



Grant Assistance Report

Project Number: 41660
July 2008

Proposed Grant Assistance
Mongolia: Water Point and Extension Station
Establishment for Poor Herding Families
(Financed by the Japan Fund for Poverty Reduction)

CURRENCY EQUIVALENTS

(as of 30 June 2008)

Currency Unit	–	togrog (MNT)
MNT1.00	=	\$0.0008635
\$1.00	=	MNT1,158.12

ABBREVIATIONS

ADB	–	Asian Development Bank
FY	–	fiscal year
JFPR	–	Japan Fund for Poverty Reduction
JICA	–	Japan International Cooperation Agency
LGU	–	local government unit
MoFA	–	Ministry of Food and Agriculture
NGO	–	nongovernment organization
PMU	–	project management unit
SADC	–	Swiss Agency for Development and Cooperation
SAEC	–	<i>soum</i> agricultural extension center
VSO	–	Voluntary Service Overseas

GLOSSARY

aimag	–	province
bag	–	village
soum	–	district
zuud	–	severe winter

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2008 ends on 31 December 2008.
- (ii) In this report, "\$" refers to US dollars.

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JAPAN FUND FOR POVERTY REDUCTION (JFPR)
JFPR Grant Proposal

I. Basic Data

Name of Proposed Activity	Water Point and Extension Station Establishment for Poor Herding Families
Country	Mongolia
Grant Amount Requested	\$2 million
Project Duration	3 years
Regional Grant	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Grant Type	<input checked="" type="radio"/> Project / <input type="radio"/> Capacity building

II. Grant Development Objective(s) and Expected Key Performance Indicators

Grant Development Objectives: The Water Point and Extension Station Establishment for Poor Herding Families Project (the Project) will (i) create new, sustainable water points and accompanying water management infrastructure in pasture locations; (ii) increase the availability of underused pastureland in *Ovorhangay Aimag* (province); (iii) support the development of strong institutions for local governance of water points and adjacent pastures; and (iv) create one-stop agricultural and social service centers to develop service delivery capacity at the *soum* (district) level. Improvements in institutions' management of water points and adjacent pasture resources will support resource management by herders and local governments and ensure pastures will not be degraded in coming years. The Project will also improve the environmental sustainability of herding activities by lessening pressure from overgrazing at existing water points. It will aid poor nomadic herders to plan, manage, and monitor water points and pastures with the support of responsive *soum* agricultural extension centers (SAECs), and local communities will decide the precise types of agricultural and social service extension activities they will receive. Additionally, the Project will improve the livelihoods and livelihood security of poor nomadic herding families by improving their access to and management of water and pasture resources, as well as their capacity to add value to their agricultural products while also addressing social and health concerns.

Expected Key Performance Indicators: (i) The provision of 60 new or rehabilitated water points in 10 *soums* of *Ovorhangay Aimag* to be managed by 60 herder management groups to improve the availability of grazing pasture by 168,000 hectares (ha) and to benefit 900 poor nomadic herding families; (ii) the contribution of at least 10% by these groups to the cost of water point development, to establish water and pasture use agreements with the *soum* local government unit (LGU), and to manage the water and pasture resources under their control; (iii) the capacity development of SAECs and at least 10 independent extension service providers in 10 *soums*; and (iv) the provision of extension support for pasture management, livestock production, and alternative livelihoods to 100 poor nomadic herding groups in 10 *soums*, with a goal to raise their income by at least 15% over the Project's lifecycle.

III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

Category	Amount of Grant Allocated (\$)	Percentage of Expenditures
1. Civil Works	481,000	24.0
2. Equipment and Supplies	353,740	17.7
3. Training, Workshops, Seminars, and Public Campaigns	185,616	9.3
4. Consulting Services	642,630	32.1
5. Small Grants	190,000	9.5
6. Grant Management	55,350	2.8
7. Contingencies	91,664	4.6
Total	2,000,000	100.0

JAPAN FUND FOR POVERTY REDUCTION

**JFPR Grant Proposal
Background Information**

A. Other Data	
Date of Submission of Application	15 November 2007
Project Officer	C. Edmonds, Rural Development Economist
Project Officer's Division, E-mail, Phone	Agriculture, Environment, and Natural Resources Division, East Asia Department (EARD) cedmonds@adb.org, +63 2 632 5737
Other Staff Who Will Need Access to Review the Report	M. Araki, Office of Cofinancing Operations; S. Ferguson, EARD; F. Mathew, Controller's Department; T. Ohmura, Regional and Sustainable Development Department (RSDD); K. Schmidt-Soltau, RSDD
Sector	Agriculture and natural resources
Subsector	Water resource management
Themes	Sustainable economic growth, inclusive social development, environmental sustainability
Subthemes	Developing rural areas, other vulnerable groups, natural resources conservation
Targeting Classification	Targeted intervention – households (TI-H)
Name of Associated Asian Development Bank (ADB)-Financed Operation(s)	Loan 1822-MON: <i>Agriculture Sector Development Project</i> , for \$10 million, approved on 21 December 2000 P39229-MON: <i>Proposed Agriculture and Rural Development Project</i> , for approval and implementation in 2008 TA 4359-MON: <i>Agriculture Sector Strategy Study</i> , for \$350,000, approved on 12 July 2004
Executing Agency	Ministry of Food and Agriculture (MoFA)
Grant Implementing Agencies	Project Management Unit Ministry of Food and Agriculture Government Building #9, Enktaivan Avenue 16A Ulaanbaatar – 210349, Mongolia Contact Person: D. Galsanbuyan, Director, External Relations and Cooperation Department galsan999@yahoo.com Phone: +97 6 11 262853 Fax: +97 6 11 452554

B. Details of the Proposed Grant**1. Description of the Components, Monitored Deliverables and/or Outcomes, and Implementation Timetable**

Component A	
Component Name	Water Point Planning and Extension Center Development
Cost (\$)	\$791,564
Component Description	This component encompasses the development of new water points and water point rehabilitation. Water point development includes the studies necessary to ensure water availability, the environmental and social propriety of the water point sites, and the actual civil works involved in water point construction or rehabilitation. Prior to the establishment of any new water points, localities targeted for development of such points will be

Component A	
	<p>required to develop pasture management plans to define how the sustainable use of pasture areas surrounding the water point will be assured. Technical analysis of sites and management of the pasture surrounding the water points will incorporate lessons learned. The geographic information system will be coordinated with the World Bank's sustainable livelihood projects, the Swiss Agency for Development and Cooperation's (SADC) Pasture Ecosystem Management Program, and the Global Livestock Early Warning System developed through the Gobi Initiative, funded in part by the United States Agency for International Development.</p> <p>Ovorhangay <i>Aimag</i> is spread over three distinct agro-ecological zones comprising mountain valleys; the steppe, which refers to the grassland plains; and the desert steppe, or the plain areas in the Gobi Desert where the summer season tends to be shorter and provides less pasture. The Project will support water point development in at least three <i>soums</i> in each agro-ecological zone, a total of up to 10 <i>soums</i>. During the inception phase, target <i>soums</i> will be selected in consultation with MoFA and <i>aimag</i> LGUs using the following key criteria: (i) potential for new water points based on known pasture, climatic, and social information; (ii) willingness and capacity of <i>soum</i> governments to participate; (iii) herding families' interest and willingness to contribute to costs of operation and maintenance of the water point and SAECs; and (iv) effective coordination with related programs such as MoFA's Water Point Rehabilitation Program and the second phase of World Bank's sustainable livelihood projects.</p> <p>Water points refer to reservoirs, springs, and wells, as well as to pumping and small-scale irrigation facilities, which are located throughout Mongolia. Water points usually include some type of small-scale irrigation system to divert water through lined or unlined canals or pressurized steel pipes. The depth of pumped groundwater points varies widely (from 10 to 100 meters [m]), and underground water points rely on diesel-powered pumps to bring the water to the surface. Large-scale irrigation systems were established in Mongolia with Soviet assistance, but many fell into disrepair during the economic collapse in the 1990s. In 1975, it was estimated that about 518,000 ha of the country's 1.3 million ha of arable land were irrigated, but by 2000, this area was estimated to be only about 30,000 ha. The Government has made major strides in rehabilitating viable wells in recent years, and MoFA now prioritizes development of new water points as the next phase to expand water access in the countryside.</p> <p>Under the Project, hydrological and environmental impact studies will be conducted for each potential prioritized water point site prior to the commencement of water point drilling. These will include studies of the potential carrying capacity of pastureland adjacent to the sites that can guide further development activities and confirm the recharge potential of water points based on water balance studies. Studies will be carried out using local and international expertise for improving</p>

Component A	
	<p>the currently used wellhead design, including the potential for using more efficient and renewable energy sources. Feasible designs approved by MoFA will be piloted and tested in field situations.</p> <p>Local private companies retained through an appropriate tendering process, and closely monitored by the project management unit, (PMU), will construct or rehabilitate the water points. Herder management groups will make a minimum contribution of 5% to the cost of new water points and 10% to the cost of rehabilitated water points, according to government guidelines. <i>Aimag</i> LGUs will contribute to the cost of water point housing. Ownership of the water point is vested in the <i>soum</i> LGUs, while the herder management group retains ownership of the pump and generating equipment at the wellhead.</p>
Monitorable Deliverables and/or Outputs	<ul style="list-style-type: none"> (i) By the end of year 1, a design for energy efficient, low maintenance wellhead machinery suitable to conditions in Mongolia will be designed and tested with water point operators. (ii) By the end of year 1, survey and environmental impact (i.e., pasture management plans and water balance studies) will be completed for 40 proposed sites for new water points. (iii) By the end of year 2, 15 water points will be constructed in areas with approved pasture management plans, benefiting 225 families while making at least 42,000 ha of pastureland available for use. (iv) By the end of year 2, 15 water points will be rehabilitated in areas with approved pasture management plans, benefiting 225 families while improving water access to at least 42,000 ha of pastureland. (v) By the end of year 3, 35 water points will be constructed in areas with approved pasture management plans, benefiting 525 families while improving water access to at least 98,000 ha of pastureland. (vi) By the end of year 3, 25 water points will be rehabilitated in areas with approved pasture management plans, benefiting 375 families while improving water access to at least 70,000 ha of pastureland.
Implementation of Major Activities	<ul style="list-style-type: none"> (i) Develop energy efficient wellhead design, (ii) Conduct hydrological and environmental impact studies of water point sites, (iii) Construct and rehabilitate water points, and (iv) Test and transfer water points to herder management groups.
Number of months for grant activities	36 months

Component B	
Component Name	Local Governance Capacity Building, Resource Use Planning, and Monitoring for Water Points and Adjacent Pastures
Cost (\$)	\$498,317
Component Description	This component includes the participatory selection of water point sites and the establishment of strong herder management groups for the new water points and adjacent pastures. Each water point management group will develop and implement an

Component B	
	<p>integrated plan for pasture and water use through current government procedures. Capacity building of these groups to support plan development and implementation will be provided through experienced local institutions, including nongovernment organizations (NGOs). The land and water use plans will form part of the annual <i>soum</i> pasture management planning process, which will be supported in selected project <i>soums</i>.</p> <p>Water point site selection will be a participatory process strongly based on herders' knowledge, LGUs' information resources, and project technical assessments. In each target <i>soum</i>, a preparatory survey or herder consultation will be conducted to facilitate site identification. This will be followed by participatory workshops in each <i>soum</i> that will introduce the Project, identify and prioritize sites, and make a preliminary identification of water point and pasture management groups. Actual number of water points confirmed will depend on local circumstances; on average, six or seven water points per <i>soum</i> will be selected.</p> <p>At least 60 water point management groups will be strengthened. Their facilitation and capacity building will be assisted by local or national institutions, NGOs, or experts with strong track records of facilitating sustainable herder management groups and further supported through component C. By the Project's end, these groups will be able to operate and maintain the water point, negotiate management agreements with LGUs and other herder groups, and monitor and record pasture conditions in relation to livestock load and climatic conditions in order to manage pastures adjacent to the water point. Facilitators will also provide support to the groups' organizational development and their formalization into NGOs or herder cooperatives, if requested.</p> <p>All groups will make water user and land use agreements with the relevant <i>soum</i> LGU. Water user agreements will confirm the groups' contribution and incorporate an operational plan defining management, monitoring plans, and water charges. Land use agreements will provide access rights to pastures based on an agreed management plan encompassing carrying capacity safeguards.</p> <p>The Project will endeavor to maximize group contributions beyond the official minimum in order to enhance ownership. The herder funds established through this system will be used for further water point development, a major maintenance fund, or as the basis for funding or lending for new business initiatives according to herders' requests.</p> <p>The groups' water and pasture management plans will form an integral part of <i>soum</i> pasture management plans prepared annually as part of LGU land management planning. In cooperation with the World Bank's sustainable livelihood projects, the Project will support the pasture planning process through capacity building of <i>soum</i> land management staff</p>

