



Social Monitoring Report

Project Number: 39229-033
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MON: Agriculture and Rural Development Project - Additional Financing–Social Monitoring Report (January–December 2017)

Prepared by the Project Management Unit of Agriculture and Rural Development Project for the Asian Development Bank.

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MONITORING REPORT ON SOCIAL AND GENDER PERFORMANCE OF AGRICULTURE AND RURAL DEVELOPMENT PROJECT - ADDITIONAL FINANCING

Executive summary

1. The Agricultural rural development project additional financing (ARDP AF) will support to increase the value addition on its rich yet underutilized livestock and other agricultural resources through (i) value chain investments (VCIs); (ii) capacity strengthening of primary producers and processors; (iii) improvement of marketing and technical capacity of agro-enterprises and cooperatives; and (iv) development of Mongolian product brand(s). As a result, the additional financing is expected to generate employment opportunities and help diversify the Mongolian economy, which has been driven by the mining sector.
2. The impacts of the overall project will be (i) competitiveness of the agriculture processing industry enhanced, (ii) private sector-led employment generated, and (iii) SMEs (Small and medium enterprises) developed. The outcome of the overall project will be value addition on Mongolian agricultural resources increased by PPEs (Project participating enterprises). The project is expected to increase primarily the agro-processing capacity and secondarily primary agricultural production in Mongolia, and hence increase value addition to agricultural resources. The increased capacity will lead to employment generation, and indirectly benefit herders, farmers, and primary processors through the PPEs' increased demand for raw materials. The project has three outputs: (i) VCIs financed; (ii) Production capacity of herders and farmers improved; and (iii) Enterprises' marketing and technical capacity improved; (4) Mongolian product brands developed and (v) project management to be improved.
3. As of end of 2017, Social and gender consultant prepared cumulatively 19 social and gender assessments for VCI proposals. Out of them 16 subprojects were approved and financed, amount of MNT 36.6 billion. All financed subprojects have been implemented as planned or with some minor changes in response to changing business and market environment. This monitoring report provides details of the monitoring of 5 subprojects financed by the original project and 9 subprojects approved and financed by the additional financing in 2016.
4. During the reporting period, all PPEs under monitoring have completed number of the project planned activities. Some results were straightforward and demonstrated immediate outputs, while some of the results not yet noticeable due to character of investment, PPEs' initiatives, and efforts. For some, substantial additional time was needed, and some of the expected results awaited due to on-going pertinent government sectorial policies, programs and projects changes, since an individual company's action needs amplification by them. Meanwhile, PPEs had significant improvement in their production process and product quality, working conditions for employees, including separate sanitary and changing facilities, the operational areas expanded through full and partial construction work and maintenance, with safer workplaces, and more importantly, new jobs were created. Altogether, PPEs created greater economic impact on society livelihood, in particular for PPEs employees and pertinent herders. As one of the tangible result, 14 PPEs by the end of 2017 employed 3,517 people in total, 66% of which are women and 36% are rural people. Within the VCI activities, during 2017 609 new working places were created, 49% of which went to women. From those PPEs, 6 are located at aimag, soum and bag levels and 24% of total created new jobs were offered to the local people.
5. The required raw materials for the production are livestock originated products such as sheep and camel wool, cashmere, hides and skin, meat and milk. PPEs procure raw materials through their agents/representatives, purchased directly from herders and cooperatives by procurement team

of companies, some local herders delivering raw material for sale at the plant door. Purchase of raw materials through middlemen still done in large quantities. PPEs are aiming to develop long-term mutually beneficial cooperation with herders and cooperatives, including the procurement of more raw materials directly from herders without involvement of intermediaries, promote price differentiation related to the quality of raw materials, assist herders to receive government incentive bonuses for supply cashmere, wool hides and skins of animals to them, train herders, improve animal health and raw materials quality.

6. In overall, the capacity of project involved PPEs varies across different companies due to diverse capacities, scale of companies, different level of corporate development and governance, which all greatly influence the personnel attitudes and practices. It is also shown in their social accountability actions and performances.
7. During the reporting period, PPEs did not face any indigenous peoples' concerns and involuntary resettlement issues. All those subprojects are implemented within territory owned by PPEs companies and using land possessed by them with securing certificates. No indigenous people communities are located in the project areas and all projects utilizing existing facilities.
8. Human resource policy and procedures in all PPEs ensured that female workers will not be discriminated at the working places. Female workers significantly benefitted as a result of investment through improved working conditions and OSH (Occupational safety and health), new jobs creation, increased knowledge and skills, established separate sanitary facilities for women and men, separate changing rooms and lockers, regular medical checkups of employees done by all PPEs. Within the VCI activities, 609 new jobs were created, 49% of which went to women, which exceeds the project target of 40%. As of end of 2017, in total 24 trainings were organized under Output 1, 2 and 3, where 1219 representatives of different stakeholders such as PPEs, PPB (Project participating bank), government organizations and agencies and cooperatives and herders participated, 52.1% of which are female.

