



Technical Assistance Report

Project Number: 51423-001
Transaction Technical Assistance (TRTA)
October 2018

Mongolia: Preparing the Vegetable Production and Irrigated Agriculture Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 October 2018)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.0004
\$1.00	=	MNT2,565.00

ABBREVIATIONS

ADB	–	Asian Development Bank
MOFALI	–	Ministry of Food, Agriculture and Light Industry
TA	–	technical assistance
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GLOSSARY

<i>aimag</i>	–	province
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NOTES

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

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 51423-001	
Project Name	Vegetable Production and Irrigated Agriculture	Department/Division	EARD/EAER
Nature of Activity	Project Preparation	Executing Agency	Ministry of Food, Agriculture, and Light Industry (MOFALI)
Modality	Regular		
Country	Mongolia		
2. Sector		ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Agricultural policy, institutional and capacity development		0.22
	Agro-industry, marketing, and trade		0.27
	Irrigation		0.36
	Total		0.85
3. Strategic Agenda		Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	CO ₂ reduction (tons per annum)	500
Environmentally sustainable growth (ESG)	Natural resources conservation	Climate Change impact on the Project	High
4. Drivers of Change		Gender Equity and Mainstreaming	
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Civil society organizations Implementation		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Rural	High
Household Targeting	No	Urban	Low
SDG Targeting	Yes		
SDG Goals	SDG2, SDG6, SDG8		
6. Risk Categorization	Low		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.85	
Transaction technical assistance: Technical Assistance Special Fund		0.85	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.85	
Currency of ADB Financing: USD			

I. THE ENSUING PROJECT

1. The Government of Mongolia, during the country programming mission held in Ulaanbaatar in March 2018, requested the Asian Development Bank (ADB) to provide lending support to prepare the Vegetable Production and Irrigated Agriculture Project. The ensuing loan is included in ADB's country operations business plan for Mongolia and the proposed transaction technical assistance (TA) is included in ADB's nonlending pipeline for 2018.¹

2. Farming remains an underdeveloped sector in Mongolia, despite high potential for growth and livelihood opportunities, particularly in the country's central region, spanning Darkhan-Uul, Selenge, and Tuv *aimags*. In line with the government's focus to promote livelihood opportunities outside traditional livestock herding and mining, agriculture (including smallholder vegetable farming) has fast become a priority for growth. Mongolia has made strides over the past decade to become self-sufficient in and mechanized cereal and potato production, but vegetable farming has been neglected and is not yet very productive. This perpetuates low income for vegetable farmers and high reliance on imported products, which in turn threatens national food security.

3. The project aims to increase income and employment opportunities for rural households by implementing a community farming model, providing a sustainable irrigation system, securing access to value chain support services and infrastructure, and improving farm-to-market linkages. The project will: (i) rehabilitate irrigation systems and integrate farming groups into inclusive agriculture value chains in up to six *aimags*; (ii) set up cold storage, packaging, and wholesale trading capacity in Ulaanbaatar; and (iii) strengthen institutional capacity and coordination to enable sustainable and inclusive use of project supported irrigation systems and value chain facilities, including strengthening of farmer capacity on proper use of chemicals and fertilizers (e.g. integrated pest management and good agriculture practice).

4. The ensuing project is estimated to cost \$42.4 million. ADB is requested to finance \$40.0 million largely for investment and capacity building through a loan. A \$2.0 million cofinanced grant² will be processed in parallel with the loan. Central and local governments will provide in-kind contribution equivalent to \$0.4 million.

II. THE TECHNICAL ASSISTANCE

A. Justification

5. The executing agency, the Ministry of Food, Agriculture and Light Industry (MOFALI), has limited experience with 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

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

¹ ADB. 2018. *Country Operations Business Plan: Mongolia, 2019–2021*. Manila.

² Supporting Irrigation Schemes in Central Mongolia is a \$2.0 million grant project programmed for 2019 in ADB's country operations business plan for Mongolia, 2019–2021.

³ The TA first appeared in the business opportunities section of ADB's website on 21 August 2018.

Table 1: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Feasibility of the ensuing project assessed	December 2018 to March 2019	1.1 Conduct social surveys and consultations 1.2 Assess technical, economic, and financial feasibility of the project 1.3 Assess environmental and social impacts of the project 1.4 Prepare inception report
2. Detailed project design and project documents for the ensuing loan prepared	April 2019	2.1 Finalize project design, scope, costs, and implementation arrangements 2.2 Prepare project documents according to ADB and government requirements 2.3 Prepare loan and project agreements 2.4 Prepare interim report
3. Project management capacity of the executing agency improved	January to April 2019	3.1 Assess sector, stakeholders, and institutional capacity, and identify training needs 3.2 Conduct capacity building trainings, workshops, and consultations 3.3 Prepare final report

ADB = Asian Development Bank.
Source: Asian Development Bank.

C. Cost and Financing

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

8. The government will provide counterpart support in the form of counterpart staff, domestic transport, data collection, logistic support in arranging workshops and field visits, 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

9. ADB will administer the TA. A multisector steering committee, chaired by the MOFALI State Secretary and including representatives from the *aimag* and central agencies, will guide the project. A project implementation unit will be established at MOFALI to coordinate and implement the project. The TA will be implemented over 11 months, tentatively from November 2018 to September 2019. Equipment for the TA consultants will be procured following ADB Procurement Policy (2017, as amended from time to time), and handed over to MOFALI upon the TA completion. Disbursement under the TA will be in line with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

10. The implementation arrangements are summarized in Table 2.

Table 2: Implementation Arrangements

Aspects	Arrangements
Indicative implementation period	November 2018–September 2019
Executing agency	Ministry of Food, Agriculture, and Light Industry
Implementing agencies	Crop Production, Policy Implementation, and Coordination Department of the Ministry of Food, Agriculture, and Light Industry
Consultants	To be selected and engaged by ADB

Aspects	Arrangements		
	Firm: QCBS	Preparing the Vegetable Production and Irrigated Agriculture Project	\$0.810 million
Procurement ^a	To be procured by consultants		
Disbursement	Shopping	1 contract	\$0.015
Asset turnover or disposal arrangement upon TA completion	Equipment will be handed over to the Ministry of Food, Agriculture and Light Industry upon completion of TA activities.		

ADB = Asian Development Bank, QCBS = quality- and cost-based selection, TA = technical assistance.

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

Source: Asian Development Bank.

11. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or 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	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (12.5 person-months)	307.0
ii. National consultants (30.5 person-months)	189.1
b. Out-of-pocket expenditures	
i. International and local travel	110.5
ii. Reports and communications	25.0
iii. Goods (rental or purchase) ^b	15.0
iv. Surveys	129.0
v. Training, seminars, and conferences ^c	22.0
vi. Miscellaneous administration and support costs ^d	12.0
2. Contingencies	40.4
Total	850.0

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, domestic transport, data collection, logistic support in arranging workshops and field visits, and other in-kind contributions.

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

^b Will be handed over to the Ministry of Food, Agriculture and Light Industry upon completion of the transaction technical assistance.

Type	Quantity	Cost
Office equipment (including laptops, modem, copier, and printer)	2 sets	\$7,500
Office furniture (including desks, chairs, and stationery)	2 sets	\$7,500

^c To be administered by the consultants.

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

^d Operating costs including translation, interpretation, office telephone, internet, electricity, and water.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=51423-001-TARreport>

1. Terms of Reference for Consultants