



Report and Recommendation of the President to the Board of Directors

Project Number: 55291-001
November 2021

Proposed Small Expenditure Financing Facility Mongolia: Project Readiness Enhancement Project

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 12 October 2021)

Currency unit	–	togrog (MNT)
MNT1.00	=	\$0.000351016
\$1.00	=	MNT2,848.87

ABBREVIATIONS

AAM	–	activity administration manual
ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
CPS	–	country partnership strategy
SEFF	–	small expenditure financing facility

NOTE

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

Vice-President	Ahmed M. Saeed, Operations 2
Director General	M. Teresa. Kho, East Asia Department (EARD)
Directors	Pavit Ramachandran, Mongolia Resident Mission (MNRM), EARD Sujata Gupta, Sustainable Infrastructure Division (EASI), EARD
Team leaders	Declan F. Magee, Principal Country Economist, MNRM, EARD Arun Ramamurthy, Principal Infrastructure Specialist (Digital Technology), EASI, EARD Mookiah Thiruchelvam, Head, Portfolio Administration Unit, MNRM, EARD
Team members	Tahmeen Ahmad, Financial Management Specialist, Public Financial Management Division, Procurement, Portfolio and Financial Management Department (PPFD) Shannon C. Cowlin, Principal Energy Specialist, EASI, EARD Uyanga Enkhsaikhan, Associate Project Analyst, MNRM, EARD Anand Ganbaatar, Transport Officer, MNRM, EARD Jeffrey M. Miller, Principal Transport Specialist, EASI, EARD Ongonsar Purev, Senior Environment Officer, MNRM, EARD Aysha Qadir, Principal Counsel, Office of the General Counsel Hiet Thi Hong Tran, Senior Procurement Specialist, Procurement Division 2, PPF Bayarmaa Tsetsgee, Project Analyst, MNRM, EARD
Peer reviewer	Ganesh Kailasam, Senior Transport Specialist, Transport and Communications Division, Central and West Asia Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

	Page
SMALL EXPENDITURE FINANCING FACILITY AT A GLANCE	
I. THE PROPOSAL	1
II. THE FACILITY	1
A. Rationale	1
B. Facility Description	2
C. Value Added by ADB	3
D. Scope of First Activity	3
E. Summary Cost Estimates and Financing Plan	4
F. Implementation Arrangements	5
III. DUE DILIGENCE	6
A. Economic and Financial Viability	6
B. Governance	6
C. Poverty, Social, and Gender	6
D. Safeguards	7
E. Summary of Risk Assessment and Risk Management Plan	7
IV. ASSURANCES AND CONDITIONS	8
V. RECOMMENDATION	8
APPENDIX	
List of Linked Documents	10

SMALL EXPENDITURE FINANCING FACILITY AT A GLANCE

1. Basic Data		Project Number: 55291-001
Project Name	Project Readiness Enhancement Project	Department/Division EARD/MNRM
Country	Mongolia	Executing Agency Ministry of Finance (formerly Ministry of Finance and Economy)
Borrower	Mongolia	
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=55291-001-CEI	
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=55291-001-PortAtaGlance	
2. Sector	Subsector(s)	ADB Financing (\$ million)
✓ Transport	Multimodal logistics	9.00
	Road transport (non-urban)	9.60
Public sector management	Public administration	1.40
	Total	20.00
3. Operational Priorities		
✓ Making cities more livable		
✓ Strengthening governance and institutional capacity		
4. Sustainable Development Goals		Poverty Targeting
SDG 8.1		General Intervention on Poverty ✓
SDG 9.1, 9.4		
SDG 11.2		
SDG 16.6		
5. Financing		
Modality and Sources		Amount (\$ million)
ADB		20.00
Sovereign Small expenditure financing facility (Regular Loan): Ordinary capital resources		20.00
Cofinancing		0.00
None		0.00
Counterpart		1.50
Government		1.50
Total		21.50
Currency of ADB Financing: US Dollar		

