

# Project Administration Manual

Project Number: 54214-001

Loan Number: {LXXXX}

June 2020

## Mongolia: Shock-Responsive Social Protection Project

## ABBREVIATIONS

ADB	–	Asian Development Bank
CDEP	–	countercyclical development expenditure program
CMP	–	child money program
COVID-19	–	coronavirus disease
DMF	–	design and monitoring framework
FMA	–	financial management assessment
FSP	–	food stamp program
GOLWS	–	General Office of Labor and Welfare Services
MLSP	–	Ministry of Labor and Social Protection
MOF	–	Ministry of Finance
PIU	–	project implementation unit
PAM	–	project administration manual
WHO	–	World Health Organization

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

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

The Ministry of Finance (executing agency) and the Ministry of Labor and Social Protection (implementing agency) are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by the executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB 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

1. The Government of Mongolia has requested emergency assistance for social protection measures to mitigate the socioeconomic impacts of the coronavirus disease (COVID-19) pandemic on poor and vulnerable groups. The proposed project will apply shock-response social protection principles to expand food support and cash transfers on a temporary basis, utilizing the targeting and delivery systems of two established national social assistance programs.

### A. Rationale

2. **Impact of the pandemic.** The World Health Organization (WHO) declared the COVID-19 outbreak a public health emergency of international concern on 30 January 2020 and a pandemic on 11 March 2020. The WHO recommended that countries take drastic actions to contain the disease, requiring an immediate response to control and prevent its spread and reduce its health, economic, and social impacts, especially on poor and vulnerable groups. Mongolia's early and robust response to contain the spread included strict border closures, a suspension of air travel, enforced quarantine for arriving passengers, closure of schools and non-essential businesses, and other restrictions on daily life. These measures helped keep the number of cases relatively low, but the health risk-level remains high, and the curtailment of economic activity has affected many parts of the economy, including small and medium-sized enterprises, the service sector, and mining and extractive industries. A narrow economic base and dependence on mining make the economy inherently vulnerable.

3. **Mongolia will experience a severe economic slowdown.**<sup>1</sup> Preliminary estimates show that Mongolia will suffer losses totaling \$71 million–\$276 million.<sup>2</sup> Gross domestic product growth will be much lower in 2020 than envisioned: the Asian Development Bank (ADB) has revised the 2020 growth forecast to 2.1%,<sup>3</sup> down from 6.1%,<sup>4</sup> but a protracted global economic crisis brought about by the pandemic would significantly worsen this outlook. To counter the negative impacts of the COVID-19 pandemic, on 27 March 2020 the government launched a countercyclical development expenditure program (CDEP) and announced its intention to introduce measures with a cost of MNT5.1 trillion. The program includes three areas of support: social protection measures to support citizens, support to vulnerable businesses and fiscal stimulus measures, and public health protection.

4. **Socioeconomic impacts on the poor and vulnerable.** The loss of jobs and income coupled with rising food prices will particularly affect existing poor and vulnerable people. The pre-crisis poverty rate was 28.4% in a population of 3.24 million, but this national average masks significant differences by gender, location, and age. The poverty rate is significantly higher among urban households headed by women (32.4%), households living in the country's eastern region (37.4%), and among very young children aged 0–4 (38.0%).<sup>5</sup> Childhood poverty is widespread: children under the age of 15 comprise 42% of the country's nearly 905,000 poor people, while 52% live in households with more than three children. A significant share of Mongolians who are technically non-poor nevertheless live precariously close to the poverty line. Increasing the poverty line by half from MNT166,580 to MNT249,870 per capita per month nearly doubles the poverty rate to 55.7% of the population (footnote 5). About 15% of non-poor Mongolians are

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<sup>1</sup> ADB. [Mongolia: COVID-19 Rapid Response Program](#).

<sup>2</sup> ADB. 2020. [The Economic Impact of the COVID-19 Outbreak on Developing Asia](#). ADB Brief. No. 128, 06 March. Manila.

<sup>3</sup> ADB. 2020. [Asian Development Outlook 2020: What Drives Innovation in Asia?](#) Manila.

<sup>4</sup> ADB. 2019. [Asian Development Outlook 2019: Strengthening Disaster Resilience](#). Manila.

<sup>5</sup> National Statistics Office of Mongolia and World Bank. 2020. [Mongolia Poverty Update 2018](#). Ulaanbaatar.

considered particularly vulnerable to falling into poverty as their household income falls below 1.25 times the poverty line. Mongolia's experience with past crises indicates the adoption of negative coping strategies is a risk. Negative coping strategies can include selling productive assets, reducing consumption levels, or making harmful choices regarding investment in education, health, and livelihoods, all of which can impact long-term well-being.<sup>6</sup>

5. **Global social protection response.** As of 22 May 2020, 190 countries have planned, introduced, or adapted 937 social protection programs in response to COVID-19; the majority are social assistance transfers (559 measures, or 60% of the total).<sup>7</sup> The most commonly used social assistance instruments are cash-based measures, with 283 measures in 113 countries. During a crisis, expanding support using existing programs and their infrastructure—such as targeting and delivery systems—is more efficient than creating new programs. Mongolia's Ministry of Labor and Social Protection (MLSP) used the food stamp program (FSP) in this way during the most recent financial crisis in 2017. The shock-responsive social protection literature identifies several options for responding to shocks using existing programs, including (i) adjusting the design of existing social protection interventions (such as waiving conditions), (ii) attaching interventions to existing program infrastructure, (iii) vertically expanding programs to temporarily increase the value or duration of benefits for existing recipients, and (iv) horizontally expanding programs to temporarily add new recipients.<sup>8</sup>

6. **Expanded social assistance measures.** The CDEP included a temporary increase in child money program (CMP) benefits of MNT10,000 per child per month for 3 months (April to June 2020). The total additional benefit of about \$11 per child would have provided some basic support to families, but the amount is relatively low from a welfare perspective, and as a share of the poverty line. Recognizing this, on 6 May 2020 the government announced an expanded package of temporary social assistance measures, including (i) a further increase in the CMP, bringing the total to MNT100,000 per child per month for 6 months; and (ii) doubling the value of the FSP to MNT32,000 per adult per month and MNT16,000 per child per month for 5 months (details are in paras. 8–9). The total cost of these two measures—basic program benefits plus temporary top-ups—is about MNT740.6 billion.<sup>9</sup>

## B. Project Description

7. The project is aligned with the following impact: adverse socioeconomic impacts of the COVID-19 pandemic reduced.<sup>10</sup> The project will have the following outcome: basic needs of the poor and vulnerable, especially women and children, supported.<sup>11</sup>

8. **Output 1: Poverty-targeted food support increased.** Output 1 will finance a temporary increase in the monthly benefit level for all FSP beneficiaries for 5 months. The cash-like benefits are delivered either as electronic payments to e-cards (for 70% of the recipients, mostly in urban areas) or as physical vouchers (for 30% of the recipients, mostly rural). Food stamps can be used to purchase 10 staple food items, including milk and vegetables, from more than 750 participating

<sup>6</sup> ADB. 2018. [Strengthening Resilience Through Social Protection Programs: Guidance Note](#). Manila.

<sup>7</sup> U. Gentilini et al. 2020. [Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures](#). Living paper version 10. Unpublished.

<sup>8</sup> C. O'Brien et al. 2018. [Shock-Responsive Social Protection Systems Research: Synthesis Report](#). Oxford: Oxford Policy Management.

<sup>9</sup> Other temporary social assistance measures announced on 6 May 2020 include providing benefits of MNT100,000 per month for 6 months in the form of social pensions for the elderly and allowances for people with disabilities, single parent households, and other vulnerable groups.

<sup>10</sup> ADB. 2020. [ADB's Comprehensive Response to the COVID-19 Pandemic: Policy Paper](#). Manila.

