

# Project Administration Manual

Project Number: 46315-001

Loan Number:

## Mongolia: Regional Upgrades of Sanitary and Phytosanitary Measures for Trade

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Office of the Deputy Prime Minister of Mongolia as the executing agency (EA) is wholly responsible for the implementation of ADB financed Regional Upgrades of Sanitary and Phytosanitary Measures for Trade project (the Project), as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the Office of the Deputy Prime Minister of its obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

## **CURRENCY EQUIVALENTS**

(as of 23 September 2015)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$ 0.0005
\$1.00	=	MNT1,991.50

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
BCP	–	border crossing point
CAREC	–	Central Asia Regional Economic Cooperation (Program)
GASI	–	General Agency for Specialized Inspection
GOM	–	Government of Mongolia
IMS	–	(SPS) inspection management system
LIMS	–	laboratory information management system
PAM	–	Project Administration Manual
PMU	–	project management unit
PSC	–	project steering committee
SPS	–	sanitary and phytosanitary
VABA	–	Veterinary and Animal Breeding Agency
WTO	–	World Trade Organization

## **GLOSSARY**

aimag – province

## **NOTE**

In this report, "\$" refers to US dollars.

## I. PROJECT DESCRIPTION

### A. Rationale, Location and Beneficiaries

1. In the framework of the Central Asia Regional Economic Cooperation (CAREC) program, CAREC Governments adopted a Common Agenda for modernizing sanitary and phytosanitary (SPS) measures. The objectives of the SPS Common Agenda are to (i) promote concerted reforms and modernization in the SPS area consistent with international standards to facilitate trade and (ii) identify and prioritize investment needs to modernize SPS measures and their application. To address shortcomings identified in the SPS Common Agenda, the Government of Mongolia (GOM) requested the Asian Development Bank (ADB) to support the Regional Upgrades of SPS Measures for Trade project (Project). The Project will improve the SPS measures in Mongolia in compliance with the World Trade Organization (WTO) Agreement on the Application of SPS measures to increase agriculture and food trade and diversify its economy. The proposed project will address this issue through upgrading of laboratories and inspections facilities, strengthening inspection management systems, and aligning SPS controls and inspections with international standards.

2. **Development challenges.** Accounting for about 14% of gross domestic product and 28% of the country's employment in 2014, agriculture remains the backbone of the rural economy in Mongolia. The sector is dominated by the livestock husbandry, with meat and wool accounting for 80% of the total output. Increased agriculture value-added in recent years has played an important role in poverty alleviation, as the sector is closely linked to the incomes of the most economically vulnerable.<sup>2</sup> Due to its labor-intensive nature, agricultural production is an important source of employment in rural areas. About 85% of the rural population is dependent upon livestock, in particular herders, which account for one third of the country's population, and for whom livestock is the only source of income. Moreover, processing of agricultural products also creates critical employment opportunities for migrants in urban areas.

3. Expanding and modernizing agriculture is essential to bolster rural incomes and reduce poverty and income inequality in Mongolia. A productive primary sector will also play a catalytic role in diversifying the country's limited sources of growth. Economic diversification stands as Mongolia's biggest medium-term challenge, and is vital for employment generation and to make economic growth sustainable and more inclusive.

4. With an estimate 52 million head of livestock in a country with 3 million inhabitants, animal husbandry entails great growth potential in Mongolia. The country is well endowed and geographically well located to serve northeast Asian and central Asian markets, where demand for meat and milk is rapidly increasing. However, only about 1.5% of the meat produced is exported. Mongolia's agri-food export potential is hampered by poor standards of SPS measures. For instance, the livestock sector is vulnerable to infectious diseases, which could be better controlled. The incidence of infectious animal and food-borne diseases, such as brucellosis and equine infectious anemia, remains high. This results in Mongolia's trading partners frequently imposing temporary bans on imports of live animals and animal products from Mongolia due to an outbreak of contagious animal diseases.

5. High costs of trade due to cumbersome border procedures compound the situation. The World Bank ranks Mongolia 135th out of 160 countries in the Logistic Performance Index 2014,<sup>1</sup> and the score for customs clearance and border crossing is among the lowest.

6. These factors deprive the country from the opportunity to diversify exports and insulate the economy from swings in commodity prices. Strengthening SPS measures in line with international standards while facilitating customs and border crossing procedures is, thus, essential to expand agriculture production to sustain inclusive growth and foster economic diversification in Mongolia.

7. The weaknesses of the SPS system increase trade costs, especially time costs, considerably. A study conducted by the Mongolia National Chamber of Commerce and Industry in 2013 found that four days were needed to obtain veterinary and sanitary certificates when exporting meat. Obtaining sanitary permits took up to 41 days when importing sugar and up to 48 days when importing vegetable oil.<sup>2</sup>

8. In terms of the SPS institutional framework, there are two main institutions in Mongolia involved in the application of SPS measures: (i) General Agency for Specialized Inspection (GASI), reporting to the Office of the Deputy Prime Minister, which is responsible for inspecting export and imports of food and products of animal and plant origin, and for border inspection generally; and (ii) the Veterinary and Animal Breeding Agency (VABA) under the Ministry of Food and Agriculture, responsible for disease prevention and control, laboratory services, accrediting and licensing veterinarians. Given Mongolia's vast territory, both institutions are supported by a central laboratory that is equipped with modern technology and a network of laboratories located at border crossing points (BCPs) and 13 aimags.

9. **Sanitary and phytosanitary measures.** Over the past decade, Mongolia has significantly improved its SPS system, including the SPS legislation, standards, inspection procedures and laboratory network. In particular, the country has adopted a new Food Law and a new Law on Ensuring Food Safety, which have introduced modern principles and approaches in the area of food safety. The capacity of many SPS laboratories have been upgraded with assistance of multilateral and bilateral development partners, such as the World Bank, International Fund for Agricultural Development, European Union and United States Agency for International Development.<sup>3</sup> With assistance of the International Finance Corporation, the government has developed a framework for risk-based SPS control over imports. More than 5,500 products have been classified as low-risk, medium-risk or high risk. Only documentary check is required for low-risk goods, while documentary check and inspection are required for medium-risk products and documentary check, inspection and laboratory testing are required for high-risk goods.<sup>4</sup>

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<sup>1</sup> World Bank. *Logistics Performance Index. Global Rankings 2014*.  
<http://lpi.worldbank.org/international/global>.

<sup>2</sup> Mongolian National Chamber of Commerce of Industry. 2013. *The Roadmap of Doing Business in Mongolia*. Ulaanbaatar.

<sup>3</sup> ADB. 2015. *Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation*. Consultant's Report. Manila (TA 8386-REG).

<sup>4</sup> World Bank Group. *Mongolia: Border Inspection Report*. Unpublished.

10. Still, Mongolia's SPS system has the following weaknesses:

- (i) Many laboratories lack facilities, equipment and/or human resources needed to perform their functions properly. The overall capacity of the laboratory network is insufficient to establish an appropriate level of protection against internal and external risks to public, animal and plant health. In addition, SPS control at BCPs is generally inadequate. BCPs lack facilities for disinfection of vehicles and unloading and quarantine of live animals and products of animal origin. Inspectors do not have special equipment for examination of live animals and sampling of pathological material.<sup>5</sup> Some BCPs are located far away from SPS laboratories and/or have poor transport links with those laboratories. Consequently, transporting samples taken at these BCPs to and from SPS laboratories often causes long delays in SPS clearance of imports.
- (ii) There is a lack of modernization of the SPS system based on the adoption of information technology and risk management. Risk management recognizes and incorporates differences in risks, provides guidance to policy makers with regard to priorities and allows resources to be used efficiently. Only one criterion (namely, product type) is used in the framework for risk-based SPS control over imports, and the framework is not implemented at some BCP, resulting in excessive inspection of imports.<sup>6</sup>
- (iii) The degree of harmonization of Mongolia's SPS measures with international standards is low. Many of the sampling and testing methods being used as well as inspection techniques are outdated and don't conform to international standards, thus leading to gaps, inconsistencies, and non-conformities.

11. **National effort in regional and international perspective.** The project is consistent with ADB's interim Country Partnership Strategy for Mongolia (2014–2016),<sup>7</sup> the Country Operations Business Plan 2015 and with CAREC's Transport and Trade Facilitation Strategy 2020.<sup>8</sup> Economic diversification is a major drive of Mongolia's Government Platform (2012–2016). In addition, Food safety is one of the pillars of the Government of Mongolia's (GOM) National Program for Food Security (2009–2016). Moreover, the proposed Project is aligned with GOM's WTO commitments.

12. **Lessons learned.** The project builds on past and ongoing technical assistance related to SPS supported by development partners and ADB. The major lesson is that improving food safety, animal and plant health capacity to promote trade or meet other domestic policy objectives depends on the coordination of a number of public agencies dealing with SPS issues. Experience shows that these objectives are facilitated when agencies meet regularly to discuss and coordinate. The Project Steering Committee (PSC) will involve multiple stakeholders with a view to enhance coordination and information exchange.

13. **Location.** Investments will focus on three *aimags* (Darkhan Uul, Dornogovi and Selenge) served by CAREC corridor 4b that link BCPs critical for the movement of goods subject to SPS measures. The GASI laboratories are located in Darkhan, Altanbulag and Zamyn-Uud.

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<sup>5</sup> ADB. 2015. *Promoting Cooperation in Sanitary and Phytosanitary Measures for Central Asia Regional Economic Cooperation*. Consultant's Report. Manila (TA 8386-REG).

<sup>6</sup> World Bank Group. *Mongolia: Border Inspection Report*. Unpublished.

<sup>7</sup> ADB. 2014. *Interim Country Partnership Strategy for Mongolia, 2014–2016*. Manila.

<sup>8</sup> ADB. 2014. *CAREC Transport and Trade Facilitation Strategy 2020*. Manila.

Veterinary diagnostic laboratories are located in Sainshan and Selenge. In addition, SPS inspection facilities at the Altanbulag and Zamyn Uud BCPs will be upgraded.

4. **Beneficiaries.** The Project will support the SPS agencies in providing better food safety, plant and animal health services to consumers, exporters, importers, and agribusiness.

## **B. Impact and Outcome**

11. The impacts will be increased agrifood trade along a CAREC corridor, and enhanced economic diversification to make economic growth sustainable and more inclusive.<sup>9</sup> Increased exports will generate employment opportunities and foster rural development. The outcome will be improved SPS measures in compliance with the WTO and in line with the recommendations of the SPS common agenda.

## **C. Outputs**

5. The Project will have three major outputs:

**Output 1: Laboratories and BCP inspection and quarantine facilities upgraded.** Laboratories in three aimags will be upgraded to decentralize testing and diagnosis capacities and support early detection of diseases. Investments in laboratories will include infrastructure, new equipment and quality management. Renovation and/or construction of laboratory buildings will be undertaken in order to ensure suitable conditions for the operation of a modern well-equipped laboratory. Laboratory Information Management Systems (LIMS) will be introduced for the management of samples and the associated analysis and reporting. Investments at BCPs will include inspection, disinfection and quarantine facilities.

- a. Upgraded laboratory testing and handling capacity in plant health, animal health, and food safety Investments are selected on the basis of trade and national health and risks.
  - i. Where current laboratory buildings are in a bad state of repair, renovation and/or construction work of laboratory buildings will be undertaken in order to ensure suitable conditions for the operation of a modern well-equipped laboratory.
  - ii. Where current laboratory furnishings jeopardize the accuracy and reliability of testing, laboratory benching and other technical furniture will be supplied to ensure suitable conditions for the operation of modern and sensitive laboratory equipment.
  - iii. On the basis of the assessment of the testing needs relevant to the functionality of the individual laboratory and, in particular, its role in the testing of imports and exports, and having evaluated the current testing capacity, certain equipment will be procured to (a) enable the laboratory to carry out tests it could not previously carry out (tests which might have been done previously in other laboratories requiring samples to be sent over long distances or not done at all), (b) improve the reliability and accuracy of testing (through modernization/replacement of equipment), and (c) improve the efficiency of testing.
- b. Upgraded BCP facilities for inspection of plants, animals and/or food and animal product inspection and quarantine.

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<sup>9</sup> CAREC Corridor 4b.