Component B	
	<p>members, facilitation of pasture management surveys, and workshops in selected <i>soums</i>. This activity will include awareness campaigns for herders on water rights, pasture rights, and key pasture management messages.</p> <p>The Project will also collaborate and coordinate with the pasture planning and management approaches of the United Nations Development Programme and SADC and contribute to relevant government policy discussions.</p>
Monitorable Deliverables and/or Outputs	<ul style="list-style-type: none"> (i) By the end of year 1, 60 herder management groups will be established for water point management. (ii) By the end of year 1, 40 herder management groups will have signed water use and pasture management agreements with involved <i>soums</i>. (iii) By the end of the Project, 60 herder management groups will be planning and implementing their pasture management plans. (iv) By the end of the Project, pastures within 3 kilometers (km) of new or rehabilitated water points will be carrying the planned stocking capacity. (v) By the end of the Project, <i>soum</i> pasture management planning processes will be supported in all 10 target <i>soums</i>. (vi) By the end of the Project, at least six water point and pasture management groups will have formed formal cooperatives or associations.
Implementation of Major Activities	<ul style="list-style-type: none"> (i) Select sites for new and rehabilitated water points, (ii) Build the capacity of herder management groups for water and pasture management, (iii) Raise <i>aimag</i>-wide awareness on water and pasture rights and responsibilities, (iv) Develop water use and land use agreements, (v) Build the capacity <i>soum</i> land management offices, (vi) Conduct <i>soum</i>-level pasture management planning, and (vii) Contribute to policy discussions on pasture law.
Number of months for grant activities	36 months

Component C	
Component Name	Extension Station Establishment and Provision of Agricultural Extension and Social Services
Cost (\$)	\$388,488
Component Description	<p>This component will develop demand-driven extension models based on herder management group development plans facilitated by the Project. The Project will help facilitate more effective delivery of state-sponsored agricultural extension by providing training, logistical support, and resources for development of new training materials and courses. The activities will be closely coordinated with MoFA's agricultural extension services in <i>Ovorhangay Aimag</i>. SAECs will be established in <i>soums</i> where none are present and strengthened where they already exist to provide a focal point for training, development, and dissemination of agricultural, livestock, and social service extension messages. The agricultural and social service extension provided will aid herders and their families in improving the health and income-generating capacity of their</p>

Component C	
	<p>herds as well as in addressing other critical needs to improve families' well-being as identified by the families themselves. Outreach to herders will benefit up to 1,200 herding groups adjacent to new water points and up to 1,200 herding families in other parts of each <i>soum</i>. Delivery of extension services will be based on extension experts and trainers hired through the Project. If individuals with requisite skills are both locally and nationally available, preference will be given to domestic experts.</p> <p>To provide basic physical infrastructure to conduct extension services, SAECs will be established and equipped by the Project in the 10 target <i>soums</i>. SAECs will be provided with necessary office and training equipment and, where possible, renovated rooms to provide suitable space for an information center/training room. Each SAEC will have the capacity to connect to the internet as it becomes available through an ongoing government program.</p> <p>The Project seeks to strengthen the service orientation of existing extension services and make their provision more demand-driven, since responsive extension outreach to herders will strengthen pasture and water management opportunities, address their livestock and crop production needs, and support alternative livelihood development activities. This component will also pilot the use of the envisaged structures and processes for the delivery of priority social services. In each participating <i>soum</i>, at least 10 herder groups will be supported by local facilitators to identify development needs and develop a business plan or land use agreement for pasture and livestock management and/or a specific new livelihood activity. The required extension and other support services (e.g., credit and technical and legal advice) will be facilitated and delivered by a mobile unit supported by the SAEC.</p> <p>The PMU will provide capacity building to <i>soum</i>-based extension staff members. By the Project's end, SAECs will be fully integrated into a coordinated <i>aimag</i> extension program and have the capacity to provide responsive support to herders' development needs, and ongoing capacity building to independent extension agents at the <i>bag</i> (village) or water point level. SAECs will also be functionally linked to national centers of expertise in agriculture and pasture management as well as local independent service providers of business development services, marketing, and credit.</p> <p>Models for sustainable outreach from the SAEC to herders will be developed during implementation and may differ from <i>soum</i> to <i>soum</i>. Candidate agents (e.g., mobile private veterinarians, volunteer herders, <i>bag</i> officials, local NGOs, and traders) will receive training and capacity building from the Project using national experts from key government centers and development agencies plus international expertise where appropriate. Local information and training points will also be established at selected water points or <i>bag</i> centers. The costs of extension delivery (e.g., training, transport, and consultant fees) will be subsidized by the Project with a sliding scale aimed to</p>

Component C	
	<p>encourage increasing contributions from herder groups. A project development fund will provide small grants to support livelihood initiatives of poor herding families. Based on the experiences gained through the support of herder management groups, the Project will support the SAECs to develop appropriate extension messages and materials for dissemination to other extension centers and herder management groups.</p> <p>The use of delivery structures and processes developed in the Project will be piloted for some aspects of social service provision in response to priority needs of poor herding families. Based on the project consultation, two ongoing initiatives are possible: (i) Voluntary Service Overseas' (VSO)¹ program for delivery of primary-level preventive health messages through national volunteering; and (ii) the piloting of government-financed, community-based welfare services.</p> <p>Extension approaches will be closely coordinated with the MoFA extension program and the Gobi Initiative. Reflecting the complementing areas of expertise of staff at MoFA and VSO, which will be engaged to assist in implementation, the component will be implemented by MoFA through the PMU, and the Ministry's agricultural extension service will be augmented with the assistance of VSO.</p>
Monitorable Deliverables and/or Outputs	<ul style="list-style-type: none"> (i) By the end of year 2, at least 120 herder management groups will have prepared development plans and identified extension needs. (ii) By the end of year 2, 10 SAECs will be established and supporting herder development plans directly or through independent extension agents. (iii) By the end of year 3, at least 100 herder management groups will have received extension support and contributed to its cost. (iv) By the end of year 3, at least 100 herder management groups will have successfully implemented planned initiatives with the support of local extension services. (v) By the end of year 3, delivery of social services will be piloted in at least six <i>soums</i>.
Implementation of Major Activities	<ul style="list-style-type: none"> (i) Facilitate herder development plans and extension needs, (ii) Build the capacity of SAEC staff members, (iii) Build the capacity of independent extension agents, (iv) Support extension delivery for herder development plans, (v) Establish water point and/or <i>bag</i>-level information points, (vi) Disseminate extension experiences across <i>aimags</i>, (vii) Pilot priority social service delivery through extension structures, and (viii) Renovate and provide equipment to SAECs.
Number of months for grant activities	36 months
Component D	
Component Name	Project Management, Monitoring, Audit, and Evaluation
Cost (\$)	\$321,631

¹ VSO is an international nongovernment organization.

Component D	
Component Description	MoFA will be the executing agency and will be responsible for overall oversight and implementation of the Project. The PMU will be established at MoFA in Ulaanbaatar, headed by a project coordinator, and will provide resources for carrying out the overall Project, including supervision, management, monitoring, evaluation, policy discussion, information dissemination, and knowledge sharing. The PMU will prepare the grant implementation manual and guidelines and prepare six monthly progress reports. A PMU office will be established at the agricultural department in Ovorhangay <i>Aimag</i> and staffed by a project implementation officer and international counterpart who will manage the day-to-day field activities. The Project will develop and implement a monitoring and evaluation plan that integrates beneficiary monitoring of pasture and water resource use with efficiency monitoring and external evaluations.
Monitorable Deliverables/Outputs	<ul style="list-style-type: none"> (i) By the end of the inception phase, a comprehensive project monitoring and evaluation plan will be developed. (ii) During the Project's term, timely completion and submission of progress, audit, and evaluation reports will occur. (iii) Periodically during project implementation, the PMU will produce reports and publication materials (e.g., announcements in <i>ADB Today</i>) to disseminate information about activities and achievements. (iv) During the Project's term, a quarterly newsletter for project stakeholders and others will be prepared. (v) By the Project's end, policy briefs discussing project efforts to establish community regulation of water points and pasture areas surrounding the water points, respectively, will be produced for presentation to the Government and dissemination in planned workshops. (vi) By the Project's end, two national workshops on pasture management/extension will be held. (vii) By the Project's end, at least one publication on lessons learned will be created.
Implementation of Major Activities	<ul style="list-style-type: none"> (i) Implement a baseline study, (ii) Collate monitoring information, (iii) Conduct external auditing, (iv) Complete grant reporting, (v) Create a communication strategy, (vi) Document lessons learned, (vii) Undertake a midterm evaluation study, and (viii) Conduct a poverty impact assessment.
Number of months for grant activities	36 months

2. Financing Plan for Proposed Grant to be Supported by JFPR

Funding Source	Amount (\$)
JFPR	2,000,000
Government	94,400
Other Sources: VSO	95,400
Total	2,189,800

3. Background

1. Poverty levels in Mongolia have significantly declined from the high levels (approaching 50%) that prevailed immediately after the collapse of the centrally-planned economy in the early 1990s. However, today, more than one in three people in Mongolia remain poor.² Poverty is significantly higher in rural areas (e.g., 43% compared with 30% in urban areas) where poor households depend on agriculture and, most importantly, extensive livestock production for their livelihoods. More than half of the rural population consists of nomadic herding families who rotate their mixed herds across remote pastures. Poverty among this group is particularly acute.

2. Agriculture in Mongolia contributes 22% to the gross domestic product, and more than 80% of this derives from extensive livestock production, which has the potential to reduce rural poverty and to widen economic growth through food production and the export of high-quality meat and wool products, including cashmere. However, extensive livestock production in Mongolia is vulnerable to extreme climatic conditions, particularly extreme winters known as *zuuds*. There have been three *zuuds* since 2000, which dramatically reduced livestock numbers with poor herding families bearing the greatest burden. Prior to the economic collapse, this climatic vulnerability of livestock herding was mitigated by strong centralized management of herd size, composition, livestock movements, and fodder production through herder collectives, and was strongly based on pasture mapping and monitoring.

3. Mongolia's economic collapse resulted in the reemergence of the traditional herding system based on kinship groups, and many previously non-herding families took up small-scale subsistence herding as a survival strategy. Increasing vulnerability in the sector has thus occurred, caused by the loss of proactive management and coordination structures for pasture use and the decline in, or loss of, support services—particularly in respect to animal health. Degradation of pastures is currently increasing because damaged and badly maintained water points have restricted pasture access, and poor herders' low mobility has increased pressure on localized pastures, especially those close to *soum* settlements. These detrimental effects on pastures have been compounded by the increasing proportion of goats in the national herd, which are being grazed for the lucrative cashmere wool market as well as the increasingly unpredictable rainfall patterns resulting from climate change.

4. A key dimension of poverty among nomadic herding families in Mongolia is low access to adequate pasture resources. These are declining in quality as a result of overgrazing, poor management, and erratic precipitation caused by climate change. In order to relieve pressure on available resources, the Government has given increasing priority to investment in water point rehabilitation in underutilized pasture areas in order to expand pasture area. However, the management of both water points and the surrounding pastures often remains weak and the risk of continued pasture degradation is high.

5. Improving pasture and water management is key to decreasing these vulnerabilities, reducing poverty among herding families, and providing a stronger basis on which to build a productive livestock sector. Both the Government and donors have made significant contributions over the last decade to rehabilitate water points; develop an appropriate legal framework for access to land, water, and pastures; and pilot mechanisms and approaches for pasture and water management based on strong herder participation with *soum* LGUs. This Project aims to build on these achievements and to address next steps to strengthen herding families' access to and management of water and pasture resources.

² According to UNICEF, the population living under minimum subsistence level was 36.1% in 2005, while projections from a recent World Bank poverty report estimate poverty levels of 32%. However, these figures are estimated since few household survey data post-2003 are available.

6. The Project aims to reduce poverty and to improve the livelihoods of poor herding families by (i) building new, or rehabilitating damaged, water points to increase available pastures; (ii) developing strong governance and management of those water points and adjacent pastures by herders; and (iii) creating extension models for the provision of sustainable support to herder management groups adjacent to water points (and elsewhere) for improving their livestock or undertaking new livelihood initiatives. The latter strategy is particularly relevant for very poor herders with unsustainably small herds who need support to develop viable alternative livelihoods. The Project will also explore the use of SAECs for delivery of social services based on the priority needs of herding families. It aims to develop strong sustainable models anchored in existing social and local regulatory structures that can complement the ongoing policy dialogue on land and water access, pasture management, and the provision of agricultural support services.

7. To maximize the potential impact and lessons, it is proposed to implement the Project in Ovorhangay *Aimag* in the Gobi region. This *aimag* covers three distinct agro-ecological zones, and as such, affords a good opportunity to understand how the Project's approach can be applied in other contexts. Ovorhangay *Aimag's* population engaged in herding activities is about 57% (16,643 households), and it is estimated that 72% of these are poor families have herds of 100 or less.

