

ASIAN DEVELOPMENT BANK

TAR: MON 35396

TECHNICAL ASSISTANCE

TO

MONGOLIA

FOR

**CAPACITY BUILDING FOR INTEGRATED REGIONAL DEVELOPMENT
PLANNING**

October 2002

CURRENCY EQUIVALENTS

(as of 30 September 2002)

Currency Unit	–	Togrog (MNT)
MNT1.00	=	\$0.0009
\$1.00	=	MNT1,111.00

ABBREVIATIONS

ADB	–	Asian Development Bank
MOFE	–	Ministry of Finance and Economy
RDC	–	regional development concept
TA	–	technical assistance
TAMU	–	technical assistance management unit

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. The Parliament of Mongolia adopted the Regional Development Concept (RDC) in June 2001 (Resolution No. 57) to redress regional imbalances and achieve integrated development toward a market economy. During the 2001 Country Programming Mission of the Asian Development Bank (ADB), the Government of Mongolia (the Government) requested ADB for advisory technical assistance (TA) to strengthen its policy, planning, and implementation strategies for the RDC, including the capacity to link physical spatial development with economic development. Subsequently, ADB's Country Strategy and Program Update (2002–2004) included this TA¹ in the 2002 Program. ADB fielded a fact-finding mission in August 2002 and held discussions with staffs of government agencies, relevant research institutions, and international agencies concerned, and reached an understanding with the Government on the objectives, scope, cost estimates, terms of reference, and implementation arrangements for the TA. The TA framework is presented in Appendix 1.

II. ISSUES

2. More than half of Mongolia is under frost for almost 6 months of the year, while the southern part is mostly semiarid desert. The Siberian steppe, between the frost zone and the Gobi desert, forms an east-west corridor along which the nomadic Mongolians tend to move while grazing their livestock. Nomadic way of life is still an important part of the economy. About one-third of the population is nomadic, another one-third is concentrated in the capital, Ulaanbaatar, and the rest live in 21 provincial towns across the country. Significant mineral reserves are largely located along the north-south corridor of the Trans-Siberian Railway, the backbone of industrial activity and international trade. Given the vast territory, small population, remote cities and towns, and poorly developed infrastructure, the costs of providing social services and improving living standards are high, making it very difficult for the Government to implement an effective poverty reduction strategy.

3. In the centrally planned economy, the locations of settlements (and thus transport networks) were artificially defined by the administrative structure.² Most trade flows before 1990 were oriented toward the former Soviet Union. The collapse of the former Soviet Union led to a drastic reduction in subsidies and trading. The artificial hierarchy of settlements, which depended completely on financial support from the central Government, started to show major weaknesses. As market forces develop, the hierarchy of settlements and transport networks defined by the administrative structure cannot efficiently support the actual flows of goods or of people, who tend to migrate to the central provinces and Ulaanbaatar. The Government is therefore faced with the challenging task of formulating a sound development policy that balances ecological and physical infrastructure constraints and economic development trends, while respecting the deeply rooted nomadic culture.

4. Aware of the constraints as well as the needs of a market economy, the Government drew up and adopted the RDC. It redefines regional boundaries by regrouping the 21 provinces into

¹ The TA was first listed in the ADB *Business Opportunities* (internet version) on 2 May 2002.

² Currently, Mongolia has 21 provinces (including the cities of Erdhenet, Darhan, Choir, and the capital city Ulaanbaatar), 346 soums (districts), and 1,681 bags (villages). Before 1990, the flow of raw materials such as minerals, meat, wool, and cashmere from districts to provincial capitals, from provincial capitals to Ulaanbaatar and then to the former Soviet Union, then the major trading partner of Mongolia, provided a suitable hierarchical settlement structure.

five economic regions,³ taking into account the local natural endowment, population and livestock locations, crop production, processing industry, tourism potential, and revenue generating capabilities of the regions. The objective is to foster more balanced regional development within and across regions by speeding up economic and social development; supporting social progress through the efficient use of natural, mineral, and agricultural resources in line with the capabilities of each region; and attaining a more even distribution of the population and economic activities across the regions instead of their present concentration in Ulaanbaatar. The RDC simply provides a set of principles; a policy, strategies, and implementable plans still have to be developed. Further detailed planning is necessary to (i) establish free trade and economic zones; (ii) establish and sustain pastoral livestock farming in all regions; (iii) develop regional centers to link external and internal markets, urban-rural areas, and free trade zones; (iv) strengthen east-west and north-south transportation networks to connect regions and external markets; (v) reorganize the administrative system to suit the new development framework; and (vi) expand and improve infrastructure, including railways, highways, air transportation, power generation systems, social services, financial banking system, and telecommunication systems. Despite the RDC's aim of developing a market economy, however, the RDC is based on central planning, as evidenced by the emphasis it gives to a physical infrastructure blueprint and its lack of critical analysis or assessment of the social and economic implications. This is largely due to inadequate knowledge of market economy principles and the shortage of experienced staff in the Government for policy development and strategic planning—a significant constraint on Mongolia's ability to move its market economy forward.

