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April 7-8, 2026

Adaptation Fund Board
Project and Programme Review Committee
Thirty-seventh meeting
Bonn, Germany

LOCALLY-LED ADAPTATION SINGLE COUNTRY PROPOSAL FOR MONGOLIA

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: LLA Single country concept note

Country/Region: Mongolia
Project Title: Healthy Homes, Resilient Communities: Enhancing Housing Safety and Climate Resilience in Mongolian ger areas through Community Leadership
Thematic Focal Area: Climate Resilience Building
Implementing Entity: United Nations Human Settlement Programme (UN-Habitat)
Executing Entities: World Health Organization (WHO)
United Nations Industrial Development Programme (UNIDO)
Local communities
AF Project ID: AF00000509
IE Project ID:
Requested Financing from Adaptation Fund (US Dollars): 5,000,000
Reviewer and contact person: Anjeeta Barnwal
Co-reviewer(s): Alyssa Gomes
IE Contact Person:

Technical Summary:	The project "Healthy Homes, Resilient Communities: Enhancing Housing Safety and Climate Resilience in Mongolian ger areas through Community Leadership" aims to enhance the health, safety, and climate resilience of households in ger areas through replicable, community-led housing improvements, capacity building, and sustainable adaptation practices. This will be done through four components below: Component 1: Participatory Risk Assessment, Planning, and Community Engagement (USD 600,000); Component 2: Local Capacity Building for Climate-Resilient Home Retrofitting and Safe Infrastructure (USD 600,000); Component 3: Implementation of Low-Cost, High-Impact Upgrades (USD 2500,000); Component 4: Institutional Strengthening, Policy Integration, and Knowledge Management (USD 470,514). Requested financing overview: Project/Programme Execution Cost: USD 437,781 Total Project/Programme Cost: USD 4,608,295

	Implementing Fee: USD 391,705 Financing Requested: USD 5,000,000 **The proposal does not include a request for a project formulation grant.** The initial technical review raises several issues, such as unclear climate rationale for the proposed interventions and lack of clear pathways for sustainability and scalability beyond project cycle, limited consideration of relevant baseline initiatives and lack of result framework as discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review. *Please be advised that the findings of the AFB Secretariat's review of the funding proposal(s) do not reflect, indicate, or prejudge the outcome of the reaccreditation process currently underway. The Implementing Entity (IE) shall acknowledge that the funding proposal will not be approved by the Board if the IE's accreditation has expired, and reaccreditation has not been achieved at the time of the Board's decision. Notwithstanding this potential risk, the IE has elected to proceed with the development of the funding proposal.*
Date:	5 March, 2026

Review Criteria	Questions	Comments 1st Review [5 March 2026]
Country Eligibility	1. Is the country party to the Kyoto Protocol and/or the Paris Agreement?	**Yes.**
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	**Yes**. Mongolia is a developing country highly vulnerable to the adverse effects of climate change, including increasing frequency and intensity of flooding, drought, extreme cold heatwaves, and land degradation.
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	**Yes.** As per the Endorsement letter dated 9 September 2025.
	2. Does the length of the proposal amount to no more than fifty (50) pages for the Concept note project document, including its annexes?	**Yes.**
	3. Does the project / programme support concrete adaptation actions to assist the country and/or the local actors in addressing adaptive capacity to the adverse effects of climate change and	**Needs clarification.** The proposal highlights significant health, housing, and energy challenges faced by households in Mongolia's ger areas and proposes climate-resilient housing upgrades as a key response. However, the adaptation rationale

	build in climate resilience?	requires further clarification to demonstrate how the proposed activities specifically address climate change risks rather than broader development deficits. While the proposal describes climate hazards such as flooding, extreme cold, drought, and dust storms, it does not sufficiently demonstrate how these hazards translate into specific housing vulnerabilities and how the proposed interventions directly reduce those risks. In particular, the proposal would benefit from further clarification regarding: - How previous Adaptation Fund support in ger areas, particularly the Flood Resilience in Ulaanbaatar Ger Areas project, has informed the design of this proposal and how the proposed activities build on that baseline; - Evidence linking climate change impacts (e.g., increasing flooding, extreme cold events, or other hazards) to the health risks described; - The key institutional, technical, financial, and social barriers that currently limit climate-resilient housing improvements in ger areas; - How the proposed housing retrofits (e.g., insulation, ventilation, sanitation, and heating improvements) directly address climate hazards such as flooding, extreme temperatures, or drought conditions; - The logical structure of the components, including how activities under each component contribute to the overall adaptation objective. **CR 1**: Please explain how the Adaptation Fund project "Flood Resilience in Ulaanbaatar Ger Areas" informs the design of the proposed project. In particular, clarify how the outcomes of that project such as flood risk assessments, community-based and municipal mechanisms, institutional capacity development, and resilient infrastructure investments have been used as a baseline for the proposed activities. Please also clarify

		how the proposed project complements or builds upon these previous investments and why additional Adaptation Fund resources are justified. **CR2**: The proposal highlights health risks in ger areas, particularly those associated with air pollution and coal burning. However, the link between climate change impacts and the health risks described could be further clarified. Please provide additional evidence or references demonstrating how climate-related hazards such as increasing flooding, extreme cold events, drought, or dust storms are contributing to health risks in ger areas. Where possible, include relevant data or projections showing recent trends in climate hazards and their expected impacts on housing conditions and public health. **CR3**: The proposal includes housing upgrades such as improved insulation, ventilation, sanitation, and efficient heating systems. However, it is not sufficiently clear how these interventions specifically address climate-related risks rather than broader housing or development challenges. Please clarify how the proposed retrofits directly reduce vulnerability to climate hazards such as flooding, extreme cold, heatwaves, or drought conditions. In addition, please briefly explain whether climate-informed design considerations or relevant national or international technical standards will guide the retrofit measures to ensure that interventions are resilient to projected climate conditions. **CR4:** The description of the project components remains largely activity-based and does not clearly explain the logic and structure of the proposed intervention. **In particular:** • The components primarily present lists of activities and outputs, with limited narrative explaining their purpose or context; • The logical linkages between components are not clearly articulated. For example, the relationship

		between Component 1 (risk assessment and planning) and Component 3 (implementation of housing upgrades) is not fully explained, while certain elements of Component 2 (capacity building) and Component 4 (institutional strengthening and knowledge management) appear to overlap; • The proposal does not clearly describe what specific adaptation measures will be delivered under each component, by whom, and for whom, making it difficult to assess feasibility, cost-effectiveness, and alignment with Locally Led Adaptation principles; • The causal pathways between activities, outputs, and outcomes are not clearly presented, and the proposal does not describe key assumptions, risks, or indicative targets (e.g., number of households reached or beneficiaries supported). **Please revise the component descriptions to:** • provide brief contextual narratives explaining the purpose of each component; • clarify the logical linkages among components and their contribution to the overall adaptation objective; • specify what interventions will be delivered, by which actors, and for which beneficiaries; and • provide a clearer explanation of the results chain linking activities to outputs and outcomes. **CAR 1**: Please consider including a theory of change providing explicit assumptions and risks underpinning causal pathways. How community learning, governance strengthening, and monitoring groups will lead to adaptive decision-making over time and how feedback loops (community monitoring- municipal planning- policy integration) will sustain resilience beyond the project. **CAR 2**: Please identify the key institutional, technical, financial, and social barriers that currently limit climate-resilient housing improvements in ger areas. The

		proposal should also clarify how each project component is designed to address these barriers and leverage relevant opportunities to support the adoption and scaling of climate-resilient housing practices**.** **CAR3**: Please revise the component descriptions to provide brief contextual narratives in addition to lists of activities/outputs, clarify the logical linkages among components (including link between 1 and 3 and overlaps between 2 and 4, specify what will be delivered, by whom, and for whom.
	4. Does the project/programme enable devolving decision making to the lowest appropriate level? Does it give local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed, implemented; how progress is monitored and how success is evaluated.	**Not Cleared.** **CR5:** The proposal indicates application of LLA principles and outlines mechanism such as community assemblies, adaptation councils, direct financing, inclusive participation, capacity building, and participatory monitoring. However, the description remains largely conceptual and does not clearly explain how these mechanisms will operate in practice. - The proposal mentions about Community assemblies and adaptation Councils for decision-making but the roles and decision-making power of these bodies are not clear across components and whether they will have authority to prioritize, approve, and reject adaptation actions and household-level upgrades. Current description indicates them as beneficiaries only. - The proposal outlines direct financing via community grants and household-level support. However, it is not clear how communities will exercise control over resources, including approval of overall budget, micro-grants, allocation, reprogramming, and oversight of micro-grants beyond consultations.

		- It is unclear how accountability, transparency, and grievance mechanisms will function from the perspective of local stakeholders. - It is not articulated how Community Adaptation Councils relate to existing local governance structures (e.g., municipal units), and how the project will avoid creating parallel structures given that there are other ongoing projects: Municipal flood management projects; Municipal sanitation services etc. - There is limited description of how learning from the implementation will allow communities to adjust adaptation actions over time. **CAR4:** Please revise the proposal to provide a clear and operational description of how LLA principles will be integrated across the project cycle. The revision should define the decision-making roles and authority of community assemblies and Community Adaptation Councils; specify how communities including women, youth, persons with disabilities, and other marginalized groups will exercise control over financial resources and decision making; and outline concrete accountability, transparency, and grievance mechanisms. The proposal should also explain how community priorities will shape adaptation actions, how learning and feedback loops will support adaptive management, and how these governance arrangements will align with existing municipal structures to avoid creating parallel systems.
	5. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund? Does the project/programme address structural inequalities faced by women,	**Not Cleared.** **CR6:**The concept has articulated the economic, social and environmental benefits in details but doesn't address some of the fundamental points mentioned in the previous question. - It is not evident what housing upgrades are done to tackle climate hazards of flooding, droughts, heat and cold waves; and how these will provide social, economic and environmental benefits.

	youth, children, people with disabilities, people who are displaced, Indigenous Peoples and marginalized ethnic groups?	- The social benefits are quite generic without any specific unique context of the ger areas and its specific social challenges that the project will address during the implementation. Please revise to make it more context specific.
	6. Is the project / programme cost effective?	**Not Cleared.** The project lacks sufficient details to appropriately assess its cost effectiveness. The logical link of the housing upgrades with current and future climate vulnerabilities is not evident in the concept note. There is limited reference to baseline projects and initiatives, and alternate adaptation solutions which is limiting the scope to properly assess the added value and logic of the project. In particular, there is no reference to the previous AF Funded project in gers in Ulaanabaatar which also aims to reduce flood risk. While the community led housing upgrade aligns with LLA principles, the sustainability and scaling up of the interventions beyond the project period is unclear in absence of any policy incentives, standards, and financial mechanisms established at the local and national government levels to support such upgrades. There is a high risk that the project's benefits will remain only with the households who are part of the pilots. The skilling support for the locals and creation of community adaptation councils are strategic interventions. However, it is not clear if the proposed councils will continue beyond the project and will be embedded in the existing urban governance structure for implementing future locally led initiatives. Also, the proposal doesn't indicate how many households will benefit from pilot housing upgrades and transfer of micro-grants. **CR7:** Please clarify the project's cost-effectiveness by demonstrating the climate rationale for housing upgrades, outlining relevant baselines and comparing alternative

		adaptation options, and explaining how benefits will scale and sustain beyond pilots through concrete policy, institutional, and financial mechanisms. Also, indicate how many people or households will benefit from this project. The proposal presents several quantitative claims regarding the cost-effectiveness of the proposed approach, including statements that the community-led model is “3–5 times more affordable than centralized retrofitting”, “10 times less costly than large-scale infrastructure upgrades,” and delivers “greater value per household” compared with conventional approaches. However, the proposal does not provide the sources, assumptions, or methodology underlying these estimates. **CR8:** Please clarify the basis for these cost-effectiveness claims, including: - the data sources, studies, or benchmarks used to derive the estimated cost ranges presented in Table 3; - the assumptions and methodology used in comparing the project approach with centralized retrofitting or infrastructure alternatives; and - whether these estimates are based on previous projects, pilot interventions, or national data relevant to ger-area housing improvements. - Providing this clarification will help substantiate the cost-effectiveness of the proposed approach. **CR9:** The proposal emphasizes that the project will deliver cost-effective outcomes through community-led implementation and direct financing mechanisms. However, the analysis does not yet consider the **transaction costs and coordination implications** associated with the proposed implementation arrangement, in which **UN-Habitat serves as the Implementing Entity and two additional multilateral organizations (WHO and UNIDO) are proposed as Executing Entities**.