<sup>11</sup> The design and monitoring framework is in Section IX A of this project administration manual.



vendors nationwide.<sup>12</sup> The FSP helps smooth consumption and protect food intake for more than 240,500 people, among them more than 118,000 children. Women and girls comprise 53% of all FSP recipients. The program reaches 44,325 families (the poorest 5%). Each family receives food stamps worth MNT16,000 per adult and MNT8,000 per child per month. A poor family of five would normally receive just over \$20 per month (less than 7% of the monthly poverty line for a family of five).

9. **Output 2: Child-targeted income support increased.** Output 2 will finance a share of the temporary increase in the monthly benefit level to all CMP beneficiaries for 6 months. The CMP provides monthly cash grants to children aged 0–17. Payments are made to accounts set up in the children's names, with mostly mothers as the custodians, on the condition that children are registered in the Integrated Household Database. As of March 2020, 1,107,130 children (about 93% of the total) received CMP grants worth MNT20,000 per child per month. A mother of three children under 18 would receive about \$21.50 (about 7.2% of the monthly poverty line for a family of five) to support her children's needs.

10. **Emergency assistance loan characteristics.** The project will (i) restore economic activities during and after the pandemic, (ii) mitigate immediate losses, (iii) provide immediate short-term transitional assistance, (iv) be restricted to the transition phase, (v) complement efforts by other development partners to ease the transition from relief to normal development, (vi) not be a policy-based loan.<sup>13</sup>

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<sup>12</sup> The 10 staple food items are domestic meat products, domestic dairy products, flour, butter, sugar, fruit, vegetables, rice, vegetable oil, and eggs.

<sup>13</sup> The project also meets all emergency assistance loan eligibility criteria as described in ADB. 2004. [ADB Disaster and Emergency Assistance Policy](#). Manila, para. 92.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative Activities	2020			Responsible Agency
	May	Jun	Jul	
Government request letter				MOF
Staff Review Meeting				ADB
Loan negotiations				ADB, MLSP, MOF
ADB Board approval				ADB
Loan signing				ADB, MOF
Government legal opinion provided				MOF
Loan effectiveness				ADB

ADB = Asian Development Bank, MLSP = Ministry of Labor and Social Protection, MOF = Ministry of Finance.  
Source: ADB.

## B. Overall Project Implementation Plan

11. A Gantt chart recording outputs with key implementation activities (on a monthly or quarterly basis) that is updated annually and submitted to ADB with contract and disbursement projections for the following year.

Activity	2020			2021			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>A. Design and Monitoring Framework</b>							
<b>Output 1: Poverty-targeted food support increased</b>							
1.1 Issue a ministerial order on the temporary increase in food stamps (vertical expansion)							
1.2 Ensure timely delivery of expanded monthly food stamp benefits via e-card (urban) and vouchers (rural) to the poorest 5% of households in the Integrated Household Database							
1.3 Monitor implementation and assess the impact of the transfer on households (through knowledge and support TA)							
<b>Output 2: Child-targeted income support increased</b>							
2.1 Issue a government resolution on the temporary top-up of child grants (vertical expansion)							
2.2 Ensure timely delivery of monthly child grants made directly to children's accounts to at least 1.1 million children registered in the Integrated Household Database							
2.3 Implement a communication campaign on the temporary social welfare measures (with support from knowledge and support TA and Loan 3086-MON) <sup>a</sup>							
2.4 Monitor implementation and assess the impact of the transfer on households, including gender impact assessment (through knowledge and support TA)							
2.5 Support the Ministry of Labor and Social Protection to improve collection and analysis of sex-disaggregated data (through knowledge and support TA)							
<b>B. Management Activities</b>							
Gender action plan key activities							
Annual and/or midterm review							
Project completion report							

TA = technical assistance.

<sup>a</sup> [ADB. Mongolia: Building Capacity for an Effective Social Welfare System](#); and ADB. [Mongolia: Food and Nutrition Social Welfare Project \(Additional Financing\)](#).

Source: Asian Development Bank.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
<b>Executing agency</b> Ministry of Finance (MOF)	<ul style="list-style-type: none"> <li>• Assumes overall accountability and responsibility for project planning, management, and implementation</li> <li>• Ensures timely and effective execution of the loan agreement</li> <li>• Co-signs, together with MLSP, approval of withdrawal applications</li> <li>• Submits midterm and final progress reports to ADB</li> <li>• Facilitates auditing of project accounts</li> <li>• Chairs the PSC</li> <li>• Provides guidance and support to the implementing agency</li> <li>• Provides timely policy support</li> <li>• Approves statement of expenditure forms</li> </ul>
<b>Implementing agency</b> Ministry of Labor and Social Protection (MLSP)	<ul style="list-style-type: none"> <li>• Assumes direct accountability and responsibility for implementation of project outputs 1–2 and project management</li> <li>• Members of the project steering committee</li> <li>• Coordinates with the PIU</li> <li>• Reviews PIU progress reports and submits these reports to MOF</li> <li>• MLSP-General Office of Labor and Welfare Services (GOLWS)               <ul style="list-style-type: none"> <li>(i) ensures accurate beneficiary rosters based on the Integrated Household Database, (ii) transfers funds from the Social Welfare Fund to the <i>aimag</i>/district Food Stamp Program (FSP) account at commercial banks, (iii) prepares financial reports for the utilization of FSP e-cards and vouchers, (iv) prepares an FSP implementation report for the top-up period, (v) provides beneficiary list to the Treasury for the Child Money Program, and (vi) verifies and confirms statement of expenditure forms</li> </ul> </li> <li>• Ensures that the financial auditing is conducted on a timely basis after the project is completed utilizing Loan 3086-MON: Additional Financing of Food and Nutrition Social Welfare Project<sup>a</sup></li> <li>• Ensures that the PIU (see below) develops project progress reports with the support of the GOLWS</li> <li>• Ensures the PIU provides necessary support to the executing and implementing agencies (including GOLWS) for daily coordination, planning, implementation, and financial management</li> </ul>
<b>Oversight body</b> Project Steering Committee (PSC)	<ul style="list-style-type: none"> <li>• Comprises the Chair (Director, Development Financing Department, MOF), and members including (i) Director, Policy and Planning Department, MLSP; (ii) Director, Social Protection Policy Implementation Coordination Department, MLSP; (iii) Director General, GOLWS, MLSP; and (iv) Project Coordinator, PIU for Loan 3086-MON: Additional Financing of Food and Nutrition Social Welfare Project</li> <li>• Reviews and assesses implementation progress and plans</li> <li>• Provides advice on policy matters</li> <li>• Meets at least once during implementation</li> </ul>
<b>Project implementation unit (PIU)</b>	<ul style="list-style-type: none"> <li>• Comprises seven staff of the PIU for Loan 3086-MON: Additional Financing of Food and Nutrition Social Welfare Project</li> </ul>

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>• Supports the executing and implementing agencies for daily project coordination, planning, implementation, and financial management</li> <li>• Monitors progress against the design and monitoring framework, project administration manual, and gender action plan</li> <li>• Prepares final project progress reports</li> <li>• Prepares consolidated project financial statements for audit purposes</li> <li>• Ensures monitoring and reporting is in line with the "Regulation on utilization of proceeds of foreign loans incurred by the Government; implementation, administration, financing, monitoring, and evaluation of projects and programs funded by such proceeds," approved under Resolution No. 196 of the Minister of Finance, and other relevant regulations that are approved and amended from time to time</li> </ul>
<b>Asian Development Bank (ADB)</b>	<ul style="list-style-type: none"> <li>• Oversees project administration and timely execution of the loan agreement by the executing and implementing agencies</li> <li>• Disburses loan proceeds</li> <li>• Reviews and approves progress reports and audit reports</li> <li>• Reviews project compliance and targets against the design and monitoring framework, gender action plan, and project administration manual</li> <li>• Monitors project progress and conducts review missions</li> <li>• Discloses monitoring reports on ADB website</li> <li>• Informs on project progress and provides reports and materials</li> <li>• Informs and/or discusses potential changes in scope</li> <li>• Responds to inquiries and information requests</li> </ul>

<sup>a</sup> ADB. [Mongolia: Food and Nutrition Social Welfare Project \(Additional Financing\)](#).

