Project Administration Manual

Project Number: 51084-001
Loan Number: LXXXX
July 2018

Mongolia: Strengthening Information and Communication Technology Systems for Efficient and Transparent Public Investment and Tax Administration Project

ABBREVIATIONS

ADB	–	Asian Development Bank
BEC	–	Bid Evaluation Committee
BID	–	Budget Investment Department
BPIS	–	Budget Preparation Information System
CQS	–	Consultants Qualifications Selection
CSC	–	Consultant Selection Committee
GFMIS	–	Government Financial Management Information System
ICS	–	Individual Consultant Selection
ICT	–	Information and Communication Technology
MTA	–	Mongolian Tax Authority
MOF	–	Ministry of Finance
OCB	–	open competitive bidding
OCR	–	ordinary capital resources
PAM	–	project administration manual
PIMIS	–	Public Investment Management Information System
PIU	–	Project Implementation Unit
PSC	–	Project Steering Committee
SOE	–	statement of expenditure
SPS	–	safeguard policy statement
STP	–	simplified technical proposal
TAIS	–	Tax Administration Information System

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Project Administration Manual Purpose and Process

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

The Ministry of Finance is wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by Ministry of Finance of its obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

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

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

I. PROJECT DESCRIPTION

A. Rationale

1. The proposed project will support the Government of Mongolia in enhancing accountability and efficiency of public financial resource mobilization and management through improved information and communication technology (ICT), especially for tax administration and public investment management.

2. The Mongolian economy went through a major transition from traditional agriculture and livestock-herding to a minerals-based economy, and became vulnerable to the risks associated with commodity price volatility. To mitigate the risks of external shocks and meet the demand for needed infrastructure investment for longer-term sustainable economic development, Mongolia needs to ensure that it has a well-functioning domestic resources mobilization mechanism. Improving the efficiency of its tax administration and effectiveness of its public service delivery through a public investment management system predicated on principles such as transparency, efficiency, and effectiveness is key to achieving this endeavor. Transparency is essential to make the government more accountable, while efficiency and effectiveness are necessary for better and effective use of limited public resources for delivery of needed public services.

3. Efficient tax collection and management, and budget planning and execution for public investment are fundamental functions of public financial management where Mongolia has put much efforts to improve. The legal and regulatory framework has been strengthened through the enactment of the Budget Law (2002, amended 2011) and investments in ICT systems both for tax administration and public investment. However, challenges remain as ICT systems are fragmented per operation and there is a lack of integrated information exchange along with inefficient business processes.

4. **Tax administration system**: Government revenues are mainly generated from taxation and royalties from the mining industry.[1] There are over 20 types of taxes administered by the Mongolian Tax Authority (MTA) based on the General Law of Mongolia on Taxation (2008), covering the entire range of direct and indirect taxes except customs duty and excise tax on certain goods, imported vehicles, petroleum, and fuel. MTA is the central tax administration authority comprised of a number of entities including the state administrative body, referred to as the General Department of Taxation, the agencies' offices, and tax branches at the provincial and district level.[2] Tax offices and branches at the local level independently carry out tax administration and only periodically provide data to the central server in the General Department of Taxation.

5. An effective tax administration system consists of well-defined business processes that includes taxpayer registration, tax collection, verification, accounting and auditing, and other supporting mechanisms. However, the existing ICT systems for tax administration in Mongolia were developed to merely replicate the manual business processes, providing for isolated administration of each tax without leveraging the taxpayer data across the registered taxes. Current tax filing and payment compliance processes and systems requires strengthening so that it can automatically flag suspected cases for detailed assessment and audits.

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[1] The largest revenue streams of reported government income are windfall tax (36% of total income) and corporate income tax (17%).

[2] Local governments also have tax administration units for local taxes such as property tax, although a major portion of local government revenues still rely on the central government's fiscal transfer.

6. A well-designed ICT has a substantial role in improving the taxpayer base as it enables the government to (i) identify unregistered and potential taxpayers; (ii) manage the lifecycle of taxpayer registration, tax liabilities assessment, collection, and reporting; and (iii) enhance accountability in tax administration. The MTA began transitioning to an ICT-based tax administrative system in the early 2000s. It has been working to establish a tax information system to automate the registration of taxpayers and tax types, tax accounting and auditing, tax payment, and the tax refund process. However, planning and investments in ICT have been ineffective, especially with different systems being outdated and operating for different business processes, resulting in isolated data repositories and systems in tax administration.[3]

7. **Public Investment Management (PIM).** The major parts of the lifecycle of PIM is administered by the Budget Investment Department (BID) of the Ministry of Finance (MOF).[4] While a certain level of autonomy in local government[5] exists with budget planning and execution for small investment projects, all fixed investment project proposals at the local government, fully or partially funded by the central government, must still be submitted to MOF. As inputs are required from sector ministries and agencies, through their independently run systems to successfully complete the public investment management process cycle, interoperability, availability of information from external systems and interface with the core public investment management, and monitoring system are major challenges for PIM in Mongolia.

8. Overall, the business process of PIM in Mongolia has been fragmented and inefficient, often causing suboptimal public investment decisions, underperformance of investment projects, and opaque monitoring and evaluation. Most of the PIM functions are carried out manually with data maintained in Excel sheets and in printed documents, resulting in ineffective monitoring of the investments, physical and financial progress, and results and benefits from such investments. Knowledge gaps also exist in understanding and designing good practice-based business processes. Thus, a comprehensive and centralized business process system for PIM is required for transparent and efficient management of the entire lifecycle of public investment.

9. There is also insufficient ICT capacity for PIM in Mongolia, with technical and functional limitations that prevent optimized utilization of ICT for management of public investments. The existing Fiscal Software in use for budget preparation offers very limited functionality for PIM, primarily focused on capturing the budgetary estimates for the proposed projects with limited functionality for managing the entire lifecycle of PIM. The system also needs to interface with the critical ICT systems of the government that includes the Budget Management System, the Budget Preparation Information System (BPIS), the Expenditure Management System, and the Government Financial Management Information System (GFMIS), to create a seamless management ecosystem and enhance accountability of overall public investments management.

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[3] Existing systems were developed separately for each tax type (e.g., personal income tax, corporate tax, value-added tax, property tax, etc.) and processes on various technology platforms resulting in more than 20 ICT systems (e.g., general taxpayer registration system, property taxpayer registration system, tax return system, tax audit system, tax account system, etc.) in use with disintegrated data sources.

[4] The lifecycle of PIM includes development of investment project planning by receiving investment project proposals from sector ministries, agencies, and local governments; proposal review; submission for approval to Parliament of Mongolia; implementation of approved investment projects and project monitoring and evaluation; and managing the assets created under such public investments.

[5] The authorities of local governments have been significantly enhanced, with provincial governments responsible for basic education, primary healthcare, urban planning and construction, social welfare services, water supply and sewerage, public transport, urban roads and bridges, and municipal services. These functions will be financed through local taxes and fiscal transfers from shared taxes from the central government, with the transfer formula based on population, population density, remoteness and size of the local government, and level of local development.

This is in line with the Government Action Plan 2016–2020 to improve public investment management.

10. Existing capacity and resource constraints in BID/MOF is also severely impeding the planning and management of PIM functions in Mongolia, particularly in aspects such as: (i) approach and methodology for evaluation of the project proposals; (ii) selecting projects that fit with the overall economic development vision and growth plans of the country; (iii) investment planning and policy development; and (iv) implementation, financing, monitoring, and evaluation of selected projects.

B. Impact and Outcome

11. The project is aligned with the following impact: accountability and efficiency of public financial resource mobilization and management enhanced.[6] The project will have the following outcome: transparency, efficiency, and effectivity in public investment and tax administration strengthened.[7]

12. The project is part of continuous ADB efforts[8] to improve public financial resource mobilization and management in Mongolia and is built on recommendations and lessons from previous ADB technical assistance and projects.[9] The project is also unique and innovative in taking advantage of ICT for improving tax administration and PIM, addressing inefficiency and transparency in both government revenue and expenditure management aspect at the same time.

C. Outputs

13. The proposed project will support (i) MTA to redesign and improve business process, establish tax administration and information system (TAIS), and develop capacities of the staff; and (ii) the BID/MOF to examine and re-design business process, develop a comprehensive public investment management information system (PIMIS), and develop capacities of staff.

14. **Comprehensive TAIS in business process and ICT capacity.** The proposed project will examine and evaluate the current business process of tax administration and provide necessary support to reform the process. Based on the new business process, a comprehensive TAIS will be developed and installed for more efficient and transparent tax administration with complete data migration and validation from the old systems. Necessary capacity development needs will be assessed, and relevant capacity development programs will be provided and conducted.

15. **Comprehensive PIMIS in business process and ICT capacity.** The proposed project will improve the current business process of PIM among various government agencies. A new ICT system, PIMIS, will be developed to integrate the functions of receiving applications, conducting due diligence, decision making, budget execution, and monitoring and evaluation.

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[6] Government of Mongolia. 2016. *Government Action Plan, 2016–2020*. Ulaanbaatar.

[7] The design and monitoring framework is in Appendix 1.

[8] Two ADB technical assistance projects have been provided to improve tax administration and public investment management: (i) ADB. 2014. *Technical Assistance to Mongolia for Strengthening Information and Communication Technology Systems for Efficient and Transparent Tax Administration. Manila* (TA 9448-MON). https://www.adb.org/projects/51084-002/main, and (ii) ADB. 2014. *Technical Assistance to Mongolia for Transparency and Efficiency in Public Financial Management*. Manila (TA 8742-MON). https://www.adb.org/projects/47200-001/main.

[9] Governance Reform Program (1998), Governance Reform Program (2003), TA: Public Financial Resource Management (2013), and KSTA: Establishing Sovereign Wealth Fund Management Institution (2017).

Existing ICT systems including BPIS and GFMIS[10] will be connected to the PIMIS. The PIMIS will be linked to the e-Procurement system of the Government Agency for Policy Coordination on State Property, the local governments, and the National Development Agency to select and manage mega projects for public investment planning.

16. The proposed project will have the following three outputs:

(i) Output 1: Streamlined and improved business processes for tax administration and public investment. The project will reengineer its current business processes of tax administration and PIM in line with international good practices,[11] and provide necessary support in redesigning and improving functional coverage of the system, integration requirements, and ICT infrastructure needs. Automation of standardized and simplified business processes and interactions enhances the efficiency internally as well as with external stakeholders, facilitating better coordination and collaboration.

(ii) Output 2: Improved and strengthened information and communication technology systems for tax administration and public investment management. The project will support the executing agency to define functional and system requirements and develop ICT systems for the new TAIS and PIMIS. New software and hardware will be procured. Existing facilities to accommodate new ICT systems will be improved and expanded.

(a) **Tax administration and information system.** The project will support the MTA in consolidating its ICT infrastructure for hosting and managing its business applications, including the TAIS, in the National Government Data Centre in Ulaanbaatar and the proposed disaster recovery site in Darkhan city. The project will provide for the required ICT infrastructure (network, security, computing, and storage infrastructure) and associated system software required for hosting the TAIS in the data center and data recovery site. The project will also provide for non-ICT infrastructure (air-conditioning, and transformers) needed for the data center. The project will also support modernizing the ICT infrastructure in the MTA offices including desktop computers, printers, local area network, and wide area network to interconnect the tax offices to the data center and disaster recovery site.

(b) **Public investment management information system.** The project will support the BID to develop or procure an integrated PIMIS and needed ICT infrastructure including network, security, computing and data storage, and associated system software for hosting the PIMIS. The current data center for the MOF where the PIMIS is to be hosted will be expanded. With the implementation of the integrated PIMIS system, Mongolia will have a seamless feed to the development plans from actual budget and projects. Moreover, development project selection will be based on enhanced and informed social cost–benefit analysis, and, hence, will deliver improved socioeconomic value with adequate fund provisioning, which facilitates the reduction of risks to the government in large projects including public–private partnership projects.

(iii) Output 3: Improved capacity of government staff in administering and managing the tax administration and information system and the public

[10] BPIS is to manage the budgeting for the approved projects, while GFMIS is for budget execution and disbursement.

[11] International good practice generally follows principles and guidelines of ADB, the Centre for Tax Policy and Administration, the Organisation for Economic Co-operation and Development, or other international standards defined by the International Monetary Fund (Tax Administration Diagnostic Assessment Tool).

investment management information system. A capacity development plan for required skills and staff will be prepared, and technical training workshops and seminars will be arranged and conducted. Public awareness activities will also be planned and conducted. Sensitization and capacity building at different levels of policy and execution strengthen the confidence in public service delivery. Citizens will have enhanced trust in the government because of efficient service delivery and transparency.

17. **Strategic fit.** ADB Strategy 2030[12] emphasizes the importance of governance and institutional capacity in supporting public management reforms and financial stability for sustainable and inclusive development. The project will support the government to continue its reform efforts in public financial resource management by strengthening tax administration and PIM.[13] The design of the project follows ADB's sector and thematic operational plan, Financial Sector Operational Plan (2011). The project is in line with ADB's Country Partnership Strategy for Mongolia, 2017–2020, and the Government Action Plan, 2016–2020.

[12] ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific.* Manila.

[13] The project will also contribute to the International Monetary Fund (IMF)'s three-year Extended Fund Facility (EFF, 2017) for Mongolia in a total amount of SDR 314.5054 million to support the country's economic reform program by improving efficiency in tax administration through ICT.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 1. Project Processing Milestones

Indicative Activities	Months						Responsible Individuals/ Unit/Agency/ Government
	May 2018	June 2018	July 2018	Aug 2018	Sep 2018	Oct 2018	
Advance Contracting Actions[14]			X	X	X	X	MOF, MTA, ADB
Establish Project Steering Committee	X						MOF
Staff Review Meeting			X				ADB
Loan Negotiation			X				MOF, ADB
ADB Board Approval					X		ADB
Loan Signing					X		MOF, ADB
Loan Effectiveness						X	ADB

ADB = Asian Development Bank, MOF = Ministry of Finance, MTA = Mongolian Tax Authority.

[14] Advance contracting for recruitment of consulting services and procurement of goods are requested by the executing agency and will be considered subject to the ratification of amendment of the National Procurement Law to allow advance contracting, and subject to MOF and ADB's approval to proceed. Advance contracting is part of the normal procedure, and that ADB's support for advance contracting does not commit ADB to approve the loan project or to finance the recruitment costs.