5. The RDC covers a broad range of economic development issues, but sector strategies and guidelines are currently formulated in a fragmented manner by different ministries. The Ministry of Infrastructure focuses on the human settlement hierarchy, particularly physical planning and infrastructure development, and does not analyze economic trends, needs, and cost recovery in detail. The Ministry of Finance and Economy (MOFE) functions as general coordinating ministry yet works in a relatively piecemeal manner. Very few of its staff are trained for integrated policy formulation, planning, and programming. For efficient planning and investment decision making, the policy analysis capacities of MOFE as well as the mechanism for institutional coordination must be strengthened to enable policymakers to make informed decisions based on thorough and objective analyses. A sustainable institution that integrates policy analysis and strategic planning must be set up.

6. Before preparing the RDC in 1999 the Government had drawn up long-term action programs with the help of multilateral and bilateral agencies.⁴ But the RDC made these obsolete. What is needed is a more structured, organized, and rational approach to regional development that coordinates the various policy initiatives, plans, and sectoral studies, and adequately prioritizes development needs and areas of foreign assistance on the basis of a realistic assessment of their financial viability.

³ The five regions are Western (Bayan-Ulgii, Govi-Altai, Khovd, Uvs, and Zavkhan provinces); Hangai (Arkhangai, Bayankhonogor, Bulgan, Khovsgol, Orkhon, and Uvrkhangai provinces); Central (Darkhan-Uul, Dornogovi, Dundgovi, Govisumber, Omnogovi, Selenge, and Tov provinces); Eastern (Dornod, Khentii, and Sukhbaatar, provinces); and Ulaanbaatar (the capital city and satellite cities in the vicinity).

⁴ A study assisted by the United Nations Development Programme (UNDP), the "Mongolian Action Program for the 21st Century (MAP-21)," offers a blueprint for socially equitable and environmentally sustainable development for the 21st century. It is largely a compilation of local action programs from 18 provinces and four cities and requires further elaboration according to the country's new development direction. Another UNDP-assisted study, done in 1999, critically examined regional development opportunities in Mongolia by reviewing the experiences of Australia, European Union, Japan, United States of America, and central and eastern Europe. Japan International Cooperation Agency also carried out a medium-term development strategy and public investment program in 1999.

7. The RDC currently stands as a statement of the Government's intent to achieve balanced regional development, but it needs to be based on a critical assessment of economic and financial realities toward market-oriented development. The TA will help make the shift from a central planning paradigm to an approach that reflects economic realities and the market demand for development investment, and give the Government a better understanding of its role as an enabler, not a controller, of the economy. The Government has confirmed that it will consider amending or adjusting the RDC if the TA shows it to be financially or economically unviable. By strengthening the country's development capacity, the TA is therefore an essential step toward the efficient implementation of the Government's poverty reduction strategy.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

8. The overall goal of the TA is to support balanced and equitable regional development. The TA aims to strengthen the capacity of the Government for policy analysis and development management, and to help establish systematic and structured development planning functions. The immediate objectives of the TA are to help the Government (i) assess the economic rationale and financial viability of the RDC by preparing an integrated medium-term development strategy, (ii) strengthen the capacity of the regional policy and planning staff of the Government to do their work on the basis of market principles, and (iii) prepare operating guidelines for the establishment of a department (potentially under MOFE) that will function as a policy development "think tank." The TA is expected to deliver an integrated medium-term development plan and strategies, training modules for policy analysts and planners of the Government, and recommendations for establishing an independent policy development unit that will help policymakers make informed policy decisions based on sound analyses. Findings and recommendations will be discussed in participatory workshops involving government officials, nongovernment organizations, private sector representatives, and academics, and will be disseminated through a series of conferences.