Source: Asian Development Bank.

## B. Key Persons Involved in Implementation

### Executing agency

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### Implementing agency

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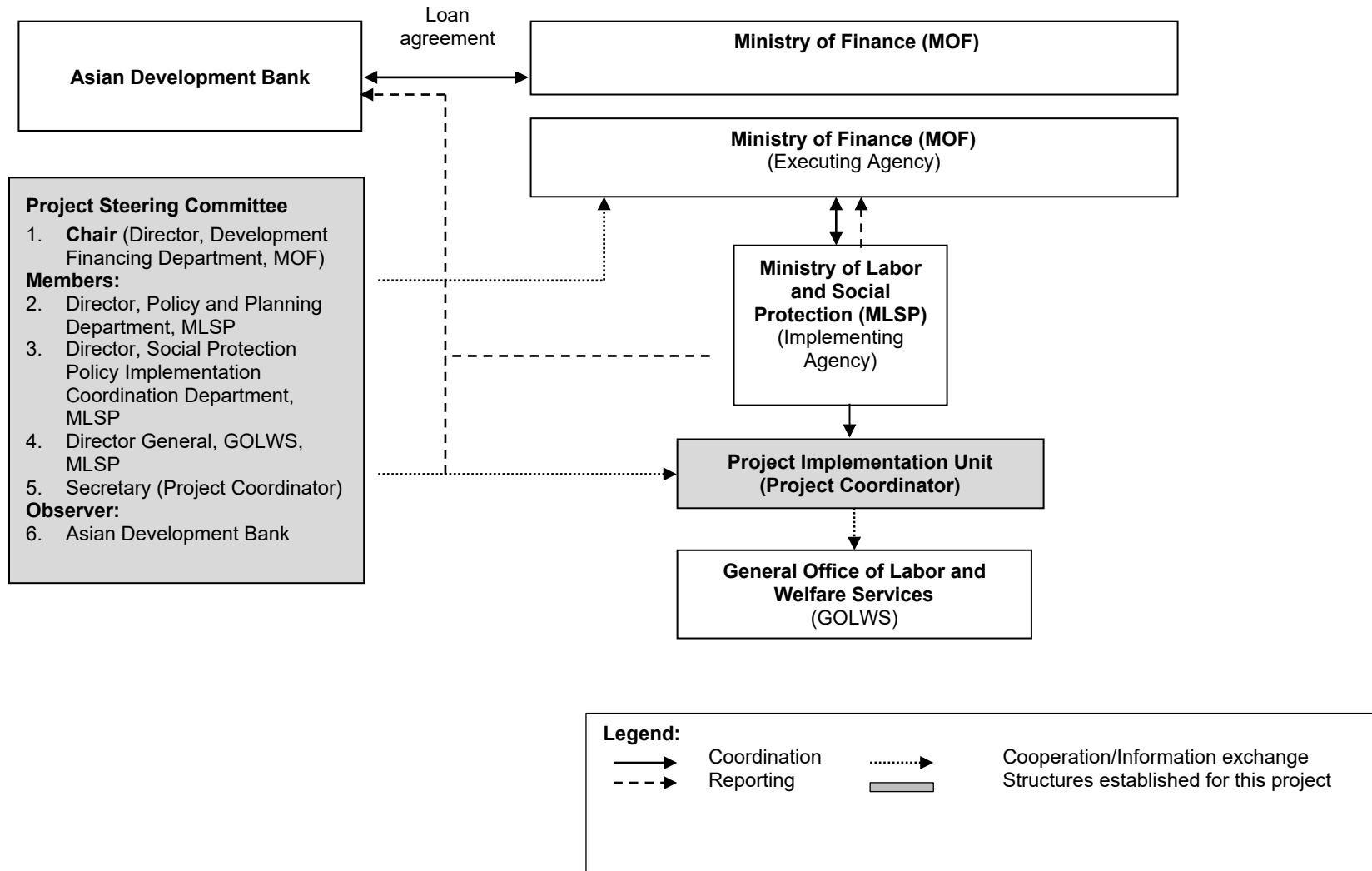
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C. Project Organization Structure

Figure 1: Project Organization Structure



#### IV. COSTS AND FINANCING

12. The project is estimated to cost \$265.79 million (Table 1). Detailed cost estimates by expenditure category and by financier are shown in Tables 3 and 5.

**Table 1: Summary Cost Estimates**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Output 1: Poverty-targeted food support expanded	10.41
2. Output 2: Child-targeted income support increased	255.12
<b>Subtotal (A)</b>	<b>265.53</b>
<b>B. Financial Charges During Implementation<sup>c</sup></b>	<b>0.26</b>
<b>Total (A+B)</b>	<b>265.79</b>

<sup>a</sup> Financing of cash-based social assistance program benefits. Any additional beneficiaries will be financed by the government.

<sup>b</sup> In May 2020 prices.

<sup>c</sup> Includes interest computed at 1% per year.

Source: Asian Development Bank.

13. The government has requested an emergency assistance loan of \$26.4 million from ADB's ordinary capital resources, on concessional terms, to help finance the project. The loan will have an interest charge at the rate of 1% per year; for a term of 40 years, including a grace period of 10 years; with repayment of principal at 2% per year for the first 10 years after the grace period and 4% per year thereafter; and such other terms and conditions as set forth in the draft loan agreement.

14. The summary financing plan is in Table 2. ADB will finance the expenditures in relation to emergency cash assistance and financial charges during implementation. The World Bank will provide loan cofinancing of \$5 million on a parallel basis to support the CMP.

**Table 2: Summary Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (concessional loan) <sup>a</sup>	26.40	9.9
Government	239.39	90.1
<b>Total</b>	<b>265.79</b>	<b>100.0</b>

<sup>a</sup> The loan amount reflects resource availability for the emergency assistance loan modality. To be responsive to the government's request for \$50 million dated 1 May 2020, and to help meet Mongolia's significant financing needs for coronavirus disease-related social protection measures, the Asian Development Bank will explore modalities and potential cofinancing opportunities for a second phase of support to be processed from the third quarter of 2020.

Source: Asian Development Bank.

#### A. Cost Estimates Preparation and Revisions

15. The cost estimates were prepared by the ADB project team and maybe updated prior to approval and during the project implementation.

#### B. Key Assumptions

16. The following assumption underpins the cost estimates and financing plan:

- (i) Exchange rate: \$1.00 = MNT2,790 (as of 12 May 2020).



### C. Detailed Cost Estimates by Expenditure Category and Outputs

**Table 3: Detailed Cost Estimates by Expenditure Category and Outputs**  
(\$ million)

Item	Total Cost	Output 1: Poverty-targeted food support increased		Output 2: Child-targeted income support increased	
		Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Costs</b>					
Emergency cash assistance	265.53	10.41	4.0	255.12	96.0
<b>B. Financial Charges During Implementation</b>	0.26	0.13	50.0	0.13	50.0
<b>Total Project Cost</b>	<b>265.79</b>	<b>10.54</b>	<b>4.0</b>	<b>255.25</b>	<b>96.0</b>

Source: Asian Development Bank.

### D. Allocation and Withdrawal of Loan Proceeds

**Table 4: Allocation and Withdrawal of Loan Proceeds**

Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
1	Emergency Cash Assistance	26,136,000	100% of total expenditure claimed *
2	Interest Charge	264,000	100% of amounts due
	<b>Total</b>	<b>26,400,000</b>	

\* Exclusive of taxes and duties imposed within the territory of the Borrower.