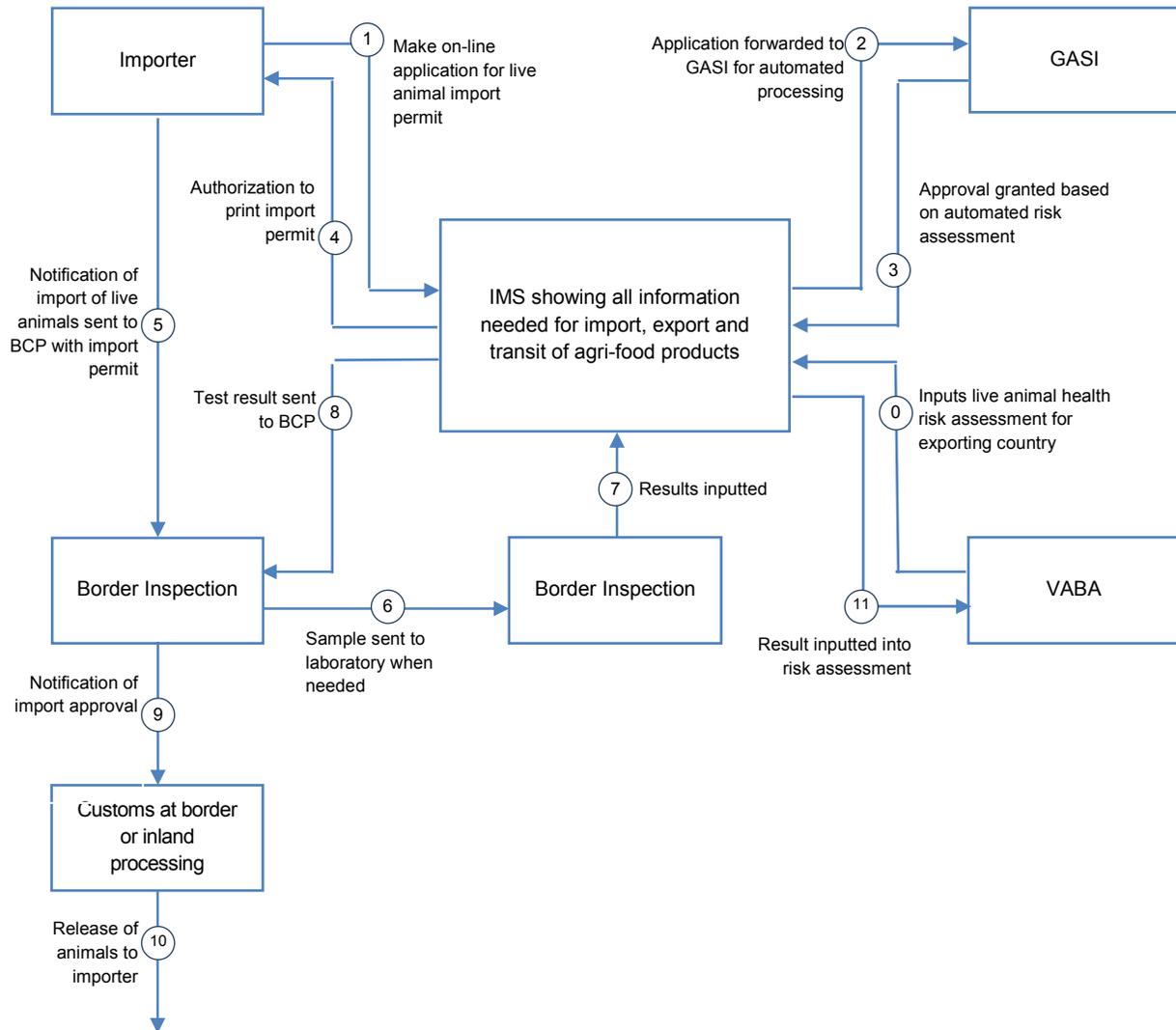
- i. Facilities for the initial inspection of animals, plants or food for which physical inspection is required will be constructed. This will include all necessary infrastructures for the offloading and reloading of animals, plants and food, and premises in which initial inspection can be undertaken in all seasons.
- ii. The facility will also contain premises for the isolation and quarantine for animals and plants and storage of food subject to quarantine measures. Such facilities will be constructed in line with international norms including those of the Office International des Epizooties (OIE) terrestrial animal health code.
- iii. SPS inspectors at the quarantine facility will be supplied with equipment required for inspection, sampling and transportation of samples. In addition, equipment will be provided for any treatment or destruction of goods suitable to be undertaken at the facility.

**Output 2: SPS inspection management system (IMS) established.** The SPS IMS will avoid duplication of documents involved in the application for and approval of permissions to import and export agri-food products. The IMS will also integrate the full development of the risk-based import control system in order to automate risk assessment and management processes. The scope of automation will involve border control inspection, laboratories, and central administration. The data collected by the laboratories and reported using the LIMS will be fed into the IMS.

To illustrate IMS function, a scheme of operations involved in live animal imports using IMS is presented in Figure 1.

- a. A system will be designed, build and commissioned to enable all participants in the import, transit and export of agri-food products to access information, apply for and receive all required documentation and permissions through a single web-based portal. The system will also facilitate the receipt, processing and return of all applications data, permissions and documents through this portal.
- b. The current product-based import risk assessment system will be expanded and developed further and integrated into the IMS to ensure that all import and export decision-making is risk-based.
- c. IMS will be housed and maintained on dedicated hardware facility and the necessary software and hardware will be supplied to the SPS agencies to enable them to fully participate in the system.
- d. LIMS will be introduced to the central laboratory to make data handling more efficient and effective and in a standardized format fed into the IMS.

**Figure 1: Scheme of Operations Involved in Live Animal Imports Using IMS**



BCP = border crossing point, IMS = information management system, GASI = General Agency for Specialized Inspection, VABA = Veterinary and Animal Breeding Agency.

**Output 3: SPS control and inspections aligned with international standards.** Testing and sampling methodologies will be aligned with WTO compliant international standards to reduce inspection- and testing-related delays and gain international acceptance—and corresponding access to WTO member economies. Standard Operating Procedures (SOPs) for the laboratories and control system requirements (including food import and export inspection and certification) will be developed in line with international standards to make fullest use of the upgraded facilities. Staff operating the equipment in the laboratories will be trained to use the new equipment in the prescribed manner. When a suitable level of competence is achieved, the process of accreditation to international standards will be initiated, leading to international accreditation for selected tests.

**Project Management Activities:** Establishment of a project management and supervision system. The Project will support the establishment of an effective project management system by developing the capacity of the executing agency and implementing agencies for project

implementation, monitoring and evaluation. A project management unit (PMU) will be established to assist in implementing day-to-day activities and ensure timely delivery of project outputs.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Activities	2015												2016		Responsible Agency(s)
	2	3	4	5	6	7	8	9	10	11	12	1	2		
Establish budgetary scope															ADB, GASI, VABA
Fact-Finding mission															ADB
MOU															ADB, Office of the Deputy Prime Minister, GASI, VABA
Loan negotiations															ADB, Office of the Deputy Prime Minister, MOF, GASI, VABA
ADB Board approval															ADB
Loan signing															ADB, Office of the Deputy Prime Minister, MOF
Government legal opinions															MOJ
Loan effectiveness															ADB
Government budget inclusion															Office of the Deputy Prime Minister, GASI, VABA

ADB = Asian Development Bank, GASI = General Agency for Specialized Inspection, MOF = Ministry of Finance, MOJ = Ministry of Justice, MOU = Memorandum of Understanding, VABA = Veterinary and Animal Breeding Agency.

**B. Overall Project Implementation Plan**

Activities	2016				2017				2018				2019				2020			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>1. Upgraded laboratories and BCP inspection and quarantine facilities</b>																				
1.1 Appraise subprojects	■	■																		
1.2 Prepare preliminary and standard design specifications for facilities and equipment			■	■	■	■	■													
1.3 Prepare bid documents and bidding				■	■	■	■	■	■	■										
1.4 Award contracts for services, works, and goods			■					■				■								
1.5 Construct and renovate laboratories and BCP ICT, quarantine and inspection facilities									■	■	■	■	■							
1.6 Furnish laboratories and BCPs													■	■						
1.7 Supply and install of laboratory, ICT, and inspection equipment													■	■						
1.8 Testing and operationalization of equipment															■	■				
1.9 Training on use of equipment																■	■			
<b>2. SPS inspection management system (IMS) operational</b>																				
2.1 Initial business process analysis	■	■																		
2.2 Appraise and prepare IMS standards and specifications			■	■	■	■														
2.3 Prepare bid documents and bidding			■	■	■	■	■	■	■											
2.4 Award contracts for goods and services		■					■				■									
2.5 Business process analyses and system design							■	■	■	■	■	■	■							
2.6 Supply and install SPS IMS ICT hardware											■	■	■	■						
2.7 Pilot test and implement IMS software and other system components															■	■	■	■	■	
2.8 Train staff on the use of IMS																	■	■	■	■

Activities	2016				2017				2018				2019				2020			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>3. SPS control and inspections aligned with international standards</b>																				
3.1 Appraise and prepare specifications and bid documents																				
3.2 Award contract for consulting services																				
3.1 Develop harmonized methods of testing and sampling																				
3.2 Develop Standards Operating Procedures (SOP) for sampling and testing techniques at laboratories																				
3.3 Train staff on internationally accepted testing and inspection techniques																				
3.5 Prepare and apply for international accreditation of laboratory tests																				
<b>4. Establishment of Effective Project Management System</b>																				
4.1 Establish Project Steering Committee																				
4.2 Establish PMU																				
4.3 Recruitment of PMU staff																				
4.4 Select PMU and procurement consultants																				
4.5 Conduct inception/annual/midterm review missions																				
4.6 Start and complete loan closing procedures																				
4.7 Prepare project completion report																				

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organization – Roles and Responsibilities

6. The Office of the Deputy Prime Minister will be the executing agency for the project and will oversee overall project implementation and management activities to ensure smooth and timely implementation and completion of project activities. The General Agency for Specialized Inspection (GASI) will be the implementing agency for outputs concerning plant health, food safety and border inspections. The Veterinary and Animal Breeding Agency (VABA) will be the implementing agency for the animal health aspects. The executing agency will guide and coordinate closely with other government agencies and the ADB for the timely resolution of any issue and completion of the project within the target dates, expediting the procurement process, and organizing and chairing the PSC meetings. The executing agency will designate a project management unit (PMU) Director to oversee the day-to-day management of the project and liaise with all relevant government offices. The executing agency will also designate a Chairman of PSC that will provide overall supervision to project implementation.

7. The PSC will be established by the executing agency. The PSC will be chaired by the designated official from the executing agency and composed of senior officials of the Office of the Deputy Prime Minister, GASI, VABA, Ministry of Food and Agriculture, Ministry of Finance (MOF). The PSC will meet quarterly to (i) approve annual budgets and plans for the project; (ii) review progress in project implementation; (iii) guide and support project implementation; and (iv) provide coordination between ministries and agencies involved in project implementation. The operational cost of the PSC will be funded by executing agency. ADB will attend the PSC meetings as observer, as needed.

8. The PMU will be established by the executing agency. On behalf of the executing and implementing agencies, the PMU will assume day-to-day management of the project and will be responsible for coordinating and implementing project activities, including procurement, recruitment, disbursement, contract administration, monitoring and reporting. The PMU will be headed by a Project Manager and will comprise full-time core staff, including SPS specialist, ICT specialist, environmental/infrastructure specialist, procurement specialist, finance specialist, project performance monitoring specialist, administrative officer, driver, and will engage an external auditor. The PMU Director will guide and supervise the work of the PMU. The PMU consultants will be recruited under the guidance of the executing agency and Asian Development Bank. The outline terms of reference for consulting services and PMU staff is provided in Part VI (i.e., Procurement and Consulting Services) Section D. The executing agency will ensure the provision of a furnished, air conditioned/heated office space with communication and other support facilities as in-kind contribution for project implementation and management.

9. **Tender Evaluation Committee.** For purposes of evaluating the various bids that will be received for procurement of works and goods and for recruiting consultants, an independent evaluation committee will be formed to be composed of the PMU Director, Project Manager, procurement specialist, and independent technical consultants. Members of the committee must not in any way be involved with any of the bidders that may constitute a conflict of interest.

