

Project Administration Manual

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Mongolia: Integrated Livelihoods Improvement and
Sustainable Tourism in Khuvsgul Lake National Park
Project

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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 the Government of Mongolia (government) and the 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 Department of Protected Areas Management (DPAM), as the executing agency, the Khuvsgul Lake National Park (KLNP) Administration, as the implementing agency (both being under the Ministry of Environment, Green Development and Tourism; MEGDT) and Ministry of Finance (MOF), are wholly responsible for the implementation of the project, as agreed jointly between the grant recipient and ADB, and in accordance with the government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by DPAM, the KLNP Administration, and MOF of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At grant negotiations, the grant recipient and ADB shall agree to the PAM and ensure consistency with the grant agreement. Such agreement shall be reflected in the minutes of the grant negotiations. In the event of any discrepancy or contradiction between the PAM and the grant agreement, the provisions of the grant 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 the government and ADB administrative procedures (including the project administration instructions) and upon such approval they will be subsequently incorporated in the PAM.

ABBREVIATIONS

ADB	–	Asian Development Bank
CSO	–	civil society organization
DEIA	–	detailed environmental impact assessment
DMF	–	design and monitoring framework
DPAM	–	Department of Protected Areas Management
EARF	–	Environmental Assessment and Review Framework
EFPD	–	Economic, Financial and Planning Division
EMP	–	environmental management plan
FMA	–	financial management assessment
GAP	–	gender action plan
GASI	–	General Agency for Specialized Inspection
GEIA	–	general environmental impact assessment
GOJ	–	Government of Japan
GOM	–	Government of Mongolia
GRM	–	grievance redress mechanism
JFPR	–	Japan Fund for Poverty Reduction
JICA	–	Japan International Cooperation Agency
KLNP	–	Khuvsgul Lake National Park
MEGDT	–	Ministry of Environment, Green Development and Tourism
MOF	–	Ministry of Finance
PAM	–	project administration manual
PIU	–	project implementation unit
PMU	–	project management unit
PPMS	–	project performance monitoring system
PSC	–	project steering committee
SOE	–	statement of expenditure
SPRSS	–	summary poverty reduction and social strategy
SPS	–	Safeguard Policy Statement

GLOSSARY

<i>aimag</i>	–	province
<i>soum</i>	–	county

NOTES

- (i) The fiscal year of the Government of Mongolia ends on 31 December.
- (ii) In this report, “\$” refers to US dollars.

I. PROJECT DESCRIPTION

A. Rationale

1. The Khuvsgul Lake National Park (KLNP) was established in 1992. It encompasses 1.2 million hectares of forests and mountains that surround Khuvsgul Lake, which is one of the world's most important reservoirs of freshwater. The lake has a volume of 380.7 cubic kilometers, and is the largest freshwater lake in Mongolia. It contains 70% of Mongolia's freshwater and 1% of global freshwater.¹ The water quality is high, and there are no dams. Khuvsgul Lake is also of transboundary importance as it drains via the country's largest river, the Selenge, into Baikal Lake in the Russian Federation. Most of the park's population is located in two settlements, Khatgal (at the southern end of the lake) and Khankh (at the northern end). Khatgal is the main entry point to the park. Khankh and the park's northern area can be accessed only via an unsealed road from Khatgal, or from the Russian Federation. The park borders the Russian Federation and a highway extends from the nearest Russian City, Irkutsk, to Khankh.

2. Khuvsgul *aimag* is the second-poorest of Mongolia's 21 *aimags*. In 2014, (i) gross domestic product per capita was \$2,008, versus a national mean of \$3,920; (ii) the mean annual salary was \$2,940 per employee, versus a national mean of \$5,363; and (iii) unemployment was 15.1%, versus a national rate of 7.9%.² The KLNP is located within five *soums* (districts), four of which have the highest poverty rates in Mongolia. In 2014, the total population of the five *soums* was 16,000 people, including 3,093 (943 households) in Khatgal and 2,648 (819 households) in Khankh. Human population densities in the park are low. Poverty-stricken households account for 43.4% (410) of households in Khatgal, and 81.5% (668) of those in Khankh,³ while herding households make up 30.2% (285) of households in Khatgal, and 44.5% (365) of those in Khankh (footnote 2).

3. The KLNP is becoming one of the most popular tourism destinations in Mongolia. Tourist numbers and facilities are expanding rapidly: between 2010 and 2014, annual tourist visits to the KLNP rose from 11,000 to 60,000 as a result of improved road access and reduced visa restrictions.⁴ No growth projections are available, but Khuvsgul *aimag* and the KLNP are targeted as a key region for the development of tourism and associated infrastructure.⁵ This expansion is occurring in the absence of planning. There is no framework for coordination among the key KLNP stakeholders—the KLNP Administration, communities, and tour operators—nor a shared vision, targets, or codes of conduct for tourism. Vehicle access and camping are uncontrolled and some camps are unlicensed. Enforcement of park regulations by the KLNP Administration is an important but only partial solution to these issues, which requires the active support of other stakeholders.⁶ Tourism presents a major opportunity to support local livelihoods, yet few residents are benefiting because of limited capacity and resources to develop tourism goods and services. Constraints include a lack of technical and marketing skills and capital to produce quality goods (e.g., handicrafts) and provide reliable supplies and services (e.g., food supplies and guiding).

¹ C. Goulden et al. 2006. *The Geology, Biodiversity and Ecology of Lake Hövsgöl (Mongolia)*. Leiden: Backhuys Publishers.

² National Statistical Office of Mongolia. 2014. *Mongolian Statistical Yearbook 2014*. Ulaanbaatar.

³ Defined by the 2013 *National Poverty Guidelines* based on a range of socioeconomic variables.

⁴ KLNP Visitor Logbook.

⁵ Tsedendamba. 2012. *Study On Opportunities To Develop Four Clusters (Meat, Wool-Cashmere, Sea Buckthorn and Tourism) Aimed at Improving National Competitiveness of Mongolia*. Ulaanbaatar: MED, MDI, ADB.

⁶ Support to the KLNP Administration for ranger training is being given by the Mongol Ecology Center.

4. Grazing of livestock in the area of the park has occurred for centuries and provides meat, wool, and dairy products for residents. Livestock grazing will continue to be a principal livelihood for many residents in the KLNP and buffer zone, especially those that graze their livestock in remote areas far from tourism-related opportunities.⁷ These benefits are declining because of overgrazing, caused by increasing human and livestock populations, and limited grazing lands. In 2014, there were about 62,160 livestock in the KLNP, including 21,502 (35%) goats and 15,161 (24%) sheep.⁸ There is no organized management of herding in the area, and herding families have limited capacity and resources to improve the sustainability of their practices and diversify their income. Overgrazing is also contributing to soil exposure, permafrost melt, tree dieback, and conversion of forest to steppe, in a continuous cycle that also increases fire risk.

5. Khuvsgul Lake's largely pristine state is the foundation for livelihoods and tourism, but uncontrolled sewage and litter from tourism threaten lake water quality.⁹ There is no organized waste management system in the KLNP. Toilet facilities are mostly unlined pits, and sewage seeps into soil and the lake. Resources for litter collection are inadequate and the lake already contains plastic litter.¹⁰ Traditional solutions involving large-scale waste management infrastructure are not appropriate for the KLNP, because of the fragile and very cold environment, limited value of flushing systems (water is frozen from November to June), and location in a protected area. Waste management at the KLNP requires innovative and small-scale methods that are simple and cost-effective, involve communities, can be replicated locally, and minimize or avoid the use of water. Baseline data on pollution sources are required to guide waste management, but no waste assessment or extended monitoring have been conducted.

6. The internal zoning of a protected area is a critical policy tool to support livelihoods.¹¹ At the KLNP, the current zones exhibit inconsistencies with land use. Given the rapid increase of tourism and likely expansion of associated infrastructure, a best-practice approach to strengthen the park zoning would provide a strong basis to support communities, tourism, and conservation. Improved zoning could (i) support the residents of Khankh, an isolated enclave in the KLNP; (ii) support herding livelihoods; (iii) identify strategic areas for tourism and future investment; (iv) help secure the water quality of the lake; and (v) improve the sustainability of actions undertaken by the current project through long-term planning.

7. Government and donor initiatives are addressing some of these issues. The park's first management plan was approved in 2014 and mentions tourism and waste management, but provides no targets or actions. Between 2013 and 2014, a river basin authority and buffer zone councils were established, yet these have limited training and funds. A small community marketplace for tourist products was constructed in 2015 in Khatgal. Research on natural resources has been conducted in the KLNP since the 1950s. Civil society organizations (CSOs) have provided support for park management, ranger training, sanitation, and green education programs. The need to support community-based tourism and waste management in the KLNP is widely acknowledged by the government, communities, and tour operators.

⁷ Mongolia's Law on Buffer Zones broadly defines a buffer zone as the entirety of all *soum* lands surrounding a protected area. The current project will focus on communities within and immediately adjacent to the KLNP.

⁸ KLNP Administration unpublished data 15 June 2015.

⁹ Khuvsgul Lake is ultra-oligotrophic (very low nutrient levels): sewage presents a high risk for eutrophication.

¹⁰ C. Free et al. 2014. High-levels of microplastic pollution in a large, remote, mountain lake. *Marine Pollution Bulletin* 85: 156–163.

¹¹ Mongolia's Law on Special Protected Areas prescribes three zones: strict protection, and limited- and multiple-use.

8. At the national level, an integrated approach that balances livelihoods, tourism, waste management, and biodiversity conservation within protected areas is urgently needed. Government efforts to expand tourism are centered on Mongolia's unique wilderness values and large network of protected areas, which cover 18% of the country.¹² These are generally located in poor regions with limited infrastructure, which presents challenges for maintaining ecological values, providing benefits to communities, and ensuring sustainable tourism. Few such models are available, although previous projects have confirmed the benefits of tourism for communities in protected areas.¹³ For improving the livelihoods of herding families, previous Japan Fund for Poverty Reduction (JFPR) projects in Mongolia present strong models for the current project,¹⁴ provided they are tailored to local conditions.¹⁵

9. The project will be among the first in Mongolia to address the linked issues of livelihoods, tourism, and waste management in a protected area. New participatory mechanisms for the KLNPP will be piloted, including co-management approaches for tourism and waste management, and community-led revolving funds for livelihood improvement.¹⁶ Measures have been designed to promote community ownership and entrepreneurship. For waste management, toilet systems that are suitable for the cold and fragile environment of the KLNPP will be piloted. The project is strongly oriented toward stakeholder participation. Two CSOs active in the park will be members of the project steering committee, and the project will coordinate with another protected area program.¹⁷ The potential use of donor skills and resources under the project includes (i) an ecotourism training program, (ii) collaboration with Japan tourism associations, and (iii) participation by Japan International Cooperation Agency (JICA) volunteers.¹⁸ The project complements a new JFPR community forestry initiative elsewhere in Khuvsgul *aimag*.¹⁹

10. By integrating poverty reduction, income generation, and the sustainable use of natural resources, the project will directly contribute to Mongolia's Action Program, 2012–2016,²⁰ Green Development Policy 2014,²¹ and Khuvsgul *aimag* Socio-Economic Development Action Plan, 2008–2015.²² The project supports the interim country partnership strategy, 2014–2016 for Mongolia,²³ and Environment Operational Directions, 2013–2020 of the Asian Development Bank (ADB),²⁴ for inclusive and sustainable growth; and the government of Japan's Country Assistance Policy and Midterm Strategic Action Plan for

¹² United Nations Development Programme. Strengthening the Protected Area Network in Mongolia. http://www.mn.undp.org/content/mongolia/en/home/operations/projects/environment_and_energy/SPAN.html

¹³ Japan International Cooperation Agency (JICA). 2008. *River Basin Management Model for the Conservation of Wetland and Ecosystem and Its Sustainable Use in Mongolia*. <http://www.jica.go.jp/mongolia/english/activities/activity12.html>; and Thompson, A. et al. 2014. *Tourism Concessions in Protected Natural Areas: Guidelines for Managers*. United Nations Development Programme.

¹⁴ ADB. 2008. *Proposed Grant Assistance to Mongolia for Poverty Reduction Through Community-Based Natural Resource Management*. Manila; and ADB. 2012. *Proposed Grant Assistance to Mongolia for Establishment of Climate-Resilient Rural Livelihoods*. Manila.

¹⁵ Lessons include the importance of (i) integrated approaches for livelihoods and conservation in protected areas, (ii) the role of women in household-scale tourism, and (iii) community-led establishment of herding groups.

¹⁶ Previous similar JFPR projects in Mongolia (footnote 15) disbursed grant proceeds directly to communities and/or via external agencies, rather than through community-led revolving funds.

¹⁷ Mongol Ecology Center and National University of Mongolia; and German development cooperation through KfW's Biodiversity Program, 2015–2019.

¹⁸ From 2016 to 2017, there will be four JICA volunteers stationed in Khuvsgul *aimag*.

¹⁹ ADB. 2014. *Technical Assistance to Mongolia for Sustainable Forest Management to Improve Livelihood of Local Communities*. Manila.

²⁰ Government of Mongolia. 2012. *Action Programme of the Reform Government through the Years, 2012–2016*. Ulaanbaatar.

²¹ Government of Mongolia. 2014. *Green Development Policy, 2014–2030*. Ulaanbaatar.

²² Khuvsgul *Aimag* Government. 2007. *Khuvsgul Aimag Socio-Economic Development Action Plan, 2008–2015*. Murun.

²³ ADB. 2014. *Interim Country Partnership Strategy: Mongolia, 2014–2016*. Manila.

²⁴ ADB. 2013. *Environment Operational Directions, 2013–2020*. Manila.

Mongolia,²⁵ through income diversification for herders and the protection of water resources. The project provides an opportunity to facilitate future ADB assistance to Khuvsgul *aimag*, especially for the sustainable development of regional tourism. ADB is well placed to support the project through its institutional experience and work with multiple stakeholders in Mongolia.

B. Impact and Outcome

11. The impacts will be (i) per capita income in five *soums* of Khuvsgul *aimag* increased, and (ii) management of natural resources in the KLNP improved. The outcome will be livelihoods and sustainable tourism in five *soums* of the KLNP improved and integrated.

C. Outputs

12. The project will have three outputs: (i) community-based tourism in Khatgal and Khankh settlements promoted, (ii) capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved, and (iii) waste management around Khuvsgul Lake strengthened.

13. **Output 1: Community-based tourism in Khatgal and Khankh settlements promoted.** Output 1 will (i) establish the first pilot comanagement tourism group for the KLNP, comprising the KLNP Administration, communities, tour operators, and *soum* governments; (ii) develop a stakeholder vision, targets, and codes of practice for tourism; and (iii) promote and strengthen community-based tourism, including household-scale enterprises such as guiding, handicrafts, and the provision of food supplies to guest houses.

14. **Output 2: Capacity for sustainable livestock and pasture management in the Khuvsgul Lake National Park and buffer zone improved.** Output 2 will (i) establish herder groups among the herding families in the KLNP and buffer zone; (ii) establish herder management plans for each herder group that are tailored to local conditions, including optimal stocking densities and pasture management; and (iii) support income diversification for herder families, especially those with limited opportunities for tourism-based income. Output 2 will use scientific and traditional knowledge available for the KLNP to support the herder management plans and improved grazing practices.

15. Outputs 1 and 2 will be supported through a combination of specialist support, training, and the establishment of five community revolving funds (one per project *soum*). The funds will be community-managed and support household-scale enterprises, with 17% of the grant proceeds (an average of \$100,000 or 4% per *soum*) channeled into the funds.²⁶ Funds will be held in one bank account per *soum*. The project will provide financing expertise, training, and initial capital for the first 4 years for the communities to develop and manage the funds, including the establishment of fund committees, operating procedures, and repayment terms and conditions. Loans will be limited to activities compatible with outputs 1 and 2, the KLNP Management Plan, and domestic and ADB policies and regulations. The interest rate applied to loans will be low and reviewed regularly.²⁷ Interest repayments over the 4-year project duration will replenish the funds. The activity is aligned with Mongolia's Law on Buffer Zones, which provides a legal framework to support communities in protected areas and buffer zones.

16. **Output 3: Waste management around Khuvsgul Lake strengthened.** Output 3 will (i) implement a water quality monitoring program tailored to the project activities,

²⁵ Japan Ministry of Foreign Affairs. 2012. *Country Assistance Policy for Mongolia*. Tokyo.

²⁶ A range of grant disbursement mechanisms were assessed, including the use of bank loans and/or credit unions.

²⁷ The rate will be slightly lower than the government's policy lending rate.

including a rapid assessment of threats to the water quality of Khuvsgul Lake; (ii) establish a pilot community-led waste management program, including waste management teams, the installation of low environmental impact toilet facilities and litter bins, and the phasing in of public campsite fees to fund team salaries and facility operation and maintenance (O&M); and (iii) conduct a best-practice review on the internal zoning of the KLNP, including scientific and traditional knowledge and stakeholder consultation, to identify zones that maximize benefits to livelihoods, tourism, and conservation.

17. **Project management.** The executing and implementing agencies lack the personnel and resources needed to fully implement the project. The grant proceeds will also (i) establish the administrative framework for the project, including a steering committee, project management unit (PMU), and project implementation unit (PIU); and (ii) finance the specialist support and PMU and PIU operational costs required to implement outputs 1–3. The PMU and PIU will implement the project on behalf of the executing and implementing agencies, including accounting, procurement, training, preparation and dissemination of knowledge products, monitoring, and reporting.

18. **Sustainability, replication, and expansion.** The activities under outputs 1–3 will support the project's sustainability after project completion. Design measures for sustainability include the revolving fund approach, long-term land use planning through the herding groups and review of park internal zoning, use of campsite fees to support team salaries and O&M of facilities, simple and replicable designs for facilities, and the participatory approach to be adopted for all activities. Opportunities to promote the integrated project approach for livelihoods and sustainable tourism, and to develop new initiatives in Khuvsgul *aimag* and/or elsewhere in Mongolia, will be identified through (i) the review of KLNP internal zoning, which will include multistakeholder discussions on land-use planning and sustainable development of regional tourism; (ii) the development of new partnerships during the project, including between the Khuvsgul *aimag* government, the Ministry of Environment, Green Development and Tourism (MEGDT), and ADB; and (iii) the preparation of a scale-up strategy and investment plan. This will describe post project financing for O&M of the project facilities, replication of the project goods and services, and specific follow-up opportunities.

19. **Stakeholder communication and dissemination of project results.** Khuvsgul Lake is revered in Mongolia and is a high-profile area subject to frequent media coverage. A project stakeholder communication strategy has been prepared (Appendix 4). The strategy describes target audiences and media approaches, including public events and workshops. These activities will also serve to promote the project approach and distribute relevant lessons.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	2015				2016		Responsible Agency(s)
	Sep	Oct	Nov	Dec	Jan	Feb	
Grant negotiations							ADB, MOF, MEGDT
Establish project implementation arrangements							MEGDT, MOF
ADB Board approval							ADB
Grant signing							ADB, MOF
Government legal opinion provided							MOF
Government budget inclusion							MOF, MEGDT
Grant effectiveness							ADB

ADB = Asian Development Bank, MEGDT = Ministry of Environment, Green Development and Tourism, MOF = Ministry of Finance.
Source: ADB.

B. Overall Project Implementation Plan

Activities	2016				2017				2018				2019			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
A. Design and Monitoring Framework																
Output 1: Community-based tourism in Khatgal and Khankh settlements promoted																
1.1 Establish pilot tourism co-management group																
1.2 Develop stakeholder vision, objectives, codes of practice for tourism																
1.3 Identify training and resource needs for community-based tourism																
1.4 Establish five community revolving funds																
1.5 Implement training for community management of funds																
1.6 Develop and implement pilot community tourism initiatives																
Output 2: Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved																
2.1 Document and map herding and pasture management practices																
2.2 Establish herding groups																
2.3 Identify training and resource needs																
2.4 Capacity building and provision of equipment																
2.5 Prepare and implement herder groups pasture management plans																
2.6 Develop and implement pilot NRM-based livelihood initiatives																
Output 3: Waste management around Khuvsgul Lake strengthened																
3.1 Design and implement water quality monitoring program																
3.2 Establish and train community waste management teams																
3.3 Design and implement pilot waste management program																
3.4 Review of KLNP zonation and stakeholder consultations																
3.5 Submit final draft zonation report with recommendations																
3.6 Facilitate follow-up actions e.g. revision of KLNP zonation																
3.7 Prepare scale-up strategy and investment plan																
Project management																
Establish PSC, PMU, and PIU and recruit specialists																
Assign <i>soum</i> government and community counterparts																
Train executing and implementing agencies in ADB project management requirements																
Implement procurement plan																
Implement communication strategy and update if required																
Implement GAP and EARF																
Monitor project progress (including GAP and EARF)																
Submit semi-annual progress reports (including GAP and EARF)																
Submit audited annual financial statements																
Inception, midterm, final, and annual review missions																
Prepare and disseminate project materials and knowledge products																
Project completion report																

ADB = Asian Development Bank, EARF = environmental assessment and review framework, GAP = gender action plan, KLNP = Khuvsgul Lake National Park, NRM = natural resource management, PIU = project implementation unit, PMU = project management unit, PSC = project steering committee.
Source: ADB.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations—Roles and Responsibilities

Executing agency: MEGDT–DPAM	<ul style="list-style-type: none"> Assumes overall accountability and responsibility for project planning, management, and implementation Ensures timely and effective execution of the grant agreement Co-signs approval for withdrawal application from project imprest account (with MOF) Submits progress reports to ADB Facilitates auditing of project accounts Chairs the PSC Daily coordination with PMU Overall guidance and support to implementing agency Provides timely policy support
Implementing agency: KLNP Administration of DPAM	<ul style="list-style-type: none"> Assumes direct accountability and responsibility for implementation of project outputs 1–3 Submit progress reports to executing agency Member of the PSC Coordinates the preparation and delivery of any domestic environmental or social safeguard requirements Daily coordination with the PIU Facilitate project stakeholder activities e.g., meetings and trainings with <i>soum</i> government, communities, tour operators Review PIU progress reports
Oversight body: PSC	<ul style="list-style-type: none"> Comprises 15 members: Director General of DPAM (Chair), MOF (1), KLNP Administration (1), Khuvsgul <i>aimag</i> government (1), five <i>soum</i> governments (one per <i>soum</i>),^a Khatgal village (1), National University of Mongolia (1), Mongol Ecology Center (1), community representatives (one each for Khatgal and Khankh), and Khuvsgul Tourism Association (1) Reviews and assesses project implementation progress and plans Provides advice on policy matters related to the project Meets at least semi-annually
PMU: based at DPAM office in Ulaanbaatar	<ul style="list-style-type: none"> Comprising a project manager, implementation specialist, accountant, procurement specialist, and GIS specialist Supports the executing agency for daily project coordination, planning, implementation, financial management, and procurement Monitors project progress, including periodic site inspections and compliance with PAM, EARF, GAP, and other project documents Prepares semi-annual project progress reports
PIU: based at KLNP Administration in the park	<ul style="list-style-type: none"> Comprising a project field coordinator, Khankh officer, driver, and full-time and/or part-time specialists (Appendix 1) Under the supervision of the PMU, supports the implementing agency to implement the project field activities Ensures compliance with the EARF, GAP, and other project documents. For the EARF, this includes screening procedures, GRM, and compliance with EMP requirements
ADB	<ul style="list-style-type: none"> Oversees project administration and timely execution of the grant agreement by the executing and implementing agencies

-
- Disburses loan proceeds
 - Reviews and, as needed, approves procurement, consultant recruitment, progress reports, and audit reports
 - Reviews project compliance and targets against the DMF, EARF, GAP, PAM, and community funds screening criteria
 - Monitors project progress and conducts review missions
 - Disclose monitoring reports on ADB public website
 - Observer to the project steering committee

Coordination with EOJ in Mongolia, JICA, and ADB's OCO-Japan team

- Invite EOJ, JICA, and OCO-Japan team to project events and missions (for OCO, inform up to 4 months ahead)
 - Inform on project progress and provide key reports and materials
 - Inform and/or discuss potential changes in scope
 - Respond to inquiries and/or information requests
 - Support donor visibility for dissemination of outcomes and lessons
-

Other participating agencies

MOF	<ul style="list-style-type: none"> • Represents GOM for grant negotiations • Signs grant agreement and project approval on behalf of GOM • Co-signs withdrawal applications from project imprest account together with MEGDT • Reviews project progress and/or audit reports as needed
MEGDT-EFPD	<ul style="list-style-type: none"> • Provides oversight support to the executing agency for project financial management • Facilitates independent financial auditing of the project
MEGDT– Department of Environment and Natural Resources	<ul style="list-style-type: none"> • Responsible for national environmental planning, conducting GEIAs, and assessment of DEIAs • For this project, will assess the need for GEIA for project activities and, if required, prepare the GEIA(s)
Khuvsgul <i>aimag</i> governor's office	<ul style="list-style-type: none"> • <i>Aimag</i>-level support and coordination • Coordination of the participating <i>soum</i> governments
<i>Soum</i> government officers – agricultural, environment, and forestry technicians	<ul style="list-style-type: none"> • The five project <i>soums</i> will be represented by at least one counterpart officer per <i>soum</i> or village • Participate in project planning and training • Facilitate coordination between <i>soum</i>, community, and project • Report project progress to the <i>soum</i> and village governments
GASI–environment, health and safety inspectors	<ul style="list-style-type: none"> • In general, four to six inspectors at <i>aimag</i> level and one to two at <i>soum</i> level • <i>Soum</i> environment, health, and safety inspectors will inspect project facilities and issue completion certificates
CSOs and other donors	<ul style="list-style-type: none"> • Project will collaborate and coordinate with existing donor efforts at KLNP, including MEC, NUM, and KfW program • MEC and NUM are members of the project steering committee
Civil works contractors	<ul style="list-style-type: none"> • To be identified during project implementation • Ensure that bidding documents respond to the requirements of the EARF and GAP as relevant for construction works
Embassy of Japan in Mongolia	<ul style="list-style-type: none"> • Represents the Government of Japan and JFPR fund • Observer to the steering committee • May choose to attend project events, meetings, and field sites • Guidance and feedback on Japanese visibility in project

activities

ADB = Asian Development Bank, CSO = civil society organization, DEIA = detailed environmental impact assessment, DMF = design and monitoring framework, DPAM = Department of Protected Areas Management, EARF = environmental assessment and review framework, EFPD = Economic, Financial and Planning Division, EMP = environmental management plan, EOJ = Embassy of Japan, GAP = gender action plan, GASI = General Agency for Specialized Inspection, GEIA = general environmental impact assessment, GIS = geographic information systems, GOM = Government of Mongolia, GRM = grievance redress mechanism, JFPR = Japan Fund for Poverty Reduction, JICA = Japan International Cooperation Agency, KLNP = Khuvsgul Lake National Park, MEC = Mongol Ecology Center, MEGDT = Ministry of Environment, Green Development and Tourism, MOF = Ministry of Finance, NUM = National University of Mongolia, OCO = Office of Cofinancing Operations, PAM = project administration manual, PIU = project implementation unit, PMU = project management unit, PSC = project steering committee.

^a Alag-Erdene, Chandmani-Ondor, Khankh, Renchinlkhumbe, and Tsagaan-Uur.