B. Methodology and Key Activities

9. The TA has four components.

10. **Component A** will enhance the economic foundation of the RDC and strengthen public policy analysis. Its four subcomponents will do the following:

- (i) Review, analyze, and assess regional development issues in the context of the country's vast land areas, extremely low population densities, and deeply rooted nomadic agriculture. Assess the economic basis for the interrelationships among the existing policies, plans, and strategies. Examine the strengths, weaknesses, and opportunities for market competitiveness of national and regional economies, given their natural, physical, and human resources.
- (ii) Compile a unified document and information relevant to the RDC and policy, using documents already prepared by government, nongovernment organizations, and international agencies, to assist in systematic and structured planning.
- (iii) On the basis of the confirmed market competitiveness and economic rationale, prioritize investment areas by appropriate time frame and by geographical focus, considering economic perspectives and poverty reduction impact.
- (iv) Review and examine draft or existing legal frameworks, and propose necessary amendments to promote coherent regional development.

11. **Component B** will provide training. Government officials will be trained overseas to enable them to review and analyze policy options in a market-based economy and give policy advice at the highest levels. Short-term training programs will be prepared for three levels of government staff, considering their functions and roles: high level decision makers, senior policymakers, and technical policy analysts.

12. **Component C** will help prepare a medium-term integrated regional development plan, including implementation strategies and operational guidelines. The plan will be prepared by government staff, with the assistance of the TA consultants, as part of on-the-job training. Market-based economic theories, principles, and planning methodology will be used in preparing a concrete development intervention, integrating regional development plans, and formulating target development indicators for each region.

13. **Component D** will include the conduct of seminars and workshops to (i) promote public participation, and (ii) disseminate policy briefs to improve public awareness, in public policy formulation, implementation, and assessment. The seminars and workshops will adopt the participatory approach to make the best possible use of local government capacities, knowledge, and experience.

14. Implementable strategies and programs will be developed in a two-step activity. First, the TA team will work closely with key central agencies and the representatives of regional and provincial governors in reviewing, assessing, and prioritizing the programs proposed under the RDC. Then the TA team will develop a realistic and implementable plan and give feedback to the central agencies. An integrated and process-oriented planning approach with built-in participatory workshops will be used to develop the skills of government officials and build commitment to the final strategies chosen. The implementation of all the components will be closely linked. Component C will be carried out after the completion of components A and B, to take into account the outcomes of macro-level prioritization and ensure the participation of the trained personnel. Component D will be carried out throughout the TA implementation period to reflect experience gained during the overall planning and coordination under components A, B, and C, and to establish an adequate institutional framework for an independent development planning body. Also, after a careful study of laws and regulations on urban and regional development, amendments necessary to ensure a coherent legal framework will be recommended. Component D will be undertaken on a quarterly basis, to report major policy issues, outcomes of draft policy studies, and to solicit recommendations and opinions of the steering committee and the public.

15. For the TA to succeed, the Government must closely coordinate between member agencies; openly carry out dialogue with the TA consultants; and, on the basis of the results of component A, reevaluate the need to strengthen further the proposed policies and programs. Outcomes and recommendations will be based on an objective technical assessment. To this end, the Government must assure the TA team of an independent study environment. Concerns about the difficulty of retaining trained staff have also been raised. To minimize the risks, the Government strongly committed to requiring that (i) the staff trained under the TA will be given high priority to be retained under the new policy development department; and (ii) the Cabinet will discuss the recommended improvements in the RDC, including the need to strengthen or amend it to make policy implementation more effective.

C. Cost Estimates and Financing Plan

16. The total cost of the TA is estimated at \$710,000 equivalent, of which \$338,000 is the foreign exchange cost and \$372,000 equivalent in local cost. ADB will finance the entire foreign exchange cost and \$262,000 equivalent of the local currency cost, totaling \$600,000 equivalent, on a grant basis by ADB's TA funding program. The Government will fund the remaining \$110,000 equivalent for office accommodation, utilities, local communications, administrative support, and counterpart staff. A schedule of the cost estimates and the financing plan is in Appendix 2.