<b>Project Implementation Organizations</b>	<b>Management Roles and Responsibilities</b>
Ministry of Finance  Executing Agency – Office of the Deputy Prime Minister of Mongolia	<ul style="list-style-type: none"> <li>➤ Signing of the Loan Agreement for the Project.</li> <li>➤ Establish project steering committee (PSC).</li> <li>➤ Establish project management unit (PMU).</li> <li>➤ Guide and coordinate closely with all relevant government agencies for the timely resolution of any issue and completion of the project within the target.</li> <li>➤ Coordinate with ADB all project implementation issues.</li> <li>➤ Oversee overall project implementation and management activities to ensure smooth and timely implementation and completion of project activities.</li> </ul>
Project Steering Committee (PSC)	<ul style="list-style-type: none"> <li>➤ Approve annual budgets and plans for the project.</li> <li>➤ Oversee progress in project implementation.</li> <li>➤ Guide and support project implementation.</li> <li>➤ Provide coordination between ministries and agencies involved in project implementation.</li> </ul>
Implementing Agency – General Agency for Specialized Inspections <ul style="list-style-type: none"> <li>➤ Border Inspection Department</li> <li>➤ Food, Agriculture, Industry and Service Inspection Department</li> </ul>	<ul style="list-style-type: none"> <li>➤ Work with the project management unit and consultants to accurately define the technical specifications and designs.</li> <li>➤ Monitor project activities and outputs and reporting to the PSC.</li> <li>➤ Prepare reports reflecting issues and time-bound actions taken (or to be taken).</li> <li>➤ Quality assurance of works, and services of consultants and counterpart staff.</li> <li>➤ Prepare regular periodic progress reports, and project completion report and their timely submission to executing agency and ADB.</li> <li>➤ Ensure project’s sustainability during post implementation stage and reporting to ADB on the assessed development impacts.</li> </ul>
Implementing Agency - Veterinary and Animal Breeding Agency	<ul style="list-style-type: none"> <li>➤ Supervise all project activities pertaining to animal health and veterinary laboratories and, relatedly, perform the following:</li> <li>➤ Work with the project management unit and consultants to accurately define the technical specifications and designs.</li> <li>➤ Monitor project activities and outputs and reporting to the PSC.</li> <li>➤ Prepare reports reflecting issues and time-bound actions taken (or to be taken).</li> <li>➤ Quality assurance of works, and services of consultants and counterpart staff.</li> <li>➤ Prepare regular periodic progress reports, and project completion report and their timely submission to executing agency and ADB.</li> <li>➤ Ensure project’s sustainability during post implementation stage and reporting to ADB on the assessed development impacts.</li> </ul>
Project Management Unit (PMU)	<ul style="list-style-type: none"> <li>➤ Assume day-to-day management of the project.</li> <li>➤ Coordinate and implement project activities, including procurement, recruitment, disbursements, contract administration, monitoring, and reporting.</li> <li>➤ Prepare, on behalf of the executing agency and implementing agencies, bidding documents, reports, and other supporting documents and submit them for review and approval.</li> <li>➤ Maintain on behalf of the executing agency the imprest account, and prepare and submit withdrawal applications and supporting documents, quarterly and annual reports, and financial statements.</li> <li>➤ Preparing and submitting periodic/progress reports to implementing agencies.</li> <li>➤ Regularly liaise with the executing agency and ADB.</li> </ul>

<b>Project Implementation Organizations</b>	<b>Management Roles and Responsibilities</b>
Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>➤ Provide technical support for project implementation.</li> <li>➤ Supervise and ensure compliance by the executing agency and implementing agencies with Asian Development Bank's policies and procedures in project implementation.</li> <li>➤ Conduct periodic loan review missions, a mid-term review, and Project completion mission.</li> <li>➤ Monitor compliance with all loan covenants including safeguards.</li> <li>➤ Regularly post on ADB's website the updated project information documents for public disclosure, and also the safeguards documents as per disclosure provision of the ADB's Safeguard Policy Statement.</li> </ul>

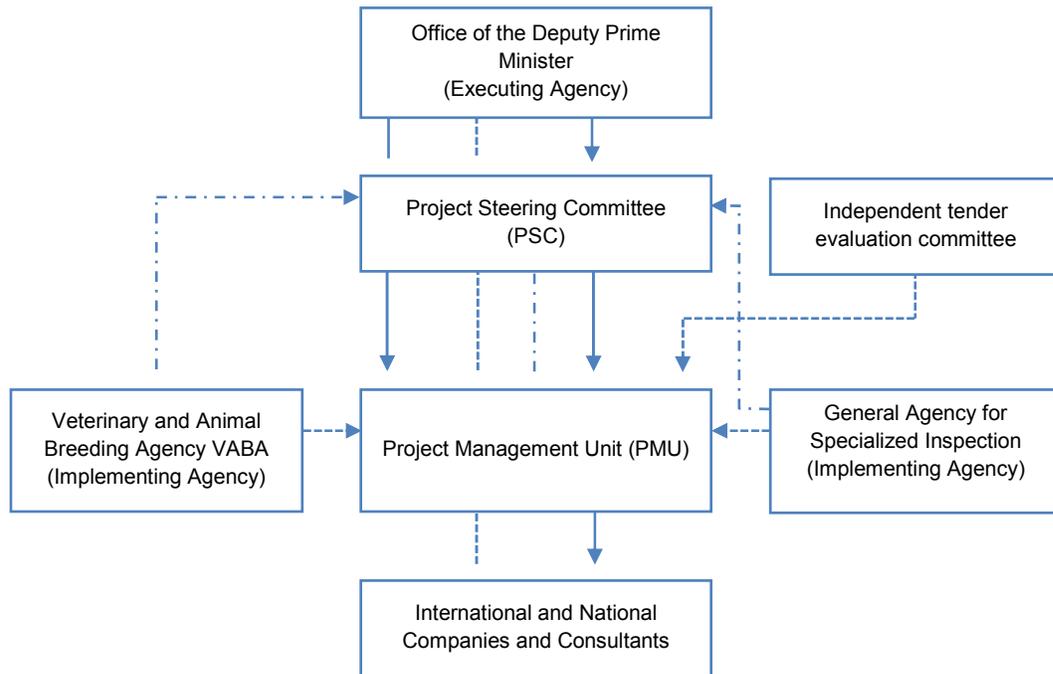
## **B. Key Persons Involved in Implementation**

<b>Executing Agency</b> Office of the Deputy Prime Minister	Contact Information: Government Palace Chinggis Khan Square Ulaanbaatar, Mongolia 14201
<b>PMU</b>	
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### C. Project Organization Structure

10. The PMU will be established prior to loan effectiveness. International consultants will be engaged to develop goods, works and consulting services contract packages including design, supply and build for the major project components and assist in procurement activities.

**Figure 2: Project Organization Structure**



- ← Overseas (for project purposes)
- ← - - - Advises (for project purposes)
- ← - · - Supports/provides staff (for project purposes)

#### IV. COSTS AND FINANCING

11. The Project investment cost is estimated at \$16.25 million, including physical and price contingencies, taxes and duties of \$1.25 million, and financing charges during implementation (Table 1). The project cost of \$15.00 million equivalent will be financed by the Asian Development Fund (ADF) loan and the GOM will fund the remaining \$1.25 million in the form of tax exemption on works, goods, and consulting services, excluding recurrent costs.<sup>10</sup>

**Table 1: Project Investment Plan**

Item	Amount (\$ million)
<b>A. Base Cost<sup>a</sup></b>	
1. Laboratory facilities, equipment and training	8.17
2. BCP inspection and quarantine facilities	2.74
3. SPS inspection management system (IMS) & ICT	2.77
4. Project management and supervision system	0.99
Subtotal (A)	<b>14.67</b>
<b>B. Contingencies<sup>b</sup></b>	1.10
<b>C. Financing Charges During Implementation<sup>c</sup></b>	0.48
Total (A+B+C)	<b>16.25</b>

Note: Numbers may not sum precisely due to rounding.

<sup>a</sup> In mid-2015 prices. Includes taxes and duties in the amount of \$1.25 million to be financed by GOM in the form of tax exemption and \$0.03 million to be financed under the ADB loan for recurrent costs.

<sup>b</sup> Physical contingencies computed at 5% for base investment costs. Price contingencies computed on average at 2.19% on foreign exchange costs and 2.79% on local currency costs. Includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>c</sup> Interest during implementation for ADB loan has been computed at an interest rate of 2%.

Source: Asian Development Bank estimates.

12. The Government has requested a loan from ADB's Special Funds resources (ADF loan) to help finance the project. The loan will have a 25-year term, including a grace period of 5 years, an interest rate of 2.0% per annum during the grace period and thereafter, and such other terms and conditions set forth in the loan agreement.

<sup>10</sup> Taxes and duties for goods and works is estimated at 8.5% following Payment system Modernization Project, and for consulting, income tax 10%.

**A. Detailed Cost Estimates by Expenditure Category**

Item	Foreign Exchange	Local Currency	Total Cost (\$ million)	% of Total Base Cost
<b>A. Investment Costs<sup>a</sup></b>				
1 Civil Works				
a. Laboratory facilities	1.64	2.45	4.09	25.2
b. BCP inspection and quarantine facilities	1.04	1.56	2.60	16.0
2 Goods				
a. Laboratory equipment and consumables, inspectors equipment	2.71	0.68	3.39	20.9
b. IMS ICT equipment	0.78	1.17	1.95	12.0
c. PMU office equipment	0.00	0.03	0.03	0.2
3 Consultants				
a. Technical specifications, design and bid documents	0.40	0.04	0.44	2.7
b. SPS inspection management system (IMS) <sup>b</sup>	0.64	0.07	0.71	4.4
c. Project management unit <sup>c</sup>	0.00	0.91	0.91	5.6
d. Capacity development <sup>d</sup>	0.23	0.03	0.25	1.5
4 Training on harmonized standards and lab procedures	0.03	0.27	0.30	1.9
<b>Subtotal (A)</b>	<b>7.46</b>	<b>7.21</b>	<b>14.67</b>	<b>90.3</b>
<b>B. Contingencies</b>				
1 Physical <sup>e</sup>	0.37	0.35	0.72	4.4
2 Price <sup>f</sup>	0.17	0.21	0.38	2.4
<b>Subtotal (B)</b>	<b>0.54</b>	<b>0.56</b>	<b>1.10</b>	<b>6.7</b>
<b>C. Financing Charges During Implementation<sup>g</sup></b>	<b>0.48</b>	<b>0.00</b>	<b>0.48</b>	<b>3.0</b>
<b>Total Project Cost (A+B+C)</b>	<b>8.48</b>	<b>7.77</b>	<b>16.25</b>	<b>100.0</b>

Note: Numbers may not sum precisely due to rounding.

<sup>a</sup> In mid-2015 prices. Includes taxes and duties of \$1.25 million to be financed from government resources and \$0.03 million to be financed under the ADB loan for recurrent costs.

<sup>b</sup> Business process analyses, system design, and custom software.

<sup>c</sup> Includes project management and supervision costs and external audit cost.

<sup>d</sup> Laboratory accreditation, harmonization, and training on new lab equipment.

<sup>e</sup> Physical contingencies computed at 5% for base investment costs.

<sup>f</sup> Price contingencies computed on average at 2.19% on foreign exchange costs and 2.79% on local currency costs. Includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>g</sup> Interest during implementation for ADB loan has been computed at an interest rate of 2%.

## B. Allocation and Withdrawal of Loan Proceed

CATEGORY			ADB FINANCING BASIS
Number	Item	Total Amount Allocated for ADB Financing \$	Percentage of ADB Financing from the Loan Account
		Category	
1	Civil Works	6,247,350	100% of total expenditure claimed <sup>a</sup>
2	Goods	4,913,550	100% of total expenditure claimed <sup>a</sup>
3	Consulting Services	1,134,000	100% of total expenditure claimed <sup>a</sup>
4	Project Management	820,800	100% of total expenditure claimed <sup>a</sup>
5	Training	302,941	100% of total expenditure claimed
6	Financing Charges	480,654	100% of total amount due
7	Unallocated	1,100,705	
	<b>Total</b>	<b>15,000,000</b>	

<sup>a</sup> Exclusive of taxes and duties imposed within the territory of the Beneficiary, which shall be financed by the Beneficiary as its counterpart financing of the Project.

Source: Asian Development Bank estimates.

### C. Detailed Cost Estimates by Financier

(\$ million)						
Item	ADB		Government		Total Cost	
	Amount	% of Cost Category	Amount	% of Cost Category		
<b>A. Investment Costs<sup>a</sup></b>						
1 Civil Works						
a. Laboratory facilities	3.74	91.5	0.35	8.5	4.09	
b. BCP inspection and quarantine facilities	2.38	91.5	0.22	8.5	2.60	
2 Equipment						
a. Laboratory equipment and consumables, inspectors equipment	3.10	91.5	0.29	8.5	3.39	
b. IMS ICT equipment	1.78	91.5	0.17	8.5	1.95	
c. PMU office equipment	0.03	91.5	0.00	8.5	0.03	
3 Consultants						
a. Technical specifications, design and bid documents	0.40	90.0	0.04	10.0	0.44	
b. SPS inspection management system (IMS) <sup>b</sup>	0.64	90.0	0.07	10.0	0.71	
c. Project management unit <sup>c</sup>	0.82	90.0	0.09	10.0	0.91	
d. Capacity development <sup>d</sup>	0.23	90.0	0.03	10.0	0.25	
4 Training on harmonized standards and lab procedures	0.30	100.0	0.00	0.0	0.30	
<b>Subtotal (A)</b>	<b>13.41</b>	<b>91.4</b>	<b>1.26</b>	<b>8.6</b>	<b>14.67</b>	
<b>B. Contingencies</b>						
1 Physical <sup>e</sup>	0.72	100.0	0.00	0.0	0.72	
2 Price <sup>f</sup>	0.38	100.0	0.00	0.0	0.38	
<b>Subtotal (B)</b>	<b>1.10</b>	<b>100.0</b>	<b>0.00</b>	<b>0.0</b>	<b>1.10</b>	
<b>C. Financing Charges During Implementation<sup>g</sup></b>	<b>0.48</b>	<b>100.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.48</b>	
<b>Total Project Cost (A+B+C)</b>	<b>15.00</b>	<b>92.3</b>	<b>1.26</b>	<b>7.7</b>	<b>16.25</b>	
<b>% Total Project Cost</b>		<b>92</b>		<b>8</b>	<b>100</b>	

Note: Numbers may not sum precisely due to rounding.