B. Key Persons Involved in Implementation

Executing Agency

Department of Protected Areas Management (DPAM) of the Ministry of Environment, Green Development and Tourism (MEGDT)

Mr. Chilkhaajav Batsansar

Director General

Telephone: +976 51 267675

Fax No.: +976 51 266171

E-mail: sansar@mne.gov.mn

Address: Government Building 2, United Nations Street 5/2, Ulaanbaatar-15160, Mongolia

Ms. S. Tsendsuren

Project Officer

Telephone: +976 51 267283

Fax No.: +976 51 266171

E-mail: tsendee_1203@yahoo.com

Address: Government Building 2, United Nations Street 5/2, Ulaanbaatar-15160, Mongolia

Implementing Agency

Khuvsgul Lake National Park (KLNP) Administration of the MEGDT DPAM

Mr. Luvsansharav Davaabayar

Director

Khuvsgul Lake National Park

Telephone: +976 1382 2132

E-mail: huvsgul_park@chinggis.com

Address: KLNP headquarters, Khatgal Village, Khuvsgul *aimag*, Mongolia

Project management unit and project implementation unit:

Working on behalf of the executing and implementing agencies, respectively

[to be recruited]

Project Manager

Telephone: +976 51 267283

Fax No.: +976 51 266171

E-mail: xxxx

Address: c/o Government Building 2, United Nations Street 5/2, Ulaanbaatar-15160, Mongolia

[to be recruited]

Project Field Coordinator

Telephone: +976 1382 2132

E-mail: xxxx

Address: c/o Khuvsgul Lake National Park headquarters, Khatgal Village, Khuvsgul *aimag*, Mongolia

Asian Development Bank

Mr. Qingfeng Zhang

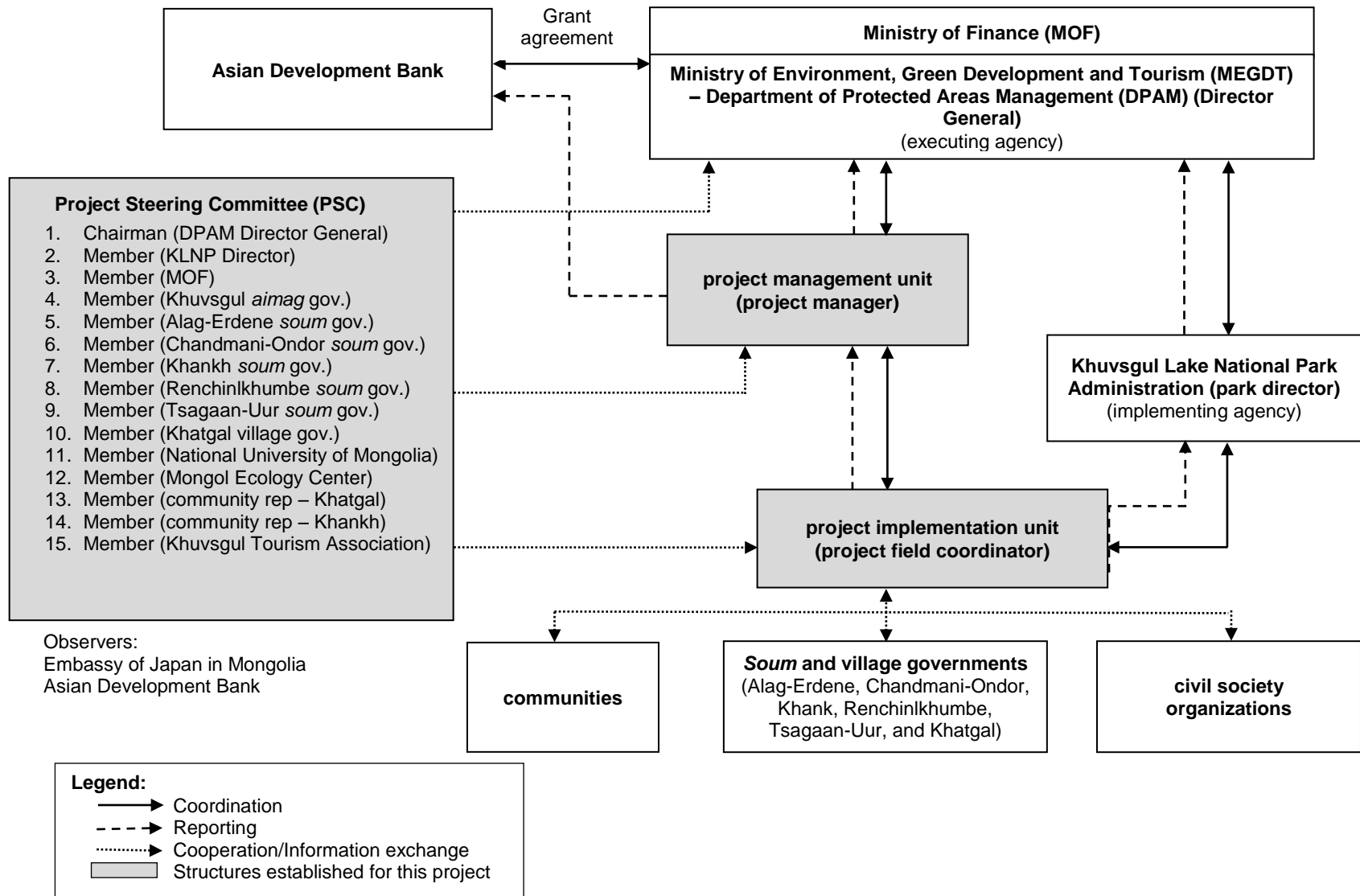
Director, Environment, Natural Resources, and Agriculture Division (EAER), East Asia Department (EARD)

Telephone No.: +63 2 632 6161
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Mission Leader

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Environmental Specialist, EAER, EARD
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C. Project Organization Structure



IV. COSTS AND FINANCING

20. The project will be funded by a \$3 million grant from the JFPR of the Government of Japan. Financial conditions for the grant are set forth in the draft grant agreement²⁸ and Sections V.B–D of this project administration manual (PAM).

A. Cost Estimates Preparation and Revisions

21. **Preparation.** The project cost estimates were prepared by the executing and implementing agencies, two economic and financial consultants (one international and one national) funded by ADB, and ADB project team. The file entitled “MON (48216) Khuvsgul Lake Costing and Budget” in MS Excel format is retained at the Department of Protected Areas Management (DPAM) office and by ADB project officer.

22. **Revisions.** For any proposed revisions to the project budget during project implementation, the Government of Mongolia (GOM) will submit a request for project cost reallocation to ADB for review and endorsement. If the revision is endorsed, the PMU will revise the cost estimates under the guidance of ADB project officer.

B. Cost Categories

23. Cost categories are as follows:

Category	Description
Goods and Services	(i) Vehicles for use by project staff and consultants; (ii) computers, printers, copiers; (iii) office furniture and cabinets; (iv) materials and services for co-management pilots; (v) materials for eco-toilet units and litter bins; (vi) domestic airfares; (vii) local transport; (viii) project office operations; (ix) project vehicle operations; (x) stakeholder communications
Pilot Community Funds and Groups	(i) Five community revolving funds; (ii) tourism co-management group; (iii) herder groups and herder council; (iv) community waste management teams—labor for maintaining eco-toilets, litter bins, campsites
Training	(i) Training for communities to operate the revolving funds, (ii) training for tourism livelihoods; (iii) training for herder group management; and (iv) training for grazing and agricultural processing livelihoods
Consulting Services	(i) Fees for local consultants (16); (ii) fees for international consultant (1); (iii) 1 least cost-selection (auditing) and two consultant's qualifications assignments (water quality monitoring, eco-tourism training)
Project Management	(i) Project planning and team meetings; (ii) per diems (iii) in-kind contributions from central and local government
Unallocated	Physical and price contingencies

24. Goods and Services include one car and four motorbikes. The *JFPR 2015 Guidelines*²⁹ exclude funding of vehicles except with justification. There is strong justification for the project: (i) the project area is located a long distance from Ulaanbaatar; (ii) there will be frequent transport of project staff and equipment between Ulaanbaatar and the project area; (iii) the project is working across five *soums* and where there is little public transport – project vehicles will be critical for implementation; and (iv) vehicle rental over 4 years would be more expensive than purchase. Upon project completion, the vehicles will be handed over to the KLNP Administration for use at the KLNP.

²⁸ Grant Agreement (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President).

²⁹ ADB. 2015. *Japan Fund for Poverty Reduction. 2015 Policy Guidelines for Project Grants*. Manila.

C. Assumptions

25. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: MNT1,997.00 = \$1.00 (as of 13 October 2015).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

	2016	2017	2018	2019	2020	Average
Foreign rate of price inflation	1.5%	1.4%	1.5%	1.5%	1.5%	1.5%
Domestic rate of price inflation	9.0%	7.7%	7.0%	8.0%	7.0%	7.7%

D. Investment and Financing Plan

Table 1: Project Investment Plan
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Community-based tourism in Khatgal and Khankh settlements promoted	0.72
2. Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved	0.56
3. Waste management around Khuvsgul Lake strengthened	0.57
Project management	0.85
Subtotal (A)	2.70
B. Contingencies^c	0.48
Total (A+B)	3.18

KLNP = Khuvsgul Lake National Park.

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$300,000 to be financed by the Japan Fund for Poverty Reduction and administered by the Asian Development Bank. The amount of taxes and duties is determined on the grounds that (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to the grant-financed expenditures, and (iii) the financing of taxes and duties is relevant to the success of the project.

^b In mid-2015 prices as of 15 June 2015.

^c Physical contingencies computed at 5% for ecotoilet units and litter bins, and at 50% for national consultant fee rates. Price contingencies computed on all costs except international and national consultants, based on cost escalation factors of 9.0% for 2016, 7.7% for 2017, 7.0% for 2018; 8.0% for 2019; and 7.0% for 2020 for local currency costs; and 1.5% for 2016, 1.4% for 2017, and 1.5% for 2018–2019 on foreign exchange costs.

Source: Asian Development Bank estimates.

26. The financing plan is in Table 2.

Table 2: Financing Plan

Source	Amount	Share of total (%)
Japan fund for Poverty Reduction ^a	3.00	94
Government	0.18	6
Total	3.18	100

^a Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

E. Detailed Cost Estimates by Expenditure Category

Item	Local Currency	Foreign Currency	Total ^a
A. Base Costs^b			
1 Goods and Services			
Vehicles	63,000		63,000
Equipment	30,000		30,000
Other Goods and Services	409,500		409,500
Subtotal Goods and Services	502,500		502,500
2 Pilot Community Funds and Groups	628,960		628,960
3 Training	237,120		237,120
4 Consulting Services			
Local	706,016		706,016
International		156,000	156,000
Subtotal Consulting Services	706,016	156,000	862,016
5 Project Management			
ADB financing	285,120		285,120
Government financing	180,000		180,000
Subtotal Project Management	465,120		465,120
Subtotal A	2,539,716	156,000	2,695,716
B. Contingencies^c			
1 Physical	299,258		299,258
2 Price	171,975	13,051	185,026
Subtotal B	471,233	13,051	484,284
C. Total Project Cost (A+B)	3,010,949	169,051	3,180,000

^a Includes taxes and duties of \$300,000 to be financed by the Japan Fund for Poverty Reduction and administered by the Asian Development Bank. The amount of taxes and duties is determined on the basis that (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to the grant-financed expenditures, and (iii) the financing of taxes and duties is relevant to the success of the project.

^b In mid-2015 prices as of 15 June 2015.

^c Physical contingencies computed at 5% for ecotoilet units and litter bins, and at 50% for national consultant fee rates. Price contingencies computed on all costs except international and national consultants, based on cost escalation factors of 9.0% for 2016, 7.7% for 2017, 7.0% for 2018–2019 for local currency costs; and 1.5% for 2016, 1.4% for 2017, and 1.5% for 2018–2019 on foreign exchange costs.

Source: Asian Development Bank estimates.

F. Allocation and Withdrawal of Grant Proceeds

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS*			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Percentage and Basis for Withdrawal from the Loan Account
1	Goods and Services	502,500	100% of total expenditure
2	Pilot Community Funds and Groups	628,960	100% of total expenditure
3	Training	237,120	100% of total expenditure
4	Consulting Services	862,016	100% of total expenditure
5	Project Management	285,120	100% of total expenditure
6	Unallocated	484,284	100% of total expenditure
Total		3,000,000	

* Subject to the condition in paragraph 5 of Schedule 2 of the grant agreement.

G. Detailed Cost Estimates by Financier

Item	ADB		Government		Total ^a	
	Amount	%	Amount	%	Amount	%
A. Base Costs^b						
1 Goods and Services						
Vehicles	63,000	100.0			63,000	2.0
Equipment	30,000	100.0			30,000	0.9
Other Goods and Services	409,500	100.0			409,500	12.9
Subtotal Goods and Services	502,500				502,500	
2 Pilot Community Funds and Groups	628,960	100.0			628,960	19.8
3 Training	237,120	100.0			237,120	7.5
4 Consulting Services						
Local	706,016	100.0			706,016	22.2
International	156,000	100.0			156,000	4.9
Subtotal Consulting Services	862,016				862,016	
5 Project Management						
ADB financing	285,120	100.0			285,120	9.0
Government financing			180,000	100.0	180,000	5.7
Subtotal Project Management	285,120		180,000		465,120	
Subtotal A	2,515,716	93.3	180,000	5.7	2,695,716	84.8
B. Contingencies^c						
1 Physical	299,258	100.0			299,258	9.4
2 Price	185,026	100.0			185,026	5.8
Subtotal B	484,284	100.0			484,284	15.2
Total Project Cost (A+B)	3,000,000	94.3	180,000	5.7	3,180,000	100.0

^a Includes taxes and duties of \$300,000 to be financed by the Japan Fund for Poverty Reduction and administered by the Asian Development Bank. The amount of taxes and duties is determined on the basis that (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to the grant-financed expenditures, and (iii) the financing of taxes and duties is relevant to the success of the project.

^b In mid-2015 prices as of 15 June 2015.

Physical contingencies computed at 5% for ecotoilet units and litter bins, and at 50% for national consultant fee rates. Price contingencies

^c computed on all costs except international and national consultants, based on cost escalation factors of 9.0% for 2016, 7.7% for 2017, 7.0% for 2018–2019 for local currency costs; and 1.5% for 2016, 1.4% for 2017, and 1.5% for 2018–2019 on foreign exchange costs.

Source: Asian Development Bank estimates.

H. Detailed Cost Estimates by Outputs

Item	1. Community-based tourism in Khatgal and Khank settlements promoted	2. Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved	3. Waste management around Khuvsgul Lake strengthened	Project management	Total ^a
A. Base Costs^b					
1 Goods and Services					
Vehicles				63,000	63,000
Equipment				30,000	30,000
Other Goods and Services	84,000		160,000	165,500	409,500
Subtotal Goods and Services	84,000		160,000	258,500	502,500
2 Pilot Community Funds and Groups	256,760	312,200	60,000		628,960
3 Training	92,000	128,800	16,320		237,120
4 Consulting Services					
Local	135,600	66,000	169,639	334,777	706,016
International	88,200		67,800		156,000
Subtotal Consulting Services			237,439	334,777	862,016
5 Project Management					
ADB financing	61,776	47,520	97,416	78,408	285,120
Government financing				180,000	180,000
Subtotal Project Management				258,408	465,120
Subtotal A	718,336	554,520	571,175	851,685	2,695,716
B. Contingencies^c					
Physical	67,800	33,000	48,069	150,389	299,258
Price	55,866	29,733	47,995	51,433	185,026
Subtotal B	123,666	62,733	96,064	201,822	484,284
C. Total (A+B)	842,002	617,253	667,239	1,053,507	3,180,000

^a Includes taxes and duties of \$300,000 to be financed by the Japan Fund for Poverty Reduction and administered by the Asian Development Bank. The amount of taxes and duties is determined on the basis that (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to the grant-financed expenditures, and (iii) the financing of taxes and duties is relevant to the success of the project.

^b In mid-2015 prices as of 15 June 2015.

^c Physical contingencies computed at 5% for ecotoilet units and litter bins, and at 50% for national consultant fee rates. Price contingencies computed on all costs except international and national consultants, based on cost escalation factors of 9.0% for 2016, 7.7% for 2017, 7.0% for 2018–2019 for local currency costs; and 1.5% for 2016, 1.4% for 2017, and 1.5% for 2018–2019 on foreign exchange costs.

Source: Asian Development Bank estimates.

I. Detailed Cost Estimates by Year

Item	Q2 2016– Q1 2017	Q2 2017– Q1 2018	Q2 2018– Q1 2019	Q2 2019– Q1 2020	Total ^a
A. Base Costs^b					
1 Goods and Services					
Vehicles	63,000				63,000
Equipment	30,000				30,000
Other Goods and Services	77,100	102,800	144,800	84,800	409,500
Subtotal Goods and Services	170,100	102,800	144,800	84,800	502,500
2 Pilot Community Funds and Groups	27,240	547,240	27,240	27,240	628,960
3 Training	14,080	75,680	73,680	73,680	237,120
4 Consulting Services					
Local	184,902	179,055	179,055	163,003	706,016
International	45,200	85,600	25,200		156,000
Subtotal Consulting Services	230,102	264,655	204,255	163,003	862,016
5 Project Management					
ADB financing	64,152	73,656	73,656	73,656	285,120
Government financing	45,000	45,000	45,000	45,000	180,000
Subtotal Project Management	109,152	118,656	118,656	118,656	465,120
Subtotal A	550,674	1,109,031	568,631	467,379	2,695,716
B. Contingencies^c					
1 Physical	72,301	79,328	79,328	68,302	299,258
2 Price	12,346	39,987	65,545	67,148	185,026
Subtotal B	84,647	119,315	144,873	135,449	484,284
C. Total Project Cost (A+B)	635,321	1,228,346	713,504	602,829	3,180,000

^a Includes taxes and duties of \$300,000 to be financed by the Japan Fund for Poverty Reduction and administered by the Asian Development Bank. The amount of taxes and duties is determined on the basis that (i) the amount will not represent an excessive share of the project investment plan, (ii) the taxes and duties apply only to the grant-financed expenditures, and (iii) the financing of taxes and duties is relevant to the success of the project.

^b In mid-2015 prices as of 15 June 2015.

^c Physical contingencies computed at 5% for ecotoilet units and litter bins, and at 50% for national consultant fee rates. Price contingencies computed on all costs except international and national consultants, based on cost escalation factors of 9.0% for 2016, 7.7% for 2017, 7.0% for 2018–2019 for local currency costs; and 1.5% for 2016, 1.4% for 2017, and 1.5% for 2018–2019 on foreign exchange costs.

Source: Asian Development Bank estimates.

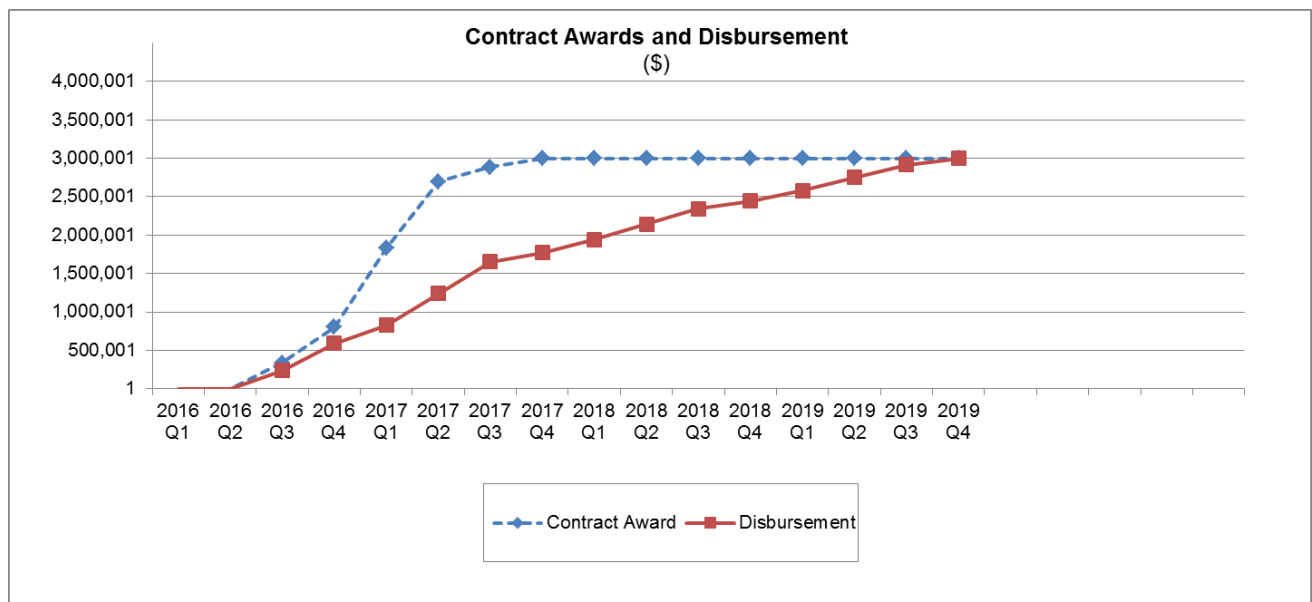
J. Contract and Disbursement S-curve

27. The projected contract awards and disbursements under the grant and the corresponding S-curves are presented below.

Schedule of Disbursement and Contract Awards

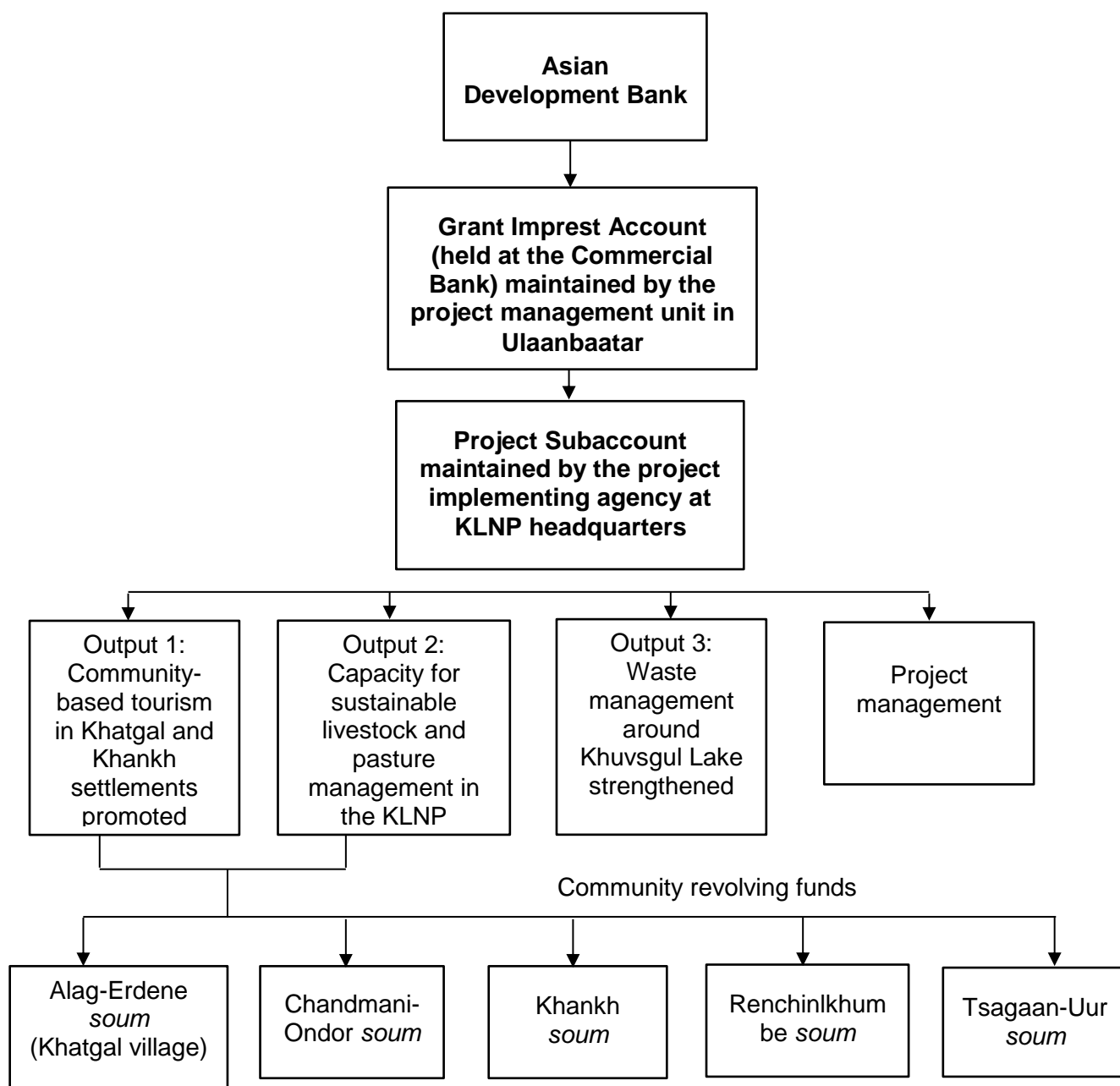
Years	Contract Awards (\$ million)					Disbursement (\$ million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2016	0	0	335,015	468,463	803,477	0	0	236,128	354,193	590,321
2017	1,025,299	871,224	183,362	116,638	2,196,523	236,669	414,171	414,171	118,335	1,183,346
2018	0	0	0	0		167,126	200,551	200,551	100,276	668,504
2019	0	0	0	0		139,457	167,349	167,349	83,674	557,829
Total					3,000,000					3,000,000

S-curve³⁰



³⁰ The steep S-curve reflects the need for completion of consultant recruitment within the first year of the project.

K. Fund Flow Diagram



The grant imprest account is held by the executing agency, the Department of Protected Areas Administration (DPAM) under the Ministry of Environment, Green Development and Tourism, and maintained by the project management unit (PMU). The imprest fund is used to pay for the project activities, including payments to consultants, contractors, and suppliers of goods and/or equipment. Withdrawal applications from the imprest account require the approval and signature of the Director General of the DPAM and PMU project manager. Funds for field expenditures will be transferred to a project subaccount held by the implementing agency, the KLNP Administration, and maintained by the project implementing unit. For the community revolving funds under outputs 1 and 2, the funds will be transferred to five local bank accounts (one per *souv*) to be established by the community fund committees, who will subsequently be responsible for managing the revolving funds.

KLNP = Khuvsgul Lake National Park.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

28. Financial management assessment (FMA) of the executing and implementing agencies was conducted in March and April 2015 in accordance with ADB's Financial Management Assessment Guidelines and Financial Due Diligence—A Methodology Note. Assessment of overall pre-mitigation financial management risk is based on the definitions provided in ADB's *Financial Management Technical Guidance Note—Financial Management Assessment* (May 2015). Staff of Ministry of Environment, Green Development and Tourism's (MEGDT) DPAM and Economic, Financial and Planning Division (EFPD) participated in the FMA. The FMA considered the capacity of the executing and implementing agencies, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements.

29. The overall pre-mitigation financial management risk of the executing and implementing agencies is concluded to be “moderate” (defined as “likely to occur, will have low impact if occurs”).³¹ This conclusion is based on: (i) the FMA indicates low in-house financial capacity by the EA and IA, hence even with the inclusion of a qualified accountant in the project team, it is likely that some errors in project financial management may occur; (ii) such risks are partly offset by support from EFPD, which provides financial guidance and monitoring to all MEGDT departments; and (iii) given the small size and budget of the project, it is likely that such errors will be quickly identified and corrected, with limited impact to project operations and viability. A ranking of moderate risk requires the preparation of a financial management action plan, which is presented in the following table. Terms of reference for the project accountant are described in Appendix 1.

Table 3: Financial Management Action Plan

Risk	Action	Responsibility	Timing
EFPD provide limited internal support to executing agency due to existing workloads	Confirm inclusion of project in EFPD work plan; clarify EFPD support including internal auditing of project	EFPD, executing agency	3 months before effectiveness
Executing and implementing agencies lack in-house qualified financial and procurement staff	Recruit a full-time project accountant and a procurement specialist	executing agency	Within 3 months of effectiveness
Executing and implementing agencies lack experience in ADB financial management procedures	Training on ADB requirements and procedures, including accounting, auditing, and disbursement	ADB	Within 3 months of effectiveness
Excel often used by executing agencies for ADB projects for accounting but has limited security	Establish a secure project accounting system: procure and use financial management software accepted by ADB, supported by hard-copy records	executing agency, project accountant	Within 3 months of effectiveness
Financial management risks may change over time compared with the FMA	Review and update FMA	project accountant	Annual

ADB = Asian Development Bank, EFPD = Economic, Financial and Planning Division.