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed small expenditure financing facility (SEFF) to Mongolia for the Project Readiness Enhancement Project (facility).
2. The facility will finance a series of small-scale activities to support the readiness and strengthen the implementation of major infrastructure projects proposed to be financed by the Asian Development Bank (ADB) in Mongolia. Each activity will be linked to ADB's country partnership strategy (CPS) for Mongolia, 2021–2024 and associated pipeline of ensuing projects.¹ The SEFF's priority sectors will include transport; water and other urban infrastructure and services; agriculture, natural resources, and rural development; and energy.
3. The SEFF's primary objective is to develop quality infrastructure projects. The facility will finance the (i) implementation readiness of linked ADB-financed projects; (ii) piloting of new technology, innovation, or improvement in design standards; and (iii) improvement of project efficiency and sustainability, including consideration of climate and disaster resilience in project preparation. The SEFF will allow ADB and the Government of Mongolia to greatly boost project implementation by (i) supporting early design work and procurement actions to mitigate systemic project start-up bottlenecks, (ii) strengthening the government's project implementation capacity, and (iii) completing and benchmarking infrastructure investments in conformance with up-to-date design and performance standards.

II. THE FACILITY

A. Rationale

4. **Country portfolio overview.** As Mongolia's lead development partner, ADB proactively improves coordination with government agencies and development partners across priority sectors. ADB's engagement in development planning and implementation is broad-based and substantial, the result of more than 30 years of in-country operations, including support for coronavirus disease (COVID-19) response and recovery. As of 30 September 2021, the active portfolio included 68 loans and grants, funding 39 projects with a total value of \$1.927 billion, and 51 technical assistance projects with an aggregate net value of \$42.8 million. A number of challenges need to be resolved to ensure better project implementation and solid portfolio delivery. The average start-up delay is more than 14 months across all projects, caused by (i) lack of detailed designs, (ii) insufficient use of recently approved advance procurement, (iii) consistent delays in establishing project management units, and (iv) lack of continuity of project management unit staff from design to implementation. The delays negatively impact project performance. A unique challenge is the short construction season for civil works because of the extreme and long winter. Design and procurement readiness will help ensure better project delivery.
5. Mongolia has sparser basic economic infrastructure than most countries.² Continued growth without major investments in infrastructure is unrealistic, but funding challenges mean that the investments must be highly efficient and that borders must be easy to cross, which would

¹ ADB. 2021. *Country Partnership Strategy: Mongolia, 2021–2024—Laying Resilient Foundations for Inclusive and Sustainable Growth*. Manila.

² Mongolia scores 130 of 160 on the World Bank's logistics performance index and scores low on other infrastructure indexes and benchmarks.

make cross-border infrastructure and connectivity more efficient. The government has prioritized infrastructure development to catalyze COVID-19 recovery, attract foreign direct investment and private sector participation, and stimulate job creation, and has requested ADB to support several large infrastructure projects, greatly increasing the complexity and size of ADB's portfolio. The projects include complex urban transport and traffic management in Ulaanbaatar, satellite-city development and associated rail and logistics support, export-oriented agriculture and livestock development, and road transport. Delivering a complex portfolio will require a high level of project design readiness, a strong focus on project administration, and in-depth support to the government in managing procurement contracts and projects.

6. **Strategic context.** The CPS, 2017–2020 for Mongolia was the largest-ever partnership between ADB and Mongolia, resulting in commitments of \$1.49 billion.³ Following parliamentary elections in June 2020, the new government unveiled an ambitious development program and action plan to close Mongolia's infrastructure gap and launch the country on a new development trajectory.⁴ Basic infrastructure in Ulaanbaatar and other regions must be upgraded immediately to meet competitiveness and development goals. ADB is the country's largest development partner, and the government has requested ADB to lead in supporting the program.⁵ The SEFF will help achieve the goals of ADB's Strategy 2030 by (i) strengthening governance and institutional capacity to reinforce service delivery and improve capacity and standards, and (ii) promoting innovative technology.⁶ The project is consistent with Mongolia's Vision–2050;⁷ the Five-Year National Development Plan for 2021–2025;⁸ and the Government Action Plan, 2020–2024 (footnote 4); and is aligned with the current CPS (footnote 1).

B. Facility Description

7. **Objective.** Facility activities will improve the efficiency, sustainability, responsiveness, and readiness of ADB-financed projects.