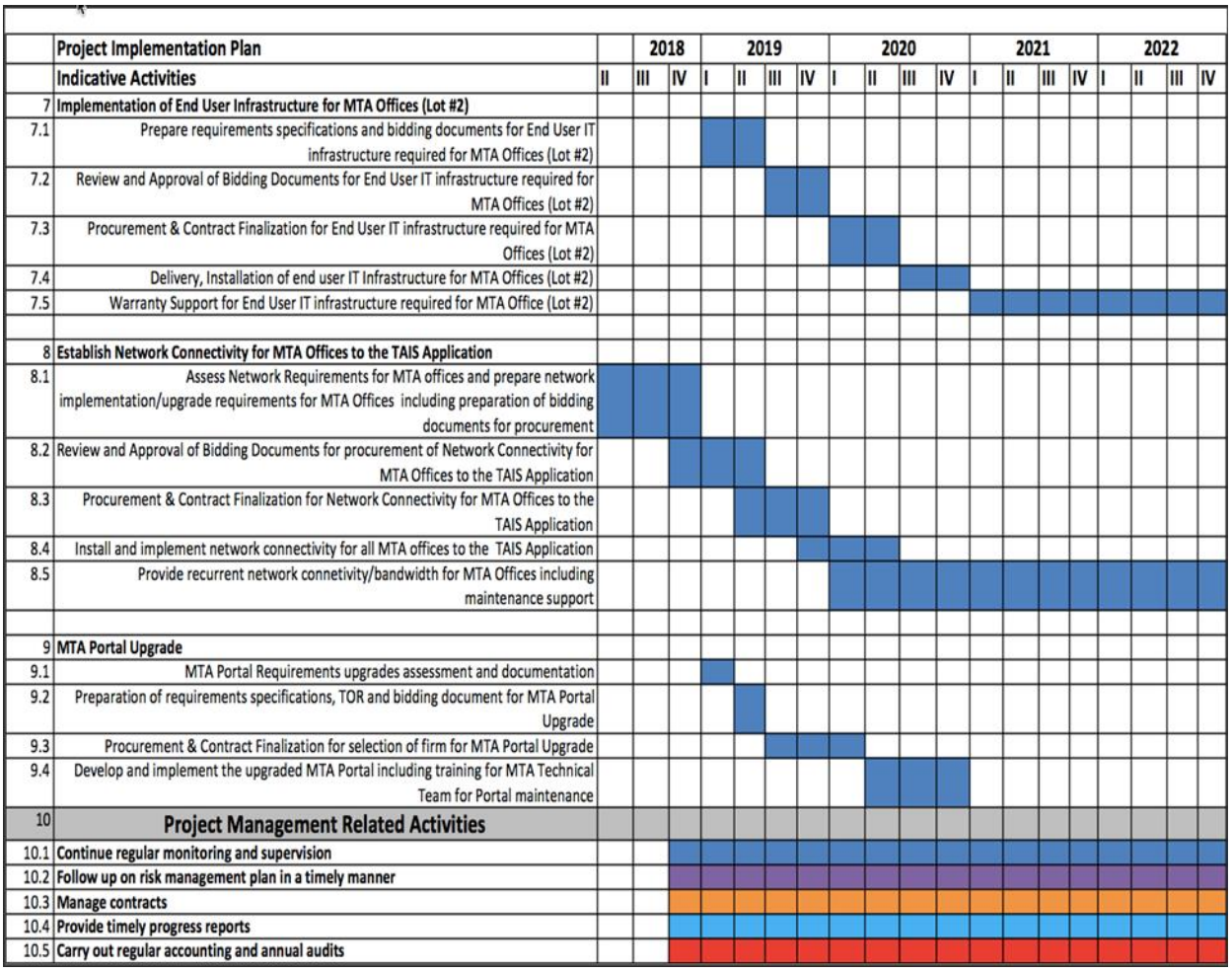
B. Overall Project Implementation Plan

Table 2. Project Implementation Plan for PIMIS

	Project Implementation Plan	2018		2019				2020				2021				2022			
	Indicative Activities	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
	Public Investment Information Management System (PIMIS)																		
1	**Establishment of PIU by Recruitmenting Project Manager, Financial Management Consultant, Procurement Consultant, Project monitoring support specialist (1) and other support staff.**																		
2	**Recruitment of International consultant (1) and National Consultant (1) on Public Investment Management ICT expert for PIMIS**																		
3	**Selection of Consultant for the PIMIS end-to-end software solution with PIMIS public Visualization and Monitoring portal development**																		
3.1	PIMIS system and portal customization, development, configuration, testing and commissionning																		
3.2	Development of Interfaces with exgternal systems																		
3.3	Training technical staff of Budget Investment Dept and IT Department																		
3.4	Users' training for pilot entities																		
5	**Establishment of Helpdesk by recruiting help desk**																		
6	**Pilot implementation of End-to-End PIMIS**																		
7	**Selection of Third party audit Consultant for auditing and certification of the PIMIS and ICT systems**																		
7.1	PIMIS system audit																		
8	**Final tuning and delivery of PIMIS system**																		
9	**Implementation of PIMIS across all Budget Institutions**																		
10	**Selection of Engineering firm to develop designs, specificatins, and BoQ for renovation of workspace for PIMIS and new data center**																		
11	**Selection of Supplier and delivery and commissioning of Data center equipment and commissioning and Technical Training on database, data ceenter and network security**																		
11.1	Warranty & Maintenance Support for PIMIS IT Infrastructure by the Service Provider																		
12	**Selection of Supplier and delivery, commissioning of IT equipment for aimags, districts, BID and Helpdesk**																		
12.1	Warranty & Maintenance Support for PIMIS IT Infrastructure by the Service Provider																		
13	**PIM System implementation benchmark and knowledge sharing visit**																		
14	**Selection of Training Consultant for PIMIS (Training for Users at Ministry, Aimags, and District level and other stakeholders)**																		
14.1	Users' training for rest of all entities																		
15	**Selection of Consultant for ongoing development and maintenance of Software and web-portal**																		
16	**Selection of Consultant for ongoing maintenance and support of Data Center**																		
17	**Project Management Related Activities**																		
17.1	Continue regular monitoring and supervision																		
17.2	Follow up on risk management plan in a timely manner																		
17.3	Manage contracts																		
17.4	Provide timely progress reports																		
17.5	Carry out regular accounting and annual audits																		

Table 3. Project Implementation Plan for MTA

	Project Implementation Plan	2018			2019				2020				2021				2022			
	Indicative Activities	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
	Tax Administration Information System (TAIS)																			
1	**Establishement of PIU by recruiting Project Coordinator, Procurement Specialist, Training Coordinator and Project Monitoring Support Specialist**			■																
2	**Implementation of IT infrastructure for TAIS Rollout for MTA (IT infrastructure for Data Center & DR and Technical Capacity for MTA staff)**																			
2.1	Prepare requirements specifications and bidding documents for TAIS IT infrastructure requirements		■	■																
2.2	Review and Approval of Bidding Documents for TAIS IT infrastructure procurement				■	■														
2.3	Procurement & Contract Finalization for TAIS Infrastructure implementation						■	■	■											
2.4	Delivery, Installation of IT Infrastructure including TAIS installation on Procured IT Infrastructure									■	■	■								
2.5	Third Party Acceptance Testing, Certification & Go-Live of the Infrastrucrure										■	■								
2.6	Technical Training for MTA IT Staff on Maintenance & Support for TAIS IT infrastructure												■	■						
2.7	Warranty Support for TAIS IT Infrastructure by the Service Provider											■	■	■	■	■	■	■	■	■
3	**Procurement of Database and other system software licenses required for TAIS Application**																			
3.1	Prepare Bill of Materials and specifications required for database and other system software licenses required for TAIS Application including bidding documents for procurement of licenses		■	■																
3.2	Review and Approval of Bidding Documents for Database and other system software licenses required for TAIS Application				■	■														
3.3	Procurement & Contract Finalization for Database and other system software licenses required for TAIS Application						■	■	■											
3.4	Delivery, Installation of Database and other system software licenses required for TAIS Application									■	■	■								
3.5	Technical Training for MTA IT Staff on Maintenance & Support for for Database and other system software licenses delivered under the component												■	■						
3.6	AMC for System Software											■	■	■	■	■	■	■	■	■
4	**Procurement of Third Party Testing & Certification Services for TAIS Application & IT Infrastructure Solution**																			
4.1	Preparation of Terms of Reference for Performance Security Testing of TAIS Application Software & IT Infrastructure including bidding documents for selection of consultant		■	■																
4.2	Review and Approval of Bidding Documents for Third party Performance & Security Testing of TAIS Application Software & IT Infrastructure				■	■														
4.3	Procurement & Contract Finalization for Third party Performance & Security Testing of TAIS Application Software & IT Infrastructure						■	■	■											
4.4	Completion of TAIS Development by IT SoE including pilot go-live									■	■	■								
4.5	Delivery and Installation of IT Infrastructure for TAIS in the Data center including TAIS installation on the IT Infrastructure									■	■	■								
4.6	Third Party Testing & Certification of the Application Software and IT Infrastructure including issue resolution for identified gaps										■	■	■							
5	**Preparation of Facilities in National Data Center for hosting TAIS (Non-IT Infrastructure for MTA in Data Center**																			
5.1	Prepare requirements specifications for site preparation for Data Center and preparation of bidding documents for procurement		■	■																
5.2	Review and Approval of Bidding Documents for procurement of Non-IT Infrastructure for MTA in Data Center				■	■														
5.3	Procurement & Contract Finalization for Non-IT Infrastructure for MTA in Data Center						■	■	■											
5.4	Delivery, Installation of Non-IT Infrastructure for the Data Center & Site Preparation									■	■	■								
5.5	Warranty & Maintenance Support for Non-IT Infrastructure for MTA in Data Center											■	■	■	■	■	■	■	■	■
6	**Implementation of End User Infrastructure for MTA Offices (Lot #1)**																			
6.1	Prepare requirements specifications and bidding documents for End User IT infrastructure required for MTA Offices		■	■	■															
6.2	Review and Approval of Bidding Documents for End User IT infrastructure required for MTA Offices					■	■	■												
6.3	Procurement & Contract Finalization for End User IT infrastructure required for MTA Offices								■											
6.4	Delivery, Installation of End User IT infrastructure required for MTA Offices							■		■	■	■								
6.5	Warranty Support for End User IT infrastructure required for MTA Offices											■	■	■	■	■	■	■	■	■



	Project Implementation Plan		2018		2019				2020				2021				2022			
	Indicative Activities	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
7	**Implementation of End User Infrastructure for MTA Offices (Lot #2)**																			
7.1	Prepare requirements specifications and bidding documents for End User IT infrastructure required for MTA Offices (Lot #2)																			
7.2	Review and Approval of Bidding Documents for End User IT infrastructure required for MTA Offices (Lot #2)																			
7.3	Procurement & Contract Finalization for End User IT infrastructure required for MTA Offices (Lot #2)																			
7.4	Delivery, Installation of end user IT Infrastructure for MTA Offices (Lot #2)																			
7.5	Warranty Support for End User IT infrastructure required for MTA Office (Lot #2)																			
8	**Establish Network Connectivity for MTA Offices to the TAIS Application**																			
8.1	Assess Network Requirements for MTA offices and prepare network implementation/upgrade requirements for MTA Offices including preparation of bidding documents for procurement																			
8.2	Review and Approval of Bidding Documents for procurement of Network Connectivity for MTA Offices to the TAIS Application																			
8.3	Procurement & Contract Finalization for Network Connectivity for MTA Offices to the TAIS Application																			
8.4	Install and implement network connectivity for all MTA offices to the TAIS Application																			
8.5	Provide recurrent network connetivity/bandwidth for MTA Offices including maintenance support																			
9	**MTA Portal Upgrade**																			
9.1	MTA Portal Requirements upgrades assessment and documentation																			
9.2	Preparation of requirements specifications, TOR and bidding document for MTA Portal Upgrade																			
9.3	Procurement & Contract Finalization for selection of firm for MTA Portal Upgrade																			
9.4	Develop and implement the upgraded MTA Portal including training for MTA Technical Team for Portal maintenance																			
10	**Project Management Related Activities**																			
10.1	**Continue regular monitoring and supervision**																			
10.2	**Follow up on risk management plan in a timely manner**																			
10.3	**Manage contracts**																			
10.4	**Provide timely progress reports**																			
10.5	**Carry out regular accounting and annual audits**																			

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

18. The project will be implemented over four years from October 2018 to September 2022. MOF is the executing agency. A Project Steering Committee and Project Implementation Unit (PIU) will be established following resolution number 196 issued by MOF, stating "Regulation on utilization of proceeds of foreign loans of the Government; implementation, administration, financing, monitoring and evaluation of projects and programs funded by such proceeds", or any other subsequent relevant regulations.

19. A Project Coordinator recruited by MOF will lead the PIU; a Financial Management Specialist and a Project Assistant will support the PIU. The Project Coordinator will also be overseeing the PIMIS component. These PIU staffs will be responsible for discharging their duties for both of the project components (i.e., TAIS and PIMIS). Additionally, the TAIS component will be supported by a dedicated TAIS Project Manager, a Procurement Specialist, a Training Coordinator, and a Project Monitoring and Evaluation Specialist. The PIMIS component will also have a Project Monitoring and Evaluation Specialist, Procurement Specialist, and an ICT Specialist. One International and one National Public Investment Management ICT experts will provide advisory services in an intermittent basis to the BID/MOF and the PIU throughout the project on the PIMIS component project implementation activities. One additional Procurement consultant will be supporting primarily TAIS and intermittently PIMIS components.

