirbat, Head, Land and Urban Development Policy Department
- *Mongolian Association of Urban Centers*: Executive Directors, Ms. Sh. Tserendulam and Ms. A. Zulgerel (past)
- *Mongolian University of Science and Technology*: Dr. Otgonbayar, Professor and Director; Dr. Altantuul, Professor; Mr. Purev-Erdene, Lecturer, of the School of Construction, Engineering and Architecture
- *Others* Ms. Badamkhorloo, Director of USIP2 PMU; Mr. B. Battsend, Project Coordinator of 14th Housing Area project of the MRTCUD, Mr. Khurelshagai, Executive Director of Beren Construction Company and Mr. T. Erdenebayar, Executive Director, Mongolian National Construction Association.

Technical Advice and Support:

GUSIP project was conceptualised and designed by Dr. Bharat Dahiya, Human Settlements Officer, and Mr. Chris Radford, Senior Human Settlements Officer, of UN-HABITAT, who also provided technical support for its implementation. Special thanks to Dr. Hubert Jenny, Senior Municipal Engineer, the World Bank (currently with the Asian Development Bank), who provided valuable inputs to the GUSIP project design. Technical support was also provided by Mr. Bruno Dercon, Human Settlements Officer, Mr. Bijay Karmacharya, Chief Technical Adviser, and Ms. Enkhtsetseg Shagdarsuren, National Project Manager. Project Management Team support was provided by Ms. Udval Otgonbayar, Administrative and Financial Officer, and the UN-HABITAT Mongolia Team.

For this report, Output 2.2: Ger-area Upgrading Guidelines, substantive contribution was made by Ian Munt, Sharadbala Joshi, K. A. Jayaratne and Enkhtsetseg Shagdarsuren.

Ulaanbaatar City, December 2010

TABLE OF CONTENTS

<i>Foreword</i>	<i>i</i>
<i>Preface</i>	<i>ii</i>
<i>Acknowledgements</i>	<i>iii</i>
<i>Table of Contents</i>	<i>iv</i>
<i>List of Tables</i>	<i>v</i>
<i>List of Figures</i>	<i>v</i>
<i>List of Maps</i>	<i>v</i>
<i>Abbreviations/ Glossary</i>	<i>vi</i>
1 Introduction.....	1
1.1 Middle Ger areas: Upgrading Context, Opportunities and Challenges.....	1
1.2 Objectives of Ger Area Upgrading.....	2
1.3 The need for Guidelines for Ger Area Upgrading.....	2
1.3.1 <i>Guideline Users</i>	3
1.4 Organisation and structure of the Guideline.....	4
2 Formulating Ger Area Upgrading Projects.....	5
2.1 Project Aim.....	5
2.2 Project Principles.....	5
2.3 Project Process: Steps involved in Ger Area Upgrading.....	5
2.4 Project Outputs.....	6
2.5 Institutional Arrangements.....	6
2.5.1 <i>Roles of the different Stakeholders</i>	7
2.5.2 <i>Capacity building of different actors</i>	11
3 Mobilising and Organising Ger Communities.....	12
3.1 What is a community?.....	12
3.1.1 <i>Identification of Communities</i>	12
3.2 Forming Community Groups in Ger areas.....	12
3.2.1 <i>Steps for Social Mobilisation Ger Communities</i>	12
3.2.2 <i>Database of profiles of families</i>	15
4 Preparing a Community Incremental Upgrading Action Plan.....	16
4.1 Applicability of the Community Action Planning (CAP) process.....	16
4.2 Guiding Principles for Community Action Planning.....	17
4.3 Capacity building for strengthening participatory decision processes.....	17
4.4 Preparing a Ger settlement map.....	18
4.4.1 <i>Common sense approaches to settlement planning and land reservation</i>	18
4.5 Summary of CAP Process.....	19
5 Implementing Community Ger area Upgrading Action Plan.....	20
5.1 Community Contracts.....	21
5.1.1 <i>Why Community Contracts?</i>	21
5.1.2 <i>Accountability</i>	21
5.1.3 <i>Accounting and Auditing</i>	22
5.1.4 <i>Eligibility Criteria for CDCs for Community Contracts</i>	22
5.1.5 <i>Funding and organisation</i>	22
6 Summary of Stages involved of upgrading.....	23

List of Tables

Table 1: Contents of CDC Constitution.....	14
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List of Figures

Figure 1: Control Paradigm and Support Paradigm.....	5
Figure 2: Proposed Institutional Structure.....	7

Figure 3: Formation of Community Based Organizations/ groups	13
Figure 4: A Community-Generated Map	18

ABBREVIATIONS/ GLOSSARY

CAP	Community Action Plan/ Planning
CBOs	Community Based Organisation
CDC	Community Development Council
CDWs	Community Development Workers
GIS	Geographical Information System
GUS	Ger Area Upgrading Strategy of Ulaanbaatar City
GUSIP	Ger Upgrading Strategy and Investment Plan
JICA	Japan International Cooperation Agency
MCUB	Ministry of Construction and Urban Development
MNT	Mongolian Tögrög
MUB	Municipality of Ulaanbaatar
NGOs	Non Government Organisations
PCC	Project Co-ordination Committee
PIU	Project Implementation Unit
PMT	Project Management Team
UB	Ulaanbaatar
UBMPS	City Master Plan and Urban Development Program of Ulaanbaatar City
UN-HABITAT	United Nations Centre for Human Settlements
USUG	Ulaanbaatar City Water and Sewerage Company
<i>Duureg</i>	District: an administrative division of a city, the urban equivalent of a sum
<i>Ger</i>	Traditional Mongolian tent like dwelling
<i>Ger areas</i>	Informal settlements named after Ger - the traditional home of Mongolian nomads.
<i>Khashaas</i>	2-metre high wooden fencing of Ger plots, as well as fenced plots.
<i>khisig</i>	Neighbourhood community
<i>Khoroo</i>	Sub-District

Monetary Unit: Mongolian Tögrög (MNT)

1USD = 1380 (May 2010)

1 Introduction

Upgrading is an integrated approach and process through which unplanned Ger areas are gradually improved, formalised and incorporated into the city itself, through providing the residents with the physical, economic, social, institutional and community services available to other citizens. Upgrading involves physical, social, economic, organisational, and environmental improvements. The focus is often on introducing or improving basic service provision (clean water supply, sanitation, sewage disposal, waste collection, access roads, streets, footpaths, street lighting, schools, health centres and community centres). Upgrading also focuses on mitigating environmental hazards, and providing incentives for community management and maintenance. It often involves realignment or readjustment of plot boundaries/ *khashaas* to accommodate changes for public use spaces such as roads, and for educational, recreational and health facilities. Upgrading of Ger areas would benefit Ulaanbaatar because:

- It addresses overall city issues by containing environmental degradation, improving sanitation, lowering urban deterioration and attracting investment.
- It improves quality of life of residents in upgraded areas and the city through more representation in decision-making, improved living conditions, and increased safety and security.
- The flexible and incremental approach enables development at a pace that is technically and financially possible for the city and residents.
- The residents of the Ger areas, especially the poor, can and are willing to pay for improved services and access.
- Upgrading costs less and is more effective than redeveloping land with basic services.

To ensure sustained improvements, upgrading activities are undertaken incrementally by the local government with the participation of community groups, businesses, and local and national authorities. The upgrading efforts aim to create a dynamic in the community where there is a sense of ownership, entitlement and inward investment in the area. The Community Action Planning tool is used for enabling community participation in decisions related to upgrading of their areas.

1.1 Middle Ger areas: Upgrading Context, Opportunities and Challenges

Middle Ger areas are located around the central Ger areas (with more on the northern part) of Ulaanbaatar. They are close to the city core area, and because of unplanned expansion, their layout is generally less organized. Although they have been in existence long enough for provision of some services such as schools and clinics, the areas primarily depend on water from tankers and ‘older’ pit latrines. They are further away from employment, shopping, and essential services that are available only in the city core area. In addition, because of poor road conditions, the area does not have full access by the city bus system, and the residents generally have to walk far to reach public transportation.

Middle Ger areas are constrained by the low-density and expansive development, inefficient land use, and layouts that have created difficulty in the installation of upgraded roads and utilities. The low density requires higher investments in the provision of infrastructure and basic urban service provision. The level of poverty and low housing density place limitations on raising revenue for funding area improvements. Although more land available in the middle Ger areas than in the central Ger areas, the demand for land allocations is higher. The lack of local infrastructure is also a barrier to investments in improved housing, schools, clinics, or businesses. High rates of land privatization create barriers to acquiring land for public purposes. In the absence of a policy framework, landowners wanting to leverage the value of their lands and make improvements are unable to do so effectively.

