



Technical Assistance Report

Project Number: 51422–001
Transaction Technical Assistance (TRTA)
June 2020

Mongolia: Sustainable Tourism Development Project (Phase 2)

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CURRENCY EQUIVALENTS

(as of 1 May 2020)

Currency unit	–	Togrog (MNT)
MNT1.00	=	\$0.00036
\$1.00	=	MNT2,782

ABBREVIATIONS

ADB	–	Asian Development Bank
DPTC	–	Department of Tourism Policy Coordination
MET	–	Ministry of Environment and Tourism
TA	–	technical assistance

GLOSSARY

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

NOTES

In this report, "\$" refers to United States dollars.

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CONTENTS

	Page
TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE	
I. The Ensuing Project	1
II. The Technical Assistance	1
A. Justification	1
B. Outputs and Activities	1
C. Cost and Financing	2
D. Implementation Arrangements	2
1. Cost Estimates and Financing Plan	4
2. List of Linked Documents	5

TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 51422-001	
Project Name	Sustainable Tourism Development Project (Phase 2)	Department/Division	EARD/EAER
Nature of Activity Modality	Project Preparation Regular	Executing Agency	Ministry of Environment and Tourism
Country	Mongolia		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Rural sanitation		0.03
	Rural solid waste management		0.03
	Water-based natural resources management		0.04
Industry and trade	Trade and services		0.40
Transport	Road transport (non-urban)		0.30
	Total		0.80
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		Climate Change impact on the Project	Medium
✓ Accelerating progress in gender equality			
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability			
✓ Promoting rural development and food security			
✓ Strengthening governance and institutional capacity			
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.5		Effective gender mainstreaming (EGM)	✓
SDG 5.5			
SDG 6.2, 6.3, 6.6			
SDG 8.9		Poverty Targeting	
SDG 9.1		Geographic Targeting	✓
SDG 10.2			
SDG 12.2			
4. Risk Categorization	Low		
5. Safeguard Categorization	Safeguard Policy Statement does not apply		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.80	
Transaction technical assistance: Technical Assistance Special Fund		0.80	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.80	
Currency of ADB Financing: US Dollar			

I. THE ENSUING PROJECT

1. The Government of Mongolia, during the country programming mission held in Ulaanbaatar in April 2019, requested the Asian Development Bank (ADB) to provide a lending support to prepare the Sustainable Tourism Development Project (Phase 2). The ensuing loan is included in ADB's country operations business plan for Mongolia, 2020–2021 and the proposed transaction technical assistance (TA) is included in ADB's nonlending pipeline for 2020.¹

2. Mongolia has a small but growing tourism sector. Government plans to expand the sector are focused on nature-based tourism in protected areas (which encompass 21% of Mongolia's area) and cultural heritage. The project will support the development of sustainable tourism within three *aimags* (provinces) of western Mongolia, Bayan-Ulgii, Khovd, and Uvs. The project will have four outputs: (i) inclusive planning and capacity for local tourism businesses enhanced; (ii) enabling infrastructure for tourism constructed; (iii) sanitation and waste management improved; and (iv) management of cultural heritage sites and protected areas strengthened. These outputs will result in the following outcome: sustainability and inclusiveness of ecotourism in western Mongolia increased. The project outputs will strengthen the institutional framework for tourism planning and increase the number of local beneficiaries from tourism; establish a tourism center in Uvs *Aimag* and a rock art and research center in Khovd *Aimag*, including Mongolia's first 'digital museum' for rock art; and install small management facilities at selected cultural heritage sites and protected areas e.g., fee collection stations, information signs, elevated walkways, and low-cost, gender-sensitive toilets. The designs will also address two cross-cutting issues: (i) recovery of the local tourism sector from the coronavirus disease outbreak (COVID-19) and measures to strengthen the sector from the risk of future disease outbreaks, and (ii) adaptation and/or mitigation measures to address the potential impacts of climate change (including extreme floods, storms, and harsh winters) to the project structures as well as visitor safety.

3. The ensuing project will be implemented over 6 years and is estimated to cost \$30.3 million, of which ADB is requested to finance \$30.0 million through a project loan. A \$2.0 million cofinanced grant will be processed in parallel with the loan.² The central and local governments will provide in-kind contribution equivalent to \$0.3 million.

II. THE TECHNICAL ASSISTANCE

A. Justification

4. The executing agency, the Ministry of Environment and Tourism (MET), has limited technical and financial resources to implement the ADB requirements for loan preparation. The transaction TA will help the government prepare a project design that complies with the ADB requirements and international best practice.³

B. Outputs and Activities

5. The major outputs and activities are summarized in Table 1.

¹ ADB. 2019. *Country Operations Business Plan: Mongolia, 2020–2021*. Manila.

² Strengthening Community Livelihoods in Buffer Zones of Protected Areas is a \$2.0 million grant programmed for 2020–2021 in ADB's country operations business plan for Mongolia, 2020–2021.

³ The TA first appeared in the business opportunities section of ADB's website on 17 April 2020.