- <sup>a</sup> In mid-2015 prices. Includes taxes and duties of \$1.25 million to be financed from government resources and \$0.03 million to be financed under the ADB loan for recurrent costs.
- <sup>b</sup> Business process analyses, system design, and custom software.
- <sup>c</sup> Includes project management and supervision costs and external audit cost.
- <sup>d</sup> Laboratory accreditation, harmonization, and training on new lab equipment.
- <sup>e</sup> Physical contingencies computed at 5% for base investment costs.
- <sup>f</sup> Price contingencies computed on average at 2.19% on foreign exchange costs and 2.79% on local currency costs. Includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.
- <sup>g</sup> Interest during implementation for ADB loan has been computed at an interest rate of 2%.

## D. Detailed Cost Estimates by Outputs/Components

(\$ million)

Item	Total Cost	Output 1		Output 2		Output 3		Output 4	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Costs<sup>a</sup></b>									
1 Civil Works									
a. Laboratory facilities <sup>b</sup>	4.09	4.09	100.0	0.00	0.0	0.00	0.0	0.00	0.0
b. BCP inspection and quarantine facilities	2.60	2.60	100.0	0.00	0.0	0.00	0.0	0.00	0.0
2 Equipment									
a. Laboratory equipment and consumables, inspectors equipment <sup>b</sup>	3.39	3.39	100.0	0.00	0.0	0.00	0.0	0.00	0.0
b. IMS and LIMS software and ICT equipment	1.95	0.00	0.0	1.95	100.0	0.00	0.0	0.00	0.0
c. PMU office equipment	0.03	0.00	0.0	0.00	0.0	0.00	0.0	0.03	100.0
3 Consultants									
a. Technical specifications, design and bid documents	0.44	0.36	81.8	0.00	0.0	0.00	0.0	0.00	0.0
b. SPS inspection management system (IMS) <sup>c</sup>	0.71	0.00	0.0	0.71	100.0	0.00	0.0	0.00	0.0
c. Project management unit <sup>d</sup>	0.91	0.00	0.0	0.00	0.0	0.00	0.0	0.91	100.0
d. Capacity development <sup>e</sup>	0.25	0.00	0.0	0.00	0.0	0.25	100.0	0.00	0.0
4 Training on harmonized standards and lab procedures	0.30	0.00	0.0	0.00	0.0	0.30	100.0	0.00	0.0
<b>Subtotal (A)</b>	<b>14.67</b>	<b>10.33</b>	<b>70.4</b>	<b>2.77</b>	<b>18.9</b>	<b>0.55</b>	<b>3.8</b>	<b>0.94</b>	<b>6.4</b>
<b>B. Contingencies</b>									
1 Physical <sup>f</sup>	0.72	0.52	71.9	0.14	19.3	0.01	1.7	0.05	6.5
2 Price <sup>g</sup>	0.38	0.26	67.5	0.07	18.1	0.01	3.6	0.02	6.1
<b>Subtotal (B)</b>	<b>1.10</b>	<b>0.77</b>	<b>70.4</b>	<b>0.21</b>	<b>18.9</b>	<b>0.03</b>	<b>2.4</b>	<b>0.07</b>	<b>6.4</b>
<b>C. Financing Charges During Implementation<sup>h</sup></b>	<b>0.48</b>	<b>0.34</b>	<b>70.4</b>	<b>0.09</b>	<b>18.9</b>	<b>0.02</b>	<b>3.7</b>	<b>0.03</b>	<b>6.4</b>
<b>Total Project Cost (A+B+C)</b>	<b>16.25</b>	<b>11.44</b>	<b>70.4</b>	<b>3.07</b>	<b>18.9</b>	<b>0.60</b>	<b>3.7</b>	<b>1.04</b>	<b>6.4</b>

Note: Numbers may not sum precisely due to rounding.

- <sup>a</sup> In mid-2015 prices. Includes taxes and duties of \$1.25 million to be financed from government resources and \$0.03 million to be financed under the ADB loan for recurrent costs.
- <sup>b</sup> Laboratory upgrades and provision of equipment contribute to achievement of Output 3 as well.
- <sup>c</sup> Business process analyses, system design, and custom software.
- <sup>d</sup> Includes project management and supervision costs and external audit cost.
- <sup>e</sup> Laboratory accreditation, harmonization, and training on new lab equipment.
- <sup>f</sup> Physical contingencies computed at 5% for base investment costs.
- <sup>g</sup> Price contingencies computed on average at 2.19% on foreign exchange costs and 2.79% on local currency costs. Includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.
- <sup>h</sup> Interest during implementation for ADB loan has been computed at an interest rate of 2%.

Source: Asian Development Bank estimates.

## E. Detailed Cost Estimates by Year

		(\$ million)					
Item	Total Cost <sup>a</sup>	Year 1	Year 2	Year 3	Year 4	Year 5	
<b>A. Investment Costs<sup>b</sup></b>							
1 Civil Works							
a. Laboratory facilities	3.74	0.00	2.99	0.75	0.00	0.00	
b. BCP inspection and quarantine facilities	2.38	0.00	1.90	0.48	0.00	0.00	
2 Goods							
a. Laboratory equipment and consumables, inspectors equipment	3.10	0.00	0.00	1.86	1.24	0.00	
b. IMS and LIMS software and ICT equipment	1.78	0.00	0.00	1.07	0.71	0.00	
c. PMU office equipment	0.03	0.03	0.00	0.00	0.00	0.00	
3 Consultants							
a. Technical specifications, design and bid documents	0.40	0.40	0.00	0.00	0.00	0.00	
b. SPS inspection management system (IMS) <sup>c</sup>	0.64	0.00	0.64	0.00	0.00	0.00	
c. Project management unit <sup>d</sup>	0.82	0.16	0.16	0.16	0.16	0.16	
d. Capacity development <sup>e</sup>	0.23	0.00	0.00	0.23	0.00	0.00	
4 Training on harmonized standards and lab procedures	0.30	0.00	0.08	0.08	0.08	0.08	
<b>Subtotal (A)</b>	<b>13.41</b>	<b>0.49</b>	<b>5.87</b>	<b>4.62</b>	<b>2.19</b>	<b>0.24</b>	
<b>B. Contingencies<sup>f</sup></b>	<b>1.10</b>	<b>0.04</b>	<b>0.48</b>	<b>0.38</b>	<b>0.18</b>	<b>0.02</b>	
<b>C. Financing Charges During Implementation<sup>g</sup></b>	<b>0.48</b>	<b>0.01</b>	<b>0.07</b>	<b>0.12</b>	<b>0.14</b>	<b>0.15</b>	
<b>Total Project Cost (A+B+C)</b>	<b>15.00</b>	<b>0.64</b>	<b>6.32</b>	<b>5.12</b>	<b>2.52</b>	<b>0.40</b>	
<b>% Total Project Cost</b>	<b>100</b>	<b>4</b>	<b>42</b>	<b>34</b>	<b>17</b>	<b>3</b>	

Note: Numbers may not sum precisely due to rounding.

<sup>a</sup> The total cost amount represented in this table is the sum of all ADB funds for the project.

<sup>b</sup> In mid-2015 prices. Includes taxes and duties of \$1.25 million to be financed from government resources and \$0.03 million to be financed under the ADB loan for recurrent costs.

<sup>c</sup> Business process analyses, system design, and custom software.

<sup>d</sup> Includes project management and supervision costs and external audit cost.

<sup>e</sup> Laboratory accreditation, harmonization, and training on new lab equipment.

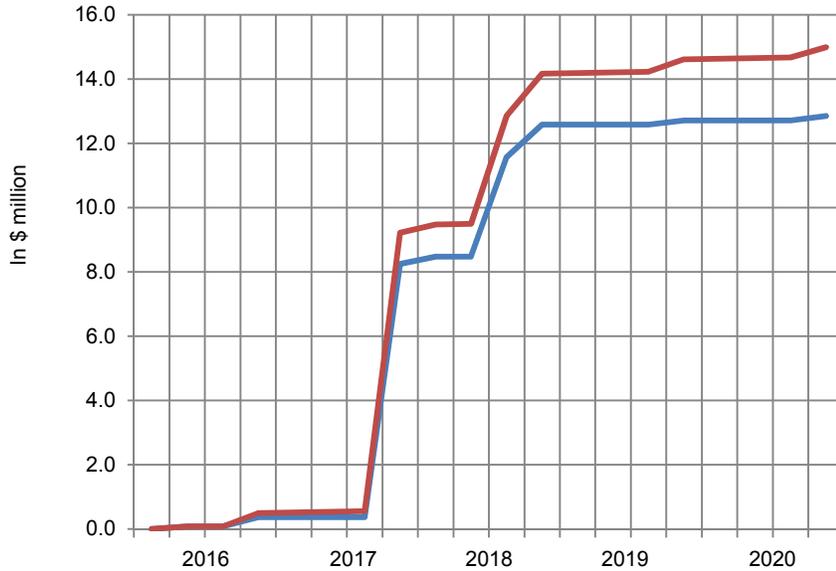
<sup>f</sup> Physical contingencies computed at 5% for base investment costs. Price contingencies computed on average at 2.19% on foreign exchange costs and 2.79% on local currency costs. Includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>g</sup> Interest during implementation for ADB loan has been computed at an interest rate of 2%.

## F. Contract and Disbursement S-curve

13. Figure 3 shows the estimated disbursement progress over the implementation period of the Project. The Disbursement S-Curve will help to assess disbursement performance at any time during the project implementation. In case of delays and poor disbursements, this will help as an early warning system for taking timely remedial measures.

**Figure 3: Disbursement S-curve**



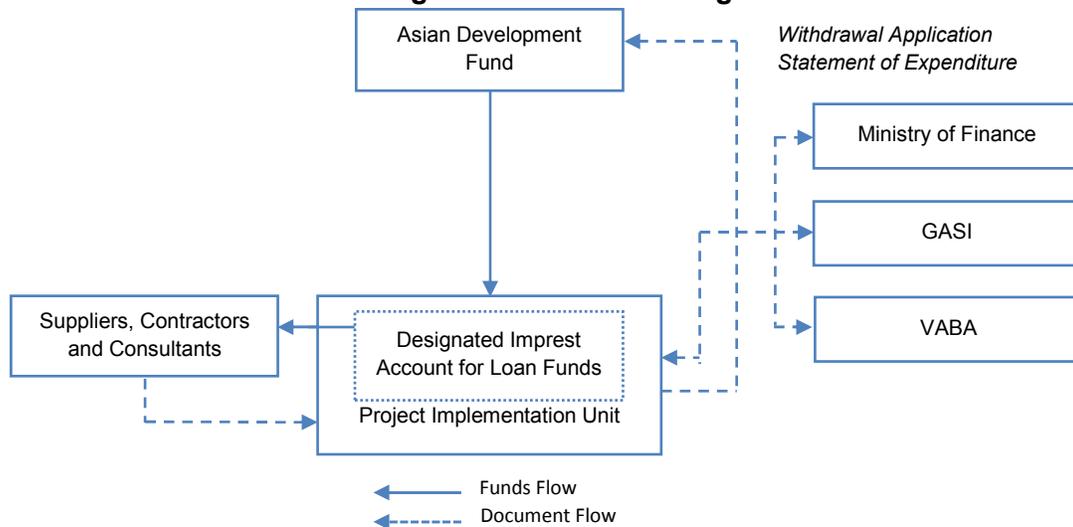
	2016				2017				2018				2019				2020			
(\$ million)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract Awards	0.0	0.1	0.1	0.4	0.4	0.4	0.4	8.2	8.5	8.5	11.6	12.6	12.6	12.6	12.6	12.7	12.7	12.7	12.7	12.9
Disbursement	0.0	0.1	0.1	0.5	0.5	0.5	0.6	9.2	9.5	9.5	12.9	14.2	14.2	14.2	14.2	14.6	14.6	14.6	14.7	15.0

Source: Asian Development Bank estimates.