The development challenge in Middle Ger area is how to improve people’s quality of life through better provision of infrastructure and basic urban services in a widespread area. Initial, albeit limited experience suggests that the residents are willing to cooperate in plot re-alignment and redevelopment

schemes if there are identifiable benefits. They have also demonstrated that they will work together to support community-based development programs, especially if they can retain a sense of ownership. Another challenge is how to reduce the cost of infrastructure development, and how to secure investment costs in a context where public financial resources are extremely limited.

Potential solutions involve ensuring efficient use of land resources, including innovative ways to increase population density, reduce the cost of infrastructure and service provision, and provide varying levels of services. The option is to upgrade and develop the area for mixed land use with low-rise private housing, and Ger areas with comfortable living conditions. This systematic approach would include fostering of partnerships between the public sector, private sector and civil society organisations for resource mobilisation, building on local knowledge, and using experience gained in urban development over the past 10 to 15 years.

The broad strategy is of “Comprehensive Upgrading”, including the realignment of Ger plots (*khashaas*), improvement in the distribution of infrastructure and basic services, and building awareness and demand for upgrading. The goal is to enable preparing of “Ger Area Comprehensive Upgrading Plans” (including “readjustment” of layouts, and finding innovative ways to raise financial resources, including additional budgetary resources from MUB, and *Duureg* and *Khoroo* level governments; central government fiscal transfers; community’s own resources, the private sector; and possible international aid.

The purpose is to support improvements that are affordable, as per the needs and priorities of the users of the area, and provide them with incentives for community management and maintenance. This would involve facilitating community participation in decision-making using the People’s Process, that is, using the Community Action Planning (CAP) process.

1.2 Objectives of Ger Area Upgrading

- Alleviate poverty through the empowerment of the community.
- Develop the capacity of the Local Governments and other organisations to support the efforts of the community to improve their living condition through the establishment of mutually supporting partnerships.
- Mobilise the collective capacity, resources and the power of the community to improve their socio-economic condition.
- To support affordable improvements in the distribution of infrastructure and basic services,
- Facilitate the communities to plan their own settlements and services by preparing “Ger Area Upgrading Plans”, and to implement and monitor the developments.
- To facilitate coordination of Government, Local Government and NGO efforts to support the community.
- Create a sustainable process of supporting people’s efforts to overcome poverty for it to become the mainstream policy of urban governance.

1.3 The need for Guidelines for Ger Area Upgrading

These Guidelines are a product of the Cities Alliance project, *Citywide Pro-poor “Ger Upgrading Strategy and Investment Plan” (GUSIP)*, collaboratively undertaken by UN-HABITAT, the Ministry of Construction and Urban Development (MUCB) and the Municipality of Ulaanbaatar (MUB). The Guidelines aim to support Ger area communities by harnessing their ability to identify and prioritise problems, and find solutions to their development needs.

The need for the Guidelines has been established through an in-depth review of urban development and management in Ulaanbaatar, and a resulting *Ger Area Upgrading Strategy for Ulaanbaatar (GUS)*, which has been officially adopted by Citizens’ Representatives Council of Ulaanbaatar. The GUS identifies and focuses on three types of Ger areas in Ulaanbaatar, that is, Central, Middle and Peri-urban

Ger areas. These Guidelines are designed as a user-friendly tool for the incremental upgrading and orderly development/ expansion of peri-urban Ger areas.

The objectives of these Guidelines are:

- To provide methods and directions for the implementation of activities in the middle Ger areas of Ulaanbaatar.
- To help to clarify key policies, principles and strategies of Ger area upgrading projects.
- To ensure linkages between central and local governments.
- To serve as the main communication tool from centre to the local level.
- To provide a common framework for Ger area communities and other actors to take decisions and act accordingly.

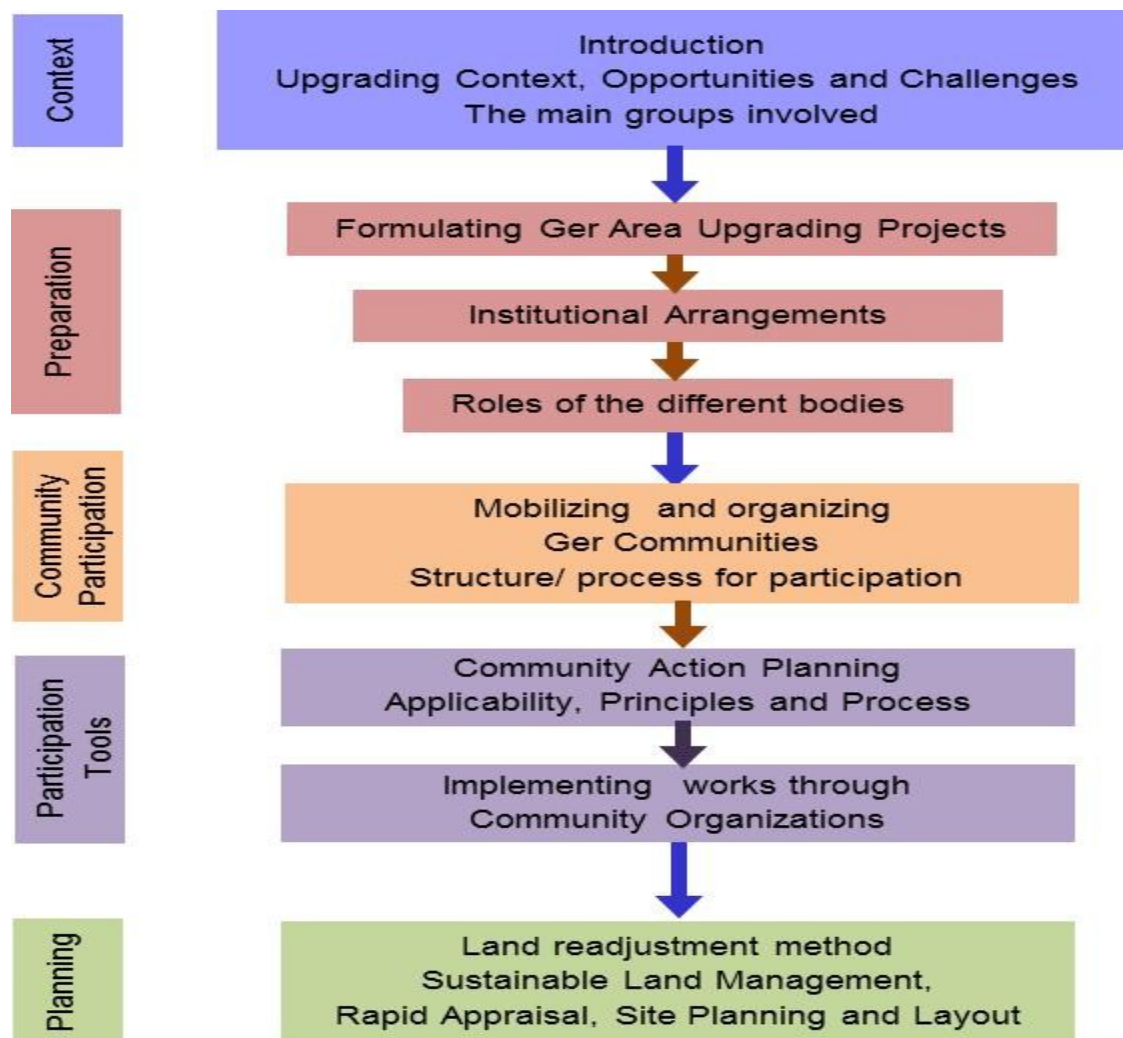
1.3.1 Guideline Users

The Guidelines are expected to be used at different levels as follows:

- At Ger level: to support a community-led approach by:
 - Demonstrating how community organisations can be organised and developed.
 - Setting out the CAP process for identifying problems and needs, and prioritizing the needs.
 - Establishing ways in which Ger area residents can implement incremental upgrading activities with the support of other stakeholders.
- At *Duureg* and *Khoroo* levels: to support the CAP process through:
 - Identifying the participating communities.
 - Learning with communities during the CAP Workshop and while preparing the Community Incremental Upgrading Action Plan.
 - Assisting communities in taking-up community contracts for implementing works identified in the Community Incremental Upgrading Action Plan.
- At Municipality and/or Project Level for:
 - Identifying the participating communities.
 - Supporting the development of Primary Groups and Community Development Councils (CDCs) through facilitators (including Non Government Organisations - NGOs).
 - Supporting the development of CDC Constitutions.
 - Supporting the legal registration/ accreditation of CDCs.
 - Supporting the creation of a Community Development Fund.
 - Assist CDCs in preparing and submitting applications for the Community Development Fund.
 - Receiving and reviewing applications for Community Development Fund
 - Issuing community contracts for implementation of works.
 - Designating a drawing and disbursement authority, ensure proper utilization of funds, and monitor the progress of community contracts.
 - Designating a Payment Certifier/s for the Community Contracts.
 - Providing professional support to CDCs on the norms for reserving land for future needs and incremental upgrading.
 - Providing professional/ technical advice (as necessary) for community contracts.
- At city or project levels: to support NGOs/ facilitators:

- enable community participation through the CAP process and preparation of the Community Incremental Upgrading Action Plan
- For social mobilization process in intervention areas.
- Train Primary Groups and CDCs for their effective functioning.
- Facilitate skills' training to community members for skills identified, especially for community contracting.
- Train MUB staff.