		Please clarify how the proposed execution arrangement contributes to overall cost-effectiveness
	7. Is the project / programme consistent with national, sub-national or local sustainable development strategies, national, sub-national or local development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	**Not Cleared.** The proposal identifies the key national and sub-national strategies (NAP, NDC, Green Development Policy etc.). However, the alignment is not articulated in a sufficiently adaptation-specific manner. The proposal should demonstrate how the proposed housing retrofitting (ventilation, heating safety, sanitation, and insultation) reduce climate-related risks such as flooding, droughts, heat and cold waves and provide specific references to adaptation priorities, vulnerabilities, and barriers identified in the NAP, NDC, and National Communications, and strengthen the linkages to municipal and district-level development plans. **CR10:** Strengthen the adaptation-specific alignment between the proposed interventions and Mongolia's national and sub-national strategies. In particular: - Please explain how the proposed retrofitting (insulation, ventilation, sanitation, and heating measures) directly addresses the adaptation priorities identified in the NAP (e.g., disaster-resistant infrastructure, community resilience, DRR systems). - Reference specific adaptation gaps or vulnerabilities highlighted in the National Communications, NDC and NAP that the project addresses.
	8. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund? Does the project provide support	**Not Cleared:** The proposal states that project activities will comply with Mongolia's national technical standards, building codes, environmental assessment requirements, and occupational

	to local actors and build their capacities to comply with the standards?	health and safety regulations. However, the description remains largely general and does not identify the **principal technical, regulatory, or institutional frameworks** that will guide the proposed interventions. Given that the project proposes housing retrofits and related measures including insulation, ventilation, safe heating, sanitation improvements, and flood-proofing, it would be helpful to clarify the main standards or regulatory frameworks expected to apply to these activities, as well as how compliance will be ensured in practice. Also, it is not clear how the direct transfer of micro-grant will be regulated and how fiduciary compliance will be ensured. While compliance mechanisms are described and collaboration is emphasized, they are not presented in a structured manner for proper assessment. A structured template is needed to demonstrate alignment of specific project interventions with national standards, AF safeguards, and compliance processes. **CR11:** Please provide the principal national and/or municipal technical standards, codes, regulations, or competent authorities that are expected to govern the proposed interventions and briefly explain how these will inform the design and supervision of project activities. At concept note stage, please provide a structure template linking project components with relevant national and local standards, relevant AF ESP principles, oversight authority and compliance mechanism.
	9. Is there duplication of project / programme with other funding sources? Does the project enhance collaboration across sectors and enhance efficiencies and good practice?	**Not Cleared.** The proposal identifies areas of overlap between proposed project interventions with ongoing interventions such as stove distribution schemes, WASH programs, drainage work. The proposal intends to differentiate its offerings from ongoing interventions but it doesn't mention names of

		the programs, potential duplication, complementarities and how lessons learned are incorporated into project design. **CR12:** Please expand the analysis of existing initiatives by identifying the specific ongoing or planned projects and programmes in Mongolia/Ger district that may overlap and should include government and donor initiatives related to proposed interventions (energy efficiency and retrofitting, WASH and sanitation, flood management and drainage, air pollution reduction and clean heating, community governance etc.). Please update the table 4 to reflect: - name of the project, donor, and implementing agencies - areas of potential overlap with the proposed project - how duplication will be avoided - complementarities, synergies, and lessons learned, including how the proposed project builds on the AF-funded Ger Community Resilience Project **CAR5:** Please revise the section including complementarities and coordination matrix table to incorporates the details outlined above.
	10. Does the project / programme have a learning and knowledge management component to capture and feedback lessons, in particular managing traditional and/or indigenous knowledge, where relevant? Does it contribute to building and institutionalizing local capabilities?	**Not Cleared.** The project proposes a sound knowledge management strategy anchored on clear community engagement at all levels. **CR13:** The proposal will benefit from more specificity on how the proposed knowledge management activities will be institutionalized. For example, it is not clear where the digital knowledge dashboard will be hosted and who will manage it. How will the knowledge products and best practices from the pilots will contribute to national and city level knowledge systems and if the trainings and workshops will be done in isolation or with engagement of

		national and local governments for wider replication and cross learning. **CR14:** Please also elaborate how knowledge from previous interventions will be used to ensure efficient use of AF resources in this project. There have been flood management and energy efficient housing projects implemented in the gers in the past and the project may benefit from their knowledge and lessons.
	11. Has a consultative process taken place, and has it involved and encouraged all key stakeholders, and vulnerable groups, to meaningfully participate in and lead adaptation decisions? Did the consultative process consider and address gender-based, economic and other inequalities in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	**Not Cleared.** The proposal references two national-level consultations- the Solutions for Health technical meeting (Dec 2023) and the National Urban Forum session (Dec 2024). While these events brought together a wide range of ministries, UN agencies, -and sectoral stakeholders, the consultations appear to focus primarily on health, housing, and urban development from a general development perspective. The narrative does not explain how these dialogues are linked to specific climate hazards experienced during the consultation period, such as severe urban floods, summer droughts, or the extreme winter dzud. Moreover, these consultations are dated in 2023 and 2024. It is unclear if these consultations were organized or held with this project concept in mind and whether any consultations were done last year which directly contributed to the development of the project concept note. The community consultations are relevant. However, it is unclear if the 43 individuals participated represented the targeted communities of this project. Please clarify if local community group leaders and other associations consulted? Also, while the consultations identified water quality issues and flood risks among the other key challenges faced by communities, the proposed interventions do not seem to address these risks.

		CR15: Please clarify what dedicated preliminary consultations were held specifically to inform the design of this project and which stakeholders participated. Explain how inputs from these consultations (or from prior engagement under the existing programme) informed the design of this project concept. Please describe if climate context was sufficiently discussed with evidence and voice from vulnerable communities.
	12. Is the requested financing justified on the basis of full cost of adaptation reasoning?	**Not Cleared.** As indicated in the cost-effectiveness section, how the AF resources will deliver climate change adaptation objectives is not fully evident. The causal link of air pollution (caused by coal use) with housing upgrades to reduce health risks and improved community resilience lacks the adaptation rationale especially in describing how climate hazards like flooding and droughts will be addressed. While the proposed solutions can be solely supported by AF, there is limited description of distinguishing these interventions from business-as-usual developmental upgrades which could potentially be financed by other public and private financing sources. The focus on skilling locals, strengthening local capacity and creating opportunities for local institutions to manage and implement local solutions is strategic and justifies full cost basis of AF. **CR16:** Please strengthen adaptation justification for the infrastructure upgrades and consider diversifying the interventions to address climate change specific risks and adaptive capacity related barriers in ger areas based on the past interventions.
	13. Is the project / program aligned with AF's results framework?	**Not Cleared.**

		The proposal doesn't present a result framework, so its alignment with AF's results framework can be assessed. **CAR6:**Please include a complete results framework table in Part III A under Implementation Arrangements that: - presents project outcomes and outputs for all programme components - specifies indicators and targets - demonstrates clear alignment with the Adaptation Fund's Strategic Results Framework Guidance: Results Framework Alignment Table (Amended in November 2025)
	14. Has the sustainability of the project/programme outcomes been taken into account when designing the project? Does the project/programme support long-term development of local governance processes, and improve the capacity of local institutions to ensure that communities can effectively implement adaptation actions over the long term?	**Not Cleared.** **CR17:** Sustainability of the project has been described in the proposal under section J. However, it will benefit from the further articulation of the following: - How will the financial sustainability be ensured through micro grants provided to the pilot households? The project doesn't propose any specific mechanisms or instruments to raise or mobilize funding for maintenance and scaling up of pilot solutions. - The institutional integration and embedding with national and municipal frameworks have been stated. However, it is unclear how specifically it will be done. Please indicate some concrete ways that the project will support this. - The CACs are strategic to ensure community-led planning and development. Please clarify the scope of CACs and community adaptation funds. Will it be developed only for the pilots or more broadly in the ger areas and will it sustain beyond the project and how? - Economic sustainability from skilling and creating new market opportunities for sustainable and

		resilient infrastructure is well presented. At the full proposal stage sustainability can be further strengthened by indicating how the trained workforce will be integrated into local systems through mechanisms that link trained and non-trained groups to employment and markets.
	15. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	**Not Cleared.** The proposal provides an initial overview of potential environmental and social risks across ESP principles. Based on initial screening, the project is classified as category B and the proposal indicates that this categorization will be validated through an ESIA and ESMP during the full proposal stage. While the proposal identifies risks, it does not classify each risk by severity (low, medium, high), as required under AF guidance. Also, some of the risk descriptions remains generic and lacks context specific evidence and clear linkage to project activities. For example, under Gender Equity and Women's Empowerment, the proposal states *"Any negative impact of the project may disproportionately affect women. Also, some of the project activities may exclude women. Female-headed households may lack information, documentation, or mobility to access services."* Please make it more specific to this project scope. Although gender considerations appear in several principles, the proposal does not yet include an initial gender assessment with - qualitative and quantitative data, gender roles and division of labor, differentiated vulnerabilities, barriers to participation and opportunities for empowerment required under AF Gender Policy. **CR18:** Please clarify the level of risks (Low, medium, high) for identified social and environmental risks in table 6.

		CAR7: Please clarify whether initial gender assessment has been conducted. This is a requirement for concept not endorsement. Please share the initial gender assessment report including qualitative and quantitative data on gender roles, vulnerabilities and differentiated impacts.
Resource Availability	1. Is the requested project / programme funding within the size for LLA single country grants?	**Yes.**
	2. Is the Implementing Entity Management Fee at or below 8.5% per cent of the total project/programme budget before the fee?	**Yes.** The IE fee is at 8.5%.
	3. Are the Project/Programme Execution Costs at or below 9.5% per cent of the total project/programme budget (including the fee)?	**Yes.** The EE cost is at 9.5%. However clarification are requested. The proposal presents itself as community-led and aligned with LLA, yet the execution architecture relies on two additional multilateral entities, WHO and UNIDO, as Executing Entities, rather than primarily national or local institutions. This creates a weak case for: • strengthening national delivery systems • long-term institutional capacity in Mongolia • devolved implementation consistent with LLA principles At present, the proposal does not explain: • why these functions cannot be performed by national ministries, municipal bodies, vocational institutes, national NGOs, or local technical institutions • why two separate MIEs are required at execution level • how this arrangement represents the most cost-effective and capacity-enhancing option • how it avoids creating dependency on UN-led delivery rather than building Mongolian system **CAR8:** The proposal indicates that two multilateral entities, WHO and UNIDO, will act as Executing Entities, while communities are expected to implement activities at local

		level through grants and material support. However, the proposal does not provide sufficient justification for why execution is assigned to two MIEs rather than to national or sub-national institutions, particularly in the context of a project presented as locally led and intended to strengthen local and national capacity. **Please include a justification that clarifies:** • the specific execution roles to be performed by WHO and UNIDO; • why these roles cannot be carried out by relevant national or local institutions; • how this arrangement will strengthen country ownership and national implementation capacity over the long term; and • how the use of two MIEs at execution level represents the most appropriate and cost-effective arrangement for this project.
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	**No, the IE is under Reaccreditation.** Accreditation Expiration Date is 01 October 2025 for IE (UN-Habitat).