4. Innovation and Knowledge Sharing

8. **New Water Points.** Since recent interventions concentrated on damaged or neglected water points, this Project aims to explore the next step of working with communities and LGUs to identify new water points. This approach will be fully participatory, firmly embedded in *soum*-level processes for pasture and land management planning. Sound technical and environmental studies will reinforce site selection. In addition, the linking of new water point development with extension support provides an opportunity to strengthen the water point and pasture management groups.

9. **Water and Pasture Management.** In the context of an evolving legal framework and exploration of practical strategies for pasture management, this Project will establish a strong link between water point and adjacent pasture management. The Project will integrate water point agreements and land use plans and improve herder contributions to water point development. Further capacity building will assist herder management groups to take greater responsibility for pasture management and provide them with associated key strategies and tools. An expected outcome is that herder ownership and, therefore, maintenance of water points and adjacent pastures will be enhanced. These experiences will also complement ongoing government policy and strategy development.

10. **Soum-Level Service Provision.** The provision of both public and private goods support services at the *soum* level and beyond remain very weak and virtually absent in more remote areas. This not only constrains rural economic development, but serves to sustain and even deepen poverty levels among herding families. Strategies that will enable herders and other rural dwellers to access support services remain unclear. The Project will develop and strengthen SAECs, build the capacities of their officers, and link them to information and expertise. The Project will also develop models for reaching from the SAECs to herders using both independent agents and herder-to-herder strategies.

11. **Social Inclusion.** The Project will ensure that poor herders, who have often been excluded from development processes, participate in the strategies envisaged. In particular,

poor herding families will be targeted for the provision of extension support on improved animal production and alternative livelihood activities. The piloting of social services will address the priority needs of women such as preventative health care and community-based welfare support.

12. **MoFA-NGO Cooperation.** The Project will arrange to have MoFA expertise in agricultural and livestock extension supplemented by VSO (footnote 1) expertise in community governance and social service extension, representing one of the first instances in which MoFA has agreed to extensively involve an NGO for a project that it is executing.

5. Sustainability

13. Project activities in all components will be firmly embedded in existing social or legal and regulatory frameworks to promote sustainability. Water and pasture management by herders will be based on strong preexisting groups and anchored into established and proposed land management processes at the *soum* level. Capacity building of both *soum* LGUs and herder management groups will ensure that key stakeholders can adequately implement these processes in the future.

14. The sustainability of new water points will be based on thorough preconstruction exploration studies to ensure adequate recharge potential and low environmental impact. Effective ongoing management of water points by herder management groups will be affected through heightened ownership of the water points. This will be achieved by herders' increased participation in decision making on water point development, significant contributions to infrastructure, and capacity building of management groups. Ongoing management and maintenance of water points, including the monitoring of water and pasture use and pasture condition, will be funded through equitable and transparent water user charges.

15. Establishing SAECs will be supported through project funds, but their full government funding is expected to come online in 2009. Outreach to herders through independent agents (or SAEC staff members) will initially be subsidized with some contributions expected from herders. Subsidies will be provided on a sliding scale with increased contributions expected from larger herders and over time as the Project progresses. Sustainability of extension services will also be enhanced through embedding them in existing services such as those provided by veterinarians, traders, water point operators, and local volunteers.

6. Participatory Approach

16. Potential stakeholders, particularly herder management groups and LGUs in the target *aimag*, were consulted in the Project's design phase. This included participatory stakeholder workshops at *aimag* and *soum* levels as well as separate herder group discussions. Stakeholders' expectations in respect to their participation in implementation have been integrated into the project design, particularly water point site selection, identification of extension needs, and pasture management processes.

17. Water point selection will be firmly based on a participatory approach. Initial proposals on site selection will be gathered through herder surveys and LGU discussions. *Soum* participatory workshops, involving herder representatives and LGU staff members, will develop criteria for prioritizing final selection of sites and prepare a short list of sites for exploratory studies. Final decision making based on hydrological and environmental studies will be undertaken through further participatory consultations and workshops.

18. Water and land management agreements developed by water point management groups will form part of a bottom-up participatory planning process for land management in each *soum* involving herder management groups and LGU staff members. This process aims to involve all key stakeholders in pasture management and includes an annual *soum* pasture management planning workshop, bringing together lower-level herder group and pasture user group management plans for discussion and integration into a *soum*-wide plan.

19. The Project aims to ensure that extension services respond to herders' expressed needs. In this regard, participatory approaches will be employed to facilitate herder development plans, and extension provision will be designed to respond to these plans. Plans will be reviewed and adjusted on an annual basis and will also contribute to the participatory pasture management planning process, when appropriate.

20. Herder management groups and LGU staff members involved in project activities will contribute to participatory project monitoring and evaluation, particularly through regular participatory monitoring and evaluation group workshops to gauge project progress and provide feedback on implementation. These group workshops will be closely linked to herder management groups' pasture monitoring activities. All stakeholders will be kept aware of project developments and informed of financial management, planned activities, and progress in implementation through a communications strategy including leaflets, newsletters, mobile phone messaging, and local community meetings with opportunities for stakeholder feedback to contribute to ongoing dialogues on project implementation.

Primary Beneficiaries and Other Affected Groups and Relevant Description	Other Key Stakeholders and Brief Descriptions
<p>Poor nomadic herding families in Ovorhangay <i>Aimag</i>. Primary project beneficiaries are estimated to be about 5,000 persons.</p>	<ul style="list-style-type: none"> (i) Secondary beneficiaries, e.g., herding families passing through the areas where new or rehabilitated water points are established on a seasonal basis. (ii) MoFA for project execution, overall coordination, and supervision. (iii) Agriculture and land management departments in <i>aimag</i> and <i>soum</i> LGUs for developing and approving water and pasture agreements and plans. (iv) SAECs at <i>aimag</i> and <i>soum</i> LGUs for planning and delivering extension services. (v) NGOs selected to coordinate and facilitate grant activities and facilitate development of herder groups. (vi) Independent agents, e.g., NGOs, veterinarians, traders, and water point operators, for participating in extension activities. (vii) Formal herder associations or herder cooperatives participating in or arising from project activities.

7. Coordination

21. The Project fully supports the priority objectives of the Government's agricultural development strategy, namely: (i) competitiveness in changing markets, (ii) reducing vulnerability from risk, and (iii) sustaining the country's resources.

22. Key agencies involved in ongoing or recently accomplished water and pasture management programs were consulted in the design of grant activities, including ADB's Agriculture Sector Development Project, the World Bank, the United Nations Development Programme, and SADC. Their programs have been key contributors to the development of the pasture management planning framework and will be linked to this Project's implementation. The next phase of the World Bank's sustainable livelihood projects will be implemented country-wide starting in 2008, and this Project will aim to ensure complementary and cooperative implementation of respective activities. The Project will also link with current collaborative donor initiatives on pasture management policy development.

23. The Embassy of Japan and officials from the Japan International Cooperation Agency (JICA) office in Ulaanbaatar were consulted during the Project's design phase, and the Project's opportunities and risks were reviewed. Takahiro Ishizaki, First Secretary, Embassy of Japan in Mongolia, met with ADB staff members involved in preparation of this proposal on 25 April 2007 and on 12 October 2007. ADB staff members also met with Tsutomu Moriya, Resident Representative, JICA–Mongolia Office, on 17 October 2007, to discuss opportunities for coordination and cooperation of project activities. In respect to component C, there may be potential for coordination with an ongoing JICA project that supports the development of a comprehensive crop-livestock management model, and this possibility will be explored during the inception phase. MoFA has agreed to seek opportunities for placement of participants from the Japanese Overseas Cooperation Volunteers program, which at the time of project appraisal had 60 volunteers in Mongolia. Closer coordination with JICA and the involvement of such volunteers will be further explored with the aim of formalizing the agreement prior to signing of the letter of agreement, if the Project is approved for funding.

8. Detailed Cost Table

24. Refer to Appendix 2 for summary cost estimates, Appendix 3 for detailed cost estimates, and Appendix 4 for fund flow arrangements.

C. Link to ADB Strategy and ADB-Financed Operations

1. Link to ADB Strategy

Document	Document Number	Date of Last Discussion	Objective(s)
Mongolia Country Environmental Analysis (ADB)	not applicable	June 2004	Highlights a strong link between poverty alleviation and environmental concerns, and calls for policies and programs to improve the income of poor rural households that depend on the country's natural resources for their livelihoods. Prioritizes opportunities to address this situation, including provision of greater financing for local environmental management and strengthening local capacity for water resources, land use planning, and management.
Mongolia Country Strategy and Program Update (2007–2009)	Sec. M78-06	August 2006	Support sustainable, stable, and more productive agriculture with greater market orientation and associated development of rural economy with particular benefits for the poor.

Document	Document Number	Date of Last Discussion	Objective(s)
Mongolia: Country Operations Business Plan 2008–2010	IN.315-07	November 2007	
Agriculture Sector Strategy Study	R122-04	July 2004	Review recent trends in agricultural production, agricultural resources (i.e., land, pasture, and water resources), and livelihoods of families that depend on agriculture for their livelihoods. Assess agriculture sector development priorities and identify policy reforms. Establishment of new water points and provision of extension services identified as a top investment priority for the sector in the strategy.

2. Link to Specific ADB-Financed Operation

Project Name	Agriculture and Rural Development Project
Project Number	P39229
Date of Board Approval	Expected in the third quarter of 2008
Loan/Grant Amount	\$14 million

3. Development Objective of the Specific ADB-Financed Operation

25. The Project will develop value chains to deliver unique premium value products to niche markets and enable public infrastructure to support value chain development. It will deliver these outputs through three components: (i) credit line for value chain development, (ii) a local grant and infrastructure development facility to support the construction of rural infrastructure and provision of support services for supply chain development, and (iii) project management.

4. Project's Main Components

No.	Component Name	Brief Description
1.	Value chain development	<p>1.1. The Project will make available a blend of project and commercial bank funds to private agribusiness enterprises to finance integrated value chain development investment plans that have substantial public goods content and high economic, social, and environmental benefits.</p> <p>1.2. Project investments will cover value chains for milk, meat, herbal products, fruit products, leather, wool, and cashmere products and include investments that traditionally have been provided by the Government.</p> <p>1.3. Supply chain investments will address major constraints to value chain development.</p> <p>1.4. The investment plans from agro-enterprises receiving credit lines will be reviewed and selected through a participatory process involving senior government oversight, technical assessment, and local stakeholder inputs.</p>

No.	Component Name	Brief Description
2.	Rural Infrastructure and Support Services Development	<p>2.1. The Project will support investments in public infrastructure that provide public goods in markets from which agro-enterprises, supported under component A, obtain their raw material.</p> <p>2.2. Investments will build upon priorities identified in the Agriculture Sector Strategy Study.</p> <p>2.3. Infrastructure investments will be targeted to four priority areas identified in the Agriculture Sector Strategy Study that MoFA has identified as being underserved in current government- and international donor-financed programs:</p> <ul style="list-style-type: none"> (i) development of livestock testing and veterinary extension centers, (ii) establishment of new water points and accompanying water management infrastructure, (iii) support to agricultural producer (i.e., herder) marketing cooperatives, and (iv) development of fodder supply and storage facilities to foster fodder market development. <p>2.4. Investments will be identified in consultation with communities participating (or with strong potential to participate) in the supply chains of enterprises supported by the Project.</p>
3.	Project Management	<p>3.1 The Project will provide training to staff of PMU and participating commercial banks and agroenterprises on gender awareness and capacity development.</p> <p>3.2 The PMU will work closely with participating commercial banks to (i) forecast forward funding requirements for the participating companies and arrange funds flow; (ii) monitor use of funds against agreed investment plans; (iii) provide business advisory services, and develop and assist in implementing corrective actions; and (iv) monitor compliance with loan covenants and environmental and social performance of investments.</p>

5. Rationale for Grant Funding versus ADB Lending

26. A key aim of this Project is to reach poor herding families who tend to be excluded from larger donor development initiatives. The Project aims to support public good services that the Government is already in the process of funding or plans to fund fully by the end of the Project's implementation either directly or through local, nonprofit agencies. Because the Project will provide what are defined to be public goods under Mongolian law and targets delivery of the services provided by public infrastructure to poor herding families with diminished capacity to assist in repayment, the grant financing also underpins the Project's poverty focus. The Project will develop models for water point and pasture management and extension that can feed in to government- and/or loan-funded investments on a wider scale. In addition, the Project will act as a catalyst in identifying and supporting alternative livelihood investments with herders that can serve as lessons and models for wider dissemination, as well as contributing to drawing investment to rural areas.