1.4 Organisation and structure of the Guideline

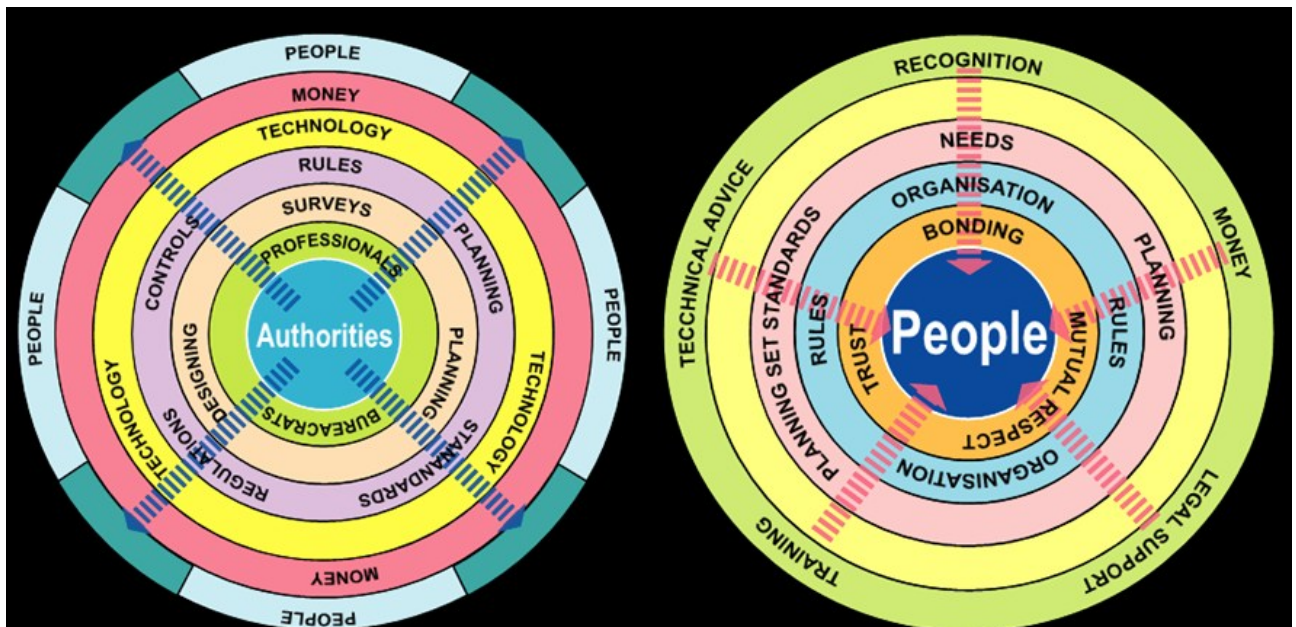


2 Formulating Ger Area Upgrading Projects

2.1 Project Aim

To support improvements that are affordable, as per the needs and priorities of the users of the area, and provide communities with incentives for community management and maintenance, the project aim is to enable preparing of “Ger Area Comprehensive Upgrading Plans using the Community Action Planning (CAP) process. Figure 1 highlights the contrast between a top-down project approach to development initiative and the central role of the CDC in representing communities and incrementally participating in decisions and action at different levels supported by the authorities.

Figure 1: Control Paradigm and Support Paradigm



2.2 Project Principles

- Be an enabler or a facilitator and not a provider.
- Ideas and initiatives are developed in a participatory way and not imposed.
- Beneficiaries should be at the centre of the process in decision-making, planning, implementation, management, monitoring and evaluation.
- Trust the community.
- Have respect for the people, their knowledge and experience.
- Establish mutually supporting partnerships at all levels.
- Identify ongoing efforts of the community, especially poor, and support them.
- Establish people's process of development, using the CAP process where community groups are in charge of the process and supported by other stakeholders.

2.3 Project Process: Steps involved in Ger Area Upgrading

The steps/ activities involved in facilitating a people's process of Ger Area Upgrading are:

- a) Prepare a community engagement strategy to build awareness about upgrading options, initiatives and opportunities in peri-urban Ger areas of Ulaanbaatar with the specific intentions of:
 - i. supporting planned expansion in peri-urban Ger areas prioritised by the MUB, and
 - ii. for generating a demand for upgrading among the residents.
- b) Through ‘mobilising’ and organizing Ger area communities where such organisations do not already exist.
- c) By introducing and facilitating the Community Action Planning (CAP) process¹ wherein Ger area communities are in charge of the decision-making process and are supported by other stakeholders.
- d) Through finalisation of roles and responsibilities of different actors for implementing initiatives for incremental upgrading and orderly expansion of peri-urban Ger areas.
- e) Through Community Contracts² through which Ger area communities can undertake some upgrading activities themselves
- f) Through setting up of a Community Development Fund (at the city level) for facilitating Community Contracts.

2.4 Project Outputs

- Empowered, informed and well-organised Ger area communities with the capacity to initiate and undertake planning for problem solving, to implement some of the solutions and take-up operations and maintenance responsibilities in coordination with *Khoroo/ Duureg* level authorities.
- Orderly development/ expansion of Ulaanbaatar city in environmentally suitable locations.
- Incrementally upgraded Ger areas have improved access to basic urban services and better environmental conditions.
- Process for formally validating CAPs at Khoroo and Duureg levels and for incorporating them in *Duureg* level development plans effective.
- Poor families in Ger areas have better access to income earning opportunities.
- Local Government has a better understanding of Ger area needs and enhanced capacity to respond to the needs of these communities.

2.5 Institutional Arrangements

A fundamental management principle in Ger area upgrading projects is that decision-making takes place at the lowest possible ‘operational’ level, that is, at the community level. Therefore, the majority of operational decisions are taken at the community level. However, for effective implementation, other ‘stakeholders’ can assist in facilitating the CAP process, in validating the CAP’s consistency with wider *Khoroo* and *Duureg* level development plans, and then support the physical activities that arise from community discussions. For decision making to take place at the different levels, the institutional structure proposed for the Project is as given in Figure 2.

Community Representation

In order to involve all residents and enable their participation in decision-making, the following Community Based Organisation (CBOs) have to be formed:

1. **Primary Groups:** The purpose of forming a Primary Group is for the group to collectively address the particular issue. Issues of common interest can be many and varied, for example primary education, health care, savings and credit, enterprise, small businesses etc. Thus, the Primary

¹ For details see UN-HABITAT Toolkit for Community Action Planning prepared under the GUSIP Project.

² For details see UN-HABITAT Toolkit for Community Contracts prepared under the GUSIP Project.

Groups can be representing only the area residents or include members representing other interests (such as small businesses, representatives of social service facilities, etc.).

2. **Community Development Council (CDC):** The purpose of forming a CDC at the project implementation level is to have it address development issues faced by the entire community and other interest groups within the area. The CDC is formed from representatives of the Primary Groups (usually Primary Group leaders and secretaries). The CDC is supported by *Duureg* and City level representatives.