### E. Detailed Cost Estimates by Financier

**Table 5: Detailed Cost Estimates by Financier**  
(\$ million)

Item	ADB		Government		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
<b>A. Investment Costs</b>					
Emergency cash assistance <sup>a</sup>	26.14	9.8	239.39	90.2	265.53
<b>B. Financial Charges During Implementation</b>	0.26	100.0	0.00	0.0	0.26
<b>Total Project Cost</b>	<b>26.40</b>	<b>9.9</b>	<b>239.39</b>	<b>90.1</b>	<b>265.79</b>

<sup>a</sup> ADB and the government will finance the emergency cash assistance costs in parallel.  
Source: Asian Development Bank

### F. Detailed Cost Estimates by Year

**Table 6: Detailed Cost Estimates by Year**  
(\$ million)

Item	Total Cost	2020
<b>A. Investment Costs</b>		
Emergency cash assistance	265.53	265.53
<b>B. Financial Charges During Implementation</b>	0.26	0.26
<b>Total Project Cost</b>	<b>265.79</b>	<b>265.79</b>
<b>% Total Project Cost</b>	<b>100.00</b>	<b>100.00</b>

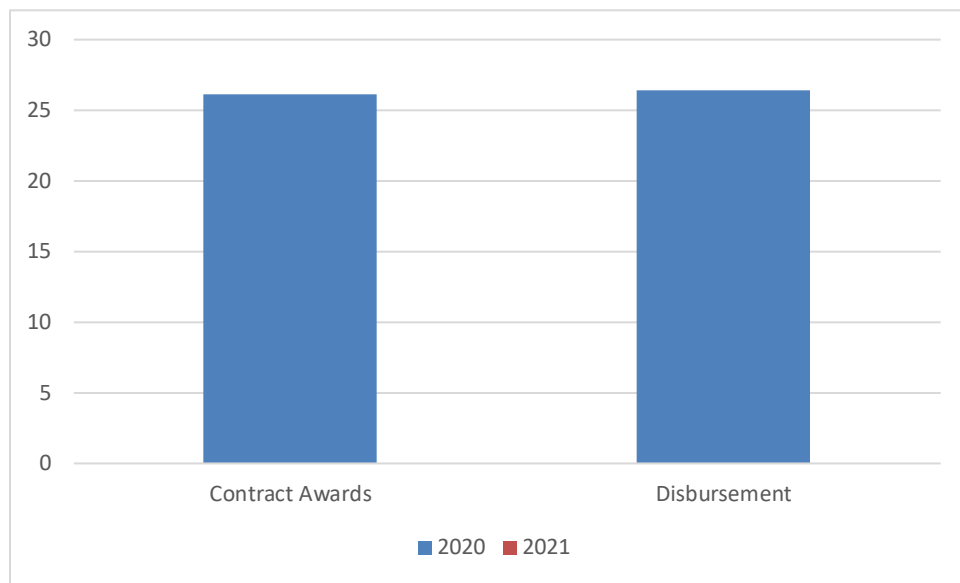
Source: Asian Development Bank.

## G. Contract Awards and Disbursement Projections

**Table 7: Contract Awards and Disbursement**

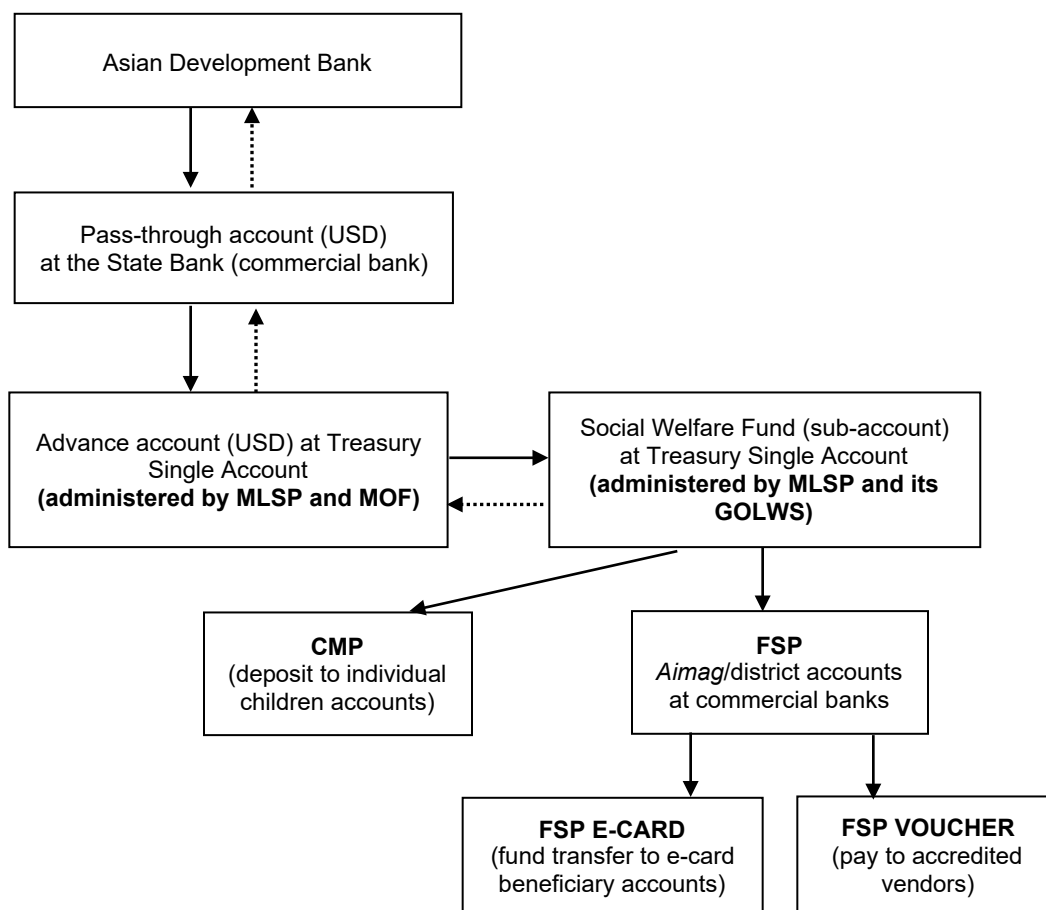
Year	Contract Awards (\$ million)					Disbursement (\$ million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2020			26.14	0.00	26.14			26.14	0.26	26.40
2021					0.00					0.00
<b>Total</b>					<b>26.14</b>					<b>26.40</b>

**Figure 2: Contract Awards and Disbursement**



## H. Fund Flow Diagram

Figure 3: Fund Flow Diagram



—————> flow of funds  
 .....> payment requests and withdrawal applications

Note: The document flow for the FSP voucher is detailed in para. 24 of this project administration manual.

CMP = child money program, FSP = food stamp program, MLSP = Ministry of Labor and Social Protection, MNT = Mongolian togrog, MOF = Ministry of Finance, USD = United States dollar.

Source: Asian Development Bank.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

17. A financial management assessment (FMA) has been conducted in accordance with ADB Guidelines.<sup>14</sup> It was updated in May 2020 and considered the capacity of MLSP and the existing project implementation unit (PIU) of the ongoing ADB project (Loan 3086-MON),<sup>15</sup> who will also manage the implementation of this project. The assessment reviewed the existing financial management arrangement which included funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. The assessment was supplemented by information from the previous FMA conducted for the ongoing ADB-funded project. The FMA update includes (i) interview of MLSP financial management staff and the PIU financial expert; and (ii) review of documents related to the project.

18. The MLSP, which will operate and administer the advance accounts, has sufficient experience in administering projects financed by multilateral agencies, including ADB. The MLSP, through the existing PIU, will continue to use the existing financial management arrangements of the two programs, including the funds-flow and disbursement procedures, and will manage the project accounts and financial reporting. Based on this, the MLSP has the capacity to administer the advance fund and SOE procedures. The Public Sector Financial Management Law is the overarching decree which regulates the financial management and reporting system of government.

19. Based on the assessment, MLSP and the PIU has financial management systems in place and have experience in implementing ADB project. The pre-mitigation financial management risk is assessed as *moderate* (Table 8).