³¹ ADB. 2015. *Financial Management Technical Guidance Note. Financial Management Assessment*. Manila.

B. Disbursement

1. Disbursement Arrangements for ADB

30. **Project imprest account.** The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).³² After grant effectiveness, the executing agency will immediately establish an imprest account for the project. The imprest account will be denominated in US dollars. The imprest account will be used exclusively for ADB's share of eligible expenditures (i.e. the JFPR funds) and according to the financing arrangements described in this PAM. The imprest account will be established at the commercial bank in Ulaanbaatar, a state bank of the GOM. This bank is endorsed by MOF and is acceptable to ADB.

31. Requests by the executing agency for initial advance and subsequent replenishments of the imprest account will be supported by withdrawal applications to ADB. The amounts to be requested will be based on the executing agency's estimate of ADB's share of eligible project expenditures for up to, and not exceeding, the next 6 months, supported by a 6-month activity plan and estimate of expenditure sheet.³³ Subsequent applications for account replenishment will be accompanied by a statement of expenditures³⁴ or, if full documentation is required, a summary sheet,³⁵ as well as the imprest account reconciliation statement.³⁶ Liquidation by ADB of eligible expenditures is required before further replenishments of the imprest account can be endorsed. The withdrawal application will be prepared in the currency of the imprest account i.e., US dollars. Withdrawal applications will be co-signed by the DPAM Director General and MOF.

32. **Statement of expenditure (SOE) procedure.** The SOE procedure will be used for liquidation of advances to the imprest account and reimbursement of eligible expenditures. It will also apply for individual payments not exceeding \$10,000 to ensure speedy project implementation. Payments in excess of the SOE ceiling will be liquidated or replenished based on full supporting documentation of eligible expenditures. The SOEs will be signed by the DPAM Director General and manager of the PMU. Direct payment and reimbursement procedures will be used for eligible project expenditures in case of contracts for a substantial amount. All supporting documents (including receipts for expenditures) should be retained by the executing and implementing agencies in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) and readily available for review upon request by ADB e.g., on a sampling basis, and for independent audit.

33. During project implementation, the PMU accountant will assess the feasibility to remove the ceiling for the SOE procedure subject to ADB's endorsement, in line with ADB's *Strategy 2020 MTR Action Plan*, and review and update the FMA as needed.

34. Day-to-day management of the imprest account will be by the PMU on behalf of the executing agency, to facilitate local project expenditures. Withdrawal requests from the imprest account will require co-signing by the DPAM Director General and PMU manager. The executing agency will be kept informed by the PMU about all transactions and receive copies of

³² <http://www.adb.org/documents/loan-disbursement-handbook>.

³³ Form available in Appendix 10B of ADB *Loan Disbursement Handbook* (2015, as amended from time to time).

³⁴ Forms available in Appendices 9B–9C of ADB *Loan Disbursement Handbook* (2015, as amended from time to time).

³⁵ Form available in Appendix 7B of ADB *Loan Disbursement Handbook* (2015, as amended from time to time).

³⁶ Form available in Appendix 10C of ADB *Loan Disbursement Handbook* (2015, as amended from time to time).

all financial statements and audit reports. Interest earned on the imprest account, net of bank charges, can be used for the project, subject to ADB's approval and within the approved total amount of the JFPR grant. Any unused interest should be returned to the JFPR account maintained at ADB upon project completion and before closing of the JFPR account. To ensure the PMU has sufficient financial management capability to establish adequate accounting procedures and controls for the efficient operation of the imprest fund, the PMU staff team will recruit a qualified financial officer and a procurement officer.

35. **Project subaccount.** The implementing agency (KLNP Administration) will establish a project subaccount at a bank near its headquarters in Khatgal Village. The subaccount will be used exclusively for ADB's share of eligible expenditures of the project. Day-to-day management of the subaccount will be performed by the project implementing unit (PIU) on behalf of the implementing agency, to facilitate local project expenditures. Withdrawal requests from the subaccount will require co-signing by the KLNP Director and PIU field coordinator.

36. **Pilot community revolving funds.** For the five pilot community revolving funds to be established under outputs 1 and 2, the project will provide seed capital to each fund as follows: Khatgal village (\$195,000), Khankh *soum* (\$100,000), Chandmani-Ondor *soum* (\$75,000), Renchinlkhumbe *soum* (\$75,000) and Tsagaan-Uur *soum* (\$75,000) (total \$520,000). The funds will be held in one account per *soum* (i.e. five accounts) of a bank or other financial institutions acceptable to ADB. The accounts will be opened by the five community fund committees to be established by the project. These committees will be responsible for management of the revolving funds, including monitoring and reporting of financial transactions. The grant proceeds for each fund will be transferred in tranches (up to three tranches over the four years of the project) pending the performance of the committees. The executing and implementing agencies and ADB will review the performance of the fund committees regularly in at least the first year of implementation, followed by spot checks for the remainder of the project, pending on the performance of each committee. After project completion, the community revolving funds will continue to be managed and maintained under the arrangements approved by ADB pursuant to the Grant Agreement.

37. Before the submission of the first withdrawal applications from the imprest account and subaccount, the DPAM and MOF should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications, together with the authenticated specimen signatures of each authorized person. Online training for project staff on disbursement policies and procedures is available at: http://wpqr4.adb.org/disbursement_elearning. Relevant government officials of the executing and implementing agencies and PMU and PIU staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control. The schematic fund flow for the project is in Figure V1.

2. Disbursement Arrangements for Counterpart Fund

38. GOM, including the executing and implementing agencies, will provide in-kind support of office space for the PMU and PIU, and salaries and travel costs of counterpart staff. These costs will be included in the annual budgets of the relevant GOM agencies.

C. Accounting

39. The PMU, on behalf of the executing agency, will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. The

PMU, on behalf of the executing agency, will prepare consolidated project financial statements in accordance with GOM's accounting laws and regulations which are consistent with international accounting principles and practices. The PMU will be supported in these responsibilities by the PIU, which will collect, document, and provide records of field expenditures to the PMU.

D. Auditing and Public Disclosure

40. The PMU, on behalf of the executing agency, will cause the project imprest account to be audited in accordance with international standards on auditing and GOM's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in English language to ADB within 6 months of the end of the fiscal year by the executing agency.

41. The audit report for the project financial statements will include a management letter and auditor's opinions which cover (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 standards; (ii) whether the proceeds of the grant were used only for the purpose(s) of the project; (iii) the level of compliance with the financial conditions of the grant agreement for the project, and (iv) proper use of the imprest fund and SOE procedures, in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) and the project documents.

42. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

43. The government and executing and implementing agencies have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.³⁷ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the grant recipient), 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 policies and procedures.

44. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy (2011).³⁸ After review, ADB will disclose the audited financial statements for the project and the opinion of the auditors on the financial statements no later than 14 days of ADB's

³⁷ When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.

(a) When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions, and (ii) advise that the grant may be suspended if the audit documents are not received within the next 6 months.

(b) When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the grant.

³⁸ Available at: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.³⁹

VI. PROCUREMENT AND CONSULTING SERVICES

A. Procurement of Goods, Works, and Consulting Services

45. The PMU, on behalf of the executing agency, will be responsible for procurement. All procurement financed by the JFPR grant will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time) and Mongolia's Ministry of Finance (2014) *Procurement Manual*. The selection and engagement of contractors for works, goods, and/or consulting services to be financed by the grant will be subject to ADB approval. The project procurement plan is in Section VI.B. The plan describes the thresholds and review procedures, and contract packages for goods, works, and consulting services. Any necessary modifications or clarifications to the recipient procurement procedures will be documented in the procurement plan.

46. The relevant sections of ADB's Anticorruption Policy (1998, as amended to date) will be included in all procurement documents and contracts. Before the start of any procurement, ADB and the executing and implementing agencies will review GOM's public procurement laws to ensure consistency with ADB's Procurement Guidelines (2015, as amended from time to time).

47. The project is expected to require 3 person-months of one international consultant and 487 person-months of 16 national consultants for project implementation. These 17 positions comprise seven administrative staff (PMU manager, PIU field coordinator, Khankh officer, implementation specialist, accountant, procurement specialist, driver) and 10 specialists. The executing agency will engage all the consultants through individual consultant selection method, following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The consultants' terms of reference are in Appendix 1.

B. PROCUREMENT PLAN

Basic Data

Project Name: Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park	
Project Number: MON (48216)	Approval Number: xxxxx
Country: Mongolia	Executing Agency: Department of Protected Areas Management (DPAM) of the Ministry of Environment, Green Development and Tourism
Project Procurement Classification: B	Implementing Agency: Khuvsgul Lake National Park Administration of the DPAM
Procurement Risk: Average	
Project Financing Amount: US\$ 3.0 million ADB Financing: US\$ 3.0 million	Project Completion Date: 31 December 2019
Date of First Procurement Plan: 16 September 2015	Date of this Procurement Plan: 16 September 2015

³⁹ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. paras. 97(iv) and/or 97(v).

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

48. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works: (i) Shopping for Goods (threshold below \$100,000), and (ii) Community Participation for Goods and Services (threshold below \$100,000). A third method, Direct Contracting (threshold below \$10,000) is included in the procurement plan, although there are currently no procurement packages for this procedure. The method is included to provide flexibility in the event that additional low-cost goods are required (e.g. to support pilot co-management group activities under project output 1.1). International and national competitive bidding procedures will not be applied for the project.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$5,000,000	None.
International Competitive Bidding for Goods	\$2,000,000	None.
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	None.
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	None.
Shopping for Works	Below \$100,000	None.
Shopping for Goods	Below \$100,000	Executing agency to procure packages. Prior or post review as specified below per project activity. Price quotations will be obtained from several suppliers (at least three). Requests for quotations shall indicate the description and quantity of the goods.
Community Participation for Goods and Services ("Community")	Below \$100,000	Prior review. For establishment and operation of the community waste management teams (output 3.2).
Direct Contracting	Below \$10,000	Post review. No planned procurement packages yet. Procedure included for flexibility in case additional goods are required (e.g. pilot co-management group activities under output 1.1).

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	None.
Quality Based Selection	None.
Consultants' Qualifications Selection	Prior review. The executing agency will recruit consulting firms, using biodata technical proposals.
Least-Cost Selection	Prior review. The executing agency will recruit consulting firms, using biodata technical proposals.
Fixed Budget Selection	None.
Individual Consultants Selection (ICS) for Individual Consultant	Prior review. The executing agency will recruit individual consultants for specialist work.

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

49. There are no contracts for this project estimated to cost \$1 million or more.

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

50. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
C001	Project manager (national)	\$110,000	ICS	Prior	Q1 2016	xxx	Recruitment for 45 person-months. TOR in Appendix 1.
C002	Field coordinator (national)	\$102,500	ICS	Prior	Q1 2016	xxx	As above
C003	Training in ecotourism	\$100,000	CQS	Prior	Q1 2016	Biodata	
C004	Water quality sampling	\$102,000	CQS	Prior	Q1 2016	Biodata	

CQS = consultants' qualification selection, ICS = individual consultants selection, TOR = terms of reference.

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

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

1. Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
G001	Eco-toilet units	\$170,000	2	Shopping ⁴⁰	Prior		Q3 2016	
G002	Litter bins and OH&S equipment for CWMTs	\$22,000	1	Shopping	Post		Q3 2016	
G003	CWMTs	\$70,000	3	Community	Prior		Q3 2016	
G004	Car	\$55,000	1	Shopping	Post		Q1 2016	
G005	Motorcycles	\$8,000	1	Shopping	Post		Q1 2016	
G006	Computers, printers	\$23,000	1	Shopping	Post		Q1 2016	
G007	Office furniture	\$9,000	1	Shopping	Post		Q1 2016	

CWMT=community waste management team, OH&S = occupational health and safety. Terms of reference for Package G003 is in Appendix 1.

2. Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date	Type of Proposal	Comments
C005	Implementation specialist (national)	\$89,000	1	ICS	Prior	Q1 2016	ICS	
C006	Accountant (national)	\$89,000	1	ICS	Prior	Q1 2016	ICS	
C007	Procurement specialist (national)	\$18,000	1	ICS	Prior	Q1 2016	ICS	
C008	Geographic information	\$20,000	1	ICS	Post	Q1 2016	ICS	

⁴⁰ Comprising one contract to purchase the seat component (overseas purchase may be required); and one contract to local supplier for purchase of materials to build the housing units (wood frame, door, etc.).

	system specialist (national)							
C009	Eco-tourism specialist (national)	\$51,000	1	ICS	Post	Q1 2016	ICS	
C010	Waste management specialist (international)	\$68,000	1	ICS	Prior	Q1 2016	ICS	
C011	Waste management specialist (national)	\$51,000	1	ICS	Post	Q1 2016	ICS	
C012	Livestock and pasture management specialist (national)	\$60,000	1	ICS	Post	Q1 2016	ICS	
C013	Agricultural processing specialist (national)	\$40,000	1	ICS	Post	Q1 2016	ICS	
C014	Income generation specialist (national)	\$63,000	1	ICS	Post	Q1 2016	ICS	
C015	Protected area specialist (national)	\$51,000	1	ICS	Post	Q1 2016	ICS	
C016	Rural finance specialist (national)	\$47,000	1	ICS	Post	Q1 2016	ICS	
C017	Social and gender specialist (national)	\$15,000	1	ICS	Post	Q1 2016	ICS	
C018	Khankh officer (national)	\$44,000	1	ICS	Post	Q1 2016	ICS	
C019	Driver (national)	\$34,000	1	ICS	Post	Q1 2016	ICS	
C020	Financial audit	\$40,000	1	LCS	Prior	Q3 2016	Biodata	

ICS = individual consultants selection, LCS = least-cost selection.

Note: Numbers do not sum precisely with the totals in the detailed cost tables (Section IV) due to rounding.

B. Indicative List of Packages Required Under the Project

52. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

1. Goods and Works							
Package Number	General Description	Estimated Value (Cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior / Post)	Bidding Procedure	Comments
TBC	Co-management tourism group pilot initiative ⁴¹	TBC	TBC	TBC	Prior		

TBC=to be confirmed.

2. Consulting Services							
Package Number	General Description	Estimated Value (Cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
	None						

⁴¹ The extent of procurement for this activity, if any, will be confirmed during project implementation. Examples of potential pilot initiatives: public open-day events on the tourism codes of practice; education materials on litter; community-led pilot to maintain tour boats to avoid water pollution.

C. List of Awarded and On-going, and Completed Contracts

53. **Awarded and On-going Contracts.** No contracts have been awarded yet for the project. The following tables will be used during project implementation to track contract awards.

Goods and Works							
Package Number	General Description	Estimated Value	Awarded Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award ⁴²	Comments (including contractor name and contract signing date)
	None to date.						

Consulting Services							
Package Number	General Description	Estimated Value	Awarded Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award ³⁸	Comments (including contractor name and contract signing date)
	None to date.						

54. **Completed Contracts.** The following tables will be used during project implementation to record completed contracts.

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award (footnote 37)	Date of Completion (physical completion date of contract)	Comments
	None to date.							

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award (footnote 37)	Date of Completion (physical completion date of contract)	Comments
	None to date.							

D. Non-ADB Financing

55. The following tables list goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources. Currently there is no planned financing other than by ADB.

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments
None				

⁴² Date of ADB approval of contract award is the date of No-Objection letter to the executing agency and/or implementing agency.

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments
None				

E. National Competitive Bidding

The procedures to be followed for national competitive bidding shall be those set forth in the Public Procurement Law of Mongolia of 1 December 2005, effective 1 February 2006, as amended on 6 February 2007 and 16 July 2009 (hereinafter referred to as PPLM), with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of ADB's Procurement Guidelines.

1. The Standard Bidding Documents of Mongolia for Goods and Works that have been approved by ADB as acceptable for ADB-financed projects, together with ADB's clarifications and modifications thereto, shall be used.
2. Government-owned enterprises in Mongolia shall be eligible for projects only if they can establish that they: (i) are legally and financially autonomous; (ii) operate under the principles of commercial law; and (iii) are not dependent agencies of the Executing Agency and/or the Implementing Agency.
3. If a bid security is required, the bid security shall be in any of the following forms at the bidder's option: (i) a bank guarantee; or (ii) a cashier's or certified check.
4. Bidders must be nationals of member countries of ADB, and offered Goods and Works must be produced in and supplied from member countries of ADB. Bidders or potential bidders shall not be required to register with the taxation and other registration authorities of the government as a condition or requirement of bidding or award, leaving these requirements for after award and before signing of contract.
5. Foreign bidders from eligible countries of ADB shall be allowed to participate in bidding under the same conditions as local bidders and without any domestic preference.
6. Prequalification shall not be required, except in the case of large or complex works, and with prior written concurrence of ADB.
7. Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified shall be used to determine whether a bidder is qualified. The evaluation of a bidder's qualifications shall only take into account the bidder's capacity and resources to perform the contract, in particular its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities, and financial position. The evaluation of the bidder's qualifications shall be conducted separately from the technical and commercial evaluation of the bid.
8. Evaluation and qualification criteria, and submission requirements, to be used in each bidding activity shall be clearly specified in the bidding documents. The

evaluation of bids shall be done in strict adherence to the criteria specified in the bidding documents.

9. The invitation to bid and the bidding documents shall be prepared in the Mongolian language. If another language will be used, then such other language shall be English.
10. Bidders shall be requested to extend the validity of their bids only under exceptional circumstances and the Executing or Implementing Agency, as the case may be, shall communicate such request for extension to all bidders before the date of expiry of their bids. When the procurement is subject to ADB's prior review, the Executing or Implementing Agency, as the case may be, shall obtain in a timely manner the prior written concurrence of ADB for the extension of the bid validity period.
11. All bids shall not be rejected or new bids invited without ADB's prior written concurrence. No bid shall be rejected merely on the basis of a comparison with the estimated cost or budget ceiling without ADB's prior written concurrence (with specific reference to Article 30 of the PPLM).
12. Negotiations with bidders shall not be undertaken before award of contract, except as provided in Paragraph 2.63 of ADB's Procurement Guidelines (with specific reference to Article 30.2 of the PPLM). A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify its bid as originally submitted.
13. Bidding documents and contracts under national competitive bidding procedures financed by ADB shall include a provision requiring suppliers, contractors and consultants to permit ADB to inspect their accounts and records relating to the bid submission and the performance of the contract by the supplier, contractor and/or consultant, as the case may be, and to have them audited by auditors appointed by ADB, if so required by ADB.
14. At the same time that notification on award of contract is given to the successful bidder, the results of the bid evaluation shall be posted on a well-known freely accessible website (namely Mongolia's Ministry of Finance e-procurement website: www.e-procurement.mn) identifying the bid and lot numbers and providing information on the: (i) name of each bidder that submitted a bid; (ii) bid prices as read out at bid opening; (iii) names of bidders whose bids were rejected and the reasons for their rejection; and (iv) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. The Executing Agency or Implementing Agency, as the case may be, shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids were not selected.

VII. SAFEGUARDS

56. **Environment. (General assessment procedures).** The project is categorized as C for environmental safeguards. Under ADB's Safeguard Policy Statement (SPS, 2009), only activities likely to have minimal or no adverse environmental impacts will be implemented under the project. No environmental assessment and formal procedure is required for category C projects although environmental implications need to be reviewed. An environmental assessment and review framework (EARF) has been prepared and complies with ADB's SPS (2009).⁴³ The EARF includes an environmental management plan (EMP)⁴⁴ and describes: (i) the project, its components, relevant national environmental regulations, and ADB safeguard requirements; (ii) anticipated environmental impacts of the project activities; (iii) requirements and criteria for screening, planning, and implementation of activities, especially for the selection and operation of the small-scale, household income diversification to be supported under outputs 1 and 2, and environmental-friendly toilet facilities (eco-toilets) under output 3; and (iv) meaningful consultation with affected people and other stakeholders, and information disclosure requirements. Environmental assessment and reporting documents shall follow the procedures in the EARF. These documents shall be endorsed by the executing and implementing agencies and submitted to ADB for final clearance. The EARF is described in Appendix 3.

57. **Consultation and public disclosure.** In accordance with ADB's SPS (2009), the implementing agency and PIU will conduct consultations with affected people and other concerned stakeholders, including civil society, as necessary, prior to the installation of project facilities and/or project activities. The consultation process shall also be used to introduce and discuss the project grievance redress mechanism. Any concerns raised by stakeholders and measures to address these will be documented in the project design and mitigation measures. Proof of consultations (e.g., attendance sheets, minutes of meetings, and pictures) shall be included in the documentation. A template for consultation records is in the EARF.

58. The PMU and PIU are responsible for ensuring that all environmental assessment documentation is properly and systematically kept as part of the project record. The PMU and PIU shall make these documents available in a form, language, and at a location in which they can be easily accessed by all stakeholders including affected people. The results of environmental assessment and inspection reports will be included in the project semi-annual progress reports to ADB, which will be posted on ADB's website.

59. **Grievance redress mechanism.** The PIU and implementing agency shall establish and maintain a grievance redress mechanism (GRM) to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the project's environmental and social performance. The GRM will address affected people's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible, at no costs and without retribution. The GRM will not impede access to Mongolia's judicial or administrative remedies. The GRM will be introduced during consultation with community and made publicly available and accessible to the affected people prior and during to project implementation.

60. **Institutional arrangements and responsibilities for the EARF.** The PIU will be responsible for implementation of the EARF, supported by the implementing agency (KLNPA Administration) and other agencies as necessary e.g., MEGDT's Department of Environment

⁴³ Disclosed on the ADB website in accordance with ADB's Safeguard Policy Statement (SPS, 2009) disclosure requirements. ADB's SPS is available in English and Mongolian language at: <http://www.adb.org/documents/safeguard-policy-statement>; and, <http://www.adb.org/mn/documents/safeguard-policy-statement>

⁴⁴ To serve as a sample for contractors to prepare site-specific EMPs as needed.

and Natural Resources Management. Due to the simple nature of the project EARF and presence of qualified environmental staff within the MEGDT and KLNP Administration, no specialist environmental staff will be recruited in the PMU or PIU to implement the EARF. Each PIU specialist, supported by the PIU project field coordinator, other team members, and KLNP Administration, will be responsible for implementing the EARF for their respective project activities, as necessary. This requirement is included in the terms of reference for all relevant project team members (Appendix 1). This includes the EARF procedures for screening, consultation, and environmental inspection checklists.

61. The executing agency will be responsible for compliance of the project with domestic regulatory requirements. In the event that a general environmental impact assessment (GEIA) and Detailed EIA are required (under Mongolia's *Law on Environmental Impact Assessment* [1998, revised in 2012]) for a project activity, the executing agency, not the project, will be responsible for the provision and payment of any required specialist services and costs. MEGDT has advised that the small-scale activities under this project, designed for environmental benefit, will probably not require a GEIA. This will be confirmed during project implementation during the detailed planning of individual activities.

62. The General Agency for Specialized Inspection (GASI) is responsible for environmental inspection services nationwide. The agency has 16 inspectors at the central level, four to six inspectors at the *aimag* level and one to two inspectors at the *soum* level. GASI inspectors will be responsible for environmental inspection of the project facilities during construction and operation.

63. **Resettlement.** The project is categorized as C for involuntary resettlement.⁴⁵ The project does not involve land acquisition, economic or physical displacement, or involuntary restrictions on land use or on access to protected areas. Instead, the project promotes sustainable income diversification to address restrictions that have already been imposed.

64. **Indigenous peoples.** The project is categorized as C for indigenous peoples. Khuvsugul *aimag* supports Mongolia's only population of the Dukha ("reindeer people"), an indigenous group. Their settlements are located over 50 kilometers west of the KLNP. A few families occasionally visit Khuvsugul Lake to sell souvenirs to tourists. They camp on access roads away from settlements and do not stay long, partly due to the grazing feed requirements of their reindeer, which are not available in the lake area. There are no permanent or regular seasonal settlements of the Dukha in the project area. The traditional winter and summer migration routes of the Dukha do not include the KLNP. The Dukha do not practice livestock herding. The project will not result in impacts to the Dukha (see also linked document 8: summary poverty social reduction strategy).

65. **Prohibited activities.** Pursuant to the SPS, ADB funds may not be applied to activities described in the Prohibited Investment Activities List in Appendix 5 of the SPS. All project activities will also comply with all applicable national laws and regulations and policies and plans, including the KLNP Management Plan (2014).

VIII. GENDER AND SOCIAL DIMENSIONS

66. **Poverty and social issues.** The project will directly benefit poor and vulnerable groups, and ensure inclusive access to the project support, as follows: (i) the participatory design of the project activities through comprehensive stakeholder consultation and mechanisms, including the pilot co-management tourism group and herder groups; (ii) the

⁴⁵ Under ADB's SPS, a proposed project is classified as (i) category A if it is likely to have significant involuntary resettlement; (ii) category B if it includes impacts not deemed significant; and category C if it has no impacts. A resettlement plan is required for categories A and B. No further action is required for category C.

inclusion of loan application criteria in the community revolving funds which emphasize the need to involve poor and/or vulnerable households; (iii) comprehensive training and outreach programs to access all KLNP residents, especially the poorest; (iv) training will be tailored to local conditions e.g. for residents far from tourism-related opportunities, training needs and opportunities will be identified; and (v) formation of herding groups and participatory development of herder management plans.

67. The project targets livelihoods at the household level across the project area. Outputs 1 and 2 will establish or strengthen at least 110 household enterprises in tourism and/or sustainable use of natural resources in up to five *soums* of the KLNP, which will benefit at least 330 households (over 900 residents). Output 3 will generate at least 45 new jobs through the establishment of the community waste management teams. Around 1,500 residents (10% of the population of the five *soums*) will receive capacity development and specialist support in income generation, eco-tourism development, rural financing, livestock management, agricultural processing, and/or waste management.

68. The project focuses on existing residents and does not involve influx of workers. However, the tourism sector does involve a large influx of visitors (including foreigners) which could introduce communicable diseases. Other development programs are more appropriate to raise awareness about HIV/AIDS, but information will be provided to all tourism operators. Contractors will be required to comply with local labor laws.

69. **Gender.** The project is classified “effective gender mainstreaming” under ADB’s project gender classification system. A gender action plan (GAP) has been prepared to ensure that women benefit from the project through training, particularly on skills development, and directly and indirectly generated jobs (see table below). Women are an important stakeholder group for tourism in the KLNP. They operate many of the guest houses and/or home stays, arrange some tourist activities (e.g., horse rides), make and sell handicraft souvenirs, and organize supply of goods (e.g., meat, dairy and vegetable products) and services to some guest houses. The project design emphasizes a participatory and inclusive approach to work with women and men, poor and vulnerable households, civil society organizations, the private sector (tourism operators), and *soum* governments.

70. The GAP sets targets for project participation, empowerment, capacity building, and livelihood initiatives for women and the poor. The GAP comprises 10 actions with 16 indicators, of which 11 have quantitative targets (see table below). Under outputs 1 and 2, the project will support women’s participation in decision-making, training, and community-based initiatives. Under output 3, participation targets for women are included for the formation of the community waste management teams.

Table 3: Gender Action Plan

Actions	Targets and/or Indicators	Time Frame	Budget and Sources	Responsible Organization	Key Stakeholders
Output 1: Community-based tourism in Khatgal and Khankh settlements promoted					
1. Increased participation of women in local decision making	1. By 2019, pilot co-management group (communities, tour operators, and KLNP Administration) established, of which at least 30% (n=4) of members are women ⁴⁶	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women; gender sub-committee of Khuvsgul <i>aimag</i> governor’s office

⁴⁶ The group will comprise about 13 members, including the KLNP Administration tourism officer and chair of the Khuvsgul Tourism Association (both women) and at least three women community representatives.