I. Project description and Information

Project name and No:	Agriculture and Rural Development Project - Additional financing, MON 39229-033		
Total amount of financing:	#	Source	Amount, USD mln
	1	ADB ADF	15.0
	2	ADB OCR	35.0
	3	GOM	1.0
	4	PPEs	10.0
	Total amount		USD 61.0 mln
Project implementation period:	2016.03.01 – 2020.12.31		
Executing and implementing agencies:	Ministry of Finance (MoF) Ministry of Food, Agriculture and Light industry (MOFALI)		
Project objective:	The impacts of the overall project will be (i) competitiveness of the agriculture processing industry enhanced, (ii) private sector-led employment generated, and (iii) SMEs developed. The outcome of the overall project will be value addition on Mongolian agricultural resources increased by PPEs. The project is expected to increase primarily the agro-processing capacity and secondarily primary agricultural production in Mongolia, and hence increase value addition to agricultural resources.		

	The increased capacity will lead to employment generation, and indirectly benefit herders, farmers, and primary processors through the PPEs' increased demand for raw materials.
Reporting period:	2017.01.01 –2017.12.31
Objective of the monitoring	<ul style="list-style-type: none"> - Monitor a compliance with ADB's social safeguard policy and requirement, Laws and regulations of Mongolia and Government policy during project implementation, - Monitor PPEs' performance on gender and social safeguards and dimensions during project implementation against the targets set in the DMF.
Number of sub-projects covered the monitoring	Monitoring of 2017 covers five subprojects from ARDP original project (VitaFit invest LLC, Altai cashmere LLC, Erdenet Carpet LLC, Mogol noos LLC, and Darkhan minj LLC) and nine subprojects from additional financing project (Noos ireedui LLC, Denimon LLC, Gobi JSC, Khan brand LLC, Mongolian cattle LLC, Russkie kolbasy LLC, Davshilt trade LLC, Monmeat trade LLC and Sor cashmere LLC). (Please see the table 2)
Tools/resources of the monitoring	<ul style="list-style-type: none"> - Screening checklists on IR, EMP and compliance with Labour law and applicable regulations, performance indicators of DMF and GAP, which were agreed with ADB and executive and implementing agencies of Government of Mongolia; - Monitoring report received from PPEs /report format was developed by PMU/; - Site visits findings /PMU had monitoring visits to Mogol noos LLC, Monmeat trade LLC, Darkhan minj LLC, VitaFit invest LLC, Altai cashmere LLC, Erdenet khivs JSC, Noos ireedui LLC, Denimon LLC, Gobi JSC, Khan brand LLC, Russkie kolbasy LLC, Mongolian cattle LLC, Davshilt trade LLC and Sor cashmere LLC during the reporting period/; - Other resources of the monitoring /websites, reports, communication with stakeholders such as inspectors, local governments officials, local community, workers, local suppliers and partners, etc. /.

II. Project social and gender performance

Table 1. Project overall performance (cumulative data), by project performance indicators

#	Performance indicators	Baseline data	Performance (as of 31 Dec 2017)		Performance up to end of the project date
			2016	2017	
Output 1. VCIs financed.					
1.	About 80 VCIs are financed by Q4 2020	12	21	28	35%
2.	Due diligence of about 80 VCI subprojects is completed by Q3 2020 (added, 2015 baseline: 16)	16	25	35	43.8%
3.	In total 920 person-times of PPE and PPB staff are trained on finance, safeguards, gender, and monitoring by Q2 2020, of which at least 40% are women (added, 2015 baseline: 332)	332	1,225	1,676	182%
			Women participants is 49.6%. (Exceeds the project target of 40%)	Women participants is 52.8%. (Exceeds the project target of 40%)	
Output 2. Herders' production capacity improved.					
4.	120 herder and farmer cooperatives supported by the project increase their outputs by at least 20% by Q4 2020 (added, 2015 baseline: 104)	104	A total 43 cooperatives of beekeeping, wool and cashmere, milk and sea buckthorn subsectors have just been selected. Capacity building trainings and other planned activities will start from 2018 and continue until 2020.		
5.	5,500 person-times of herders, farmers, primary processors, and relevant technical staff of local	4,320	-	4,727	86%
			-	Women participants is 52.8%, which	

	governments, of which 40% are women, trained by Q4 2019 (added, 2015 baseline: 4,320)			exceeds the project target of 40%	
Output 3. Enterprises' marketing and technical capacity improved.					
6.	800 person-times of PPE staff, of which at least 40% are female, are trained on marketing and technical skills by Q4 2020 (added, 2015 baseline: 350)	350	-	391	48.9%
				Women participants is 48.8%, which exceeds the project target of 40%	

Progress of the project implementation

The following sections summarize the project implementation progress by outputs, providing details of benefits the project has already generated especially for employees, herders, local people, problems and issues needed to be addressed on timely and adequate manner, and risks to which sufficient attention should be paid:

2.1. Progress of output 1: VCIs financed

As of end of 2017, in total 19 social and gender assessments were conducted for VCI proposals, out of them 16 subprojects have been approved and financed. Total amount of MNT 36.6 billion. Assessment work involves not only review of the existing operations, procedures and policies, it also involves advice, recommendations, which adds value to planning for improvement of Social and Gender performance. All subprojects been implemented as planned or with some changes in response to changing business environment and market. Social and Gender performance monitoring for the period specified above covers 6 subprojects financed by the original project and 8 subprojects approved and financed by the additional financing in 2016.