Table 4. Project Implementation Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Executing Agency (MOF)	➢ Guide the development of the project and institutional arrangements for the lifetime of the project; ➢ Facilitate the smooth flow of funds and overall management of the project, including quality of financial management and submission of withdrawal applications and annual financial audit reports; ➢ Oversight of loan disbursements and ensuring these are properly accounted for; ➢ Ensure necessary budgetary allocation is reflected in the annual budget to deliver the project; ➢ Facilitate negotiation, signing, and execution of the project financing agreements; ➢ Provide representative to BEC and CSC; and ➢ Ensure the financial statements are audited properly and submitted to ADB in a timely manner.
Project Steering Committee (PSC)	➢ Body created under the MOF, which is composed of representatives of relevant departments of MOF and MTA; ➢ The Chair of PSC will be the State Secretary of MOF; ➢ The PSC will be composed of Directors General of Budget Investment Department, Development Financing Department, and Fiscal Policy and Planning Department; Directors of Financial Information Technology Division of the Public Administration and Management Department of MOF, and Tax Administration and Cooperation of MTA; Commissioner of GDT; and Head of IT and Statistics Center. The project coordinator will be the secretary of the PSC; ➢ The PSC will meet at least twice a year;

Project Implementation Organizations	Management Roles and Responsibilities
	➢ The project coordinator of the PIU will be the secretary of the PSC, who will prepare the agenda and minutes of the meetings; and ➢ PSC works throughout the duration of the project.
Implementing Agency 1 BID/MOF	➢ Overall responsibility for implementation of the PIMIS component of the project; ➢ Dedicate staff with accountability to coordinate activities and engage the relevant stakeholders for the execution of the PIMIS component; ➢ Establish PIU and administer all consultancy and works contracts (instructing the PIU on supervision of consultants, approving variations, and all contract execution); ➢ Sign the contracts under the PIMIS component; ➢ Ensure that PIU maintains all project accounts and accurate records of both financial and physical progress with regards to its project component; ➢ Procure and supervise execution of contracts; ➢ Authorize PIU for the release of the contract payments; ➢ Carry out monitoring and evaluation regularly and on time; ➢ Disseminate and publish procurements contracts-related information; and ➢ Ensure timely completion of project.
Implementing Agency 2 MTA	➢ Overall responsibility for implementation of the TAIS component of the project; ➢ Dedicate staff with accountability to coordinate activities, and engage the relevant stakeholders for the execution of the TAIS component; ➢ Establish PIU and administer all consultancy and works contracts (instructing the PIU on supervision of consultants, approving variations, and all contract execution); ➢ Sign the contracts under the TAIS component; ➢ Establish procedures for project execution and monitoring of the execution; ➢ Ensure that PIU maintains all project accounts and accurate records of both financial and physical progress with regards to its project component; ➢ Procure and supervise execution of contracts; ➢ Authorize PIU for the release of the contract payments; ➢ Carry out monitoring and evaluation regularly and on time; ➢ Disseminate and publish procurements contracts-related information; and ➢ Ensure timely completion of project.
Project Implementation Unit (PIU)	➢ Perform day-to-day management of the project in accordance with relevant government laws and regulations and ADB's policies and guidelines; ➢ Lead project implementation activities aiming at timely completion with quality and within budget; ➢ Train new members of PIU and facilitate the consultants' understanding of the business process; ➢ Establish and maintain the project accounts, and make payments against the contract claims; ➢ Carry out financial transactions and keep records following accounting standards; ➢ Provide day-to-day support for project activities; ➢ Prepare bidding documents and carryout procurements under the project in timely manner;

Project Implementation Organizations	Management Roles and Responsibilities
	➢ Focal point for communication with ADB on project-related matters; ➢ Review consultants' reports and ensure the outputs are delivered according to the project objectives and the government policies and regulations; ➢ Ensure compliance with Loan agreements, ADB's guidelines, procedures, and policies; ➢ Report the progress, risks, and project requirements with implementing agencies; ➢ Prepare and/or submit withdrawal applications to ADB; ➢ Prepare periodic report that includes quarterly project progress report and semi-annual compliance monitoring reports to ADB and executing agency; ➢ Provide in a timely manner quarterly and annual reports, including financial statements duly audited as per the loan agreement, to ADB; Maintain all project accounts and accurate records of both financial and physical progress with regards to its project component; ➢ Monitor and evaluate project activities and outputs and report the findings to the executing agency and ADB by submitting monthly progress reports; ➢ Review and verify documents submitted by contractors and consultants; ➢ Facilitate communication with the local stakeholders; ➢ Consult with the public and disclose project information with ADB; ➢ Coordinate with the Mongolian National Audit Office to have the project account audited annually, and submit audited financial statement to ADB; and ➢ Operate and maintain PIU. ➢ Monitor compliance of gender actions and targets especially for female staff participation of capacity building programs.
ADB	➢ Conduct Review Missions; ➢ Monitor compliance with all agreements, covenants, and reporting requirements; ➢ Process withdrawal applications, claims, advances, liquidations, and disbursements in a timely manner; ➢ Facilitate implementation and review progress on a regular basis; ➢ Periodically update and revise the PAM as and when necessary during each review mission and following any changes in program investment costs, scope, or implementation arrangements; and ➢ Validate progress reports and audit reports. Conduct off-site review of reports and other information provided from time to time; at its option, conduct on-site inspections to confirm such compliance.

ADB = Asian Development Bank, BEC = Bid Evaluation Committee, BID = Budget Investment Department, CSC = Consultant Selection Committee, GDT = General Department of Taxation, IT = Information Technology, MOF = Ministry of Finance, MTA = Mongolian Tax Authority, PAM = project administration manual, PIMIS = public investment management information system, PIU = project implementation unit, PSC = Project Steering Committee, TAIS = tax administration and information system.

20. Terms and References for the PIU Key Staff, dedicated specialists for the PIMIS and TAIS, and other key consultants is in Appendix 1.

B. Key Persons Involved in Implementation

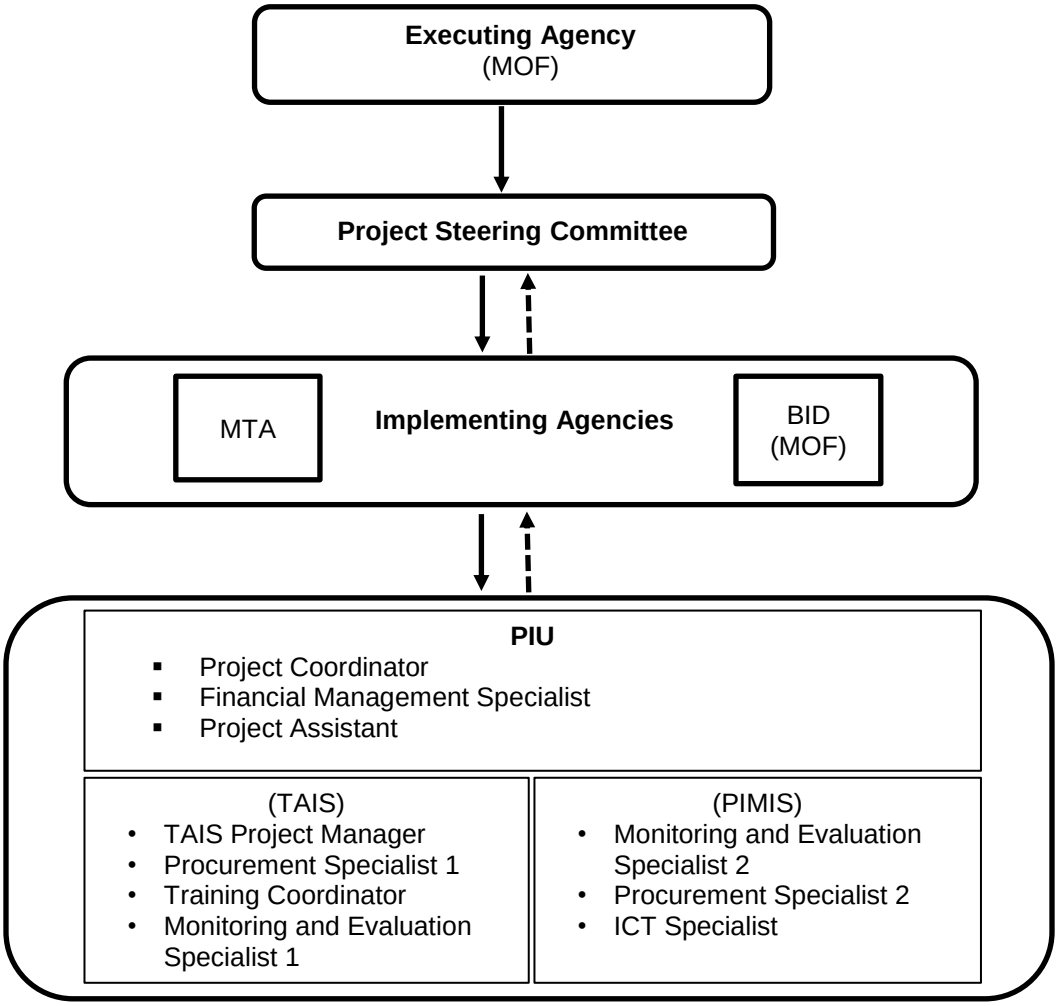
Executing Agency

Ministry of Finance (MOF)	Officer's Name: Narantsogt Sanjaa Position: State Secretary Telephone No.: +(976)-51-262253 Email address: narantsogt_s@mof.gov.mn Office Address: Government building No.2, Chingeltei District, Danzan street 5-1, Ulaanbaatar

Implementing Agencies

Budget Investment Department (BID), MOF	Officer's Name: Tuvdendorj Gantumur Position: Director General of Budget Investment Department Telephone No.: +(976)-51-267247 Email Address: tuvdendorj_g@mof.gov.mn Office Address: Government building No.2, Chingeltei District, Danzan street 5-1. Ulaanbaatar
Mongolian Tax Authority (MTA)	Officer's Name: Zandanbat Dorjsuren Position: Commissioner, General Department of Taxation Telephone No.: +(976)-11-320167 Email Address: zandanbat.d@mta.gov.mn Office Address: 5/1 United Nations Street, Khoroo 4, Chingeltei District, Ulaanbaatar - 15160
Asian Development Bank (ADB)	
Public Management, Financial Sector and Regional Cooperation Division, EARD	Staff Name: Ying Qian Position: Director Telephone No.: +632 632 6396 Email address: yqian@adb.org
Mission Leader	Staff Name: Seung-Min Lee Position: Financial Sector Specialist Telephone No.: +(632) 632-5627 Email address: sminlee@adb.org

Figure 1. Project Organization Structure



BID = Budget Investment Department, ICT = information and communications technology, MOF = Ministry of Finance, MTA = Mongolian Tax Authority, PIMIS = public investment management information system, PIU = project implementation unit, TAIS = tax administration and information system.

IV. COSTS AND FINANCING

21. The project, with a total cost of $26.47 million, has two components: TAIS and PIMIS. Investments include civil works for the data center building; and the acquisition of ICT infrastructure and hardware, ICT software and technical services, ICT maintenance, equipment (e.g., computers), business process analysis and advisory services, and project management.

22. The project will be financed through ADB's Ordinary Capital Resources (OCR) regular loan of $25 million, which will cover all the proposed investments. The Government of Mongolia will finance the remaining $1.47 million, including taxes and duties ($160,000), part of TAIS development ($450,000), TAIS maintenance support ($684,000), and acquisition of servers ($173,000).

23. The government has requested a loan from the ADB OCR fund to help finance the project. The loan will have a 25-year term, including a grace period of 5 years, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, and such other terms and conditions set forth in the loan agreement. Based on the straight-line repayment method, the average maturity is 15.25 years with maturity premium of 0.1% per year payable to ADB.

A. Cost Estimates Preparation and Revisions

24. The cost estimates were prepared by ADB, together with officials and staff from MOF, for the PIMIS, and the MTA for the TAIS.

B. Key Assumptions

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

(i) Exchange rate: MNT2,465 = $1.00 (As of 3 July 2018).
(ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 5. Escalation Rates for Price Contingency Calculation

Item	2018	2019	2020	2021	2022	Average
Foreign rate of price inflation	1.50%	1.50%	1.50%	1.60%	1.60%	1.54%
Domestic rate of price inflation	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Sources: International – ADB, International Cost Escalation Factors (2017–2021); Domestic – ADB, Domestic Cost Escalation Factors (2017–2021).

Table 6. Detailed Cost Estimates by Expenditure Category

Item	Foreign Currency	Local Currency	Total Cost	% of Total Base Cost
($ million) [a]				
A. Investment Costs [b]				
1. Civil works	0.34	0.23	0.57	2.6%
2. ICT infrastructure and hardware	4.08	0.00	4.08	18.4%
3. ICT software and technical services	6.24	0.00	6.24	28.2%
4. ICT maintenance	4.10	1.22	5.32	24.1%
5. Equipment	3.48	0.00	3.48	15.7%
6. Consulting services [c]	0.32	0.36	0.68	3.1%
7. Project management	0.62	0.41	1.03	4.7%
8. Capacity building	0.36	0.36	0.71	3.2%
Subtotal (A)	**19.53**	**2.58**	**22.12**	**100.0%**
B. Contingencies [d]				
1. Physical	0.78	0.10	0.88	4.0%
2. Price	0.42	0.35	0.76	3.4%
Subtotal (B)	**1.20**	**0.45**	**1.65**	**7.4%**
C. Financial Charges During Implementation [e]				
1. Interest During Construction	2.63	0.00	2.63	11.9%
2. Commitment Charges	0.08	0.00	0.08	0.4%
Subtotal (C)	**2.71**	**0.00**	**2.71**	**12.2%**
Total Project Cost (A+B+C)	**23.44**	**3.03**	**26.47**	**119.7%**

ICT = information and communications technology.

[a] The amounts within the table are inclusive of taxes and duties of $160,000 to be financed by the government through exemption.

[b] In mid-2018 prices as of 15 May 2018.

[c] Project Management Cost includes remuneration of PIU consultants, office supplies, equipment, utilities, and office rents.

[d] Physical contingencies computed at 4% for civil works and all the other investments. Price contingencies computed at an average of 1.54% on foreign exchange costs and 8.0% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

[e] Includes interest and commitment charges. Interest during construction for the ordinary capital resources loan has been computed at the 5-year US dollar fixed swap rate corresponding to the implementation period plus an effective contractual spread of 0.5% and no maturity premium. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

Table 7. Allocation and Withdrawal of Loan Proceeds

Item		Total Amount Allocated for ADB Financing ($)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Civil Works, Consulting Services and Capacity Building	1,964,000		100% of total expenditure claimed
2	Goods	17,655,000		
2A	ICT infrastructure and hardware		4,080,000	100% of total expenditure claimed*
2B	ICT software and technical services		5,720,000	93% of total expenditure claimed*
2C	ICT maintenance		4,572,000	87% of total expenditure claimed*
2D	Equipment		3,283,000	95% of total expenditure claimed*
3	Project Management	1,030,000		100% of total expenditure claimed
4	Interest and Commitment Charges	2,705,000		100% of total amount due
5	Unallocated	1,646,000		
	Total	**25,000,000**		

ADB = Asian Development Bank, MOF = Ministry of Finance, PIMIS = public investment management information system.
* Exclusive of taxes and duties imposed within the territory of the Borrower.