Actions	Targets and/or Indicators	Time Frame	Budget and Sources	Responsible Organization	Key Stakeholders
2. Facilitated women's leadership	2. By 2019, at least 40% (n=16) of community-based tourism initiatives supported by the project are led by women, as measured by the number of contracts signed by women and/or co-signed by spouses of households	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women; women-owned MSMEs
3. Gender-inclusive capacity building on tourism	3. By 2019, around 400 community members trained in tourism goods and services, of which at least 30% are women 4. Training needs assessment include gender-specific needs and priorities of target communities	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women; women-owned MSMEs
4. Income-earning opportunities created for vulnerable and disadvantaged households	5. Around 40% of beneficiaries are from disadvantaged households (i.e., poor, low-income, female-headed households, and households with disabled member) ⁴⁷	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women; gender sub-committee of Khuvsgul <i>aimag</i> governor's office
Output 2: Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved					
5. Increased participation of women in livestock management	6. By 2019, around 20 herder groups established, of which adult women comprise at least 30% of adults in all groups combined ⁴⁸	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women; women-owned MSMEs; gender sub-committee of Khuvsgul <i>aimag</i> governor's office
6. Women are involved in preparation of herder group management plans	7. Around 40% of participants in public meetings and/or consultative workshops are women	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women
7. Facilitated women's leadership	8. By 2019, at least 40% of around 70 natural resource-based livelihood initiatives supported by the project are led by women, as measured by the number of contracts signed by women and/or co-signed by spouses of households	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women; women-owned MSMEs

⁴⁷ In 2014, "poor" households (as defined by the 2013 *National Poverty Guidelines*) comprised 410 (43.4%) of the 943 households in Khatgal, and 668 (81.5%) of the 819 households in Khankh (National Statistical Office data). The GAP target comprises 40% (n=164) of poor households in Khatgal and in Khankh (n=267). The target of 430 households is 24% (almost one-quarter) of the total number of households in Khatgal and Khankh combined.

⁴⁸ In 2014, there were about 3,343 adults (persons aged 18–60) in the KLNP, comprising 1,697 men (51%) and 1,646 women (49%) (National Statistical Office data), a male:female ratio of about 1:1. About 750 households in the KLNP are herding households. Assuming three adults per household, this is 2,250 adult herders, of which about 1,147 are men and 1,103 are women. It is assumed for this target that at least 80% of all adult men (n=918) and women (n=882) in the herding families are involved in livestock-related livelihood activities, and that the remainder comprise people who are not or cannot be involved (e.g., due to handicaps) (there is no available data on these proportions). It is assumed that at least 60% of eligible herding women (i.e., 530 of 882) will be herding group members. This equates to 30% of the total eligible men and women (1,800).

Actions	Targets and/or Indicators	Time Frame	Budget and Sources	Responsible Organization	Key Stakeholders
8. Rural and/or herder women's capacity strengthened	9. At least 40% (n=450) of herders trained in livestock and pasture management and/or non-tourism livelihoods are women ⁴⁹ 10. Training needs assessment include gender-specific needs and priorities of target communities	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women; women-owned MSMEs
Output 3: Waste management around Khuvsgul Lake strengthened					
9. Khuvsgul Lake water quality improved	11. Around three community-based teams (total about 45 members) established to operate and maintain pilot waste management systems, of which at least 30% of members are women 12. All members of the waste management teams, and around 10 residents employed in waste management in Khatgal and Khankh, trained in sanitation, hygiene and health and safety measures, of which at least 30% are women (2015 baseline: 0 training) 13. Sex-separate toilet facilities installed	2016–2019	Included in the project budget	Implementing Agency, PIU	Local communities including women
Project management					
10. Gender-responsive project implementation	14. At least one PIU staff member is assigned to manage social and gender aspects including the GAP 15. Semi-annual progress reports and newsletters reflect gender benefits of the project 16. Sex-disaggregated data on beneficiaries	2016–2019	Included in the project budget	PIU	Local communities including women

KLNP = Khuvsgul Lake National Park, MSMEs = micro, small and medium enterprises, PIU = project implementation unit.

⁴⁹ Assumes that of the approximately 2,250 adult herders in the KLNP (see footnote 3) about 50% (1,125) will receive project training. The gender target of 40% equates to about 450 women trained.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Design and Monitoring Framework

<p>Impacts the Project is aligned with:</p> <p>Per capita income in five <i>soums</i> of Khuvsgul <i>aimag</i> increased (Khuvsgul <i>Aimag</i> Socio-Economic Development Action Plan)^a</p> <p>Management of natural resources in the KLNP improved (KLNP Management Plan)^b</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Outcome</p> <p>Livelihoods and sustainable tourism in five <i>soums</i> of the KLNP improved and integrated</p>	<p>By 2020:</p> <p>a. At least 330 households in up to five <i>soums</i> in the KLNP and buffer zone derive at least part of their income from over 100 project-supported initiatives in community-based tourism and the sustainable use of natural resources (2015 baseline: 0)</p> <p>b. The five community revolving funds established by the project continue to operate and have a capital base equivalent to at least 105% of the total amount allocated per fund (2015 baseline: 0 community revolving funds)</p> <p>c. At least three time-based and/or quantitative targets to integrate livelihoods, tourism, and waste management are incorporated in the KLNP Management Plan (2015 baseline: 0 targets)</p>	<p>a–c. KLNP annual report; project reports</p> <p>c. KLNP Management Plan</p>	<p>Tourism declines due to slowing economy</p> <p>Severe winters impact tourism and livelihoods</p>
<p>Outputs</p> <p>1. Community-based tourism in Khatgal and Khankh settlements promoted</p>	<p>By 2019:</p> <p>1a. Pilot tourism codes of practice are signed by community representatives, KLNP Administration and at least 50% of guesthouse owners (~40) (2015 baseline: 0 codes of practice)</p> <p>1b. About 400 residents trained in community-based tourism goods and services, of which at least 30% are women (2015 baseline: 0 training)</p> <p>1c. About 40 community-based tourism initiatives established, which benefit at least 120 households (including at least 40 of the poorest and most vulnerable households); at least 40% of these are led by women (2015 baseline: 0)</p>	<p>a–c. KLNP annual report; project reports</p> <p>b. Workshop and/or training attendance forms</p> <p>c. Approved loan applications</p>	<p>Limited support from commercial operators for tourism codes of practice</p> <p>KLNP rangers not sufficiently empowered to enforce lake-protection measures</p>
<p>2. Capacity for sustainable livestock and pasture management in the KLNP and buffer zone</p>	<p>By 2019:</p> <p>2a. About 1,125 adult residents in KLNP and buffer zone (i.e., about 50% of adult herders in 2014) trained in sustainable livestock and pasture management and/or nontourism livelihoods, of which at least 40% are women (2015 baseline: 0 training)^c</p>	<p>a–c. KLNP annual report, project reports, and <i>soum</i> government annual reports</p>	<p>Slower uptake of loans or rates of loan approval than anticipated</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
improved	<p>2b. About 400 households in up to five <i>soums</i> in the KLNP and buffer zone have adopted sustainable herding management practices (2015 baseline: 0)</p> <p>2c. About 70 livelihood activities initiated (e.g., household wood products in buffer zone, community dairy processing), which benefit at least 210 households; at least 40% are led by women (2015 baseline: 0)</p>	<p>b. Training attendance forms</p> <p>c. Approved loan applications</p>	
3. Waste management around Khuvsgul Lake strengthened	<p>By 2019:</p> <p>3a. Water quality monitoring program conducted since 2016 at the designed sampling locations, timing, and frequency (2015 baseline: 0 programs)</p> <p>3b. About three community-based teams (of about 45 members) established and trained to operate and maintain pilot waste management systems; at least 30% of members are women (2015 baseline: 0 groups)</p> <p>3c. About 50 pilot waste management systems designed and installed (2015 baseline: 0 systems)^d</p> <p>3d. Final review of KLNP zoning with recommendations submitted to the Ministry of Environment, Green Development and Tourism and park stakeholders (2015 baseline: 1 KLNP management plan with preliminary zoning)</p>	a–d. KLNP annual report; project reports	Limited consensus between stakeholders on internal zoning of KLNP

Key Activities with Milestones	
1. Community-based tourism in Khatgal and Khankh settlements promoted	
1.1	Establish pilot tourism comanagement group (at least 30% of members are female) (Q2 2016) [GCD, GE].
1.2	Develop stakeholder vision, objectives, and codes of practice for tourism (Q2–Q4 2016) [GCD, GE].
1.3	Identify training and resource needs for community-based tourism (Q2–Q4 2016) [GCD, GE].
1.4	Establish five community revolving funds (Q2–Q4 2016) [GCD, GE].
1.5	Implement training for community management of funds (Q2–Q4 2016) [GCD, GE].
1.6	Develop and implement community tourism activities and pilot group comanagement tourism initiatives, tailored to gender (Q4 2016–Q4 2019) [GCD, GE]. ^e
2. Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved	
2.1	Document and map existing herding and pasture management (Q2–Q4 2016).
2.2	Establish herding groups (at least 30% of members are female) (Q3–Q4 2016) [GCD, GE].
2.3	Identify training and resource needs for pasture management and income diversification (Q3–Q4 2016) [GCD, GE].
2.4	Build capacity and provide equipment (Q3 2016–Q4 2018) [GCD, GE].
2.5	Prepare and implement herder group management plans (Q4 2016–Q4 2019) [GCD, GE].
2.6	Develop and implement pilot natural resource management-livelihood initiatives and diversification (Q4 2016–Q4 2019) [GCD, GE].
3. Waste management around Khuvsgul Lake strengthened	

Key Activities with Milestones	
3.1	Design and implement water quality monitoring program (Q2 2016–Q4 2019) [GE].
3.2	Establish and train community waste management teams (at least 30% of members are female) (Q3–Q4 2016) [GE, GCD].
3.3	Design and implement pilot waste management program (Q3 2016–Q4 2019) [GE].
3.4	Review KLNP zoning and stakeholder consultations (Q3 2016–Q4 2017) [GCD, GE].
3.5	Submit final draft zoning report with recommendations (Q4 2017) [GCD].
3.6	Facilitate follow-up actions, e.g., revision of KLNP zoning (Q1–Q4 2019) [GCD, GE].
3.7	Prepare scale-up strategy and investment plan (Q2 2019).
Project management activities	
Establish steering committee, project management unit, and project implementation unit (Q1 2016).	
Assign <i>soum</i> government and community counterparts (Q1 2016) [GCD, GE].	
Prepare four annual work plans and ensure 100% of milestones are met (Q1 2016–Q4 2019).	
Implement and monitor project activities, including the design and monitoring framework, gender action plan, and environmental assessment review framework (Q1 2016–Q4 2019).	
Prepare semiannual progress reports, including inception, midterm, and final reports (Q1 2016–Q4 2019).	
Prepare and disseminate project materials and knowledge products (Q1–Q3 2019).	
Inputs	
Japan Fund for Poverty Reduction: \$3,000,000	
Government of Mongolia: \$180,000	
Assumptions for Partner Financing	
Not applicable.	

ADB = Asian Development Bank, GCD = governance and capacity development, GE = gender equity, KLNP = Khuvsgul Lake National Park, Q = quarter.

^a Khuvsgul Aimag Citizens Representative Council. 2008. *Khuvsgul Aimag Socio-Economic Development Action Plan*. Murun.

^b Ministry of Environment, Green Development and Tourism. 2014. *Khuvsgul Lake National Park Management Plan*. Ulaanbaatar.

^c In 2014, there were about 3,343 adults (persons aged 18–60) in the KLNP, comprising 1,697 men (51%) and 1,646 women (49%) (National Statistical Office data), with a male:female ratio of about 1:1. About 750 households in the KLNP are herding families. Assuming three adults per household, this is 2,250 adult herders. A training target of 50% is about 1,125 residents. The explanation of gender targets is in Section VIII Gender Action Plan of the Project Administration Manual (accessible from the list of linked documents in Appendix 2).

^d The waste management systems comprise 50 environmentally friendly toilet units and litter bins; community waste management teams; and associated team training, payment systems, and operational and maintenance procedures.

^e These initiatives will be led by the comanagement group and funded directly by the project grant, subject to review and approval by ADB. Examples are public open-day events on the tourism codes of practice, education materials on litter, and a community-led pilot to maintain tour boats to avoid water pollution.

Source: ADB.

B. Monitoring

71. **Project performance monitoring.** A project performance monitoring system (PPMS) will be established for the project.⁵⁰ The design and monitoring framework (DMF) forms the basis for monitoring the project progress. During project implementation, the PPMS, through the project performance report, will monitor the likelihood that key milestone dates for **activities**, **outputs**, **outcome**, and **impact** will be achieved. For the **impact**, measured 5 years after

⁵⁰ ADB's PPMS is a coherent and results-based approach to project planning, performance monitoring, and evaluation of results. The PPMS comprises five components: (i) DMF; (ii) project performance report (PPR); (iii) grant recipient's monitoring and evaluation (at the central, and executing and implementing agencies levels); (iv) project completion report (PCR); and (v) project performance evaluation report (PPER), and where appropriate, impact evaluation studies. The DMF provides the basis upon which the PPMS operates. It does this by establishing quantified, time-bound targets and measurable indicators, and by identifying key risks and assumptions that are used to monitor and evaluate performance in the PPR, PCR, and PPER.

project completion, this will be indirectly through monitoring assumptions and risks. The DMF will be reviewed during the project implementation and if needed, adjusted to reflect changing circumstances and project environments so that the project **outcome** can be achieved. Following project completion, the project is subject to an assessment of the **outcome** along with recommendations for enhancing and sustaining the outcome. A project completion report will also include a preliminary assessment of the **impact**. The project **impact, outcome, outputs, and targets and indicators** can be seen in the DMF.

72. The PMU will monitor project implementation through reports from the PIU as well as feedback from the executing and implementing agencies, project steering committee, project beneficiaries, and other stakeholders. ADB will monitor project performance in five aspects, i.e., technical, procurement, disbursement, financial management, and safeguards, through the executing agency's semi-annual progress reports (prepared by the PMU and endorsed by the executing agency), day-to-day communication with the PMU, and ADB review missions.

73. **Compliance monitoring.** The PMU on behalf of the executing agency will monitor compliance with covenants stipulated in the grant agreement. ADB will monitor the compliance status through the executing agency's semi-annual progress reports, day-to-day communication with the PMU, and ADB review missions; and take necessary remedial measures for any non-compliance.

74. **Environmental safeguards monitoring.** During implementation, the PIU will monitor the implementation of the EARF, including the grievance redress mechanism (Appendix 3) and include progress as part of the overall reporting to the PMU. PMU and PIU team members will be required to screen, monitor and report the activities under their coordination against the EARF and this is included in their terms of reference (Appendix 1). Progress reporting will be semi-annual and submitted as part of the overall semi-annual project progress reports. In the event of any environmental incidents, accidents, or complaints, the implementing agency and PIU will immediately report these to the PMU, executing agency and ADB. If required, corrective actions will be developed and agreed upon between the executing and implementing agencies, PMU and PIU, and any other relevant agencies.

75. **Social safeguards monitoring.** The project outcome and outputs are intended to achieve inclusive livelihood benefits for the communities in the project area. No involuntary resettlement impacts will occur due to the project. Small numbers of one indigenous group, the Dukha ("reindeer people") occasionally visit Khuvsgul Lake. The project will not impact on the Dukha which visit Khuvsgul Lake (Section VII). A summary poverty reduction and social strategy (SPRSS) has been prepared and includes the need to adhere to core labor standards and design the project eco-tourism activities to be culturally sensitive. The PIU will immediately inform the PMU, implementing and executing agencies, and ADB, of any unanticipated social safeguard concerns.

76. **Gender and social dimensions monitoring.**⁵¹ The PMU, with assistance from the social and gender specialist, will record sex-disaggregated data and information on the social, gender, and participatory aspects of the project during the project activities. Monitoring and evaluation of the GAP will be incorporated into the project reporting. The social and gender

⁵¹ ADB's *Handbook on Social Analysis: A Working Document*, is available at: <http://www.adb.org/Documents/Handbooks/social-analysis/default.asp>, *Staff Guide to Consultation and Participation*: <http://www.adb.org/participation/toolkit-staff-guide.asp>, and, *CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations*: <http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp>

specialist will prepare an annual report on GAP implementation and progress, and will work closely with the project communities.

C. Evaluation

77. Project performance will be regularly monitored and rated through ADB's e-Operations project implementation module. ADB's overall grant implementation rating will be made based on five performance indicators: technical, procurement, disbursement, financial management, and safeguards (Section IX.B). Such rating will be updated semi-annually based on executing agency's semi-annual project progress reports and/or ADB review missions.

78. ADB will conduct an inception mission when the grant becomes effective. ADB and the government will jointly field review missions of the project at least once a year. The missions will (i) review overall implementation of the project and update, in consultation with the executing agency, the project implementation schedule; (ii) examine existing and potential implementation problems, and find out measures with the executing agency to resolve them; (iii) review progress in procurement and disbursement; (iv) review the grant recipient's compliance with grant covenants and, where there is any noncompliance or delay, discuss proposed remedial measures; and (v) assess the likelihood of attaining the project's outcome.

79. ADB and the government will undertake a midterm review at the beginning of the third year of project implementation, to assess implementation status and take appropriate measures—including modification of scope and implementation arrangements, and reallocation of grant proceeds, as appropriate—to achieve the project's outcomes and impact.

80. A final ADB review mission will take place within six months after physical completion of the project. This mission will: (i) assess project performance against targets and benchmarks including any revision(s) as agreed during the midterm review; (ii) identify any incomplete activities, or unused project funds; and (iii) determine the project satisfactory rating. A project completion report will be prepared, in cooperation with the government. In case the project is selected as a sample of projects for project performance evaluation reporting, the project will be subject to more detailed performance evaluation and impact assessment about three or more years after completion.

D. Reporting

81. The PMU, on behalf of the executing agency, will provide ADB with: (i) semi-annual project progress reports in a format consistent with ADB's project performance reporting system; (ii) updated procurement plan; (iii) updated implementation plan for each 12 months; and (iv) a project completion report⁵² within six months of physical completion of the project. The completion report will present the government's assessment of the project's effectiveness and will take account of findings of the ADB's final review. To ensure that the project continues to be viable and sustainable, project accounts and the executing agency audited financial statements, together with the associated auditor's report, should be adequately reviewed.

82. The PMU shall include the results of implementing the EARF, GAP and SPRSS in the semi-annual reports to be submitted by the executing agency to ADB. This shall include progress with implementation of the environmental management plan (EMP), grievance redress

⁵² Format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

mechanism, site inspection checklists, and any completion forms by the *soum* environmental inspectors.

83. **Donor visibility.** All project reports, training programs, seminars, workshops, materials, and equipment financed by the JFPR grant will clearly indicate the funding from the Government of Japan (GOJ) and display the JFPR and Japan Official Development Assistance logos.⁵³ All project press releases issued by ADB will refer to the financial contribution from the GOJ. The GOM, including the executing and implementing agencies, are requested to ensure that JFPR-financed activities are well covered by local print, electronic and social media, and that all related publicity materials, official notices, reports and publications explicitly acknowledge Japan as the source of funding received. The executing and implementing agencies, and PMU and PIU will collect and maintain a database of high-resolution photographs of the project activities, for use in project communication activities and for provision to the GOM, ADB, and Embassy of Japan in Mongolia, which may use them for public awareness and visibility purposes.

84. **Dissemination of project results to the Government of Japan.** The PMU will provide the executing agency and ADB with reporting materials on the project activities, including high resolution photos, testimonials from project recipients and implementers, publications, and other knowledge products. In turn, the ADB project team will provide this information to ADB's Office of Co-Financing Operations–Japan team, as well as back-to-office reports, inception, midterm review, and completion reports.⁵⁴

E. Stakeholder Communication Strategy

85. A stakeholder communication strategy has been prepared for the project (Appendix 4). Khuvsgul Lake is revered in Mongolia as the “blue pearl” and “mother ocean”. It is a high-profile area subject to frequent media coverage as well as increasing government and private sector attention for tourism. The project requires stakeholder participation and ownership, especially from local communities, tour operators, and guest house owners. The communication strategy prescribes timely and inclusive dissemination of project progress and the opportunity for public feedback. The strategy focuses on three objectives: (i) effective communication with the project stakeholders in the KLNP, to achieve informed and supportive engagement; (ii) project visibility and media; and (iii) coordination and alignment of the project activities with other donor programs at the KLNP. The integrated model of the project will be promoted, including to agencies elsewhere in Mongolia. Public disclosure of project documents and activities will be made available through a project website, to be established after project effectiveness, as well as other dissemination approaches. Donor visibility (Section IX.D) is part of these activities.

X. ANTICORRUPTION POLICY

86. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.⁵⁵ 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 and/or 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.⁵⁶

⁵³ ADB. 2015. *Japan Fund for Poverty Reduction. Guidance Note on Visibility of Japan*. Manila.

⁵⁴ ADB. 2015. *Japan Fund for Poverty Reduction. 2015 Policy Guidelines for Project Grants*. Manila.

⁵⁵ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-IntegrityGDT'sE/Policies-Strategies.pdf>

⁵⁶ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

87. To support these efforts, relevant provisions are included in the grant agreement and will be included in the procurement documents and consultant contracts financed by the grant. These key risks and mitigating measures were discussed and agreed between ADB and the grant recipient during grant processing as per the Second Governance and Anticorruption Action Plan.

XI. ACCOUNTABILITY MECHANISM

88. 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.⁵⁷

XII. RECORD OF PAM CHANGES

89. All revisions and/or updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

⁵⁷ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

CONSULTANT'S TERMS OF REFERENCE

1. The project grant will finance consulting services under the project comprising one international consultant for three person-months (pm) and 16 national consultants for 487 pm (total 490 pm), to be recruited by the executing agency, following ADB's individual consultant selection (ICS) method. A summary of the consultant services inputs is presented in Table A1.

Table 1: Consulting Services Inputs

No.	Position ^a	Anticipated Base Station	Person-Months
A. Project Management Unit Consultants			
1	Project manager	PMU	45
2	Implementation specialist	PMU	45
3	Accountant	PMU	45
4	Procurement specialist	PMU	9
5	Geographic information systems specialist	PMU	8
Subtotal (A)			152
B. Project Implementation Unit Consultants			
1	Project field coordinator	PIU	45
2	Eco-tourism specialist	PIU	24
3	Waste management specialist (international)	PIU	3
4	Waste management specialist	PIU	30
5	Livestock and pasture management specialist	PIU	36
6	Agricultural processing specialist	PIU	24
7	Rural finance specialist	PIU	24
8	Income generation specialist	PIU	30
9	Protected area specialist	PIU	24
10	Social and gender specialist	PIU	8
11	Khankh officer	PIU	45
12	Driver	PIU	45
Subtotal (B)			338

PIU = project implementation unit, PMU = project management unit.

^a Positions are national unless indicated otherwise.

Source: Asian Development Bank.

A. Project Management Unit Consultants

2. **Project manager** (national, 45 pm, PMU-based with field assignments). The consultant will have: (i) a postgraduate degree related to general administration (e.g., economics, business administration, public administration) or technical aspects of the project (natural resource management, tourism, waste management); (ii) at least 10 years of relevant professional experience with experience working for project(s) financed by the Asian Development Bank (ADB) or other international organizations, of which the consultant worked in a managerial capacity for at least 3 years; (iii) demonstrated ability to manage a team, prepare reports, and work with the government and private sector, communities, and civil society organizations (CSOs); (iv) excellent facilitator of meetings and negotiations for a wide range of stakeholders, especially governments, private sector, and communities; (v) excellent command of English and Mongolian; and (vi) good computer skills. Previous experience with ADB project(s) is preferred. The consultant will lead the PMU and PIU and be responsible for overall and day-to-day management of project implementation in accordance with the grant agreement, project administration manual (PAM), and policies and guidelines of ADB, the executing agency, and

project steering committee (PSC). The consultant will ensure that the project outcome and outputs are achieved in a timely manner. Specifically the consultant will:

- (i) Assist the executing and implementing agencies in grant agreement execution, monitoring and reporting of project implementation, and communication with ADB;
- (ii) Ensure timely establishment of the PIU under the Khuvsgul Lake National Park (KLNP) Administration, including the recruitment of a project field coordinator and PIU technical experts, in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time);
- (iii) Establish cooperative relationships and agreements with the executing and implementing agencies, *aimag* and *soum* government counterparts, communities, tour operators, and nongovernment organizations, for effective project implementation and visibility of project impacts;
- (iv) Represent the project in building productive relationships with key stakeholders such as the Embassy of Japan and Japan International Cooperation Agency (JICA) in Ulaanbaatar and other donors and projects. In particular, work with the executing and implementing agencies and ADB to continue developing possibilities for collaboration initiated in the project preparation phase, including (a) "sister academic arrangements" with international agencies e.g. Ritsumeikan University (environmental studies at Khuvsgul Lake for over 10 years), University of Hokkaido (Global Center of Excellence – Japan Mongolia Environmental Synergy), Kushiro International Wetland Center; and (b) development of eco-tourism e.g. with Japan Association of Travel Agents.
- (v) Ensure timely procurement of works, goods and services, with the assistance of the financial management and procurement specialist, in accordance with ADB's Procurement Guidelines (2015, as amended from time to time);
- (vi) Oversee the project performance monitoring system (PPMS), to be established by the project implementation specialist, and working closely with them;
- (vii) Ensure timely grant utilization, with the assistance of the financial management and procurement specialist, in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time);
- (viii) Manage the project imprest account and budget, and ensure proper utilization, accounting, and accountability, of project funds, in accordance with the PAM;
- (ix) Guide and supervise the PMU and PIU consultants, and ensure close cooperation and coordination among them, for smooth project implementation and achievement of project outcome;
- (x) Administer project operations ensuring timely execution of the implementation plan and achieving targets in the design and monitoring framework (DMF);
- (xi) Regularly update the project implementation plan and budget in consultation with ADB, the executing agency, and PSC;
- (xii) Assist the executing agency and PSC before and during ADB review missions;
- (xiii) Assist the executing agency in the preparation of terms of reference for, and recruitment of, auditor(s) for the annual project auditing;
- (xiv) Provide full cooperation and inputs during the annual audits of project accounts;
- (xv) Present findings and/or discussion items to PSC and ensure timely responses and/or implementation of PSC's guidance;
- (xvi) Ensure overall compliance of project activities with the project guidelines for the community revolving funds, environmental assessment and review framework (EARF), gender action plan (GAP), DMF, PAM, and stakeholder communication strategy;

- (xvii) Ensure that all project reports, training programs, seminars, workshops, materials, and equipment financed by the Japan Fund for Poverty Reduction (JFPR) grant clearly indicate the funding from the Government of Japan (GOJ) and display the JFPR and Japan Official Development Assistance (ODA) logos. Remind the executing and implementing agencies to also highlight JFPR support in their project media activities;
- (xviii) Prepare semi-annual project progress reports and a project completion report, as well as other reports and publications, as required, and include in these high-resolution photos, testimonials from project recipients and implementers, publications, and other knowledge products; and
- (xix) Report to the Ministry of Environment, Green Development and Tourism (MEGDT), Ministry of Finance, and ADB on project implementation progress in a timely manner.