## G. Fund Flow Diagram

14. Figure 4 shows how the funds will flow from ADB and GOM to implement the Project.

**Figure 4: Fund Flow Diagram**



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

22. A financial management assessment was carried out to review the capacity of GASI and VABA as to their financial management (FM) systems and procedures. The assessment overall finds the project FM risk, without mitigation, to be moderate. The following FM weaknesses and related fiduciary risks were identified:

**Table 2: Summary of the Financial Management Assessment**

Particulars	Conclusions
<b>Planning and budgeting</b>	VABA's annual planning and budgeting process follows a bottom-up approach based on previous year's budget rather than a budget ceiling, which risks undermining strategic allocations for the sector that the budget should reflect.
<b>Funds flow</b>	Budget execution of both GASI and VABA is adversely affected by the lack of predictability in funds availability as well as in-year reductions in the annual budget, which creates risks that funds spent do not fully achieve value-for-money.
<b>Staffing</b>	GASI's Accounting & Finance Division has a relatively high turnover rate, while VABA's Accounting & Finance Unit is vulnerable due to its small size.
<b>Accounting and Reporting</b>	Neither GASI nor VABA apply labeling for fixed assets, which carries a potential risk that fixed assets may not be properly accounted for.
<b>Internal audit</b>	Internal audit is not yet operational at GASI and only carried out every two years at VABA, which means that shortcomings in the robustness of and compliance with internal control procedures may not be detected, which creates fiduciary risks.
<b>External audit</b>	All government entities are audited annually by the Mongolian National Audit Office (MNAO) and a full range of financial audits and some aspects of performance audit are performed. MNAO follows the International Standards on Auditing (ISA) and focuses on significant and systemic issues. Audit reports are submitted to Parliament in a timely manner and with clear evidence of follow-up on earlier MNAO recommendations. The external audit standards and procedures followed by the MNAO are satisfactory. <sup>11</sup>
<b>Information systems</b>	GASI and VABA do not on a regular basis undertake back-ups of accounting software programs and financial data, which create a real risk of data loss

23. The PMU that ADB plans to establish will comprise a full-time Finance Specialist. As outlined in sections B-D below, project FM procedures will be based on ADB's requirements as regards disbursement, reimbursement, accounting and financial reporting, which will provide protection against most fiduciary risks. The following additional measures are proposed to address identified issues.

<sup>11</sup> MNAO's audit opinion on GASI's financial statements was unqualified for 2006–2012, and 2014. For 2013, the opinion was qualified as GASI applied an old method for recording a new laboratory facility on the balance sheet (the methodology had been amended the same year by the MoF). MNAO's audit opinion on VABA's financial statements has been unqualified for 2009. MNAO publishes audit reports per ministry, i.e. GASI is reported under the DPMU, and VABA under the MoFA, but provides separate audit opinions on each entities as well as a general opinion.

**Table 3: Financial Management Risk Assessment and Mitigation Measures**

	<b>Risk Assessment</b>	<b>Mitigation Measures</b>	<b>Implementation Period</b>
<i>Inherent Risk</i>			
Country-specific Risks	Substantial	Continuing to develop and improve the FM system and procedures based on the GOM's on-going efforts (e.g. to bring more extra-budgetary spending on budget) and through donor support (e.g. ADB's TA project to develop cash management, public investment management and e-taxation, as well as the IMF/World Bank support to harmonize the chart of accounts).	2016-2019
Agency-specific Risks	Moderate	Improvements of systemic issues at the GOM level will provide an improved framework for the agencies within which to undertake FM. Dedicated efforts should be exerted where the issues have agency-specific causes, as per the risks below.	2016-2019
<b>Overall Inherent Risk</b>	<b>Moderate</b>	-	-
<i>Project Risk</i>			
Planning and budgeting	Moderate	VABA's annual planning and budgeting process should be reviewed and a ceiling for the preparation of budget estimates should be applied to encourage prioritization of activities and costs in line with strategic and policy choices. For the ADB-funded MUST project, the PMU will prepare an annual work plan.	2016
Funds Flow	Substantial	While the lack of predictability in funds availability and in-year budget reductions are beyond the direct control of GASI and VABA, they should in the annual budget process prioritize activities and spending to enable adjustments when required. The PMU will manage funds through direct payment and the imprest fund procedures.	2016 onwards
Staffing	Moderate	The IAs should focus on retaining experienced and qualified staff, and provide training and guidance to new staff. The PMU will engage a dedicated Finance Specialist for the full project period who will receive training on ADB procedures if needed.	2016 onwards
Accounting	Low	The specific requirements regarding labeling of fixed assets should be confirmed with the GOM's State Property Committee, and procedural changes introduced if relevant. The PMU will ensure labeling of all project-related equipment and assets. An Accounting Manual will be developed by the PMU.	2016-2017

	<b>Risk Assessment</b>	<b>Mitigation Measures</b>	<b>Implementation Period</b>
Internal Audit	Substantial	For GASI, a capacity development plan should be prepared to ensure that adequate training and support is provided to make the function operational. Also, an Audit Committee should be set up and the reporting line be re-considered. For VABA, internal audit should be carried out at least once a year, and Audit Committee should be set up. The PMU should be covered by GASI's internal audit function for 2016 onwards.	2016-2019
External Audit	Low	External audit will be the responsibility of MNAO via a private firm so it must be ensured that ADB's comments on the ToR will be taken into account by MNAO, and that MNAO performs quality assurance on the firm's audit.	2016
Reporting and Information Systems	Substantial	The current IT back-up procedures of GASI and VABA should be reviewed and a more regular procedure be introduced. The PMU will undertake full IT back-up of the accounting software program and financial data on a weekly basis.	2016 onwards
<b>Overall Project Risk</b>	<b>Moderate</b>	-	-
<b>Overall Risk</b>	<b>Moderate</b>	-	-

24. On the basis of the PMU and the proposed mitigation measures, the project FM risk is considered to be low, and the planned project arrangements satisfactory.

## **B. Disbursement**

25. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time),<sup>12</sup> and detailed arrangements agreed upon between the Government and the ADB. Online training for project staff on disbursement policies and procedures is available at: [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning). Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

26. Imprest account: To facilitate project implementation through timely release of loan proceeds, the executing agency will, through the PMU, establish an imprest account promptly after loan effectiveness at a commercial bank acceptable to ADB. The currency of the imprest account will be in US dollars. The PMU establishes the imprest account in its name, and it will be accountable and responsible for its proper use. The imprest account is to be used exclusively for ADB's share of eligible expenditures, and the bank charges incurred in its operation may be financed from the loan proceeds. The initial and additional advances to the imprest account may be requested based on six months estimated expenditures to be financed through the imprest account. The imprest account will be established, managed, and liquidated in accordance with ADB's *Loan Disbursement Handbook* and detailed arrangements agreed by the Government and ADB. ADB's *Loan Disbursement Handbook* describes which supporting documents should be submitted to ADB and which should be retained by the Government for liquidation and replenishment of the imprest account.

27. Statement-of-expenditure (SOE): This may be used for reimbursement of eligible

<sup>12</sup> Available at: <http://www.adb.org/documents/loan-disbursement-handbook>.

expenses or liquidation of advances to the imprest account. The ceiling of the SOE procedure is the equivalent of \$50,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.<sup>13</sup>

28. Withdrawal application (WA): The minimum value per WA is, for efficiency reasons, \$100,000 equivalent. Individual payments below this amount should be paid from the imprest account or by the EA and subsequently claimed to ADB through reimbursement, **unless otherwise accepted by ADB**. ADB reserves the right not to accept withdrawal applications below the minimum amount. Before the submission of the first withdrawal application, the Government should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the Borrower, together with the authenticated specimen signatures of each authorized person.

### C. Accounting

29. The PMU will maintain separate project accounts and records for all expenditures incurred by the project. The applied accounting standards and procedures will be those of the GOM, i.e. accrual basis, which are consistent with international accounting principles and practices.

30. The PMU will apply the financial reporting framework of the GOM, and hence prepare a budget execution report on a monthly, quarterly, semi-annually and annual basis. It will also prepare financial statements on a quarterly, semi-annually and annual basis. The PMU will apply the reporting templates of the GOM, adjusted for the purpose of the project, if required. The GOM has adopted the 2003 International Public Sector Accounting Standards (IPSAS) version and the process of adopting IPSAS is on-going. Cash-basis IPSAS for project reporting for ADB projects is considered acceptable.

### D. Auditing

31. The PMU will ensure that the project annual financial statements are audited in accordance with International Standards on Auditing (ISA) and the GOM's audit regulations by an independent auditor (private firm) acceptable to ADB. This will be arranged by the Mongolian National Audit Office (MNAO) based on a terms of reference acceptable to ADB. The audited project annual financial statements will be submitted in the English language to ADB within 6 months of the end of the financial reporting period (fiscal year) by the DPMO through the PMU. The annual audit report for the project accounts will include an audit management letter and audit opinions covering: (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the loan agreement for the project; (iv) the application of the imprest fund procedures; and, (v) the application of the SOE procedure certifying the eligibility of the expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with *ADB's Loan Disbursement Handbook* and the project documents.

32. Compliance with financial reporting and auditing requirements will be monitored by

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<sup>13</sup> Checklist for SOE procedures and formats are also available at: <http://www.adb.org/documents/loan-disbursement-handbook>.

review missions and during ordinary project supervision, and followed up undertaken regularly with all parties concerned, including the external auditor.

33. The GOM, DPMO, GASI and VABA have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of audited project financial statements. ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

#### **E. Public Disclosure**

34. Public disclosure of the project annual financial statements, including the audit report on the project annual financial statements, will be guided by ADB's Public Communications Policy (2011). After review, ADB will disclose the project annual financial statements and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The audit management letter will not be disclosed

### **VI. PROCUREMENT AND CONSULTING SERVICES**

#### **A. Advance Contracting and Retroactive Financing**

34. The project will not require advance contracting and retroactive financing.

#### **B. Procurement of Goods, Works and Consulting Services**

35. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines. International competitive bidding (ICB) will be applied to goods contracts estimated to cost \$2 million and more, and works contracts estimated to cost \$5 million and more. Goods contracts worth less than \$2 million and works contracts worth less than \$5 million will follow national competitive bidding (NCB). Shopping will be used for contracts for works and goods valued less than \$100,000. NCB procurement will be carried out in accordance with the Mongolia Procurement Law, subject to modifications agreed with ADB. Before the start of any procurement ADB and the Government will review the public procurement laws of the Government to ensure consistency with ADB's Procurement Guidelines. The selection and engagement of contractors will be subject to ADB's prior review and approval. Any internationally tendered equipment packages will include the necessary technical support for ensuring proper installation, testing, commissioning, and training of operational staff as part of the related contracts. In accordance with ADB requirements, foreign contractors may participate in bidding for NCB contracts. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting services contract packages and national competitive bidding guidelines is in Section C.

36. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>14</sup> The terms of reference for all consulting services are detailed in Section D. The relevant sections of ADB's Anticorruption Policy (1998, as amended from time to time) will be included in all documents and contracts relating to the engagement of

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<sup>14</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

consultants. Consultants will be selected and engaged using ADB's quality and cost-based selection. A total of 400 person-months (59 person-months international and 341 person-months national) of consulting services will be needed to prepare design, technical specifications, and bid documents, and project management services. Consultants will be engaged using QCBS with the standard ratio of 90:10.

37. The Government Procurement Agency (GPA) will support the procurement activities in coordination with the executing agency.

### C. Procurement Plan

#### Basic Data

<b>Project Name:</b> Regional Upgrades of Sanitary and Phytosanitary Measures for Trade	
<b>Project Number:</b> 46315-001	<b>Approval Number:</b>
<b>Country:</b> Mongolia	<b>Executing Agency:</b> Office of the Deputy Prime Minister
<b>Project Financing Amount:</b> \$16.2 million <b>ADB Financing:</b> \$15.00 million <b>Non-ADB Financing:</b> \$1.25 million	<b>Implementing Agencies:</b> General Agency of Specialized Inspection and Veterinary and Animal Breeding Agency
<b>Date of First Procurement Plan:</b> 09/2015	<b>Date of this procurement plan:</b> 09/2015

#### 1. Process Thresholds, Review and 18-Month Procurement Plan

Procurement and Consulting Methods and Thresholds

Except as the ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Procurement Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$5,000,000	
International Competitive Bidding (ICB) for Goods	\$2,000,000	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	
National Competitive Bidding (NCB) for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	
Quality Based Selection	
Consultant's Qualification Selection	
Least-Cost Selection	
Fixed Budget Selection	

#### 2. Goods and Works Contracts Estimated to Cost \$1 Million or More

37. The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value</b>	<b>Procurement Method</b>	<b>Review (Prior/Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
1	Design and construct SPS facilities and GASI laboratory in Zamyn Uud and Altanbulag BCPs and GASI laboratory in Darkhan	4.78	NCB	Prior	1S1E	Q1 / 2017	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Works
2	Design and construct VABA laboratory in Selenge and Sainshand	2.05	NCB	Prior	1S1E	Q1/ 2017	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Works
3	IMS Software licenses including maintenance and upgrades	1.00	NCB	Prior	1S1E	Q4/ 2016	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Goods
4	Laboratory equipment and consumables and Inspectors equipment	3.39	ICB	Prior	1S1E	Q3/ 2017	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Goods