Table 8. Detailed Cost Estimates by Financier

Item	ADB		Government				Total Cost
($ million)	Amount	% of Cost	Amount	Taxes	Total	% of Cost	Amount
A. Investment Costs							
1. Civil works	0.57	100	0.00	0.00	0.00	0	0.57
1A. Civil works for Extension of work space for Data Center	0.47	100	0.00	0.00	0.00	0	0.47
1B. Civil works for Extension of work space for PIMIS at MOF	0.10	100	0.00	0.00	0.00	0	0.10
2. ICT infrastructure and hardware	4.08	100	0.00	0.00	0.00	0	4.08
3. ICT software and technical services	5.72	92	0.45	0.07	0.52	8	6.24
4. ICT maintenance	4.57	86	0.68	0.07	0.75	14	5.32
5. Equipment	3.28	94	0.17	0.03	0.20	6	3.48
6. Consulting services	0.68	100	0.00	0.00	0.00	0	0.68
7. Project management	1.03	100	0.00	0.00	0.00	0	1.03
8. Capacity building	0.71	100	0.00	0.00	0.00	0	0.71
Subtotal (A)	**20.65**	**93**	**1.31**	**0.16**	**1.47**	**7**	**22.12**
B. Contingencies							
1. Physical Contingency	0.88	100	0.00	0.00	0.00	0	0.88
2. Price Contingency	0.76	100	0.00	0.00	0.00	0	0.76
Subtotal (B)	**1.65**	**100**	**0.00**	**0.00**	**0.00**	**0**	**1.65**
C. Financial Charge During Implementation							
1. Interest During Construction	2.63	100	0.00	0.00	0.00	0	2.63
2. Commitment Charges	0.08	100	0.00	0.00	0.00	0	0.08
Subtotal (C)	**2.71**	**100**	**0.00**	**0.00**	**0.00**	**0**	**2.71**
Total Project Cost (A+B+C)	**25.00**	**94**	**1.31**	**0.16**	**1.47**	**6**	**26.47**
% Total Project Cost		**94**				**6**	**100**

ICT = information and communications technology, MOF = Ministry of Finance, PIMIS = public investment management information system.

[a] Items under the “Goods” category.

[b] Project management costs cover all the costs related to the hiring of consultants for the PIU, including its operating costs.

Table 9. Detailed Cost Estimates by Output

Item	Output 1: Business process for tax administration and public investment streamlined and improved		Output 2: ICT system for tax administration and public investment functionally improved and strengthened		Output 3: Capacity of Government staff in administering and managing TAIS and PIMIS improved		Total Cost
($ million)	**Amount**	**% of Cost**	**Amount**	**% of Cost**	**Amount**	**% of Cost**	**Amount**
A. Investment Costs							
1. Civil works	0.57	100%	0.00	0.00	0.00	0.00	0.57
2. ICT infrastructure and hardware	0.00	0.00	4.08	100%	0.00	0.00	4.08
3. ICT software and technical services	0.00	0.00	6.24	100%	0.00	0.00	6.24
4. ICT maintenance	0.00	0.00	5.32	100%	0.00	0.00	5.32
5. Equipment	0.00	0.00	3.48	100%	0.00	0.00	3.48
6. Consulting services	0.68	100%	0.00	0.00	0.00	0.00	0.68
7. Project management	0.00	0.00	0.00	0.00	1.03	100%	1.03
8. Capacity building	0.00	0.00	0.00	0.00	0.71	100%	0.71
Subtotal (A)	**1.25**	**5.7%**	**19.12**	**86.5%**	**1.74**	**7.9%**	**22.12**
B. Contingencies							
1. Physical	0.05	5.7%	0.76	86.5%	0.07	7.9%	0.88
2. Price	0.10	12.5%	0.49	64.6%	0.17	22.8%	0.76
Subtotal (B)	**0.15**	**8.9%**	**1.26**	**76.4%**	**0.24**	**14.8%**	**1.65**
C. Financial Charge During Implementation							
1. Interest During Construction	0.15	5.9%	2.25	85.8%	0.22	8.3%	2.63
2. Commitment Charges	0.00	5.9%	0.07	85.8%	0.01	8.3%	0.08
Subtotal (C)	**0.16**	**5.9%**	**2.32**	**85.8%**	**0.23**	**8.3%**	**2.71**
Total Project Cost (A+B+C)	**1.56**	**5.9%**	**22.70**	**85.8%**	**2.21**	**8.3%**	**26.47**

ICT = information and communications technology, PIMIS = public investment management information system, TAIS = tax administration and information system.

Table 10. Detailed Cost Estimates by Systems (TAIS and PIMIS)

Item	Component 1: Comprehensive TAIS in business process and ICT capacity		Component 2: Comprehensive PIMIS in business process and ICT capacity		Total Cost
($ million)	**Amount**	**% of Cost**	**Amount**	**% of Cost**	**Amount**
A. Investment Costs					
1. Civil works	0.00	0%	0.57	100%	0.57
2. ICT infrastructure and hardware	2.08	0.51	2.00	49%	4.08
3. ICT software and technical services	3.16	0.51	3.08	49%	6.24
4. ICT maintenance	5.12	0.96	0.20	4%	5.32
5. Equipment	3.06	0.88	0.42	12%	3.48
6. Consulting services	0.15	22%	0.53	0.78	0.68
7. Project management	0.00	0.00	1.03	1.00	1.03
8. Capacity building	0.35	0.49	0.36	0.51	0.71
Subtotal (A)	**13.92**	**63.0%**	**8.19**	**37.0%**	**22.12**
B. Contingencies					
1. Physical	0.58	66.0%	0.30	34.0%	0.88
2. Price	0.48	62.8%	0.28	37.2%	0.76
Subtotal (B)	**1.06**	**64.5%**	**0.58**	**35.5%**	**1.65**
C. Financial Charge During Implementation					
1. Interest During Construction	1.66	63.1%	0.97	36.9%	2.63
2. Commitment Charges	0.05	63.1%	0.03	36.9%	0.08
Subtotal (C)	**1.71**	**63.1%**	**1.00**	**36.9%**	**2.71**
Total Project Cost (A+B+C)	**16.69**	**63.1%**	**9.78**	**36.9%**	**26.47**

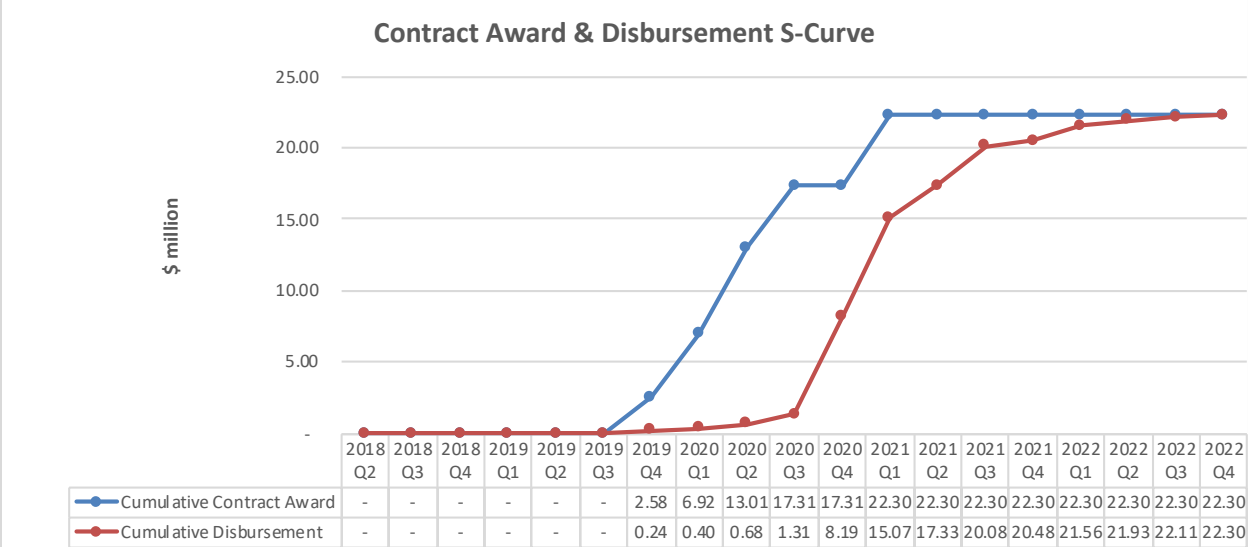
ICT = information and communications technology, PIMIS = public investment management information system, TAIS = tax administration and information system.

Table 11. Detailed Cost Estimates by Year

Item	Total Cost	2018	2019	2020	2021	2022
($ million)						
A. Investment Costs						
1. Civil works	0.57	0.00	0.40	0.17	0.00	0.00
2. ICT infrastructure and hardware	4.08	0.00	1.23	2.85	0.00	0.00
3. ICT software and technical services	6.24	0.00	5.49	0.12	0.44	0.19
4. ICT maintenance	5.32	0.00	4.69	0.11	0.37	0.16
5. Equipment	3.48	0.00	3.07	0.07	0.24	0.10
6. Consulting services	0.68	0.02	0.29	0.20	0.14	0.03
7. Project management	1.03	0.05	0.28	0.23	0.23	0.23
8. Capacity building	0.71	0.00	0.00	0.71	0.00	0.00
Subtotal (A)	**22.12**	**0.07**	**15.44**	**4.47**	**1.42**	**0.72**
B. Contingencies						
1. Physical Contingency	0.88	0.00	0.62	0.18	0.06	0.03
2. Price Contingency	0.76	0.00	0.33	0.22	0.12	0.09
Subtotal (B)	**1.65**	**0.00**	**0.95**	**0.40**	**0.18**	**0.12**
C. Financial Charge During Implementation						
1. Interest During Construction	2.63	0.00	0.29	0.67	0.80	0.87
2. Commitment Charges	0.08	0.04	0.03	0.01	0.00	0.00
Subtotal (C)	**2.71**	**0.04**	**0.31**	**0.68**	**0.81**	**0.87**
Total Project Cost (A+B+C)	**26.47**	**0.11**	**16.70**	**5.55**	**2.40**	**1.71**
% Total Project Cost	**100%**	**0.42%**	**63.09%**	**20.97%**	**9.08%**	**6.45%**

ICT = information and communications technology.

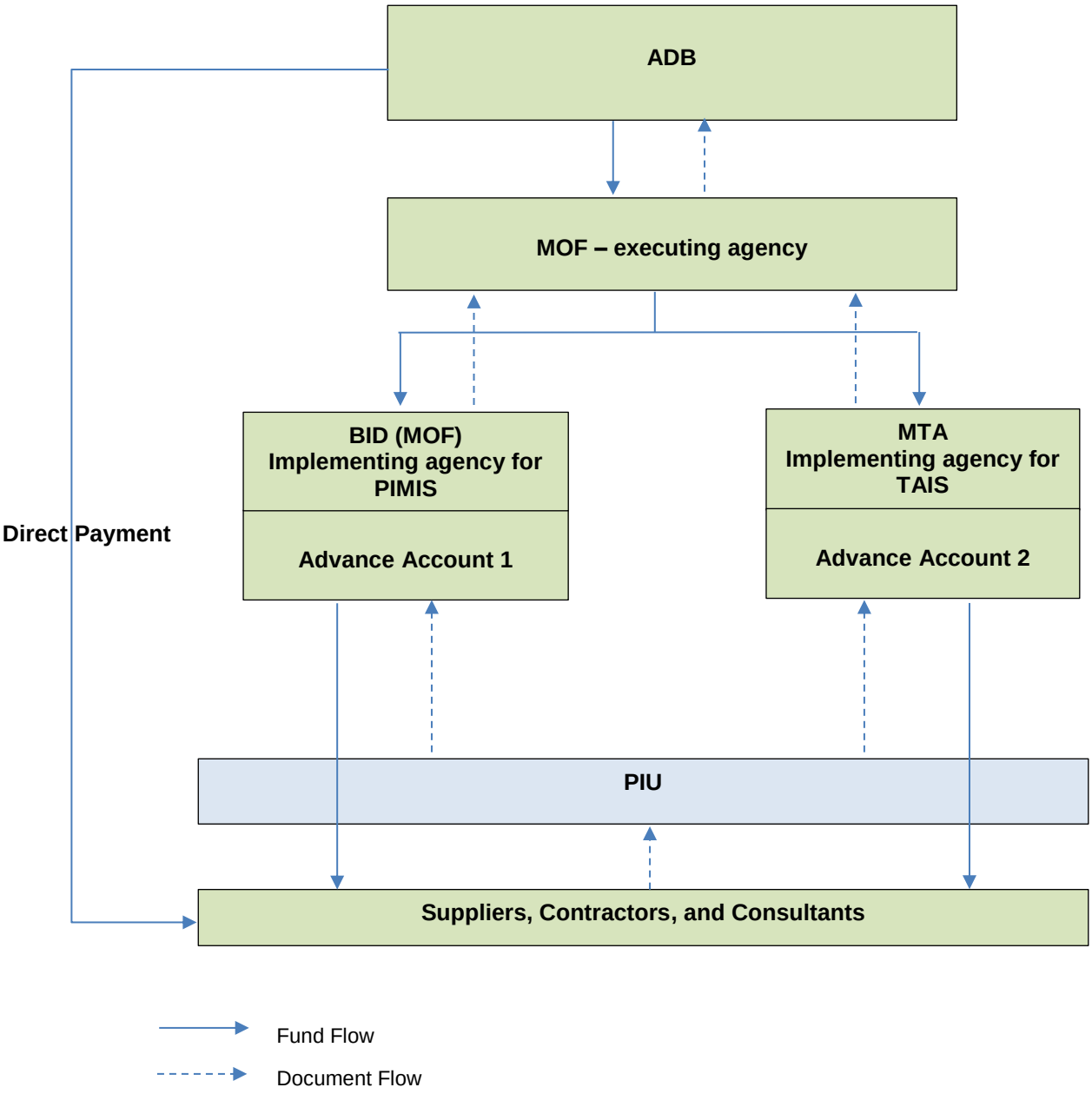
Figure 2. Contract and Disbursement S-Curve



	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Cumulative Contract Award	-	-	-	-	-	-	2.58	6.92	13.01	17.31	17.31	22.30	22.30	22.30	22.30	22.30	22.30	22.30	22.30
Cumulative Disbursement	-	-	-	-	-	-	0.24	0.40	0.68	1.31	8.19	15.07	17.33	20.08	20.48	21.56	21.93	22.11	22.30

Q = quarter

Figure 3. Fund Flow Diagram



ADB = Asian Development Bank, BID = Budget Investment Department, MOF = Ministry of Finance, MTA = Mongolian Tax Authority, OCR = ordinary capital resources, PIMIS = public investment management information system, PIU = project implementation unit, TAIS = tax administration information system.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

26. The financial management assessment was conducted in April 2018 in accordance with ADB's Guidelines for the *Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note*. The financial management assessment considered the capacity of the MOF as the executing agency of the project and the implementing agency of the PIMIS component, and the MTA as the implementing agency for the TAIS component, including funds flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangement. Based on the assessment, the key financial management risks identified are (i) the lack of MOF and MTA financial and accounting staff who will provide support to the project; (ii) unfamiliarity of MOF and MTA with ADB procedures and requirements, including the requirements for the advance fund and Statement of Expenditure (SOE) procedures; and (iii) potential delays in the submission of project financial statements. It is concluded that the overall financial management risk of the MOF and MTA is moderate. The Government of Mongolia and MOF and/or MTA have agreed to implement an action plan as key measures to address the deficiencies. The financial management action plan is provided below.