D. Implementation Arrangements

17. The MOFE will be the Executing Agency for the TA and will coordinate with other central and line ministries. A TA management unit, involving working group staffs assigned from relevant line ministries, will be established under the Department of Economic Policy and Planning, MOFE. The TA management unit will serve as the secretariat of the steering committee. The MOFE vice minister will chair the steering committee and the Ministry of Infrastructure vice minister will be the deputy chair. The TA will require 83.5 person-months of consulting services (13.5 person-months of international experts in the fields of regional economic development and policy and legal and institutional analysis, and 70 person-months of domestic consultants). The consultants will be recruited by ADB through a firm, in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements for the hiring of domestic consultants. A simplified technical proposal method will be used. The TA will be implemented in three distinct phases, during which planning and institutional capacity building activities will run in parallel: (i) phase 1—assessment and preparation of training modules, (ii) phase 2—training; and (iii) phase 3—preparation of the medium-term integrated regional development strategy. Government officials to be trained overseas will be selected based on criteria acceptable to ADB. Component D, dissemination of results and lessons learned through a participatory workshop approach, will run through all three phases. Four workshops will be held together with the committee meetings to encourage participation in planning and to present the major outcomes, findings, and recommendations for each phase. The TA will be implemented over 12 calendar months, from January to December 2003, with intermittent services of international consultants.

18. ADB funds will be disbursed to the consultants, who will receive cash advances from ADB periodically by submitting proposed activities and estimated expenditures. The consultants will regularly provide ADB with the liquidation statement of expenditures together with supporting documentation, such as invoices, receipts, or other supporting documents acceptable to ADB to substantiate the expenditures.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of Mongolia for Capacity Building for Integrated Regional Development Planning, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/ Targets	Monitoring Mechanisms	Assumptions/ Risks
Sector Goal Support balanced and equitable regional development	Regional service centers established with sustained population at least at natural growth rate	National census data	
Purpose/Objectives To strengthen the capacity of Government for policy analysis and development management, and to assist establishing systematic and structured development planning functions	Regional Development Concept (RDC) is reviewed and reassessed in light of market-based principles, and improved RDC is accepted by the Government	<ul style="list-style-type: none"> Minutes of steering committee meetings Policy briefs Review missions 	The Government will <ul style="list-style-type: none"> retain the trained staff for sustainable institutional development adopt the new unit under Ministry of Finance and Economy for coherent policy analysis
Outputs/Components <ul style="list-style-type: none"> Economic assessment and preparation of an integrated medium-term development plan and strategies Training modules for junior and senior policy analysts and planners of the Government Establish an independent policy development unit Participatory workshops to consult the planning process, and to disseminate the findings and recommendations. 	<ul style="list-style-type: none"> Assessment reports and development strategies 20 government officials trained in abroad Trained staffs work in the independent policy development unit Four workshops conducted to consult on preliminary findings and to disseminate the results. 	<ul style="list-style-type: none"> Review missions Consultant contract milestones Consultant progress reports 	<ul style="list-style-type: none"> Close consultation and coordination among line ministries Open dialogue between consultants and the Government staff to discuss necessary adjustment of RDC, as required Full commitments of government staff assigned by ministries to work on the development plans
Activities <ul style="list-style-type: none"> Component A—economic assessment and preparation of training modules Component B—training Component C—preparation of the medium-term integrated regional development strategy Component D—Through out Component A-C participatory workshops to consult on findings and to disseminate results and lessons learned. 	<ul style="list-style-type: none"> During Jan-Mar 2003 By TA management unit (TAMU), Consultants During Apr-May 2003 By TAMU, assigned staff working group During Jun-Nov 2003 By TAMU, assigned staff working group, Consultants During Mar-Dec 2003, intermittently, involving steering committee, central & local governments, private sector, nongovernment organizations and stakeholders. 	<ul style="list-style-type: none"> Review missions Consultant contract milestones Consultant progress reports 	<ul style="list-style-type: none"> Timely recruitment and deployment of consultants Government assigns adequately qualified staff for overseas training Assigned staff for the working group are committed in full time during phase 3 Cooperation of line ministries, and leadership role of TAMU in preparing development strategies
5. Inputs <ul style="list-style-type: none"> TA total cost International consultancy Domestic consultancy Asian Development Bank contribution Government contribution 	<ul style="list-style-type: none"> \$710,000 13.5 person-months 70 pers on-months \$600,000 \$110,000 	<ul style="list-style-type: none"> Consultants contract TA progress reports, outputs Review mission 	<ul style="list-style-type: none"> Government provides adequate counterpart funding Timely inputs from counterpart staff