**3. Consulting Services Contracts Estimated to Cost \$100,000 or More**

38. The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within 18 months of project commencement.

<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value</b>	<b>Procurement Method</b>	<b>Review (Prior/Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
5	Consulting firm 1 (system design and development of IMS and LIMS)	0.62	QCBS	Prior	STP	Q4/ 2016	Assignment: International  Quality-Cost Ratio: 90:10
6	Consulting firm 2 (laboratory accreditation and harmonization and training)	0.25	QCBS	Prior	STP	Q3 / 2017	Assignment: International  Quality-Cost Ratio: 90:10
7	Consulting firm 3 (conceptual design and tender services for works)	0.24	QCBS	Prior	STP	Q2/ 2016	Assignment: International  Quality-Cost Ratio: 90:10
8	PMU Project Manager	0.13	ICS	Prior		Q2/ 2016	Assignment: National
9	PMU Deputy Project Manager/SPS Specialist	0.11	ICS	Prior		Q2/ 2016	Assignment: National

**4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)**

39. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value</b>	<b>Procurement Method</b>	<b>Review (Prior/Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
10	IMS ICT equipment	0.80	NCB	Prior	1S1E	Q2 / 2017	Prequalification of Bidders: N  Domestic Preference Applicable: N  Bidding Document: Goods
11	Business Process and ICT Analyst	0.05	ICS	Prior		Q2/ 2016	Assignment: International
12	Enterprise Architect	0.04	ICS	Prior		Q2/ 2016	Assignment: International
13	Business Process and ICT Analyst	0.01	ICS	Prior		Q2/ 2016	Assignment: National
14	PMU ICT Specialist	0.05	ICS	Prior		Q2/ 2016	Assignment: National
15	PMU Infrastructure Specialist	0.05	ICS	Prior		Q2/ 2016	Assignment: National
16	PMU Environmental Specialist	0.02	ICS	Post		Q2/ 2016	Assignment: National
17	PMU Procurement Specialist	0.05	ICS	Prior		Q2/ 2016	Assignment: National
18	PMU Finance Specialist	0.05	ICS	Prior		Q2/ 2016	Assignment: National

<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value</b>	<b>Procurement Method</b>	<b>Review (Prior/Post)</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
19	PMU Project Performance Monitoring Specialist	0.02	ICS	Post		Q2/ 2016	Assignment: National
20	PMU Administrative Officer	0.05	ICS	Post		Q2/ 2016	Assignment: National
21	PMU Driver	0.03	ICS	Post		Q2/ 2016	Assignment: National
22	PMU office equipment	0.03	Shopping	Post		Q2/ 2016	Prequalification of Bidders: N

## D. Consultant's Terms of Reference

### Individual Consultants:

#### 1. Business Process and ICT Analyst (3 person-months, international, intermittent).

The International BPICT specialist will be engaged on an individual basis to review the current and redesign the future state of GASI's Inspection Management System. Using the IFC Study as a starting basis of analysis, analyze, update and if necessary, redesign the inspection business processes to ensure alignment with Mongolian legislation and WTO recommended standards.

Tasks and responsibilities will include:

- developing a plan to conduct the business process analysis and re-engineering
- defining current and future state business process
- introducing best international practices on inspection process and provide recommendations and recommend area of possible automation using ICT
- conducting impact analysis (quantitative cost-benefit analysis) for business process changes, specifically on the GASI organizational structure, potential reduction in administrative costs and potential improvement in inspection services
- developing a change management plan
- developing the business, technical and management requirements for the Inspection Management System
- developing the bid documents for the development of IMS and External Interfaces
- mentoring the National BPICT

#### Qualifications and Experience

- An educational background in the field of ICT.
- At least 10 years of business process analysis and design and change management.
- Ability to recognize business improvements and potential for automation is essential.
- Knowledge in workflow and document management is mandatory.
- Experience in Inspection Management System is preferred.
- Have strong organizational, administrative, presentation and written skills.
- Strong process and business rules analysis through proven and industry recognized methodologies.
- Experience working in Mongolia is desirable.

**2. Enterprise Architect (2 person-months, international, intermittent).** The Enterprise Architect will be engaged on an individual basis to lead the creation of the Enterprise Architecture for IMS. With automation nearly non-existent, the Enterprise Architect will develop the blueprint of automation for GASI with the IMS as its main application. The Enterprise Architect will lay the groundwork for future enterprise automation at GASI.

Tasks and responsibilities will include:

- developing the Enterprise Architecture and the IMS application architecture
- coordinating and balancing the needs of the business, information and technical architecture to develop a solutions-based architecture
- leading and facilitating the creation of principles to guide technology decisions
- setting the ICT products and standards along with the design configurations
- working with the BPICT in completing the bid documents

#### Qualifications and Experience

- An educational background in the field of ICT.
- At least 10 years of enterprise architecture or solutions architecture experience.
- At least 5 years of direct experience in ICT strategic planning with exposure to multiple, diverse technical configurations, technologies and processing environments.
- Must have excellent written and verbal skills.
- Have the ability to translate business needs to technical requirements and to apply multiple technical solutions to different business scenarios.
- Knowledge of business process redesign and development of bid documents is preferred.

**3. Business Process and ICT Analyst (3 person-months, national, intermittent).** The consultant will be engaged on an individual basis. Using the IFC Study as a starting basis of analysis, analyze, update and if necessary, redesign the inspection business processes to ensure alignment with Mongolian legislation and WTO recommended standards.

Tasks and responsibilities will include:

- supporting the International BPICT to conduct the business process analysis and re-engineering
- assisting in developing the business, technical and management requirements for the IMS
- assisting in developing the bid documents for the development of IMS and External Interfaces
- translating documents to English and/or Mongolian
- facilitating discussions across all levels at GASI
- assisting in drafting the technical specifications and bid documents of the IMS in close coordination with Enterprise Architect

#### Qualifications and Experience

- An educational background in the field of ICT.
- At least 5 years of business process analysis and design.
- Ability to recognize business improvements and potential for automation is essential.
- Knowledge in workflow and process modeling tools is essential.
- Must be able to communicate and write in English fluently.

**4. PMU Project Manager (48 person-months).** The consultant will be engaged on an individual basis to be responsible for the day-to-day management of the PMU to ensure timely achievement of project outputs and smooth implementation of project activities.

Tasks and responsibilities will include:

- managing the PMU and day-to-day project activities
- allocating responsibilities to the PMU staff
- developing annual work plans including Project implementation schedules and budget
- maintaining regular coordination of the PMU with related parties/agencies
- closely coordinating with executing and implementing agencies, PSC, ADB, contractors and consultants
- ensuring that the project follows applicable procedures and guidelines of ADB and GOM
- regular reporting on project progress to and raise issues with the implementing agencies, Steering Committee and the EA
- ensuring timely preparations of all required reports under the Project.

#### Qualifications and Experience

- Suitability to undertake the responsibilities mentioned above at the required level
- College graduate or master degree on project management, ICT, civil engineering or related field.
- A minimum of 10 years professional experience including at least five years as program/project manager/executive/senior position on relevant project (preferably with infrastructure and ICT components).
- Previous experience of working with IFI's is an important asset. Work experience in ADB project implementation is an advantage.
- High standards of professional and work ethics.
- Excellent computer and communication skills.
- Good leadership.
- Proficient in English language.

**5. PMU Procurement Specialist (30 person-months).** The consultant will be engaged on an individual basis to oversee and ensure timely implementation of all procurement activities.

Tasks and responsibilities will include:

- preparing and/or reviewing bid documents including terms of reference, bills of quantities and cost estimates
- developing technical specification of works, goods and services
- preparing and/or updating procurement plans and an integrated implementation arrangement for all the BCPs, laboratories, capacity development, training, and IMS components
- coordinating and scheduling procurement activities
- preparing progress report on procurement activities and focal for all relevant documents
- requesting for and reviewing proposals
- assisting in bid evaluations and advising on procurement procedures
- overall management of the procurement of the works, goods and services to ensure transparency, and compliance of the ADB Guidelines and GOM procurement policies and procedures
- providing advice and recommend measures to executing and implementing agencies to adopt best practices in good governance particularly for public procurement and project administration

#### Qualifications and experience

- Academic/professional qualification in purchasing, business, engineering or relevant field.
- A minimum of 10 years professional experience and with related experience of 5 years in design and construction of infrastructure (buildings, roads etc.).
- Work experience in at least one border crossing point and/or one ICT project, and worked at least on two ADB/other development agencies funded projects.
- Proficient in English language.

**6. PMU Finance Specialist (30 person-months).** The consultant will be engaged on an individual basis to be responsible for finance and administration aspects of the project, including management of imprest account in accordance with the ADB procedures, under the direct guidance of the PMU Project Manager. He/she will ensure adherence to ADB and GOM applicable procedures and guidelines.

Tasks and responsibilities will include:

- budget planning and utilization
- assisting in drawing up of Project funds
- preparing liquidation/claims reports
- participating in procurement activities
- in-charge of accounting in accordance with accounting standards and requirements of ADB and preparing related reports
- preparing financial statements and other financial reports under the Project
- overseeing the physical inventory of equipment and other parts and supplies purchased under the Project

Qualifications and experience

- Academic/professional qualification relevant to finance/accounting (preferably certified accountant).
- A minimum of 5 years' experience on finance/accounting.
- Work experience in ADB project implementation and knowledge of ADB procedures is an advantage.
- Ability to work independently and within tight schedule.
- High standards of professional and work ethics.
- Good team player.
- Proficient in English language.

**7. PMU Deputy Project Manager/SPS Specialist (48 person-months).** The consultant will be engaged on an individual basis to manage activities on SPS harmonization of standards, laboratory equipment and consumables and testing, and training including on new laboratory equipment and methods, under the direct guidance of the PMU Project Manager. He/she will be responsible for liaison between all the stakeholders and for briefing the Project Manager on progress and potential problems and advice on resolving implementation and technical issues.

Tasks and responsibilities will include:

- assisting in relevant bid document preparation including technical specifications for laboratory equipment
- coordinating with all stakeholders especially with government agencies during harmonization of standards
- scheduling and coordinating capacity building activities
- reviewing agenda and training materials
- overseeing the provision and testing of laboratory equipment and consumables to ensure it follows technical specifications
- assisting site inspections of laboratories and inspection and quarantine facilities
- preparing progress and briefing report to Project Manager
- advising on resolution of implementation and technical issues

Qualifications and Experience

- Relevant academic/professional qualification
- A minimum of 10 years work experience on technical capacity.
- Preferably with work experience in ADB project implementation and knowledge of ADB procedures.
- Ability to work independently.
- Good communication skills.
- Proficient in English language.

**8. PMU Environmental Specialist (12 person-months).** The consultant will be engaged on an individual basis to be responsible for environmental management plan implementation and environmental compliance monitoring.

Tasks and responsibilities will include:

- supporting project preparation including updating the project environmental management plan and training
- coordinating the conduct of regular environmental compliance monitoring (air, surface and ground water, and noise) in compliance with the monitoring plan
- annual project environmental management plan progress reporting
- identifying environment-related implementation issues and necessary corrective actions
- providing assistance and technical advice to works implementation
- monitoring the implementation of the environmental management plan and preparing semi-annual environmental monitoring reports;
- reviewing proposals and assisting procurement activities, when needed
- preparing progress and briefing reports

Qualifications and Experience

- College graduate or master degree on environmental, sanitation, civil engineering or related field.
- A minimum of 10 years relevant work experience including least five years in implementing infrastructure projects.
- Work experience in ADB project implementation and knowledge of ADB safeguards policy is an advantage.
- Ability to work independently.
- High standards of professional and work ethics.
- Good team player.
- Proficient in English language.

**9. PMU Infrastructure Specialist (30 person-months).** The consultant will be engaged on an individual basis to supervise construction of BCP inspection and quarantine facilities and laboratories.

Tasks and responsibilities will include:

- assisting in bid document review and preparation including bills of quantities and cost estimates
- assisting in developing technical specification of works
- developing and updating implementation plan for construction of BCP inspection and quarantine facilities and laboratories
- coordinating activities closely with contractors and advise in advance of possible delays and recommend measures to avoid slippage
- assisting in bid evaluations
- providing advice and recommend measures to Project Manager to avoid slippage
- preparing monthly progress report

Qualifications and experience

- Academic/professional qualification in civil engineering or relevant field.
- A minimum of 10 years professional experience and with related experience of 5 years in design and construction of infrastructure (buildings, roads etc.).

- Work experience in at least one border crossing point project and worked on ADB/other development agencies funded projects an advantage.
- Good command and skill in English language.

**10. PMU Project Performance Monitoring Specialist (12 person-months).** The consultant will be engaged on an individual basis to monitor and recommend measure on timely implementation of project activities.

Tasks and responsibilities will include:

- preparing and updating the Project performance management system (PPMS) consistent with DMF
- monitoring the Project implementation
- preparing overall Project monthly, quarterly and annual progress reports;
- monitoring the implementation of the environmental management plan and preparing semi-annual environmental monitoring reports;
- raising implementation issues should it arise, as early as possible, and providing recommendations and coordinating with concerned parties for possible resolution;
- assisting in work and budget planning
- coordinating with PMU staff to account for up-to-date physical and financial accomplishments
- collecting baseline data and monitoring the progress towards achieving targets and indicators as specified in the Project Design and Monitoring Framework
- undertaking other pertinent tasks that may be assigned by the PMU Project Manager

Qualifications and Experience

- Suitability to undertake the responsibilities mentioned above.
- College graduate or master's degree on project management, administration or related field.
- Preferably with 10 years of relevant professional experience, with three years' experience in monitoring and implementing ADB project.
- Familiarity with ADB PPMS is an advantage.
- Ability to work independently and within tight schedule.
- High standards of professional and work ethics.
- Good team player.
- Proficient in English language.