Table 12. Proposed Time-Bound Action Plan

Mitigation Actions	Responsible Parties	Timeframe
Individual consultants will be recruited to assist MOF, MTA, and the PIU in preparing consolidated project financial statements and providing support in undertaking the TA Loan, including assisting with the monitoring and reporting requirements.	PIU in MOF and MTA, and consultants	PIU consultants to be hired after loan effectivity (October 2018).
Training will be provided on ADB's disbursement guidelines and procedures to the relevant staff of the MOF and MTA.	ADB, PIU in MOF and MTA, and consultants	Training to be provided prior to and during project implementation phase.
Potential delays in the submission of the project financial statements will be addressed through the recruitment of consultants to provide assistance to MOF and MTA in making timely submissions of the audited project financial statements.	PIU in MOF and MTA, and consultants	PIU consultants to be hired after loan effectivity (October 2018). Audited financial statements to be submitted annually, on or before March 15 of the succeeding fiscal year.

ADB = Asian Development Bank, MOF = Ministry of Finance, MTA = Mongolian Tax Authority, PIU = project implementation unit, TA = technical assistance.

B. Disbursement

27. The proposed loan will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.[15] Project staff are encouraged to avail of this training to help ensure

[15] Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning.

efficient disbursement and fiduciary control.

28. **Advance account**. The Government requested the establishment of two advance accounts to be administered by MTA and BID/MOF, in order to expedite loan disbursement. Separate advance accounts should be established and maintained by the executing agency through the PIU[16]. The currency of the advance accounts will be in US dollars. BID/MOF, and MTA are accountable and responsible for proper use of the advance accounts. The advance accounts are to be used exclusively for ADB's share of eligible expenditures. The government, BID, and MTA, who administer the advance accounts are accountable and responsible for proper use of advances to their respective advance accounts. The total outstanding advance to the advance accounts should not exceed the estimate of ADB's share of expenditures to be paid through the advance accounts for forthcoming 6 months. The BID/MOF, and MTA may request for initial and additional advances to the advance accounts based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the advance accounts for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by BID/MOF and MTA in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time) when liquidating and replenishing the advance account.

29. **SOE procedure**[17] may be used to liquidate/replenish the advance account for eligible expenditures that do not exceed more than $100,000 per individual payment. Supporting documents and records for the expenditure claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

30. **Withdrawal application**. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below this amount should be paid by BID/MOF and MTA and subsequently claimed to ADB (i) through reimbursement; or (ii) from the advance account, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements[18] system is encouraged for submission of withdrawal applications to ADB.

C. Accounting

31. MOF will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following accrual-based accounting following the national accounting standards. MOF will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

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[16] MOF is working towards enabling the establishment of USD accounts under the Treasury Single Account (TSA). Once this is fully adopted, all advance accounts established under the commercial banks will be transferred to TSA.

[17] SOE forms are available in Appendix 7B of ADB's Loan Disbursement Handbook (2017, as amended from time to time).

[18] The Client Portal for Disbursements facilitates online submission of withdrawal applications to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online at https://www.adb.org/documents/client-portal-disbursements-guide.

D. Auditing and Public Disclosure

32. MOF will cause detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing or equivalent national standards, 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 from the end of the fiscal year by MOF.

33. 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 an accurate and fair view or are presented fairly, in all materials respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

34. 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.

35. The government, MOF, and MTA 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.[19] ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

36. 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.[20] After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's 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.[21]

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[19] ADB's approach and procedures regarding delayed submission of audited project financial statements:

(i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment will not be processed.

(ii) When audited project financial statements are not 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 advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.

(iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

[20] ADB. 2011. Public Communications Policy. Disclosure and Exchange of Information. http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications.

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

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

37. All advance contracting will be undertaken in conformity with ADB Procurement Policy: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time). The issuance of invitations to bid under advance contracting will be subject to ADB approval. MOF and MTA have been advised that approval of advance contracting does not commit ADB to finance the project. There will be no retroactive financing under the project.

B. Procurement of Goods, Works, and Consulting Services

38. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Regulations and Procurement Policy: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time). Open competitive bidding (OCB) will be applied to all goods and civil works contracts, estimated to cost $100,001 and above. "Request for Quotations" will be used for contracts for works and goods valued up to $100,000 and below.

39. In accordance with ADB requirements, foreign bidders may participate in bidding for OCB national advertisement contracts. MOF and MTA have been advised of the need to maintain transparency and accountability in procuring goods and services, as required under ADB's Anticorruption Policy (1998, as amended from time to time). The relevant sections of ADB's Anticorruption Policy will be included in all documents and contracts relating to the engagement of consultants.

40. An 18-month procurement plan indicating review procedure, goods, works, and consulting services contract packages and national advertisement bidding guidelines is in Section C.

41. All consultants will be recruited according to ADB's Procurement Guidelines and Procurement Policy: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time). The terms of reference for all consulting services are detailed in Section B and in Appendix 1. Three firms will be recruited under Consultants Qualifications Selection (CQS) method with estimated total of 74 person-months (6 person-months [international] and 68 person-months [national]) of consulting services. In addition, one international consultant (8 person-months), 10 national consultants (194 person-months) will be recruited through Individual Consultant Selection (ICS). The consultant recruitment will be closely monitored and supervised by ADB.

42. MOF will be responsible for establishing a Bid Evaluation Committee (BEC) and Consultant Selection Committee (CSC) for comprehensive PIMIS in business process and ICT capacity. MTA will establish BEC and CSC for comprehensive TAIS in business process and ICT capacity. Based on the recommendations of the BEC and CSC, implementing agencies will sign the contract with the Contractor, Suppliers, or Consultants.

C. Procurement Plan

Table 13. Basic Data

Project Name: Strengthening Information and Communication Technology Systems for Efficient and Transparent Public Investment and Tax Administration	
Project Number: 51084-001	**Approval Number:** XXXX
Country: Mongolia	**Executing Agency:** MOF
Project Procurement Classification: Category A	**Implementing Agency:** BID/MOF and MTA
Project Procurement Risk: Moderate	**Project Closing Date:** 30 March 2023
Project Financing Amount: $26,470,000 **ADB Financing:** $25,000,000 **Cofinancing (ADB Administered):** **Non-ADB Financing:** US$1,470,000	
Date of First Procurement Plan: 5 July 2018	**Date of this Procurement Plan:** 5 July 2018

ADB = Asian Development Bank, BID = Budget Investment Department, MOF = Ministry of Finance, MTA = Mongolian Tax Authority.

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

(a) Procurement and Consulting Methods and Thresholds

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

Procurement of Goods and Works		
Method	**Threshold**	**Comments**
OCB for Goods	$100,001 and Up	All OCB packages are subject to ADB prior review.
OCB for Works	$100,001 and Up	
"Request for Quotations" for Goods	Up to $100,000	All "Request for Quotations" are subject to ADB prior review.
"Request for Quotations" for Works	Up to $100,000	

ADB = Asian Development Bank, OCB = Open Competitive Bidding.

Consulting Services	
Method	**Comments**
QCBS	For consulting firm; ADB prior review; STP, 80:20
CQS	For consulting firm, ADB prior review; BTP
ICS	For individual consultants; ADB prior review

ADB = Asian Development Bank, BTP = biodata technical proposal, CQS = Consultants' Qualifications Selection, ICS = Individual Consultants Selection, QCBS = Quality- and Cost-Based Selection, STP = simplified technical proposal.

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

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

Packaging No.	General Description	Procurement method	Advertisement Type	Estimated Budget /million USD/ Excluding Tax	Advertisement Date	Review (Prior/Post)	Bidding Procedure	Comments
Goods, Works								
GD-01	PIMIS end-to-end software solution and systems integration	OCB	International	3.08	Q4/2019	Prior	1S1E	MOF PIMIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: ADB SBD for ICT
GD-02	Supply, installation and commissioning of data center, network equipment, and system software	OCB	International	2.0	Q1/2020	Prior	1S1E	MOF PIMIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods, ADB SBD
GD-03	Supply and install IT Infrastructure for data center & disaster recovery sites for MTA, including annual technical support and the training for technical staff at MTA	OCB	International	3.61	Q4/2018	Prior	1S1E	MTA TAIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods, ADB SBD

Packaging No.	General Description	Procurement method	Advertisement Type	Estimated Budget /million USD/ Excluding Tax	Advertisement Date	Review (Prior/Post)	Bidding Procedure	Comments
GD-04	Supply of Oracle software licenses, including annual technical support and the training for technical staff at MTA	OCB	International	3.93	Q4/2018	Prior	1S1E	MTA TAIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods, ADB SBD
GD-05	Supply, install, and warranty support for IT infrastructure for MTA offices MTA - Lot #1	OCB	National	2.99	Q4/2018	Prior	1S1E	MTA TAIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods, SBD agreed by ADB

1S1E = one single one envelope, GD = goods, IT = information technology, MOF = Ministry of Finance, MTA = Mongolian Tax Authority, OCB = open competitive bidding, PIMIS = public investment management information system, Q = quarter, SBD =Standard Bidding Document , TAIS = tax administration information system, USD = United States dollar, WB = World Bank.

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

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

Packaging No.	General Description	Procurement method	Advertisement Type	Estimated Budget /million USD/ Excluding Tax	Advertisement Date	Review (Prior/Post)	Type of Proposal	Comments
Consulting services								

CS-01	Public investment management ICT expert for PIMIS	ICS	International	0.15	Q4/2018	Prior	N/A	MOF PIMIS 1 international consultant, 8 person-months, intermittent

CS = consulting service, ICS = individual consultant selection, ICT = information and communications technology, MOF = Ministry of Finance, NA = not applicable, PIMIS = public investment management information system, Q = quarter.

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

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

Packaging No.	**General Description**	**Procurement method**	**Advertisement Type**	**Estimated Budget /million USD/ Excluding Tax**	**Advertisement Date**	**Review** (Prior/Post)	**Bidding Procedure**	**Comments**
Goods, Works								
CW-01	Civil works for extension of workspace for data center	OCB	National	0.47	Q2/2019	Prior	1S1E	MOF PIMIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Civil Works, SBD agreed by ADB

Packaging No.	**General Description**	**Procurement method**	**Advertisement Type**	**Estimated Budget /million USD/ Excluding Tax**	**Advertisement Date**	**Review** (Prior/Post)	**Bidding Procedure**	**Comments**
CW-02	Civil works for extension of workspace for PIMIS at MOF	RFQ	National	0.1	Q1/2019	Prior	NA	MOF PIMIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: RFQ Works
GD-06	ICT equipment (computer, internet, printers, power backup, etc.) for the *aimags* and district level entities requiring IT systems, help desk support equipment	OCB	National	0.420	Q1/2019	Prior	1S1E	MOF PIMIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods, SBD agreed by ADB
GD-07	Supply and install non-IT Infrastructure for the data center including power supply and air-conditioning systems	OCB	National	0.480	Q4/2018	Prior	1S1E	MTA TAIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods, SBD agreed by ADB

Packaging No.	General Description	Procurement method	Advertisement Type	Estimated Budget /million USD/ Excluding Tax	Advertisement Date	Review (Prior/Post)	Bidding Procedure	Comments
GD-08	Provision of network connectivity for MTA offices	OCB	National	0.970	Q2/2019	Prior	1S1E	MTA TAIS Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods, SBD agreed by ADB Number of contracts: 2
GD-09	Supply install and warranty support for IT infrastructure for MTA offices MTA - Lot #2	OCB	National	0.33	Q1/2020	Prior	1S1E	MTA TAIS Prequalification of Bidders: N Domestic Preference Applicable: N Bidding Document: Goods, SBD agreed by ADB
RFQ-01	Project Implementation Unit (PIU): PIU equipment and furniture	RFQ	National	0.03	Q4/2018	Post	N/A	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: RFQ Goods
Consulting Services								

Packaging No.	General Description	Procurement method	Advertisement Type	Estimated Budget /million USD/ Excluding Tax	Advertisement Date	Review (Prior/Post)	Bidding Procedure	Comments
CS-02	Engineering firm to develop designs specifications and BOQ for renovation of workspace for PIMIS implementing agency and new data center	CQS	National	0.03	Q4/2018	Prior	STP	MOF PIMIS 4 national consultants (5 person-months each), intermittent
CS-03	Implement upgrades/enhancements for MTA service delivery platform	CQS	National	0.07	Q1/2019	Prior	STP	MTA TAIS 6 national consultants (6 person-months each), intermittent
CS-04	Public investment management ICT expert for PIMIS	ICS	National	0.03	Q4/2019	Prior	NA	MOF PIMIS 1 national consultant, 8 person-months, intermittent
CS-05	ICT infrastructure specialist	ICS	National	0.04	Q4/2018	Prior	NA	MTA TAIS 1 national consultant, 12 person-months, intermittent
CS-06	IT Architect	ICS	National	0.04	Q4/2018	Prior	NA	MTA TAIS 1 national consultant, 12 person-

Packaging No.	General Description	Procurement method	Advertisement Type	Estimated Budget /million USD/ Excluding Tax	Advertisement Date	Review (Prior/Post)	Bidding Procedure	Comments
								months, intermittent
CS-07	Procurement consultant	ICS	National	0.06	Q4/2018	N/A	NA	1 national consultant, 18 person-months, intermittent
PIU-1	PIU: project coordinator	ICS	National	0.1	Q3/2018	Prior	NA	national, 36 person-months
PIU-2	PIU: financial management specialist	ICS	National	0.09	Q3/2018	Prior	NA	national, 36 person-months
PIU-3	PIU: project assistant	ICS	National	0.05	Q4/2018	Prior	NA	1 national, 36 person/months
PIU-4	PIU: TAIS project manager	ICS	National	0.1	Q4/2018	Prior	NA	1 national, 36 person-months
PIU-5	PIU: procurement specialist for TAIS	ICS	National	0.09	Q4/2018	Prior	NA	1 national, 36 person-months
PIU-6	PIU: training coordinator for TAIS	ICS	National	0.09	Q4/2018	Prior	NA	1 national, 36 person-months
PIU-7	PIU: monitoring & evaluation specialist for TAIS	ICS	National	0.09	Q4/2018	Prior	NA	1 national, 36 person-months
PIU-8	PIU: procurement specialist for PIMIS	ICS	National	0.09	Q4/2018	Prior	NA	1 national, 36 person-months
PIU-9	PIU: monitoring & evaluation specialist for PIMIS	ICS	National	0.09	Q4/2018	Prior	NA	1 national, 36 person-months
PIU-10	PIU: ICT specialist for PIMIS	ICS	National	0.09	Q4/2018	Prior	NA	1 national, 36 person-months

1S1E = one single one envelope, BOQ = bill of quantity, CQS =consultants qualification selection , CS =consulting service , CW = civil works , GD = goods , ICT = information and communications technology, IT = information technology, LCB = limited competitive bidding, MOF = Ministry of Finance, MTA = Mongolian Tax Authority, NA = not applicable, OCB = open competitive bidding, PIMIS = public investment management information system, PIU = project implementation unit, Q = quarter, RFQ = request for quotations, SBD = standard bidding document , STP = simplified technical proposal, TAIS = tax administration information system, USD = United States dollar.