REQUEST FOR PROJECT/PROGRAMME FUNDING FROM THE ADAPTATION FUND

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to the email: submissions@adaptation-fund.org

ADAPTATION FUND

Contents

LOCALLY-LED ADAPTATION PROJECT/PROGRAMME PROPOSAL FOR SINGLE COUNTRY

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Healthy Homes, Resilient Communities: Enhancing Housing Safety and Climate Resilience in Mongolian ger areas through Community Leadership

Country: Mongolia

Thematic Focal Area: Climate Resilience Building

Type of Implementing Entity: Multilateral Implementing Entity

Implementing Entity: United Nations Human Settlement Programme (UN-Habitat)
Executing Entities: World Health Organization (WHO)
United Nations Industrial Development Programme **(**UNIDO)
Local communities

Amount of Financing Requested: 5,000,000 (in U.S Dollars Equivalent)

Letter of Endorsement (LOE) signed: Yes ☐ No ☐

NOTE: The LOE should be signed by the Designated Authority (DA). The signatory DA must be on file with the Adaptation Fund. To find the DA currently on file check this page: https://www.adaptation-fund.org/apply-funding/designated-authorities

Stage of Submission:

☐ This proposal has been submitted before including at a different stage (pre-concept, concept, fully- developed proposal)
■ This is the first submission ever of the proposal at any stage

In case of a resubmission, please indicate the last submission date: Click or tap to enter a date.

Please note that fully-developed proposal documents should not exceed 100 pages for the main document, and 100 pages for the annexes.

1.1 Project / Programme Background and Context

Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.

Mongolia is undergoing rapid urbanization, with increasing migration to urban centers such as Ulaanbaatar and provincial hubs. This demographic shift has led to the expansion of informal settlements known as ger areas, which now house over 60% of the urban population. These areas are composed of traditional yurts and self-built homes, often constructed without formal planning or access to basic infrastructure. As a result, ger area residents face a complex web of challenges, with heightened health risks and increased climate vulnerability driven by substandard housing, inadequate basic services, and energy poverty.

The proposed project aims to address the urgent need for climate-adaptive housing improvements in Mongolia's ger areas, with a focus on reducing health risks, improving energy efficiency and access to basic services, and strengthening community resilience through locally led solutions.

Environmental Context

Mongolia is experiencing rapid and unprecedented climatic change, making climate adaptation an urgent priority. Scientific evidence shows that the country has already warmed by more than 2°C since the mid-20th century, with 2024 recorded as one of the warmest years on record. Projections indicate that temperatures could rise by an additional 1.5°C to 3°C by 2050. This accelerating warming is intensifying droughts, dust storms, desertification, and extreme winter disasters (dzud), placing enormous pressure on ecosystems, water resources, livelihoods, and human health.

These climate stresses are a major driver of rural-to-urban migration, pushing thousands of herder households to settle in urban ger areas where services are already overstretched. However, the urban environment including in the capital city Ulaanbaatar is highly ill-equipped to absorb this influx under worsening climate conditions. Ger areas are especially vulnerable because they consist of poorly insulated sub-standard houses dependent on inefficient heating systems, combined with limited access to water, sanitation, drainage, and reliable social services. Many of these settlements are located in

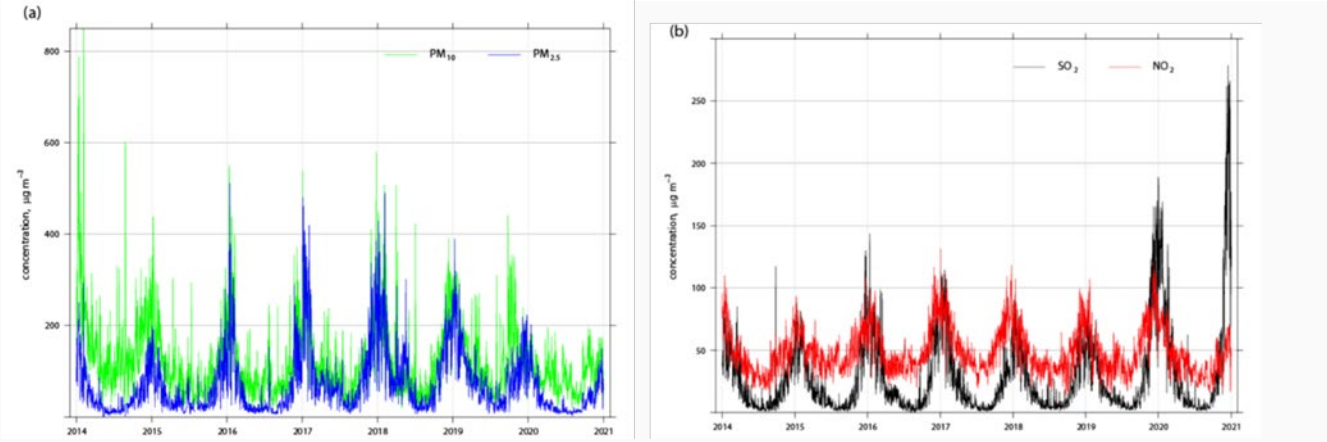
high-risk flood zones where rapid, unplanned expansion and insufficient drainage systems amplify the impacts of seasonal flash floods, river overflows, and surface water accumulation. Flooding frequently damages homes, destroys household assets, and contaminates pit latrines and shallow wells, increasing health risks from water-borne diseases.

The compounded effects of extreme cold, heatwaves, dust storms, and flooding amplify health risks for ger area residents. Figure 1 shows different types of environmental hazards affecting ger areas. Severe winter cold contributes to respiratory illness and cardiovascular stress, while summer heat and dust storms worsen respiratory conditions. Air pollution remains one of Mongolia's most pressing public health crises, with winter PM2.5 levels often exceeding WHO limits by six to ten times due largely to raw coal burned in traditional stoves (See Figure 2).

Figure 1. Ger communities face a convergence of challenges that threaten public health, social equity, and climate resilience

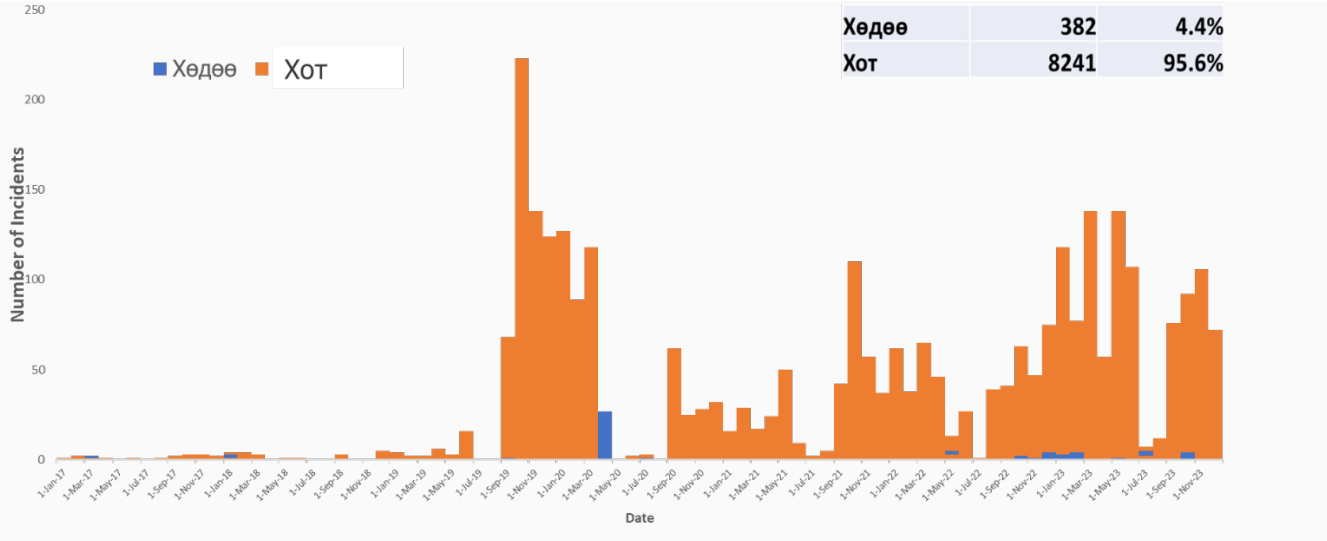
Although the government introduced semi-coke briquettes in 2019, which reduced particulate emissions, the intervention also exposed a critical gap: without adequate housing, ventilation, insulation, and safety measures, clean-fuel transitions alone are insufficient. The rise in carbon monoxide poisoning cases including 42 fatalities between 2019 and 2023 (Figure 3) demonstrates the urgent need for integrated solutions that address both clean energy access and safe, climate-resilient housing.

Figure 2.Daily mean concentrations of (a) PM10, PM2.5 and (b) SO2, NO2 in Ulaanbaatar for 2014–2021



Given the accelerating impacts of climate change and the heightened vulnerability of ger area populations, adaptation measures are no longer optional—they are essential for safeguarding health, livelihoods, and urban resilience.

Figure 3.Number of Severe Carbon Dioxide Poisoning Incidents in Ulaanbaatar city in 2019-2023



Social Context

Almost one third of Mongolia's population lives below the poverty line, with the majority of low-income households concentrated in ger areas. These districts remain largely excluded from formal urban planning and continue to lack the essential infrastructure needed for healthy, resilient living. Most households live without district heating, piped water, and sanitation services. These gaps heighten vulnerability to climate-related stresses and drive persistently high rates of respiratory illness, diarrheal disease, and other communicable conditions—disproportionately affecting children, pregnant women, people with disabilities, and the elderly.

Energy poverty is widespread, forcing families to depend on unsafe, carbon-intensive, and highly polluting fuels for heating and cooking, particularly during Mongolia's long and severe winters. For low-income households, these expenditures consume a disproportionate share of income, leaving little for food, education, or healthcare, and deepening cycles of poverty. Limited opportunities for community participation further undermine the sustainability of government interventions and erode public trust in service delivery systems.

Housing conditions in ger districts are similarly inadequate and ill-equipped to withstand Mongolia's increasingly extreme climate. Traditional gers and self-built wooden or brick dwellings often suffer from poor insulation, weak structural integrity, insufficient ventilation, and lack of sanitation facilities. These deficiencies exacerbate indoor air pollution, cold stress, overheating during heatwaves, and heightened exposure to mold and dampness following floods.

The combined impact of inadequate housing, deficient basic services, and entrenched poverty also carries profound social and psychological consequences. Families living in unsafe, poorly heated, flood-prone, or unsanitary homes frequently endure chronic stress, anxiety, and diminished well-being. Children's learning and development are hindered when homes are too cold to study in winter, too polluted to breathe safely, or lacking proper sanitation. Social inequality is also pronounced: residents of ger areas are often perceived as economically disadvantaged compared with those in the city center, leading to the marginalization of children among their peers. Women, who disproportionately shoulder responsibilities for caregiving, water collection, heating maintenance, sanitation, and household energy management, face intensified physical and emotional strain.

Economic Context

Ger area communities face overlapping vulnerabilities—poorly insulated homes, inefficient heating systems, inadequate ventilation and sanitation, and recurring exposure to environmental hazards—that translate directly into substantial economic losses for households, municipalities, and the national economy. Families spend a significant portion of their limited income on heating, water, sanitation, and coping measures, yet still endure cold, unsafe, and unhealthy living conditions. Frequent flooding, property damage, and the need for repairs create additional financial strain, particularly for households with little savings or access to credit.

The health impacts of air pollution, poor ventilation, and inadequate sanitation carry significant economic costs. A 2019 UNDP study estimated annual welfare losses at $486 million and productivity losses at $58 million, equivalent to 5.6% of Mongolia's GDP. These losses reflect missed workdays, reduced labor capacity, and long-term health impacts that undermine human capital. Healthcare expenditures linked to pollution-related and sanitation-related illnesses are also rising: costs for treating children affected by air pollution are projected to increase by 33% by 2025, placing growing pressure on families and the national health system.

Energy poverty further exacerbates economic vulnerability. Low-income ger households often spend a disproportionately high share of their income on coal, briquettes, and other fuels, yet still struggle to maintain safe indoor temperatures during the long winter months. These expenditures leave little room for other essential needs—education, food, and health care—and deepen cycles of poverty. Meanwhile, reliance on inefficient stoves, thermally poor structures, and inadequate ventilation results in wasted energy, unsafe indoor environments, and higher emissions, perpetuating both economic and environmental costs.

At the city level, the continued expansion of informal, poorly serviced settlements—including those lacking adequate sanitation and drainage—further increases the fiscal burden on local governments. Responding to climate-related emergencies, providing temporary relief, repairing damaged infrastructure, and addressing public health impacts all divert resources that could otherwise support long-term development.

Overall, the economic costs of inaction are substantial and rising. By contrast, targeted interventions in insulation, safe heating, ventilation, sanitation, and flood-proofing will reduce household expenditures, lower healthcare costs, prevent property damage, and strengthen municipal budgets—delivering significant economic savings while building resilience, particularly for the poorest households in Mongolia's ger areas.

Development Context

Despite Mongolia's commitments to expand renewable energy to 30% by 2030 and reduce urban air pollution, substantial implementation gaps persist at both national and local levels. As of 2024, coal-fired combined heat and power (CHP) plants continue to dominate the Central Energy System (CES), accounting for over 90% of electricity generation, with renewable sources contributing just 9.1%. Meanwhile, ger areas - home to the majority of Mongolia's low-income population remain underserved by national and municipal development programs due to institutional fragmentation, limited budget allocations, and insufficient coordination between agencies.

These gaps are compounded by weak community engagement in planning and decision-making, which often results in solutions that fail to meet the needs or priorities of ger area residents. As a result, climate adaptation measures, clean energy programs, and infrastructure investments frequently fall short of generating meaningful or lasting impact at the household level. In particular, interventions rarely address the full spectrum of vulnerabilities—poor insulation, unsafe heating, inadequate ventilation, lack of sanitation, and flood exposure—that drive poverty and health risks in ger areas.

Locally led development models present a powerful alternative to conventional approaches. UN-Habitat's community-driven upgrading initiatives in Mongolia have shown that when communities are empowered to identify priorities, co-design solutions, and lead implementation, interventions become more effective, sustainable, and widely embraced. These approaches foster trust, enhance social cohesion, reinforce local governance systems, and ensure that upgrades are culturally appropriate and responsive to community needs.

Ger areas—given their scale, visibility, and acute vulnerability—offer strategic entry points for advancing national climate adaptation. Piloting and scaling innovative solutions in the selected target areas can generate momentum for broader policy reforms and nationwide replication.

The proposed initiative, **Healthy Homes, Resilient Communities**, builds on proven foundations and is positioned at the intersection of environmental degradation, social exclusion, economic vulnerability, and development gaps. The project will deliver climate-adaptive and health-responsive housing improvements—including insulation, safe heating, ventilation, sanitation, and flood-proofing—that directly address the most pressing challenges in ger areas.

By targeting these conditions through low-cost, high-impact interventions, the initiative will reduce household expenditures, prevent avoidable health costs, and protect property from climate-related damage. In doing so, it not only strengthens resilience but also advances social equity, ensuring that Mongolia's poorest households are not left behind in the climate transition.

The project will further expand access to clean energy technologies and embed participatory planning mechanisms that reinforce local governance and accountability. Taken together, these elements establish a replicable and scalable model that reduces health risks, alleviates energy poverty, and strengthens urban resilience across Mongolia's most vulnerable communities.

Project Objectives

Overall Goal

Enhance the health, safety, and climate resilience of households in ger areas through replicable, community-led housing improvements, capacity building, and sustainable adaptation practices.

The project will adopt a **community-driven, multi-sectoral approach** to strengthen climate resilience, health, and safety in ger areas of selected urban centers. Implementation will be organized around four interlinked components:

Component 1: Participatory Risk Assessment, Planning, and Community Engagement

- Conduct community-based vulnerability assessments to identify housing-related health and climate risks.
- Apply participatory mapping and household surveys to pinpoint infrastructure gaps, flood exposure, and heating safety concerns.
- Facilitate inclusive planning workshops with residents, local leaders, and technical experts to co-design adaptation strategies.

Component 2: Local Capacity Building for Climate-Resilient Home Retrofitting and Safe Infrastructure

- Deliver training programs for local workers, youth, and volunteers on retrofitting techniques, safe heating systems, and insulation methods.
- Develop technical manuals and toolkits tailored to local materials and climate conditions.
- Partner with vocational schools and NGOs to ensure sustainability and scalability of training efforts.
- Implement awareness campaigns on climate risks, heating safety, and hygiene.
- Establish community monitoring groups supported by digital tools and dashboards to track progress and share lessons.

Component 3: Implementation of Low-Cost, High-Impact Upgrades

- Pilot scalable interventions in selected target areas, including improved insulation, efficient heating systems, enhanced ventilation, and sanitation facilities.
- Provide micro-grants or material support to vulnerable households to enable upgrades.
- Ensure quality and accountability through community oversight mechanisms and continuous monitoring.

Component 4: Institutional Strengthening, Policy Integration, and Knowledge Management

- Align local actions with national adaptation frameworks by collaborating with municipal and national authorities to ensure coherence with the Urban Development Master Plan, National Adaptation Plan (NAP), and Nationally Determined Contributions (NDC).
- Integrate community knowledge into planning and budgeting through feedback mechanisms that elevate local experiences and data into municipal and national decision-making.
- Generate and disseminate policy-relevant knowledge through policy briefs, technical notes, and case studies shared via stakeholder dialogues and national platforms.
- Promote institutional learning and replication through knowledge exchange events and support the scale-up of successful practices across urban centers.

1.2 Project Components and Financing

The project is structured into four interlinked components that collectively address the health, safety, and climate resilience challenges faced by households in selected urban centers. Each component includes specific activities, expected outputs, and indicative financing needs. The budget is indicative and subject to refinement during the full proposal development phase.

Project Components	Expected Concrete Outputs	Expected Outcomes	Amount (US$)
Component 1. Participatory Risk Assessment, Planning, and Community Engagement	• Community-based vulnerability assessments completed in all target areas. • Participatory maps and household surveys documenting infrastructure gaps, flood exposure, and heating safety risks. • Inclusive planning workshops conducted with residents, local leaders, and technical experts. • Co-designed adaptation strategies formally documented and endorsed by communities.	Communities in ger areas actively participate in identifying risks and co-designing solutions, resulting in locally owned and context-appropriate adaptation strategies.	600,000.00

Component 2. Local Capacity Building for Climate-Resilient Home Retrofitting and Safe Infrastructure	• Training programs delivered to local workers, youth, and volunteers on retrofitting, insulation, and safe heating. • Technical manuals and toolkits developed and distributed, tailored to local materials and climate conditions. • Partnerships established with vocational schools and NGOs to sustain training programs. • Awareness campaigns implemented on climate risks, heating safety, and hygiene. • Community monitoring groups formed, supported by digital dashboards for progress tracking.	Local workers, youth, and households gain the skills and knowledge to implement and sustain climate-resilient housing improvements and safe infrastructure practices	600,000.00
Component 3. Implementation of Low-Cost, High-Impact Upgrades	• Pilot housing upgrades implemented in selected areas (insulation, heating systems, ventilation, sanitation). • Micro-grants or material support provided to vulnerable households. • Community oversight mechanisms established to ensure quality and accountability. • Continuous monitoring reports produced on upgrade effectiveness.	Vulnerable households experience measurable improvements in health, safety, and climate resilience through affordable, community-monitored housing upgrades.	2,500,000.00
Component 4. Institutional Strengthening, Policy Integration, and Knowledge Management	• Local actions aligned with national frameworks (Urban Development Master Plan, NAP, NDC). • Community knowledge integrated into municipal and national planning through feedback mechanisms. • Policy briefs, technical notes, and case studies produced and disseminated.	Community-driven practices are integrated into municipal and national adaptation frameworks, strengthening institutional capacity and enabling replication across urban centers.	470,514.00

	• Knowledge exchange events organized with municipal and national stakeholders.		
Total Component Cost			4,170,514.00
6. Project/Programme Execution cost			437,781.00
7. Total Project/Programme Cost			4,608,295.00
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)			391,705.00
Amount of Financing Requested			5,000,000.00

Projected Calendar:

Indicate the dates of the following milestones for the proposed project/programme

Milestones	Expected Dates
Start of Project/Programme Implementation	1st Quarter 2027
Mid-term Review (if planned)	1st Quarter 2029
Project/Programme Closing	1st Quarter 2031
Terminal Evaluation	1st Quarter 2031

PART II: PROJECT / PROGRAMME JUSTIFICATION

A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience. Specify how the project/programme enables devolving decision making to the lowest appropriate level and gives local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed, implemented; how progress is monitored and how success is evaluated.

The proposed project addresses the urgent intersection of climate vulnerability, health risks, and housing insecurity in Mongolia's ger areas—informal settlements that house a large share of urban

populations. These areas face extreme temperature fluctuations, urban flooding, air pollution, and energy poverty, compounded by inadequate housing and infrastructure. Despite ongoing national efforts, systemic vulnerabilities persist due to poor insulation, unsafe heating systems, limited WASH access, and minimal protection against climate hazards.

The project adopts a community-led, multi-sectoral approach to improve health, safety, and climate resilience through replicable housing improvements, capacity building, and sustainable adaptation practices. Grounded in Locally Led Adaptation (LLA) principles, the initiative ensures that planning, resource allocation, and monitoring are driven by communities themselves, while aligning with Mongolia's Urban Development Master Plan, NAP3, and NDC3.

The urgency of this initiative stems from the escalating climate and health risks facing Mongolia's ger areas. Intensifying heatwaves, extreme cold, and increasingly unpredictable rainfall patterns are amplifying hazards such as indoor air pollution and carbon monoxide poisoning, placing households—particularly children, the elderly, and vulnerable groups—at severe risk.

At the same time, there is strong community demand for safer, more efficient, and climate-resilient homes. Previous UN-Habitat projects have demonstrated that residents are eager to adopt solutions that improve their living conditions while reducing exposure to environmental stresses. This demand provides a solid foundation for scaling up interventions that are both practical and transformative.

The proposed approach is cost-effective and highly scalable. Low-cost retrofitting techniques and clean energy solutions can be replicated across ger districts, offering a pathway to widespread impact without requiring prohibitively high investments. By focusing on affordable, high-impact interventions, the project ensures that benefits reach the most vulnerable households while remaining financially viable for national replication.

Equally important, the initiative aligns closely with Mongolia's national priorities. It directly supports commitments under the Nationally Determined Contributions (NDC), the Green Development Policy, and ongoing air quality improvement programs. By reinforcing these frameworks, the project strengthens Mongolia's ability to meet its climate and development goals while delivering tangible improvements in public health.

Finally, the design emphasizes institutional integration. By complementing municipal planning processes and leveraging partnerships with local authorities, NGOs, and technical institutions, the project enhances governance systems and ensures sustainability. This collaborative approach builds trust, strengthens local capacity, and creates the conditions for long-term replication and policy uptake.

Table 1 illustrates how each project component and its related activities contribute to building climate resilience in ger areas. By integrating housing upgrades, clean energy solutions, WASH improvements, and governance strengthening, the project reduces vulnerabilities related to extreme weather, flooding, air pollution, and energy insecurity. It provides a scalable and cost-effective model for climate adaptation that enhances health, economic stability, and social resilience, paving the way for greener, healthier, and more climate-resilient urban futures in Mongolia.

Table 1. Project Components and Activities' Contribution to Climate Resilience

Components	Activities	Contribution to Climate Resilience

1. Participatory Risk Assessment, Planning, and Community Engagement	• Conduct community-based vulnerability assessments to identify housing-related health and climate risks. • Use participatory mapping and household surveys to pinpoint infrastructure gaps, flood exposure, and heating safety issues. • Facilitate inclusive planning workshops with residents, local leaders, and technical experts to co-design adaptation strategies.	Empowers communities to identify and prioritize risks, ensuring interventions are context-specific, inclusive, and sustainable.
2. Local Capacity Building for Climate-Resilient Home Retrofitting and Safe Infrastructure Improvements	• Deliver training programs for local workers, youth, and volunteers on retrofitting techniques, safe heating systems, and insulation methods. • Develop technical manuals and toolkits tailored to local materials and climate conditions. • Partner with vocational schools and NGOs to sustain and scale training efforts. • Implement awareness campaigns on climate risks, heating safety, and hygiene. • Establish community monitoring groups and digital dashboards for tracking progress.	Builds local skills and institutional capacity, enabling communities to maintain and replicate climate-resilient practices.
3. Implementation of Low-Cost, High-Impact Health, Safety, and Climate Resilience Upgrades	• Pilot scalable interventions in selected areas, including improved insulation, efficient and safe heating systems, and better ventilation and sanitation. • Provide micro-grants or material support to vulnerable households for upgrades. • Ensure quality control through community oversight and continuous monitoring.	Directly reduces household vulnerability to extreme cold, heatwaves, flooding, and indoor air pollution, while improving health and safety
4. Institutional Strengthening, Policy Integration, and Knowledge Management	• Align local actions with national adaptation frameworks (NAP, NDC, Urban Development Master Plan). • Integrate community knowledge into municipal and national planning through feedback mechanisms. • Disseminate policy-relevant knowledge via briefs, technical notes, and case studies. • Promote institutional learning and replication through knowledge exchange events.	Ensures policy coherence, institutional learning, and scalability, embedding community-led adaptation into national systems.

Devolving Decision-Making and Strengthening Local Ownership

The project fully adheres to LLA principles, ensuring communities drive adaptation planning and implementation through:

- Community assemblies and adaptation Councils for decision-making.

- Direct financing via community grants and household-level support.
- Inclusive participation, prioritizing women, children, persons with disabilities, and low-income households.
- Capacity building in construction, energy efficiency, and WASH safety.
- Transparency and monitoring through participatory tools and public scorecards.

B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. In particular, specify how the project/programme is addressing structural inequalities faced by women, youth, children, people with disabilities, people who are displaced, Indigenous Peoples and marginalized ethnic groups.

The project is designed to deliver economic, social, and environmental benefits that directly address the needs of Mongolia's most vulnerable communities, while ensuring compliance with the Adaptation Fund's Environmental and Social Policy and Gender Policy.

Economically, the initiative will reduce household expenditures by introducing low-cost retrofitting, improved insulation, efficient heating systems, and enhanced ventilation and sanitation technologies. These measures will lower reliance on unsafe fuels, reduce medical costs associated with respiratory and sanitation-related illnesses, and improve overall household efficiency. At the same time, training programs for local workers, youth, and women will create new livelihood opportunities in retrofitting, insulation, clean energy installation, ventilation upgrades, and sanitation services. By providing micro-grants and material support to vulnerable households, the project will also stimulate local markets for sustainable building materials and services, ensuring that economic benefits are both immediate and long-term.

Socially, the project will improve health, safety, and wellbeing by reducing exposure to indoor air pollution, carbon monoxide, poor ventilation, and sanitation-related risks. Children, pregnant women, the elderly, and people with disabilities will benefit from healthier homes, safer heating systems, and improved hygiene conditions. Participatory planning and community monitoring will strengthen social cohesion, build trust in institutions, and empower marginalized groups to shape decisions that affect their lives. Women, who often carry the main responsibility for caregiving, household energy, sanitation and hygiene will gain relief from physical strain and benefit from training opportunities that strengthen their ability to make decisions and take on leadership roles. Children will experience healthier living environments that support learning and development, reducing inequality between ger-area residents and those in formal urban housing.

Environmentally, the project will contribute to cleaner air and reduced greenhouse gas emissions by promoting efficient heating systems, improved insulation, and renewable energy solutions. Enhanced ventilation will improve indoor air quality, while upgraded sanitation facilities will reduce environmental contamination. Climate-adaptive housing designs will reduce vulnerability to extreme cold, heatwaves, and flooding, while community-driven monitoring will generate local data to inform evidence-based adaptation planning.

The table 2 shows how each intervention delivers **triple dividends**:

- **Economic savings** for households and municipalities

- **Social benefits** in health, safety, equity, and wellbeing
- **Environmental gains** through reduced emissions, cleaner air, and more sustainable resource use

Table 2.Costs of Inaction vs. Benefits of Intervention

Category	Cost of Inaction	Cost of Intervention	Economic Benefit	Social Benefit	Environmental Benefit
Insulation	High household spending on coal and briquettes, wasted energy due to heat loss	Low-cost retrofitting and insulation upgrades	Reduced fuel expenditures, warmer homes, lower emissions	Improved comfort and wellbeing, reduced household stress	Lower coal consumption, reduced greenhouse gas emissions
Safe Heating Systems	Carbon monoxide poisoning, fire hazards, high medical costs	Installation of efficient, safe heating systems	Lower health costs, improved safety, reduced emergency response	Safer homes, reduced accidents, improved trust in services	Reduced indoor pollution, Cleaner air quality
Ventilation	Indoor air pollution, respiratory illness, lost productivity	Affordable ventilation upgrades integrated into retrofits	Improved health outcomes; fewer missed workdays; reduced healthcare burden	Better living conditions; healthier children and elderly	Reduced indoor pollutants; improved air circulation
Sanitation	Waterborne disease, poor hygiene, rising healthcare costs	Community-level sanitation improvements and household upgrades	Reduced illness; lower medical costs; improved quality of life	Enhanced dignity; reduced caregiving burden on women; healthier communities	Cleaner neighborhoods; reduced contamination of soil and water
Flood -Proofing & Drainage	Property damage, repair costs, municipal emergency spending	Household flood-proofing and neighborhood drainage microprojects	Avoided repair costs; reduced municipal fiscal burden; safer communities	Reduced stress and displacement; stronger community cohesion	Improved water management; reduced erosion and environmental degradation
Energy Poverty	Disproportionate spending on unsafe fuels; deepened poverty cycles	Clean energy technologies and efficient heating	Lower household energy bills; more disposable income for food, education, healthcare	Greater equity; improved quality of life; reduced poverty cycles	Reduced reliance on coal; lower emissions; cleaner urban environment
Municipal Burden	Rising costs for emergency relief, infrastructure repair, and public health	Community-driven, low-cost adaptation integrated into local plans	Reduced fiscal strain; resources freed for long-term development	Stronger local governance; increased community participation	More sustainable urban planning; reduced ecological footprint

The project is also designed to avoid and mitigate negative impacts. Participatory risk assessments will identify potential risks early, ensuring that mitigation measures are co-designed with

communities. Training and awareness campaigns will emphasize safety standards, inclusive participation, and equitable access to benefits, while community oversight mechanisms will ensure transparency, accountability, and responsiveness to grievances. Environmental safeguards will prevent maladaptation, such as overuse of non-renewable materials or unsafe retrofitting practices.

Finally, the project explicitly addresses structural inequalities. Women will be prioritized in training, leadership roles, and access to micro-grants, reducing gendered burdens of caregiving, energy management, and sanitation responsibilities. Youth will be engaged through vocational training and employment opportunities, while children will benefit from healthier homes and improved study conditions. People with disabilities will be included through accessible participation in planning workshops and tailored housing improvements.

By embedding equity, participation, and safeguards into every stage of implementation, the project will ensure that benefits are maximized for vulnerable communities while risks are minimized. In doing so, it will create a replicable model of inclusive, climate-resilient urban development that strengthens Mongolia's capacity to adapt to a changing climate while advancing social justice.

C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme., focusing on the implementation and execution arrangements, in particular the mechanism which will provide more direct access to finance.

The proposed project is designed to deliver maximum impact at minimal cost by combining community-led implementation, low-cost but high-impact interventions, and direct financing mechanisms for vulnerable households. This integrated approach ensures that resources are used efficiently while achieving tangible improvements in health, safety, sanitation, and climate resilience.

A central feature of the project is its community-led approach. By devolving decision-making and implementation responsibilities to Community Adaptation Councils (CACs), the initiative reduces overhead costs typically associated with centralized management. At the same time, it ensures that interventions are context-specific, demand-driven, and firmly rooted in local priorities. Training local workers and sourcing materials within communities further minimizes transportation and procurement costs, while simultaneously stimulating local economies and creating employment opportunities. Because the solutions—such as insulation, ventilation, safe heating systems, sanitation upgrades, and flood-proofing—are low-cost yet high-impact, they can be scaled and replicated across ger areas without requiring expensive infrastructure investments.

The project also emphasizes direct access to finance. Vulnerable households will receive micro-grants or material support, enabling them to implement upgrades quickly and without the delays of complex administrative procedures. At the community level, adaptation grants will fund microprojects such as drainage clearing, sanitation improvements, or the creation of green corridors, allowing neighborhoods to address localized climate risks efficiently. Transparent and accountable mechanisms, including community oversight committees and digital dashboards, will track fund allocation and progress, ensuring both cost transparency and social accountability.

In terms of comparative advantage, the project delivers far greater value per household than conventional alternatives. Household-level retrofitting, clean energy solutions, ventilation improvements, and sanitation upgrades cost significantly less than large-scale infrastructure projects, yet they provide direct health, social, and climate benefits. Moreover, by reducing risks of flood damage, carbon monoxide poisoning, sanitation-related illness, and energy poverty, the project

avoids future expenditures on emergency response and healthcare. In this way, the initiative not only saves money upfront but also prevents recurring costs over time.

The project is fully aligned with national priorities, supporting Mongolia's Nationally Determined Contributions (NDC), National Adaptation Plan, and Green Development Policy. This alignment ensures that investments contribute to long-term resilience goals and avoid duplication of efforts.

Finally, the project achieves efficiency in execution by leveraging partnerships with vocational schools and NGOs to reduce training costs and ensure sustainability. Digital monitoring tools minimize reporting burdens and enable real-time decision-making, while community-based procurement avoids inflated contractor fees and ensures fair pricing.

Taken together, these elements demonstrate that the project achieves cost-effectiveness by combining community-driven implementation, direct financing to households, and low-cost, scalable solutions. The result is a model that delivers multiple benefits—health, sanitation, social wellbeing, and climate resilience—at a fraction of the cost of conventional urban upgrading programs.

As shown in Table 3, the community-led approach is 3–5 times more affordable than centralized retrofitting and 10 times less costly than large-scale infrastructure upgrades. It also helps avoid potential expenses related to health emergencies and flood damage, further increasing overall cost-effectiveness. Direct financing and local capacity building will additionally support long-term sustainability and replicability.

Table 3.Cost Comparison: Community-Led Approach vs. Conventional Alternatives

Intervention Type	Estimated Cost per Household (HH)	Key Features	Cost-Effectiveness Rationale
Community-Led Housing Upgrades (Project Approach)	$300–$500	Insulation, ventilation, safe heating, flood-proofing	Low-cost, high-impact; uses local labor and materials; direct financing reduces overhead
Centralized Retrofitting Program (Government-Led)	$1,200–$1,500	Full structural retrofits, contractor-based	High overhead, contractor fees, less community ownership; slower implementation
Large-Scale Infrastructure Upgrade (Urban Utility Expansion)	$3,000–$5,000	Piped heating, water, and sewer systems	Extremely costly; requires major capital investment; long timelines; limited reach in ger areas
Emergency Response & Health Costs (If No Adaptation)	$200–$400 annually per household	Medical treatment for CO poisoning, flood damage repairs	Reactive approach; recurring costs; does not build resilience

D. Describe how the project / programme is consistent with national, sub-national and local sustainable development strategies, including, where appropriate, national adaptation plan (NAP), national, sub-national or local development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.

The proposed project is fully consistent with Mongolia's national, sub-national, and local sustainable development strategies and directly supports the country's climate adaptation priorities.

- **National Adaptation Plan (NAP):** The project advances the NAP's objectives by strengthening resilience in urban ger areas through climate-resilient housing upgrades, improved insulation, safe heating systems, ventilation, sanitation, and flood-proofing. These interventions reduce vulnerability to extreme cold, heatwaves, and flooding, while addressing health risks linked to poor air quality and inadequate sanitation.
- **Nationally Determined Contributions (NDCs):** By promoting energy efficiency, clean heating technologies, and reduced reliance on coal, the project contributes to Mongolia's NDC commitments to lower greenhouse gas emissions and improve air quality. Household-level retrofitting and ventilation upgrades directly support the NDC's focus on sustainable urban development and climate-resilient infrastructure.
- **Green Development Policy:** The initiative aligns with Mongolia's Green Development Policy by fostering low-cost, resource-efficient housing solutions, stimulating local markets for sustainable building materials, and creating green jobs through vocational training. Community-led sanitation improvements and green corridor microprojects further contribute to environmental sustainability and urban livability.
- **Poverty Reduction Strategies:** The project reduces household expenditures on unsafe fuels, medical costs, and flood damage, while providing micro-grants and material support to vulnerable households. By creating livelihood opportunities for local workers, youth, and women in retrofitting, insulation, ventilation, sanitation, and clean energy installation, the project directly addresses poverty reduction and inclusive economic growth.
- **National Communications to the UNFCCC:** The project responds to Mongolia's national communications, which highlight the urgent need to address urban air pollution, energy poverty, and climate vulnerability in ger districts. By embedding community-driven adaptation into municipal planning cycles, the project ensures that local actions are aligned with national reporting and international commitments.
- **Local Development Plans:** At the sub-national and local levels, the project supports sub-district and district development priorities by devolving decision-making to Community Adaptation Councils (CACs). These bodies ensure that interventions—insulation, heating, ventilation, sanitation, and flood-proofing—are context-specific, demand-driven, and integrated into local budgets and urban development strategies.

Through this alignment, the project not only delivers immediate benefits to vulnerable households but also strengthens Mongolia's institutional capacity to meet its long-term resilience, equity, and sustainable development goals.

E. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

Also describe, as needed, how the project/programme will provide support to local actors and build their capacities to comply with the standards.

The project is designed to fully comply with Mongolia's national technical standards and the Environmental and Social Policy of the Adaptation Fund. All interventions including insulation, safe heating systems, ventilation, sanitation upgrades, and flood-proofing will be implemented in accordance with established building codes, environmental assessment requirements, and occupational health and safety regulations.

- **Building Codes and Housing Standards:** Housing retrofits will adhere to Mongolia's national building codes, including standards for insulation materials, ventilation systems, and heating technologies. Sanitation improvements will follow national public health regulations and design standards for safe, hygienic facilities. Flood-proofing measures will be aligned with municipal engineering guidelines to ensure structural integrity and climate resilience.
- **Environmental Assessment Requirements:** All activities will undergo participatory environmental and social risk assessments to identify potential impacts. Mitigation measures will be co-designed with communities to prevent maladaptation, such as overuse of non-renewable materials or unsafe retrofitting practices.
- **Health and Safety Standards:** Heating systems will comply with national safety standards to reduce risks of carbon monoxide poisoning and fire hazards. Ventilation upgrades will meet indoor air quality standards, while sanitation facilities will comply with hygiene and accessibility requirements.

To ensure compliance, the project will provide targeted support to local actors:

- **Training and Certification:** Local workers, youth, and women will receive training in retrofitting, insulation, safe heating installation, ventilation upgrades, and sanitation improvements. Training modules will be aligned with national technical standards and delivered in partnership with vocational schools and technical institutions.
- **Knowledge Products:** Manuals, toolkits, and guidelines will be developed in Mongolian language, incorporating both national standards and traditional practices, ensuring accessibility and cultural relevance.
- **Community Oversight:** Community Adaptation Councils (CACs) will be trained to monitor compliance with technical standards, supported by digital dashboards that track progress and flag risks in real time.
- **Institutional Partnerships:** Collaboration with municipal authorities and national agencies will ensure that project interventions are integrated into local planning cycles and aligned with national adaptation frameworks.

By embedding compliance mechanisms into training, monitoring, and governance structures, the project not only meets national technical standards and Adaptation Fund safeguards but also builds lasting local capacity to sustain safe, efficient, and climate-resilient housing improvements.

F. Describe if there is duplication of project / programme with other funding sources, if any. Decribe how the project/programme will ensure coordination of different initiatives, sub-projects and small grants towards a common goal, enhances collaboration across sectors and outlines how activities avoid duplication and enhance efficiencies and good practice.

The proposed project has been carefully designed to complement, rather than duplicate, existing initiatives and funding sources in Mongolia's ger areas. While several donor and government programmes address urban development, air pollution, and poverty reduction, few focus specifically on integrated climate adaptation at the household level combining insulation, safe heating, ventilation, sanitation, and flood-proofing in a community-driven model. This project therefore fills a critical gap by targeting adaptation-specific costs that are not covered by conventional infrastructure or social programmes.

Avoiding Duplication

- Existing programmes often emphasize large-scale infrastructure expansion or air quality monitoring, but they do not provide direct financing for household-level retrofits or sanitation upgrades.
- The project's micro-grant and material support mechanisms ensure that resources reach vulnerable households directly, avoiding overlap with broader municipal or donor investments.
- Participatory risk assessments and community planning processes will identify ongoing initiatives in each target area, ensuring that project activities are complementary rather than duplicative.

Ensuring Coordination

- Community Adaptation Councils (CACs) will serve as coordination hubs, aligning household-level upgrades with neighborhood-level microprojects (e.g., drainage clearing, sanitation improvements, green corridors).
- At the municipal level, adaptation priorities will be integrated into district development plans, ensuring coherence with local budgets and strategies.
- At the national level, alignment with the NAP3, NDC3, Green Development Policy, and Vision 2050 ensures that project activities contribute to long-term resilience goals and avoid fragmentation.

Enhancing Collaboration Across Sectors

- Collaboration with UNIDO (clean energy, retrofitting, vocational training) and WHO (health, ventilation, sanitation, safety) ensures technical expertise across energy, health, and environment sectors.
- Partnerships with vocational schools, NGOs, and technical institutions build cross-sectoral capacity and embed knowledge locally.
- Digital dashboards and participatory monitoring systems will provide transparent, real-time data that can be shared across agencies, donors, and communities to strengthen coordination.

Efficiency and Good Practice

- By combining low-cost, high-impact interventions (insulation, heating, ventilation, sanitation, flood-proofing) with direct financing, the project achieves far greater value per household than conventional urban upgrading.
- Community-based procurement avoids inflated contractor fees and ensures fair pricing, while stimulating local markets for sustainable building materials and services.
- Lessons learned will be documented in manuals, toolkits, and case studies, creating replicable models of good practice for other ger districts and urban areas.

Through these mechanisms, the project will ensure that all initiatives, sub-projects, and small grants are coordinated toward a common goal of climate-resilient, healthy, and inclusive urban development**,** while avoiding duplication and maximizing efficiency.

The below table shows the project intervention areas against other donor and government initiatives in Mongolia. It highlights complementarity, avoids duplication, and shows how coordination enhances efficiency and good practice:

Table 4. Complementarity and Coordination Matrix

Area of Intervention	Existing Initiatives / Funding Sources	Potential Duplication Risks	Project Contribution & Coordination Mechanisms
Insulation & Retrofitting	Government housing programs; donor-	Risk of overlap with energy efficiency retrofits	Project integrates insulation with ventilation, heating, and sanitation; coordinated via Community Adaptation

	supported energy efficiency pilots	focused only on insulation	Councils (CACs) to ensure household-level targeting
Safe Heating Systems	Air pollution reduction programs (e.g., stove replacement initiatives)	Possible duplication with stove distribution schemes	Project emphasizes safe, efficient heating integrated with insulation and ventilation; UNIDO provides technical oversight to align with national clean energy standards
Ventilation Improvements	Limited donor focus; mostly absent in current programs	Low duplication risk	Project fills a gap by addressing indoor air quality and health outcomes; coordinated with WHO to ensure compliance with health standards
Sanitation Upgrades	Municipal sanitation services; donor-funded WASH projects	Risk of overlap with general WASH programs	Project targets ger-area households lacking access to sanitation; integrates with housing retrofits and community micro-grants for localized improvements
Flood-Proofing & Drainage	Municipal flood management projects; donor-funded infrastructure	Risk of overlap with large-scale drainage works	Project focuses on low-cost, household and neighborhood-level flood-proofing; coordinated with local local government plans to complement municipal infrastructure
Community Governance & Participation	Local community structures; donor-supported community engagement projects	Possible overlap in participatory planning processes	Project establishes CACs as adaptation-specific bodies; links grassroots priorities to municipal budgets and national frameworks
Direct Financing (Micro-Grants)	Some donor microfinance schemes	Risk of overlap with general livelihood grants	Project financing is adaptation specific (insulation, heating, ventilation, sanitation, flood-proofing); transparent dashboards ensure coordination and accountability
Training & Capacity Building	Vocational school programs; donor-supported skills training	Risk of duplication in generic training	Project delivers specialized training in climate-resilient housing, safe heating, ventilation, and sanitation; coordinated with vocational schools and NGOs

The following key coordination features are envisaged to be in place to avoid duplication and enhance efficiency and good practices.

- **Community Adaptation Councils (CACs):** Serve as hubs to align household upgrades with neighborhood microprojects.
- **National Alignment:** Activities are in line with the Mongolia's **NAP3, NDC3, Green Development Policy and Vision 2050**, ensuring coherence with national priorities.
- **Cross-Sector Collaboration:** UNIDO (energy/retrofitting), WHO (health/sanitation), UN-Habitat (fiduciary/governance) coordinate across housing, energy, sanitation, health, and environment sectors.
- **Transparency Tools:** Digital dashboards and community oversight groups track fund allocation and outcomes, preventing duplication and ensuring accountability.
- **Knowledge Sharing:** Manuals, toolkits, and case studies document lessons learned, creating replicable models of good practice.

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned and how this contributes to building and institutionalizing local capabilities. Provide details on managing traditional and/or indigenous knowledge, where relevant.

Learning and knowledge management are at the heart of the proposed project, ensuring that experiences from ger-area communities are systematically captured, shared, and institutionalized. To achieve this, the project will establish participatory monitoring and evaluation systems that empower communities to document their own progress, challenges, and innovations. Real-time digital dashboards, complemented by community oversight groups, will track housing upgrades, climate risks, and social outcomes, creating a transparent and accessible platform for collective learning and accountability.

Knowledge generated will be transformed into practical products that serve both local communities and national institutions. Policy briefs, technical notes, and case studies will distill lessons into actionable insights for municipal and national authorities. Training manuals and toolkits will integrate both modern techniques and traditional knowledge, ensuring that solutions are technically sound, culturally appropriate, and widely accepted. Knowledge exchange events—such as workshops, peer-learning forums, and study visits—will allow communities to showcase innovations and transfer practical skills to other urban centers.

The project also will place strong emphasis on managing traditional and indigenous knowledge. Ger construction techniques, seasonal coping strategies, and community-based resource management practices will be documented and incorporated into training curricula. This will ensure that adaptation solutions respect cultural heritage while enhancing resilience. Safeguards will be applied to protect intellectual property and ensure that traditional knowledge is used with consent and in ways that benefit the communities who hold it.

By embedding these processes into municipal planning cycles and national adaptation frameworks, the project will ensure that community knowledge informs budgeting, policy design, and long-term resilience strategies. In this way, communities will emerge not only as beneficiaries but also as knowledge producers, shaping adaptation pathways that are replicable across Mongolia and beyond.

Following knowledge products are envisaged to be produced during the project.