**11. PMU ICT Specialist (30 person-months).** The consultant will be engaged on an individual basis to be responsible for timely implementation and provision of SPS IMS.

Tasks and responsibilities will include:

- preparing and/or reviewing IMS bid documents
- developing technical specification of IMS goods and services
- preparing and/or updating implementation plans for IMS component
- preparing progress report on IMS activities and focal for all relevant documents
- assisting in bid evaluations and advising on procurement procedures
- liaising between all the stakeholders in developing and pilot testing of IMS
- briefing the Project director on progress and potential problems
- advising on resolving implementation and technical issues

Qualifications and Experience

- An educational background in the field of ICT.
- A minimum of 10 years work experience on technical capacity including 5 years on system development.
- Work experience in at least one ICT project and worked on ADB/other development agencies funded projects an advantage.
- Knowledge in workflow and process modeling tools is essential.
- Must be able to communicate and write in English fluently.

**12. PMU Administrative Officer (48 person-months).** The consultant will be engaged on an individual basis to provide administrative assistance to PMU and support day-to-day project activities and translation services, as needed, under the guidance of the Project Manager.

Tasks and responsibilities will include:

- preparing Project correspondences
- maintaining and organizing all Project documents
- keeping Project contact register up-to-date
- making travel arrangements for the PMU staff
- coordinating and arranging meetings of PMU with ADB, PSC, contractors, consultants and other Project stakeholders
- preparing minutes of the meetings
- manning the PMU front desk
- providing translation services, as needed

Qualifications and Experience

- Suitability to undertake the responsibilities mentioned above.
- Graduate of secretarial course, administration, psychology, or related field.
- At least five years of relevant professional experience, preferably of which at least one year should be working with ADB project or similar international projects.
- Good written and oral communications skills, including a good knowledge of English.
- Proficient in Microsoft Word, Excel and PowerPoint, and internet research.
- A good knowledge of office administration procedures.
- Ability to work independently and within tight schedule.
- High standards of professional and work ethics.
- Good team player.

**13. PMU Driver (30 person-months).** The consultant will be engaged on an individual basis to provide assistance to PMU and support day-to-day project activities especially site inspections and attending meetings, under the guidance of the Project Manager. He/she will coordinate travel schedules and expenses including payables and budget needed. He/she should have a professional driver's license and at least 10 years of professional driving experience. Work experience with ADB project or similar international projects will be an advantage.

## **Consultants Engaged through a Firm:**

### **14. Consultant for harmonizing methodology and control system standards and training needs (12 person-months, international, intermittent)**

The consultants' tasks and responsibilities will include the following:

- Identifying, together with the laboratory management and the border inspections management, the specific standards required to be harmonized
- Producing the draft harmonized text
- Drafting of Standard Operating Procedures (SOPs)
- Providing the rationale for the harmonization and to support the promulgation process as required
- Identifying the training needs on the basis of the new standards and standard operating procedures as defined in accordance
- Preparing a training program
- To implement the training program and monitor learning achievements

#### **Qualifications and Experience**

- Suitability to undertake the responsibilities mentioned above.
- At least 10 years work experience in capacity building, business process analysis, or standards harmonization.
- Experience in harmonizing SPS methodology and control system standards an advantage.
- Experience of drafting laboratory SOPs.
- Familiar with WTO SPS Agreement.
- Experience in project in Mongolia will be an advantage.
- Preferably with experience working in ADB project or similar international donor projects.

### **15. Consultant for conceptual design and tender services for construction of laboratories and BCP inspection and quarantine facilities (12 person-months, international, intermittent)**

The consultants' tasks and responsibilities will include preparation of the conceptual design and preparing tender documents, and assisting in bid evaluation of works to ensure that technical quality of construction for the selected laboratories and BCP inspection and quarantine facilities and specifically:

- inspecting proposed project site, survey, and assess the scope of removal work of existing buildings
- preparing schematic designs for the laboratories and BCP inspection and quarantine facilities
- preparing preliminary engineering documentation for the design and build packages, which documents will be used for bidding, contracting, supervision, and administering implementation
- preparing bill of quantities and preliminary surveys
- prepare tender documents for works design and build packages
- assisting in prequalification up until contract award to contractors who will be responsible for construction
- coordinating initial work scoping with design and build contractors and PMU
- advising PMU on works procurement and implementation, when needed

#### Qualifications and Experience

- Suitability to undertake the responsibilities mentioned above.
- At least 10 years specializing in/which has architects/engineers with at least 10 years experience in designing of construction/renovation of laboratories, inspection and quarantine facilities or cross-border facilities.
- Experience in works tendering and preferably on design and build contracts.
- Experience in project in Mongolia will be an advantage.
- Preferably with experience working in ADB project or similar international donor projects.

#### **16. Development of IMS and External Interfaces (50 person-months, intermittent).**

Employing the GASI enterprise architecture blueprint and the business, technical and management requirements from Business Process Analysis and Enterprise Architecture, the firm will be responsible for the technical development and implementation of IMS and relevant external interfaces to exchange information with other government agencies. Detailed TOR and ratio of international and national consulting will depend on output of business process analysis and enterprise architecture. The firm must have experience in implementing laboratory information system. The firm will also be responsible for creating a sustainable capacity development program to ensure knowledge transfer and maintainability of the IMS.

## VII. SAFEGUARDS

40. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at appendix 5 of the SPS.

### A. Environment

41. The project is classified as category B for environment. Applications for General Environmental Permits under Ministry of Environment and Green Development (MEGD) are being prepared and will be processed by the *aimags* where the component projects are located. An IEE has been developed which complies with ADB's Safeguard Policy Statement (SPS) (2009) and has been prepared and will be uploaded to the ADB website on 7 October 2015 for public disclosure. The IEE will include any recommendations contained in the Mongolia General Environmental Permits. The IEE summarizes the due diligence review of project associated facilities and provides a mitigation and monitoring program for identified minor impacts in construction and operation phases.

42. **Environmental Management Plan.** The IEE defines all potential environmental impacts and mitigation measures for all phases of the project from preparation through construction and operation of the project. Potential adverse impacts during the construction and operation phase include limited standard construction impacts, while operational impacts may involve unsafe collection, storage, treatment, and disposal of laboratory waste. Related environmental issues of water supply, wastewater treatment and overall facility waste management programs have also been evaluated and recommendations made. The possible adverse environmental impacts will be prevented or minimized to acceptable levels, through the implementation of the environmental management plan (EMP) that includes adequate mitigation and monitoring arrangements. The EMP also defines responsibilities for EMP implementation and supervision, environmental training and capacity building, and budgets for implementation of the EMP. The EMP will be updated based on final design and will be submitted to ADB for review and approval prior to awarding the civil works contract. Contractors and the implementing agencies (IAs) will implement these measures. The effectiveness of these measures will be regularly evaluated in the framework of the environmental monitoring program, and corrective actions defined if required.

43. **Consultation and Grievance Redress Mechanism.** The project components have emerged from a Working Group of Mongolian governmental officials charged with managing laboratory operations at GASI and VABA. The components have been agreed at the working group and appear appropriate. Public consultations on the proposed project components were also conducted. Noise during construction and disposal of wastewater were the major concerns. A detailed Grievance Redress Mechanism (GRM) has been prepared to address any concerns of affected citizens during project implementation. Facilities will be built under design-build contracts and when additional information is available on the designs, additional consultation with appropriate stakeholders and the public will be scheduled.

44. **Conclusions.** The IEE concludes that the project will not have any significant, long term or irreversible impacts on the physical, biological or socio-economic environment. The project will have short term impacts during construction which can be mitigated to an acceptable level through mitigation measures which seek to reduce the potential for harm to the environment and human health. These measures relate primarily to implementing good construction practice as well as meeting the particular needs of the project area through consultation with affected

people. Good practice through comprehensive training and appropriate technological design will also contribute significantly to reducing the operational impacts of the project. The project will have significant positive environmental benefits. Category B for environment is confirmed. The project is feasible from an environment safeguards point of view.

### **B. Indigenous Peoples**

45. The Project is classified as category C for indigenous peoples. The assessment determined that the project will not directly or indirectly affect ethnic minority communities. Therefore, no indigenous peoples plan is required. In case of unanticipated impacts, indigenous people's activities will be conducted in accordance with ADB's Safeguard Policy Statement (2009).

### **C. Involuntary Resettlement**

46. The Project is classified as category C for involuntary resettlement. The project involves minor civil works which will be carried out on existing government land so no land acquisition and resettlement impacts are anticipated. In case of unanticipated involuntary resettlement impacts during project implementation, land acquisition and resettlement activities will be conducted in accordance with ADB's Safeguard Policy Statement (2009). A resettlement plan will need to be prepared and submitted to ADB for approval prior to commencement of civil works.

## **VIII. GENDER AND SOCIAL DIMENSIONS**

47. The executing agency will also include a specific provision in the bidding documents to ensure that civil works contractors: (i) comply with core labor standards, applicable laws and regulations in Mongolia and incorporate applicable workplace occupational safety norms; (ii) do not differentiate payment between men and women for work of equal value; (iii) do not employ child labor in the construction and maintenance activities; (iv) do not use forced or compulsory labor; (v) eliminate employment discrimination; (vi) to the extent possible, maximize employment of local poor and disadvantaged persons for project construction purposes, provided that the requirements for job and efficiency are adequately met; and (vii) disseminate information on the risks of communicable diseases, including human immunodeficiency virus/acquired immunodeficiency syndrome, to the employees of the contractors under the Project and to members of the local communities near the Project.

48. The executing agency and implementing agencies will monitor the implementation of the Social Development Action Plan (see Table 4).

49. The project does not have any gender issues. Many women are already employed in laboratories. Health and safety training will be provided for all staff. Women will benefit equally from the project. No gender elements/measure are deemed necessary.

**Table 4: Social Development Action Plan**

Proposed Actions	Targets	Agencies Involved	Timing	Funding Source	Monitoring Indicators
<p><b>A. Job creation during construction of laboratories at aimags and inspection and quarantine facilities at border crossing points</b></p> <ul style="list-style-type: none"> <li>• Use of local unskilled labor including those from poor villages in remote areas especially the poor, women, and vulnerable groups</li> <li>• Priority given by local governments to local sellers in providing services, food and supplies at project sites</li> <li>• Use of available local experts to fulfill the number of person-months required of national consulting services</li> </ul>	<p>Around 100 labor force hired locally, including women</p> <p>More than 50% of unskilled labor from poor households</p> <p>More than 79% (316 person-months) of experts sourced locally for project management unit and IMS development</p>	<p>Implementing agencies, contractors, consulting firm</p>	<p>2016–2020</p>	<p>Labor costs are included in Project costs</p>	<p>Number of local labor employed by gender</p> <p>Number of workers from poor households</p> <p>Number of local sellers provisioning the Project sites by gender</p>
<p><b>B. Construction safety</b></p> <ul style="list-style-type: none"> <li>• Ensure safety guidelines developed and incorporated into contracts with all contractors</li> <li>• Health and safety induction training for all workers and service providers</li> <li>• Periodic inspections by implementing agencies</li> </ul>	<p>All contractors, consultants, and construction workers</p>	<p>Implementing agencies, contractors</p>	<p>2016–2020</p>	<p>Project budget</p>	<p>Signed contracts</p> <p>Number and quality of induction training</p> <p>Number of accidents</p> <p>Number of workers injured</p> <p>Number of inspections</p>

Proposed Actions	Targets	Agencies Involved	Timing	Funding Source	Monitoring Indicators
<b>C. Operations</b> <ul style="list-style-type: none"> <li>Disseminate information on risks of communicable diseases at BCPs and nearby communities</li> <li>Informing local communities about health risks and quarantine procedures</li> </ul>	BCPs and nearby communities	Implementing agencies, contractors	2017 onward	Project budget	Information provided at BCPs and local communities
	All communities near BCPs and laboratories	Implementing agencies and contractors	2017 onward	Project budget	Incidence of cases at BCPs Community meetings Number of cases handled successfully

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Design and Monitoring Framework