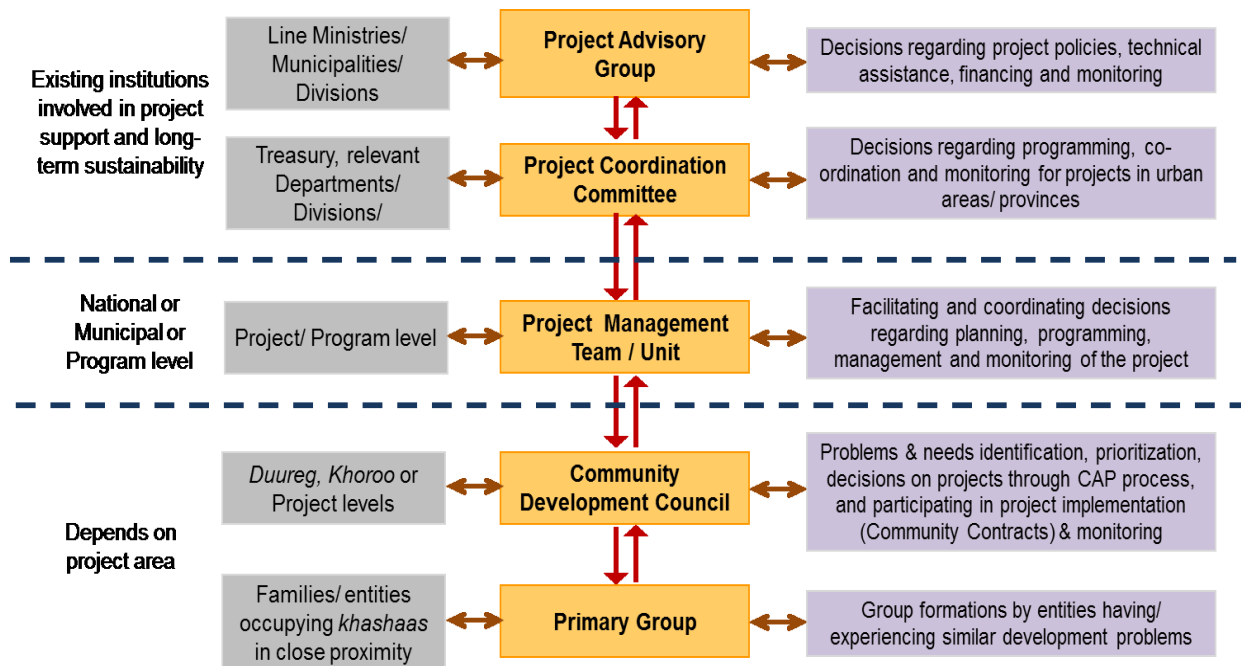
Project Management Team (PMT)/ Unit (PMU)

A Project Management Team (PMT)/ Unit (PMU) assisted by support staff will be established to take management, financial and technical decisions of the Project. For large-scale projects, especially those covering more than one urban area, Project Implementation Units (PIUs) can be formed at the sub-project level to programme, coordinate and to monitor project activities.

Project Coordination Committee (PCC)

A Project Coordination Committee will be formed to coordinate project/ programme interventions, and monitor the financial and physical progress of project implementation. Depending on the scope of the project, the PCC can represent National, city or *Duureg* level organisations, Departments and/or Divisions.

Figure 2: Proposed Institutional Structure



2.5.1 Roles of the different Stakeholders

Project Advisory Group

- Provide recommendations and policy guidelines for project implementation.
- Ensure compatibility of the project activities with the Government policies and Development Policy documents of the urban area/ Ulaanbaatar City.
- Evaluate the project implementation process.
- Assign Project Coordination Committee with the responsibility of coordinating with the various Departments/ Divisions for efficient implementation of the project.

Project Coordination Committee (PCC)

- Ensure/ enable coordination amongst the various Departments/ Divisions as well as development projects for efficient planning, managing and implementation of the project.
- Ensure regular monitoring and supervision on financial and physical progress of the project.
- Provide support for the smooth running of the project.
- Take necessary steps to resolve land problems and grant security of tenure to the communities where necessary.
- Ensure smooth flow of information to the Project Advisory Group/ Project Director.
- Review progress of project implementation.
- Ensure smooth flow of information to PMT/ PMU and CDCs, including all project policy decisions.
- Provide necessary guidance to the PMT/ PMU and CDCs

Project Management Team/ Unit

- Review progress of project implementation and monitoring.
- Allocate funding for project activities.
- Designate drawing and disbursement authority and ensure proper utilisation of funds.
- Designate a Payment Certifier/s for Community Contracts.
- Establish a project monitoring system.
- Prepare annual work plan and quarterly work plans.
- Prepare quarterly and annual progress reports.
- Prepare quarterly financial reports and request for funds.
- Prepare budget revisions.
- Address identified problems and constraints to improve performance.
- Arrange for annual audit of CDCs.
- Report to the PCC and the PAG.
- Facilitate organising of Coordination meetings, PCC and Tripartite Review meetings.
- Prepare and disseminate Implementation Guidelines of the Project.
- Manage and support Project field staff.
- Make regular field visits to guide, advice and monitor Project activities.
- Advise and guide the implementers at all levels
- Facilitate the preparation of CAPs.
- Review CAPs, approve them, and recommend them for funding.
- Support the establishing of an accreditation system for CDCs (national level).
- Organise exchange visits and study tours and training for Project staff, local authority staff, and for CDCs/ communities.
- Support Community Market Surveys for assessing changes in needs and priorities of communities in project intervention areas.
- Organise and conduct audio-visual documentation of the project.
- Record and document lessons learned.

Project Field Staff

- To facilitate project implementation at community level and local authority level.
- Communicate very clearly the principles and procedures of the Project to communities, *kheseq* and *Khoroo* leaders, and the MUB.
- Identify communities and areas most suitable for project interventions.

- Support communities in mobilisation and organisation.
- Attend Primary Group and CDC meetings and assist them in understanding and resolving their problems.
- Assist communities to form Primary Groups and CDCs.
- Assist CDCs to prepare a constitution.
- Support accreditation of CDC.
- Regularly monitor all transactions of Primary Groups and CDCs, and ensure transparency and accountability.
- Assist communities in the preparation of the CAP.
- Consider and recommend CAP for approval.
- Assist and guide the communities in implementing CAP and ensure supervision.
- Prepare monthly work schedules and ensure completion of the same.
- Hold monthly meetings and review progress of project implementation.
- Prepare and forward monthly progress reports with the Primary Groups and CDC.

Primary Groups (residents and those representing other interest groups)

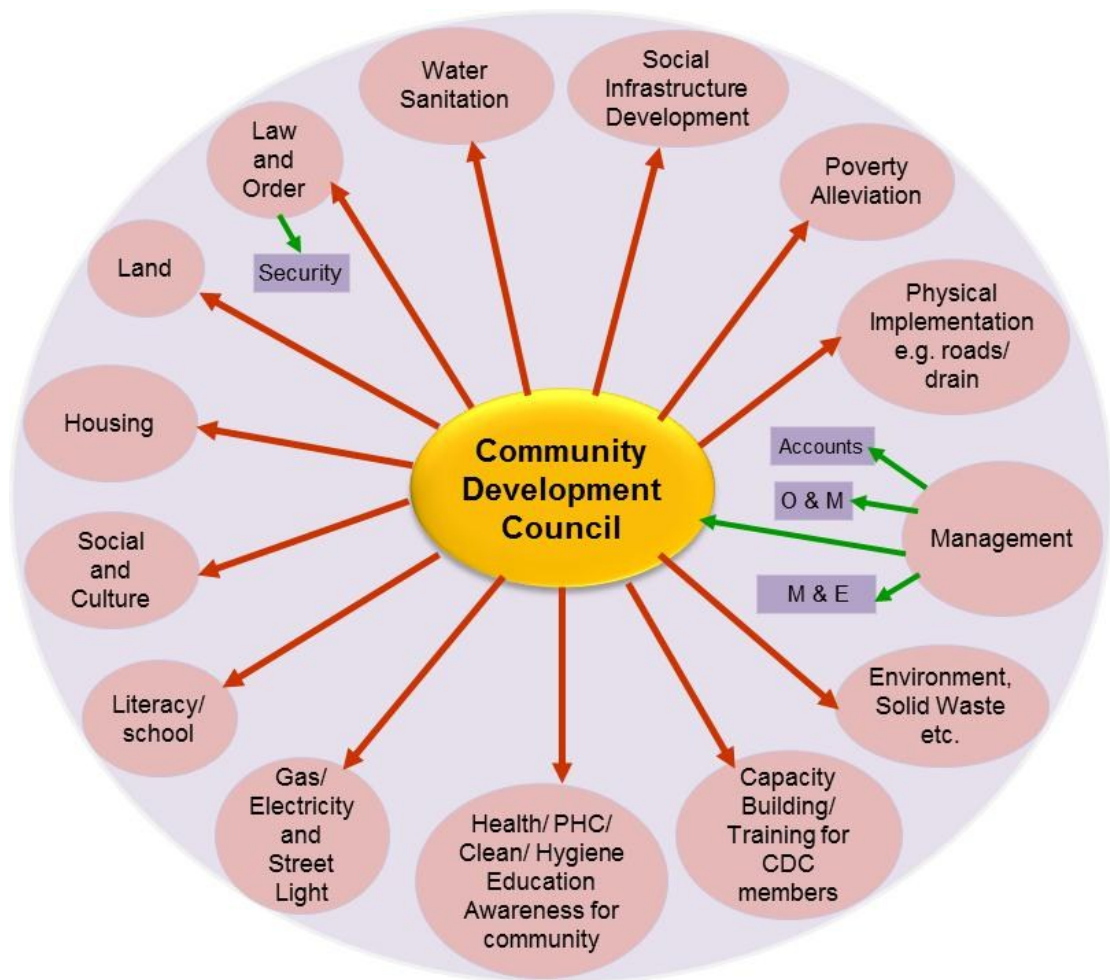
- Discuss at length the specific issue and work out a plan to address the specific issue.
- Agree on the actions to be taken.
- Discuss and agree on a set of simple rules of how the group wants to operate.
- Ensure that all members understand the rules of operation.
- Meet regularly at a set time and place – weekly for Primary Groups representing the residents and as required for groups representing other interests.
- Select/ elect representatives for the CDC
- Seek the assistance of the CDC in addressing the issues.
- Attend training sessions organised by the project to ensure smooth operation of the groups' activity (especially savings and credit groups).
- Maintain group accounts and records