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i) International Consultants	290	0	290
ii) Domestic Consultants	0	140	140
b. International and Domestic Travel	16	0	16
c. Reports and Report Translation	0	6	6
2. Equipment ^b	10	0	10
3. Seminars, Conference, and Counterpart Training	0	100	100
4. Miscellaneous Administrative and Support Costs	3	3	6
5. Representative for Contract Negotiations ^c	5	0	5
6. Contingencies	14	13	27
Subtotal (A)	338	262	600
B. Government Financing			
1. Counterpart Staff Remuneration	0	36	36
2. Transportation, Equipment, and Data Collection	0	16	16
3. Office Accommodation and Utilities	0	18	18
4. Others (facilities for workshops, seminars, and conference)	0	10	10
5. Communication and Dissemination costs	0	10	10
6. Contingencies	0	20	20
Subtotal (B)	0	110	110
Total	338	372	710

^a Financed by Asian Development Bank TA funding program.

^b Includes costs of eight computers (\$800 per desktop), with accessories, one printer, and one photocopy machine, including cartridges.

^c Includes cost of travel and per diem for two Government observers to attend contract negotiations in Manila.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

A. Overall Arrangements

1. As the substantive nature of the technical assistance (TA) requires coordination with other line ministries and responsibilities to integrate all sector-specific plans into a unified social and economic development plan, the Ministry of Finance and Economy (MOFE) will be the Executing Agency for the TA. It will coordinate with other central and line ministries. A TA management unit (TAMU) will be established under the Department of Economic Policy and Planning, MOFE, and serve as the secretariat of the steering committee. The TA manager will be the director of the Department of Economic Policy and Planning, and deputy manager will be the Director of Construction, Urban Development and Policy Regulation Department, Ministry of Infrastructure. MOFE will provide full-time counterpart staff (with adequate English skills and relevant background) for the international adviser, and other counterpart staff on a part-time basis for each domestic consultant. To facilitate sustainable capacity building, technical counterpart staff, sourced from MOFE and other relevant government agencies, will form a working group under the TAMU to work together with the consultants.

2. The TA will require 83.5 person-months of consulting services (13.5 person-months of international and 70 person-months of domestic consultants). International consultants will work as policy advisers, providing technical guidance and direction to domestic consultants. The senior level policy adviser and institutional analyst will be selected and engaged by ADB through a consulting firm based on the simplified technical proposal method, in accordance with ADB's *Guidelines for Use of Consultants* and other arrangements for the selection and engagement of domestic consultants. The TA team manager will be from the domestic consultants engaged with the international consulting firm. Other domestic consultants will be selected and engaged at the inception stage according to procedures acceptable to the Asian Development Bank (ADB), by reviewing their qualifications, technical competence, exposure to overseas training in a market-based economy, and experience relevant to policy analysis. The domestic consultant members will be recruited from qualified academicians, staff of nongovernment organizations and research institutions by open competition. Qualified technocrats in government agencies (excluding MOFE) may be assigned to participate in the consultant team, subject to their acceptance through open competition, confirmation from their respective ministers that they are on leave without pay, and the absence of any conflict of interest. Qualified candidates will be interviewed and selected by the consultant team in consultation with the TAMU.

3. The TA will be implemented over 12 calendar months with intermittent services of international consultants, from January to December 2003. The consultants will submit an inception report within 1 month of the commencement of the TA. The inception report will elaborate work plans and present the draft reports for each component to ADB (in English) and to the Government (in Mongolian). After receiving the steering committee's guidance and comments from a tripartite review meeting, a revised final version will be submitted to ADB and international agencies (in English) and to the Government (in Mongolian). The TA will be implemented in three distinct phases, with two types of activities undertaken in parallel: planning and institutional capacity building activities. The first component will be assessment and preparation of training modules; the second, the actual training period; and the third, preparing the medium-term integrated regional development strategy. Additionally, four workshops will be conducted in connection with the committee meetings to encourage participatory development of planning; disseminate results, outcomes, and lessons learned during the TA; and present the major outcomes, findings and recommendations of each component.

4. Once training modules have been detailed at the inception stage, the consultants will arrange an overseas training program, where the climatic and demographic conditions are similar to those of Mongolia. About 20 government officials from MOFE and other line ministries will be selected based on their technical capacities to work further on components B and C. Ministers of each line ministry will nominate candidates based on selection criteria acceptable to ADB, and the minister will ensure the selected candidates, who will have been approved by ADB on a no-objection basis, are fully involved in preparing the medium-term integrated regional development strategy upon returning from the training abroad. The team selected for training will be composed of maximum 20 people, about 10 at the technical level, 6 at the senior director level, and 4 at the policy decision-making level. Representatives of provincial governors will be trained at a later stage when other financing sources become available.