G. Indicative List of Packages Required Under the Project

47. 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).

Goods and Works								
Packaging No.	**General Description**	**Procurement method**	**Advertisement Type**	**Estimated Budget /million USD/ Excluding Tax**	**Advertisement Date**	**Review** (Prior/Post)	**Bidding Procedure**	**Comments**
There are no such contracts envisaged under the PIMIS or TAIS component of the project								

PIMIS = public investment management information system, TAIS = tax administration information system, USD = United States dollars.

Consulting Services								
Packaging No.	**General Description**	**Procurement method**	**Advertisement Type**	**Estimated Budget /million USD/ Excluding Tax**	**Advertisement Date**	**Review** (Prior/Post)	**Type of Proposal**	**Comments**
CS-08	Third party audit consultant for auditing and certification of the PIMIS and ICT systems	CQS	International	0.14	Q2/2022	Prior	STP	MOF PIMIS 3 international consultants (6 person-months total), 4 national consultants (12 person-months total) intermittent

CS-09	Help desk support operators (6 operators)	ICS	National	0.18	Q2/2021	Prior	NA	MOF PIMIS 6 national operators, 24 person-months each

CQS = consultants qualification selection, CS = consulting service, ICS = Individual Consultant Selection, ICT = information and communications technology, MOF = Ministry of Finance, NA = not applicable, PIMIS = public investment management information system, Q = quarter, STP = simplified technical proposal, USD = United States dollar.

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

48. The following tables list the awarded and on-going contracts and completed contracts.

Table 14. Awarded and Ongoing Contracts

Goods and Works								
Packaging No.	**General Description**	**Procurement method**	**Advertisement Type**	**Estimated Budget /million USD/ Excluding tax**	**Advertisement Date**	**Review** (Prior/Post)	**Bidding Procedure**	**Comments**
None								
Consulting Services								
None								

USD = United States dollar.

Open Competitive Bidding National Advertisement

A. Regulation and Reference Documents

49. 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 in February 2007; July 2009; and February, June, and December 2011, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB Procurement Policy.

B. Consultant's Terms of Reference

50. The summary of consulting services inputs is in Table 15. The Consultant's Outline Terms of Reference is in Appendix 1.

Table 15. Overall Summary of Consulting Services Inputs

Package Number	Description	Procurement Method	Number of Int. Consultants	Total input of PM (Int.)	Number of Nat. Consultants	Total input of PM (Nat.)	TOTAL INPUTS PM
CS-08	Third party audit consultant for auditing and certification of the PIMIS and ICT systems	CQS	3	6	4	12	**18**
CS-04	Engineering firm to develop designs specifications and BOQ for renovation of workspace for PIMIS implementing agency and national data center	CQS	-	-	4	20	**20**
CS-03	Implement upgrades/ enhancements for MTA service delivery platform	CQS	-	-	6	36	**36**
TOTAL INPUTS for Firms							**74**
CS-01	Public investment management ICT expert (International)	ICS	1	8	-	-	**8**
CS-04	Public investment management ICT expert (National)	ICS	-	-	1	8	**8**
CS-05	ICT infrastructure specialist	ICS	-	-	1	12	**12**

CS-06	IT Architect	ICS	-	-	1	12	**12**
CS-07	Procurement Consultant	ICS	-	-	1	18	**18**
CS-09	Help desk support operators and IT specialists for PIMIS (6 consultants)	ICS	-	-	6	144	**144**
PIU-1	PIU: project coordinator	ICS	-	-	1	48	48
PIU-2	PIU: financial management specialist	ICS	-	-	1	48	48
PIU-3	PIU: project assistant	ICS	-	-	1	48	48
PIU-4	PIU: TAIS project manager	ICS	-	-	1	48	48
PIU-5	PIU: procurement specialist for TAIS	ICS	-	-	1	48	48
PIU-6	PIU: training coordinator for TAIS	ICS	-	-	1	48	48
PIU-7	PIU: monitoring & evaluation specialist for TAIS	ICS	-	-	1	48	48
PIU-8	PIU: procurement specialist for PIMIS	ICS	-	-	1	48	48
PIU-9	PIU: monitoring & evaluation specialist for PIMIS	ICS	-	-	1	48	48
PIU-10	PIU: ICT specialist for PIMIS	ICS	-	-	1	48	48
TOTAL INPUTS for Individual consultants							**682**

BOQ = Bill of Quantity, ICT = information and communication technology, ICS = individual consultant selection, IT = information technology, MTA = Mongolian Tax Administration, PIMIS = Public Investment Management Information System, TAIS = Tax Administration Information System.
Source: Asian Development Bank estimates.

VII. SAFEGUARDS

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

A. Environment

52. All required permits and approvals shall be obtained from relevant government authorities following national regulations if needed. BID and MTA will be responsible for ensuring compliance

with applicable laws and regulations of Mongolia relating to environment, health, and safety requirements; attention should be paid to occupational health and safety and waste management requirements.

53. The project is classified as environment category C. The project will involve small construction works including refurbishment of local tax offices and upgrading existing server rooms/data centers in government building premises. Potential environmental impacts of these activities are expected to be minimal and can be readily mitigated through good construction practice. Appropriate mitigation measures shall be taken by BID, MTA, and contractors during construction and operation. If earth works will be involved, BID and MTA shall inform ADB and the project shall be recategorized.

B. Anticipated Impacts and Mitigation Measures during Construction Phase

1. Wastewater

54. The following measures shall be implemented:

(i) Adequate temporary toilets and sanitary facilities shall be provided for construction workers in accordance with Mongolian standards.
(ii) Maintenance of construction equipment and vehicles shall not be allowed on-site to reduce wastewater generation.

2. Air Pollution

55. Anticipated sources of air pollution from construction activities include (i) dust generated from construction material storage areas, especially on windy days; (ii) dust generated by the movement of vehicles and heavy machinery; and (iii) dust generated from concrete-mixing.

56. To reduce air quality impacts, the following measures shall be implemented:

(i) All construction piles with the potential to generate dust shall be covered and/or regularly watered.
(ii) Loads shall be covered during truck transportation to avoid spillage or fugitive dust generation. Fine materials shall be transported in fully contained trucks.
(iii) Transport routes shall avoid residential neighborhoods and other sensitive areas to the maximum extent.

3. Noise Impacts

57. During the construction phase, noise will be generated by construction activities and from goods and material transportation. The following mitigation measures shall be implemented to minimize noise impacts:

(i) Construction activities, and particularly noisy ones, shall be limited to reasonable hours.
(ii) When undertaking construction planning, simultaneous high-noise activities shall be avoided.
(iii) Low-noise construction equipment shall be selected as much as possible.
(iv) Equipment and machinery shall be properly maintained to minimize noise.
(v) Noise personnel protective equipment shall be provided to workers as needed.
(vi) Transportation routes and delivery schedules shall be planned during detailed design to avoid densely populated and sensitive areas and rush hours.

(vii) Vehicles transporting construction materials or waste shall slow down and not use their horn when passing through or nearby sensitive locations, such as residential communities, schools, and hospitals.

4. Solid Waste and Hazardous Waste

58. The following measures shall be implemented:

(i) Littering by workers shall be prohibited.

(ii) Domestic waste containers shall be provided at all work sites. Domestic waste shall be collected on a regular basis and transported for recycling, reuse, or disposal following relevant Mongolian regulations and requirements, e.g., the new Law on Waste (2017).

(iii) Construction waste dumpsters shall be provided at construction sites. Construction waste shall be collected on a regular basis for recycling, reuse, or disposal following relevant Mongolian regulations and requirements e.g., the new Law on Waste (2017).

(iv) Contractors shall be held responsible for proper removal and disposal of any significant residual materials and wastes that remain on the sites after construction.

(v) Storage facilities for fuels, oil, chemicals, and other hazardous materials, if applicable, shall be within secured areas on impermeable surfaces provided with dikes with a storage capacity of at least 110% of the capacity of the hazardous materials stored. A standalone site within the storage facility shall be designated for hazardous wastes.

(vi) Signs will be placed at hazardous materials storage sites to provide information on type and name of hazardous materials, if applicable.

(vii) Spills of fuels shall be cleaned immediately.

(viii) Providers of hazardous materials will be responsible for removing and/or recycling them if they become wastes, either in licensed facilities in Mongolia or through transport to a licensed facility in another country in the region. All exports of hazardous wastes must be with the review and approval of the Ministry of Environment and Tourism, and all necessary export licenses must be obtained.

5. Impacts on Community Disturbance and Safety

59. The following measures shall be implemented:

(i) Transportation routes and delivery schedules shall be planned during detailed design to avoid densely populated and sensitive areas and rush hours.

(ii) Vehicles transporting construction materials or wastes shall slow down and not use their horn when passing through or nearby sensitive locations, such as residential communities, schools, and hospitals.

(iii) All sites shall be made secure with access to construction workers whenever appropriate.

6. Workers Occupational Health and Safety

60. Construction may cause physical hazards to workers from noise and dust, handling heavy materials and equipment, fire hazards, chemical hazards such as toxic fumes and vapors, and others.

61. Contractors shall be required to implement adequate precautions to protect the health and

safety of their workers:

(i) Identify and minimize the causes of potential hazards to workers. Implement appropriate safety measures.
(ii) Provide training to workers on occupational health and safety, and emergency response.
(iii) Ensure that all equipment is maintained in a safe operating condition.
(iv) Provide appropriate personnel protective equipment to workers.
(v) Ensure regular safety meetings with staff.
(vi) Ensure that material stockpiles are stable and well secured to avoid collapse and possible injury to workers.

62. During operation phase, BID and MTA shall follow national regulations for the disposal of used ICT equipment.

63. Mitigation measures shall be incorporated in contract documents and contractors are required to follow these requirements.

64. BID and MTA shall appoint a designated staff at the project implementation unit to oversee the implementation of the mitigation measures. Although safeguard monitoring reports are not required, the IAs will report on all near miss, minor, lost time, and fatal accidents in the progress reports along with details of construction and IT waste ad disposal routs adopted.

C. Indigenous Peoples

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

D. Involuntary Resettlement

66. The project is classified as category C for involuntary resettlement. In case of unanticipated impacts during project implementation, land acquisition and resettlement activities will be conducted in accordance with ADB's SPS (2009).

VIII. GENDER AND SOCIAL DIMENSIONS

67. Due diligence has been conducted on: (i) poverty and social analysis to assess the impacts of the project, following ADB's *Handbook on Social Analysis (2006)*; and (ii) gender analysis to assess the potential of the project to contribute to gender equality, following ADB's *Guidelines for Gender Mainstreaming Categories in ADB Projects (2012)*. Based on poverty, social and gender assessments, a draft summary poverty reduction and social strategy (SPRSS) and gender performance target have been developed. The project is categorized as Some Gender Elements.

68. Given the existing inefficient system for tax collection and management, budget planning and execution for public investments are critical constraints to growth and barrier to business operations. Direct beneficiaries of the project are about 1,909 tax inspectors nationwide; tax administration and management staff will benefit through capacity development activities to utilize the ICT system. An estimated 68 staff in public investment, development policy planning departments, and budget governing bodies at the local and state central organizations will also benefit from capacity development trainings and workshops. This improved system would affect better registration, tax collection, and payment. Many informal sectors and unregistered small and retail business operations will have better registration and payment that will indirectly enable them to receive tax returns and many other social protection benefits.