**Table 8: Financial Management Risk Assessment**

Risk Type	Risk Description	Risk Assessment	Mitigation Measures/ Risk Management Plan
<b>Inherent Risk</b>			
Country-level risks	The government's PFM system is overall reasonably well-functioning, but there is very low budget credibility, generally poor policy-based budgeting, inadequate predictability in the availability of funds, and limited scrutiny of external audit reports by Parliament.	Substantial/ Moderate	Continue to improve the PFM system and procedures based on the government's ongoing efforts as well as through donor-funded support.
Agency-specific risks	MLSP generally have well-functioning financial management systems based on the government framework and following the procedural requirements. However, MLSP is adversely affected by the overall systemic issues of the government, especially the lack of budget credibility.	Moderate	Improvements of systemic issues at the overall government level will provide an improved framework for MLSP within which to undertake financial management. Dedicated efforts should be exerted where the issues have agency-specific causes.

<sup>14</sup> ADB. 2005. *Financial Management and Analysis of Projects*. Manila; ADB. 2009. *Financial Due Diligence: A Methodology Note*. Manila. ADB. 2015. *Financial Management Technical Guidance Note: Financial Management Assessment*. Manila.

<sup>15</sup> ADB. [Mongolia: Food and Nutrition Social Welfare Project \(Additional Financing\)](#).

Risk Type	Risk Description	Risk Assessment	Mitigation Measures/ Risk Management Plan
	MLSP has experience in implementing projects financed by multilateral agencies, including ADB.		
<b>Overall Inherent Risk</b>		<b>Moderate</b>	
<b>Project Risk</b>			
Planning and budgeting	MLSP's overall budget follows the government fiscal budget system. The budget is prepared using the different budget requirements of the departments based on the budget ceiling provided in July. The budget is then proposed to the Ministry of Finance and will be approved by Parliament within the portfolio of the minister.	Moderate	MLSP provides an assurance that the FSP and CMP programs are included in budget appropriations and prepared separately with MLSP's annual work plan budget.
Fund flow and disbursement	Existing government fund flow and disbursement process for CMP and FSP (designed by an ADB grant project) <sup>a</sup> will be used for this project.  MLSP needs to comply with the ADB disbursement policy. MLSP to ensure that the project funds can be identified separately.	Moderate	MLSP to ensure that project fund is disbursed for the intended beneficiaries by strengthening its disbursement controls and processes.  MLSP and PIU will ensure project funds can be identified by assigning identification codes.  MLSP and PIU will also liaise with ADB to ensure that ADB guidelines and requirements are followed.
Staffing	Recent changes in MLSP Accounting and Finance Division's staffing and approvals process may impact arrangements of ADB loan-funded projects. However, it was noted that there is an existing PIU financial management staff on the ongoing ADB project who can support this project.	Moderate	Emphasis should be placed on retaining the existing PIU staff with ADB project experience to properly comply with ADB requirements
Accounting policy and procedures	Accounting policies and procedures for the project are adequate. Policies and procedures follow the Mongolian government budget and accounting system.	Low	None.
Internal audit	MLSP's Monitoring and Evaluation Division and Internal Audit has three staff capable of doing internal audit work. The annual work plan is approved by the Audit Committee.  However, MLSP's audit staff are unfamiliar with ADB disbursement requirements and procedures.	Moderate	MLSP should strengthen the internal audit capacity through training on ADB disbursement policy and procedures to properly check compliance with ADB requirements.
External audit	External audit is considered well-functioning at both entity-level and for projects.  External audit of the project will be the responsibility of MNAO, although the actual audit task will be outsourced to a private audit firm based on terms of reference	Low	It must be ensured that ADB can review and comment on the terms of reference and that MNAO performs quality assurance on the firm's audit.

Risk Type	Risk Description	Risk Assessment	Mitigation Measures/ Risk Management Plan
	acceptable to ADB.		
Reporting and monitoring	Regular financial reports are produced that are suitable for user needs.	Low	MLSP to ensure that project funds are properly monitored and recorded with the assistance of PIU to comply with ADB reporting requirements for this project.
Information systems	MLSP undertakes full IT back-ups of the accounting software programs and financial data on an irregular basis, which creates a potential risk of data loss.	Substantial	The IT back-up procedures of MLSP should be done on a more regular basis.  The PIU will undertake full IT back-ups of the accounting software program and financial data on a weekly basis, and back-ups are safely stored.
<b>Overall Project Risk</b>		<b>Moderate</b>	

ADB = Asian Development Bank, CMP = child money program, FSP = food stamp program, IT = information technology, MLSP = Ministry of Labor and Social Protection, MNAO = Mongolian National Audit Office, PFM = public financial management, PIU = project implementation unit.

<sup>a</sup> ADB. [Mongolia: Food and Nutrition Social Welfare Program and Project.](#)

20. MLSP agreed to implement the following action plan (Table 9) to mitigate the noted risks and these actions will be monitored during project implementation.

**Table 9: Financial Management Action Plan**

Action	Responsibility	Timing
1. Deploying existing PIU staff with ongoing ADB project experience	MLSP, PIU	By loan effectiveness
2. Strengthening program internal controls and effective internal audit	MLSP	1 month before loan effectiveness
3. Fiduciary risk monitoring, including compliance with audited project financial statement requirements	MLSP, PIU	3 months after loan effectiveness

ADB = Asian Development Bank, MLSP = Ministry of Labor and Social Protection, PIU = project implementation unit.  
Source: ADB.

## B. Disbursement

### 1. Disbursement Arrangements for ADB Funds

21. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time),<sup>16</sup> and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.<sup>17</sup> Government officials of the executing and implementing agencies and PIU staff are encouraged to undertake this training to help ensure efficient disbursement and fiduciary control. The schematic fund flow for the project is in Figure 3.

22. The MLSP will be responsible for (i) submitting a request to MOF to establish a pass-through account at the State Bank and an advance account at the State Treasury for the loan; (ii) transferring money from the pass-through account to the advance account established at the

<sup>16</sup> The handbook is available electronically from the ADB website: <https://www.adb.org/sites/default/files/adb-loan-disbursement-handbook-2017.pdf>.

<sup>17</sup> Disbursement eLearning: [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning).

State Treasury; (iii) submitting withdrawal applications to MOF; and (iv) preparing and submitting reports to ADB. PIU will prepare the documents for the necessary submission to MOF. MOF will review, endorse, and submit the withdrawal applications to ADB.

23. **Advance fund procedure.** A pass-through account for the loan will be established in the State Bank and funds immediately transferred to the advance account at the Treasury in US dollar. After loan effectiveness, MLSP will immediately establish an advance account for the project. The currency of the advance account will be the US dollar. The funds from the advance account will be transferred directly to the existing Social Welfare Fund (sub-account, "SWF") as an advance for transfer to the CMP and FSP e-card recipients in local currency. The MOF will create a separate ledger for ADB funds in SWF to monitor the ADB funds. The advance account will be administered by MLSP and MOF and will be used exclusively for ADB's share of eligible expenditures and according to the financing arrangements described in this PAM. MLSP and its GOLWS are accountable and responsible for proper use of advances to the advance account and SWF.

24. **Food stamp program disbursement.** Disbursement will follow the government's FSP process, the design of which was supported by an ADB grant project.<sup>18</sup> Based on monthly beneficiary list<sup>19</sup> provided by MLSP's (who administers the SWF) General Office of Labor and Welfare Services (GOLWS) to *aimag*/district Social Welfare Office and corresponding banks, the FSP funds documentation and disbursement are as follows:

## 2. FSP e-card (70% of beneficiaries)

- (i) MLSP-GOLWS transfers the funds on the 15th day of each month from the SWF account to the *aimag*/district FSP account at commercial banks, who will immediately transfer the money to the e-cards of the beneficiaries
- (ii) MLSP-GOLWS prepares a financial report of funds transferred to e-cards, which include details of the beneficiary name, income, expenses, e-card balance, and other relevant information
- (iii) On the last day of the month, according to the approved reporting template, the bank prepares the transaction report of funds transferred to e-cards of the beneficiaries included in the MLSP-GOLWS list
- (iv) These monthly reports (i.e., [ii] and [iii]) should be maintained and made readily available for ADB review upon request.

## 3. FSP vouchers (30% of beneficiaries)

- (i) Based on the number of beneficiaries who will receive paper vouchers, the voucher order is placed by the MLSP-GOLWS at the national security printing company
- (ii) The vouchers are delivered to the *aimag* Social Welfare Office to the *soum/khoroo* social worker within 5th day of the month
- (iii) The *soum/khoroo* social worker distributes the paper vouchers to the food stamp recipients within 10th day of the month
- (iv) The recipient redeems the voucher at the contracted grocery (accredited vendor) for the 10 allowed food items
- (v) The vendor prepares a report and gives the collected vouchers to the *soum/khoroo* social worker

<sup>18</sup> ADB. [Mongolia: Food and Nutrition Social Welfare Program and Project.](#)

<sup>19</sup> Updated monthly by the social workers located in different geographic areas.



- (vi) The *soum/khoro* social worker prepares the report and attach the vouchers and send it to the *aimag/district Social Welfare Office* on the last day of the month
- (vii) Based on the *soum/khoro* social worker report, the *aimag/district Social Welfare Office* transfers the payment to the vendor from the *aimag/district FSP account* at commercial bank
- (viii) *Aimag/district Social Welfare Office* prepares a monthly FSP fund expenditure report for the FSP vouchers, which includes the number of vouchers distributed, cash value, beginning account balance, cash transferred for the food stamp, number of vouchers distributed, number of undistributed vouchers, number of valid vouchers received from the vendors, number of valid vouchers transferred to vendors, and the ending account balance
- (ix) MLSP-GOLWS prepares an FSP implementation report and submits to MLSP
- (x) MLSP-GOLWS requests for reimbursement from the SWF
- (xi) The evidence of bank transfers, monthly FSP fund expenditure report, and other relevant reports (items [vi]–[ix]) should be maintained and made readily available for ADB review upon request.

25. **Child money program disbursement.** Based on monthly beneficiary list provided to Treasury by the MLSP-GOLWS, the CMP funds will be disbursed to the children beneficiaries through direct deposit to the bank account of the child. The mother or father or designated guardian will be the custodian on the condition that the child is registered in the Integrated Household Database. A monthly report will be prepared by MLSP-GOLWS and certified by Treasury to substantiate the transfers made to the children beneficiaries. Such report and the evidence of bank transfers should be maintained and made readily available for ADB review upon request.

26. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. MLSP may request initial and additional advances to the advance account, through the pass-through account, based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming 6 months.<sup>20</sup> Supporting documents should be submitted to ADB or retained by the executing and implementing agencies in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance account.

27. **Statement of expenditure procedure.** The statement of expenditure (SOE) procedure will be used for liquidation and replenishment of advances to the advance account and for reimbursement of eligible expenditures. For FSP and CMP expenditures, MLSP through the PIU will prepare special SOE forms,<sup>21</sup> summarized by location, as follows: (i) for FSP, based on MLSP-GOLWS' monthly FSP fund expenditure report for e-card transfers and vouchers issued, and transaction certification by Treasury that transfers or payments were made; and (ii) for CMP, based on registered beneficiary list, monthly report, and certification from Treasury that the transfers were made to the beneficiaries. MLSP-GOLWS will certify the SOEs and submit them to MOF. MOF will prepare the withdrawal application and transmit it together with the SOEs to ADB. Supporting documents such as the copy of the fund transfer as well as the list of recipients, and records for the expenditures claimed under the SOE should be maintained and made readily

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<sup>20</sup> Estimate of Expenditure sheet is available in Appendix 8A of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

<sup>21</sup> The special SOE forms to be used are in the appendix of this project administration manual.

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.

28. **Signing authority.** Before the submission of the first withdrawal application, the MOF and MLSP 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 ADB's *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the executing agency and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, 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 (CPD) system is encouraged for submission of withdrawal applications to ADB.<sup>22</sup>

## **2. Disbursement Arrangements for Counterpart Fund**

29. The project will finance 100% of the FSP top-ups and a share of the CMP top-ups for existing beneficiaries. The government-financed share will be disbursed following the existing disbursement procedure of MOF and MLSP-GOLWS to the beneficiaries of FSP and CMP, with funds transferred from Treasury to the Social Welfare Fund and on to beneficiary accounts (Figure 3). The amounts disbursed to the beneficiaries will be recorded as part of government contribution. The beneficiary lists are derived from the Integrated Household Database maintained by the MLSP-GOLWS.

### **C. Accounting**

30. The MLSP will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following International Public Sector Accounting Standard for accrual-based accounting. The PIU under MLSP 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.

### **D. Auditing and Public Disclosure**

31. The MLSP through the PIU will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the MLSP.

32. 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 material 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).

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<sup>22</sup> The CPD facilitates online submission of withdrawal application to ADB, resulting in faster disbursement. The forms to be completed by the executing agency are available online at: <https://www.adb.org/documents/client-portal-disbursements-guide>.

33. 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.

34. The government, and the executing and implementing agencies have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>23</sup> 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.

35. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to Information Policy.<sup>24</sup> 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.<sup>25</sup>

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Retroactive Financing

36. **Retroactive financing.** Up to 30% retroactive financing for expenditures incurred before loan effectiveness but after the emergency has occurred (i.e., 27 March 2020) in connection with FSP and CMP benefit top-ups.<sup>26</sup> The borrower, and executing and implementing agencies have been advised that approval of retroactive financing does not commit ADB to finance the project.

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

37. This emergency assistance loan does not require procurement of goods and works. No procurement plan has been prepared.

<sup>23</sup> 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 of advance accounts, processing of new reimbursement, and issuance of new commitment letters 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.

<sup>24</sup> Available at: <https://www.adb.org/sites/default/files/institutional-document/450636/access-information-policy.pdf>.

<sup>25</sup> This type of information would generally fall under access to information policy exceptions to disclosure. ADB. 2018. *Access to Information Policy*. Paragraph 17(iv)–(vi).

<sup>26</sup> The date of approval of the government's coronavirus disease response plan, i.e., 27 March 2020, may be used as a proxy for the date of the emergency (para. 3).

## VII. SAFEGUARDS

38. **Environment (category C).** The project has no or very minimal impact on the environment. No environmental assessment is required after reviewing the environmental implications. No further actions including preparation of environment management plans will be required.

39. **Involuntary resettlement (category C).** The project activities do not involve civil works and will not trigger land acquisition or involuntary resettlement impacts. No further action including preparation of resettlement plans will be required.

40. **Indigenous peoples (category C).** The project is socially inclusive without any partiality to any ethnic groups. Ethnic groups will benefit from the project if they meet program eligibility criteria and their households are included on the beneficiary list for both poverty-targeted food support, and child-targeted income support. The project's benefits are national in scope. The FSP is targeted to the poorest 5% of households while CMP eligibility extends to 100% of Mongolia's children age 0–17.

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

## VIII. GENDER AND SOCIAL DIMENSIONS

42. The project will directly address poverty through support to the existing targeted food and cash transfers. The project design includes (i) increased benefit level of FSP to prevent food insecurity for at least 240,500 poor people; (ii) increased benefit level of CMP for 1.12 million children; (iii) extensive communication campaign on temporary social welfare measures, and (iv) improved data collection and analysis and gender impact assessment of FSP and CMP. The project beneficiaries are all FSP and CMP recipients. The FSP targets the 5% poorest households using the proxy means test methodology, while the CMP targets all children under the age of 18 as belonging to a particularly vulnerable group, with the condition that they be registered in the Integrated Household Database. As of March 2020, the FSP reached 44,325 households and 240,557 individuals. Of these, 118,181 were children: 58,113 girls and 60,068 boys; and 122,376 were adults: 68,370 women, 54,006 men. The CMP reached 1,107,130 kids age 0–17 (93.3% of all children): 566,291 boys and 540,839 girls. More families have registered their children for the CMP since the late March announcement of increased benefits. As of 13 May 2020, 95% of children are now registered, with more expected.

43. The project is categorized *effective gender mainstreaming*. The project will significantly benefit women and children by providing access to increased FSP and CMP which will prevent food insecurity and lower stress levels through greater confidence in being able to access food and basic needs during the COVID-19 outbreak. A gender action plan has been prepared to ensure (i) food insecurity prevented for at least 240,500 poor people, including 53% women and girls, and 20.5% of households benefitting are women-headed in the FSP; (ii) 50% of children receiving CMP are girls; (iii) women are generally CMP account custodians and therefore in charge of use of the grant; (iv) improved data collection and analysis for gender monitoring in both programs; (v) implementation of a gender-sensitive communication campaign for the public; and (vi) an impact assessment, including gender analysis, of the top-ups for both programs.

Table 10: Gender Action Plan

Objectives and Activities	Targets/Indicators	Responsible	Timeframe	Budget
<b>Outcome: Basic needs of the poor and vulnerable, especially women and children, supported</b>				
1. Basic needs of the poor and vulnerable, especially women and children, supported	1.1. Food insecurity prevented during the COVID-19 outbreak for at least 240,557 people in the poorest households, including 53% women and girls 1.2. At least 1.12 million children (50% girls) registered in the Integrated Household Database receive timely CMP benefits (March 2020 baseline, regular CMP: 1,107,130 children, 566,291 boys, 540,839 girls)	MLSP	Q2–Q3 2020	Government budget, project budget, WB
<b>Output 1: Poverty-targeted food support increased</b>				
2. FSP beneficiaries receive temporary benefit top-ups to promote food security during the COVID-19 pandemic	2.1. Delivery of higher value food vouchers or e-cards expands access to 10 allowed food items for at least 44,000 of the poorest households, of which 20.5% are headed by women, and within which 53% of beneficiaries are women and girls (March 2020 baseline: 0)	MLSP	Q3 2020	Government budget, project budget,
<b>Output 2: Child-targeted income support increased</b>				
3. CMP beneficiaries receive temporary benefit top-ups to help families meet basic needs	3.1. CMP monthly benefit level increased to MNT100,000 per child for 6 months	MLSP	Q1 2021	Government budget, project budget, WB
<b>For Outputs 1 and 2</b>				
4. Communication campaign on temporary social welfare measures	4.1. Type and number of gender-sensitive communication activities conducted	MLSP	Q3 2020	Government budget (with support from Loan 3086-MON) <sup>a</sup>
5. Monitor implementation of shock-responsive FSP and CMP measures	5.1. Improve sex-disaggregated data collection and analysis (2020 baseline: minimal sex-disaggregated data analysis)	MLSP	Q2 2021	Government budget, knowledge and support TA budget
6. Conduct gender impact assessment of the shock-responsive social assistance measures, assessing any differentiated impact of transfers on men and women, girls, and boys <sup>b</sup>	6.1. Gender impact assessment of FSP and CMP top-ups completed (2020 baseline: no gender impact assessment)	MLSP	Q3 2021	Knowledge and support TA budget

CMP = child money program, COVID-19 = coronavirus disease, FSP = food stamp program, MLSP = Ministry of Labor and Social Protection, Q = quarter, TA = technical assistance, WB = World Bank.

<sup>a</sup> ADB. [Mongolia: Food and Nutrition Social Welfare Project \(Additional Financing\)](#).

<sup>b</sup> ADB. [Mongolia: Social Welfare Support Program Phase 2](#). Supported MLSP to update the Integrated Household Database, including sex-disaggregated data. [ADB. Mongolia: Building Capacity for an Effective Social Welfare System](#). The knowledge and support TA will build on this work and strengthen quality aspects, particularly analysis of sex-disaggregated data.

Source: Asian Development Bank.

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

### A. Project Design and Monitoring Framework

<b>Impact the Project is Aligned with</b> Adverse socioeconomic impacts of the COVID-19 pandemic reduced (ADB's Comprehensive Response to the COVID-19 Pandemic) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<b>Outcome</b> Basic needs of the poor and vulnerable, especially women and children, supported	<b>By 2021</b> a. Food insecurity prevented during the COVID-19 outbreak for at least 240,500 poor people, including 53% women and girls (2020 baseline: 0) (RFI A)  b. At least 1.12 million children (50% girls) registered in the Integrated Household Database receive timely CMP benefits (March 2020 baseline, regular CMP: 1,107,130 children [566,291 boys, 540,839 girls]) (RFI A)	a. MLSP periodic FSP reports (2020), and knowledge and support TA impact assessment (2021)  b. MOF bank transfer documentation (2020), and MLSP Integrated Household Database (2020)	The pandemic spreads and quarantine measures are extended, with more severe economic impacts than anticipated.
<b>Outputs</b>	<b>By 2021</b>		
1. Poverty-targeted food support increased	1a. FSP monthly benefit level increased to MNT32,000 per adult and MNT16,000 per child for 5 months (March 2020 baseline: regular FSP benefit of MNT16,000 per month for adults, MNT8,000 per month for children) (RFI B)  1b. Delivery of higher value food vouchers or e-cards expands access to 10 staple food items for at least 44,000 of the poorest households, of which 20.5% are headed by women, and within which 53% of beneficiaries are women and girls (March 2020 baseline: 0)	1a. MLSP ministerial order on FSP increase (2020)  1b. MLSP periodic FSP reports (2020), and knowledge and support TA impact assessment (2021) <sup>b</sup>	Actual revenue lower than forecast could undermine budget credibility and reduce resource availability for social protection
2. Child-targeted income support increased	2a. CMP monthly benefit level increased to MNT100,000 per child for 6 months (March 2020 baseline: regular CMP benefit of MNT20,000 per month) (RFI B)	2a. Government resolution on CMP benefit increase (2020)	

### Key Activities with Milestones

#### 1. Poverty-targeted food support increased

- 1.1 Issue a ministerial order on the temporary increase in food stamps (vertical expansion) by Q2 2020
- 1.2 Ensure timely delivery of expanded monthly food stamp benefits via e-card (urban) and vouchers (rural) to the poorest 5% of households in the Integrated Household Database, Q2 2020–Q3 2020
- 1.3 Monitor implementation and assess the impact of the transfer on households (through knowledge and support TA) by Q2 2021

#### 2. Child-targeted income support increased

- 2.1 Issue a government resolution on the temporary top-up of child grants (vertical expansion) by Q2 2020
- 2.2 Ensure timely delivery of monthly child grants made directly to children's accounts to at least 1.1 million children registered in the Integrated Household Database, Q2 2020–Q3 2020
- 2.3 Implement a communication campaign on temporary social welfare measures (with support from knowledge and support TA and Loan 3086-MON)<sup>b</sup> by Q3 2020
- 2.4 Monitor implementation and assess the impact of the transfer on households, including gender impact assessment (through knowledge and support TA) by Q2 2021
- 2.5 Support MLSP to improve collection and analysis of sex-disaggregated data (through knowledge and support TA) by Q3 2020

#### Inputs

ADB: \$26.40 million (concessional ordinary capital resources loan)

Government: \$239.39 million

#### Assumptions for Partner Financing

Cofinancing not administered by ADB:

Output 2 (World Bank loan of \$5.00 million)

ADB = Asian Development Bank, CMP = child money program, COVID-19 = coronavirus disease, FSP = food stamp program, MLSP = Ministry of Labor and Social Protection, MNT = Mongolian togrog, MOF = Ministry of Finance, Q = quarter, RFI = results framework indicator, TA = technical assistance.

<sup>a</sup> ADB. 2020. [ADB's Comprehensive Response to the COVID-19 Pandemic: Policy Paper](#). Manila.

<sup>b</sup> [ADB. Mongolia: Building Capacity for an Effective Social Welfare System](#);

<sup>c</sup> Footnote b and ADB. [Mongolia: Food and Nutrition Social Welfare Project \(Additional Financing\)](#).

#### Contribution to the ADB Results Framework:

RFI A: People benefiting from improved health services, education services, or social protection. Expected: 1.14 million people (sex-disaggregated)

RFI B: Social protection schemes established or improved. Expected: 2 social assistance programs (CMP and FSP).

Source: ADB.

## B. Monitoring

44. The design and monitoring framework (DMF) is the basis for monitoring the project progress. During project implementation, the project performance monitoring system (PPMS) will monitor the likelihood that key milestone dates for activities, outputs, and outcome will be achieved. The DMF will be reviewed during project implementation and if needed, adjusted to reflect changing circumstances so that the project outcome can be achieved. Following project completion, the project is subject to an assessment of the outcome along with recommendations for enhancing and sustaining the outcome.<sup>27</sup>

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

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

47. **Safeguards monitoring.** The project is categorized C for environment, involuntary settlement, and indigenous people's safeguards. The project activities will not result in adverse impacts related to the three safeguard categories and will not require safeguards monitoring during implementation.

48. **Gender and social dimensions monitoring.** The indicators and targets in the gender action plan will be monitored by the MLSP and during ADB midterm review mission. The monitoring results will be reported through the quarterly progress reports. ADB will support MLSP to enhance sex-disaggregated data analysis and to conduct impact assessment, including a gender impact assessment, of the direct and indirect benefits of the adjustments to both programs.

## C. Evaluation

49. ADB and the government will jointly undertake a midterm and final review of the project. The reviews will assess progress in each output, identify issues, and determine any remedial actions. The midterm review will (i) review the scope, design, and implementation arrangements and identify adjustments; (ii) assess implementation progress against performance indicators; and (iii) recommend changes in the design or implementation arrangements, if necessary. Within 6 months of physical completion of the project, the MLSP will submit a project completion report to ADB.<sup>28</sup>

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<sup>27</sup> ADB's PPMS is a results-based approach to project planning, performance monitoring, and evaluation of results. The PPMS has five components: (i) DMF; (ii) project performance report; (iii) grant recipient's M&E (at the central, and executing and implementing agencies levels); (iv) project completion report; and (v) project performance evaluation report, and where appropriate, impact evaluation studies. The DMF is the basis of the PPMS. It establishes quantified, time-bound targets and measurable indicators, and identifies risks that are used to monitor and evaluate performance in the project performance report, project completion report, and project performance evaluation report.

<sup>28</sup> Project completion reports available at: <https://www.adb.org/projects/documents/doctype/Completion%20Reports>.



50. Following the requirement for ADB emergency assistance loans, the Borrower shall carry out a special audit focusing on governance, transparency, and accountability within 6 months after the completion of the project.

#### **D. Reporting**

51. The MLSP will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system, (ii) a consolidated final report including (a) progress achieved by output as measured through the indicator's performance targets, and (b) key implementation issues and solutions, and (iii) a project completion report within 6 months of the project closing date, to include the impact assessment. To ensure that projects continue to be both viable and sustainable, project accounts and the audited project financial statements together with the associated auditor's report, should be adequately reviewed.

#### **E. Stakeholder Communication Strategy**

52. Extensive communication campaign will be conducted on temporary social welfare measures as part of the project.

### **X. ANTICORRUPTION POLICY**

53. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>29</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals 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.<sup>30</sup>

54. To support these efforts, relevant provisions are included in the loan agreement for the project. Risks and mitigating measures were discussed and agreed between ADB and the borrower during loan processing per the Second Governance and Anticorruption Action Plan.<sup>31</sup>

### **XI. ACCOUNTABILITY MECHANISM**

55. 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 an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>32</sup>

<sup>29</sup> Anticorruption Policy: <https://www.adb.org/sites/default/files/institutional-document/32026/anticorruption.pdf>

<sup>30</sup> ADB's Integrity Office web site: <https://www.adb.org/site/integrity/main>

<sup>31</sup> Governance and Anticorruption Action Plan II Guidelines. <https://www.adb.org/sites/default/files/institutional-document/32022/gacap-ii-guidelines.pdf>. See also Sourcebook: Diagnostics to Assist Preparation of Governance Risk Assessments. <https://www.adb.org/sites/default/files/institutional-document/157127/diagnostics-assist-preparation-gras.pdf>.

<sup>32</sup> Accountability Mechanism. <https://www.adb.org/site/accountability-mechanism/main>

**XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

56. 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 this PAM.

## STATEMENT OF EXPENDITURE FOR FOOD STAMP PROGRAM E-CARDS

### Food Stamp Program Fund Expenditure Report (E-Cards)

For the period of: \_\_\_\_\_ 2020

Aimag/District	No. of Beneficiaries (Adults)	No. of Beneficiaries (Children)	No. of E-Cards Funded	Total Amount of E-Cards Funded
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

This is to certify that the fund transfer of food stamp e-cards indicated in the schedule above is consistent with the provisions of the Guidelines on Provision of Food Stamps, approved in 2014 by Order No. A/32 of the Minister of Population Fund and Social Protection.

Report consolidated by:

\_\_\_\_\_  
/name and signature/  
Head of Finance and Planning Division, General  
Office of Labor and Social Welfare Services, MLSP

Approved as to fund transfer by:

\_\_\_\_\_  
/name and signature/  
Director of Treasury Department, Ministry of Finance

Verified by:

\_\_\_\_\_  
/name and signature/  
Director General, General Office of Labor and Social Welfare  
Services, MLSP

Confirmed by:

\_\_\_\_\_  
/name and signature/  
Director of Finance and Investment Department, MLSP

/Financial Stamp of GOLWS/

## STATEMENT OF EXPENDITURE FOR FOOD STAMP PROGRAM VOUCHERS

### Food Stamp Program Fund Expenditure Report (Vouchers)

For the period of: \_\_\_\_\_ 2020

Aimags/District	No. of Beneficiaries (Adults)	No. of Beneficiaries (Children)	No. of Vouchers Issued	Total Amount of Vouchers Paid
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

This is to certify that the payment of food stamp vouchers indicated in the schedule above is consistent with the provisions of the Guidelines on Provision of Food Stamps, approved in 2014 by Order No. A/32 of the Minister of Population Fund and Social Protection.

Report consolidated by:

\_\_\_\_\_  
/name and signature/  
Head of Finance and Planning Division, General  
Office of Labor and Social Welfare Services, MLSP

Approved as to payment by:

\_\_\_\_\_  
/name and signature/  
Director of Treasury Department, Ministry of Finance

Verified by:

\_\_\_\_\_  
/name and signature/  
Director General, General Office of Labor and Social Welfare  
Services, MLSP

Confirmed by:

\_\_\_\_\_  
/name and signature/  
Director of Finance and Investment Department, MLSP

/Financial Stamp of GOLWS/

## STATEMENT OF EXPENDITURE FOR CHILD MONEY PROGRAM

### Child Money Program Fund Expenditure Report

For the period of: \_\_\_\_\_ 2020

Aimag/District	No. of Children Beneficiaries	Amount Paid
<b>Total</b>	<b>0</b>	<b>0.00</b>

This is to certify that the payment of child money indicated in the schedule above is consistent with the provisions of the Guidelines on Provision Child Money Benefits, approved in 2018 by the Government Resolution No. 18.

Report consolidated by:

\_\_\_\_\_  
 /name and signature/  
 Head of Finance and Planning Division, General  
 Office of Labor and Social Welfare Services, MLSP

Approved as to payment by:

\_\_\_\_\_  
 /name and signature/  
 Director of Treasury Department, Ministry of Finance

Verified by:

\_\_\_\_\_  
 /name and signature/  
 Director General, General Office of Labor and Social Welfare

Confirmed by:

\_\_\_\_\_  
 /name and signature/  
 Director of Finance and Investment Department, MLSP

/Financial Stamp of GOLWS/