<p><b>Impacts the Project is aligned with:</b></p> <p>Agri-food trade along CAREC corridors increased with protection of human, animal, and plant health improved. (CAREC Transport and Trade Facilitation Strategy 2020)</p> <p>Economic diversification enhanced to make economic growth sustainable and more inclusive. (Government Platform 2012-2016)</p> <p>Provision of safe and healthy food supply to the population improved. (Mongolian National Programme for Food Security 2009-2016)</p>
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Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources or Reporting Mechanisms	Risks
<b>Outcome</b> SPS control, testing and inspection improved.	By 2020  a. Number of documents required for approval of import and export of agri-food goods reduced by 25% (2014 baseline: 12 for import and 11 for export)  b. Duration to process import and export of agri-food goods reduced by 20% (2014 baseline: 45 days for import and 44 days for export)	General Agency for Specialized Inspection Annual Report  Customs General Administration of Mongolia Annual Report  World Health Organization  World Bank's World Development Indicators and Doing Business	Government does not pursue efforts on priority SPS reforms and to enhance SPS regional cooperation
<b>Outputs</b>			
1. Laboratories and BCP inspection and quarantine facilities upgraded	1a. Three new laboratory buildings constructed and two rehabilitated (2014 baseline: 0)  1b. Five laboratories provided with new equipment to carry out diagnostics tests (2014 baseline: 0)  1c. Two animal inspection areas constructed at BCPs (2014 baseline: 0)	1a-d. Quarterly progress reports from contractors  1e. Training evaluation survey reports	Insufficient commitment and coordination among key ministries and agencies  Change in political leadership may affect institutional arrangements and

	<p>1d. Two quarantine and disinfection facilities constructed at BCPs (2014 baseline: 0)</p> <p>1e. 100 laboratory staff trained (2014 baseline: 0)</p>		key staff involved in project implementation
2. SPS IMS including a risk-based inspection system made operational	<p>2a. SPS IMS developed and operational (2014 baseline: No IMS)</p> <p>2b. Risk-based inspection system integrated into IMS (2014 baseline: No risk-based inspection system)</p>	2a-b. Quarterly progress reports from ICT firm	
3. SPS control and inspections aligned with international standards	<p>3a. International accreditation of laboratory tests (2014 baseline: 0)</p> <p>3b. Laboratory manuals for testing and sampling techniques in line with international standards developed (2014 baseline: 0)</p>	3a-b. Progress reports from General Agency for Specialized Inspection and Veterinary and Animal Breeding Agency	

### Key Activities with Milestones

#### Outputs 1. Upgraded laboratories and BCP inspection and quarantine facilities

- 1.1 Identify and technically appraise subprojects (Q2–Q3 2016)
- 1.2 Prepare engineering designs and equipment inventory (Q2–Q3 2016)
- 1.3 Prepare bid documents (Q3 2016)
- 1.4 Award contracts for goods, works, and services (Q4 2016)
- 1.5 Construction and provision of equipment (Q1 2017–Q4 2018)
- 1.6 Test and operationalization of facilities and equipment (Q1–Q2 2019)

#### Output 2. SPS inspection management system (IMS) operational

- 2.1 Technical appraisal (standards and specifications) (Q2 2016)
- 2.2 Prepare bid documents (Q3 2016)
- 2.3 Award contracts for goods and services (Q4 2016)
- 2.4 System development and provision of equipment (Q1 2017–Q1 2018)
- 2.5 Testing and operationalization of the system (Q1–Q2 2018)

#### Output 3. SPS control and inspections aligned with international standards

- 3.1 Develop laboratory manuals for testing and sampling techniques (Q1 2018)
- 3.2 Train staff on internationally accepted testing and inspection techniques (Q1–Q4 2018)
- 3.3 Prepare and apply for international accreditation of laboratory tests (Q1 2019)

#### Project Management Activities

Prepare and manage implementation and procurement plans (Q2–Q4 2016)  
 Prepare and update of monitoring and evaluation system and ensure timely delivery of outputs (Q2 2016–Q2 2020)  
 Implement and monitor the EMP (Q2 2016–Q4 2019)  
 Conduct skills assessment of laboratory staff (Q2 2019)  
 Deliver and evaluate training courses (Q2 2019–Q3 2020)

#### Inputs

**ADB: \$15,000,000**  
**Government: \$ 1,250,000**

#### Assumptions for Partner Financing

Not applicable

ADB = Asian Development Bank, BCP = border crossing point, CAREC = Central Asia Regional Economic Cooperation, IMS = inspection management system, ICT = information and communications technology, SPS = sanitary and phytosanitary, WTO = World Trade Organization.

Source: Asian Development Bank.

## B. Monitoring

49. **Project Performance Monitoring.** The PMU will establish an appropriate project performance monitoring system within one year of effectiveness following the DMF indicators. The PMU will, in consultation with ADB, develop a set of project performance monitoring indicators consistent with the ADB Guidelines for Preparing a Design and Monitoring Framework. This includes measurement metrics that help assess the improvement in the reliability and processing speeds at border crossing points, and improvement in transparency, efficiency and governance in SPS services. Monitoring and evaluation reports will be submitted by the PMU to ADB on a semiannual basis.

50. The executing agency will exercise rigorous monitoring to ensure expeditious contract awards and disbursement. In this respect, actions will include:

- (i) To avoid delays in bid evaluation resulting from contractors' submission of incomplete bids, a checklist of all the supporting documents, forms, and guarantees (Table 5) will be attached with the bids for future tendering. This will be further discussed during pre-bid meetings;
- (ii) Monitoring of agreed time-bound activities from preparation of bid evaluation report (BER) to the contract award will be carried out using a checklist (Table 11) for each action with the given timeframe; and
- (iii) For ADB monitoring, consultants shall copy to ADB project officer the interim payment certificates, which will help intensify ADB's monitoring, expedite withdrawal application processing and payments to contractors, and consequently improve the project implementation progress.

**Table 5: Checklist of Documents for Bidders at Purchase of Tender Documents**

<b>Instruction to Bidders (ITB) Requirements</b>	<b>Specific Instructions and Supporting Documents</b>
(a) Letter of Bid	<ul style="list-style-type: none"> <li>➤ Total bid price (excluding discount);</li> <li>➤ Discount (if any);</li> <li>➤ Bid validity of 150 days</li> <li>➤ Signed by an authorized person (see. Item e, below)</li> </ul>
(b) Completed schedules as required, including priced bill of quantities (BOQ)	<ul style="list-style-type: none"> <li>➤ Accomplished Schedule of Payment Currencies, if wished to be paid in foreign currency;</li> <li>➤ Accomplished Tables of Adjustment Data;</li> <li>➤ Accomplished BOQs</li> </ul>
(c) Bid Security	<ul style="list-style-type: none"> <li>➤ Bidders may utilize their existing bid security, with no revision to the expiry date, provided it meets the following: <ul style="list-style-type: none"> <li>➤ Format in accordance with the Form of Bid Security, or any format acceptable to the Employer; other forms like cashier's or manager's check is also acceptable;</li> <li>➤ Each lot (if in lots) is covered by a bid security (either one bid security per lot or one bid security covering multiple lots - EA should check if these are the same amounts indicated in the Bidding Documents);</li> <li>➤ Validity of bid security is 28 days beyond the validity of the bid; and</li> <li>➤ For Joint Ventures (JV), the bid security is in the name of the JV or names of all future partners of the JV, if not yet constituted.</li> </ul> </li> </ul>

<b>Instruction to Bidders (ITB) Requirements</b>		<b>Specific Instructions and Supporting Documents</b>
(d)	Alternative bids, if permissible	Alternative bid is not permitted. Any alternative bid will not be considered.
(e)	Written confirmation authorizing the signatory of the Bid to commit the Bidder	➤ Notarized Power of Attorney demonstrating the authority of the signatory of the bid.
(f)	Documentary evidence in establishing the Bidder's qualifications to perform the contract if its Bid is accepted	<ul style="list-style-type: none"> <li>➤ Accomplished Current Contract Commitments / Works in Progress form.</li> <li>➤ Accomplished Financial Resources form with supporting documents.</li> <li>➤ Accomplished Bidder Information Sheet, JV Information Sheet, Pending Litigation Accomplished Financial Situation with supporting documents, and Average Annual Construction Turnover.</li> </ul>
(g)	Technical Proposal	<ul style="list-style-type: none"> <li>➤ Accomplished Personnel Forms;</li> <li>➤ Accomplished Equipment form;</li> <li>➤ Site Organization;</li> <li>➤ Method Statement;</li> <li>➤ Mobilization Schedule;</li> <li>➤ Construction Schedule (work program or overall implementation schedule); and</li> <li>➤ In case of JV, a copy of the Joint Venture Agreement, or a Letter of Intent to execute a JV in the event of a successful bid together with a copy of the proposed JV agreement.</li> </ul>

**Table 6: Time-bound Action Plan for Preparation and Approval of Bid Evaluation Reports**

<b>Activity</b>	<b>No. of Days</b>	<b>Responsible Agency/Department</b>
Evaluation of Bids and preparation of BER	10-15 days	EA and EC
EAPF's receipt and review of BER	4 days	EAPF
EA's/IA's incorporation of ADB comments in BER, if any	2 days	EA
EAPF's receipt of revised BER	2 days	EAPF
Transmittal of ADB's no-objection of recommendation of award	1 day	EAPF
Notification of award to winning bidder(s)	2 days	EA
Contract signing	15 days	EA and Contractor

ADB = Asian Development Bank, BER = bid evaluation report, BOQ = bill of quantities, EA = executing agency, EC = Evaluation Committee, EAPF = East Asia Public Management, Financial Sector and Regional Cooperation Division, JV = joint venture, PC = procurement committee.

Source: Asian Development Bank.

51. **Compliance Monitoring.** The compliance status of loan covenants will be reported and assessed through the quarterly progress reports and verified by ADB review missions.

52. **Safeguards Monitoring.** Since no involuntary resettlement impacts or impacts on ethnic minority communities are anticipated, there are no action plans and due diligence will be conducted to confirm there are no impacts during implementation. An Environment Management Plan (EMP) has been developed which incorporates environmental monitoring and inspection which consist of: (i) environmental impact monitoring; and (ii) EMP performance verification. Environmental impact monitoring will cover ambient air quality, noise, groundwater quality, surface water quality and community health and safety prior to construction and during

construction; and workers health and safety during construction. EMP performance verification will monitor and verify the performance of the Design Consultant, Contractor, Operator and PMU in complying with EMP. Regarding social dimensions, a Social Development Action Plan has been developed and the executing agency and implementing agencies will monitor its implementation and will be reported in the quarterly progress reports.

### **C. Evaluation**

53. ADB will field an inception mission within three months after signing of the loan agreement. ADB and the government will jointly undertake reviews of the project at least once a year. The reviews will assess progress in each output, identify issues and constraints, and determine necessary remedial actions and adjustments. The government and ADB will undertake a comprehensive midterm review in the third year of project implementation. The midterm review will (i) review the, design, and implementation arrangements and identify adjustments required; (ii) assess the progress of project implementation against performance indicators; and (iii) recommend changes in the design or implementation arrangements, if necessary. Within six months of physical completion of the Project, the EA will submit the project completion report to ADB.<sup>15</sup>

### **D. Reporting**

54. The executing agency through the PMU will provide ADB with (i) quarterly progress reports within one month from the end of the related quarter in a format consistent with ADB's project performance monitoring system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for next 12 months; and (iii) a project completion report within six months of physical completion of the Project.

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<sup>15</sup> Project completion report format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

## E. Stakeholder Communication Strategy

55. Various stakeholders have been consulted in the process of developing the design and implementation measures of the project. Key stakeholders include (i) government agencies responsible for the design and implementation of the project; (ii) industry and professional associations like the Chamber of commerce including companies involve in agri-food trade, and meat producers association (iii) donors involved actively involved in the sector.

56. Public information of project components during detailed design and prior to construction will be undertaken. In addition, a neighborhood warning system to notify neighbors of any accidents or other accidents that might arise in the facilities will be established.

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience(s)</b>
Project Data Sheet	ADB's website	ADB	semiannually	General Public
Report and Recommendation of the President	ADB's website	ADB	upon approval by the Board	General Public
Legal Agreements	ADB's website	ADB	upon signing	General Public
Social Monitoring Reports	ADB's website	ADB	routinely disclosed	General Public, project-affected people in particular
Major Change in Scope	ADB's website	ADB	upon approval of such change	General Public
Completion Report	ADB's website	ADB	upon circulation to the Board	General Public
Evaluation Report	ADB's website	ADB	upon circulation to Management and the Board	General Public

## X. ANTICORRUPTION POLICY

56. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>16</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>17</sup>

57. To support these efforts, relevant provisions are included in the Loan Agreement regulations and the bidding documents for the Project.

## XI. ACCOUNTABILITY MECHANISM

58. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>18</sup>

## XII. RECORD OF PAM CHANGES

59. All revisions/updates during the course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.<sup>19</sup>

**Table 7. Table for Recording PAM Changes**

<b>PAM Version</b>	<b>Created Date</b>	<b>Revision Date</b>	<b>Reasons of Change</b>	<b>Main Contents of Change</b>
V1.0	15 September 2015	N/A	Initial	N/A

<sup>16</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>17</sup> ADB's Integrity Office website is available at: <http://www.adb.org/integrity/unit.asp>

<sup>18</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

<sup>19</sup> EA and ADB shall ensure that changes to the PAM during project implementation must be consistent with the loan agreement.