

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Government of Mongolia, during the country programming mission held in Ulaanbaatar in January 2016, requested the Asian Development Bank (ADB) to provide lending support to prepare the Sustainable Tourism Development Project. The proposed project preparatory technical assistance (PPTA) is included in the ADB's nonlending pipeline for 2016.¹ The executing agency, the Ministry of Environment and Tourism (MET), has limited experience with the ADB requirements for loan preparation; and a PPTA is required to support the government to prepare a project design that complies with the ADB requirements and international best practice.

B. Major Outputs and Activities

2. The PPTA will (i) assess the technical, economic, and financial feasibility of the project; (ii) review safeguard requirements; (iii) conduct social surveys and consultations; (iv) develop the capacity of MET and other stakeholders for project management; and (v) prepare the project documents, including ADB's draft report and recommendations of the President (RRP) and linked documents. The major outputs and activities are summarized in Table A3.1.

Table A3.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion	Major Outputs	Expected Completion
Consultant mobilization	March 2017		
Assessment of sector, stakeholders, institutional capacity, training needs, problem tree, draft DMF		Inception report	April 2017
	April 2017		
Project design and assessment of the technical feasibility	August 2017	Interim and draft final reports including IEE, CRVA, social and	
Financial and procurement due diligence	August 2017	poverty analysis, SGAP, consultation and participation	
Assessment of economic validity and risks of the project and components	August 2017	plan, economic and financial report, FMA, PCA, PPMS, and	
Assessment of environmental and social impacts	August 2017	draft RRP and PAM	November 2017
Social survey and consultations	August 2017		
Capacity development of MET and other stakeholders for project management	May–October 2017	Final report	March 2018

CRVA = climate risk vulnerability assessment, DMF = design and monitoring framework, FMA = financial management assessment, IEE = initial environmental examination, MET = Ministry of Environment and Tourism, PAM = project administration manual, PCA = procurement capacity assessment, PPMS = project performance management system, RRP = report and recommendation of the President, SGAP = social and gender action plan.

Source: Asian Development Bank.

C. Cost Estimate and Proposed Financing Arrangement

3. The PPTA is estimated to cost \$1,100,000 equivalent, which is proposed to be financed on a grant basis by the Japan Fund for Poverty Reduction (JFPR). The government will provide counterpart support in the form of counterpart staff, domestic transport, data collection, logistic support in arranging workshops and field visits, office space with water and utility supply for consultants, telephone line, access to internet, and other in-kind contributions. The detailed cost estimate is presented in Table A3.2. The PPTA cost is relatively high due to the remote location of the Khuvsgul Lake National Park (KLNP), associated transport and logistical costs, and large geographic area of the project location.

¹ ADB. 2016. *Country Operations Business Plan: Mongolia, 2016*. Manila.

Table A3.2: Cost Estimates and Financing Plan

Item	Total Cost (\$'000)
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (22.5 person-months)	552.0
ii. National consultants (38.0 person-months)	235.6
b. International and local travel	110.5
c. Reports, translation, and communications	15.0
2. Equipment ^b	15.0
3. Workshops, training, seminars, and conferences ^c	11.0
4. Surveys	96.5
5. Miscellaneous administration and support costs ^d	12.0
6. Contingencies	52.4
Total	1,100.0

^a The proposed financing source is the Japan Fund for Poverty Reduction.

^b Equipment (to be handed over to the Ministry of Environment and Tourism upon completion of the project preparatory technical assistance).

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

^c Workshops, training, seminars, and conferences will be administered by the consultants.

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

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

Source: Asian Development Bank estimates.

D. Consulting Services

4. The PPTA will be carried out by a team of consultants (Table A3.3). A total of 22.5 person-months (pm) of international and 38.0 pm of national consulting services will be required. Output-based terms of reference (TOR) is tentatively planned as the basis for recruitment of a consulting firm, which will require the invitation of full technical proposals.² The quality- and cost-based selection method will be used, with a quality–cost ratio of 90:10. Consultants' TOR for the anticipated positions are described below. The international and national specialists will hold at least a master's or bachelor's degree, respectively, in a field relevant to the assignment; and at least 10 years and 5 years demonstrated experience, respectively, relevant to the assignment.

Table A3.3: Summary of Consulting Services Requirement

International Positions	pm	National Positions	pm
Ecotourism specialist and team leader	7.5	Transport engineer and deputy team leader	8.0
Solid waste management specialist	1.5	Solid waste management specialist	2.0
Sanitation and water supply specialist	1.5	Sanitation and water supply specialist	2.0
Transport engineer	1.0	Power distribution engineer	2.5
		Ecotourism specialist	4.0
Economist	2.0	Economist	3.0
Financial management specialist	2.0	Financial management specialist	3.0
Social development and gender specialist	2.5	Social development and gender specialist	3.0
Environmental impact assessment specialist	2.5	Environmental impact assessment specialist	3.0
Climate change specialist	1.0	Climate change specialist	2.5
Protected area management specialist	1.0	Protected area management specialist	2.0
		Procurement specialist	2.0
		Geographic information system specialist	1.0
Total	22.5		38.0

Source: Asian Development Bank estimates.

² ADB. 2014. *Midterm Review of Strategy 2020 Action Plan*. Manila (supporting Actions 2.9.2 and 2.10.2 of the plan).