3. **Implementation specialist** (national, 45 pm, PMU-based with frequent field assignments). The consultant will have: (i) a postgraduate degree in business administration, public administration, economics, natural resources management, and/or a related field; (ii) at least 5 years of experience with donor-funded project(s) with extensive field operations, and will have worked in a similar capacity for at least 2 years; (iii) excellent facilitator of meetings and negotiations for a wide range of stakeholders, especially local governments, private sector, and communities; and (iv) good command of spoken and written English. Under the supervision of the project manager, the consultant will be responsible for (i) ensuring project implementation towards the project targets specified in the DMF, (ii) ensuring project implementation in compliance with ADB social and environmental policies, and (iii) ensuring effective monitoring of project activities. Specific duties will include:

- (i) Establish and maintain the project performance monitoring system (PPMS), including monitoring schedule, for regular monitoring of project implementation;
- (ii) Ensure that all PMU and PIU members and other relevant stakeholders (especially the implementing agency) are aware of and understand the PPMS, project targets in the DMF and GAP, and compliance requirements and procedures in the EARF, PAM, and grant agreement;
- (iii) Ensure that all PMU and PIU members and other relevant stakeholders (especially the implementing agency) regularly provide updated information and progress toward the project targets and requirements;
- (iv) As part of the PPMS, maintain a project-specific, sex-disaggregated database;
- (v) At project inception, review and, if necessary, refine the DMF and GAP target indicators, including collection and/or confirmation of baseline data as needed;
- (vi) Screen all proposed activities to ensure compliance with the project EARF, GAP, DMF, and PAM and assist the PIU as necessary in compliance with these documents;
- (vii) Oversee and assist the project rural financing specialist to develop the operational guidelines and framework for the community revolving funds, including compliance with the EARF, GAP, DMF, and domestic and ADB policies and regulations;
- (viii) Assist the project manager in preparing and updating the project implementation schedule;
- (ix) Lead the PIU in cooperation with the implementing agency to carry out baseline data confirmation and/or collection and updating during project implementation;
- (x) Assist the PIU in preparing proposals for training, workshops, and publications in line with the project implementation schedule;

- (xi) Assist the PIU in leading and/or facilitating participatory stakeholder meetings, including taking a leading role in sensitive or complex negotiations as needed;
- (xii) Oversee implementation of the stakeholder communication strategy, including ensuring that all PMU and PIU team members are aware of the strategy and their roles to support effective implementation;
- (xiii) Assist the project manager in preparing project progress reports in a timely manner, including progress toward targets of the DMF and GAP and compliance with the EARF, PAM, and grant agreement;
- (xiv) Take minutes of workshops, meetings, and/or seminars, and draft memos and letters for PMU, as required; and
- (xv) Develop lessons learned and policy recommendations. This will include leading the preparation of a scale-up strategy and investment plan for after project completion, which will specify: (a) arrangements for continued operation, maintenance, and financing of the project facilities, including the pilot co-management tourism group, community revolving funds, community waste management teams, and eco-toilets and litter bins; and (b) specific options for ADB follow-up and scale-up after the project. The specialist will be assisted by other relevant PIU specialists, who will provide specific contributions relevant to their works (see terms of reference for PIU specialists).

4. **Accountant** (national, 45 pm, PMU-based with occasional field assignments). The consultant will have: (i) a postgraduate degree in business administration, accounting, public administration, and/or a related field; (ii) at least 5 years of experience with donor-funded project(s), during which the consultant will have worked in the equivalent capacity for at least 3 years; (iii) demonstrated qualifications and/or training in financial management and procurement; (iv) proficient command of Microsoft Word and Excel; and (v) good command of written and spoken English. Previous experience with international financial institution (IFI) project(s), including ADB and/or World Bank, is preferred. Under the supervision of the project manager, the consultant will provide administrative support to project activities at the PMU, including (i) efficient disbursement operations; (ii) recruitment of consultants; (iii) monitoring and controlling of contracts; and (iv) ensuring that all of the above tasks are carried out in full compliance with relevant policies and guidelines of the government and ADB. Specific duties will include:

- (i) Assist the executing agency and implementing agencies to open and maintain a project imprest account (in Ulaanbaatar) and subaccount (in the project area) in accordance with ADB's *Loan Disbursement Guidelines* (2015, as amended from time to time);
- (ii) Establish and maintain an accounting management system for the PMU and PIU. In agreement with the executing agency and MEGDT's Economic, Financial and Planning Division (EFPD), identify and select financial management software to be used for the project, which is acceptable to ADB and the government, supported by maintenance of hard-copy ledgers and records. Excel may be used for daily work and management rather than for the final storing and security of the project accounts;
- (iii) Liaise and coordinate with EFPD for their provision of financial oversight to the executing and implementing agencies;
- (iv) Provide information required for annual audits;
- (v) Monitor contractor performance to ensure timely completion of contracts;
- (vi) Document project activities related to procurement of goods and services and recruitment of consultants and file these in a systematic and timely manner,

- together with all other relevant documents, for auditing and translating of relevant documents as needed;
- (vii) Prepare statements of expenditure as required for domestic and ADB reporting and replenishment of the grant imprest account;
 - (viii) Respond to reviews and/or requests for financial information by the government and ADB, as necessary, in the course of project operations;
 - (ix) In line with ADB's *Strategy 2020 MTR Action Plan Review*, assess the feasibility to remove the ceiling for the SOE procedure, seek review and/or approval from ADB, and review and update the FMA as needed (PAM Sections V.A–B);
 - (x) Regularly review progress and compliance with the project financial management action plan (see Section V) and identify the need for new measures as needed, to ensure the plan remains dynamic and relevant, and that any financial issues are quickly identified and addressed;
 - (xi) Assist the project manager, government, and ADB, as necessary, in the facilitation of annual external audit assessments;
 - (xii) Assist the PMU and PIU in organizing training and workshops;
 - (xiii) Assist the project manager in preparing project progress reports in a timely manner; and
 - (xiv) Establish and maintain a systematic filing system and asset management system at the PMU and PIU, for the future transfer of the files and assets to the executing agency.

5. Procurement specialist (national, 9 pm, PMU-based with occasional field assignments). The consultant will have: (i) a postgraduate degree in business administration, accounting, public administration, and/or a related field; (ii) at least 5 years of experience with donor-funded project(s), during which the consultant will have worked in the equivalent capacity for at least 3 years; (iii) demonstrated qualifications and/or training in procurement; (iv) proficient command of Microsoft Word and Excel; and (v) good command of written and spoken English. Previous experience with IFI project(s), including ADB and/or World Bank, is preferred. Under the supervision of the project manager, the consultant will: (i) implement the procurement of works, goods, and services; (ii) ensure the project procurement plan is completed in a timely and effective manner; (iii) report on the completion of procurement packages; and (iv) ensure that the above tasks are carried out in full compliance with relevant policies and guidelines of the government and ADB. Specific duties will include:

- (i) Assist the project manager and accountant to establish and maintain the project accounting management system and a systematic filing and asset management system, so that (a) recording the implementation of the project procurement plan is integrated into the management systems, and (b) files and assets can be handed over to the executing agency at project completion;
- (ii) Review and, if necessary, suggest revisions to the procurement plan;
- (iii) Implement the project procurement plan, including the timely procurement of works, goods, and services, in compliance with government regulations and ADB's Procurement Guidelines (2015, as amended from time to time);
- (iv) Provide administrative support for recruitment of consultants in accordance with the procurement plan and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time);
- (v) Document project activities related to the procurement of goods and services and recruitment of consultants and file these in a systematic and timely manner, in the agreed formats under the project accounting management system;

- (vi) Assist the PMU and PIU in organizing procurement training and workshops for the executing and implementing agencies; and
- (vii) Assist the project manager and accountant in preparing project progress reports in a timely manner.

6. **Geographic information systems (GIS) specialist** (national, 8 pm, PMU-based with occasional field assignments). The specialist will have: (i) a master's degree in GIS or equivalent experience and skills; (ii) demonstrated proficiency in at least one international GIS software package (e.g., ArcInfo) and the ability to develop databases; (iii) ability to efficiently compile and harmonize large amounts of digital data; and (iv) ability to produce high-quality decision support tools, especially maps. Under the supervision of the project manager, the consultant will work closely with the PIU team members to support them in the development of a project database and decision support tools. Specific duties will include:

- (i) Obtain data layers required for the project such as administrative and park boundaries, towns, roads, rivers, topography, vegetation, ethnic minorities, and biodiversity hotspots, including data established in previous projects;
- (ii) Respond to the specific data requirements of the PIU team, especially the pasture and livestock specialist and protected area specialist;
- (iii) Develop a database and GIS tailored to the project, in a format compatible with the existing systems of the MEGDT, so that the project files and data layers can be transferred to the executing and implementing agencies upon project completion;
- (iv) Prepare new data layers using data compiled and provided by the PIU team members, and advise the team on data requirements and format to assist the GIS specialist to incorporate the data into the GIS;
- (v) As far as possible, verify the accuracy of key data layers, and clearly document the data sources;
- (vi) Ensure that all data layers are harmonized and compatible with existing systems of the MEGDT; and
- (vii) Prepare maps as required by team members, such as the location of grazing areas, herding group lands, species and/or habitat distribution, and park zoning.

B. Project Implementation Unit Consultants

7. **Project field coordinator** (national, 45 pm, PIU-based with frequent field assignments). The consultant will have: (i) a postgraduate degree in business and/or public administration or technical aspect of the project (e.g., natural resources management, protected area management, agricultural science); (ii) at least 5 years of relevant experience, including 3 years of experience in a coordinator capacity with project(s) financed by ADB or other international organizations; (iii) extensive field operations experience, including working with *soum* governments, protected area authorities, and local communities; and (iv) good command of written and spoken English. Previous experience with ADB project(s) is preferred. Under the direct supervision of the project manager, the consultant will: (i) lead the PIU in implementing project field activities; (ii) supervise the PIU team, including the technical specialists and administrative staff; and (iii) report regularly to the project manager on project implementation progress. Specific duties will include:

- (i) Report to, and support, the project manager in ensuring close coordination within the PMU;

- (ii) Establish and maintain cooperative relationships with the KLNP Administration, *soum* governments, communities, tour operators, CSOs, other donors, and other key stakeholders;
- (iii) Provide required support to the PIU team, including the facilitation of team and stakeholder planning, and timely and effective implementation of training, workshops, and other fieldwork;
- (iv) Ensure timely formation of community groups for local tourism initiatives, and pasture, livestock, and/or fisheries management;
- (v) Ensure financial management of the PIU and provide full cooperation and inputs required during the annual audits of project accounts;
- (vi) Assist the project manager in updating the detailed implementation schedule and/or budget as required;
- (vii) Prepare a stakeholder participation plan, to ensure that project activities effectively reach all target stakeholders, especially poor and remote households. The plan should link in with and complement the stakeholder communication strategy (Appendix 4);
- (viii) Ensure that all project activities comply with the project planning and framework documents, including the project DMF, EARF, GAP, PAM, and stakeholder communication strategy. Ensure that all PIU staff are aware of, and actively support the implementation of, these documents in their assigned tasks;
- (ix) Support the PMU in establishing a PPMS that includes collection and/or confirmation of baseline data for target indicators at project inception, and compliance with the EARF and GAP;
- (x) Support the PMU in monitoring project implementation progress and environmental safeguard compliance according to the monitoring plan;
- (xi) Collect and maintain a database of high-resolution photographs of the project activities, for use in project communication activities and for provision to the Government of Mongolia, ADB, and Embassy of Japan, which may use them for public awareness and visibility purposes;
- (xii) Assist the project manager in preparing project progress reports and a consultant's final report at the end of the project;
- (xiii) Support the project manager, implementing agency, and PSC, in preparation for and during ADB review missions;
- (xiv) With the project technical specialists, develop lessons learned and policy recommendations on the integration of livelihoods improvement with protected area management, including community-based tourism, waste management, and natural resources management.

8. **Ecotourism specialist** (national, 24 pm, PIU-based with frequent field assignments). The consultant will have: (i) a degree in tourism, business, and/or public administration, or relevant technical aspect of the project (e.g., natural resources management); (ii) at least 5 years of experience in the tourism industry including at least 3 years on eco-tourism and preferably within protected areas; (iii) extensive field operations experience, including working with *soum* governments, protected area authorities, and local communities; (iv) excellent communication, coordination, and consultation skills, and the ability to lead complex discussions with a range of stakeholders with different views, resulting in group consensus; and (v) good command of written and spoken English. Experience with donor-funded projects is an advantage. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will: (i) lead the implementation of the project eco-tourism activities; (ii) work closely with the other PIU team members and PMU; and (iii) report regularly to the project manager on project implementation progress. Specific duties will include:

- (i) Coordinate the establishment of the pilot co-management tourism group and development of the stakeholder vision for tourism, and tourism codes of conduct, under output 1;
- (ii) Facilitate the group meetings, providing independent and objective advice, including based on examples and lessons learned from similar processes elsewhere in Mongolia and internationally;
- (iii) Facilitate and prepare the draft charter and work plan for the group;
- (iv) Prepare the draft documents resulting from the group meetings and efforts, including the proposed vision, objectives, and draft codes of conduct for tourism in the KLNP;
- (v) Facilitate the circulation of the draft documents and stakeholder feedback, including review and approval by the KLNP Administration, communities, tour operators, *soum* governments, and other relevant stakeholders;
- (vi) For the tourism codes of conduct, organize participatory meetings which aim to result in the majority of guest house and home stay operators supporting and signing the codes;
- (vii) With the pilot co-management group and the project rural financing and income generation specialists, conduct stakeholder meetings in Khatgal and Khankh with residents and tour operators to identify market demand for tourism goods and services, and community-based tourism initiatives;
- (viii) With the pilot co-management group and the project rural financing and income generation specialists, help identify the range of activities which may be supported by the project, including through (a) the pilot co-management group initiatives, and (b) the pilot community revolving funds. The pilot co-management group initiatives refer to pilot activities that would be developed and led by the group and funded directly by the grant (not via the community revolving funds), subject to government and ADB review and approval. Examples might include public open-day events on the tourism codes of practice; education materials on litter; community-led pilot to maintain tour boats to avoid water pollution;
- (ix) Screen all proposed activities against the project EARF, and work with all relevant team members to ensure the activities comply with the project framework documents, including the social and gender specialist (for targets under the GAP), DMF, PAM, and stakeholder communication strategy (project field coordinator; all team members), as well as the KLNP Management Plan (2014), Mongolia's *Law on Special Protected Area*, *Law on Buffer Zones*, other relevant domestic laws and regulations;
- (x) Design and conduct training for the communities and tour operators on establishing the new community-based tourism businesses financed by the revolving fund;
- (xi) Design and organize training for local residents in tourism jobs (to increase skills in existing jobs as well as for new jobs), and help facilitate the training conducted by other tourism specialists which may be contracted temporarily by the project for specific topics;
- (xii) Assist the project manager and field coordinator to organize the international eco-tourism training course, to be conducted in Japan and locally, including a training program tailored to local conditions;
- (xiii) Facilitate the development of a 'Khuvsugul identity' for tourism products and services and other marketing initiatives;
- (xiv) Assist the project field coordinator and manager in preparing project progress reports in a timely manner; and,

- (xv) Develop lessons learned and policy recommendations. This will include assisting the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements on eco-tourism as relevant for: (a) arrangements for continued operation, maintenance, and financing of the project facilities, including the pilot co-management tourism group; and (b) specific options for ADB follow-up and scale-up after the project.

9. **Waste management specialist** (international, 3 pm; with about 2.5 pm at the PIU, and 0.5 pm home-based). The consultant will have: (i) a postgraduate degree in sewage and/or solid waste management, such as the design of waste collection, treatment, and disposal systems, or relevant technical aspect of the project; (ii) at least 10 years of experience designing small-scale waste management systems tailored to very cold, remote, and fragile environments with minimal infrastructure, including at least 3 years in the practical implementation and refinement of such systems; and (iii) excellent command of spoken and written English. Experience in ecological sanitation (ecosan) systems and working in protected areas is highly preferred. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will: (i) lead the design of the pilot waste management systems; (ii) work closely with the PIU national waste management and income generation specialists, other PIU team members, and PMU; and (iii) report regularly to the project manager on project implementation progress. Specific duties will include:

- (i) Review the status of sewage and solid waste pollution at the KLNP and existing systems for sewage and solid waste collection, treatment and disposal;
- (ii) Identify waste management approaches for the KLNP that reflect the specific needs of the park and local conditions, including the very cold and often frozen environment and lack of water infrastructure (slow decomposition rates, no piped water, water frozen most of year), seasonal nature of sewage production (large volumes of tourists in summer followed by long durations with few visitors), fragile ecology, and avoidance of large-scale treatment infrastructure and methods dependent on water;
- (iii) Prepare a pilot waste management system for the KLNP, including detailed design option(s) for sewage and litter collection, treatment, and disposal, which are eco-friendly, as simple as possible, require minimal construction, avoid or minimize environmental impacts during construction, installation, or operation, and as far as possible utilize materials which can be made locally;
- (iv) Especially, review the potential for ecosan toilet systems for the park, with systems and facilities tailored to needs (e.g., larger facilities for main public grounds; smaller ones for small tour camps and homes);
- (v) For ecosan toilet systems, identify the potential for re-use of the liquid and solid sewage, including the time needed for safe decomposition, conversion of the solid sewage to humus, and local disposal options (e.g., fertilizer in forest plantations);
- (vi) Prepare whole-of-life cycle construction and operational arrangements for these pilot waste management systems, including obtaining the goods and works, installing the facilities, maintaining them, disposing the waste, the formation of community waste management teams (including linking in with the role of the existing contractors – local residents – who transport waste to landfill), training needs for these teams, and costs and sources of financing for operation and maintenance;
- (vii) Support the national waste management and income generation specialists to (a) design a pilot community-based system for the management of the pilot facilities,

- which provides income to the community and which is supported by other stakeholders; and (b) identify specific stakeholders to pilot the facilities;
- (viii) Tailor the pilot systems as necessary to the specific conditions and context of Khatgal and Khankh, taking into account the differing poverty status, geographic location, and access to resources in each settlement;
- (ix) Review the current status and operation of the Khatgal and Khankh landfill sites, and provide recommendations on how their management and effectiveness could be improved;
- (x) Screen all proposed activities against, and ensure compliance with the project EARF;
- (xi) Prepare brief progress updates as required and a final report describing all findings and recommendations; and
- (xii) Develop lessons learned and policy recommendations. This will include assisting the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements on waste management as relevant for: (a) arrangements for continued operation, maintenance, and financing of the project facilities, including the pilot eco-toilet units and litter bins; and (b) specific options for ADB follow-up and scale-up after the project.

10. **Waste management specialist** (national, 30 pm, PIU-based with frequent field assignments). The consultant will have: (i) a degree in waste management, water treatment, or relevant technical aspect of the project; (ii) at least 10 years of experience in the waste management industry; (iii) strong participatory and facilitation skills, in leading stakeholder consultations and participatory planning; and (iv) good command of spoken and written English. Experience in designing and implementing waste management systems in protected areas in very cold and remote regions, and ecological sanitation (ecosan) toilet systems is highly preferred. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will: (i) work closely with the international waste management specialist to conduct all listed tasks, and other key PIU team members; and (ii) report regularly to the project manager on project implementation progress. Specific duties will include:

- (i) Co-review the status of sewage and litter pollution at the KLNP and existing systems for sewage and solid waste collection, treatment and disposal;
- (ii) Support the international waste management specialist for preparation of detailed pilot method(s), designs, construction, and operational procedures for eco-friendly sewage collection, treatment, and disposal, especially piloting the use of ecosan systems;
- (iii) Support and help arrange the field work of the international and national waste management specialists, including translation for the international specialist and of relevant documents, and arranging meetings;
- (iv) Lead the design of a pilot community-based waste management system for the pilot waste facilities, working closely with the international waste management specialist and income generation and social and gender specialists;
- (v) Based on consultation and participatory meetings with residents, tour operators, and the KLNP Administration, identify the number of teams, selection of members, specific roles and responsibilities to manage the camping areas and waste management facilities, selection of guest camps and homes stays to be involved in the pilot, the fees that community teams will charge to public tourists at campsites, and links with the waste transport contractors;

- (vi) Prepare a brief operating handbook, in non-technical language, which describes the whole-of-life cycle pilot waste management system, for use by the community waste management teams, tour operators, and KLNP Administration. The handbook will include operational and maintenance procedures, costs, and financing;
- (vii) Ensure that all designs comply with and support the KLNP Management Plan (2014), Mongolia's *Law on Special Protected Areas*, National Waste Management Strategy, and other relevant laws and regulations, as well as the project environmental assessment and review framework;
- (viii) Coordinate the trialing and implementation of the pilot systems;
- (ix) Prepare and implement a monitoring schedule to inspect the pilot facilities and procedures, and identify problems, benefits, and lessons learned, over the four year duration of the project;
- (x) Assist the project manager in preparing project progress reports; and
- (xi) With the international specialist, develop lessons learned and policy recommendations. This will include assisting the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements on waste management as relevant for: (a) arrangements for continued operation, maintenance, and financing of the project facilities, including the pilot eco-toilets and litter bins; and (b) specific options for ADB follow-up and scale-up after the project.

11. **Livestock and pasture management specialist** (national, 36 pm, PIU-based with frequent field assignments). The consultant will have: (i) an undergraduate degree (postgraduate is preferred) pasture management, animal husbandry, agricultural science, or a related field; (ii) at least 5 years of experience with pasture management, nomadic husbandry, and/or agricultural product processing; (iii) strong participatory and facilitation skills, in leading stakeholder consultations and participatory planning; and (iv) familiarity with the current legal framework for pasture access and use, including within protected areas. Previous experience with donor-funded project(s) and basic command of English are an advantage. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will work closely with the relevant departments (e.g., the agricultural and land management departments at the *aimag* level, and veterinary and livestock breeding units and land management officers at the *soum* level) to implement the livestock and pasture activities under project output 2. Specific duties will include:

- (i) Through desktop review and field surveys as necessary, document and map, with the GIS specialist, the location of current grazing lands in the KLNP, number and location of herding families, livestock composition, and other basic data on the current status of livestock and pasture use in the KLNP;
- (ii) Compile and review data on historical and recent trends of livestock numbers and herd composition in the KLNP;
- (iii) Review and compile available scientific information on carrying capacities and optimal grazing and livestock management regimes for the KLNP, including discussions with key experts from the National University of Mongolia, and international experts and studies at the KLNP;
- (iv) Review and compile traditional knowledge on herding and livestock practices and carrying capacity in the KLNP, through meetings with the herding families;
- (v) Using this scientific and traditional knowledge, and through participatory stakeholder planning, identify the carrying capacity of pasture areas, optimal pasture management and livestock grazing arrangements, and other key issues;

- (vi) Identify the herding families to be involved in the project, especially the poorest households and families and/or those along on the west, northwest, and southeast shorelines of Khuvsgul Lake, and isolated communities east of the lake;
- (vii) Facilitate the participatory development of herder groups (and if needed and/or feasible, an overall herder group organization), and herder group management plans, which are endorsed by the KLNP Administration and *soum* governments;
- (viii) Monitor the implementation of these plans and agreements by the herder groups and *soums*;
- (ix) Ensure the herder plans are compatible with the KLNP Management Plan and relevant laws on protected areas, working especially with the team protected area specialist, and assist the KLNP Administration to integrate the herder management plans within the overall park plan;
- (x) Identify and lead the implementation of methods to improve livestock health and productivity on smaller areas of land to reduce grazing pressures on the park. This may include improved pasture varieties and improved methods of fodder preparation, in cooperation with the *soum* veterinary and livestock breeding units;
- (xi) With the income generation, agricultural processing, and rural financing specialists, and community participation, identify non-tourism based livelihood initiatives and income diversification that can be supported by the project community revolving funds, especially aiming to support remote herding groups in the park and buffer zone;
- (xii) Oversee the installation of new project-supported equipment (e.g., dairy processing units) and conduct training in the operation and maintenance of the equipment;
- (xiii) Assess the opportunity for gradual phasing out of goats from the KLNP and/or individual herding groups, and if feasible, including phased approaches in the herding group management plans;
- (xiv) Conduct capacity training and workshops for the herding families, government agencies, and KLNP Administration, for the successful implementation of the herding group management plans;
- (xv) Ensure that all activities are screened against the environmental assessment and review framework, support the targets of the gender action plan, focus especially on poor and female herders, and are conducted with consultation and participation of herding families;
- (xvi) Develop specific monitoring indicators to support the overall DMF targets, and monitor progress of the activities; and
- (xvii) Develop lessons learned and policy recommendations on the activities conducted, and provide relevant inputs for project progress reports and a consultant's final report at the end of the project. This will include assisting the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements on livestock and pasture management as relevant for: (a) arrangements for continued operation, maintenance, and financing of the project facilities; and (b) specific options for ADB follow-up and scale-up after the project.

12. **Agricultural processing specialist** (national, 24 pm, PIU-based with frequent field assignments). The consultant will have: (i) an undergraduate degree (postgraduate is preferred) in animal husbandry, agricultural science, or a related field; (ii) at least 5 years of experience with small-scale, household-level rural agricultural product processing; and (iii) strong participatory and facilitation skills, in leading stakeholder consultations and participatory

planning. Previous experience with donor-funded project(s) and basic command of English are an advantage. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will work closely with the other PIU team members (especially the livestock and pasture management specialist and rural financing specialist), relevant departments (e.g., the agricultural and land management departments at the *aimag* level, and veterinary and livestock breeding units and land management officers at the *soum* level) to support the implementation of project output 2. Specific duties will include:

- (i) Co-plan and co-facilitate planning meetings and consultations with the herding families in the KLNP and buffer zones to identify existing limitations for livelihoods based on livestock and challenges for income diversification;
- (ii) Identify training and resource needs to improve the capacity of herding families to increase the quality of agricultural products based on their existing activities, such as processing of dairy, meat and wool products;
- (iii) Identify potential forms of income diversification for remote herding families in the KLNP and buffer zone which are unlikely to benefit from tourism-based activities due to their remote location or other aspects;
- (iv) Support the rural financing specialist to develop the framework for the five community revolving funds, and identify the range of agricultural processing activities that could be supported, which comply with the project requirements;
- (v) Develop and implement training to families in the KLNP and buffer zone to improve their agricultural processing capacity and to maintain and operate the project-supported equipment and activities, focusing on sustainable household-level activities;
- (vi) Ensure that all planned activities comply with the KLNP Management Plan (2014), Mongolia's *Law on Special Protected Area*, *Law on Buffer Zones*, other relevant domestic laws and regulations, ADB policies, and the project framework documents, including the EARF, DMF, GAP, and PAM;
- (vii) Prepare simple operation and maintenance guidelines for communities for the resources provided by the project, including community self-regulation and inspection of equipment, to instill ownership and responsibility;
- (viii) Develop lessons learned and policy recommendations. This will include assisting the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements on agricultural processing as relevant for: (a) arrangements for continued operation, maintenance, and financing of the project facilities; and (b) specific options for ADB follow-up and scale-up after the project; and,
- (ix) Provide relevant inputs for project progress reports and a consultant's final report at the end of the project.

