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Livelihood restoration beyond compensation: lessons from Ulaanbaatar

What ADB’s livelihood support experience in Ulaanbaatar shows about compensation, household constraints and the evidence needed to establish recovery.

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Compensation and the livelihood gap

The Asian Development Bank's livelihood brief records that the Ulaanbaatar multi-tranche financing facility prepared resettlement plans and paid compensation for lost land and nonland assets, yet restoration of livelihoods lagged behind those payments. The brief attributes this gap to the difference between compensating assets and restoring the income-generating activities that depended on them.

Salient One analysis

The distinction matters because compensation for land and structures addresses balance-sheet losses, while livelihood restoration requires rebuilding productive capacity. The brief's framing implies that cash transfers alone cannot substitute for the capabilities, assets and activities needed to resume earning. Without complementary support, displaced households may receive payment yet still face diminished income streams, making the livelihood gap a structural rather than merely temporal problem.

Who the programme reached

The brief includes households at greater risk of adverse resettlement impacts due to vulnerability and households without land title among the programme’s target groups. Vulnerable households were defined to include low-income or poor households, those headed by older persons or single parents, households with disabled members or those requiring permanent medical attention, and households with four or more children under eighteen.

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By including informal settler households lacking land rights alongside titled holders, the programme acknowledged that displacement harms tenure-insecure residents who may not qualify for standard compensation. Targeting vulnerability categories reflects a distributional logic: households with fewer buffers face deeper harm from relocation. The programme's eligibility design therefore attempted to channel support toward those whose pre-displacement conditions made recovery hardest, rather than treating all affected households as equally positioned to rebuild.

Support matched to household constraints

Livelihood support was decided after assessing each household's experience in earning income, existing human and material resources, and available support networks. The programme provided vocational skills and capacity development training, home-based business development support through business facilitation and equipment, reflecting a definition of livelihood as comprising capabilities, assets and activities required to make a living.

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Tailoring support to household-level constraints addresses a core resettlement challenge: uniform packages may miss the specific capabilities and networks that determine whether a household can resume earning. By screening existing resources before selecting an intervention, the programme attempted to match training or equipment to what households could realistically use. This mechanism could improve productivity if the chosen activity aligns with household capacity, but its effectiveness depends on whether the assessment accurately captures pre-displacement earning potential and whether post-displacement conditions allow the selected activity to function.

Why location and timing matter

The brief reports that where relocation moved households far from their original location, the programme did not bring immediate results because of the lack of available markets. It also states that the timing of activities is crucial, and that planning and implementation were delayed, leaving affected people struggling to balance relocation and livelihood restoration as their priority was to resettle.

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Market access functions as a precondition for livelihood restoration: even well-chosen equipment or training cannot generate income if customers and supply chains are distant. The sequencing problem compounds this, because relocation demands immediate attention while livelihood activities require sustained engagement. When households prioritise settling in, productive activities are deferred, and the gap between compensation and restored income widens. The brief's recommendation for additional transitional support during distant relocation acknowledges that distance disrupts the market and social networks on which prior livelihoods depended.

The brief identifies extreme winter weather in Ulaanbaatar and the rest of Mongolia as a factor that made relocation difficult during winter, which subsequently affected the mindset of affected households to adopt the programme initiative. It recommends that resettlement planning be adequately timed.

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The reported winter difficulties suggest that relocation timing can affect how readily households engage with livelihood support. If settling into a new location takes immediate priority, training or business support may be less usable at that point. This is a plausible explanation of the brief’s observations, not a measured psychological effect or proof that changing the season alone would improve outcomes.

What reported benefits establish

The brief presents preliminary results, outlining enhanced socioeconomic conditions of beneficiary households. It states that combining livelihood support with compensation had positive long-term effects by increasing the efficiency and productivity of economic activities, and that the programme provided access to better training and equipment, which provided more job options.

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The brief reports benefits while describing its findings as preliminary to a full impact evaluation. Those statements need to be read together: the reported improvements are useful observations, but these selected passages do not establish how much change can be attributed to the programme or whether gains persisted. Later evaluation results are not supplied here. This limits the conclusions available from this brief; it does not establish that a later evaluation never took place or that a particular evaluation method was absent.

Participation and institutional responsibility

The programme was supported through two technical assistance projects, with the Municipality of Ulaanbaatar as the executing agency. The brief recommends clearly defining the mechanism of communication and grievance redressal between the project proponent, affected households, programme beneficiaries, implementers and relevant government agencies, and including a separate third party to monitor and assess effectiveness semiannually.

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Assigning execution to the municipality places institutional responsibility with the local government, while the recommendation for third-party monitoring reflects a separation-of-duties logic: the entity implementing the programme should not be the sole judge of its effectiveness. A grievance and communication mechanism functions as a participation channel, allowing affected households to signal problems that implementers may not observe. The corrective action plan recommendation implies that monitoring should trigger adjustments, creating a feedback loop rather than a one-time assessment. Whether these mechanisms were operationalised as described remains unclear from the selected extracts.

Evidence of recovery over time

Interviews were held at the workplace or home of respondents to compare pre-resettlement and post-resettlement livelihoods. Data necessary for pre-displacement livelihood recovery were obtained from the Household Property Appraisal Report, developed for each household to compensate for loss of land and assets, and from a rapid livelihood screening conducted at the onset of negotiations.

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Comparing livelihoods before and after relocation can describe households' reported experience, but changes over a period do not on their own identify the programme's contribution. Other changes could affect earning conditions. The cited description does not set out a full attribution method, so it does not justify asserting that a comparison group was absent or that the findings rested only on a before-after design. Establishing durable recovery would require follow-up evidence about livelihoods and how changes were assessed. That later evidence is not established by these selected extracts.

Lessons and limits beyond Ulaanbaatar

The brief provides recommendations and lessons learned from planning and implementation, preliminary to the full impact evaluation. Implementation was scheduled to continue until the end of the programme period, and the lessons include timing resettlement planning adequately and providing transitional support for distant relocation.

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The brief offers implementation lessons about household capacity, relocation timing, market access and independent monitoring. They support questions for other projects rather than a universal sequence of activities. Applying them elsewhere would involve checking local markets, climate, tenure and institutional capacity. The selected extracts do not establish that these arrangements produced durable recovery, or how they would perform in a different setting.

Sources and attribution

1. Strengthening Livelihoods: Case Highlights from a Livelihood Support Program in the Ger Areas of Ulaanbaatar, Mongolia
   ADB Brief 277, December 2023 · Retrieved 6 November 2026

   Used throughout this analysis.

   M. L. C. Cleto. 2023. Strengthening Livelihoods: Case Highlights from a Livelihood Support Program in the Ger Areas of Ulaanbaatar, Mongolia. Manila: Asian Development Bank. © ADB. CC BY 3.0 IGO. CC BY 3.0 IGO

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