D. Implementation of the Proposed Grant

1. Implementing Agency: Project Management Unit under the Ministry of Food and Agriculture

27. MoFA will be the executing agency and will be responsible for overall supervision of the Project through the PMU, established in the MoFA office in Ulaanbaatar. A project coordinator will be appointed to oversee the Project's day-to-day activities. A PMU will also be established in *Ovorhangay Aimag* at the *aimag* agricultural department, staffed by a project implementation officer and international counterpart who will manage the day-to-day field activities. With ADB's approval, the PMU will be responsible for the procurement of goods, works, and services and the engagement of national consultants. All consultants and NGOs will be recruited and contracted in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time

to time). All procurement under the Project will be conducted in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). Contracts for goods estimated to cost \$0.5 million or more and contracts for works estimated to cost \$1.0 million or more shall be procured using the international competitive bidding procedures. Contracts for goods and works estimated to cost less than the above thresholds but more than \$100,000 shall be procured on the basis of national competitive bidding procedures in accordance with the Procurement Law of Mongolia, subject to modifications agreed with ADB. Contracts for goods and works estimated to cost \$100,000 or less shall be procured using ADB's shopping procedures. To procure items costing less than \$10,000, the PMU may purchase the items directly from the supplier. More details on the contracts expected to be awarded during the first 18 months of implementation, and those to be awarded during the entire implementation period are provided in the Procurement Plan in Supplementary Appendix A. The Procurement Plan will be reviewed and revised, as necessary, immediately following the fielding of the implementation consultants from VSO to ensure that procurement activities will allow the successful and timely implementation of the Project.

28. The Project will require the services of international consultants and staff totaling 187.5 person-months, and national consultants and staff totaling 272.75 person-months for implementation. The implementation consultants will be provided by VSO, which will be recruited based on single-source selection method in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). The use of this method is justified since an outside international NGO is desired to complement national consultants and government-provided extension services. VSO has unique expertise required for implementing the project components, which offers significant cost advantages in international consultant recruitment. The areas of expertise and work of the consultants, along with initial proposed time allocations, are defined in Appendix 3 and Supplementary Appendix C. The Government has agreed to recruit individual consultants for the key staff positions in the PMU in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). These individual consultants will be recruited by ADB and contracted by the executing agency. The project staff will be recruited by PMU, in consultation with the implementation consultants. The proposed periods for contracting consultants engaged in extension-related activities are subject to change during implementation in response to the precise types of agricultural and social service demanded by the target *soums*, and will also depend upon the extension services that will be provided by MoFA in these *soums*, as consultant services are intended to supplement, rather than substitute, for existing government-provided extension.

29. VSO's work is focused towards six development goals, i.e., education, HIV/AIDS, secure livelihoods, participation and governance, health, and disability. Worldwide, VSO volunteers

work in 34 developing countries of which 15 are least developed countries. Operating from program offices in each country, VSO works closely with NGOs and government partners, coordinates with donors, and plays an active advocacy role. Approximately 1,500 VSO volunteers are working with partners in developing countries at any one time. VSO receives a core grant from the Department for International Development that amounts to approximately 70% of its total income each year. The remaining 30% is sourced from the following activities: (i) fundraising events, campaigns, and sponsorship of volunteers, as well as approaches to charitable trusts, companies, and statutory bodies (14%); and (ii) donor-funded programs and restricted donor grants from bilateral and multilateral agencies (16%). VSO's national offices undertake the direct implementation of these programs and projects.

30. VSO's office in Mongolia has its headquarters in Ulaanbaatar where about 12 full-time staff members are employed. VSO has overseen programs in Mongolia since 1991 in the areas of health, secure livelihoods, and education. In 2006, the organization placed a total of 40 long-term volunteers throughout the country. The Project will be managed under VSO's secure livelihood program, which currently includes programs to provide capacity building in business development services, vocational training (particularly to workers and enterprises involved with cashmere production and marketing), and basic life skills to other NGOs and local community groups. Refer to Appendix 5 and Supplementary Appendix B for further details on implementation arrangements.

2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Social Exclusion	Failure of the Implementing Agency to target project activities to benefit genuinely poor herders and/or to consider the impact of gender differences in the implementation of project activities.	Data collected from the baseline study and herder group profiles will support targeting of the poor. Data from the baseline study should provide strong direction in respect of gender issues for project implementation.
Resource Access	Legislative framework or its non-enforcement lead to insufficient rights of access for herders to the key resources of water and pastures, and reduce herder incentives for community management. Stronger governance of water points and adjacent pastures risks create conflict between herder groups and individuals.	The Project will actively participate in policy dialogues on water and pasture access. The Project will actively participate in <i>soum</i> -level resource planning and advocate local government to support effective resource access. Water and pasture management plans will incorporate processes for conflict resolution involving the <i>soum</i> LGU and third parties if applicable.
Environmental	Recharging of deep water points may be at risk from erratic rainfall. Opening of underused pastures may risk degradation of these pastures.	Comprehensive hydrological and environmental impact studies will be a prerequisite for water point development. The Project will provide strong support to herder management groups to manage pasture adjacent to water points.
Natural Disasters	Severe droughts or severe winter conditions may upset normal herder movements and put pressure on pasture management strategies.	The Project will ensure that identifying the location for establishment of water points and pasture management includes strategies for disaster preparedness.

Type of Risk	Brief Description	Measure to Mitigate the Risk
Government and Donor Program Duplication	The Government and several development agencies have plans for water point development in the target <i>aimag</i> .	Water point development will be coordinated with other agencies, and the Project will support LGUs in annual planning of this activity throughout the <i>aimag</i> .

3. Monitoring and Evaluation

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for Monitoring and Evaluation
1. By the Project's end, 90 new and 30 rehabilitated water points will be established in 10 <i>soums</i> of Ovorhangay <i>Aimag</i> , managed by 60 herder management groups, increasing the availability of grazing pasture by 168,000 ha, benefiting 900 poor herding families.	<p><i>Soum</i> site-selection, workshop reports</p> <p>Procurement and water company records</p> <p>Water and pasture use agreements</p> <p>Management group records</p> <p>Reports of participatory monitoring workshop reports</p> <p>Poverty impact assessment</p>	<p>Semiannual collation of monitoring data for progress reports</p> <p>Annual project review for learning and adjustment to implementation</p> <p>Semiannual participatory monitoring workshops for herder representatives</p> <p>Monthly monitoring by groups of pasture situation and development plans</p> <p>Midterm evaluation and final poverty impact assessment</p>
2. By the Project's end, 60 water point and pasture management groups will have contributed at least 10% to the cost of water point development, established water and pasture use agreements with the <i>soum</i> LGU, and sustainably managed the water and pasture resources under their control.	<p>Water point procurement records</p> <p>Water and pasture use agreements</p> <p>Reports of NGO facilitators</p> <p>Management group records</p> <p>Reports of participatory monitoring workshops</p> <p><i>Soum</i> land management plans</p>	<p>Semiannual and final reports from NGO undertaking facilitation of groups</p> <p>Annual pasture management workshop in each <i>soum</i></p>
3. By the Project's end, 10 SAECs will have been established and linked to national and international sources of expertise, and extension staff and at least two independent extension providers have improved capacities for providing extension to poor herding families.	<p><i>Aimag</i> extension center report</p> <p>SAEC plans and reports</p> <p>Records of independent extension providers</p> <p>Reports of participatory monitoring workshop reports</p> <p>Herder group reports</p>	Annual <i>aimag</i> -wide extension workshops
4. By the Project's end, 100 poor herder groups will have improved their income by 15% through the	<p>SAEC plans and reports</p> <p>Records of independent extension providers</p>	Annual <i>aimag</i> -wide extension workshops

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for Monitoring and Evaluation
implementation of development plans facilitated by the Project and supported by the SAEC and other local support services.	Reports of participatory monitoring workshop reports Herder group reports and poverty impact assessment	

4. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (\$)
FY2008	718,782
FY2009	748,114
FY2010	533,104
Total Disbursements	2,000,000

Appendixes

1. Design and Monitoring Framework
2. Summary Cost Estimates
3. Detailed Cost Estimates
4. Fund Flow Arrangements
5. Implementation Arrangements
6. Summary Poverty Reduction and Social Strategy

Supplementary Appendixes (available upon request)

- A. Procurement Plan
- B. Implementation Schedule
- C. Terms of Reference for Consultant Services
- D. Memorandum of Understanding between ADB, MoFA, and VSO regarding the proposed Project

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved livelihood approaches from sustainable herding practices in Ovorhangay <i>Aimag</i>.</p>	<p>By the end of 2011, raise the income of herding households taking part in the Project by at least 15%.</p> <p>By the end of 2011, reduce the share of severely degraded pastureland around water points in Overhangay <i>Aimag</i> by 5 percent.</p>	<p>Survey of household incomes and environmental conditions (i.e., pasture management plans and water balance studies) completed at inception and completion of the Project.</p> <p>Land surveys conducted by the Project and other national and international institutions with projects to address land degradation in the project area.</p>	<p>Assumptions Legislative framework and its enforcement facilitate sufficient rights of access for herders to the key resources of water and pastures, and create herder incentives for community management.</p>
<p>Outcome Increased agricultural and livestock productivity attained through agricultural extension provision, enhanced value addition and improved marketing of outputs.</p> <p>Greater awareness of the rights and responsibilities of water and pasture users at the <i>aimag</i>-wide level.</p>	<p>By the end of 2011, at least 900 herding families increase the productivity of their agricultural and livestock raising activities, and enhance value-adding and marketing activities related to the sale of their main outputs</p> <p>More high quality grazing land (about 168,000 hectares by the end of 2011) is made available for herding households in Ovorhangay <i>Aimag</i>, thereby reducing pressure from overgrazing at existing water points.</p> <p>Ovorhangay <i>Aimag</i> improves the quality of agricultural extension it provides to herders and strengthens institutions for community management of soil and water resources by the end of 2011.</p>	<p>Survey of household incomes and environmental conditions (i.e., pasture management plans and water balance studies) completed at inception and completion of the Project.</p> <p>Report of results of poverty impact assessment</p> <p>Land surveys conducted by the Project and other national and international institutions with projects to address land degradation in the project area.</p> <p>Project monitoring reports</p> <p>Policy reforms discussed and adopted</p> <p>Water and pasture use agreements</p> <p>Management group records</p>	<p>Assumptions The Government targets project activities to benefit genuinely poor herders and considers the impact of gender differences in the implementation of project activities.</p> <p>Risks The Government and other development agencies fail to coordinate plans for water point development in the Ovorhangay <i>Aimag</i>.</p> <p>Risks Stronger governance of water points and adjacent pastures risks create conflict between herder groups and individuals.</p>
<p>Outputs 1. Newly constructed or rehabilitated water points function in areas with underutilized pasture.</p>	<p>Sixty new water points will be constructed and 30 existing will be rehabilitated in areas with high quality pasture management plans, benefiting 900 families while improving water access to at least 168,000 hectares of pastureland.</p>	<p>Soum site-selection, workshop reports</p> <p>Procurement and water company records</p> <p>Reports from water balance monitoring at project water points</p>	<p>Assumption Recharging of water points is stable despite greater water extraction and periodically erratic rainfall.</p> <p>Risks</p> <ul style="list-style-type: none"> • Opening of underused pastures creates degradation of these pastures. • Severe droughts or severe winter conditions upsets normal herder movements and put pressure on pasture management strategies.

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
2. Enhanced herder management groups' capacity to plan and manage and maintain water points and pastures.	Develop 60 herder management groups to oversee access and use of water points and surrounding pasture to ensure these resources are used in a sustainable manner.	Water and pasture use agreements prepared Management group records Reports of participatory monitoring workshop reports	Risk Conflict over use rights stalls action on pasture and water use agreements.
3. Increased provision of extension services in pasture management, livestock production, alternative livelihoods, and services for nomadic herding households and groups	At least 100 herder management groups have received extension support and have contributed to the cost of running the groups. At least 100 herder management groups will have successfully implemented planned initiatives with the support of local extension services. Delivery of social services will be piloted in at least six <i>soums</i> .	Reports of participatory monitoring workshop Project monitoring reports Local extension service plans submitted by participating herder groups Project monitoring reports Records on contributions of herder groups to project operation	
4. Effective project implementation, monitoring, and assessment.	A comprehensive project monitoring and evaluation plan will be developed by the end of the Inception phase of the Project During project implementation, progress, audit, and evaluation reports are submitted on time as indicated in the detailed project implementation plan. Periodically, during project implementation, the PMU will produce reports and publication materials to share information about activities and achievements. Quarterly newsletters for project stakeholders and others will be prepared and disseminated. Policy briefs discussing project efforts to establish community regulation of water points and pasture areas surrounding the water points will be produced and share with the Government and dissemination in planned workshops.	Project monitoring and evaluation plan Project monitoring reports Progress, audit, and evaluation reports Reports on Project in media outlets Newsletters Policy briefs	Risk Timely implementation of the Project is hampered by the limited experience of the executing agency, implementing agency, and involved NGOs in working together.