Community Development Council (CDC) at project/ *Khoroo/ Duureg* level

- Preparation of a CDC constitution and presentation to the whole community.
- Apply for accreditation to Municipality of Ulaanbaatar/ relevant Government authority.
- Identify and access other support organisations like government agencies, NGOs, CBOs, professional groups, clubs, educational institutions etc.
- Prepare the CAP and implement it.
 - Involve the whole community in the planning process.
 - Identify problems that affect occupants of the whole area represented by the CDC.
 - Identify and prioritise community/ area development needs and assets
 - Reach consensus on the vision for the (developed) area represented by the CDC.
 - Identify possible strategies and actions for solving the problems/ meeting development needs.
 - Identify resources and potential in the community and ensure their best utilisation.
 - Assign responsibilities to the CDC members where necessary.
- Undertake Community Contracts.
- Establish a community-led area Maintenance Plan, and organise the operation and maintenance of community built facilities.
- Hold regular fortnightly meetings and ensure monitoring and supervision.
- Establish linkages among the support organisations and ensure co-ordination, convergence and integration of development efforts in the area represented by the CDC.

- Carry out Community Market Surveys for assessing and defining needs and priorities of the area occupants on a regular basis, update development/ CAPs, and approach appropriate agencies/ authorities for their implementation.
- Establish a solid waste management system.
- Settle local disputes.
- Explore new sources of funding from *Duureg*, *Khoroo* and City Administration, utility companies, private companies, NGOs, and donor agencies for implementing development works/ activities identified in the CAP.
- Maintain community accounts and records
- Select/ elect representatives for *Duureg*/ City level CDC when it is formed

Figure 3: Functions of the Community Development Council (CDC)



Non-Government Organisations (NGOs)

- NGOs working in the project areas will become partners in the implementation of the project.
- Assist in social mobilisation and preparing CAPs.
- Assist in the training of Primary Groups and the CDCs.
- Facilitate Community Market Surveys.
- Provide skills training to community members in identified skills.
- Provide training for project staff and Local Government staff.
- Facilitate the networking of communities

Others, including the Private Sector and Utilities

- Provide appropriate guidance and support to the CDCs to ensure that local area planning complements wider city level development plans.
- Identify opportunities of partnering with CDCs for local area improvements that benefit all occupants of the area.

2.5.2 Capacity building of different actors

Activities need to be initiated for enhancing capacities of the various actors as follows:

- i. Professional capacity of various stakeholders for contemporary urban planning and management, specifically with reference to a coordinated approach for Ger area upgrading,
- ii. Capacity of various stakeholders for facilitating preparation of CAPs,
- iii. Skills for promoting participatory urban decision-making and partnerships, and
- iv. Skills for strengthening community capacity to organize and undertake broad-based approaches for poverty reduction.

3 Mobilising and Organising Ger Communities

As mentioned earlier, the basic requirement for a participatory approach to incremental upgrading is that decision-making should take place at the lowest possible ('operational') level. In any settlement and/ or area to be upgraded, the residents and/or occupants and users of the area can organise themselves to take action collectively. They can develop their own plan and strategy rather than have them imposed from the outside.

Through mobilization, people can form an area-based or CBO. If the CBOs register with or get accreditation from the Municipality, they could take-up small-scale contracts for small works. The main functions of an area-based or CBO are:

- Mobilization of community/ people with interests in a defined physical area;
- Identifying, prioritising and generating a demand for infrastructure facilities;

The Municipality of Ulaanbaatar, central government agencies and other support organizations (such as NGOs) could play the role of facilitators while the community is involved in implementation. Therefore, an appropriate institutional structure is a prerequisite at the community level also for CAP and for implementing community-led development initiatives.

3.1 What is a community?

In the Ger area context in Ulaanbaatar, a 'community' is a body of persons living in a physically identifiable area and sharing common problems. The community is the focal point in the implementation of any Ger area upgrading project.

3.1.1 Identification of Communities

Typical participating communities in intervention areas will be characterised by the following:

- Limited access to basic services such as water and sanitation.
- Poor environmental conditions.
- Physically identifiable boundaries.
- Ideally should be between 250 to 300 housing units/families or less (if the settlement is bigger they could be divided by physically identifiable boundaries).

3.2 Forming Community Groups in Ger areas

Community mobilisation is the primary step of community development and poverty alleviation. Community involvement allows people to understand their socio-economic circumstances and initiate action for improving their situation. Through mobilisation people can organise themselves to take action collectively by developing their own plans and strategies rather than being imposed from outside. For a truly representative community structure, the formation of Primary Groups at the cluster level and of Community Development Councils (CDCs) at the project level is recommended as represented in Figure 3.

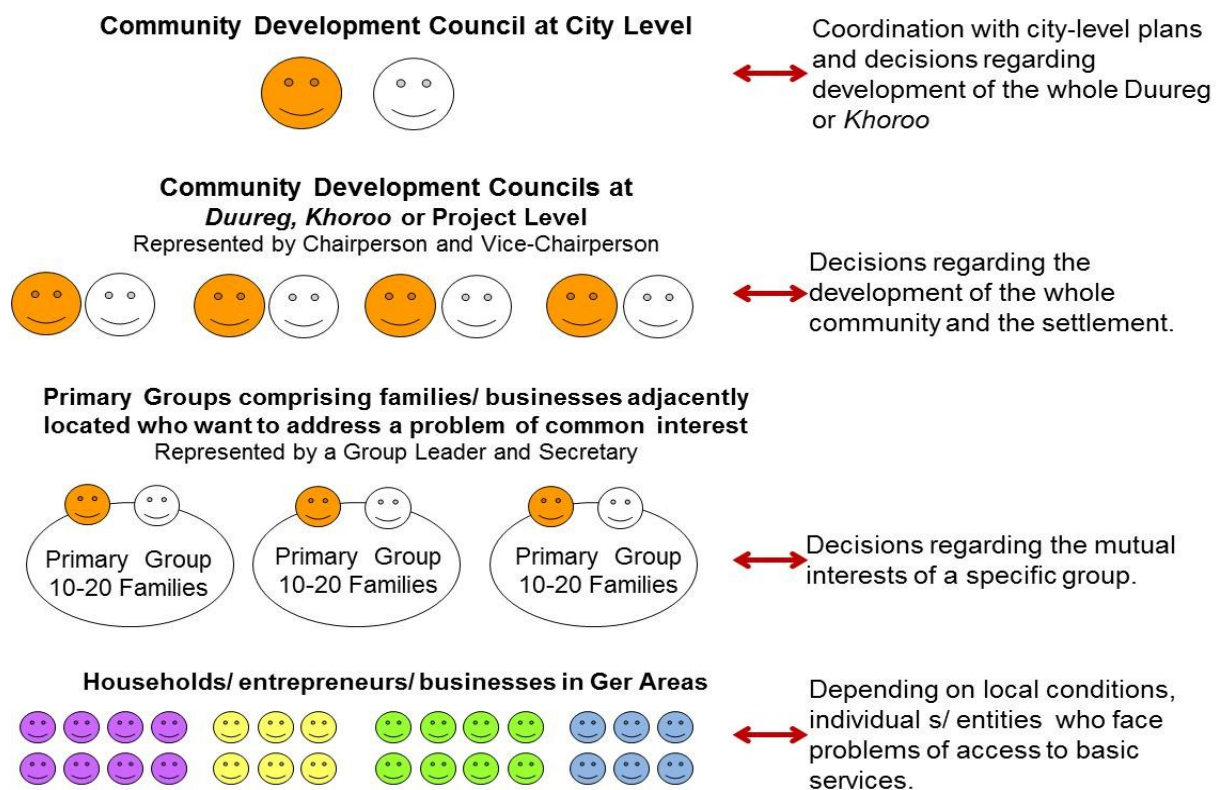
3.2.1 Steps for Social Mobilisation Ger Communities

The next step is to find a way of identifying communities to work with on incremental upgrading schemes. This can happen when a community approaches the *Khoroo* office, the *Duureg* governor or the Municipality for assistance in Ger area improvements. However, it also requires a proactive approach in raising awareness in communities and supporting the development of community

organisations. The steps recommended to the Project Management Team/ Unit for mobilizing and preparing the community are as follows:

1. Initiate social mobilization with the assistance of *Khoroo* Governors.
2. Establish a good rapport with the community through regular visits and informal discussions.
3. Assist the community in holding a general meeting and facilitate discussions to generate awareness about how collective community action will be beneficial for addressing different needs in the area.
4. Facilitate small group discussions dealing with specific issues.
5. Assist in the formation of the Primary Groups, election/ identification of group leader and secretary, and establishing the basic rules for its functioning.
6. Bring the group leaders and secretaries of different Primary Groups within an intervention area together for small group discussions dealing with specific issues.
7. Assist in the formulation of the constitution for the CDC, including election of Chairperson a Vice-chairperson, a Secretary and a Treasurer. The CDC may assume a name to give it identity and recognition.
8. Assist in the registration/ accreditation of the CDC as an NGO/ CBOs.