13. **Rural finance specialist** (national, 24 pm, PIU-based with frequent field assignments). The consultant will have: (i) an undergraduate degree (postgraduate is preferred) in agricultural financing, public administration, or a related field; (ii) at least 5 years of experience with small-scale, household-level rural agricultural financing; and (iii) strong participatory and facilitation skills, in leading stakeholder consultations and participatory planning. Previous experience with donor-funded project(s) and basic command of English are an advantage. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will work closely with the other PIU team members (especially the eco-tourism specialist, livestock and pasture management specialist, agricultural processing specialist), KLNP Administration, communities, and other relevant stakeholders, to support the implementation of project outputs 1 and 2. Specific duties will include:

- (i) Lead the development of five project community revolving funds;
- (ii) Facilitate the design of the funds and all operational details, including community-led selection of the fund managers, operational, reporting, and monitoring guidelines and procedures, conditions and screening of loan applications, and restrictions on fund use;
- (iii) Seek advice from the income generation, agricultural processing, and eco-tourism specialists, to identify the scope of income generation activities that may be supported by the funds;
- (iv) Based on these findings, and consideration of the project objectives and targets as defined in the design and monitoring framework, gender action plan, and environmental assessment and review framework, closely define the criteria for: (i) the sub-borrowers – eligibility to apply for loans; and (ii) the sub-projects – i.e., specific definition of the types of sub-projects that can be supported by the community revolving funds;
- (v) Achieve the understanding and endorsement of the target communities, KLNP Administration, and other relevant stakeholders for the fund mechanisms;
- (vi) Provide training to the communities to enable them to implement the revolving funds, including pre- and post-training capacity assessment;
- (vii) After training, assess community readiness to manage the revolving funds;
- (viii) Advise the PMU project manager, PIU field coordinator, and executing and implementing agencies on community readiness and when the first tranche of grant funds can be disbursed;
- (ix) Work with the project manager, accountant, and other team members, to develop a reporting and monitoring mechanism which is integrated into the project performance monitoring system;
- (x) Ensure that management of the five funds is transparent and can be reviewed by the executing and implementing agencies and Ministry of Finance as needed;
- (xi) Ensure that all the fund guidelines and scope of activities to be supported comply with the KLNP Management Plan (2014), Mongolia's *Law on Special Protected Area* and *Law on Buffer Zones*, other relevant domestic laws and regulations, ADB policies, and the project framework documents, including the EARF, DMF, GAP, and PAM;
- (xii) Prepare a simple community operation manual for the community revolving funds, describing the procedures for operation, monitoring and reporting, and roles and responsibilities;
- (xiii) Develop lessons learned and policy recommendations. This will include assisting the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements as relevant for: (a) arrangements for continued operation, maintenance, and financing of the project facilities, including the community revolving funds and financing of the eco-toilets and litter bins; and (b) specific options for ADB follow-up and scale-up after the project; and,
- (xiv) Provide relevant inputs for project progress reports and a consultant's final report at the end of the project.

14. **Income generation specialist** (national, 30 pm, PIU-based with frequent field assignments). The specialist will have: (i) undergraduate degree (postgraduate degree is preferred) in economics, marketing, management, business administration, and/or a related field; (ii) at least 5 years working experience with the development of household-based, small-scale income generation, especially for agricultural processing and/or tourism-based activities;

(iii) strong participatory and facilitation skills, and working with small communities. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will work closely with the PIU eco-tourism specialist and livestock-and-pasture management specialist, agricultural department and chamber of commerce and industry at the *aimag* level, and veterinary and livestock breeding units at the *soum* level, to support the income diversification activities under outputs 1 and 2. Specific duties will include:

- (i) Identify the financial status and needs of herders and small entrepreneurs in the *soum* communities *within and immediately adjacent* to the KLNP, taking into consideration existing income-generating activities, business opportunities, and financial support from central and local governments and other projects;
- (ii) Facilitate participatory planning with communities, to identify household-based, small-scale income generation activities which are focused on community-based tourism (output 1) and agricultural processing for livelihoods (outputs 1 and 2);
- (iii) Identify opportunities to link with other activities or donor projects, such as the Green-Gold project for yak felt products;
- (iv) Identify the management status and technical capacity of the buffer zone councils in the five project *soums* and financial status of their buffer zone funds;
- (v) Cooperate with the veterinary and livestock breeding units and buffer zone councils to (a) assist herders in developing business plans and organizing small-scale product marketing, and (b) conduct need assessments for training;
- (vi) Ensure that all planned income activities to be supported by the project comply with the KLNP Management Plan (2014), Mongolia's *Law on Special Protected Area* and *Law on Buffer Zones*, other relevant domestic laws and regulations, ADB policies, and the project framework documents, including the EARF, DMF, GAP, and PAM;
- (vii) Develop lessons learned and policy recommendations on the results. This will include assisting the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements as relevant for: (a) arrangements for continued operation, maintenance, and financing of the project facilities; and (b) specific options for ADB follow-up and scale-up after the project; and,
- (viii) Provide relevant inputs for project progress reports and a consultant's final report at the end of the project.

15. **Protected area specialist** (national, 24 pm, PIU-based with frequent field assignments). The consultant will have: (i) an undergraduate degree (postgraduate is preferred) in biodiversity conservation, ecology, protected area management, or a related field; (ii) at least 10 years of experience designing protected areas and management plans and/or managing protected areas; (iii) strong participatory and facilitation skills, in leading stakeholder consultations and participatory planning; and (iv) familiarity with relevant national laws and regulations and international policies and methods for protected area management. Previous experience with donor-funded project(s), and basic command of English, are an advantage. Under the daily supervision of the project field coordinator and overall supervision of the project manager, the consultant will work closely with the KLNP Administration, *soum* governments, the other PIU specialists, and other relevant stakeholders, especially CSOs, and lead a best-practice approach to reviewing and strengthening the internal zoning and regulations for the KLNP. Specific duties will include:

- (i) Review the existing KLNP zoning, regulation, and 2014 management plan;
- (ii) Through desktop review, field surveys, and stakeholder consultation, compile and review key data for the KLNP, including vegetation communities, sites of ecological significance (e.g., fauna breeding habitats, fish spawning zones, migratory routes), sites of cultural significance, pasture lands and seasonal grazing areas, access routes used by indigenous peoples, topography, infrastructure, tourist areas, and future development plans for the KLNP;
- (iii) Provide the GIS specialist the data required to prepare digital data layers and maps for this information;
- (iv) Review these data layers against (a) the existing KLNP zoning; (b) planned development; (c) the ecological, cultural, livelihood, and cultural values of the park;
- (v) Conduct a gap analysis to identify any differences or inconsistencies between the existing zoning and regulations with these values;
- (vi) Facilitate the inclusion of the project-supported herder management plans into the overall KLNP Management Plan, working especially with the PIU livestock and pasture management specialist to ensure compatibility of the herder management plans with the overall plan;
- (vii) Plan and implement a series of stakeholder meetings to review the findings and seek feedback on refining and strengthen the KLNP zones and regulations, with the critical objective being to achieve park zoning and regulations through objective data and which support the park objectives for sustainable livelihoods, tourism, and biodiversity conservation;
- (viii) Emphasize and include in the reviews the need to achieve an integrated approach for livelihoods, tourism, waste management, and conservation. Work with the waste management specialists to ensure waste issues and any targets in the KLNP Management Plan are integrated in the process;
- (ix) This process may require at least two rounds of stakeholder consultation, to review and refine at least two iterations of draft recommendations and/or revisions to zoning;
- (x) Conduct capacity training in protected area zoning and development of regulations for the KLNP Administration and other relevant stakeholders;
- (xi) Provide relevant inputs for project progress reports;
- (xii) Plan and conduct work in a staged schedule that leaves sufficient time to continue supporting MEGDT to take action on the findings and recommendations after submission of the consultant's report;
- (xiii) For example, by month 22, submit the final draft report and maps with the revised findings and recommendations on the proposed zones and regulations, having already achieved at least two rounds of stakeholder review and revisions to the draft findings;
- (xiv) Between months 22 and 28, support the KLNP Administration for formal submission of the draft recommendation to the MEGDT, including facilitation of follow-up reviews and meetings, and requests for additional data or revisions, as reasonable and necessary;
- (xv) Assist the project implementation specialist to prepare a scale-up strategy and investment plan for after project completion, including specific elements on internal park zoning and/or key investment activities planned for the KLNP and specific options for ADB follow-up and scale-up after the project; and,
- (xvi) Prepare a final zoning report with the findings, recommendations, and lessons learned.

16. **Social and gender specialist** (national, 8 pm, PMU-based with frequent field assignments). The consultant will have: (i) an undergraduate degree (postgraduate is preferred) in social science or relevant discipline such as development studies, gender or social work; (ii) at least 5 years of relevant professional experience working for project(s) financed by ADB or other international organizations; (iii) strong participatory and facilitation skills, and in working with rural communities and/or herders; (iv) sound knowledge of gender mainstreaming and gender-sensitive reporting; and (v) preferably, good English language skills, and good computer skills. Under the supervision of the project field coordinator and overall supervision of the project manager, the consultant will facilitate full implementation of the project GAP and report progress with the project livelihood, gender, and poverty targets. Specific duties will include:

- (i) Conduct capacity development for the executing and implementing agencies, *soum* government counterparts, and other key project stakeholders, in ADB and government requirements for social and gender responsiveness and ADB's social safeguard policy requirements;
- (ii) Assist the other PIU team specialists and the implementing agency in preparing and implementing project activities, to ensure achievement of the targets in the summary poverty reduction and social strategy (SPRSS) and GAP;
- (iii) Coordinate and liaise as necessary with other key agencies, including the National Committee on Gender Equality and the Gender Sub-Committee of Khuvsgul *aimag* Governor's Office;
- (iv) Review progress of GAP implementation and report on progress by attaching the GAP implementation monitoring matrix in the semi-annual project reports;
- (v) Monitor project activities during implementation to ensure compliance with the GAP, summary poverty reduction and social strategy, and livelihood targets in the DMF, including annual consultations with the executing and implementing agencies;
- (vi) Maintain a project-specific, sex-disaggregated database, and conduct periodic reviews and consultations on the social, gender, and participatory aspects and impacts of the project; and
- (vii) Prepare and/or provide relevant inputs for reports and documents required by the PMU, GOM, and/or ADB (e.g., GAP implementation monitoring) with recommendations for improved project performance for livelihoods, gender, and poverty-related activities and targets.

17. **Khankh officer** (national, 45 pm, based in Khankh *soum*). The specialist will have: (i) strong working knowledge of the status of local livelihoods, herding, tourism, and waste management in Khankh *soum*; and (ii) familiarity with key stakeholders in herding, tourism, and waste management in Khankh *soum*. Under the supervision of the project field coordinator and overall supervision of the project manager, the officer will: (i) coordinate the project activities in Khankh *soum*; (ii) facilitate and arrange the fieldwork of the other PIU team members in Khankh, including preparations before their arrival such as community and other stakeholder meetings; (iii) monitor and report on project progress in Khankh; and (iv) travel to Khatgal when required, to participate in project meetings.

18. **Driver** (national, 45 pm, PIU-based with frequent field assignments and travel to Ulaanbaatar). The driver will have: (i) a current national driver's license; (ii) at least 10 years professional experience in off-road driving and in remote regions; (iii) basic mechanical knowledge, for basic repairs in remote regions; and (iv) recent positive references confirming competence and capability. The driver will be responsible for the safe, reliable, and timely transport of project staff and/or equipment, particularly between Ulaanbaatar and the KLNP.

C. Service contract providers (ecotourism training program; water quality monitoring program)

19. **Ecotourism training program** (firm, intermittent over 2 years, including field assignment). The firm will have: (i) trainers with postgraduate degrees in wetland management and/or ecology, livelihoods, tourism, hydrology, water resources, and other relevant fields; (ii) demonstrated experience in the design and implementation of international ecotourism training programs; (iii) the necessary resources, equipment, and capacity to host international participants with a range of English-language and technical skills and to effectively provide a wide range of class- and field-based learning; (iv) the ability to tailor the program to the specific needs for eco-tourism at the KLNP; (v) access to a wide network of other experts and agencies that may be included as expert trainers in the program to strengthen its applied value for participants; and (vi) preferably, previous demonstrated experience in Mongolia for supporting livelihoods through eco-tourism in Mongolia. Working with the executing and implementing agencies, project manager, and project field coordinator, the firm will design and implement an eco-tourism training program tailored to the KLNP. The assignment will comprise a single lump-sum contract to support all costs (including staff, resources, analyses, reporting, and travel) to conduct the following.

- (i) Design an ecotourism training program tailored to the project objectives. The program should include class- and field-based learning and a course content that provides the basic foundation for eco-tourism and wetland management as well as KLNP-specific issues and priorities for the range of key stakeholders, especially communities, tour operators, and the KLNP Administration. Key issues include improving community livelihoods through eco-tourism, sustainable eco-tourism practices, improved stakeholder collaboration, and integrating eco-tourism within park management;
- (ii) Conduct pre- and post-training capacity assessments of the course participants to assist in designing the course and measuring its effectiveness;
- (iii) To ensure the program design is tailored to provide maximum effectiveness for the KLNP, the principal trainers will ideally conduct at least two visits to Mongolia, before and after the international training program;
- (iv) The first visit will enable the trainers to: (a) become familiarized with the KLNP and project activities; (b) facilitate a participatory stakeholder assessment of eco-tourism issues and opportunities at the KLNP, so that the course participants and other stakeholders that will not attend the program are also involved; and (c) conduct the pre-training capacity assessment;
- (v) The second visit will be to: (a) facilitate a follow-up workshop, in which the participants present their experiences and follow-up on the first workshop; (b) conduct a field visit for KLNP stakeholders to at least one other site in Mongolia where the firm or other donors have supported the development of community-based eco-tourism e.g. the JICA River Basin Management Model Project;
- (vi) Include a diverse range of speakers and workshops in the program, to expose the participants to a range of perspectives and to provide opportunities to develop new networks e.g. with the Japan Association of Travel Agents (tourism planning) and Ritsumeikan University (over 10 years research experience at the KLNP);
- (vii) Prepare a final program report, including all results and training materials and specific follow-up recommendations.

20. **Water quality sampling program** (firm, intermittent over 4 years, frequent field assignments). The firm will have: (i) relevant domestic certification for the design and implementation of water quality monitoring programs; (ii) staff with undergraduate degrees (postgraduate is preferred) in hydrology, water resources management, wastewater monitoring and treatment, and/or related field; (iii) at least 10 years demonstrated experience in the design and implementation of water quality monitoring programs to high standards; (iv) the necessary resources and equipment to collect and analyze water samples, especially for a range of pollution parameters; (v) established professional networks with key monitoring and research agencies in Mongolia that may be involved in the project, including the Information and Research Institute of Meteorology, Hydrology and Environment (IRIMHE), and National University of Mongolia (NUM); and (vi) experience in capacity building and training of other agencies and personnel. Proposals that include collaboration with monitoring and research agencies, local groups, and/or CSOs, will be highly regarded. Basic command of English by the nominated staff will be an advantage. Under the supervision of the project manager and project field coordinator, the firm will work closely with the project team (especially the waste management specialists), executing and implementing agencies, *soum* governments, and other relevant stakeholders (especially CSOs), to design and implement a water quality monitoring program tailored to measuring the project impacts. The assignment will comprise a single lump-sum contract to support all costs (including staff, resources, analyses, reporting, and travel) to conduct the following.

- (i) Utilize the results of the rapid waste management assessment to be conducted by the project waste management specialists, and supplement their results with a rapid field sampling survey of water quality at key sites (e.g. sections of lake shoreline adjacent to tour camps and higher densities of residential settlements);
- (ii) Based on the results of the assessments, design and implement a water quality monitoring program that is tailored to measure the effects of the current project, especially output 3.2. The program will include specific monitoring locations, sampling frequency (sufficient to provide a rigorous baseline against which to measure project efforts), a consistent and replicable method for sampling and analysis, key stakeholders, roles and responsibilities, and costs;
- (iii) The program will also be designed to be as simple and low cost as possible, based on likely capacity and resources after the grant ends. For this purpose, the firm will need to identify potential agencies that may take over the program after the project and assess their financial and technical capacity and resources (see also point ix);
- (iv) Establish a program database, in a format that is (i) accessible to the executing and implementing agencies, (ii) compatible with the monitoring databases of IRIMHE, and (iii) enables statistical analyses, including the rapid preparation of summary statistics for reporting;
- (v) Prepare a monitoring manual in Mongolian and English language that describes all aspects of the program and is a reference guide for all stakeholders;
- (vi) Assess the capacity of the Murun branch of IRIMHE, NUM, and/or other relevant agencies to take over the monitoring program upon completion of the project;
- (vii) Provide capacity building to the Murun branch of IRIMHE, KLNPA Administration, and NUM students in water quality monitoring tailored to the program, through training sessions and involving them in the field sampling, analyses and reporting;
- (viii) Collaborate with local schools, Murun colleges, NUM, Mongolian Academy of Sciences and/or other relevant civil society organizations to facilitate their

- involvement in the program, including the possibility of student studies which complement the program;
- (ix) With the executing and implementing agencies, prepare a clear hand-over strategy for the water quality monitoring program. This will include costs, proposed financing source, recommended agency(s) to continue the program after project completion, and assessment of their existing technical and financial capacity and resources to continue to program; and,
- (x) Submit semi-annual progress reports and a final report, including the program monitoring manual, database, all data, and hand-over strategy.

D. Procurement: Community waste management teams

21. **Community waste management teams** [procurement package G003; Community Participation for Goods and Services method; about three contracts, one per team; contract duration from date of team establishment (no later than Q3 2016) until project completion.

Establishment of the teams

- (i) The income generation, waste management, and rural financing specialists shall facilitate the participatory establishment and implementation of the community waste management teams;
- (ii) This will include (a) forming the teams, (b) preparing the team contracts and salaries, (c) training in maintenance of the facilities and occupational health and safety, (d) monitoring of implementation progress, and (e) preparation of a brief operating manual (to be prepared by the national Waste Management Specialist), which will include roles and responsibilities and simple templates to record team payments, progress, and expenditures on materials for maintenance;
- (iii) Each contract (one per team) will be a lump-sum amount for the project duration, between the implementing agency (KLNP Administration) and team, and will include all relevant details of implementation including salaries and monies for maintenance of the facilities;
- (iv) It is anticipated that about three community teams, comprising about 15 members each (total 45 members) will be established, for the south-west, south-east, and northern portions of Khuvsgul Lake i.e. the sites of highest tourism visitation;
- (v) The project specialists, KLNP Administration, community members, and tour operators will identify the sites of highest need for waste management, based on local knowledge and the rapid assessments for waste and water quality to be conducted by the waste management specialists and water quality program contractor (footnote 1);
- (vi) The income generation and rural financing specialists shall also facilitate the establishment of a pilot campsite fee system, to be approved by the KLNP Administration, to continue paying for the team salaries and maintenance of facilities after project completion. The system will include setting of campsite fees, fee collection methods, and reporting by the teams and KLNP Administration. These conditions will be formally recognized in the contracts between the teams and KLNP Administration;
- (vii) The pilot campsite fee system will be implemented in the third year of project implementation, to monitor progress prior to project completion;
- (viii) The project will procure safety clothing and equipment for the teams [procurement package G002; Shopping (Section VI.B)]

Terms of reference for the teams

- (i) Each community team contract and operating manual will include all necessary implementing details, including the roles and responsibilities of the team and KLNP Administration, a list of the team members, salary rates, additional sums included in the contract to be used for maintenance of the facilities, and reporting templates;
- (ii) Maintain the pilot eco-toilet facilities to be installed by the project at the public camp sites, residences, and /or tour camps at which the facilities will be installed. The extent to which teams are involved with the pilot facilities at tour camps and residences will be clarified during project implementation;
- (iii) Work with the village waste contractors¹ that transport litter and sewage to the municipal landfills of Khatgal and Khankh settlements, for the timely and efficient collection of waste gathered by the community teams. Working arrangements with the contractors will be clarified during project implementation.

¹ Waste transport contractors at Khatgal and Khankh are not involved in waste collection or site management.

DETERMINATION OF OVERALL GRANT IMPLEMENTATION RATING

A. Introduction

1. This section describes how the performance of Asian Development Bank's (ADB) financed and administered sovereign projects will be monitored and rated using the eOperations project implementation module. A project is defined by its unique design and monitoring framework (DMF), regardless of the number of its financing instruments or sources. The eOperations is an integrated information technology solution that records country and project level information from concept to ex-post evaluation. The eOperations produces uniform project-related documentation and customized reports based on data that automatically moves through the system along a project cycle.

2. The DMF summarizes how, assuming risks do not eventuate and assumptions hold true, approved inputs will resource activities to achieve measurable outputs, outcome, and contribute to a sector level impact.

B. Portfolio Performance Indicators and Rating

3. The purpose of portfolio performance rating is to establish the implementation status of each project. This will enable executing agency project managers and project team leaders to identify implementation problems and design effective remedial measures to get the project back on-track.

4. Projects are rated using the following five performance indicators. These indicators have equal weight.

- (i) **Technical.** Are problems, if any (e.g., quality standards, key project conditions, implementation arrangements, cost overruns that require additional financing, etc.) identified by external supervision consultants and/or review mission reports being addressed? (Yes/No). Where more than one problem is being addressed, each problem is rated as either being addressed (Yes) or not (No). To calculate the overall technical indicator rating, a yes rating is given a value of 1 and a no rating a value of 0. The sum of these ratings is divided by the total number of problems and the threshold levels in below Table 1 are applied to define the indicator status.
- (ii) **Procurement.** The difference between the cumulative actual and the current projected contract award values starting at grant effectiveness over the life of the project. The current projected contract award 'S-curve' is shown in Section IV.J. The actual contract award values are derived quarterly from the financial system.
- (iii) **Disbursement.** The difference between the cumulative actual and the current projected disbursements starting at grant effectiveness over the life of the project. The current projected disbursement 'S-curve' derived from the PAM (Section IV.F). The actual contract award values are derived quarterly from the financial system. Disbursement data will be automatically sourced from the loan and grant financial information systems to trigger the application of formula related to disbursement.

- (iv) **Financial management.** Compliance with audit and/or accounts covenants: Has an acceptable annual audit report been received on time? (Yes/No). The default is Yes until the due date as defined in the grant agreement. If the audited project accounts and agency financial statements have not been uploaded, and the indicator status has not been updated on or before the due date, then compliance will be rated No. An audit report is unacceptable if either partial or incomplete audited project accounts or agency financial statements are submitted, or only unaudited project accounts and financial statements are submitted. An audit report qualification need not imply unacceptability. The acceptability of an audit report with audit qualifications will be assessed by an ADB financial management specialist based on the nature of the qualification. (PAI 5.07 defines the parameters of an assessment of acceptability.) Their assessment will be recorded in the project performance report. Where there is more than one set of audited project accounts and agency financial statements the rating method for covenants described in below para. 5 will apply.
- (v) **Safeguards.** Compliance with safeguard covenants: (i) environment (yes/no) (ii) resettlement (yes/no) (iii) indigenous people (yes/no). The default for each covenant is yes. Use the rating method for covenants described in para. 5.

5. **Covenants.** The status of compliance of each grant covenant is assessed as either yes—the covenant is being or has been implemented, or no—the covenant is not being implemented. The compliance field under the performance and/or covenants tab automatically reports the status as “not yet due” based on the recorded due date for a covenant. For rating purposes, from the time of project approval, whether due or not, the system will compute a default position that a covenant is being complied with (yes). Covenants are categorized in the project performance information system under the following categories—audited accounts, safeguards, social, sector, financial, economic, and others. Covenant compliance is rated by category by applying the following criteria: (i) satisfactory (green)—all covenants in the category are being complied with (yes), with a maximum of one exception (no) allowed; (ii) partly satisfactory (amber)—a maximum of two covenants in the category are not being complied with (no); and (iii) unsatisfactory (red)—three or more covenants in the category are not being complied with (no).

6. **Rating.** It will use a three-level traffic light applied to each indicator, and to the aggregation of the individual indicators into a single project rating.

Table 1: Rating Criteria

Status	Rating	Threshold
On track	Green	(i) S-curve for either actual disbursement or contract award is within >90% of current projection; (ii) Technical—overall rating ≥ 0.9 ; (iii) Financial management are rated yes; and (iv) Safeguard compliance is rated satisfactory (i.e., all yes or with a maximum of one no)
Potential problem	Amber	(i) S-curve for either actual disbursement or contract award is 75%–90% of current projection; (ii) Technical—overall rating 0.7–0.89; and (iii) Safeguard compliance is rated partially satisfactory (i.e.,

		has a maximum of two no's)
Actual problem	Red	(i) S-curve for either actual disbursement or contract award is less than 75% of current projection; (ii) Technical—overall rating ≤ 0.69 ; (iii) Financial management ratings are no; and (iv) Safeguard compliance is rated unsatisfactory (i.e., has three no's)

7. **Project rating.** The five indicator ratings are aggregated into a single project rating by generating an average rating score for the project. The following values will be assigned to each rating green=1 point, amber=0.5 point, and red=0 point. The assigned values for each of the five indicators are summed and divided by 5 to produce an overall project rating score between 0 and 1. Applying the percentage thresholds only, a project with a total rating score greater than or equal to 0.9 is on-track (green); a project with a total rating score of 0.70–0.89 is a potential problem (amber); and a project with a total rating score of less than 0.69 is an actual problem (red), and is at-risk (see Table 1).

Environmental Assessment and Review Framework

Project Number: 48216
October 2015

MON: Integrated Livelihoods Improvement and
Sustainable Tourism in Khuvsgul Lake National Park
Project

Prepared by the Government of Mongolia for the Asian Development Bank.

CURRENCY EQUIVALENTS

(as of 13 October 2015)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.000501
\$1.00	=	MNT1,997.00

ABBREVIATIONS

ADB	–	Asian Development Bank
CSO	–	civil society organization
DEIA	–	detailed environment impact assessment
DENR	–	Department of Environment and Natural Resources Management
DPAM	–	Department of Protected Areas Management
EIA	–	environmental impact assessment
EMP	–	environmental management plan
GEIA	–	general environmental impact assessment
GOM	–	Government of Mongolia
GRM	–	grievance redress mechanism
KLNP	–	Khuvsgul Lake National Park
MEGDT	–	Ministry of Environment, Green Development and Tourism
PIU	–	project implementation unit
PMU	–	project management unit
PSC	–	project steering committee
SPS	–	safeguard policy statement

GLOSSARY

<i>aimag</i>	–	province
<i>bagh</i>	–	subdistrict
<i>soum</i>	–	district

NOTES

- (i) The fiscal year (FY) of the Government of Mongolia and its agencies ends on 31 December.
- (ii) In this report, “\$” refers to US dollars.

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5. Sample Consultation Record

I. INTRODUCTION

1. This environmental assessment and review framework (EARF) is for *MON (48216) Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park*, a four-year (2016–2019) project to support local livelihoods through improved capacity for sustainable tourism and subsistence activities. Under the Asian Development Bank's (ADB) Safeguard Policy Statement (SPS, 2009), the project is categorized as "C" for the environment i.e., it is anticipated to cause minimal or no adverse environmental impacts. No formal environmental assessment and management procedure is required for category C projects, although environmental implications need to be reviewed. This EARF reviews the environmental implications of the project and provides a simple framework for environmental management, monitoring, and reporting. The EARF has been prepared in compliance with ADB's SPS (2009) and in consideration of the Mongolian Law on Environmental Impact Assessment (2012).

2. The project is located in Khuvsgul Lake National Park (KLNP), in Khuvsgul *aimag* (province), northern Mongolia. (i) per capita income in five *soums* of Khuvsgul *aimag* increased; and (ii) management of natural resources in the KLNP improved. The expected project outcome will be livelihoods and sustainable tourism in five *soums* of the KLNP improved and integrated. The project has three outputs: (i) community-based tourism in Khatgal and Khankh settlements⁵⁹ promoted; (ii) capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved; and (iii) waste management around Khuvsgul Lake strengthened.

3. Output 1 will (i) establish the first pilot comanagement tourism group for the KLNP, comprising the KLNP Administration, communities, tour operators, and *soum* governments; (ii) develop a stakeholder vision, targets, and codes of practice for tourism; and (iii) promote and strengthen community-based tourism, including household-scale enterprises such as guiding, handicrafts, and the provision of food supplies to guest houses.

4. Output 2 will (i) establish herder groups among the herding families in the KLNP and buffer zone; (ii) establish herder management plans for each herder group that are tailored to local conditions, including optimal stocking densities and pasture management; and (iii) support income diversification for herder families, especially those with limited opportunities for tourism-based income. Output 2 will use scientific and traditional knowledge available for the KLNP to support the herder management plans and improved grazing practices.