- Community Knowledge Dashboards: Real-time digital tools tracking housing upgrades, climate risks, and social outcomes.
- Policy Briefs & Technical Notes: Evidence-based recommendations for municipal and national authorities.
- Case Studies: Documentation of successful interventions and lessons learned for replication.
- Training Manuals & Toolkits: Practical guides integrating modern retrofitting techniques with traditional ger knowledge.
- Knowledge Exchange Events: Workshops, peer-learning forums, and study visits to share innovations across communities.
- Community Monitoring Reports: Periodic reports produced by local Councils to ensure transparency and accountability.

H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. Provide details on how the consultative process considered and addressed gender-based, economic

and other inequalities and encouraged vulnerable and marginalized individuals to meaningfully participate in and lead adaptation decisions.

The formulation of this project concept was the result of an inclusive and multi-layered consultation process undertaken since December 2023. These consultations combined national-level policy dialogues, thematic forums, community engagement, and empirical assessments to ensure that the proposed interventions are both evidence-based and responsive to local realities.

National-Level Technical Meeting: "Solutions for Health"

An interministerial meeting was convened under the theme *"Solutions for Health"* in December 2023 to explore policy and programmatic linkages between housing, health, and climate adaptation. These sessions brought together over 50 representatives from the related ministries and their affiliated organizations in charge of health, environment and tourism, construction and urban development, food and agriculture, energy, education, labor and welfare. Also, officials from the Office of the President; the National Security Office, the National Regulatory Committee for Urban Water Supply and Sewerage Systems, the National Standardization and Measurement Office, World Health Organization (WHO) Country Office in Mongolia, WHO Western Pacific Regional Office (WPRO), and HQ, UN-Habitat Office in Mongolia, the Governor's office and the Department of Health of Ulaanbaatar city participated in the meeting. "Solutions for Health" is an initiative jointly led by the Ministry of Health and WHO in partnership with other sectors to address the complex and structural issues on the environment and climate change that impact the health and well-being of the population. The initiative puts health at the forefront and as a convergent point for urgent multisectoral action for the environment and climate change. The discussion focused on reducing health risks in informal settlements, with particular attention to women and children, and on ensuring equitable access to resilient housing, clean energy, and sanitation and emphasized the importance of collaborative and multisectoral interventions to address these issues.

Urban Development and Health Session at the National Urban Forum

In December 2024, UN-Habitat and WHO co-organized a dedicated session during Mongolia's National Urban Forum. This marked the first time that urban resilience and climate adaptation viewed through housing and health perspectives and were elevated as a national priority. The session gathered a broad spectrum of stakeholders: government ministries, local authorities, academia, private sector actors, civil society organizations, and advocacy groups for women and persons with disabilities. Their participation ensured that gender-responsive urban planning and inclusive housing solutions were central to the dialogue.

Community-Level Focus Group Discussions

To complement national-level insights, UN-Habitat organized focus group discussions in two districts of Ulaanbaatar to capture the lived experiences and adaptation priorities of vulnerable households in ger areas and peri-urban neighborhoods, particularly regarding housing and health. Forty-three individuals participated, including elderly residents, single-parent households, and low-income families. Breakout sessions were organized to provide safe spaces for women to articulate gender-specific challenges. Key findings included:

- **Primary risk:** House fires, driven by dry weather and strong wind intensified by climate change. Contributing factors included substandard construction materials, unsafe stoves and chimneys, and poor electrical wiring.
- **Other risks:** Flooding, winter heat loss, indoor and outdoor air pollution, and sanitation challenges.
- **Barriers:** Financial constraints, limited access to green loans, technical knowledge gaps, labor shortages, and uncertainty caused by ad hoc municipal redevelopment plans.
- **Gender concerns:** Women highlighted sanitation, indoor air quality, and safety during extreme weather as urgent priorities.

Housing Condition Survey

To strengthen the evidence base, UN-Habitat conducted a housing condition survey across three Ulaanbaatar districts and two provincial centers. Responses from 197 households—including female-headed households and persons with disabilities—revealed widespread vulnerabilities:

- Most respondents lived in detached houses (136), with 62 residing in gers.
- Common challenges included indoor and outdoor air pollution, electricity shortages, poor water quality, flood risk, substandard pit latrines, winter heat loss, and mold.
- Priority improvements identified were insulation upgrades, renewable energy solutions, eco-friendly toilets, and improved ventilation systems.
- The survey incorporated gender-sensitive approaches to ensure inclusivity.

Throughout the process, followings were ensured which are in alignment with the AF Gender and Social Policy:

- **Inclusive design:** Consultations were announced through multiple channels to reach women, elderly residents, and marginalized groups.
- **Safe participation:** FGDs and surveys provided culturally sensitive spaces for open dialogue.
- **Empowerment:** Women and vulnerable individuals were encouraged to lead discussions on adaptation priorities, influencing project design.
- **Equity lens:** Recommendations informed measures to reduce gender-based and economic inequalities, including targeted subsidies for insulation and clean energy, improved sanitation facilities, and capacity-building for women-led initiatives.

The consultations revealed a clear set of challenges and priorities:

- **Climate-driven risks:** House fires, flooding, air pollution, heat loss, and sanitation issues.
- **Barriers:** Financial limitations, lack of green financing, technical gaps, labor shortages, and redevelopment uncertainty.
- **Gender concerns:** Sanitation, indoor air quality, safety during extreme weather, and economic disparities.
- **Priority improvements:** Insulation, renewable energy, eco-friendly toilets, and ventilation systems.

The conclusion was to develop and implement a comprehensive project to address these issues holistically. Leadership and ownership will rest with the beneficiary communities, embedding these actions within their climate adaptation strategies for resilient and healthy living. Relevant UN

agencies will facilitate implementation, leveraging global expertise and technical knowledge to ensure sustainability and impact.

I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

The funding requested is essential to cover the full costs of climate adaptation in Mongolia's ger areas, where households face overlapping vulnerabilities from inadequate housing, energy poverty, poor ventilation and sanitation, and exposure to increasingly extreme climate events. Without targeted adaptation measures, families will continue to bear escalating costs in the form of health emergencies, sanitation-related illness, flood damage, and recurring expenditures on unsafe fuels.

The project addresses these adaptation-specific costs that households and municipalities cannot meet alone. While families may maintain traditional housing structures, they lack the resources to invest in insulation, safe heating systems, ventilation improvements, sanitation upgrades, or flood-proofing measures that are critical to withstand intensifying climate stresses. Similarly, municipal authorities cannot extend costly centralized infrastructure to dispersed ger districts, making community-led, low-cost retrofitting the only viable pathway to resilience.

Funding will therefore support climate-resilient housing upgrades, clean energy technologies, improved ventilation and sanitation systems, and direct financing mechanisms for vulnerable households, alongside training and knowledge management systems that institutionalize community-led adaptation. These investments represent the additional costs of adaptation—costs that go beyond business-as-usual development and are necessary to protect lives, reduce inequality, and build resilience.

Value for Money The proposed approach delivers multiple benefits—health, sanitation, social wellbeing, and climate resilience—at a fraction of the cost of conventional urban upgrading. Household-level retrofitting, clean energy solutions, ventilation improvements, and sanitation upgrades cost 3–5 times less than centralized retrofitting programs and 10 times less than large-scale infrastructure expansion, while providing immediate, direct benefits to vulnerable households. Moreover, avoided costs from health emergencies, sanitation-related illness, flood damage, and energy poverty further increase cost-effectiveness, preventing recurring expenditures on emergency response and healthcare.

By covering these adaptation-specific costs, the project ensures that vulnerable communities are not left behind in Mongolia's climate transition. The requested funding is therefore not only justified but represents a highly efficient investment in resilience, equity, and sustainable development.

J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme. In particular, describe how the project/programme supports long-term development of local governance processes, and improves the capacity of local institutions (including through simpler access modalities), and how it can ensure that communities can effectively implement adaptation actions, facilitate and manage adaptation initiatives over the long term without being dependent on project-based donor funding.

Sustainability has been embedded into the design of this project to ensure that outcomes endure well beyond the project cycle and that communities are empowered to continue adaptation actions independently of donor funding. The initiative strengthens local governance, institutional capacity, and community ownership so that resilience becomes part of everyday practice rather than a temporary project intervention.

At the governance level, the project supports the long-term development of Community Adaptation Councils (CACs), which serve as inclusive, representative bodies for planning, implementation, and monitoring. By devolving authority to these Councils, the project builds local leadership and accountability while embedding participatory processes into municipal planning cycles. This ensures that adaptation priorities identified by communities—such as insulation, safe heating, ventilation, sanitation, and flood-proofing—are integrated into local budgets and urban development strategies, creating a durable link between grassroots action and formal governance structures.

Institutional capacity is reinforced through training, partnerships, and simplified access modalities. Local workers, youth, and women are trained in retrofitting, insulation, safe heating, ventilation upgrades, sanitation improvements, and climate-resilient construction, creating a skilled workforce that can sustain housing and community improvements over time. Partnerships with vocational schools, NGOs, and technical institutions ensure that knowledge and skills are institutionalized and continuously available. Direct financing mechanisms—such as household micro-grants and community adaptation funds—are deliberately designed to be simple, transparent, and community-managed, reducing dependency on complex donor-driven processes and enabling local institutions to administer resources effectively.

Knowledge management systems further strengthen sustainability. Digital dashboards and community oversight groups provide real-time tracking of progress, risks, and lessons learned, creating a culture of transparency and accountability. Knowledge products such as manuals, toolkits, and case studies are tailored to local contexts and incorporate traditional and indigenous practices, ensuring that solutions remain culturally appropriate and replicable.

The project's exit strategy is built on three pillars:

1. **Institutional Integration**: By embedding community-led adaptation into municipal planning and aligning with national frameworks (NAP, NDC, Green Development Policy), the project ensures that local actions—including insulation, heating, ventilation, and sanitation upgrades—are sustained through government systems and budgets.
2. **Capacity Transfer**: Skills and knowledge are transferred to local workers, schools, and NGOs, creating permanent local expertise that continues beyond donor support.
3. **Financial Sustainability**: Community-managed micro-grants and adaptation funds establish mechanisms for households and neighborhoods to finance small-scale upgrades independently, reducing reliance on external funding.

Through this approach, communities will emerge not only as beneficiaries but as active managers of adaptation initiatives, capable of facilitating, financing, and scaling resilience measures over the long term. The project thus contributes to durable governance systems, stronger local institutions, and a replicable model of inclusive climate adaptation for Mongolia's urban future.

K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.

During the community consultations that have taken place in the preparation of this proposal, and through the diligent application of precautionary principles, potential risks for further screening have been identified against 13 of the 15 AF environmental and social principles as stated in Table 5.

Communities consulted in the initial phase highlighted some risks. These include the risk of maladaptation, ineffective housing upgrade and retrofitting design/implementation that fails to protect the target communities against climate adverse impacts and causes environmental pollutions. These risks are captured under the climate change and Pollution Prevention and Resource Efficiency principles, respectively.

Based on the initial screening, the proposed project has been provisionally classified as Category B. While some risks have been identified, they are expected to be small-scale, reversible, and readily mitigated through appropriate management measures. This classification will be reconfirmed in Year 1 through an Environmental and Social Impact Assessment, and an Environmental and Social Management Plan (including budget allocations and defined roles and responsibilities for project personnel) will be developed at the full funding proposal stage. Table 6 presents the preliminary risks identified to date along with indicative mitigation measures. The table will be revisited and further elaborated during the full proposal stage.