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	<p>Two national workshops on pasture management and/or extension will be held.</p> <p>By the Project's end, at least one publication on lessons learned will be created.</p>	<p>Workshop materials and reports of workshop activities</p> <p>Published project outputs</p>	
Activities with Milestones			Inputs (\$'000)
1.1	Design of a durable and energy efficient wellhead completed by end of 2009.		JFPR Financing: 2,000.0
1.2	Hydrological and environmental impact studies of water point sites completed by end of 2009.		Government Financing: 94.4
1.3	All sites for new and rehabilitated water points selected by end of 2010.		Voluntary Services
1.4	New or rehabilitated water points tested, and their management to herder groups transferred by end of 2010.		Overseas Financing: 95.4
			Total 2,189.8
2.1	Training and related activities to enhance the capacity of herder management groups in water and pasture governance completed by end of 2011.		JFPR Financing:
2.2	Documents related to recognition of water use and land use agreements at project water points prepared and legally authorized by end of 2010.		Civil works 481.0
2.3	Training and related activities to enhance the capacity of <i>soum</i> land management offices completed by end of 2011.		Equipment 353.7
2.4	Discussions of the pasture law and proposed reforms to the law among <i>soum</i> and <i>aimag</i> policymakers and stakeholders completed by end of 2011.		Training, workshops, and seminars 185.6
3.1	Agricultural extension and social service centers in 10 <i>soums</i> established by end of 2010.		Consulting services 642.6
3.2	Training to facilitate the development of 10 private extension service providers completed by end of 2011.		Small grants 190.0
3.3	Work with herder groups to formulate plans for their development and to guide provision of extension services completed by end of 2010.		Grant management 55.4
3.4	Training and related activities to enhance the capacity of <i>Soum</i> Agricultural Extension Center staff members, and upgrading of equipment and facilities at the Centers, completed by end of 2010.		Contingencies 91.7
3.5	Training and related activities to enhance the capacity of independent extension agents completed by end of 2011.		Government Financing:
3.6	Provision of staff and resources to deliver extension services defined in herder development plans completed by end of 2011.		Civil works 45.8
3.7	Agricultural market and public social service information distribution outlets at project water points established by end of 2010.		Equipment 37.5
4.1	Collection of information on the economic and social condition of herding families in Ovorhangay <i>Aimag</i> for a baseline study completed by end of 2009.		Training, workshops, and seminars 6.8
4.2	Creation and maintenance of a database of monitoring indicators on project implementation completed by end of 2011.		Grant management 4.3
4.3	Annual external audits of project accounts conducted until the end of 2011.		Voluntary Services
4.4	Standard reports on grant expenditures and activities filed until end of 2011.		Overseas Financing:
4.5	Lessons learned from project implementation summarized in a final project report prepared by end of 2011.		Consulting services 95.4
4.6	Midterm evaluation study prepared and submitted by end of 2010.		
4.7	Project impact on herder household welfare and poverty, social well-being, as well as pasture and water availability and quality, assessed and summarized in a final evaluation report by end of 2011.		

SUMMARY COST ESTIMATES
(\$)

Inputs / Expenditure Category	A: Water Point Planning and Extension Center Development	B: Local Governance Capacity Building, Resource Use Planning, and Monitoring for Water Points and Adjacent Pastures	C: Extension Station Establishment and Provision of Agricultural Extension and Social Services	D: Project Management, Monitoring, Audit, and Evaluation	Total (Input)	% of Total
1. Civil Works	481,000	0	0	0	481,000	24.0
2. Equipment and Supplies	120,500	19,800	156,000	57,440	353,740	17.7
3. Training, Workshops, Seminars, and Public Campaigns	7,285	64,898	113,433	0	185,616	9.3
4. Consulting Services	125,650	166,280	101,250	249,450	642,630	32.1
5. Small Grants	0	190,000	0	0	190,000	9.5
6. Grant Management	20,850	34,500	0	0	55,350	2.8
Subtotal JFPR Grant-Financed	755,285	475,478	370,683	306,890	1,908,336	95.4
7. Contingencies (0–10% of total estimated grant): Use of Contingencies requires prior approval from ADB.	36,279	22,839	17,805	14,741	91,664	4.6
Subtotal JFPR Grant-Financed plus Contingencies	791,564	498,317	388,488	321,631	2,000,000	100.0
Government contribution	62,120	6,800	18,000	7,480	94,400	
Other Donors Contributions (e.g., NGOs, multi- and bilateral aid agencies)	2,250	59,400	33,750	0	95,400	
Community's Contributions (mostly in kind)	<i>Will be determined during project implementation</i>					
Total Estimated Costs	855,934	564,517	440,238	329,111	2,189,800	

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, NGO = nongovernment organization.
Source: Asian Development Bank estimates.

DETAILED COST ESTIMATES

Code	Supplies and Services Rendered	Unit	Quantities				Unit Cost	Total (\$)				JFPR Amount	Govern-ment	Other Donors (VSO) ^a
			2008	2009	2010	Total		2008	2009	2010	Total			
Component A. Water Point Planning and Extension Center Development						Subtotal	224,765	312,850	282,040	819,655	755,285	62,120	2,250	
1.1 Civil Works														
1.1.1	Exploration and hydrological studies of potential sites	hectare	40	0	0	40	500	20,000	0	0	20,000	10,000	10,000	0
1.1.2	Well housing construction	shed	6	23	23	52	400	2,400	9,200	9,200	20,800	0	20,800	0
1.1.3	Model well housing construction	shed	4	2	2	8	2,400	9,600	4,800	4,800	19,200	19,200	0	0
1.1.4	Rehabilitation and installation	well	10	25	25	60	2,500	25,000	62,500	62,500	150,000	135,000	15,000	0
1.1.5	Digging new wells	80 meters	6	15	15	36	8,800	52,800	132,000	132,000	316,800	316,800	0	0
1.2 Equipment and Supplies														
1.2.1	Collection and summary of availability mapping of resources and hydrology	lumpsum	1	0	0	1	5,000	5,000	0	0	5,000	5,000	0	0
1.2.2	Procurement of pumps and generators	set	10	25	25	60	2,000	20,000	50,000	50,000	120,000	108,000	12,000	0
1.2.3	Transportation expenses	lumpsum	1	0.5	0	2	5,000	5,000	2,500	0	7,500	7,500	0	0
1.3 Training, Workshops, Seminars, and Public Campaigns														
1.3.1	Travel associated with workshops	return-trip	4	4	4	12	150	600	600	600	1,800	1,800	0	0
1.3.2	Training materials	lumpsum	1	1	1	3	80	80	80	80	240	240	0	0
1.3.3	Training materials, publication costs, etc. ^b	year	1	1	1	3	1,000	1,000	1,000	1,000	3,000	3,000	0	0
1.3.4	Budget and financial management workshop: per diems for attendees	3 days	0	0	10	10	30	0	0	300	300	300	0	0
1.3.5	Budget and financial management workshop: rental workshop venue	day	0	0	3	3	30	0	0	90	90	90	0	0
1.3.6	Budget and financial management workshop: training materials	set	0	0	10	10	20	0	0	200	200	200	0	0
1.3.7	Water point and pasture monitoring and evaluation workshop: attendee per diems	3 days	7	0	0	7	45	315	0	0	315	315	0	0
1.3.8	Water point and pasture monitoring and evaluation workshop: rental of venue	3 days	2	2	2	6	90	180	180	180	540	540	0	0
1.3.9	Water point and pasture monitoring and evaluation workshop: training materials	set	20	20	0	40	20	400	400	0	800	800	0	0
1.4 Consulting Services														
1.4.1	Feasibility study on energy efficient well head design ^b	lumpsum	1	0	0	1	10,000	10,000	0	0	10,000	10,000	0	0
1.4.2	Environment impact studies and monitoring of water points	per site	40	40	40	120	300	12,000	12,000	12,000	36,000	36,000	0	0
1.4.3	STV engineer for design of well (salary)	year	1	0	0	1	22,500	22,500	0	0	22,500	20,250	0	2,250
1.4.4	Water specialist (salary)	year	1	1	0	2	14,000	14,000	14,000	0	28,000	28,000	0	0
1.4.5	Hydrological consultant (salary)	year	1	1	0	2	14,000	14,000	14,000	0	28,000	28,000	0	0
1.4.6	Per diems	person-month	20	20	8	48	25	500	500	200	1,200	1,200	0	0
1.4.7	Water specialist (local transport)	total	2	2	0	4	250	500	500	0	1,000	1,000	0	0
1.4.8	Hydrological consultant (local transport)	total	1	1	0.4	2	250	250	250	100	600	600	0	0
1.4.9	Trainer fees	days	5	0	0	5	20	100	0	0	100	100	0	0
1.4.10	Trainer per diem	5 days	5	0	0	5	100	500	0	0	500	500	0	0
1.5 Grant Management														
1.5.1	Completion certification	per well	0	10	25	35	30	0	300	750	1,050	1,050	0	0
1.5.2	Office rent	year	12	12	12	36	120	1,440	1,440	1,440	4,320	0	4,320	0
1.5.3	Postage and communications	year	1	1	1	3	5,000	5,000	5,000	5,000	15,000	15,000	0	0
1.5.4	Stationery	year	1	1	1	3	1,500	1,500	1,500	1,500	4,500	4,500	0	0
1.5.5	Office maintenance and repairs	year	1	1	1	3	100	100	100	100	300	300	0	0

Code	Supplies and Services Rendered	Unit	Quantities				Unit Cost	Total (\$)				JFPR Amount	Govern-ment	Other Donors (VSO) ^a
			2008	2009	2010	Total		2008	2009	2010	Total			
Component B. Local Governance Capacity Building, Resource Use Planning, and Monitoring for Water Points and Adjacent Pastures							Subtotal	212,946	214,066	114,666	541,678	475,478	6,800	59,400
2.1 Civil Works														
2.2 Equipment and Supplies														
2.2.1	General office expenses associated with workshops	lumpsum	1	1	1	3	4,000	4,000	4,000	4,000	12,000	12,000	0	0
2.2.2	Well identification and governance workshops: miscellaneous expenses	workshop	3	6	6	15	100	300	600	600	1,500	1,500	0	0
2.2.3	Workshops identification and selection of soums for water points: other expenses	workshop	3	0	0	3	100	300	0	0	300	300	0	0
2.2.4	Transportation associated with conducting component	lumpsum	1	1	1	3	2,000	2,000	2,000	2,000	6,000	6,000	0	0
2.3 Training, Workshops, Seminars, and Public Campaigns														
2.3.1	Planning workshops and project preparation activities: assessments	lumpsum	1	0	0	1	4,000	4,000	0	0	4,000	3,000	1,000	0
2.3.2	Well identification and governance workshops: Stakeholder travel allowance	25 round trips	3	6	6	15	200	600	1,200	1,200	3,000	3,000	0	0
2.3.3	Well identification and governance workshops: Technical specifications	well	0	10	25	35	20	0	200	500	700	700	0	0
2.3.4	Selection and facilitation of herder groups: workshop cost	lumpsum	1	0	0	1	800	800	0	0	800	600	200	0
2.3.5	Workshops identification and selection of soums for water points: stakeholder travel allowance	25 round trips	3	0	0	3	200	600	0	0	600	600	0	0
2.3.6	Workshops identification and selection of soums for water points: technical specifications	well	0	10	25	35	20	0	200	500	700	700	0	0
2.3.7	Workshop on awareness raising for herders on pasture and water rights and responsibilities cost	lumpsum	19	19	19	57	450	8,550	8,550	8,550	25,650	20,500	5,150	0
2.3.8	Workshop: development of water use and pasture management agreements, participants per diem, travel, and venue, etc.	lumpsum	1	0	0	1	200	200	0	0	200	150	50	0
2.3.9	Soum-level participatory surveys and workshops on pasture management: participants per diem, travel, and venue, etc.	lumpsum	1	0	0	1	1,500	1,500	0	0	1,500	1,100	400	0
2.3.10	Well management manager and operator training: operator travel allowance	8 round trips	10	25	25	60	48	480	1,200	1,200	2,880	2,880	0	0
2.3.11	Well management manager and operator training: operator training materials	set	10	25	25	60	10	100	250	250	600	600	0	0
2.3.12	Capacitation of well and pasture management groups: training	lumpsum	2	2	2	6	3,500	7,000	7,000	7,000	21,000	21,000	0	0
2.3.13	Capacity building for LGU on pasture management: trainee travel	25 round trips	3	3	3	9	200	600	600	600	1,800	1,800	0	0
2.3.14	Capacity building for LGU on pasture management: trainee per diem	3 person-days	25	0	0	25	27	675	0	0	675	675	0	0
2.3.15	Capacity building for LGU on pasture management: supervising trainer travel	10 round trips	3	3	3	9	80	240	240	240	720	720	0	0
2.3.16	Capacity building for LGU on pasture management: supervising trainer fees and per diem	5 person-days	3	3	3	9	75	225	225	225	675	675	0	0
2.3.17	Well identification and governance workshops: Facilitator travel	0.25 round trips	3	6	6	15	38	113	226	226	565	565	0	0
2.3.18	Well identification and governance workshops: Facilitator per diem	3 person-days	3	6	6	15	60	180	360	360	900	900	0	0
2.3.19	Workshops identification and selection of soums for water points: facilitator travel	0.25 round trips	3	0	0	3	38	113	0	0	113	113	0	0
2.3.20	Workshops identification and selection of soums for water points: facilitator per diem	3 days	3	0	0	3	60	180	0	0	180	180	0	0
2.3.21	Well management manager and operator training: trainer land travel	round trip	10	25	25	60	8	80	200	200	480	480	0	0
2.3.22	Well management manager and operator training: trainer per diem	3 person-days	10	25	25	60	27	270	675	675	1,620	1,620	0	0
2.3.23	Capacity building for LGU on pasture management: trainer per diem	person-day	60	60	60	180	9	540	540	540	1,620	1,620	0	0
2.3.24	Capacity building for LGU on pasture management: trainer travel	10 return-trips	3	3	3	9	80	240	240	240	720	720	0	0