Table 1: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Technical design developed and feasibility assessments conducted	August 2020 to February 2021	1.1 Conduct sector assessment and stakeholder analysis 1.2 Assess technical, economic, and financial feasibility of the project 1.3 Finalize project design, scope, costs, and implementation arrangements 1.4 Prepare inception, midterm, and final reports
2. Assessment and planning on social, gender, and safeguards (social and environment) completed	August 2020 to February 2021	2.1 Conduct social surveys and consultations 2.2 Carry out the due diligence and assess environmental and social impacts of the project 2.3 Prepare project documents according to the Asian Development Bank and government requirements 2.4 Prepare inception, midterm, and final reports
3. Investment plan and procurement packages prepared	October 2020 to February 2021	3.1 Conduct procurement and risk and financial management assessments 3.2 Prepare project procurement and investment plans 3.3 Prepare project documents according to Asian Development Bank and government requirements
4. Project management capacity of the executing and implementing agencies improved	August 2020 to January 2021	4.1 Assess sector, stakeholders, and institutional capacity, and identify training needs 4.2 Conduct capacity building trainings, workshop, and consultations 4.3 Prepare final report

Source: Asian Development Bank.

C. Cost and Financing

6. The TA is estimated to cost \$0.85 million, of which \$0.80 million will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-6). The key expenditure items are listed in Appendix 1.

7. The government will provide counterpart support in the form of counterpart staff (remuneration and per diems) and their transportation, data collection, administrative and logistic support, and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

8. ADB will administer the TA. The MET will be the executing agency. The Department of Tourism Policy Coordination (DTPC) of MET will be the implementing agency for the loan and the Department of Protected Area Management (DPAM) will be the implementing agency for the grant. The DTPC will coordinate MET and local government support for project preparation. A multisector steering committee chaired by MET will provide guidance to the project. The DTPC and the DPAM will nominate key focal points that will support the daily TA coordination, including facilitation of meetings and site visits and timely government review and feedback on the draft project designs. The governments of Bayan-Ulgii, Khovd and Uvs *aimags* will each assign a project focal point, who will coordinate with the executing and implementing agencies and TA

consulting firm for the fieldwork and stakeholder consultations. The TA will be implemented over about 11 months, tentatively from June 2020 to April 2021. Equipment for the TA consultants will be procured following ADB's Procurement Policy (2017, as amended from time to time) and the associated Staff Instructions and handed over to MET upon the TA completion. Disbursements under the TA will be in line with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).

9. The implementation arrangements are summarized in Table 2.

Table 2: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	June 2020–April 2021		
Executing agency	Ministry of Environment and Tourism		
Implementing agency	Department of Tourism Policy Coordination Department of Protected Areas Management		
Consultants	To be selected and engaged by ADB		
	Firm (quality- and cost-based selection method)	Preparing the Sustainable Tourism Development Project (Phase 2)	\$0.78 million
Procurement ^a	To be procured by consultants		
	Shopping	2 contracts	\$0.01 million
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Equipment will be handed over to the Department of Tourism Policy Coordination of the Ministry of Environment and Tourism upon TA completion.		

ADB = Asian Development Bank, TA = technical assistance.

^a Procurement Plan (accessible from the list of linked documents in Appendix 2).

Source: Asian Development Bank estimates.

10. **Consulting services.** ADB will engage the consultants following ADB's Procurement Policy (2017, as amended from time to time) and the associated staff instructions.⁴

⁴ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Total Cost
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	371.9
ii. National consultants	208.6
b. Out-of-pocket expenses	
i. International and local travel	41.1
ii. Office space rental and related facilities	18.9
iii. Reports and communications	5.0
2. Equipment ^b	10.0
3. Workshops, training, seminars, and conferences ^c	24.5
4. Surveys and studies	71.9
5. Miscellaneous administration and support costs ^d	10.0
6. Contingencies	38.1
Total	800.0

Note: The technical assistance (TA) is estimated to cost \$850,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff and their domestic transport, data collection, logistic support in arranging workshops and field visits, and other in-kind contributions. The value of government contribution is estimated to account for 6% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

^b Equipment will be handed over to the Department of Tourism Policy Coordination, Ministry of Environment and Tourism upon completion of the TA.

Type	Quantity	Cost (\$)
Office computer with wireless broadband internet access	3	6,000
Printer	1	1,000
Photocopy machine	1	2,000
Other small peripherals	1	1,000

^c Workshops, training, seminars, and conferences will be administered by the consultants. These costs may include representation costs, such as food and beverages.

Purpose	Venue
Stakeholder consultation workshops	<i>Aimag</i> and Ulaanbaatar, Mongolia
Social and environmental safeguards, procurement, and financial management	<i>Aimag</i> and Ulaanbaatar, Mongolia
Inception, interim, and final workshops	Ulaanbaatar, Mongolia

^d Miscellaneous administration and support costs include general operating costs, office supplies, and translation.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=51422-001-TARreport>

1. Terms of Reference for Consultants
2. Procurement Plan