5. Outputs 1 and 2 will be supported through a combination of specialist support, training, and the establishment of five community revolving funds (one per project *soum*). The funds will be community-managed and support household-scale enterprises, with 17% of the grant proceeds (an average of \$100,000 or 4% per *soum*) channeled into the funds.⁶⁰ Funds will be held in one bank account per *soum*. The project will provide financing expertise, training, and initial capital for the first 4 years for the communities to develop and manage the funds, including the establishment of fund committees, operating procedures, and repayment terms and conditions. Loans will be limited to activities compatible with outputs 1 and 2, the KLNP Management Plan, and domestic and ADB policies and regulations. The interest rate applied to loans will be low and reviewed regularly.⁶¹ Interest repayments over the 4-year project duration

⁵⁹ These are the two largest settlements (total population 4,600 in 2013) in the KLNP.

⁶⁰ A range of grant disbursement mechanisms were assessed, including the use of bank loans and/or credit unions.

⁶¹ The rate will be slightly lower than the government's policy lending rate.

will replenish the funds. The activity is aligned with Mongolia's Law on Buffer Zones, which provides a legal framework to support communities in protected areas and buffer zones.

6. Output 3 will (i) implement a water quality monitoring program tailored to the project activities, including a rapid assessment of threats to the water quality of Khuvsgul Lake; (ii) establish a pilot community-led waste management program, including waste management teams, the installation of low environmental impact toilet facilities and litter bins, and the phasing in of public campsite fees to fund team salaries and facility operation and maintenance (O&M); and (iii) conduct a best-practice review on the internal zoning of the KLNP, including scientific and traditional knowledge and stakeholder consultation, to identify zones that maximize benefits to livelihoods, tourism, and conservation.

7. **Project management.** The executing and implementing agencies lack the personnel and resources needed to fully implement the project. The grant proceeds will also (i) establish the administrative framework for the project, including a steering committee, project management unit (PMU), and project implementation unit (PIU); and (ii) finance the specialist support and PMU and PIU operational costs required to implement outputs 1–3. The PMU and PIU will implement the project on behalf of the executing and implementing agencies, including accounting, procurement, training, preparation and dissemination of knowledge products, monitoring, and reporting.

8. No major environmental impacts by the project are anticipated. The project will support small-scale, household enterprises, including the provision of small equipment. The only facilities to be constructed will be small-scale eco-toilets, located in existing cleared public areas. The EARF will guide the process of screening proposed community enterprises to ensure alignment with protected area laws and the KLNP management plan, and, for the specific positioning of the facilities (to be identified in the first year of project implementation). The EARF: (i) describes the project and its outputs; (ii) assesses the potential environmental impacts of the project activities; (iii) specifies the procedures for screening and categorization of activities, meaningful consultation with stakeholders, and information disclosure requirements; and (iv) describes the institutional arrangements, and monitoring and reporting procedures.

II. ASSESSMENT OF LEGAL FRAMEWORK AND INSTITUTIONAL CAPACITY

A. Legal Framework of Mongolia

9. Mongolia has enacted a comprehensive policy and legal framework for environmental assessment and management. It has policies, legislation, and strategies in place to manage the protected estate, satisfy its international obligations, and to protect the quality of the environment for the health and well-being of its citizens. The hierarchy of policies and legislative provisions for environmental management in Mongolia comprises several layers ranging from the constitution to international treaties, and to environment and resources protection laws.

10. The basic principle of the Mongolian state environmental policy is that economic development must be in harmony with the extraction and utilization of natural resources, and that air, water, and soil pollution will be controlled. In April 1996, Mongolia's National Council for Sustainable Development was established to manage and organize activities related to sustainable development in the country. The country's strategy is designed for environmentally friendly, economically stable, and socially wealthy development, which emphasizes people as the determining factor for long-term sustainable development.

11. In recognition of its global responsibilities, Mongolia has acceded to a number of international environmental conventions (Table 1). Each convention places obligations on signatory governments ranging from the provision of a legislative basis for implementation, adherence to the requirements and conditions of each convention, monitoring implementation performance on a regular basis, and reporting on a regular basis to the conference of parties.

Table 1: International Environmental Conventions Signed by Mongolia

Convention	Year of Accession
Stockholm Convention on Persistent Organic Pollutants.	2004
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	2000
Kyoto Protocol	1999
Convention on the Protection of Wetlands of International Importance (Ramsar)	1998
Convention on the Transboundary Movement of Hazardous Waste (Basel)	1997
UN Convention on Combating Desertification	1996
Vienna Convention for the Protection of the Ozone Layer	1996
Montreal Protocol on substances that deplete the ozone layer	1996
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	1996
UN Framework Convention on Climate Change	1994
Convention on Biological Diversity	1993
World Heritage Convention	1990

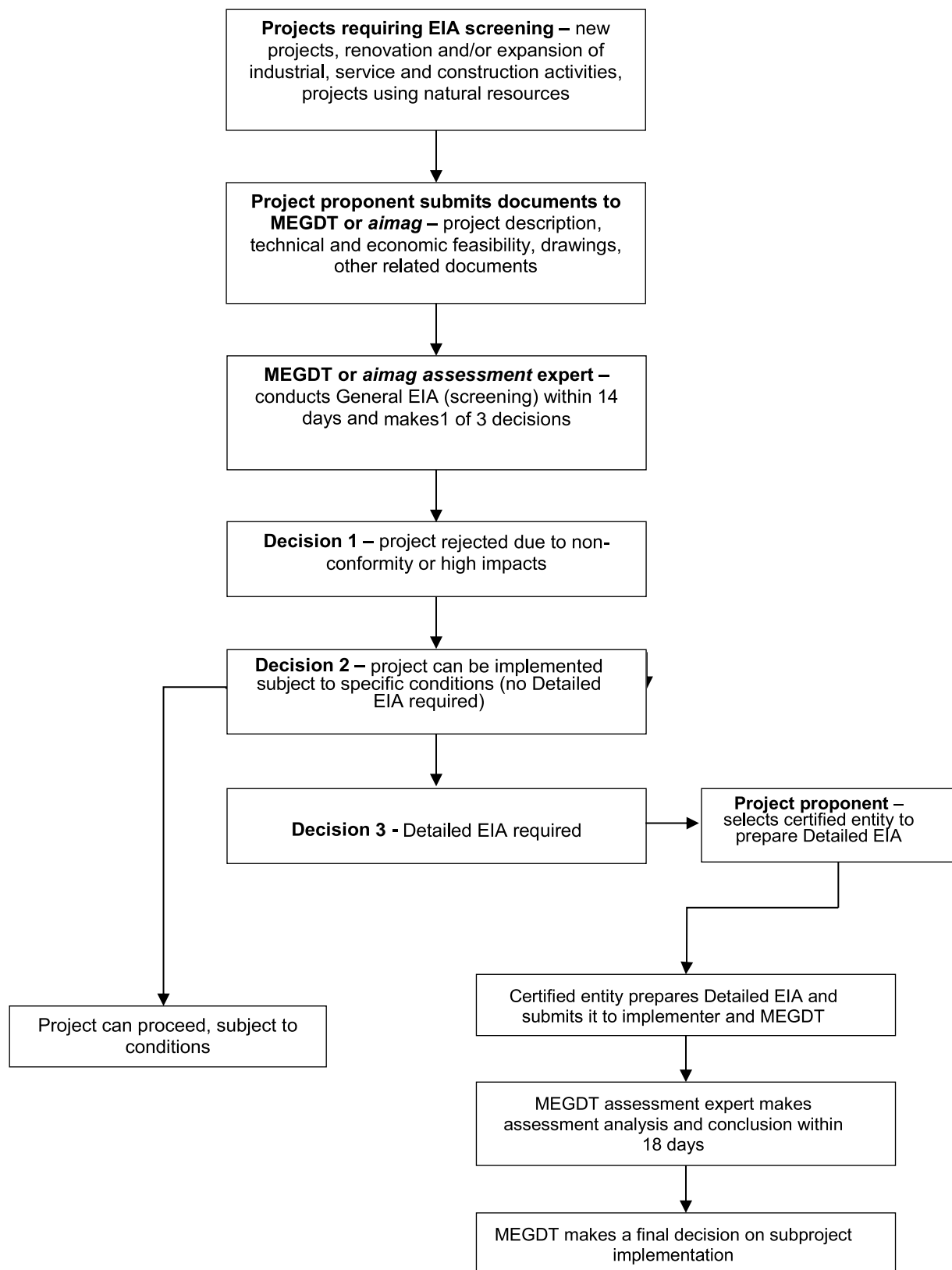
UN = United Nations.

12. The Government of Mongolia undertook major reforms of environmental laws in the 1990s and again between 2002 and 2012, including laws of land, protected areas, water, forest, wildlife, and native flora resources. Laws relating to the environment are listed in Table 2.

Table 2: Acting Laws Relating to the Environment

Resource Type	Law and Year of Passage
Land Resources	Mongolian Law on Land, 1994, last amended in 2012
	Mongolian Law on Land Use Fees, 1997, renewed in 2002
	Mongolian Law on Land Ownership for Mongolian Citizens, 2002
	Mongolian Law on Regulation for Implementing the Land Law, 2002
	Mongolian Law on Subsoil, 1988
Forest resources	Mongolian Law on Forests, 1995, renewed in 2012
Water resources	Mongolian Law on Water, 1995, renewed in 2012
	Mongolian Law on Water Pollution Fees, 2012
	Mongolian Law on Mineral Water, 2003
Plant Resources	Mongolian Law on Plant Protection, 1996, amended in 2011
	Mongolian Law on Natural Plants, 1995, amended in 2012
Wildlife Resources	Mongolian Law on Fauna, 2000, revised in 2012
National Park Resources	Mongolian Law on Special Protected Areas, 1996, amended in 2004
	Mongolian Law on Buffer Zones, 1997
Conservation	Mongolian Law on Environmental Protection 1995, amended in 2012
	Mongolian Law on Environmental Impact Assessment, 1998, renewed in 2012
	Mongolian Law on Air, 1995, renewed in 2012
	Mongolian law on Hazardous and Toxic Chemicals, 2006
	Mongolian law on Hazardous and Chemical Toxic Waste, 2006
	Mongolian Law on Hydrology, Meteorology and Environmental Monitoring, 1997
	Mongolian Law on Cultural Heritage Protection , 2001, revised in 2005.
	Mongolian Law on Natural Resource Use Fees, revised in 2012
Other laws	Mongolian Law on Waste Disposal, 2012
	Mongolian Law on Sanitation, 1998
	Mongolian Law on Food, revised 2012
	Mongolian Law on Food Safety, 2012
	Mongolian Law on Labor Safety and Hygiene, 2008, last amended in 2012
	Mongolian Law on Fire Safety, 1999
	Mongolian Law on State Inspection, 2003

13. **Environmental assessment requirements of Mongolia.** The environmental impact assessment (EIA) requirements of Mongolia are regulated by the Law on Environmental Impact Assessment (1998, revised in 2012). The terms of the law apply to all new projects, as well as rehabilitation and expansion of existing industrial, service, or construction activities and projects that use natural resources. The purpose of the law is environmental protection, the prevention of ecological imbalance, the regulation of natural resource use, and the assessment of environmental impacts of projects and procedures for decision-making regarding the implementation of projects. The EIA process in Mongolia is summarized in Figure 1.

Figure 1: Environmental Impact Assessment Process in Mongolia

14. There are two types of EIAs defined under the Law on Environmental Impact Assessment (2012), as follows.

- (i) General EIA (GEIA). To initiate a GEIA, the project proponent submits to the Ministry of Environment, Green Development and Tourism (MEGDT) or *aimag* government a brief description of the project, including feasibility study, technical details, drawings, baseline description of the project environment, and a written opinion of the *soum* governor. These documents form the basis of the GEIA and MEGDT's assessment, which will have one of three conclusions: (a) project is rejected due to non-conformity with national laws and/or the severity of impacts; (b) project may proceed, subject to specific conditions, and (iii) a detailed EIA (DEIA) is necessary. Assessment by MEGDT generally takes 14 working days.
- (ii) Detailed EIA. The scope of the DEIA is defined in MEGDT's response for the GEIA. The DEIA is prepared by an accredited national entity. The DEIA is submitted by the project proponent to MEGDT and *aimag* government. The reviewer(s) of the GEIA also review the DEIA, generally within 18 working days, and present the findings to the MEGDT. Based on the content of the DEIA, reviewer conclusions, and any additional comments by MEGDT departments, MEGDT issues a decision on whether to approve or reject the project.

15. The DEIA is required to contain the following chapters: (i) environmental baseline data; (ii) analysis of extent and distribution of adverse impacts; (iii) measures to minimize, mitigate, and/or avoid impacts; (iv) alternative methods and technology; (v) risk assessment; (vi) environmental management plan (EMP); and (vii) stakeholder consultations, including potentially affected communities.

B. ADB Environmental Safeguard Requirements

16. **Safeguard Policy Statement (SPS).** Environmental safeguards requirements, including EIA requirements, are defined in ADB's SPS (2009).⁶² All projects funded by ADB must comply with the ADB's SPS (2009) to ensure they are (i) environmentally sound; (ii) designed to operate in compliance with applicable domestic regulatory requirements; and (iii) are not likely to cause significant environmental, health, or safety hazards. The SPS promotes international good practice as reflected in internationally recognized standards such as the World Bank Group's Environmental, Health and Safety Guidelines (2007).⁶³

III. ANTICIPATED ENVIRONMENTAL IMPACTS

17. This section summarizes the potential environmental impacts of the project, based on assessment of the planned activities under each output.

18. **Output 1: Community-based tourism in Khatgal and Khankh settlements promoted.** Activities under this output comprise non-structural measures of improving stakeholder coordination and co-management, strengthening tourism codes of practice for lake protection, and supporting small-scale household enterprises for local tourism. Local enterprises will include training and the provision of small equipment or gear for tourism guiding,

⁶² ADB's SPS is available in English and Mongolian language at: <http://www.adb.org/documents/safeguard-policy-statement>; and, <http://www.adb.org/mn/documents/safeguard-policy-statement>

⁶³ <http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines>

handicrafts, and improving the reliability of existing supply of dairy, meat, and vegetable products to guest houses. None of these activities involve construction. All activities will be screened against the project criteria to avoid environmental impacts and ensure alignment with the KLNP management objectives (Section IV). No environmental impacts are anticipated.

19. Output 2: Capacity for sustainable livestock and pasture management in the KLNP and buffer zone improved. Activities under this output comprise non-structural measures of improving the sustainability of livestock herding and pasture management, training, and household-based income diversification, especially for poor families in the buffer zone. This will include training and the provision of small equipment e.g. dairy processing units. All activities will be screened against the project criteria to avoid environmental impacts and ensure alignment with the KLNP management objectives (Section IV). No environmental impacts are anticipated.

20. Output 3: Waste management around Khuvsgul Lake strengthened. This output includes the installation of pilot eco-toilets. The specific number and location of these facilities will be identified in the first year of project implementation. All facilities will be: (i) small toilets and septic tanks, installed in existing tourism lodges and camps, homes, and/or existing public toilet blocks; (ii) located in existing public areas which are already cleared and subject to regular human activity; (iii) located in the KLNP Tourism and Limited Use Zones, in compliance with Mongolia's *Law on Special Protected Areas*, where small-scale facilities and human activities are permitted; (iv) non-flushing, composting systems which do not impose new pressures on water resources; (v) constructed above ground, on a small sealed surface, to avoid infiltration of waste products to soil or groundwater; (vi) made of pre-fabricated materials (e.g., toilet seats) and/or locally sourced materials from nearby towns; (vii) independently operated, and which do not require the construction of wastewater pipeline networks or treatment plants; (viii) maintained by the tour camp operators and/or residents according to clear operating procedures, including recycling of the sanitized waste products and/or disposal in the existing *soum* waste center (10 km south of Khuvsgul Lake); and (ix) climate resilient due to independence from the use of limited water resources, and, avoiding the mechanical impacts of freezing and thawing by being located above subsurface strata. None of these measures will cause environmental impacts to the KLNP. All are aimed at reducing existing pollution to soil and water from inadequate waste disposal and management.

21. In summary, (i) the project does not involve any major infrastructure construction or activities which could generate major environmental impacts, especially to the land, soil, and water resources of Khuvsgul Lake; (ii) project activities will comply with the KLNP Management Plan and Mongolia's *Law on Special Protected Areas* and *Law on Buffer Zones*; (iii) the installation of eco-toilets, and small-scale activities proposed during implementation, will be subject to the procedures of this EARF; and (iv) the project emphasis is on local livelihoods. All activities will be conducted with the participatory involvement of communities and other stakeholders.

22. Environmental benefits. The project is expected to achieve environmental benefits. Project activities contribute to the conservation objectives of the KLNP Management Plan (2014) and Mongolia's *Law on Special Protected Areas* and *Law on Buffer Zones*, by helping to improve the protection and management of land and water resources in a protected area. Improved stakeholder coordination and community-based tourism will increase the efficiency and sustainability of natural resource use in the park. Raising community capacity for livestock and pasture management will address current issues of over-grazing, declining grazing land, and associated land degradation. Strengthening local capacity for waste disposal and

management will help address one of the greatest threats to the KLNP, pollution of Khuvsgul Lake and its surrounding lands and streams due to unmanaged sewage. The project emphasis on stakeholder collaboration will strengthen park management by the park administration, communities, and local government.

IV. ENVIRONMENTAL ASSESSMENT FOR PROJECT ACTIVITIES

23. The project is category C for environment and only activities likely to have minimal or no adverse environmental impacts will be implemented. No environmental assessment and formal procedure is required for category C projects although environmental implications need to be reviewed. This section provides a simple procedure for screening of small-scale, household income diversification activities (under outputs 1 and 2) and installation of the pilot eco-toilet facilities (under output 3). The KLNP Administration (the implementing agency) and project implementation unit (PIU) (the latter under the project management unit, PMU) will have main responsibility to implement the EARF (Table 3).

STEP 1: SCREENING OF ENVIRONMENTAL IMPACTS

24. **Step 1.1. Exclusion criteria.** Activities which involve the following will not be supported by the project.

- (i) Involuntary resettlement, land acquisition, or influx of workers.
- (ii) Infrastructure construction and major civil works, including major earthworks, dams, irrigation, drainage works, roads, land clearance, or significant heavy vehicle traffic.
- (iii) Exposure to hazardous waste.
- (iv) Installation of facilities within 200 meters of Khuvsgul Lake.⁶⁴
- (v) Intensification of land (and pasture) use with resulting environmental degradation.
- (vi) Intensification of forest use, including increase of net extraction of timber.
- (vii) Warrant classification as environment category A or B under the SPS (2009).⁶⁵
- (viii) Listed in ADB Prohibited Investment Activity List (Appendix 1).
- (ix) Require a Detailed EIA under Mongolia's *Law on Environmental Impact Assessment* (2012).
- (x) Impacts on the ecological or cultural values of the KLNP.
- (xi) Incompatible with the KLNP Management Plan, *Law on Special Protected Areas*, *Law on Buffer Zones*, or other relevant laws and policies.
- (xii) Incompatible with the project objectives for small-scale, household based enterprises which are environmentally friendly and support protection of the park's livelihood, cultural, biodiversity, and natural resource values.

25. **Step 1.2. National screening requirements—GEIA.** MEGDT has advised that the small-scale project activities, which are intended to result in environmental benefits, probably do not require a GEIA. This will be confirmed at the stage of detailed design. The implementing agency and PIU will submit the proposed project activities and designs to the MEGDT Department of Protected Areas Management (DPAM) (the executing agency). The DPAM will

⁶⁴ In compliance with the national standard *MNS 6424: 2013 Eco-Tourism Development in Protected Areas*.

⁶⁵ Category A: likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. Category B: potential adverse environmental impacts are less adverse than those of category A projects. These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects (ADB Safeguard Policy Statement, 2009).

submit the designs to the MEGDT Department of Environment and Natural Resources Management (DENR), which will assess whether a GEIA is required. If a GEIA is required, the DPAM will request DENR to conduct the GEIA. The DPAM will provide the following information: (i) description of the project activity, location map, and designs; (ii) baseline environmental description of the project area; (iii) written opinion of the *soum* governor regarding relevance of the activity to local development programs; and (iv) copy of relevant certificates of land tenure and use. The DPAM and DENR, not the PMU, PIU, or project grant, will be responsible for preparation and submission of these materials, including payment for any required specialists or costs.

26. **Step 1.3. ADB screening requirements.** As a category C project, all planned activities, and any new activities that may be identified during implementation, must comply with the exclusion criteria in Step 1.1 and meet ADB's requirement of minimal or no adverse impacts. During preparation of the detailed designs for each activity, the PIU and PMU will provide a brief review with conclusions to the DPAM and ADB confirming that the activities conform to the scope of the project design and the reasons for why no environmental impacts are anticipated.

STEP 2: PRE-CONSTRUCTION ACTIVITIES

27. **Step 2.1. Environment management plan.** A simple environmental management plan (EMP) has been prepared to mitigate any potential negative impacts and health and safety risks during project activities, including installation of the pilot eco-toilets (Appendix 2). The EMP includes basic requirements for implementation and supervision of works. It requires the contractor and/or community member(s) to plan for the activity, including work schedule and consultation with residents and other stakeholders, and defines prohibited activities, good environmental and housekeeping practices, occupational health and safety and community health and safety requirements, and reporting and communication requirements. The EMP will be included in the tender documents and attached to each civil works contract. The contractors are required to follow these requirements. It is anticipated that most (if not all) of the eco-toilets will be piloted by local residents and lodge owners, with local hired labor, rather than external contractors.

28. **Step 2.2. Preparation of tender documents and evaluation of bids.** Civil works and equipment will be procured in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). The PIU will incorporate this EARF including the EMP (Appendix 2) and environmental clauses (Appendix 3) as specifications in the tender documents for contractors. The PMU will assist MEGDT in the bid evaluation process and assessing compliance with the specifications (to be documented in a bid evaluation report).

29. **Step 2.3. Preparation of contractor site-EMPs.** After contract awarding but before construction commencement, each civil work contractor will develop a small site-EMP based on the EMP, additional site investigations, and consultation with residents. If new environmental issues are identified, corresponding measures shall be defined in the site-EMP. The contractor shall assign the site manager to coordinate site-EMP implementation. No construction shall commence without clearance of the site-EMP by the DPAM.

30. **Step 2.4. Confirmation of project readiness.** After contract award but before construction commencement, the KLNP Administration and PIU shall check that: (i) the contractor has prepared a site-EMP which complies with the EMP and contract clauses

(Appendices 2 and 3) and appointed the site manager as coordinator; and (ii) the contractor has disclosed information to local residents about the civil works and site-EMP.

31. Costs for the contractor and procurement of goods and works for installation of the eco-toilets, and/or small equipment for small-scale household livelihood activities, will be supported by the project grant.

STEP 3: CONSTRUCTION (E.G., INSTALLATION) PHASE ACTIVITIES

32. **Step 3.1. Implementation of the site-EMP.** During construction, the contractor has overall responsibility for site-EMP implementation. The contractor will cover the costs for any required mitigation measures. The contractor will consult with the PIU, KLNP Administration, and residents as necessary so that stakeholders are informed of progress. The KLNP Administration and PIU will support the contractor with consultations (Table 3).

33. **Step 3.2. Supervision, site inspections, and public consultation.** During installation of facilities, the PIU and KLNP Administration will conduct regular site inspections to assess contractor compliance with the site-EMP. Inspections shall be at least twice a month, and follow the site inspection checklist for the project (Appendix 4). The PIU will fill out the checklist during these inspections and submit them to the KLNP Administration and PMU as part of the semi-annual progress reporting. In the event of any violations, accidents, or risks to the environment, the contractor will notify the KLNP Administration and PIU immediately. Public consultation will mainly rely on informal discussions with residents, guest house operators, and *soum* officials.

34. **Step 3.3. Construction completion, audits, and reporting.** At the end of construction, a completion audit will be conducted by the *soum* environment inspector to ensure the safety of each facility and conformity with the agreed design. Given the low impact and minor nature of the civil works, inspections will be conducted as needed. The PIU will prepare a brief completion report for the activity, including a copy of the inspector's certification of completion, and submit this with the project semi-annual reports.

STEP 4: OPERATION PHASE

35. The completed facilities and/or livelihood equipment will be operated and maintained by the tour camp operators and residents respectively, according to operational procedures that will be designed by the relevant stakeholders with support from the PIU specialists. Composted waste in the eco-toilets will be recycled or transferred by sealed container to the *aimag* waste center. The KLNP Administration will conduct inspections of the facilities as needed.

V. CONSULTATION, INFORMATION DISCLOSURE, AND GRIEVANCE REDRESS MECHANISM

A. Consultation and Participation

36. Meaningful public consultation and participatory planning with stakeholders is a key approach for the project and is embedded in all project activities. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and

tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

37. Consultations and meetings will be led by the pilot co-management group to be established under output 1, comprising community representatives, KLNP Administration, *soum* governments, and tour operators. Consultations will include other key stakeholders as necessary, especially civil society organizations (CSOs), will be culturally sensitive, and conducted in a manner commensurate with the impacts or benefits to affected communities. The consultation process shall also be used to introduce and discuss the project grievance redress mechanism (GRM; Section V.C).

38. Stakeholder consultations for the project shall be documented by the PIU and included in the project progress reports. This shall include details of any project-related environmental issues and concerns raised by stakeholders and how these will be addressed by the project. Proof of consultations such as attendance sheets, minutes of meetings and pictures shall be included in the documentation. A sample template for the consultation record is in Appendix 5.

B. Information Disclosure

39. The PIU will be responsible for ensuring that: (i) all project public information, including results of consultations, is stored as part of the project record; and (ii) are made available to stakeholders, in a form, language and at a location in which they can be easily accessed by all stakeholders including affected people.

C. Grievance Redress Mechanism

40. The PIU shall establish and maintain the project GRM to receive and facilitate resolution of any environment-related concerns or grievances about the project. The GRM will address affected people's issues promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all stakeholders at no cost and without retribution. The GRM does not impede access to the national legal system. All project agencies (Table 3) will be aware of the GRM and inform the PIU of any complaints received. The GRM will be introduced during community consultations and made publicly available to stakeholders throughout the project. In the event of a grievance issue, up to three stages will be implemented, as follows.

- (i) Stage 1 (maximum 7 days): If a concern arises during construction, the affected person may raise the issue with the contractor, KLNP Administration, PIU, or community or *soum* representatives. All agencies will be aware of the GRM and will be requested to immediately report any incidents to the PIU. If the issue is resolved directly between the affected person and contractor, no follow-up is required.
- (ii) Stage 2 (maximum 7 days): If the issue is not resolved, the affected person can submit an oral or written complaint to the KLNP Administration. The KLNP Administration and PIU will reply within one week and keep a written record of the whole process.

- (iii) Stage 3 (maximum 10 days): If the issue is still not resolved, the PIU will, if agreed by the affected person, arrange a meeting with MEGDT, PIU, and relevant community and *soum* representatives to identify a solution. This meeting, and implementation of the solution, will be achieved within 10 days. If the issue still cannot be resolved it will be referred to the relevant higher authorities. The PMU may report the process to ADB at any of Stages 1–3, but will do so immediately if Stage 3 is reached.

VI. INSTITUTIONAL ARRANGEMENTS AND RESPONSIBILITIES

41. Implementation and institutional arrangements for the project agencies, and roles and responsibilities, are summarized in Table 3. MEGDT's DPAM is the executing agency. The KLNP Administration (comprising the park director and staff) is the implementing agency. A steering committee, chaired by the Director General of DPAM, will be established to guide the project and will include government agencies, CSOs, and community representatives. The DPAM and KLNP Administration will be supported by a PMU and PIU, based in Ulaanbaatar and the KLNP, respectively, which will comprise a team of individually contracted specialists. PMU and PIU staff costs will be supported by the project.