8. **Facility scope.** The facility will finance a series of small-scale activities related to one or more of the outputs (paras. 10–12).⁹ Each SEFF activity will be aligned with the CPS, with transport, urban development, energy, and agriculture as priority sectors. The scope will include components of climate change mitigation and adaptation.

9. The following will contribute to the achievement of the outputs and outcomes of the linked ADB-financed projects.

10. **Output 1: Project implementation readiness for ensuing projects improved.** The facility will support project preparation, design activities, and institutional strengthening for ADB-financed projects scheduled for approval from 2022 to 2024. This output will include Ulaanbaatar traffic management and other transport improvement interventions, energy, export-oriented

³ ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020—Sustaining Inclusive Growth in a Period of Economic Difficulties*. Manila.

⁴ State Great Khural. 2020. *Government Action Plan, 2020–2024*. Ulaanbaatar.

⁵ Other development partners are the World Bank, European Bank for Reconstruction and Development, Japan International Cooperation Agency, and other bilateral donors.

⁶ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

⁷ State Great Khural. 2020. *Mongolia's Vision–2050*. Ulaanbaatar.

⁸ State Great Khural. 2020. *National Development Plan for 2021–2025*. Ulaanbaatar

⁹ Indicative Activities (accessible from the list of linked documents in the Appendix).

logistics improvement, management of the agriculture and livestock supply chain, and improvements in regional connectivity projects.

11. **Output 2: New technology, innovation, or improvement in design standards pilot-tested.** The facility will support pilot-testing of advanced technologies and management approaches to reduce life-cycle costs, improve service efficiency and quality, and minimize negative environmental and social impacts. Developing smart traffic management in Ulaanbaatar is an example of using new technology and management approaches.

12. **Output 3: Project efficiency and sustainability enhanced.** The facility will improve project efficiency and sustainability, including capacity building and implementation support for new projects, institutional efficiency, governance improvements, preparation of safeguard documents, financial and economic analysis for ensuing projects, and operation and maintenance. The institutional arrangements for the proposed mass transit system in Ulaanbaatar is the first activity planned under output 3.

13. Facility-financed activities are listed in the indicative activities (footnote 9).

C. Value Added by ADB

14. **Proposed facility and ADB value addition.** The SEFF presents a unique opportunity for ADB to strengthen project preparation and implementation, allowing Mongolia to deliver the priorities of Vision–2050 (footnote 7). The government agreed to borrow for project design costs for the first time, highlighting its commitment to strengthen project administration. The government intends to improve project design readiness to avoid start-up delays, which affect contract awards and disbursement ratios, possibly cause cost overruns, and hold up delivery of project benefits. The SEFF will allow ADB and the government to expedite project implementation by (i) supporting early design work and advance procurement to lessen project start-up bottlenecks; (ii) strengthen the government’s project implementation capacity; (iii) introduce innovative solutions, new technologies, standards, and management approaches; and (iv) complete infrastructure investments in conformance with up-to-date performance standards. The SEFF will help improve governance by building institutions, sustaining operation and maintenance, and pilot-testing new technologies.

D. Scope of First Activity

15. The first activity under the facility, estimated to cost \$7 million, will help improve traffic management and mass transit in Ulaanbaatar. This will include (i) conducting detailed design of the selected mass rapid transit system, including road corridor improvement based on the completed feasibility studies under ADB-funded projects;¹⁰ (ii) preparing safeguard compliance documents; (iii) undertaking procurement actions for ensuing project as detailed in the AAM;¹¹ (iv) pilot-testing of the smart traffic management system; (v) strengthening road safety measures for

¹⁰ Municipality of Ulaanbaatar. 2011. *Feasibility Study on Metro Construction in Ulaanbaatar City*. Ulaanbaatar; ADB. 2009. *Technical Assistance to Mongolia for Urban Transport Development Investment Program in Mongolia*. Manila. ADB. 2012. *Urban Transport Development Investment Program in Mongolia*. Manila; ADB. 2012. *Technical Assistance for Implementation of Sustainable Transport in Asia and the Pacific—New Approaches to Implement Sustainable Low Carbon Transport in the Asia and Pacific Region (Subproject 5)*. Manila; ADB. 2012. *Technical Assistance to Mongolia for Ulaanbaatar Urban Transport Capacity Development*. Manila; and ADB. 2015. *Technical Assistance to Mongolia for Public–Private Partnership in Urban Public Transport Sector of Ulaanbaatar*. Manila.