B. Regional Economic Development and Policy Adviser (International Consultant, 9.5 person-months intermittently over 12 months)

5. The policy adviser will have an advanced degree in economics, urban and regional development planning, political sciences, policy analysis, or a related field. He or she will have (i) extensive experience (15–20 years) in development planning processes, policy analysis and advice, and public sector management in a number of developing countries; and (ii) significant working experience in transitional economies for the development issues and policies. He or she will have excellent communication and interpersonal skills with demonstrated diplomatic and negotiating skills to interact with senior government officials over sensitive issues of cultural and political differences. Knowledge of the Russian language is an advantage.

6. The policy adviser will be responsible for (i) providing continued advice, support, and work together with to train government and selected other officials; (ii) designing, preparing, and implementing components A and C; and (iii) providing advice on the analysis, design, and recommendations undertaken by the institutional development specialist on components B and D. The policy adviser will guide the domestic team coordinator with implementing overall TA effectively. He or she will advise the TAMU and directly liaise with the minister level of line ministries and with other related funding agencies to ensure maximum synergy and avoid duplication. The responsibilities will include the following:

- (i) review, analyze, and assess regional development issues in the context of vast land areas with extremely low population density, from the perspective of transition toward a market-economy, and recommend measures to improve the economic rationale of the concept;
- (ii) review the interrelationships among the factors that affect urbanization, urban versus rural economies, and demographic changes; and confirm the economic rationale of interrelationships among the existing policies, plans, and strategies to recommend improvement of the concept;
- (iii) analyze strengths, weaknesses, and opportunities of resources, geographical bases, and key sector bases, to assess the market competitiveness of national and regional economies;
- (iv) examine the relationships between migration patterns, urbanization, and poverty implications to draw out strategies for urban development and for poverty reduction;
- (v) assess urban and rural development trends and requirements, including improvements needed in social and regional infrastructure and services;

- (vi) prioritize investment areas by appropriate time frame and geographical focus, considering economic perspectives and poverty reduction impacts, based on the confirmed market competitiveness and economic rationale;
- (vii) identify strategic focus areas for further social and economic development and investment needs; explicitly discuss the rationale of the chosen focus areas and recommended investment needs, considering spatial distribution, urbanization, and cost-effectiveness;
- (viii) give high-level advice to the Prime Minister or to ministers regarding long-term visions of development, and enhance the awareness on the role of planning;
- (ix) prepare the integrated medium-term regional development plan, including implementation strategies and operational guidelines; use domestic consultant and counterpart staff in on-the-job training to prepare a short-term prioritized and coordinated program of concrete development interventions;
- (x) provide inputs and advice for component B, to design training modules by identifying weaknesses in skills and expertise for planning and policy analysis;
- (xi) advise the institutional development specialist in assessing institutional weaknesses of the planning function of the Government, by providing insights gained from working on components A and C;
- (xii) participate in workshops to present the key findings and reflect the discussions in the planning procedure;
- (xiii) build up awareness gradually among high-level officials on the roles of government under the market economy as an enabler, not as a controller, through informal discussions and seminars;
- (xiv) attend and present policy briefs to the steering committee for policy dialogue and communicate with Parliament Standing Committee members to promote the recommendations, in consultation with ADB;
- (xv) supervise recruitment and selection of domestic consultants; and
- (xvi) take charge of the production of all the reports in English.

C. Institutional Development and Legal Specialist

(International, 4 person-months over 12 months)

7. The specialist will have an advanced degree in public administration, organization theory, law, or a related field. He or she will have had extensive experience (over 15 years) in human resource development, policy formulation, implementation, and assessment. Significant working experience in developing countries context is a must, and experience in transitional economies will be an asset. He or she will have excellent communication and interpersonal skills with demonstrated diplomatic and negotiating skills to be able to interact with senior government officials over sensitive issues of cultural and political differences. Knowledge of the Russian language is an advantage.