Code	Supplies and Services Rendered	Unit	Quantities				Unit Cost	Total (\$)				JFPR Amount	Govern-ment	Other Donors (VSO) ^a
			2008	2009	2010	Total		2008	2009	2010	Total			
2.4 Consulting Services														
2.4.1	Well identification and governance workshops: Facilitator fees	4 person-days	3	6	6	15	60	180	360	360	900	900	0	0
2.4.2	Workshops identification and selection of soums for water points: facilitator fees	4 days	3	0	0	3	60	180	0	0	180	180	0	0
2.4.3	Well management manager and operator training: trainer fees	3 person-days	10	25	25	60	60	600	1,500	1,500	3,600	3,600	0	0
2.4.4	Capacity building for LGU on pasture management: trainer fees	day	60	60	60	180	5	300	300	300	900	900	0	0
2.4.5	LTV natural resource management specialist	year	1	1	1	3	22,500	22,500	22,500	22,500	67,500	50,625	0	16,875
2.4.6	LTV community development	year	1	1	1	3	22,500	22,500	22,500	22,500	67,500	50,625	0	16,875
2.4.7	STV on income generation, livelihoods support	3 years	1	1	1	3	22,500	22,500	22,500	22,500	67,500	41,850	0	25,650
2.4.8	Pasture management consultant, salary	person-month	4	2	2	8	2,000	8,000	4,000	4,000	16,000	16,000	0	0
2.4.9	Pasture management consultant, local travel	field visit	4	2	2	8	200	800	400	400	1,600	1,600	0	0
2.5 Grant Management														
2.5.1	Operational expenses of VSO	lumpsum	1	1	1	3	11,500	11,500	11,500	11,500	34,500	34,500	0	0
2.6 Financial Mechanisms														
2.6.1	Capacitation of well and pasture management groups: establishing revolving fund for poor	lumpsum	9	10	0	19	10,000	90,000	100,000	0	190,000	190,000	0	0
Component C. Extension Station Establishment and Provision of Agricultural and Social Services Extension							Sub-total	196,411	150,911	75,111	422,433	370,683	18,000	33,750
3.1 Civil Works														
3.2 Equipment and Supplies														
3.2.1	Transportation costs associated with extension center establishment	lumpsum	1	1	1	3	2,000	2,000	2,000	2,000	6,000	6,000	0	0
3.2.2	Equipment Supplies ^c	set	9	5	0	14	12,000	108,000	60,000	0	168,000	150,000	18,000	0
3.3 Training, Workshops, Seminars, and Public Campaigns														
3.3.1	Aimag level extension workshop	lumpsum	1	1	0	2	10,000	10,000	10,000	0	20,000	20,000	0	0
3.3.2	Piloting community-based welfare programme: attendees' travel costs	10 round trips	36	36	36	108	80	2,880	2,880	2,880	8,640	8,640	0	0
3.3.3	Piloting community-based welfare programme: per diem—including accomodation	2 days	30	30	30	90	40	1,200	1,200	1,200	3,600	3,600	0	0
3.3.4	Piloting community-based welfare programme: workshop materials	10 lumpsums	36	36	36	108	50	1,800	1,800	1,800	5,400	5,400	0	0
3.3.5	Piloting social services provision: attendees' travel costs	10 round trips	30	30	30	90	80	2,400	2,400	2,400	7,200	7,200	0	0
3.3.6	Piloting social services provision: attendees per diem—including accomodation ^d	5 days	30	30	30	90	100	3,000	3,000	3,000	9,000	9,000	0	0
3.3.7	Piloting social services provision: workshop materials	10 lumpsums	30	30	30	90	50	1,500	1,500	1,500	4,500	4,500	0	0
3.3.8	Extension coordination workshops: attendees' travel costs	round trips	19	19	19	57	8	152	152	152	456	456	0	0
3.3.9	Extension coordination workshops: attendees' per diem ^d	day	19	19	19	57	20	380	380	380	1,140	1,140	0	0
3.3.10	Extension coordination workshops: workshop materials	lumpsum	19	19	19	57	5	95	95	95	285	285	0	0
3.3.11	Workshop on health care provision: attendees' travel costs	round trip	19	19	19	57	8	152	152	152	456	456	0	0
3.3.12	Workshop on health care provision: attendees' per diem ^d	day	19	19	19	57	20	380	380	380	1,140	1,140	0	0
3.3.13	Workshop on health care provision: workshop materials	lumpsum	19	19	19	57	5	95	95	95	285	285	0	0
3.3.14	Herder's insurance awareness raising campaign: attendees' travel costs	round trip	19	19	19	57	8	152	152	152	456	456	0	0
3.3.15	Herder's insurance awareness raising campaign: attendees' per diem ^d	day	19	19	19	57	20	380	380	380	1,140	1,140	0	0
3.3.16	Herder's insurance awareness raising campaign: workshop materials	lumpsum	19	19	19	57	5	95	95	95	285	285	0	0
3.3.17	Capacity building in extension service provision for soum extension staff	soum	5	10	5	20	1,050	5,250	10,500	5,250	21,000	21,000	0	0
3.3.18	Provision of extension support to herders	unit	10	5	4	19	550	5,500	2,750	2,200	10,450	10,450	0	0
3.3.19	Development of new training module and materials	lumpsum	1	1	1	3	6,000	6,000	6,000	6,000	18,000	18,000	0	0

Code	Supplies and Services Rendered	Unit	Quantities				Unit Cost	Total (\$)				JFPR Amount	Govern-ment	Other Donors (VSO) ^a			
			2008	2009	2010	Total		2008	2009	2010	Total						
Component C. Extension Station Establishment and Provision of Agricultural and Social Services Extension																	
3.4 Consulting Services																	
3.4.1	LTV capacity development on extension	year	1	1	1	3	22,500	22,500	22,500	22,500	67,500	50,625	0	16,875			
3.4.2	LTV extension development and social services	year	1	1	1	3	22,500	22,500	22,500	22,500	67,500	50,625	0	16,875			
3.5 Grant Management																	
Component D. Project Management, Monitoring, Audit, and Evaluation							Sub-total	115,190	99,590	99,590	314,370	306,890	7,480	0			
4.1 Civil Works																	
4.2 Equipment and Supplies																	
4.2.1	PMU transportation cost	month	12	12	12	36	800	9,600	9,600	9,600	28,800	28,800	0	0			
4.2.2	Local land travel allowance	field trip	2	0	0	2	200	400	0	0	400	400	0	0			
4.2.3	Desk and chair set and accessories	set	2	0	0	2	2,500	5,000	0	0	5,000	4,250	750	0			
4.2.4	Desktop computer and peripherals	unit	2	0	0	2	1,200	2,400	0	0	2,400	2,040	360	0			
4.2.5	Accounting software	module	1	0	0	1	800	800	0	0	800	680	120	0			
4.2.6	Office furniture ^c	set	1	0	0	1	4,000	4,000	0	0	4,000	3,400	600	0			
4.2.7	Computers	set	2	0	0	2	1,500	3,000	0	0	3,000	2,550	450	0			
4.2.8	Office rent	month	12	12	12	36	80	960	960	960	2,880	0	2,880	0			
4.2.9	Postage and communications	month	12	12	12	36	250	3,000	3,000	3,000	9,000	7,650	1,350	0			
4.2.10	Stationery	month	12	12	12	36	180	2,160	2,160	2,160	6,480	5,510	970	0			
4.2.11	General repairs and maintenance	month	12	12	12	36	60	720	720	720	2,160	2,160	0	0			
4.3 Training, Workshops, Seminars, and Public Campaigns																	
4.4 Consulting Services																	
4.4.1	Implementation officers: salaries	year	2	2	2	6	7,600	15,200	15,200	15,200	45,600	45,600	0	0			
4.4.2	Aimag unit director	year	1	1	1	3	9,600	9,600	9,600	9,600	28,800	28,800	0	0			
4.4.3	Driver: salary	year	1	1	1	3	6,000	6,000	6,000	6,000	18,000	18,000	0	0			
4.4.4	Project Coordinator: salary	year	1	1	1	3	14,400	14,400	14,400	14,400	43,200	43,200	0	0			
4.4.5	Procurement Officer and Office Manager: salary	year	1	1	1	3	10,800	10,800	10,800	10,800	32,400	32,400	0	0			
4.4.6	Accountant: salary	year	1	1	1	3	9,600	9,600	9,600	9,600	28,800	28,800	0	0			
4.4.7	Cleaner: salary	year	1	1	1	3	2,000	2,000	2,000	2,000	6,000	6,000	0	0			
4.4.8	PMU Adviser: salary	person-month	0.5	0.5	0.5	2	14,000	7,000	7,000	7,000	21,000	21,000	0	0			
4.4.9	Auditor: salary	person-month	0.25	0.25	0.25	1	15,000	3,750	3,750	3,750	11,250	11,250	0	0			
4.4.10	Implementation Officers—per diems	day	120	120	120	360	20	2,400	2,400	2,400	7,200	7,200	0	0			
4.4.11	Project Director: per diems	day	60	60	60	180	15	900	900	900	2,700	2,700	0	0			
4.4.12	Procurement Officer: per diems	day	30	30	30	90	15	450	450	450	1,350	1,350	0	0			
4.4.13	Accountant: per diems	day	20	20	20	60	15	300	300	300	900	900	0	0			
4.4.14	PMU Adviser: per diems	day	10	10	10	30	75	750	750	750	2,250	2,250	0	0			
4.5 Grant Management																	
Components A to D = Subtotal							749,312	777,417	571,407	2,098,136	1,908,336	94,400	95,400				
Contingency (Maximum 10% of total JFPR Contribution)							4.6%	1	1	1	3	0	32,736	33,964	24,964	91,664	91,664
TOTAL Grant Costs								0	0	0	2,189,800	2,000,000					

Aimag = province, DPN = direct purchase (national), ICB = international competitive bidding, ICS = individual consultant selection, JFPR = Japan Fund for Poverty Reduction, LCB = local competitive bidding, LCS = least-cost selection, LGU = local government unit, LTV = long-term volunteer, NCB = national competitive bidding, PMU = project management unit, soum = district, SSS = single-source selection, STV = short-term volunteer, VSO = Voluntary Service Overseas.

^a Community contributions expected to take form of in-kind contributions to project operations—value has not been calculated pending examination of ability to pay and risk of preventing participation by

^b The cost of testing new well head design is included in it and it will be developed by international volunteer with the assistance of local consultants.

^c Includes computer, printer, photocopier, and related office equipment.