69. Mongolia's relatively strong regulatory framework and international commitments to gender equality provide a solid foundation for mainstreaming and integrating gender issues through sector and local development policies and actions. Gender inequality is viewed as one of the major contributing factor and barrier to inclusive growth and social and economic development. Achieving gender equality contributes to improved economic growth and poverty reduction. The project will include specific sex-disaggregated target to promote female government officers to have more opportunities in building capacity in the areas of ICT where female staff are provided with less opportunities not only for job assignment but also for career progress opportunities, especially in management positions. Capacity building programs and activities will have a target to encourage more female staff participation. Performance indicators have been included in the Design and Monitoring Framework. Using ICT system for more effective management decision will become critical elements of good management. The capacity building program will promote this aspect to encourage more female staff to participate. PIU will closely monitor the gender performance targets and report to the Project Steering Committee and ADB. PIU will also work with the management of MTA and MOF to incentivize female staff participation in the capacity building activities, e.g., providing credits and certificates for completing ICT training.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impacts the Project is Aligned with
Accountability and efficiency of public financial resource mobilization and management enhanced (Government Action Plan 2016–2020)[a]

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Transparency, efficiency, and effectiveness in public investment and tax administration strengthened	By 2023: a. Key information on tax administration and public investment management process disclosed to the public on accessible ICT platform (2017 baseline: 0) b. More than 50% positive response from user satisfaction survey on TAIS and PIMIS (2017 baseline: 0) c. Tax revenues increased to 15.00% of GDP (2016 baseline: 11.35% of GDP)	a. Government monitoring report prepared by MOF b. User satisfaction survey conducted by MOF and MTA c. Annual tax report prepared by MTA	Government does not continue support to strengthening MIS ICT systems for public investment and tax administration. The economic environment in Mongolia further deteriorates.
Outputs 1. Business process for tax administration and public investment streamlined and improved.	By 2019: 1a. Manual on business processes and system improvement for PIM prepared and approved (2017 baseline: 0) 1b. Manual on business processes and system improvement for TAIS prepared and approved (2017 baseline: 0)	1a. Project monitoring report prepared by PIU 1b. Project monitoring report prepared by PIU	Lack of adequate stakeholder coordination.
2. ICT system for tax administration and public investment improved and strengthened	By 2022: 2a. Customization, installation, testing, rolling out of the base system for PIM completed (2017 baseline: 0) 2b. Development, testing, rolling out of tax administration base	2a-2h. Semiannual project monitoring report prepared by PIU	Delay in procurement of ICT infrastructure. Inadequate counterpart staffing from MTA and PIMIS for procurement activities.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	system completed (2017 baseline: 0) 2c. Needed ICT infrastructure for PIMIS installed[b] (2017 baseline: 0) 2d. Needed ICT infrastructure for TAIS installed[c] (2017 baseline: 0) 2e. Needed ICT infrastructure for tax offices installed[d] (2017 baseline: 0) 2f. A new data center annex constructed, renovation of the office space for MOF completed (2017 baseline: 0) 2g. At least two of existing internal and external ICT systems under the PIMIS cycle interfaced or integrated (2017 baseline: 0) 2h. Maintenance and adjustment of TAIS and PIMIS conducted on a regular basis, at least twice a year (2017 baseline: 0)		
3. Capacity of government staff in administering and managing TAIS and PIMIS improved	By 2021: 3a. At least 50% of staff (with 50% female staff participation) trained for ICT system user interface completed (baseline: 0) 3b. At least 50% of staff (with 50% female staff participation) trained for system-based management completed (2017 baseline: 0) 3c. At least 50% of staff (with 30% female staff	3a. System users guide; project monitoring report prepared by PIU 3b. Guideline for the system-based business processes; project monitoring report prepared by PIU	Delays in systems development caused by inadequate staffing and/or delayed procurement.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	participation) trained for maintenance and upgrade of the systems processes developed (2017 baseline: 0)	3c. A report of capacity development plan; project monitoring report prepared by PIU	
Key Activities with Milestones **1. Business processes for tax administration and public investment streamlined and improved.** 1.1 Prepare business processes and system improvement plan for PIM and approve by October 2019. 1.2 Prepare business processes and system improvement plan for TAIS and approve by October 2018. **2. Information and communication technology systems for tax administration and public investment management improved and strengthened.** 2.1 Complete the customization, installation, testing, and rolling out of the base system for PIM by December 2020. 2.2 Complete development, testing, and rolling out of tax administration system by December 2020. 2.3 Install the needed ICT infrastructure for PIMIS by December 2021. 2.4 Install the needed ICT infrastructure for TAIS by December 2021. 2.5 Install the needed ICT infrastructure for tax offices by December 2021. 2.6 Complete the new annex of the data center and renovation of the office space for MOF by December 2021. 2.7 Interface or integrate at least two of existing internal/external ICT systems under the PIMIS cycle by December 2022. 2.8 Carry out maintenance and adjustment of TAIS and PIMIS on a regular basis by April 2022. **3. Capacity of government staff in administering and managing tax administration and information system and public investment management information system improved.** 3.1 Train staff for the system interface by June 2021. 3.2 Train staff for the system-based management by June 2021. 3.3 Train staff for maintenance and upgrading of the ICT systems by December 2021.			
Inputs ADB: $25.00 million (ordinary capital resources regular loan) Government of Mongolia: $1.47 million			
Assumptions for Partner Financing Not Applicable.			

ADB = Asian Development Bank, GDP = gross domestic product, ICT = information and communication technology, MIS = management information system, MOF = Ministry of Finance, PIM = public investment management, PIMIS = public investment management information system, PIU= project implementation unit, TAIS = tax administration information system, TBD = to be determined

[a] ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020*; and Government of Mongolia. 2016. *Government Action Plan, 2016–2020*. Ulaanbaatar.

[b] Needed infrastructure includes network, security, computing and data storage, and associated software for hosting PIMIS.

[c] Needed infrastructure includes network, security, computing and data storage, and associated software required for hosing TAIS.

[d] Needed ICT infrastructure for tax offices include desktop computers, printers, local area network, and wide area network.

Source: Asian Development Bank.

B. Monitoring

70. **Project performance monitoring.** The PIU will establish an appropriate project performance monitoring system within one year of effectiveness following the design and monitoring framework indicators. The PIU will, in consultation with ADB, develop a set of project

performance monitoring indicators consistent with the ADB Guidelines for Preparing a Design and Monitoring Framework. Monitoring and evaluation reports will be submitted by the PIU to ADB on a semiannual basis. As this is an environment category C project, the environmental impacts will be minimal and no safeguard monitoring reports are required. However, BID and MTA will report on all near miss, minor, lost time, and fatal accidents in the progress reports along with details of construction and IT waste and disposal routes adopted.

71. Under the guidance of the implementing agencies, the PIU will exercise rigorous monitoring to ensure expeditious contract awards and disbursement. In this respect, actions will include:

(i) a checklist of all the supporting documents, forms, and guarantees (Table 16) will be attached with the bids for future tendering to avoid delays in bid evaluation resulting from contractors' submission of incomplete bids. This will be further discussed during pre-bid meetings;
(ii) monitoring of agreed time-bound activities from preparation of bid evaluation report to the contract award will be carried out using a checklist (Table 17) for each action with the given timeframe; and
(iii) for ADB monitoring, consultants will copy to ADB project officer the interim payment certificates, which will help intensify ADB's monitoring, expedite withdrawal application processing and payments to contractors, and consequently improve the project implementation progress.

Table 16. Checklist of Documents for Bidders at Purchase of Tender Documents

Instruction to Bidders Requirements		Specific Instructions and Supporting Documents
(a)	Letter of Bid	➢ Total bid price (excluding discount) ➢ Discount (if any) ➢ Bid validity of 150 days ➢ Signed by an authorized person (item e)
(b)	Completed schedules as required, including priced BOQs	➢ Accomplished Schedule of Payment Currencies, if wished to be paid in foreign currency ➢ Accomplished Tables of Adjustment Data ➢ Accomplished BOQs
(c)	Bid Security	➢ Bidders may utilize their existing bid security, with no revision to the expiry date, provided it meets the following: o Format in accordance with the Form of Bid Security, or any format acceptable to the Employer; other forms like cashier's or manager's check is also acceptable; o Each lot (if in lots) is covered by a bid security (either one bid security per lot or one bid security covering multiple lots—implementing agencies should check if these are the same amounts indicated in the Bidding Documents); o Validity of bid security is 28 days beyond the validity of the bid; and o For JVs, the bid security is in the name of the JV or names of all future partners of the JV, if not yet constituted.

Instruction to Bidders Requirements		Specific Instructions and Supporting Documents
(d)	Alternative bids, if permissible	➢ Alternative bid is not permitted. Any alternative bid will not be considered.
(e)	Written confirmation authorizing the signatory of the Bid to commit the Bidder	➢ Notarized Power of Attorney demonstrating the authority of the signatory of the bid.
(f)	Documentary evidence in establishing the Bidder's qualifications to perform the contract if its Bid is accepted	➢ Accomplished Current Contract Commitments/Works in Progress form. ➢ Accomplished Financial Resources form with supporting documents. ➢ Accomplished Bidder Information Sheet, JV Information Sheet, Pending Litigation Accomplished Financial Situation with supporting documents, and Average Annual Construction Turnover.
(g)	Technical Proposal	➢ Accomplished Personnel Forms ➢ Accomplished Equipment form ➢ Site Organization ➢ Method Statement ➢ Mobilization Schedule ➢ Construction Schedule (work program or overall implementation schedule) ➢ In case of JV, a copy of the Joint Venture Agreement, or a Letter of Intent to execute a JV in the event of a successful bid together with a copy of the proposed JV agreement

BOQ = bill of quantity, JV = joint venture.

Table 17. Time-bound Action Plan for Preparation and Approval of Bid Evaluation Reports

Activity	No. of Days	Responsible Agency/Department
Evaluation of Bids and preparation of BER	15–30 days	implementing agencies, PIU, and evaluation committee
ADB's receipt and review of BER	5 days	ADB
Implementing agency's incorporation of ADB comments in BER, if any	5 days	implementing agency, PIU
ADB's receipt of revised BER	5 days	ADB
Transmittal of ADB's no-objection of recommendation of award	5 days	ADB
Notification of award to winning bidder(s)	5 days	implementing agencies
Contract signing	15 days	implementing agencies and Contractor

ADB = Asian Development Bank, BER = bid evaluation report, PIU = project implementation unit.
Source: Asian Development Bank.

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

73. **Safeguards monitoring.** Since no environment, involuntary resettlement impacts, or impacts on ethnic minority communities are anticipated, there are no action plans and due

diligence will be conducted to confirm there are no impacts during implementation. Gender action target indicators in the design and monitoring framework will be closely monitored and reported by PIU.

C. Evaluation

74. ADB will field an inception mission within three months after signing of the loan agreement. ADB and MOF will jointly undertake reviews of the project at least once a year. The reviews will assess progress in each output, identify issues and constraints, and determine necessary remedial actions and adjustments. MOF and ADB will undertake a comprehensive midterm review in the second year of project implementation. The midterm review will (i) review the design and implementation arrangements and identify adjustments required; (ii) assess the progress of project implementation against performance indicators; and (iii) recommend changes in the design or implementation arrangements, if necessary. Within six months of physical completion of the project, the executing agency will submit the project completion report to ADB.[22]

D. Reporting

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

E. Stakeholder Communication Strategy

76. The function of communications will enhance the coordination and collaboration between the key stakeholders involved in case of tax administration and PIM. Key stakeholders include (i) MOF, (ii) MTA, (iii) National Development Agency, (iv) Government Agency for Policy coordination on State property, (v) Development Financing Department, (vi) Local Development Fund, (vii) Development Centers, and (viii) National Audit and other agencies.

77. The PIU will work with the executing and implementing agencies to communicate with stakeholders including other government agencies and business associations regarding matters related to the project. Additionally, series of communication campaigns and sensitization events will be organized to make the public, policy makers, and the different levels of executives aware of the project, its benefits, and the outcomes, and stakeholder roles in the success of the project. Project communications will be conducted through media, seminar, workshops, and roadshows.

[22] Project completion report format available at: http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar.

X. ANTICORRUPTION POLICY

78. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.[23] 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.[24]

79. To support these efforts, relevant provisions are included in the loan agreement and/or regulations and the bidding documents for the project.

XI. ACCOUNTABILITY MECHANISM

80. 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.[25]

XII. RECORD OF PAM CHANGES

81. All revisions and/or updates during the course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.[26]

Table 18. Table for Recording PAM Changes

PAM Version	Created Date	Revision Date	Reasons of Change	Main Contents of Change

[23] Available at: http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf.
[24] ADB's Integrity Office web site is available at: http://www.adb.org/integrity/unit.asp.
[25] For further information see: http://www.adb.org/Accountability-Mechanism/default.asp.
[26] Executing agency and ADB shall ensure that changes to the PAM during project implementation must be consistent with the loan agreement.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

I. Consulting Firms

1. **Engineering and Design Firm.** A firm will be engaged to develop designs specifications and Bill of Quantity (BOQ) for renovation of workspace for Public Investment Management Information System (PIMIS) implementing agency and national data center on a gross basis for a total of 20 person-months (4 national consultants, 5 person-months each). The consultant must have done engineering design works in the past and have at least 5 years of experience in similar design services including design of data center. The engineering firm will support BID in the following tasks:

(i) prepare construction engineering design of data center and Budget Investment Department (BID) workspace renovations with different views according to engineering design standards;
(ii) prepare specification with BOQ for the material purchases required for the data center and BID workspace renovations;
(iii) prepare data center construction and workspaces renovation plans including their synchronization with PIMIS implementation and rollout schedules;
(iv) monitor the progress for data center construction and workspace renovation works, track the delays and issues, and provide recommendations to project Implementation Unit (PIU) and BID, Ministry of Finance (MOF) in addressing such delays and issues, if any;
(v) prepare progress reports and maintain issue and risk registers for the construction tasks; and
(vi) coordinate the construction process.

2. **Third-Party PIMIS System Audit**. A firm will be engaged to perform third party audit for certification of the PIMIS and information and communications technology (ICT) systems on a gross basis for a total of 18 person-months (3 international, 2 person-months each; 4 national consultants, 3 person-months each). The consulting services company will perform the third-party auditing and certification over the PIMIS, implemented at the BID/MOF. The company should have at least three international and two national experts, experienced with the conducting of auditing and certification of large information systems. The company should have experience of conducting audit and certification of at least three similar to scale to PIMIS systems. The tasks and responsibilities include the following:

(i) introduce approach and methodology to be used for audit and certification of the PIMIS and ICT systems;
(ii) consult with MOF and get approval on the workplan, approach, and methodology, etc.;
(iii) consult with the representatives of the PIMIS and ICT systems' development company to understand the system, technology used, etc.;
(iv) conduct audit of PIMIS and ICT systems;
(v) provide recommendations on system, security, and management to improve PIMIS and ICT systems and its implementations to BID/MOF;
(vi) issue certification for PIMIS and ICT systems;
(vii) submit report of the audit results and recommendations to improve; and
(viii) submit guidelines with templates for annual internal auditing of system and security.