¹¹ Activity Administration Manual (accessible from the list of linked documents in the Appendix).

school zones;¹² (vi) developing mobile phone–based applications for parking zones and smart parking; and (vii) improving the institutional arrangements for the development and operations of the proposed mass transit system, including the role of the private sector. Small civil works are envisaged, related to installing office equipment and renovating facilities.

E. Summary Cost Estimates and Financing Plan

16. The government has requested a facility in an amount of up to \$20,000,000 from ADB's ordinary capital resources to help finance the activities. The proposed facility will consist of multiple subloans, subject to the government's submission of activity requests, the execution of the activity subloan agreement for each activity, and the fulfillment of the terms and conditions and undertakings in the facility agreement.

17. The facility amount includes the total estimated cost of activities to be financed, including taxes and duties, physical and price contingencies, and other charges during implementation (Table 1).

Table 1: Summary Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Output 1: Project implementation readiness for ensuing projects improved	11.70
2. Output 2: New technology, innovation, or improvement in design standards pilot-tested	1.20
3. Output 3: Project efficiency and sustainability enhanced	7.50
Subtotal (A)	20.40
B. Contingencies^c	1.00
C. Financial Charges during Implementation	0.10
Total (A+B+C)	21.50

Note: The first activity will be improving traffic management including road corridor improvement and mass transit in Ulaanbaatar, estimated to cost \$7.35 million, included under output 3.

^a Includes value added taxes, and custom duties of \$1 million. Such amount does not represent an excessive share of the facility cost. The government will finance taxes and duties through exemptions.

^b The prices are as of 6 May 2021.

^c Physical contingencies computed at 5% for civil works, and 2% for field research and development, training, surveys, and studies if the facility's scope is beyond project readiness (i.e., pilot-testing, post-project support, and/or support for an ongoing project). Price contingencies computed at an average of 1.6% on foreign exchange costs and 6.7% on local currency costs; include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank estimates.

18. The following types of expenditure will be eligible for facility financing: consulting services, non-consulting services, small works, and goods.

19. The subloan for the first activity under the facility will be a regular loan of \$7,000,000 from ADB's ordinary capital resources with a 5-year term, an annual interest rate determined following ADB's London interbank offered rate (LIBOR)–based lending facility, a front-end fee of 0.15% (the interest and other charges during construction to be capitalized in the loan), and such other terms and conditions set forth in the draft facility agreement.

¹² ADB. 2017. *Technical Assistance for Implementation of Sustainable Transport for All*. Manila; and ADB. 2019. *Grant Assistance Report: Proposed Administration of Grant to Mongolia for Improving Transport Services in Ger Areas*. Manila.

20. The summary financing plan is in Table 2.

Table 2: Summary Financing Plan
(\$ million)

Source	Activity (estimated year of commitment)				Amount	Share of Total (%)
	2021	2022	2023	2024		
Asian Development Bank						
Ordinary capital resources (regular loan)	7.00	4.00	5.00	4.00	20.00	93.02
Government of Mongolia	0.35	0.35	0.45	0.35	1.50	6.98
Total	7.35	4.35	5.45	4.35	21.50	100.00

Source: Asian Development Bank estimates.

F. Implementation Arrangements

21. The executing agency for the facility will be the Ministry of Finance (MOF). MOF and ADB will agree on all facility-financed activities, considering (i) consistency with CPS strategic priorities and facility outputs, (ii) exclusion of activities classified as category A or B for environment and social safeguards in line with ADB's Safeguard Policy Statement (2009), and (iii) a maximum activity cost not exceeding \$7,000,000.

22. The implementing agency for the first activity under the facility will be the Municipality of Ulaanbaatar, which will be responsible for the overall coordination, implementation, and management of the first activity.

23. During activity preparation, ADB will extensively consult representatives of the government ministries; provincial and district departments; civil society organizations; and development partners (Japan International Cooperation Agency, the World Bank, and bilateral donors).

24. Implementation arrangements of the facility, including specific arrangements for the first activity under the facility, are summarized in Table 3, and described in detail in the activity administration manual (AAM).¹³

Table 3: Implementation Arrangements

Aspects	Arrangements
SEFF availability period	December 2021–December 2026
Estimated completion date	October 2026
Expected first activity closing date	July 2024
Management	
(i) Executing agency for SEFF	Ministry of Finance
(ii) Implementing agencies for SEFF activities	First activity: Municipality of Ulaanbaatar
(iii) Implementation unit for SEFF activities	To be determined for each activity. For the first activity the implementing agency will establish a project implementation unit.

¹³ Activity Administration Manual (accessible from the list of linked documents in the Appendix).

Aspects	Arrangements
Procurement	The first activity will procure one contract amounting to \$0.2 million under works (request for quotation) and one contract amounting to \$0.8 million under supply contracts, using the open competitive bidding national advertisement method. Each SEFF activity will generally have its own activity administration manual and procurement plan.
Consulting services	The first activity will engage one consulting firm for 272 person-months (\$4.50 million) through quality- and cost-based selection, and three individual consultants for about 80 person-months (\$0.30 million) through individual consultant selection. Each SEFF activity will generally have its own activity administration manual and procurement plan.
Disbursement	Disbursement of each subloan proceeds for the activity subloans will follow ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.

ADB = Asian Development Bank, SEFF = small expenditure financing facility.
Source: Asian Development Bank.

III. DUE DILIGENCE

A. Economic and Financial Viability

25. Economic and financial analysis will be carried out, as appropriate, for each facility-financed activity to confirm that the ADB-financed project supported by the activity will remain viable. The first activity under the facility will help improve traffic management and mass transit in Ulaanbaatar and provide economic benefits through reduced travel time and vehicle operating costs savings. The first activity includes a full economic and financial analysis. Economic and financial due diligence will be conducted for all facility-financed activities.

B. Governance

26. Financial management and procurement risk assessments for the executing and implementing agencies of the first activity find *low* pre-mitigation financial risks and *low* procurement management risks. The justifications for the low-risk ratings are the following: (i) the executing agency has experience in implementing ADB-financed projects; (ii) the executing and implementing agencies will provide financial guidance and support to the project implementation unit; and (iii) ADB, through the project team, will support procurement and consultant recruitment. Strategic procurement planning was undertaken for the first activity and will be similarly prepared for subsequent activities.

27. For subsequent activities, financial management and procurement risk assessments will be undertaken for the implementing agencies.

28. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and MOF. The specific policy requirements and supplementary measures are described in the AAM (footnote 13).

C. Poverty, Social, and Gender

29. The national poverty rate increased in recent years, from a historical low of 21.6% in 2014 to 28.4% in 2018, while the urban poverty rate in 2018 was 27.2% (up by 8.4 percentage points since 2014) and the rural poverty rate 30.8% (up by 4.4). Poverty rates are high in the eastern

(37.4% in 2018) and western region (31.8% in 2018). In Ulaanbaatar, the poverty rate increased rapidly by 9.5 percentage points from 2014 to 25.9% in 2018. The project beneficiaries of the first activity include communities, enterprises, and tourists in Ulaanbaatar. The ensuing project will benefit communities, with efficient public transport saving them considerable time and money. The activity will collect detailed socioeconomic data on beneficiaries, including their priorities and needs during project preparation.

30. **Gender.** The facility will include women in related decision-making process and ensure that they participate in and benefit from the project activities. The project will include proactive gender measures to ensure that women are equally represented in consultation processes and training programs and have equal access to economic opportunities. The project will identify measures to strengthen opportunities for women while promoting gender equality, including through preparation of the gender action plan, with detailed actions and targets. The first activity, in Ulaanbaatar, will benefit the poorest and women, who travel primarily on foot or use informal public transport, mainly large and medium-sized buses and the popular pickups, which together serve about 70% of total transport demand but represent only 43% of total traffic. A well-designed and accessible public transport system would, therefore, substantially benefit the urban poor and women.