42. The PIU will be responsible for implementation of the EARF, supported by the KLNP Administration. The executing agency, and other relevant MEGDT departments, especially the DENR, will provide support when needed (Table 3). Due to the simple nature of this EARF and presence of qualified environmental staff within the MEGDT and KLNP Administration, no specialist environmental staff will be recruited in the PIU or PMU to implement this EARF. The requirement for application of this EARF to all project activities is included in the terms of reference for all PIU team members (Appendix 1). In the (unlikely) event a GEIA and DEIA (Section IV) are required, MEGDT, not the project, would be responsible for the provision and payment of any required specialist services and costs.

Table 3: Project Institutional Arrangements, Agency Responsibilities, and Other Participating Agencies

Executing agency: MEGDT–DPAM	<ul style="list-style-type: none"> Assumes overall accountability and responsibility for project planning, management, and implementation Ensures timely and effective execution of the grant agreement Co-signs approval for withdrawal application from project imprest account (with MOF) Submits progress reports to ADB Facilitates auditing of project accounts Chairs the PSC Daily coordination with PMU Overall guidance and support to implementing agency Provides timely policy support
Implementing agency: KLNP Administration of DPAM	<ul style="list-style-type: none"> Assumes direct accountability and responsibility for implementation of project outputs 1–3 Submit progress reports to executing agency Member of the PSC Coordinates the preparation and delivery of any domestic environmental or social safeguard requirements Daily coordination with the PIU Facilitate project stakeholder activities e.g., meetings and

	<ul style="list-style-type: none"> trainings with <i>soum</i> government, communities, tour operators Review PIU progress reports
Oversight body: PSC	<ul style="list-style-type: none"> Comprises 15 members: Director General of DPAM (Chair), MOF (1), KLNP Administration (1), Khuvsgul <i>aimag</i> government (1), five <i>soum</i> governments (one per <i>soum</i>),^a Khatgal village (1), National University of Mongolia (1), Mongol Ecology Center (1), community representatives (one each for Khatgal and Khankh), and Khuvsgul Tourism Association (1) Reviews and assesses project implementation progress and plans Provides advice on policy matters related to the project Meets at least semi-annually
PMU: based at DPAM office in Ulaanbaatar	<ul style="list-style-type: none"> Comprising a project manager, implementation specialist, accountant, procurement specialist, and GIS specialist Supports the executing agency for daily project coordination, planning, implementation, financial management, and procurement Monitors project progress, including periodic site inspections and compliance with PAM, EARF, GAP, and other project documents Prepares semi-annual project progress reports
PIU: based at KLNP Administration in the park	<ul style="list-style-type: none"> Comprising a project field coordinator, Khankh officer, driver, and full-time and/or part-time specialists (Appendix 1) Under the supervision of the PMU, supports the implementing agency to implement the project field activities Ensures compliance with the EARF, GAP, and other project documents. For the EARF, this includes screening procedures, GRM, and compliance with EMP requirements
ADB	<ul style="list-style-type: none"> Oversees project administration and timely execution of the grant agreement by the executing and implementing agencies Disburses grant proceeds Reviews and, as needed, approves procurement, consultant recruitment, progress reports, and audit reports Reviews project compliance and targets against the DMF, EARF, GAP, PAM, and community funds screening criteria Monitors project progress and conducts review missions Disclose monitoring reports on ADB public website Observer to the project steering committee <p>Coordination with EOJ in Mongolia, JICA, and ADB's OCO–Japan team</p> <ul style="list-style-type: none"> Invite EOJ, JICA, and OCO–Japan team to project events and missions (for OCO, inform up to 4 months ahead) Inform on project progress and provide key reports and materials Inform and/or discuss potential changes in scope Respond to inquiries and/or information requests Support donor visibility for dissemination of outcomes and lessons
Other participating agencies	

MOF	<ul style="list-style-type: none"> • Represents GOM for grant negotiations • Signs grant agreement and project approval on behalf of GOM • Co-signs withdrawal applications from project imprest account together with MEGDT • Reviews project progress and/or audit reports as needed
MEGDT–EFPD	<ul style="list-style-type: none"> • Provides oversight support to the executing agency for project financial management • Facilitates independent financial auditing of the project
MEGDT– Department of Environment and Natural Resources	<ul style="list-style-type: none"> • Responsible for national environmental planning, conducting GEIAs, and assessment of DEIAs • For this project, will assess the need for GEIA for project activities and, if required, prepare the GEIA(s)
Khuvsgul <i>aimag</i> governor's office	<ul style="list-style-type: none"> • <i>Aimag</i>-level support and coordination • Coordination of the participating <i>soum</i> governments
<i>Soum</i> government officers – agricultural, environment, and forestry technicians	<ul style="list-style-type: none"> • The five project <i>soums</i> will be represented by at least one counterpart officer per <i>soum</i> or village • Participate in project planning and training • Facilitate coordination between <i>soum</i>, community, and project • Report project progress to the <i>soum</i> and village governments
GASI–environment, health and safety inspectors	<ul style="list-style-type: none"> • In general, four to six inspectors at <i>aimag</i> level and one to two at <i>soum</i> level • <i>Soum</i> environment, health, and safety inspectors will inspect project facilities and issue completion certificates
CSOs and other donors	<ul style="list-style-type: none"> • Project will collaborate and coordinate with existing donor efforts at KLNP, including MEC, NUM, and KfW program • MEC and NUM are members of the project steering committee
Civil works contractors	<ul style="list-style-type: none"> • To be identified during project implementation • Ensure that bidding documents respond to the requirements of the EARF and GAP as relevant for construction works
Embassy of Japan in Mongolia	<ul style="list-style-type: none"> • Represents the Government of Japan and JFPR fund • Observer to the steering committee • May choose to attend project events, meetings, and field sites • Guidance and feedback on Japanese visibility in project activities

ADB = Asian Development Bank, CSO = civil society organization, DEIA = detailed environmental impact assessment, DMF = design and monitoring framework, DPAM = Department of Protected Areas Management, EARF = environmental assessment and review framework, EFPD = Economic, Financial and Planning Division, EMP = environmental management plan, EOJ = Embassy of Japan, GAP = gender action plan, GASI = General Agency for Specialized Inspection, GEIA = general environmental impact assessment, GIS = geographic information systems, GOM = Government of Mongolia, GRM = grievance redress mechanism, JFPR = Japan Fund for Poverty Reduction, JICA = Japan International Cooperation Agency, KLNP = Khuvsgul Lake National Park, MEC = Mongol Ecology Center, MEGDT = Ministry of Environment, Green Development and Tourism, MOF = Ministry of Finance, NUM = National University of Mongolia, OCO = Office of Cofinancing Operations, PAM = project administration manual, PIU = project implementation unit, PMU = project management unit, PSC = project steering committee.

VII. MONITORING AND REPORTING

43. **Monitoring.** Due to the minor scope of works, no detailed environmental monitoring (e.g., water and air quality) will be implemented. Instead, an environmental supervision checklist (Appendix 3) will be used to monitor compliance of contractors with the site-EMPs. This will be complemented by the water quality monitoring program to be established by the project (under

output 3). The program will include sections of Khuvsgul Lake subject to point-source pollution from tour camps, including sites at which the eco-toilets will be piloted.

44. **Reporting.** The PIU will provide semi-annual project progress reports to the PMU. The PMU will review and compile these, and provide semi-annual progress reports to the DPAM, project steering committee, and ADB. These progress reports will document: (i) project implementation status; (ii) status of financial management; (iii) results of procurement for goods and works; (iv) results of project activities (e.g. training); (v) analysis of any monitoring data against relevant standards; (vi) implementation of the EARF (e.g., environmental mitigation measures implemented, construction monitoring, contractor performance, completion inspections, any incidents or complaints received, GRM implementation, and what corrective actions were undertaken). Given the small and simple scope of this EARF, separate environmental reports to ADB, and more frequent reporting (e.g., quarterly) is not required.

45. **Documentation and data storage.** The PIU will be responsible for maintaining systematic and organized records for all project information, including environmental documents and reports.

ADB LIST OF PROHIBITED INVESTMENT ACTIVITIES

1. The use of ADB funds is strictly prohibited for the following activities (ADB's Safeguard Policy Statement, 2009).

- (i) Production or activities involving harmful or exploitative forms of forced labor⁶⁶ or child labor.⁶⁷
- (ii) Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-outs or bans, such as (a) pharmaceuticals,⁶⁸ pesticides, and herbicides,⁶⁹ (b) ozone-depleting substances,⁷⁰ (c) polychlorinated biphenyls⁷¹ and other hazardous chemicals,⁷² (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,⁷³ and (e) transboundary trade in waste or waste products.⁷⁴
- (iii) Production of or trade in weapons and munitions, including paramilitary materials.
- (iv) Production of or trade in alcoholic beverages, excluding beer and wine.⁷⁵
- (v) Production of or trade in tobacco.
- (vi) Gambling, casinos, and equivalent enterprises.
- (vii) Production of or trade in radioactive materials,⁷⁶ including nuclear reactors and components thereof.
- (viii) Production of, trade in, or use of unbonded asbestos fibers.⁷⁷
- (ix) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests.
- (x) Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

⁶⁶ All work or services not voluntarily performed i.e. extracted from individuals under threat of force or penalty.

⁶⁷ Employment of children whose age is below the host country's statutory minimum age of employment, or, in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

⁶⁸ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

⁶⁹ A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

⁷⁰ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁷¹ A group of highly toxic chemicals. Likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁷² A list of hazardous chemicals is available at <http://www.pic.int>.

⁷³ A list is available at <http://www.cites.org>.

⁷⁴ As defined by the Basel Convention; see <http://www.basel.int>.

⁷⁵ Does not apply to project sponsors who are not "substantially involved" in these activities i.e. the activity concerned is ancillary to a project sponsor's primary operations.

⁷⁶ Does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

⁷⁷ Does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

ENVIRONMENTAL MANAGEMENT PLAN (EMP)

1. This EMP is developed for the *Integrated Livelihoods Improvement and Sustainable Tourism in Khuvsgul Lake National Park* project. It defines the basic requirements for implementation and supervision of minor civil works. The EMP requires the contractor to plan for construction, including consultation with potentially affected stakeholders e.g. nearby communities. It also defines good environmental and housekeeping practices, occupational and community health and safety requirements, and communication requirements. The EMP will be included in the tender documents and will form part of all civil works contracts. Contractors are expected to follow these requirements and develop site-specific EMPs (site-EMPs) for implementing these measures. The contractors will be made aware of their obligations to comply with this EMP, and to budget EMP implementation costs in their bids.

Table EMP-1: Environmental Management Plan

Potential Issues	Mitigation measures	Implementing Agency	Supervising Agency	Monitoring Indicators
PRE-CONSTRUCTION PHASE				
Institutional strengthening	<ul style="list-style-type: none"> Establish PMU and PIU 	IA	executing agency, ADB	PMU, PIU established
Design of livelihood activities and eco-toilets	<ul style="list-style-type: none"> Review proposed activity against exclusion criteria (Section IV) and submit screening results and conclusions to KLNP Administration, PMU, DPAM, and ADB for review For the eco-toilets, utilize pre-fabricated or locally-sourced materials (e.g. from Khuvsgul <i>aimag</i> and/or Ulaanbaatar) to minimize on-site construction works and duration Designs are to maximize environmental sustainability and climate resilience. For eco-toilets: (i) non-flushing, composting systems with no water needs; (ii) dimensions based on numerous available models, tailored to site; (iii) construct on a sealed surface above ground to avoid infiltration of waste products to soil or groundwater, and mechanical damage from freezing/thawing; (iv) clear operating procedures, including recycling of the sanitized waste products and disposal in the <i>soum</i> waste center 	PIU ecotourism specialist, design contractor	PIU, IA	Designs comply with GASI environment, health and safety standards
Bidding documents and contractors qualifications	<ul style="list-style-type: none"> Include EARF as annex to Requests for Proposals Ensure that civil works contracts are responsive to this EMP and that mitigation and monitoring measures are budgeted 	PIU, IA	executing agency, ADB	Tender and documents, civil works contracts
Site-EMP	<ul style="list-style-type: none"> Contractor develops a site-EMP, responding to all clauses and requirements of this EMP On-site manager responsible for coordinating the site-EMP Contractor shall ensure adequate resources are available to implement site-EMP throughout construction 	Contractor	PIU, IA	Site-EMP approved by PIU
Permits and licenses	<ul style="list-style-type: none"> Contractor will secure any necessary permits and licenses before undertaking the works Contractor will comply with all domestic laws and regulations, especially guidelines for working in protected areas (as provided by KLNP Administration) 	Contractor	PIU, IA	Copy of approved permits and licenses
Information disclosure, hotline	<ul style="list-style-type: none"> Contractor shall display contact details at the site Contractor shall disseminate in timely manner information on construction progress, including anticipated risks or public disturbances e.g. noise 	Contractor	PIU, IA	PIU progress report
CONSTRUCTION PHASE				
Prohibited activities	<ul style="list-style-type: none"> The contractor will not: (i) remove or disturb any vegetation, natural habitats, flora, fauna, or cultural heritage objects; (ii) spill any pollutants e.g. petroleum products; (iii) burn any wastes; (iv) dispose of rubbish or construction wastes in KLNP; (v) drink alcohol during working hours 	Contractor	PIU, IA	PIU progress report

Potential Issues	Mitigation measures	Implementing Agency	Supervising Agency	Monitoring Indicators
Construction and worker wastewater and sewage	<ul style="list-style-type: none"> • If necessary, erect simple drains around site perimeter to prevent runoff of any construction water and rainwater • Provide adequate number of portable latrines for workers. Upon completion, remove all worker sewage • Workers are not to use natural habitats in park as toilets • Provide garbage receptacles at construction site 	Contractor	PIU, IA	PIU progress report, GASI inspection form
Construction and worker solid waste	<ul style="list-style-type: none"> • Store all materials in small areas to minimize area of construction disturbance • Cover materials with tarpaulin to avoid runoff of oils or other chemicals from machinery during rains • Upon completion, remove all construction waste materials • Recycle as many materials as possible • Dispose remaining materials in Khatgal or Murun landfills • Prohibit burning of waste 	Contractor	PIU, IA	PIU progress report, GASI inspection form
Construction noise	<ul style="list-style-type: none"> • Maintain equipment and machinery in good working order • Operate between 07:00–22:00 subject to agreement with residents and/or other stakeholders • Communicate with residents to seek any feedback or suggestions on noise disturbance • Overall risk is small due to minor nature of the civil works 	Contractor	PIU, IA	PIU progress report, GASI inspection form
Air pollution (construction dust, machinery and vehicle air emissions)	<ul style="list-style-type: none"> • Prohibit the use of any large machinery • Maintain well-kept machinery to minimize exhaust emissions • Avoid clearance of any existing vegetation or habitats • Overall risk is small due to minor nature of the civil works 	Contractor	PIU, IA	PIU progress report, GASI inspection form
Occupational health and safety	<ul style="list-style-type: none"> • Provide safe supply of clean water for workers • Provide personal protection equipment for workers in accordance with relevant health and safety regulations • Establish emergency response procedures to address any accidents or emergencies and include these in the site-EMP • Document occupational accidents, diseases, and incidents • Display emergency contact numbers for local fire, medical and police services in a prominent place 	Contractor	PIU, IA	PIU progress report, GASI inspection form, number of incidents
Community health and safety	<ul style="list-style-type: none"> • Identify potential risks or disturbance to residents and/or disruption to services • If necessary, develop measures to minimize disruption, include these in the site-EMP, and communicate them (including dates, duration) in advance to all affected people • Display signs at construction sites to warn general public of potential hazards e.g. equipment, materials • Secure all construction sites, especially at night 	Contractor	PIU, IA	PIU progress report, GASI inspection form, number of incidents
Grievance Redress Mechanism	<ul style="list-style-type: none"> • Contractor to immediately report any complaints received, to PIU and KLNP Administration • Workers to be aware of GRM and report to on-site construction manager immediately if they receive complaints • Workers to be instructed to treat residents with respect 	Contractor, PIU	PIU, IA	PIU progress report, number of incidents and complaints
OPERATION PHASE				
Management of human waste at eco-toilets	<ul style="list-style-type: none"> • Implement the operational procedures developed at design stage: (i) removal using hygiene safety gear; (ii) transport to Khatgal landfill in sealed containers 	Community management team	PIU, IA	IA progress report
Small-scale tourism and/or agricultural activities	<ul style="list-style-type: none"> • Maintain project equipment as per operational procedures developed at design stage • Implement herding plans • With PIU, review procedures and revise if needed 	Residents, families	PIU, IA	IA progress report

DPAM = Department of Protected Areas Management, EARF = environmental assessment and review framework, GASI = General Agency for Specialized Inspection, IA = implementing agency (KLNP Administration), KLNP = Khuvsgul Lake National Park, PIU = project implementation unit, PMU = project management unit.

ENVIRONMENTAL SAFEGUARD CLAUSES FOR CIVIL WORKS CONTRACTS

1. The general environment, health and safety obligations of the Contractor within this Contract, without prejudice to other official provisions in force, shall include the following.

- (i) The Contractor shall ensure that the construction of project facilities comply with (a) all applicable laws and regulations of Mongolia relating to environment, health and safety; (b) the environmental safeguards stipulated in ADB's Safeguard Policy Statement (2009); and (c) all measures and requirements described in the EMP (Appendix 3 of this EARP).
- (ii) The Contractor shall prominently display contact details at the sites. The Contractor shall disseminate information on construction progress in a timely manner, including anticipated activities that might cause safety risk.
- (iii) The Contractor shall implement the relevant actions of the project grievance redress mechanism (GRM). This includes: responding to any complaints within seven days; if the issue is not resolved, following up immediately with the PIU and KLNP Administration and resolving it within seven days; or if still not resolved, following the subsequent advice given by the KLNP administration and PIU in accordance with Stages 1–3 of the GRM.
- (iv) The Contractor shall ensure that all workers treat residents and other stakeholders with respect, and undertake their work and behavior in a culturally respectful manner.
- (v) The Contractor shall secure the necessary permits and licenses before undertaking the works.
- (vi) The Contractor shall assign the responsibility for coordination of the site-EMP to the site manager, and ensure that sufficient resources are available to implement the site-EMP.
- (vii) The Contractor shall provide equal pay for equal work, regardless of gender or ethnicity; provide those they employ with a written contract; provide the timely payment of wages; use local unskilled labor, as applicable; comply with core labor standards and applicable labor laws and regulations, including stipulations related to employment, e.g. health, safety, welfare, workers' rights, and anti-trafficking laws; and not employ child labor. Contractors shall maintain records of labor employment, including the name, ethnicity, age, gender, domicile, working time, and the payment of wages.
- (viii) The Contractor shall take necessary precautions to avoid damage to Khuvsgul Lake and other natural habitats, and interruptions to water supply, wastewater collection, heating and other utility services during the civil works.
- (ix) The Contractor shall prepare a site-EMP based on the EMP in Appendix 2.
- (x) The Contractor shall take appropriate action against personnel not complying with these clauses and EMP.
- (xi) The Contractor shall document and report to the PIU any incidents caused by the works.
- (xii) The Contractor shall inform the PIU of any unanticipated environmental, health and safety risks or impacts that may arise during implementation of the contract.

ENVIRONMENTAL SITE INSPECTION CHECKLIST

Note: This form is designed for use by the project implementation unit (PIU) and/or GASI⁷⁸ environmental, health, and safety inspectors during site inspections, and may not be exhaustive. Modifications and additions may be necessary to suit individual project activities and to address any specific environmental issues.

Location: _____
 Inspection Date: _____
 Inspection Time: _____
 Inspector(s): _____

Inspection Item	Yes	No	N.A.	Remarks (i.e. problem observed, possible cause of problem, and/or proposed corrective/ preventative actions)
1. Has contractor appointed a construction supervisor and is the supervisor on-site?				
2. Is information pertaining to construction disclosed at construction site (construction period, contractor information, etc.)?				
3. Are chemicals/hazardous products and waste stored on impermeable surfaces in secure, covered areas?				
4. Is there evidence of oil spillage?				
5. Are chemicals stored and labeled properly?				
6. Is construction equipment well maintained? (any black smoke observed)				
7. Is there evidence of excessive dust generation?				
8. Are there enclosures around the main dust-generating activities?				
9. Does contractor regularly consult with residents to identify concerns?				
10. Is there evidence of excessive noise? If yes, describe location and equipment.				
11. Any noise mitigation measures adopted (e.g. use noise barrier / enclosure)?				
12. Is construction wastewater and domestic wastewater discharged to sewer systems (if possible), or are on-site treatment facilities (e.g. septic tank, portable latrine) provided?				
13. Is there any wastewater discharged to soil or surface water?				
14. Is the site kept clean and tidy? (e.g. litter free, good housekeeping)				
15. Are separated labeled containers/ areas provided for facilitating recycling and waste segregation?				
16. Are construction wastes / recyclable				

⁷⁸ Mongolia's General Agency for Specialized Inspection.

Inspection Item	Yes	No	N.A.	Remarks (i.e. problem observed, possible cause of problem, and/or proposed corrective/ preventative actions)
wastes and general refuse removed off site regularly?				
17. Have hazardous wastes been identified (such as asbestos, PCBs)?				
18. Is safe supply of clean water and an adequate number of latrines provided for workers?				
19. Is personal protection equipment (PPE) provided for workers?				
20. Are clear information and warning signs placed at construction sites?				
21. Are construction sites secure, to discourage access?				
22. Are fire extinguishers / fighting facilities properly maintained and not expired? Escape not blocked / obstructed?				
23. Is there any evidence of damage to vegetation, habitats, Khuvsigul Lake, or streams?				
24. Are disturbed areas properly re-vegetated after completion of works?				
25. Any other problems identified or observations made?				

Date, Name and Signature of GASI Inspector or PIU staff member

SAMPLE CONSULTATION RECORD

Participants

[illegible]

Consultation Record (meeting, focus group, discussion)

Foundation Record (meeting, focus group, discussion)	
Key Issues Discussed	Proponent (general position only required)
Action and Deadline	Agency to implement the action
Additional Comments	

STAKEHOLDER COMMUNICATION STRATEGY

Objective	Risk	Audience	Desired Behavior	Information Needs	Channel / Activity	Timing	Responsibility	Resource Needs	Expected Outcome
OBJECTIVE 1: EFFECTIVE COMMUNICATION WITH PROJECT STAKEHOLDERS IN THE KLNP									
Output 1. Community-based tourism in Khatgal and Khankh settlements promoted									
Effective communication with project communities for informed and supportive engagement	Limited engagement due to poorly informed communities	Residents of Khatgal and Khankh settlements and owners of guest houses and home stays	Well informed residents and tour operators co-planning tourism initiatives	Survey of existing and planned community-based tourism Awareness raising information on prevention of HIV and other health risks associated with increased tourism	Pilot co-management tourism group – designated contacts Meeting venues in Khatgal visitor information center and Khankh administration building Designated information points in Khatgal and Khankh Posters, forms in Mongolian on meeting locations and times Local media e.g. TV, radio	2016–2019	IA, PIU	PIU staff time Printed materials (posters, forms) Project media budget line Social website page	Co-planning by residents and tour operators for community-based tourism initiatives
Output 2. Capacity for sustainable livestock and pasture management in the KLNP improved									
Effective communication with remote communities in buffer zone, especially poor households, so they may access and benefit from the project	Limited engagement from poor and remote households due to limited means of communication or transport	Herder families in the KLNP and buffer zone, and participating <i>soum</i> government agencies	Herding groups formed; management plans are implemented; and, income diversification increased	Optimal herding practices tailored to local conditions in the KLNP and buffer zone	Community contact points – representatives for the 5 revolving funds (one per <i>soum</i>) Direct visits by PIU team to remote communities and families Designated information points in the 5 <i>soums</i> Posters, forms in Mongolian on meeting locations and times Local media e.g. TV, radio	2016–2019	IA, PIU	PIU staff time Printed materials (posters, forms) Project media budget line Social website page	Remote and poor households have equal opportunity to engage in and benefit from the project training and community revolving funds
Output 3. Waste management around Khuvsgul Lake strengthened									
1. Waste management. Residents and tour operators are able to	KLNP Administration does not enforce campsite	Khatgal, Khankh residents; guest houses, home stays;	Communities, tour operators, and tourists pro-actively	Key polluting sources (guest houses, home stays) and key sites of uncollected	Pilot co-management tourism group (to be formed by project) Meeting location in Khatgal visitor information center and	2016–2019	IA, PIU	PIU staff time Social website page	Improved stakeholder awareness of pollution threats at KLNP; improved

Objective	Risk	Audience	Desired Behavior	Information Needs	Channel / Activity	Timing	Responsibility	Resource Needs	Expected Outcome
reduce sewage and litter pollution; tourists are informed of pollution risks	regulations	KLNP Administration; domestic and international tourists	contribute to managing sewage and litter	litter	Khankh administration building Social website pages, in Mongolian, Russian, English Local media e.g. TV, radio			Translation of materials to Russian and English languages	waste management; reduced pollution of Khuvsgul Lake
2. Park zoning. All relevant stakeholders participate in review of KLNP zoning	Remote or poor communities uninformed or unable to participate	MEGDT, KLNP Administration; residents in park, buffer zone; tour operators, CSOs	Participatory review of park zoning	Stakeholder concerns and opinions; scientific data on park habitats and values	Stakeholder meetings in the KLNP and Ulaanbaatar Direct visits by PIU team to remote communities and families	2016–2017	IA, PIU	PIU staff time and travel costs Map preparation	Park zoning subject to scientific and stakeholder review and improved as necessary
OBJECTIVE 2: PROJECT VISIBILITY AND MEDIA, INCLUDING DONOR FUNDING									
Public and political awareness of and support for the project	Uninformed public, politicians, media, donors, CSOs create discontent, opposition, or incorrect information about project	General public, local and national media, CSOs (especially for environment, social, health, tourism), government, politicians	Informed and supportive audience	Dissemination of project objectives and activities, focusing on results and impacts	Social website pages, in Mongolian, Russian, English Local, national news releases; interviews with <i>aimag</i> and <i>soum</i> government, MEGDT Briefings/consultations with key politicians, committees, CSOs Grant signing ceremony with media and GOJ attendance Key events and annual open day at Mongolia-Japan Center in Ulaanbaatar	2016–2019	PMU and PIU staff, ADB project officer, MNRM, MEGDT, DPAM, KLNP Administration	PIU staff time. Contact points – PMU manager, field coordinator Project media budget JFPR and Japan ODA logos on all materials Social website page	Public support and awareness raised for the project
OBJECTIVE 3: COORDINATION WITH OTHER DONOR PROGRAMS AT THE KLNP									
Coordination and alignment of project activities with other donor programs in the KLNP	Overlap of resources and/or missed opportunities for collaboration	KfW Program, MEC, other donors in KLNP and tourism sector	Open and regular information exchange, coordination, support	Project information	Meetings; emails; other direct forms of contact MEC is on the project steering committee	2016–2019	DPAM, PMU manager, ADB	DPAM, PMU and ADB staff time Social website page	Donor programs coordinated and aligned

CSO = civil society organization, DPAM = Department of Protected Areas Management, GOJ = Government of Japan, IA = implementing agency, JFPR = Japan Fund for Poverty Reduction, KLNP = Khuvsgul Lake National Park, MEC = Mongol Ecology Center, MEGDT = Ministry of Environment, Green Development and Tourism, MNRM = ADB Resident Mission in Mongolia, Japan ODA = Japan Official Development Assistance (ODA), PIU = project implementation unit, PMU = project management unit.