3. **Firm to upgrade MTA portal platform.** A firm will be engaged to upgrade/enhance MTA Service Delivery Platform on a gross basis for a total of 36 person-months (6 national consultants, 6 person-months each), to deliver the following tasks:

(i) assess the current MTA website structure and contents for ease of accessibility, quality of contents, user-friendliness, ease of maintenance/update, information retrieval, etc.;
(ii) access international tax office's websites for reference, applying the advantages of layout design, navigation, usability, etc. to the redesign and implementation;
(iii) propose design of the website based on corporate guidelines and for Management's review and approval;
(iv) design the website structure, clear catalogs and folders for data and page storage, attractive site and page layout, easy to use, update and maintain, flexible navigation and search function; counting function for web pages visited, etc.;
(v) gather informative contents for the web presence (text, documents, pictures, key speeches, etc.);
(vi) create HTML documents and graphics for implementation in the web;
(vii) make recommendations for backup/restore plan;
(viii) train MTA staff on website maintenance and content update;
(ix) design and establish anti-hacker and antivirus plan for the website;
(x) provide website hosting service for 2019–2021;
(xi) provide warranty and maintenance service for 2019–2021; and
(xii) make recommendations for software, hardware, and other back-end applications related to Web development.

II. Individual Consultants Supporting PIMIS Component

4. **Public Investment Management (PIM) ICT expert for PIMIS** (International, 8 person-months). The consultant will have a master's degree in ICT, computer science, information technology (IT), or any other discipline with extensive experience in advising governments on public finance or PIMIS. The expert will have minimum 10 years of experience. The tasks and responsibilities of the specialist include the following:

(i) advise BID/MOF and PIU on the implementation of PIMIS component;
(ii) assist in reviewing technical and functional specifications of procurement packages under the PIMIS component;
(iii) review reports and deliverables of the consultants on PIMIS software, data center, third party audit and IT equipment;
(iv) assist BID/MOF and PIU in assessing the PIMIS system and other ICT systems based on client's requirement;
(v) provide advisory services to the BID/MOF during project period on PIMIS strategy and policies.

5. **Public Investment Management ICT expert for PIMIS** (National, 8 person-months). The consultant will have a graduate degree in ICT, computer science, IT or any other discipline with extensive experience in delivering ICT solutions for the government. The expert will have 10 years of experience. The tasks and responsibilities of the specialist include the following:

(i) assist BID/MOF and PIU on the implementation of PIMIS component;
(ii) assist PIU and facilitate the preparation of technical and functional specifications of procurement packages under the PIMIS component;
(iii) assist BID/MOF in assessing deliverables of the consultants on PIMIS software, data center, third party audit, and IT equipment; and
(iv) assist BID/MOF and PIU in assessing the PIMIS system and other ICT systems based on client's requirement.

6. **Help desk support operators and IT specialists for PIMIS** (National, 6 consultants, 24 person-months each). The consultant must have at least a bachelor's degree; with over two years of relevant experience. The tasks and responsibilities of the specialist include the following:

(i) provision of help-desk service and telephone operating services;
(ii) update telephone directory and contact information of BID;
(iii) provide administrative support to BID;
(iv) provide timely support for official meetings and events; and
(v) support knowledge building and knowledge sharing in area of common services.

III. Individual Consultants Supporting TAIS (Tax Administration and Information System)

7. **ICT Infrastructure Specialist** (National, 12 person-months, intermittent). The consultant must have at least a graduate degree in ICT with over 10 years of experience in ICT Infrastructure related services including design of ICT infrastructure solutions for the data centers/server rooms, installation of ICT infrastructure, and in providing maintenance and support services for the data center/server ICT room infrastructure. The ICT Infrastructure Specialist will support the MTA in the following tasks:

(i) review and finalization of bill material and specifications for various ICT infrastructure procurements planned under the ADB loan;
(ii) prepare and finalize the terms of reference for selection of vendors for procurement and implementation of ICT infrastructure;
(iii) prepare ICT infrastructure implementation plans including their synchronization with TAIS implementation and rollout schedules;
(iv) monitor the progress for ICT infrastructure implementation packages under the loan, track the delays and issues, and provide recommendations to MTA in addressing such delays and issues;
(v) prepare progress reports and maintain issue and risk registers for ICT infrastructure implementation tasks; and
(vi) coordinate the delivery and installation of the ICT infrastructure for MTA in the National Data Centre, disaster recovery site, and MTA offices.

8. **ICT Systems Specialist** (National, 12 person-months, intermittent). The consultant must have at least a graduate degree in ICT with over 10 years of experience in software systems architecture, design, development, and implementation of enterprise wide business applications. Experience in design and implementation of ICT systems in government/public sector, specifically in tax administration systems, is preferred. The IT Architect will support the MTA in the following:

(i) coordinate with TAIS development agency in monitoring the TAIS development progress, advising MTA in resolution of any technical issues or challenges in TAIS development;
(ii) coordinate with IT infrastructure suppliers in ensuring installation of developed TAIS application in data center and disaster recovery sites in a timely manner;
(iii) prepare detailed TAIS implementation and rollout plans including schedule for various activities needed for rollout of TAIS for all MTA offices;
(iv) implement TAIS rollout, monitor and identify any issues, and recommend remedy measures; and
(v) prepare terms of reference for MTA portal upgrades/enhancements including detailed scope of work for selection of agency required to implement a new website/portal for the MTA.

9. **Procurement Consultant** (National, 18 person-months, intermittent). The consultant

must have at least a bachelor's degree in Finance, Business Administration, or other relevant discipline; with over 8 years of experience working as procurement specialist in multilateral development bank funded projects (e.g., ADB, European Bank for Reconstruction and Development, World Bank) is preferable. The tasks and responsibilities of the specialist include the following:

(i) conduct procurement training and capacity building workshops on ADB's consultant recruitment and procurement guidelines and procedures for staff of MOF and MTA;
(ii) assist the implementing agencies in building capacities in undertaking procurement in compliance with the procurement guidelines and managing contracts;
(iii) support the MTA in developing procurement packages;
(iv) review bid documents preparation, tendering, and bid evaluation;
(v) closely monitor procurement and submit observations/reports with recommendations for improvements; and
(vi) help resolve contracts claims and disputes by advising the PIU.

IV. PIU Key Staff

10. **Project Coordinator** (National, 48 person-months). The consultant must have post graduate or graduate degree in ICT, with over 10 years of experience in project management of multi-sectoral investment program of externally funded projects. The consultant must also have exposure to policies of external funding agencies. The tasks and responsibilities of the coordinator include the following:

(i) assist executing and implementing agencies for management and implementation of PIMIS and TAIS component activities in overall coordination with the ADB. Moreover, the Chief Project Coordinator will be responsible for overseeing the PIMIS component;
(ii) design and establish a sound system to guide project activities, approval, implementation and project management, and monitoring and reporting;
(iii) monitor the performance and capacity of the project stakeholders including the executing agency, implementing agencies, consultants, and contractors; and support improvements;
(iv) liaise effectively with the concerned Mongolian agencies; and identify and assess key issues, problems, and remedial measures related to all aspects of project management, including procurement and contract management;
(v) support in ensuring overall integrity of implementation of the project; and
(vi) assist MOF/executing agency in donor coordination.

11. **Procurement Specialist** (2 national, 96 person-months). The consultant must have at least a bachelor's degree in ICT, Management, Administration and other relevant discipline; with over 5 years of experience; experience of working as procurement specialist in multilateral development bank funded projects (e.g., ADB, European Bank for Reconstruction and Development, World Bank) is preferable. The tasks and responsibilities of the specialist include the following:

(i) assist the implementing agencies in building capacities in undertaking procurement in compliance with the procurement guidelines and managing contracts;
(ii) support in developing procurement packages;
(iii) review bid documents preparation, tendering, and bid evaluation;
(iv) closely monitor procurement and submit observations/reports with recommendations for improvements; and
(v) help resolve contracts claims and disputes by advising the PIU.

12. **Financial Management Specialist** (National, 48 Person-months). The consultant must have relevant degree in financial management and over 7 years of professional experience including at least 3 years of experience in working for externally assisted projects, especially ADB project. The tasks and responsibilities of the specialist include the following:

(i) establish/strengthen a system of financial management for the implementing agencies;
(ii) establish/strengthen a component level fund flow tracking mechanism for project components down to the final stage of utilization;
(iii) establish/strengthen a sound system of recording of all information, and reporting such information to the implementing agencies, executing agency, and ADB;
(iv) provide assistance to the MOF, MTA, and PIU in preparing consolidated project financial statements and providing support in undertaking the loan, including assisting with the monitoring and reporting requirements;
(v) provide assistance to ADB during the training on ADB's disbursement guidelines and procedures to the relevant staff of the MOF and MTA;
(vi) provide assistance to the MOF and MTA in making timely submissions of the audited project financial statements; and
(vii) establish/strengthen internal controls, approvals, flow of funds, execution, and reporting.

13. **PIMIS ICT Specialist** (National, 48 person-months). The consultant will have a graduate degree in ICT, computer science, IT, or any other discipline. The expert will have 10 years of experience in delivering ICT solutions for government. The tasks and responsibilities of the specialist include the following:

(i) collaborate with the consultants to facilitate on system analysis, business process reengineering (BPR), System Requirement Specification (SRS) preparation, system designs, and data center preparation;
(ii) coordinate system consultants with relevant department and agencies for integrating and interfacing internal and external software systems, and data migration;
(iii) develop ICT policy and strategy, and identify the challenges and opportunities in operating software systems;
(iv) identify enabling conditions and support required to expand software system in different user levels and administrators; and
(v) collaborate with specialized departments dealing in different stages of PIMIS cycle and identify needs for ICT inputs and outputs.

14. **Monitoring and Evaluation Expert for PIMIS** (National, 36 person-months). The consultant will have at least a graduate degree in ICT or Financial Management or related field, with over 5 years of experience in monitoring and evaluation of the projects. Experience in government/public sector, in particular, public investment related ICT system, is preferred. The tasks and responsibilities of the expert include the following:

(i) monitor the project schedules for all the contracts signed by the implementing agency for PIMIS component, including planned activities and deliverables monitoring; and assess and identify potential or actual delays and related reporting/escalations to the stakeholders;
(ii) assist the project coordinator in preparation of the project status reports, maintain the project issue and risk registers, and report status to the stakeholders;
(iii) support in conducting the project review meetings for the implementing agency, including necessary coordination with the stakeholders, and related communication;
(iv) monitor contract and support administration for all the contracts signed for the PIMIS component; and

(v) perform other tasks as required.

15. **TAIS Project Manager** (National, 48 person-months). The consultant must have at least a graduate degree in ICT or Business Administration or Financial Management or related field, with over 10 years of experience in managerial role with responsibility for implementation and/or coordination of the projects. Experience in government/public sector, in particular, tax administration related ICT systems, is preferred. The tasks and responsibilities of the manager include the following:

(i) assist the MTA in management of the activities of TAIS component under the ADB loan including coordination between executing agency, Project Steering Committee (PSC), MTA, PIU, consultants, and suppliers;
(ii) monitor project and report status to the MTA leadership, PSC, executing agency, and ADB;
(iii) convene project review meetings at regular intervals to facilitate project progress tracking, identify issues and delays and recommend and implement measures needed to address the delays and issues in the project;
(iv) coordinate between the TAIS development agency, TAIS IT infrastructure suppliers, and consultants to synchronize the outputs from all the work streams to achieve planned implementation and rollout of TAIS; and
(v) ensure active engagement of stakeholders from MTA in project implementation.

16. **TAIS Training Coordinator** (National, 48 person-months). The consultant must have at least a graduate degree in ICT or Business Administration or Human Resources Management or related fields with over 5 years of experience in planning, coordination, and management of training programs. Experience in planning, coordination, and management of capacity building programs in government/public sector is preferred. The tasks and responsibilities of the coordinator include the following:

(i) develop training program and calendar for the training programs needed for MTA staff (end users of TAIS system) and for the technical/ICT teams in MTA;
(ii) coordinate with the TAIS development agency, General Department of Taxation, and MTA field offices in scheduling and conducting the training programs;
(iii) monitor the progress of the training programs including the feedback from the programs and engagement with the training providers, and enhance the training programs based on the received feedback;
(iv) update public training calendar;
(v) coordinate with the ICT Infrastructure suppliers and the ICT Department in MTA in planning, scheduling, and conducting the technical training programs; and
(vi) verify and provide inputs for strengthening the quality of the training material and user manuals for TAIS end user training and technical training for ICT infrastructure procured and implemented under ADB loan.

17. **TAIS Project Monitoring and Evaluation Specialist** (National, 48 person-months). The consultant must have at least a graduate degree in ICT or Business Administration or Financial Management or related field with over 5 years of experience in managerial role, with responsibility for implementation and/or coordination of the projects. Experience in government/public sector, in particular, tax administration related ICT system, is preferred. The tasks and responsibilities of the specialist include the following:

(i) assist TAIS Project Manager in coordination and management of the activities of TAIS component under the ADB loan including coordination between executing agency, PSC, MTA, PIU, consultants, and suppliers;

(ii) monitor the project schedules for all the contracts signed by the implementing agency for TAIS component including planned activities and deliverables monitoring, assess and identify potential or actual delays and related reporting/escalations to the stakeholders;

(iii) assist the TAIS project manager in preparation of the project status reports, maintain the project issue and risk registers, and report status to the stakeholders;

(iv) support in conducting the project review meetings for the implementing agency, including necessary coordination with the stakeholders and related communication; and

(v) monitor contract and support administration for all the contracts signed for the TAIS component.

CAPACITY BUILDING

1. Technical capacity training, and possibly benchmark study tours, for users at the ministry, *aimags*, and district level and other stakeholders need to be conducted. The financial statements of the above training will be prepared in accordance with Asian Development Bank's (ADB) *Loan Disbursement Handbook* (2007, as amended from time to time),[27] and detailed arrangements agreed upon between the Ministry of Finance (MOF) and ADB. The list of trainings, number, and name of staff to be approved by ADB.

No.	Item	Cost Estimate
	MOF PIMIS	
1	Technical capacity building for MOF technical staff in PIMIS infrastructure	$80,000
2	Capacity building training for PIMIS users (training for users at ministry, *aimags*, and district level and other stakeholders)	$190,000
3	Change management program with sensitization workshops, seminars and media communication and awareness campaign activities.	$80,000
	Sub-total	**$350,000**
	MTA TAIS	
1	Training tax officers on the implementation of the TAIS system (training for users at ministry, *aimags*, and district level and other stakeholders)	$200,000
2	Technical capacity building for MTA staff (benchmark study tour)	$140,000
	Sub-total	**$340,000**
	Project Management	
1	Training for MTA and MOF for financial management capacity	$20,000
	Sub-total	**$20,000**
	TOTAL	**$710,000**

MOF = Ministry of Finance, MTA = Mongolian Tax Authority, PIMIS = public investment management information system, TAIS = tax administration information system.

[27] Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf.