



Technical Assistance Report

PUBLIC

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Transaction Technical Assistance (TRTA)
December 2022

Mongolia: Preparing the Education Sector Results-Based Lending Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 6 December 2022)

Currency unit	–	togrog (MNT)
MNT1.00	–	\$0.00029
\$1.00	–	MNT3,420

ABBREVIATIONS

ADB	–	Asian Development Bank
ESMTDP	–	Education Sector Medium-Term Development Plan
RBL	–	results-based lending
TA	–	technical assistance
TVET	–	technical and vocational education and training

NOTE

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

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 56167-002	
Project Name	Preparing the Education Sector Results-Based Lending Program	Department/Division	EARD/EASS
Nature of Activity Modality	Project Preparation Regular	Executing Agency	Ministry of Education and Science
Country	Mongolia		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Education	Pre-primary and primary		0.400
	Technical and vocational education and training		0.400
		Total	0.800
3. Operational Priorities		Climate Change Information	
✓ OP1: Addressing remaining poverty and reducing inequalities		GHG Reductions (tons per annum)	0
✓ OP2: Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ OP6: Strengthening governance and institutional capacity			
		ADB Financing	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
		Cofinancing	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 4.2, 4.5		Gender Equity (GEN)	✓
SDG 5.b			
		Poverty Targeting	
		General Intervention on Poverty	✓
4. Risk Categorization Low			
5. Safeguard Categorization Safeguard Policy Statement does not apply			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.800	
Transaction technical assistance: Technical Assistance Special Fund		0.800	
Cofinancing		0.000	
None		0.000	
Counterpart		0.000	
None		0.000	
Total		0.800	
Currency of ADB Financing: US Dollar			

I. THE ENSUING PROGRAM

1. The proposed Education Sector Results-Based Lending (RBL) Program will support a time and subsector slice of Mongolia's Education Sector Medium-Term Development Plan (ESMTDP), 2021–2030,¹ with a focus on preprimary education and technical and vocational education and training (TVET). The program is aligned with the ESMTDP impact of holistic development of Mongolian citizens with competencies to work and live in the digital era, participate in a knowledge-based society, and engage in lifelong learning ensured. The outcome will be preprimary education and TVET students' learning outcomes improved. The three outputs are (i) preprimary education and TVET quality enhanced; (ii) access to inclusive preprimary education and TVET facilities and services increased; and (iii) capacity for governance, management, and administration of preprimary education and TVET facilities and services improved. The indicative loan amount is \$50 million from Asian Development Bank (ADB) regular ordinary capital resources.

II. THE TECHNICAL ASSISTANCE

A. Justification

2. The transaction technical assistance (TA) will help the Ministry of Education and Science undertake RBL program due diligence, develop capacity for program implementation, and provide education policy and advisory expertise.² The scope of due diligence includes a range of technical assessments including program soundness, expenditure and financing, and results; and institutional and system assessments that cover the monitoring and evaluation system, fiduciary systems, and safeguard systems. The due diligence should confirm that the conditions for successful RBL are met, including a robust government program and expenditure framework; strong government ownership; sound procurement, financial management, anticorruption, and safeguard policies; and effective risk mitigation.

B. Outputs and Activities

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

Table 1: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Output 1: RBL due diligence prepared	Q1 2023–Q4 2023	1.1 Refine the RBL program boundary in consultation with MES 1.2 Prepare all RBL program technical assessments 1.3 Prepare all RBL program institutional and system assessments 1.4 Reach agreement on the program results framework, program actions, disbursement-linked indicators, and verification protocols

¹ Ministry of Education and Science. 2020. [Education Sector Medium-Term Development Plan, 2021–2030](#). Ulaanbaatar.

² The TA first appeared in the business opportunities section of ADB's website on 19 September 2022.

Major Outputs	Delivery Dates	Key Activities with Milestones
2. Output 2: RBL program implementation capacity improved	Q2 2023–Q2 2024	<p>2.1 Undertake outreach and training to ensure understanding of the ADB RBL policy and technical guidance</p> <p>2.2 Develop and implement a capacity development plan for MES and implementing agencies</p> <p>2.3 Support preparation of RBL program implementation and financial management manuals and semiannual reporting templates</p>
3. Output 3: Policy and advisory expertise provided	Q1 2023–Q4 2024	3.1 Provide education sector policy and advisory expertise to MES in support of sector and technical actions of the program action plan

MES = Ministry of Education and Science, Q = quarter, RBL = results-based lending.

Source: Asian Development Bank.

4. The proposed program is innovative as the first application of the RBL modality in Mongolia. This will require extensive capacity building with government counterparts from both Ministry of Education and Science and Ministry of Finance to ensure deep understanding of the differences between investment lending and RBL, including disbursement-linked indicators, independent verification, audit requirements, program actions, and disbursement procedures and timing.

C. Cost and Financing

5. The TA financing amount is \$800,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 7).³ The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff, office space, venues for workshops and capacity building activities, and other in-kind contributions. ADB informed the government that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

6. ADB will administer the TA. The Urban and Social Sectors Division of the East Asia Department will select, supervise, and evaluate consultants. Implementation arrangements are summarized in Table 2.

Table 2: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	December 2022–June 2025		
Executing agency	Ministry of Education and Science		
Consultants	To be selected and engaged by ADB		
	Firm: Quality-based selection	RBL program preparation and capacity building (international firm or nongovernment organization; 27 person-months)	\$650,000

³ This amount will be for the initial phase of the TA, for program preparation and institutional capacity development. The second phase, for policy and advisory support and institutional capacity development, is programmed for 2024 approval in the amount of \$500,000 to be processed as an increase in TA amount.

Aspects	Arrangements		
	Individual: Individual selection	Education RBL program specialist (international, 8 person-months)	\$100,000
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		

ADB = Asian Development Bank, RBL = results-based lending, TA = technical assistance.

Source: ADB.

7. **Consulting services.** ADB will engage (i) an international consulting firm or nongovernment organization (at least 5 person-months of international key experts and 22 person-months of national key experts) using quality-based selection method, simplified technical proposal, and performance-based contract; and (ii) an international education RBL program specialist (8 person-months) using individual consultant selection method. Recruitment will follow the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.⁴

E. Governance

8. The required assessments include fiduciary assessment (financial management, procurement, and anticorruption) and risk assessment and management, following the detailed RBL program processing guidance and templates.

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

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	370.0
ii. National consultants	200.0
b. Out-of-pocket expenditures	
i. International and local travel	50.0
ii. Training, seminars, and conferences ^b	90.0
2. Miscellaneous technical assistance administration costs ^c	40.0
3. Contingencies	50.0
Total	800.0

Note: The technical assistance (TA) is estimated to cost \$820,000, of which contributions from the Asian Development Bank (ADB) are presented in the table. The government will provide counterpart support in the form of counterpart staff, office space, venues for workshops and capacity building activities, and other in-kind contributions. The value of the government contribution is estimated to account for 2.4% of the total TA cost.

^a Financed by ADB's Technical Assistance Special Fund (TASF 7).

^b Training will be in-country, and ADB staff may serve as resource persons.

^c Includes translation and interpretation, communications, software licenses, and other miscellaneous costs.

Source: ADB estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=56167-002-TARreport>

1. Terms of Reference for Consultants