8. The specialist will be responsible for the design, preparation, and implementation of components B and D, including detailed design and implementation of training modules. The specialist will consult closely with the policy adviser to assess institutional capacity and the arrangements to improve technical capacity and independent institutional structure to feed objective policy analysis. The specialist's scope covers skills development through training, and structured institutional arrangements for systematic planning, coordination, and implementation of policy analysis. The responsibilities will include, but not limited to, the following;

- (i) Identify major issues in human resource development, particularly in planning and policy analysis and formulation, and help the Government develop specific action to address problems.
- (ii) Review and study the existing and proposed legal frameworks and propose amendments needed for coherent and consistent development framework.
- (iii) Identify institutional and capacity building constraints and help develop managerial and technical competencies for economic and regional planning areas.
- (iv) Provide strategies for the development of applied skills in economics, regional planning, and policy analysis of senior and junior government officials.
- (v) Help the policy adviser prepare reports for the TA.
- (vi) Undertake the overall design of the capacity development program proposed, with particular attention to principles of market economies.
- (vii) Assess and recommend measures to absorb trained staff and domestic consultant team members into an independent policy research think-tank unit.
- (viii) Design training modules appropriate for decision makers, senior officials, and junior officials to improve their planning and policy formulation functions. Pay particular attention to including short courses on reviewing economic theories, regional planning, and public investment analysis underpinnings based on market-led economy principles.
- (ix) Arrange, coordinate, conduct, and supervise overall training activities to enhance their capacity to review and analyze policy options, and capacity to give policy advice at the highest levels.
- (x) Train team coordinators as trainers-of-trainees to facilitate the participatory workshop process

D. Team Manager (Domestic, 12 person-months)

9. The team manager will have an advanced degree in urban and regional planning, public policy, or a related field, and significant overseas working experience (particularly in a market economy). He or she will have extensive experience (over 10 years) in policy formulation, implementation, and assessment in public investment and planning. He or she will have excellent communication and interpersonal skills and excellent English language skills. He or she will have demonstrated management skills under a multicultural team setting.

10. The team manager will (i) be responsible for managing component D; (ii) coordinate and facilitate the overall scope of activities, (iii) be responsible for preparing all the reports in Mongolian, and (iv) be in charge of managing domestic consultants. The team manager will work in close consultation and under the guidance from the policy adviser, and at the same time, will facilitate necessary support in obtaining and translating documents, providing competent interpreters, and coordinating with other relevant government agencies. His or her responsibilities will include, but not limited to, the following:

- (i) Coordinate logistics with policy adviser, institutional development specialist, TAMU, and other line ministries to implement the TA smoothly.
- (ii) Compile a unified information base relevant to the Regional Development Concept and policy, using existing documents prepared by government, nongovernment, and international agencies.
- (iii) Prepare the integrated medium-term development plan, with the domestic consultant team under the advise and direction of the policy adviser.

- (iv) Take charge of coordinating, arranging, and implementing all the seminars, participatory workshops, and dissemination activities, including arranging appropriate facilitation to bring out productive results.

E. Domestic Consultants (58 persons-months over 12 months)

11. The domestically recruited consultants will have expertise in urban and regional planning, social sector development, including health and education, macroeconomics, public administration, transportation economics, energy sector economists, environmental management, demographics, private sector development, institutional/legal analysis, and water resource management. They will be recruited from nongovernmental organizations, academic institutions, and private sector consultants. Qualified technocrats in government agencies (excluding MOFE) may participate in the consultant team, subject to their acceptance through open competition, confirmation from their respective ministers that they are on leave without pay, and the absence of any conflict of interest. Qualified candidates will be interviewed and selected by the consultant team in consultation with TAMU. The domestic consultants will do the following:

- (i) Under the direction of the policy adviser, undertake studies and policy analyses in reviewing the Regional Development Concept, and prepare a medium-term development plan and strategies, including operational guidelines.
- (ii) Assess and identify by region the potentials, market competitiveness, and constraints of development.
- (iii) Prepare regional development indicators and monitorable targets, by sector and region.
- (iv) Elaborate the regional development plan and operational action plan based on the market economy principle.
- (v) Taking into account limited financial sources, examine the feasibility of shifting the planning paradigm from a sector basis to a regional basis, and identify major bottlenecks for implementing the shift together with alternate options for improvement.
- (vi) Review legal documents, analyze their consistency, and recommend a coherent framework under the guidance of the international institutional development and legal specialist.
- (vii) Document the methodologies and theoretical grounds used for the planning process.
- (viii) Provide translation services.
- (ix) Produce necessary reports under components A and C.
- (x) Do other duties as directed by policy adviser and team leader.