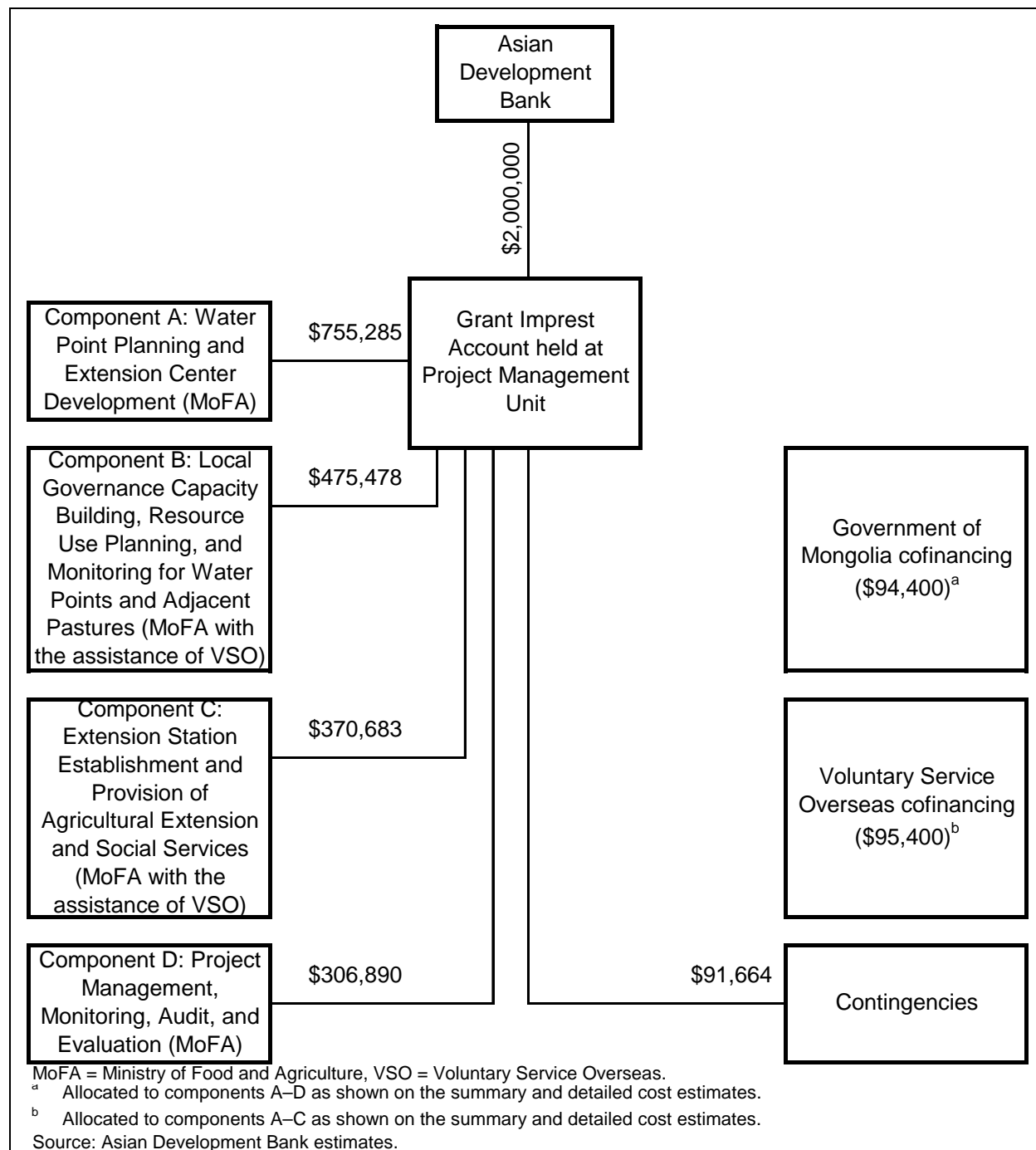
^d Two-day workshop at aimag center.

Source: Asian Development Bank estimates.

FUND FLOW ARRANGEMENTS

1. The Asian Development Bank (ADB) will channel the Japan Fund for Poverty Reduction Fund (JFPR) funds directly to a JFPR imprest account—which will be opened and maintained by the project management unit (PMU) in Ulaanbaatar, at a bank endorsed by the executing agency and acceptable to ADB, to facilitate the Project's day-to-day local expenditures. The executing agency and the Ministry of Finance (MOF) will be kept informed by the PMU about all transactions and will receive copies of all financial statements and audit reports. The JFPR imprest account will be managed by the PMU on the principles of co-signatory arrangement with the Ministry of Food and Agriculture (MoFA), initially based on the first 6-month activity plan and related budget, and afterwards, based on the approved annual work plan and budget. Advance payments to the Voluntary Service Overseas (VSO) may be made directly from the grant account or from the imprest account in semiannual tranches, and approved by the steering committee based on approved work programs.
2. Total advances are not to exceed ADB's estimated share of eligible project expenditures to be financed through the imprest account for the next 6 months or 10% of the grant, whichever is lower. The executing agency may request an initial advance from ADB based on approved contacts and planned expenditures for the first 6 months of the Project, which is to be paid through the imprest account. The initial advance, in any event, is not to exceed the approved ceiling. The imprest account will be established, managed, replenished, and liquidated in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time).
3. The statement of expenditures (SOE) procedure will apply for all payments and transactions under \$10,000 to ensure speedy project implementation. Detailed implementation arrangements, such as the flow, replenishment, and administrative procedures, will be detailed in the grant implementation manual and be established between ADB and the Government through the letter of agreement. The schematic fund flow for the Project is shown in Figure A4.1.
4. Since the imprest fund and SOE procedure will be used, the executing agency will ensure that the PMU has sufficient financial management capability to establish adequate accounting procedures and controls for the efficient operation of the imprest fund.
5. Interest earned on the imprest account, net of bank charges, can be used for the Project, subject to ADB's approval and within the approved total amount of JFPR. Any unutilized interest should be returned to the JFPR account maintained at ADB, upon project completion and before closing of JFPR account.

Figure A4.1: Fund Flow Arrangements for JFPR Project



IMPLEMENTATION ARRANGEMENTS

1. The detailed grant implementation memorandum will be prepared by the project management unit (PMU) in consultation with the Asian Development Bank (ADB) and agreed upon with the Ministry of Finance (MOF) and the Ministry of Food and Agriculture (MoFA) before project inception. The grant implementation memorandum will further detail the implementation and procurement arrangements.

A. Grant Organization and Management

1. Executing Agency and Steering Committee

2. MoFA will be the executing agency and will be responsible for overall supervision and implementation of the Project.

3. A steering committee chaired by MoFA, including nominated representatives from MOF, the Ovorhangay local government unit (LGU), and VSO, will provide oversight and policy guidance for the Project and make strategic decisions including final approval of water point sites, and hiring of local organizations involved in project implementation. Representatives from ADB and the Embassy of Japan will participate in the steering committee as observers.

2. Implementing Agency

4. The Project will be implemented by the PMU with the assistance of the Voluntary Service Overseas (VSO)—an international nongovernment organization (NGO) with extensive experience in social and rural development in Mongolia.

5. The PMU will be headed by a project coordinator and established in MoFA office in Ulaanbaatar. The project coordinator will be responsible for management of the day-to-day affairs of the Project including regular planning, monitoring and reporting, and the supervision of office staff and financial administration. The coordinator is also responsible for negotiating contractual arrangements with external organizations. The coordinator will pay particular attention to coordination with other development agencies in Ovorhangay and Ulaanbaatar and to building productive relationships with all key stakeholders, including LGUs.

6. The PMU will establish an implementation unit at the *aimag* agricultural department in Ovorhangay, staffed by a project implementation officer and supported by an international counterpart officer provided by VSO. The PMU will manage the day-to-day field activities and will work in close cooperation with herder groups, governors, and relevant officers of participating *soums*, the *aimag* LGU, and the institution/NGO hired to facilitate herder group development.

7. If approved, project inception would be expected in the fourth quarter of 2008, and the Project would be implemented for 3 years.

B. Procurement and Consulting Services

8. All procurement will be carried out in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time) and the Procurement Plan agreed for the Project (Supplementary Appendix A).

9. ADB will recruit individual consultants for the key staff positions in the PMU in accordance with ADB's procedures for recruiting individual consultants (*Guidelines on the Use of Consultants*, 2007, as amended from time to time). Contracting for these positions will be the responsibility of the executing agency. VSO will be engaged using the single source selection method to serve as project implementation consultants. VSO has unique expertise required for implementing the project components, it offers significant cost advantages in international consultant recruitment while guaranteeing provision of qualified consultants meeting international standards. Detailed terms of reference (TOR) to guide recruitment and selection of individual international and national consultants for the Project have been developed and are presented in Supplementary Appendix C. The consultants required for the Project, including their TORs and person-month allocations, are subject to review and revision following the fielding VSO consultants and during project implementation. All other consultants required for the Project will be recruited by the PMU, with the assistance of VSO, in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time) and the agreed Procurement Plan. The precise types of agricultural and social service extension activities demanded by communities participating in the Project shall also provide a basis upon which the composition of consultants and consultant TORs may evolve during project implementation.

C. Disbursement

10. The PMU will operate the project imprest account in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time). A detailed implementation plan and implementation manual will be developed during project inception.

D. Monitoring and Evaluation (M&E)

11. The Project will develop and implement an M&E plan which aims to integrate beneficiary monitoring of pasture and water resource use with efficiency monitoring and external evaluations. The main features of the plan include:

- (i) A baseline study comprising household poverty and needs assessment survey, beneficiary group discussions, and baseline assessment of service provision.
- (ii) Participatory M&E of groups and pastures comprising semiannual workshops of representative of participating herder groups and including outputs from the groups own pasture monitoring activities.
- (iii) At least bimonthly surveys of pasture quality surrounding water points developed or rehabilitated under the Project to assess sustainability of herding levels using pasture, and to develop plans for remediation with local herder groups, if necessary.
- (iv) Project partner annual reviews—establish objectives with development partners cooperating on this Project and annual discussion on progress towards these objectives e.g., with LGU agriculture extension and land management departments, NGO implementers, etc.
- (v) Project annual review—annual workshop review of progress, learning, and preparation of annual implementation plans.
- (vi) Midterm evaluation based on key performance indicators and outputs carried out by external consultant.
- (vii) Final poverty impact assessment—review of baseline indicators and key performance indicators carried out by external consultant.

- (viii) Efficiency monitoring—computer-based ongoing collation of relevant monitoring information.

E. Communications Strategy

12. A key component of implementation will be a communications strategy aimed at informing project stakeholders and the public at large of objectives, activities, and achievements of the Project throughout implementation. The communication strategy also includes a media strategy, which is spelled out in the concept paper for the Project. One important part of this communication strategy involves learning and sharing lessons about implementation of this type, and the implications of project successes and failures for ongoing policy debates in Mongolia concerning water resource, land management, and the enabling legal institutions for such management in Mongolia. The strategy will also serve as a tool for promoting transparency (including publication of budget expenditures and related financial accounts for all stakeholders) and for consolidating and disseminating learning gained during implementation. The main activities of the strategy are:

- (i) Printing and dissemination of project leaflets
- (ii) Quarterly project newsletter
- (iii) Periodically producing reports and contributions suitable for inclusions in the publications of ADB and the Government of Japan to publicize the goals and accomplishments of the Project
- (iv) Stakeholder workshops in *soum* centers where the Project is implemented
- (v) At least one national conference on water and pasture management
- (vi) *Bag*-level notice boards
- (vii) Documentation of lessons learned

F. Auditing and Reporting

13. PMU will prepare semi-annual and annual reports on project implementation progress. The form and content of these reports will be agreed between ADB, PMU, and MoFA. PMU will maintain separate accounts for all project components financed by the Japan Fund for Poverty Reduction (JFPR) and have them audited by an independent auditor that has adequate knowledge and experience on international accounting practices and is acceptable to ADB and MoFA. The audited project accounts will be available within 6 months after the end of each fiscal year. Audit should also include the use of the imprest fund and the SOE procedure. An independent opinion with regards to the compliance with standard procedures on SOE and imprest account should be expressed by the auditor. In addition, a final project completion report will be provided within 3 months of the end of the Project.

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country/Project Title: Mongolia Water Point and Extension Station Establishment for Poor Herding Families

Lending/Financing
Modality:

Others (JPFR project grant)

Department/
Division:

East Asia Department (EARD)/Agriculture,
Environment, and Natural Resources Division (EAAE)

I. POVERTY ANALYSIS AND STRATEGY

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

Based on the country poverty assessment, the country partnership strategy, and the sector analysis, describe how the Project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

ADB has also provided several technical assistance projects in support of Mongolia's efforts to plan and develop interventions for sustainable poverty reduction and growth in its rural areas. The proposed Project will complement these activities, focusing on developing small-scale infrastructure and accompanying agricultural and social service extension to remote areas inhabited by herding families. Poverty among nomadic herding families is particularly acute, and the incidence of poverty is significantly above the national average. The extension of agricultural technology and social services to these families has been particularly challenging to the Government as a result of their mobility. ADB worked closely with MoFA to develop a strategy for developing the agricultural sector, and the Project would pilot test key interventions proposed under this study, specifically, opening of new pastureland by establishing new wells and creating *soum* (district)-level agricultural extension capacity. The Project would also complement the proposed Agriculture and Rural Development Project in ADB's 2008 lending pipeline, which aims to finance pilot-testing of agricultural and rural development interventions proposed under the Agriculture Sector Strategy Study. The Project will provide a basis for assessing the economic viability and impact of the package of interventions proposed and will have strong potential to subsequently be expanded into a larger investment project.

B. Poverty Analysis

Targeting Classification: Targeted intervention—households (TI-H)

1. Key Issues

Poverty levels in Mongolia have significantly declined from the high levels (approaching 50%) that prevailed immediately after the collapse of the centrally-planned economy in the early 1990s. However, today, more than one in three people in Mongolia remain poor. Poverty is significantly higher in rural areas (43% compared to 30% in urban areas) where poor households depend on agriculture and, most importantly, extensive livestock production for their livelihoods. More than half of the rural population consists of nomadic herding families who rotate their mixed herds across remote pastures. Poverty among this group is particularly acute.

Agriculture in Mongolia contributes 22% to the gross domestic product. More than 80% of this derives from this extensive livestock production, which can contribute to reducing rural poverty and to wider economic growth through food production and the export of high-quality meat and wool products, including cashmere. However, extensive livestock production in Mongolia is vulnerable to extreme climatic conditions, particularly to extreme winters known as *zuuds*. There have been three *zuuds* since 2000, dramatically reducing livestock numbers with poor herding families bearing the greatest burden. Prior to economic collapse, this climatic vulnerability of livestock herding was mitigated by strong centralized management of herd size, composition, livestock movements, and fodder production through herder collectives and was strongly based on pasture mapping and monitoring.