Table 5. Checklist of compliance with AF Environmental and Social Principles

Checklist of environmental and social principles	No further assessment anticipated required for compliance	Potential impacts and risks – further assessment and management required for compliance
Compliance with the Law		X
Access and Equity		X
Marginalized and Vulnerable Groups		X
Human Rights		X
Gender Equity and Women's Empowerment		X
Core Labour Rights		X
Indigenous Peoples	X	
Involuntary Resettlement		X
Protection of Natural Habitats		X
Conservation of Biological Diversity		X
Climate Change		X
Pollution Prevention and Resource Efficiency		X
Public Health		X
Physical and Cultural Heritage	X	
Lands and Soil Conservation		X

Table 6. Brief description of possible risks and mitigation measures

Adaptation Fund environmental and social principles	Possible Risks	Possible Risk Mitigation Measures
Compliance with the Law	The physical housing upgrade and retrofitting activities require relevant permits and design approval from national and local governments. And during the retrofitting activities, related laws and regulations should be followed by the EEs and communities.	Compliance with the law will be written into all contractual agreements with the communities. Regular monitoring/inspection will be conducted by EE.
Access and Equity	• Exclusion of vulnerable groups such as households without formal land tenure, female-headed households, persons with disabilities may be left out of project benefits. • Unequal access to information: Some residents may not receive timely or understandable information about project activities. • Local leaders or better-connected households may dominate access to resources or decision-making.	• Apply inclusive targeting criteria; conduct participatory vulnerability mapping; ensure representation of marginalized groups in planning and monitoring. • Use multiple communication channels (e.g., radio, posters, community meetings); translate materials into local languages; engage community leaders and youth as information ambassadors. • Establish transparent selection criteria; rotate leadership roles; use community scorecards and grievance redress mechanisms.
Marginalized and Vulnerable Groups	• Vulnerable groups may be excluded from planning or leadership roles due to social norms or logistical barriers. • Lack of documentation, mobility issues, or social stigma may prevent some from receiving housing upgrades or training.	• Ensure quotas or reserved seats for women, youth, and persons with disabilities in community Councils; provide facilitation support. • Use inclusive eligibility criteria; conduct door-to-door outreach; provide transportation or mobile services where needed.
Human Rights	• Some social groups (e.g., women, migrants, persons with disabilities) may be excluded from project benefits or decision-making. • Communities may not fully understand or agree to project activities. • Vulnerable individuals may lack the means or confidence to report rights violations	• Apply human rights-based targeting; ensure inclusive participation; monitor disaggregated data • Conduct free, prior, and informed consultations; use culturally appropriate communication tools. • Establish accessible, confidential, and responsive grievance redress mechanisms at the local government level.
Gender Equity and Women's Empowerment	• Any negative impact of the project may disproportionately affect women. Also, some of the project activities may exclude women.	• Quotas for the inclusion of women in the project activities. Engagement with women's community groups or representatives at design and construction phase to reduce the risks of differentiated impacts

	• Female-headed households may lack information, documentation, or mobility to access services.	• Conduct targeted outreach; simplify eligibility criteria; provide mobile or home-based services.
Core Labour Rights	• House upgrading and retrofitting activities may expose community workers to unsafe conditions. • Risk of hiring workers without contracts or protections, especially in community-based work. • Women, persons with disabilities, or ethnic minorities may be excluded from job opportunities. • Risk of involving minors in unsafe work or unpaid roles	• Enforce national OHS regulations; provide PPE and safety training; conduct regular site inspections. • Require formal contracts for all workers; promote fair wages and working hours; monitor compliance through local authorities. • Apply inclusive recruitment practices; monitor participation by gender and other social markers; provide anti-discrimination training. • Enforce minimum age requirements; verify age documentation; engage youth only in safe, age-appropriate roles.
Indigenous Peoples	No risks identified. There are no indigenous people identified as living in the target area. Rural-urban migrants are captured under the access and equity and marginalized and vulnerable groups safeguarding area.	
Involuntary Resettlement	The proposed physical activities are mainly housing upgrade and retrofitting at the private plots. Therefore, there is generally no risk of displacement. However, households without formal land tenure may be excluded from the project support.	Further research and consultation at the design and implementation phase to ensure that no displacement takes place. Apply inclusive eligibility criteria; recognize occupancy-based rights
Protection of Natural Habitats *Conservation of Biological Diversity*	• The proposed project is in a densely populated urban area. No significant natural habitats or areas of important biodiversity are in or near the project sites. However, soil and rocks for construction are purchased through Mongolian companies. This will be explored in more detail during the project implementation and preventive measures will be developed and implemented as needed. • Construction near natural springs or streams may alter hydrology or cause pollution.	• To ensure soil and rocks are not mined from areas where it can have a negative effect, such as from the river. This will be done by checking the sources of material before purchase by companies. • Conduct environmental screening and EIA; avoid sensitive zones; use eco-friendly construction practices.
Climate Change	• Poorly designed interventions could increase vulnerability (e.g., improper insulation trapping pollutants).	• Apply climate risk screening to all interventions; use context-specific, tested technologies; involve technical experts.

	• Retrofitting and infrastructure works may generate short-term emissions • Designs may not be resilient to projected increases in temperature, precipitation, or permafrost melt.	• Use low-carbon materials and methods; prioritize local sourcing; offset emissions where feasible. • Use downscaled climate projections; integrate flexible, modular designs; update plans as new data becomes available.
Pollution Prevention and Resource Efficiency	• Dust and emissions from machinery may affect local air quality. • Risk of soil and water contamination from debris and hazardous materials. Construction and sanitation upgrades may strain local water supplies. • Poor design or material choices may lead to increased energy consumption. • High demand for construction materials may lead to unsustainable extraction.	• Use dust suppression techniques; schedule works during low wind periods; maintain equipment to reduce emissions. • Develop and enforce a waste management plan; segregate and recycle materials; use licensed disposal services. • Use water-efficient technologies; schedule water-intensive activities during low-demand periods; monitor usage. • Apply energy-efficient design standards; use certified insulation and heating systems; train workers in green construction. • Prioritize locally available, renewable, or recycled materials; assess environmental impact of sourcing.
Public Health	While the project main focus is to improve public health through community led adaptation activities, there could be risks to public health (and safety) due to: 1) Poor site management, 2) contamination of water resources (either directly or indirectly from project activities), and 3) Maladaptation	Following safe construction site management best practices, principles and protocols, monitoring to ensure that waste and other harmful materials don't contaminate water. See Climate Change principle for maladaptation.
Physical and Cultural Heritage	No risks identified	
Lands and Soil Conservation	Risks to land and soil conservation could arise from the following: 1) Poor site management, 2) Maladaptation	Further study will be undertaken during the preparation of the full proposal

The proposed project also considered the potential for inter-community tension arising from the location of the project's interventions. No evidence could be found of tensions arising from similar previous projects, and no community members raised any examples of tensions arising from assistance being provided to one community over another. The selection of the project's target areas followed a rigid process that involved a) selecting the most vulnerable communities according to available vulnerability information, b) working with government at the local and national level to ensure the communities chosen are the most vulnerable and the most in need and c) consulting with communities across numerous local governments (not only those chosen by the project) to determine the most effective location for the intervention. This process was designed to both establish whether there is any risk of the project creating social tensions (and

no evidence for such a risk was found) and mitigating that potential risk by going through a participatory, inclusive, consultative and vulnerability-focused approach to determining the project's target areas.

PART III: IMPLEMENTATION ARRANGEMENTS

A. Describe the arrangements for project / programme implementation. Please describe how the implementation modalities enable giving local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed and implemented.

The project's implementation arrangements are designed to maximize efficiency, transparency, and local ownership, while ensuring that international expertise supports community-driven adaptation.

UN-Habitat will serve as the Implementing Entity, providing overall coordination, fiduciary oversight, and compliance with Adaptation Fund requirements. UN-Habitat will ensure that resources are managed responsibly, reporting is consistent, and that the project remains aligned with national priorities and donor standards.

UNIDO and **WHO** will act as Executing Entities, bringing specialized technical expertise to the programme. UNIDO will lead on clean energy solutions, retrofitting technologies, insulation, ventilation systems, and vocational training, ensuring that interventions are technically sound and scalable. WHO will focus on health and safety outcomes, including reducing risks of indoor air pollution, carbon monoxide poisoning, sanitation-related illness, and climate-related health emergencies. Together, these agencies will provide the technical backbone of the project, supporting communities with knowledge, training, and monitoring systems.

At the local level, communities themselves will directly implement housing and neighborhood upgrades through micro-grants and material support packages. Vulnerable households will receive direct financing to carry out insulation, ventilation, safe heating, sanitation improvements, and flood-proofing measures. In parallel, **Community Adaptation Councils (CACs)** will manage neighborhood-level adaptation grants, financing microprojects such as drainage clearing, sanitation upgrades, green corridors, or community safety campaigns. These arrangements devolve decision-making power to communities, ensuring that adaptation actions are defined, prioritized, and implemented according to local needs.

Transparency and accountability will be safeguarded through community oversight groups and digital dashboards, which track fund allocation, progress, and outcomes in real time. This participatory monitoring system builds trust, strengthens local capacity, and ensures that communities have both the financial resources and the decision-making authority to manage adaptation actions effectively.

By combining UN-Habitat's fiduciary role, UNIDO and WHO's technical expertise, and community-led implementation through direct financing, the project creates a governance model that is both robust and inclusive. This ensures that adaptation is not externally imposed but locally owned, sustainable, and replicable across Mongolia's ger districts.

PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government[1]

Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:

Dr. Zamba Batjargal Special Envoy for Climate Change Ministry of Environment and Tourism Government Building-2, United Nations Street 5/2 ,Ulaanbaatar Mongolia Tel: +976 7000-0743/9908-678 Fax: +976 5126-4711 Email: z_batjargal@yahoo.com	Date: 9 September 2026

B. Implementing Entity certification

Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address.

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (……list here…..) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

[1] Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

Raf Tuts
Director, Global Solutions Division
UN-Habitat

Date: February 9, 2026	Tel. and email: +254-20-762-3736 Email: raf.tuts@un.org

Project Contact Person: Odicea Angelo Barrios, Programme Management Officer, Human Settlements, UN-Habitat Regional Office for Asia and the Pacific

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Date 9 September 2025
Ref. 1/121

TO: THE ADAPTATION FUND BOARD
C/O ADAPTATION FUND BOARD SECRETARIAT
EMAIL: SECRETARIAT@ADAPTATION-FUND.ORG
FAX: 202 522 3240/5

Letter of Endorsement by the Government

Subject: Endorsement for "**Healthy Homes, Resilient Communities: Enhancing Housing Safety and Climate Resilience in Mongolian Ger Areas through Community Leadership" project**

In my capacity as designated authority for the Adaptation Fund in Mongolia, I am honored to formally endorse aforementioned project developed jointly by World Health Organization with the relevant government agencies and public entities, including the Ministry of Environment and Climate Change.

This proposed initiative addresses the urgent climate adaptation and public health needs of vulnerable populations residing in Mongolia's ger districts. These communities face increasing exposure to climate-induced hazards such as extreme temperatures, urban flooding, and air pollution, all of which have direct and compounding impacts on community health and well-being. The project is designed in alignment with the principles of locally led adaptation, placing community leadership, participation, and ownership at the center of its approach.

The Government of Mongolia recognizes the importance of empowering local communities to lead their own adaptation processes. This project represents a strategic and timely intervention that will:

- Strengthen the structural integrity and climate resilience of traditional ger housing;
- Improve community health outcomes by addressing environmental and housing-related vulnerabilities;
- Build local capacity for climate risk management through inclusive and participatory planning;
- Promote sustainable, culturally appropriate construction practices and technologies;
- Enhance community ownership and decision-making in adaptation investments;
- Contribute meaningfully to Mongolia's Nationally Determined Contributions (NDCs) and National Adaptation Plan (NAP).

Accordingly, I confirm that the proposed concept note is consistent with Mongolia's national climate adaptation and public health priorities. I fully endorse its submission to the Adaptation Fund under the Locally Led Adaptation Project Call. If approved, the project will be implemented by the World Health Organization (WHO) and executed by United Nations Human Settlement Programme (UN-Habitat) and the United Nations Industrial Development Programme (UNIDO) and local communities.

Yours Sincerely,

Dr.Batjargal Zamba,

National Focal Point for the Adaptation Fund,
Science Advisor, IRIMHE

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