5. **Ecotourism specialists** (international [**team leader**], 7.5 pm; national, 4.0 pm). The team leader will have overall responsibility for team coordination, scheduling, and the delivery of the PPTA outputs, including sector assessment, institutional analysis, development coordination, draft report and recommendation of the President, project administration manual (PAM), project performance management system, and the project stakeholder capacity building. For ecotourism, the specialists will (i) ensure the project design is based on best practice principles for ecotourism and green development within protected areas, and builds on the JFPR-funded grant for KLNP; (ii) prepare a tourism sector assessment, demand analysis, and capacity building programs to strengthen tourism standards; (iii) identify opportunities for local service providers and communities for tourism enterprises; and (iv) provide design advice for the project infrastructure and utilities to ensure tourism functionality.

6. **Solid waste management specialists** (international, 1.5 pm; national, 2.0 pm) and **sanitation and water supply specialists** (international, 1.5 pm; national, 2.0 pm). The specialists will lead the design of appropriate solutions for solid waste management and sanitation, respectively, including preparation of engineering designs and cost estimates; cost and equipment needs; advice on contract packaging; operation and maintenance (O&M) and institutional reforms to ensure sustainability of project facilities; and provide inputs to the PAM.

7. **Transport engineers** (international, 1.0 pm; national [**deputy team leader**], 8.0 pm). The specialists will identify the requirements for a traffic management system for KLNP, including road sealing, bicycle and walking trails, associated small infrastructure, traffic safety measures, O&M, cost estimates, and fee arrangements; and coordinate the preparation of domestic engineering studies, designs, and domestic approvals. As deputy team leader, the national specialist will also support the team leader in all required tasks for project coordination and quality control of team deliverables.

8. **Economists** (international, 2.0 pm; national, 3.0 pm). The specialists will conduct economic analyses for the individual project components and overall project, including assessments of macro-economic context, demand assessments, analyses for least cost, cost benefits, sustainability, sensitivity, and distribution; and baseline assessments, as needed, to contribute to the project technical design for inclusive and sustainable tourism development, including market surveys, willingness to pay, and/or affordability assessments.

9. **Financial management specialists** (international, 2.0 pm; national, 3.0 pm). The specialists will (i) conduct financial management assessments and financial analyses of the project entities; (ii) prepare project cost estimates and financing plan; (iii) propose arrangements for the project financial management; and (iv) design and implement training, as needed.

10. **Social development and gender specialists** (international, 2.5 pm; national, 3.0 pm). The specialists will (i) prepare and implement a consultation and participation plan for the PPTA period; (ii) collect baseline socioeconomic data and poverty profiles, including sex-disaggregated data; (iii) conduct poverty, social, and gender analyses; (iv) assess the project's social impacts and benefits across different social groups, and identify needs and opportunities for local people; (v) develop measures to target females, the poor, and vulnerable groups; (vi) prepare the project social and gender action plan, and the consultation and participation plan; (vii) assess potential benefits and impacts to indigenous peoples; and if needed, develop an indigenous peoples plan; and (viii) ensure that the project does not involve involuntary resettlement, and reconfirm the project's category on involuntary resettlement.

11. **Environmental impact assessment specialists** (international, 2.5 pm; national, 3.0 pm). The specialists will (i) conduct baseline reviews and surveys and assess the project's

potential environmental impacts; (ii) prepare an initial environmental examination; and (iii) coordinate the preparation of required domestic environmental assessments.

12. **Climate change specialists** (international, 1.0 pm; national, 2.5 pm). The specialists will prepare a climate risk vulnerability assessment for the project, including project viability under climate change, adaptation measures, incremental project costs for adaptation, and estimate of greenhouse gas emissions by the project and any required mitigation measures.

13. **Protected area management specialists** (international, 1.0 pm; national, 2.0 pm). The specialists will lead a rapid assessment of management effectiveness, review the KLNP targets for biodiversity conservation, and design project measures which strengthen ecological management and ensure that the project activities comply with park laws and zoning.

14. **Power distribution engineer** (national, 2.5 pm). The specialist will (i) review electricity load demand profile and load density, and estimate load demand over at least 10 years; (ii) assess the local transmission and distribution network condition; (iii) lead the design, costing, O&M, and fee arrangements of the proposed distribution line and supporting facilities; and (iv) coordinate the preparation of required domestic studies and approvals.

15. **Procurement specialist** (national, 2.0 pm). The specialist will conduct procurement risk and capacity assessments for the project entities; lead the preparation of the procurement plan, risk management and mitigation plan, and related inputs to the PAM; and prepare the master bidding documents for the contracts in the procurement plan.

16. **Geographical information system specialist** (national, 1.0 pm). The specialist will develop data overlays and analytical maps, as needed, to support data analyses and the project design.

E. Implementation Arrangements

17. MET, through the Department of Protected Areas Administration, will be the executing agency. The KLNP administration will be the implementing agency. A multisector steering committee, chaired by the MET State Secretary and including representatives from the *aimag* and central agencies, will guide the project. A project management unit will be established at MET and a project implementation unit at KLNP to coordinate and implement the project. The PPTA will be implemented over 12 months, tentatively from March 2017 to May 2018 (Table A3.4). Equipment for the PPTA consultants will be procured following ADB's Procurement Guidelines (2015, as amended from time to time), and handed over to MET upon the PPTA completion. Disbursement under the PPTA will be in line with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Concept paper approval	November 2016
Recruitment of consultants	February 2017
PPTA consultants mobilized	March 2017
PPTA inception mission	April 2017
PPTA midterm review mission	August 2017
Submission of PPTA draft final report	November 2017
Final PPTA review and loan fact-finding missions	February 2018
Submission of PPTA final report	May 2018

PPTA = project preparatory technical assistance.

Source: Asian Development Bank estimates.