Figure 4: Formation of Community Based Organizations/ groups



Forming Primary Groups

The following steps are recommended for the formation and effective functioning of Primary Groups:

- The field staff from the PMT/ PIUs assists community members who are living close together, that is, people having access from the same street and with common interests, to form primary groups.
- Primary Group should ideally have around 10 to 20 members, that is, it represents 10 to 20 households/ *khashaas*. It should have significant female membership.
- For a community, the maximum number of Primary Groups should be around 20.

- Members of each Primary Group select a Group Leader and a Secretary for a term of two years.
- The Primary Group discusses its goals and objectives, and works out basic rules of association as well as how it will maintain records and accounts. The Group should ensure conformity with the minimal requirements of the project.
- Ensure that rules are clearly understood by all Primary Group members.
- One of the preconditions of the Primary Group should be holding of weekly meetings to address specific issues and to arrive at consensus on resolving them.
- The Primary Group fund is to be operated jointly by the Group Leader and Member Secretary supported by resolution of a group meeting.

Formation of Community Development Council

The formation of the CDC involves the following steps:

- The CDC will be formed for each *Khoroo*, *Duureg* or project area from representatives of the Primary Groups (usually Primary Group leaders and secretaries).
- Ideally, the size of the CDC should be 36-40, that is, it represents about 18 to 20 Primary Groups.
- CDC members elect a Chairperson, a Vice-Chairperson, a Secretary and a Treasurer for a term of two years. Either the Chairperson or Vice-chairperson must be a female member.
- The CDC formulates its own constitution, and CDC may assume a name to give it identity and recognition. The Constitution has to be presented by the CDC to the whole community, which has to formally accept it.

Table 1: Contents of CDC Constitution³

Name of the CDC:	
Address of the CDC:	
Aim & Objectives:	The aim of the CDC is to improve the socio-economic condition of all our residents
	To make the people realize the need to improve the standard of living through all of our collective efforts
	To generate revolving fund to provide credit support to the people at a reasonable rate of service charge
	To develop a habit of savings among the people of the community and create capital base of their own
	To develop a clean and healthy physical environment in the <i>Ger</i> community
CDC Programme:	The CDC shall under take the following development programmes:
	Incremental upgrading to address priority needs
	Savings and Credit Programme and creation of a revolving fund
	Operation and maintenance of assets created under <i>Community Contracts</i>
	Improved waste management and commitment against dumping etc.

- The CDC applies for registration/ accreditation to the MUB.
- The CDC opens a bank account in a recognised bank close to the community, with the Treasurer as a mandatory signatory, and the Chairperson and Secretary as alternate signatories.
- The preconditions of the CDC include holding of fortnightly meetings, and maintaining of records and accounts.

³ Refer Toolkit on Community Action Planning for details

- A Community Development Fund is to be created and operated jointly by the Chairperson and Secretary and the Treasurer supported by resolution of the CDC.
- CDC may assign specific tasks to members as and when necessary.
- To establish linkage amongst CDCs in different intervention areas, a forum should be established at the city level initially.
- When community-led interventions are introduced in other urban areas of Mongolia, a forum should be established at the national level to establish linkage amongst CDCs in different urban areas.

3.2.2 Database of profiles of families

A baseline survey will be conducted on the families in the community by the CDC with the assistance of Field Staff.

Definition of a Family

- A family means a mother, father and their unmarried children. Even if any of them reside separately (in Mongolia or abroad), they will be considered as family members.
- If the parents are not alive, the unmarried sons and daughters are considered a family. If the sons and daughters are minors, they will be considered members of the family of their lawful guardians.
- Married sons and daughters who reside in the same dwelling/ plot as their parents, may be considered as separate families.

Family File & Family Profile

- Each family will have a Family File.
- The Family file would be a repository for all personal information about the family members e.g. birth certificates, marriage certificates, immunisation records, etc.
- Family Files will contain the respective Family Profile Forms (see Annex for specimen).
- The Family Profile Form will be filed- up by the field staff with CDC members.
- Any existing family data could be used to check the Family Profile Form data.
- Two copies will be made of the Family Profile, with one in the Family File and in the other in the CDC office.
- The Family will keep the Family File, which gives it recognition (thus empowerment).
- The Family Profile File will be used to assess progress of the family over time.

Family profiles are compiled to:

- Know the members of a Primary Group and a CDC. This is especially important in Ger areas where people do not know their neighbours. The Secretaries of the Primary Groups will compile Primary Group Profiles from the Family Profiles, and the CDC Secretary will use the Primary Group Profiles for preparing a Community Profile. The copies of Primary Group profiles would be kept with the community and the project.
- Enable identifying of beneficiaries of development initiatives, e.g. children eligible for sending to newly built kindergartens, shopkeepers for renting viable built-spaces.
- Identify skilled labourers for construction works under community contracts.
- Conduct post implementation survey after project completion to assess the progress.

4 Preparing a Community Incremental Upgrading Action Plan

Communities identified for the project will be assisted in identifying their immediate needs and actions required to meet these needs. These communities will implement their plans with the support of the Local Governments and other organisations with the resources provided by the Project.

The framework for implementation is Community Action Planning (CAP) – a tool for action planning and management that was understood as a way of enabling communities to build upon the resources and manage them. The CAP is a tried and tested method driven by problems and solutions identified by the community using the community level workshop approach. The CAP method evolved as a means for building community capacity and their participation in decision-making. The systematic approach ensures that there is greater awareness amongst the community about their problems, and the delivery of services. CAP ensures that information generated through the participatory process remains in the community. The CAP is easy to understand and can be readily adapted to most areas and issues.

The CAP process involves a structured series of workshops for identifying socio-economic and physical problems and needs within a settlement, and for planning strategies to resolve them. The workshop aims to get the community involved in the process of action plan development, and strengthen the functioning of the CDC. CAP workshops are a forum to:

- finalise and layout a block plan;
- formulate community-specific norms, such as minimum widths of footpaths, for locations of waste disposal sites etc.;
- familiarize the community with procedures for taking up minor infrastructure works; and
- Initiate group credit programme for income generating activities.

The emphasis is on the process of understanding and reacting to bring about a qualitative difference in their lives rather than physical products like a water tap or a toilet, although they may be out puts of a process. The Community Action Plans should identify actions required to improve the lives of the targeted communities. The actions should not be predetermined based on what the project resources can provide.

4.1 Applicability of the Community Action Planning (CAP) process

In principle, the CAP process is suited to any community interested in taking a lead in incremental upgrading activities. Typically, the communities will have:

- Limited access to basic urban services, such as water, sanitation and electricity.
- Poor environmental conditions (such as air pollution, soil erosion, threat of floods).
- Physically identifiable boundaries set by rivers, slopes, paved roads.
- Settlement areas that have up to 250 to 300 *khashaas*/ families or less, especially in low-density peri-urban areas. If the settlement is denser, it could be divided by physically identifiable boundaries.
- An active community structure such as a community-based organisation or interest group.)

As emphasised in Section 2.6 and 3 above, an appropriate institutional structure at community level is a prerequisite for undertaking CAP and community-led development initiatives. Once established the CDC (like dropping a stone into water with the resulting ripples) will be the main driving force for the CAP approach to incremental upgrading, and the success of upgrading initiatives will depend largely on the CDC's and community's energy, creativity and commitment. To summarise, it is the CDC that:

- a) Prepares for the CAP workshop with the help and support of others. The CDC identifies and prioritises problems that affect the whole community, as well as the possible ways to solve them;

- b) Prepares for the Community Action Plan on the basis of priorities and solutions identified at the workshop,
- c) Takes the lead in implementing incremental upgrading activities, and
- d) Undertakes Community Contracts.

However, whilst the community is in the driving seat and takes charge of implementation, as emphasised in Section 2.6, the MUB (including the Land Department and District Lands Offices), central government agencies and other support organizations (such as NGOs) can play a significant role in facilitating this process. These organisations bring their experience to support the community-led incremental upgrading initiatives.