D. Safeguards

31. All activities under the facility will include activity-specific safeguard review and categorization. In compliance with ADB's Safeguard Policy Statement (2009), the safeguard categories of the first activity are indicated in paras. 32–34.¹⁴ The facility will not finance any activity classified as category A or B for environment, involuntary resettlement, and indigenous peoples.

32. **Environment (category C).** The first activity is categorized as C for environment. The activities will mostly engage consulting services. Small civil works are envisaged, related to installing office equipment and renovating government-owned facilities. No adverse environmental impacts are identified or expected. The project will not support any activities listed in ADB's Prohibited Investment Activities List. If a larger-scale civil work is identified during implementation of the first activity, recategorization and due diligence will be conducted.

33. **Involuntary resettlement (category C).** The resettlement category for the first activity is C as no land acquisition or involuntary resettlement is envisaged. Under the first activity, small works in Ulaanbaatar are related to installing office equipment and renovating government-owned facilities. The SEFF will not finance any activity classified as category A or B for involuntary resettlement.

34. **Indigenous peoples (category C).** The first activity will not impact communities that may be defined as indigenous peoples under ADB's Safeguard Policy Statement (2009). The indigenous peoples' classification is category C.

E. Summary of Risk Assessment and Risk Management Plan

35. All activities under the facility will include an activity-specific assessment of risks and associated mitigation measures. Significant risks and mitigating measures are summarized in

¹⁴ ADB. [Safeguard Categories](#).

Table 4 and described in detail in the risk assessment and risk management plan for the first activity.

Table 4: Summary of Risks and Mitigating Measures

Risks	Mitigation Measures
Changing government priorities	Extensive and effective stakeholder communication and participation will be ensured. Further, stakeholders will be involved in prioritization of activities and alignment with CPS focus will be maintained. A quality assurance committee will be setup to review and track progress of second and subsequent activities.
Delay in project implementation	The government will ensure that the PIU is staffed with experienced professionals and supported by an international program management consultant. A procurement specialist will be recruited in advance to assist during the tendering process.
Budget execution of MOF and implementing agencies (Municipality of Ulaanbaatar for the first activity) is adversely affected because of lack of predictable financing and reductions in the annual budget.	The continued engagement with the International Monetary Fund and ADB will help improve Mongolia's debt and public financial management and strengthen the fiscal position of the government, thus boosting its credibility and ensuring that funding will be available and predictable.
The government does not allocate sufficient funds for operation and maintenance costs generated by overall project investments and activities.	Overall project-generated operation and maintenance costs will be estimated in advance of annual budget preparation. Inclusion of operation and maintenance costs in implementing agencies' budgets will be monitored by ADB and the PIU. A loan covenant provides for the government's inclusion of appropriate recurrent funds in annual budgets submitted for MOF endorsement and Parliament approval.

ADB = Asian Development Bank, MOF = Ministry of Finance, PIU = project implementation unit.
Source: Asian Development Bank.

IV. ASSURANCES AND CONDITIONS

36. The government and MOF have assured ADB that implementation of the facility shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, procurement, consulting services, financial management, and disbursement as described in detail in the AAM and loan documents.

37. The government and MOF have agreed with ADB on certain covenants for the facility and the first activity, which are set forth in the draft facility agreement and short-form agreement for the first facility.

38. No withdrawals shall be made from any activity subloan account until the executing agency has assured ADB, in writing, that a qualified accountant who meets the requirements set out in the AAM will be responsible for the accounting and financial management of each activity.

V. RECOMMENDATION

39. I am satisfied that the proposed small expenditure financing facility would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board

approve the small expenditure financing facility to Mongolia for the Project Readiness Enhancement Project in an aggregate principal amount not exceeding \$20,000,000, which comprises the provision of loans from ADB's ordinary capital resources, in regular terms, with interest and other terms to be determined following ADB's London interbank offered rate (LIBOR)-based lending facility on terms and conditions as are substantially in accordance with those set forth in the draft facility agreement presented to the Board.

Masatsugu Asakawa
President

9 November 2021

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=55291-001-3>

1. Facility Agreement
2. Indicative Activities
3. Activity Report
4. Activity Administration Manual