The economic collapse also resulted in the reemergence of the traditional herding system based on kinship groups, and many previously nonherding families took up small-scale subsistence herding as a survival strategy. This led to increased vulnerability in the sector caused by the loss of proactive management and coordination structures for pasture use and the decline in, or loss of, support services—particularly in respect to animal health. Degradation of pastures is currently increasing partly because damaged and badly maintained water points have restricted pasture access, and the low mobility of poor herders has increased pressure on localized pastures, especially those close to *soum* settlements. These detrimental effects on pastures have been compounded by the increasing proportion of goats in the national herd, which are being grazed for the lucrative cashmere wool market, as well as the increasingly unpredictable rainfall patterns resulting from climate change.

Improving pasture and water management are vital to reduce these vulnerabilities, to decrease poverty among herding families, and to provide a stronger basis on which to build a productive livestock sector. Both the Government and donors have made significant contributions over the last decade to rehabilitate water points; develop an appropriate legal framework for access to land, water, and pastures; and to pilot mechanisms for pasture and water management based on strong herder participation in partnership with *soum* LGUs. This Project aims to build on these achievements and to address key next steps to strengthen herding families' access to and management of water and pasture resources.

The Project targets nomadic herding families that make up a large proportion of the rural poor in Mongolia. The Project's impact will be based on improved access of these households to water and pastureland for feeding and watering their herds, as well as providing agricultural extension and social services demanded by poor households. The Project will improve the livelihoods and income security of nomadic herding families by increasing the involvement of targeted communities in planning, management, and monitoring of the new water points and adjacent pastures. The Project expects to increase community responsibility and stewardship of resources and to increase community participation in decisions on the conservation and sustainable use of pasture and water. The increased income enabled by the improved access to feed and water for their herds, enhanced opportunities for value addition to their raw material outputs (e.g., cashmere, wool, milk, and cheese), and improved access to agriculture extension and social services are expected to improve performance on Millennium Development Goals 1, 4, 5, 7, and 8. The largest impact is expected to be on reducing poverty and improving the environmental sustainability of herder household livelihoods (Goals 1 and 7), but the social service extension should address the other goals mentioned.

2. Design Features

The JFPR grant aims to reduce poverty and improve the livelihoods of poor herding families by building new, or rehabilitating damaged, water points to increase available pastures, developing strong governance and management of those water points and the adjacent pastures by herders, and creating extension models for the provision of sustainable support to herders adjacent to water points (and elsewhere) for improving their livestock or undertaking new livelihood initiatives. The latter strategy is particularly relevant for very poor herders with unsustainably small herds who need support to develop viable alternative livelihoods. The Project also will explore the use of extension structures for delivery of social services based on the priority needs of herding families. The Project aims to develop a strong sustainable model anchored in existing social and local regulatory structures that can complement ongoing policy dialogue on land and water access and pasture management and on the provision of agricultural support services.

In order to maximize the potential impact and learning, it is proposed to implement in this Project in *Ovorhangay Aimag* (province) in the Gobi region. This *aimag* covers three distinct agro-ecological zones—desert steppe, steppe, and mountain valleys—and affords a good opportunity to understand how the project model can be applied in other Mongolian contexts. *Ovorhangay Aimag's* population engaged in herding activities is about 57% (16,643 households), and it is estimated that 72% of these are poor families with herds of 100 or less.

Poverty targeting in the Project is obtained by focusing on the provision of infrastructure and extension services to remote herding households that depend on livestock for their livelihoods. Nationally, the latest living standard measurement survey indicates the poverty incidence among rural households as a whole to be around 44%, and only a small fraction of herding households have herds large enough to generate income needed to raise them above the poverty line. The proposed investments and services will directly impact the welfare of poor households that self-select to make use of and to settle near the new water points by both improving households' access to water and good pastures, and improving the agricultural and social service extension that they receive. The Project will ensure that poor herders who have often been excluded from development processes participate in the strategies envisaged. In particular, poor herders will be targeted for the provision of extension support for improved animal production and alternative livelihood activities. The piloting of social services envisaged in the Project will aim to address the priority needs of women, such as preventative health care and community-based welfare support.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis

The Project is expected to positively influence environmental and social outcomes in the project area by improving livelihood opportunities for herding families through improved access to water and pastures, and increased provision of agricultural and social service extension and training. Due to land tenure arrangements that prohibit private ownership of pasturelands and the nomadic lifestyles of most herding families, resettlement is not expected to be an important concern in project implementation. However, due diligence will be taken to prevent any disruption in user rights and to ensure there is compensation to herding families who have enjoyed traditional access rights to resources affected by the new water points and associated services, e.g., extension centers. This due diligence will identify traditional users of pasture areas affected by the installation of new

water points early in project implementation through *soum*- and *aimag*-level consultations and fieldwork to determine past migration patterns of herding households, including highly infrequent migration spanning over years that passed through proposed sites for new water points. Guarantees that herding families who utilized pastures will not be impacted as a result of the Project will be written into the pasture management agreements pertaining to each water point and into the letter of agreement signed between ADB and MoFA at project inception.

The Project expects to provide support to enable traditional nomadic herding systems to continue by requiring collective access and local governance to water points and surrounding pasturelands, and by raising herd quality through livestock extension services. The Project expects to improve the environmental situation in the target *aimag* by reducing pressure on pastureland surrounding existing water points, and by providing resources and training to capacitate herding families to act as custodians over the water point and pastureland. Planned monitoring and evaluation activities will also improve understanding of environmental impacts of herding practices and provide prompt advice to resource custodians. The Project expects to reduce the likelihood of the spread of infectious diseases transmitted from animals to humans through regular veterinary care for animals using the water point, including increased diagnosis of common diseases and animal vaccinations. Risks of sexually transmitted diseases associated with the formation of seasonal residential collectives near new water points will be mitigated through planned social service extension and training.

A key aim of the Project is to reach poor herding families who tend to be excluded from larger donor development initiatives. The Project aims to support public good services that the Government is already in the process of funding or plans to fund fully by the end of the Project's implementation, either directly or through local nonprofit agencies. Because the Project will provide what are defined to be public goods under Mongolian law, and targets delivery of the services provided by public infrastructure to poor herding families with diminished capacity to assist in repayment, the grant financing also underpins the Project's poverty focus. The Project will develop models for water point and pasture management and extension that can feed in to government- and/or loan-funded investments on a wider scale. In addition, the Project will act as a catalyst in identifying and supporting alternative livelihood investments together with herders that can serve as lessons and models for wider dissemination as well as contributing to drawing investment to rural areas.

Recent interventions concentrated on damaged or neglected water points, while this Project aims to explore the next step of working with communities and LGUs to identify new water points. This approach will be fully participatory, firmly embedded in *soum*-level processes for pasture and land management planning, and sound technical and environmental studies will reinforce site selection. In addition, the linking of new water point development with extension support provides an opportunity to strengthen the herder management groups.

In the context of an evolving legal framework and exploration of practical strategies for pasture management, this Project will establish a very strong link between water point and adjacent pasture management. At the contractual level, the Project will aim to integrate water point agreements and land use plans and to improve herder contributions to water point development. Further capacity building will assist herder management groups to take greater responsibility for pasture management and provide them with associated key strategies and tools. An expected outcome is that herder ownership, and therefore maintenance, of water points and adjacent pastures will be enhanced. The experiences from this project aspect will complement ongoing government policy and strategy development.

The provision of both public and private good support services at the *soum* level and beyond remain very weak and virtually absent in more remote areas. This not only constrains rural economic development, but serves to sustain and even deepen poverty levels among herding families. Strategies that will enable herders and other rural dwellers to access support services remain unclear. The Project will develop and strengthen *soum*-level extension centers, build the capacities of extension officers, and link them to information and expertise. The Project will also develop models for reaching from the extension centers to herders, using both independent agents and herder-to-herder strategies. An additional innovation will be the piloting of social service provision through the structures developed.

B. Consultation and Participation

1. Provide a summary of the consultation and participation process during the project preparation.

Potential stakeholders, particularly herders and LGUs in the target *aimag*, were consulted in the Project's design phase. This included participatory stakeholder workshops at the *aimag* and *soum* level, as well as separate herder discussions. Stakeholders' expectations in respect to their participation in implementation has been integrated into the project design, particularly water point site selection, identification of extension needs, and pasture management processes.

Water point selection will be firmly based on a participatory approach. Initial proposals on site selection will be gathered through herder surveys and LGU discussions. *Soum* participatory workshops, involving herder representatives and LGU staff members, will develop criteria for prioritizing final selection of sites and prepare a short list of sites for exploratory studies. Final decision-making, based on hydrological and environmental studies, will be undertaken through further participatory consultations and workshops.

Water user and land management agreements developed by herder management groups will form part of a bottom-up participatory planning process for land management in each *soum*, involving herders and LGU staff members. This process aims to involve all key stakeholders in pasture management and includes an annual *soum* pasture management planning workshop, bringing together lower-level herder group and pasture user group management plans for discussion and integration into a *soum*-wide plan.

The Project aims to ensure that extension services respond to herders' expressed needs. In this regard, participatory approaches will be employed to facilitate herder development plans, and extension provision will be designed to respond to these plans. Plans will be reviewed and adjusted annually and will also contribute to the participatory pasture management planning process when appropriate.

Herders and LGU staff members involved in project activities will contribute to participatory project monitoring and evaluation particularly through regular participatory monitoring and evaluation group workshops to gauge project progress and provide feedback on implementation. These group workshops will be closely linked to herder management groups' pasture monitoring activities. All stakeholders will be kept aware of project developments and informed of financial management, planned activities, and progress in implementation through a communications strategy including leaflets, newsletters, mobile phone messaging, and local community meetings, with opportunities for stakeholder feedback to contribute to ongoing dialogues on project implementation.

2. What level of consultation and participation (C&P) is envisaged during the project implementation and monitoring?

- Information sharing Consultation Collaborative decision making Empowerment
-- two levels depending upon particular project component.

3. Was a C&P plan prepared?

- Yes No

If a C&P plan was prepared, describe key features and resources provided to implement the plan (including budget, consultant input, etc.). If no, explain why.

Plans for consultation and participation in the Project are vital to its basic design, so they were incorporated into the basic project design rather than as a separate plan. These plans included allocation of planned expenditures under the Project to cover costs associated with local stakeholder participation and consultation.

C. Gender and Development

1. Key Issues

There is a risk that the Implementing Agency will fail to consider the impact of gender differences in the implementation of project activities.

2. Key Actions

Measures included in the design to promote gender equality and women's empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:

- Gender plan Other actions/measures No action/measure

Summarize key design features of the gender plan or other gender-related actions/measures, including performance targets, monitorable indicators, resource allocation, and implementation arrangements.

Data from the baseline survey will provide strong direction in respect to gendered issues for project implementation, and staff members implementing the Project will adapt implementation plans in accordance with the findings from analysis of the baseline survey. Consulting team members, e.g. the community-based welfare services specialist and the basic life skills training specialist, hired to implement the Project will have expertise and terms of reference that include analysis of gender impacts of project activities and instructions to ensure full participation of women as project beneficiaries.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary Resettlement	No impact on resettlement is expected. The Project will ensure that pasture users' access to pastureland will not be adversely affected by the Project, i.e., that they will, at a minimum, maintain their rights to graze their animals as they have done in the past. Requirements for full disclosure and stakeholder participation regarding currently unsettled areas and proposed sites for new wells are also elaborated in the JFPR proposal. These requirements will also be written into the Project's letter of agreement.	Due diligence at the project start-up will identify traditional users of pasture areas affected by the installation of new water points through <i>soum</i> - and <i>aimag</i> -level consultations and fieldwork to determine past migration patterns of herding households, including highly infrequent migration spanning over years, which has passed through proposed sites for new water points. Guarantees that herding families who utilized pastures will not be impacted as a result of the Project will be written into the pasture management agreements pertaining to each water point and be required under the letter of agreement signed between ADB and the MoFA at project inception.	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> No Action
Indigenous Peoples	Indigenous peoples will not be affected by the proposed Project. No individuals from ethnic minority groups are expected to be affected, and there is only a small population of ethnic minorities (0.2% of the project area population according to latest census) that reside in a portion of <i>Ovorhangay Aimag</i> that is excluded from the project area due to proximity to a national park and unsuitable mountainous geography.		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input checked="" type="checkbox"/> No Action
Labor <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Core labor standards	The Project is expected to generate new employment opportunities.	Labor training and labor market information services are to be options available for social service extension depending upon local demand.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action

Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Affordability	Limited Impact	Infrastructure and services provided by the Project will be financed on a grant basis.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others(conflict, political instability, etc)	None appear to apply.		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action
IV. MONITORING AND EVALUATION			
Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, LGU = local government unit, MoFA = Ministry of Food and Agriculture.