CAP involves community-generated response to four main questions (the 4 steps):

- **What are the problems?** (Step1: Problem identification and prioritization).
- **What approaches and actions are most suitable to deal with the problems?** (Step 2: Strategies, options and tradeoffs).
- **Who does what, when and how and how to get it going?** (Step 3: Planning for implementation).
- **How is it working and what can we learn?** (Step 4: Monitoring).

A three-day CAP workshop involving Ger area residents and facilitators is the key mechanism for building a common vision and strategy. The CAP workshops are facilitated/ conducted by social mobilisers and/ or field officers of the relevant Government Departments.

Before proceeding further, it is useful to remind all those involved (the CDC, Ger area community, the District and MUB facilitators, and others) of the basic principles upon which CAP relies.

4.2 Guiding Principles for Community Action Planning

The ten principles for CAP and their application to Ger areas are:

- 1) It is a process for action not a blueprint for future development of Ger areas
- 2) Solutions to Ger area problems are with the people and the role of the facilitator is to extract the solutions from the people – trust the Ger communities and respect their knowledge and experience
- 3) Ideas and initiatives are generated and developed in a participatory way by the affected Ger communities and should not be predetermined but generated
- 4) Refrain from lecturing the community, and support the facilitation of the workshop through encouraging discussion
- 5) Ensure the participation of all interest groups, especially women
- 6) Everyone needs a say so facilitate inputs of all groups and do not allow one group or the leadership to dominate the discussion
- 7) Refrain from drawing the writing too much; it is easier to absorb and remember a few points rather than a long list
- 8) Use simple language and avoid complicated terminology
- 9) Keep it as simple as possible
- 10) Keep learning from, and adjusting, the process to the Ger context on the basis of trial and error

4.3 Capacity building for strengthening participatory decision processes

In order to enable informed participation of Ger area residents, knowledge and skills of those involved in supporting and facilitating community-led Ger areas upgrading need to be enhanced for:

- Participatory planning, including the use of tools and techniques, and facilitating partnerships,

- Ensuring that linkages are established among the support organisations and decisions made at the local level are coordinated/ converged wider development plans.
- Initiating and strengthening savings and credit groups.
- Leadership, basic accounting and management.

4.4 Preparing a Ger settlement map

Maps are the most effective way of representing a settlement, its problems and its needs – and Ger area residents know their community better than any others. In preparation for the workshop, the CDC should organize the drawing of a detailed map of their community showing all the plots, roads, drains, water kiosks, gullies and so on. Simple technical support from the District Lands Department can be helpful in this activity, for example by providing base maps if these are available.

Figure 5: A Community-Generated Map



4.4.1 Common sense approaches to settlement planning and land reservation⁴

It is also useful at this stage to remind Ger area communities of the benefits of good commonsense site planning (and the reservation of land for future use), and the significant contribution this makes in the future incremental costs of servicing, and quality of the living environment (see Section 6.2). This should not predetermine in any way the discussion or outcome of the CAP workshop – the community is taking the lead – but contribute some technical thinking on the challenges that are facing peri-urban Ger areas. This mapping exercise plays a vital role in developing incremental upgrading plans and is an important resource for the CAP workshop. It is also a useful activity in starting to build a spirit of working collectively, and setting the atmosphere for the CAP workshop.

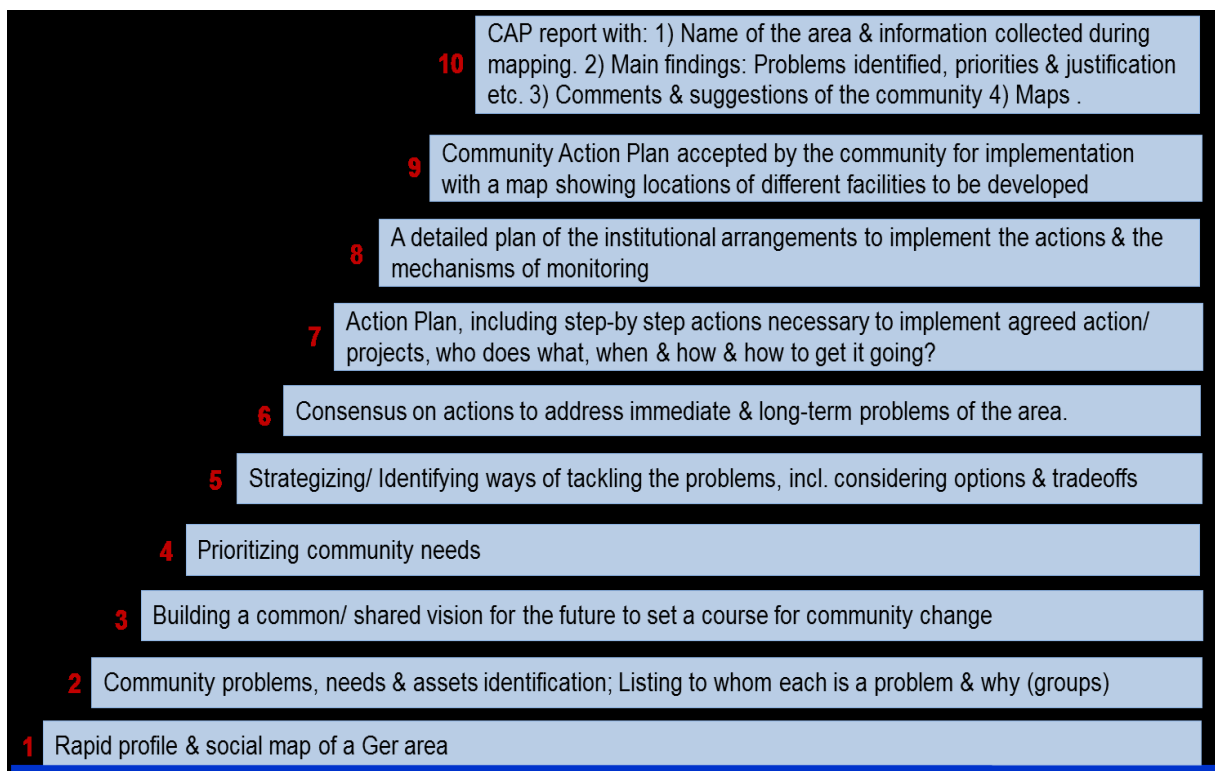
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|----|---|
| 1. | One of the most effective ways to reduce the costs of land development, service provision and community facilities is to increase the density of plots – consider and encourage using smaller plot sizes. |
| 2. | Details of a layout design can make a substantial difference in the cost of plots and dwellings and the infrastructure needed to serve it. |

⁴ *Land for Housing Urban Poor People*, Michael Mattingly

3.	Choose plot sizes and shapes (proportions) that optimise the use of land. For peri-urban Ger areas, plots with modest road frontages will mean more plots can be serviced, using less land take and where maintained costing less.
4.	Plots with road frontages on more than one side, wastes land and needlessly raise the costs of a service network (now or later).
5.	Plots will be faster and less costly to survey if they have straight sides and if they are arranged in rows in which boundaries continue as straight lines from one plot to another. However, balance this against creating a pleasant community neighbourhood.
6.	Road construction costs are very costly so know what road (reserve) widths you need in relation to their functions.
7.	School sites, playgrounds and other large plots for community facilities may not require road frontages except for access.
8.	If not already suitably located nearby, areas need to be carved out and protected for the provision of schools, health facilities, playgrounds, and other open spaces.

4.5 Summary of CAP Process

In summary, the process leading up to the preparation of a CAP involves the Steps given in the Figure below.



For a detailed description of the CAP process and for preparing a Ger area Improvement Action Plan, see the Toolkit on Community Action Planning (CAP).

5 Implementing Community Ger area Upgrading Action Plan

The problems that communities and other stakeholders identify in a Ger area would generally include those that can be solved by the Community as well as those which cannot be solved by the Community (see Tables 6 and 7 for examples).

Table 2: Possible problems identified in an Action Plan that can be solved by the Community

Ranking No.	Problem/ Needs	Solutions	Physical Project	Cost in USD
4	School dropout	Introduce <i>Government</i> programs among the community members	Nil	Nil
5	Garbage disposal	Awareness building among community members. Construct a disposal site in the <i>Kheseg</i>	One disposal site near the bath house	10,000
6	Land readjustment for straightening the road	Discuss with the community members who need to readjust their plots	Community-led readjusting of plot boundaries after consultations with relevant Departments.	Nil

Table 3: Possible problems identified in an Action Plan that need external assistance

Ranking No.	Problem/ Needs	Solutions	Physical Project	Cost in USD
1	Road	Build a new road Pave an existing road	(Government) Pave 100 m of road	NA 25,000
2	Footpaths	Build a footpath	Build 100 m of footpath in the main road	10,000
3	Darkness	Install street lights Connect to grid Put light bulbs at the entrance of each <i>khashaas</i> .	Install street lights covering 700 m road Covering 1km	10,000 13,000

Some of the small-scale projects for physical improvements within the settlement are:

- Technically uncomplicated.
- Mostly labour intensive, that is, lots of machinery is not required.
- Not capital intensive.
- Simple, that is, it does not require highly specialised skills.
- Relatively easy to manage

One of the means of implementing such projects is through Community Contracts⁵. From experience in Asian cities, the infrastructure and facilities constructed through community contracts are:

- Access roads to and within the settlement.
- Paved footpaths.
- Drains, culverts and small bridges.
- Local area water supply facilities.

⁵ *Community Contracts*, UN-HABITAT Regional Office for Asia and the Pacific

- Small-scale sewer systems.
- Small buildings such as community halls, schools, and clinics.

In the following sections, the Community Contract system is explained.

5.1 Community Contracts

A community contract is a contract awarded to a community organisation by a government agency, NGO or project to carry out physical works that have been identified and prioritized by a community in a Community Action Plan (Ger Incremental Upgrading Action Plan). In most cases, the community organisation representing a community in a particular settlement is the registered CDC. Community Contracts are issued for construction of physical infrastructure by the communities.

5.1.1 Why Community Contracts?

In order to give communities the full ownership, responsibility and economic benefit of investments, the works that are planned and built by the community using their own labour. If construction of physical infrastructure were carried out through conventional contracting procedures, the community would only benefit from the output of the contract and not from the process of the construction. Awarding the contract to the community has the advantages outlined in Table 9.

Table 4: Advantages of Community Contracts over Conventional Contracts

	Conventional Contracts	Community Contracts
Planning	Outside Professionals	Community
Design	Outside Professionals	LG Engineer with Community
Physical Works	Outside Contractor	Community
Works	Machine Intensive	Labour Intensive
Investment	Goes out of the Community	Stays within the Community
Quality of Work	Inferior	Good- it is their own
Profit Margin	High	Low
Feeling of Ownership	None	Very High

5.1.2 Accountability

It is important to ensure social and economic accountability in any participatory development initiative. Conventionally, the question of accountability has been looked at from the top, from the centre, i.e. local and peripheral organisations being accountable to the centre for expenditure and output. Therefore, central organisations keep control of funds and expenditure. Contracts are awarded from the central agencies to big contractors because of the belief that they are the only ones who can be trusted. These contractors are only accountable to the body that awards the contract and not to the community. However, international experience has shown that community organisations and other grassroots organisations are accountable not only to the funding agency but also to the people that they represent and they serve. Therefore, the question of accountability has to be a two-way process. The people are the best judges of any facility that they have been provided with: whether it is worth the cost and whether it is done to satisfactory standards. To ensure this process, it is necessary to formalise the accountability and monitoring in the hands of the people that the facility will serve.

The openness of procedures and economic transactions is the key to accountability in the community contracts system. To ensure this, it is necessary to formalise the accountability and monitoring responsibilities of the communities so that they become more responsible for the incremental upgrading, management, and longer-term maintenance of the assets created. It will also strengthen trust within the Ger community, and between the CDC and the Municipality.

5.1.3 Accounting and Auditing

The CDC should appoint, preferably from the community, a bookkeeper/ storekeeper to maintain proper records of stock, tools, equipment, and the cashbook. If the Treasurer of the CDC is capable of performing this duty or is willing to learn how to do this job it is good for the CDC. The cost of remunerating the person should be built into the contract. CDCs undertaking contracts with funds received from the project will be subject an annual audit. The Project Management will appoint independent auditors. The CDC at all times makes available the accounts to the Payment Certifier and the auditors.

5.1.4 Eligibility Criteria for CDCs for Community Contracts

To undertake a Community Contract, the CDC should fulfil the following criteria:

- Be fully represented by all the Primary Groups of the community.
- Be in active operation for at least six months.
- Be legally registered as a community representative organisation.
- Have prepared the Community Action Plan (Ger Incremental Upgrading Action Plan).
- Have a separate bank account for the Community Development Fund.
- Have undergone training in Community Contracting.

5.1.5 Funding and organisation

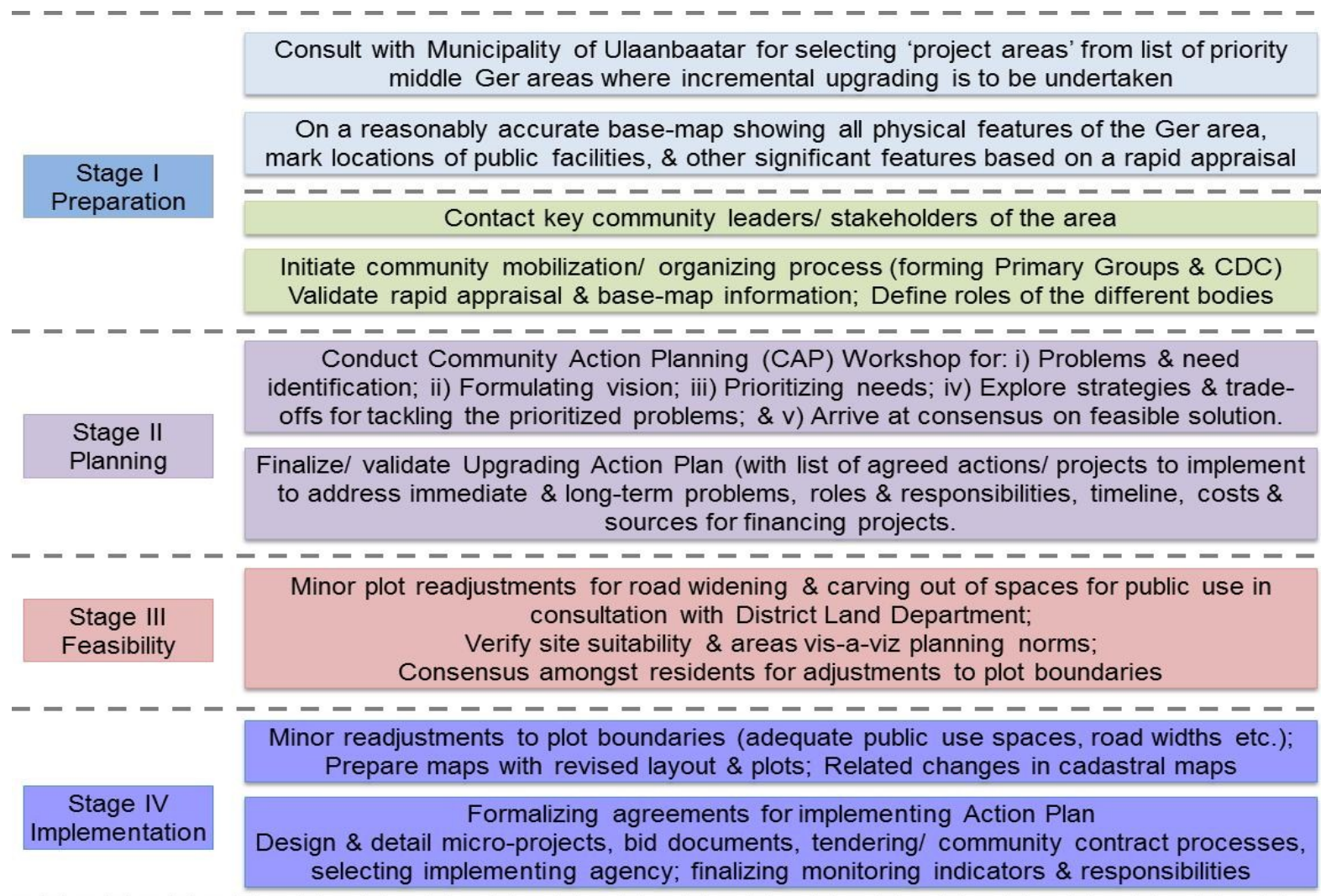
The funding of incremental upgrading works and of community contracts will require, as well as benefit from an 'Incremental Upgrading Community Development Fund' (CDF). The CDF is a mechanism that enables CDCs to tap development resources by building up their own capacities for implementing small projects. The development of this fund takes into consideration the lack of public resources (that is, from MUB, and *Duureg* and *Khoroo*-level governments). It requires finding of additional sources of funds from the private sector, international donors etc.

Experience in Asian cities and elsewhere has demonstrated the effectiveness of Community Development Funds in providing funds and credit for incremental upgrading. Typically, the Community Development Funds are:

- Straightforward, flexible and jointly managed by communities themselves, local governments and other stakeholders.
- Provide 'soft' loans (that is, below market interest rates) for incremental improvements that can be paid back by the community/ CDC over time
- Grants for small infrastructural works.
- A mix of grant and soft loans.
- Started up with capital from a mix of sources (government, private sector finance institutions, international donors, etc.).

6 Summary of Stages involved of upgrading

The stages involved in Ger area upgrading are summarised in the diagram below.





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