Table 2. VCIs information

Monitoring indicators	Project data				
	Baseline (Original project)	2016	2017	Target indicators	Performance up to date
Number of VCIs financed	12	9	7	80	28
- Number of social and gender assessments prepared for VCI proposals	16	9	10	80	35
- Number of VCIs approved by ADB/PSC	12	9	8		29
- Number of VCIs covered this monitoring	6	8	0*		

*_ Since

project results will be presented after 6-9 months after investment in most cases, sub-loans approved in 2017 were not included in this monitoring report of 2017.

PPEs project implementation monitoring of 2017 by sectors is as follows: one in leather processing, five in wool and cashmere, one in apparel, one in milk production, four in meat production and one in intensive farming financed by both the original project and additional financing project.

All PPEs have implemented planned activities during the reporting period in timely manner, except some which were resulted from that the approval process took longer time than the companies estimated. Some results produced by the investment were straightforward while some of the results would need certain time to be demonstrated or fully assessed because the nature of investment, PPEs' initiatives, efforts, where substantial time was needed, and expected results should be linked to the on-going pertinent government sectorial policies, programs and projects.

Table 3. The project participating banks and enterprises, monitoring reports of which received as of December 31, 2017.

#	Company	Sector and business	Location	Approved			Issuing bank	Loan repayment status
				\$ '000	By	Date		
ARDP Stage I								
1-1	Erdenet Carpet	Wool processing and carpet making	Orkhon aimag	2,965.0	ADB	2010	KHAN	Due to January of 2018
1-2	Mogol Noos	Wool processing	Tuv aimag	1,606.0	ADB	2011	TDB	Due to June of 2018
1-3	Vitafit	Milk processing	UB, Khentii aimag	1,500.0	ADB	2012	XAC	Due to March of 2019
1-4	Altai Cashmere	Cashmere production	UB	2,963.0	ADB	2012	XAC	Due to March of 2019
1-5	Darkhan Minj	Tannery and leather manufacturing	Darkhan-Uul aimag	612.0	ADB	2012	TDB	Paid in July of 2017
ARDP AF								
2-1	Noos Ireedui	Wool processing	Uvurkhang ai aimag	1,250.0	ADB	2016	Golomt	Grace period will be finished in March of 2020
2-2	Denimon	Apparel	UB	208.3	PSC	2016	TDB	Grace period will be finished in March of 2020
2-3	Gobi	Cashmere processing and manufacturing	UB	2,500.0	ADB	2016	TDB	Grace period will be finished in March of 2020
2-4	Khan Brand	Diary processing	UB	333.0	PSC	2016	KHAN	Grace period will be finished in March of 2019
2-5	Mongolian Cattle	Intensive farm	Khovd aimag	156.2	PSC	2016	Golomt	Grace period will be finished in March of 2018
2-6	Russkie kolbasy	Meat processing/ sausage making	UB	187.5	PSC	2016	KHAN	Grace period will be finished in March of 2018
2-7	Davshilt Trade	Meat processing	UB	208.3	PSC	2016	TDB	Grace period will be finished in March of 2019
2-8	Sor Cashmere	Cashmere production	UB	2,274.0	ADB	2016	TDB	Grace period will be finished in March of 2020
2-9	Mon Meat	Meat processing	UB, Khentii aimag	582.3	ADB	2016	KHAN	Paid in November 2017 under original project Enrolled again to the ARDP AF and grace period will be finished in March of 2020.

During the reporting period, PMU received monitoring reports from all 14 PPEs, including five PPEs from original project and had field visits to 12 of them, including Vitafit invest LLC, Altai cashmere LLC, Erdenet Carpet LLC, Mogol noos LLC, Darkhan minj LLC, Noos ireedui LLC, Denimon LLC, Gobi JSC, Khan brand LLC, Russkie kolbasy LLC, Davshilt trade LLC and Monmeat trade LLC. Findings will cover the following areas.

2.1.1 Safeguards

During the reporting period, PPEs did not face any indigenous peoples' concerns and involuntary resettlement issues. All those subprojects are implemented within territory owned by PPEs secured by land possession certificates issued by the relevant authorized bodies in accordance to the Land law of Mongolia.

No indigenous people's communities are located in the project areas and all projects utilized existing facilities. The PMU took relevant actions to ensure ADB safeguard requirements have been met on satisfactory level. A set of safeguard due diligence documents comprising of ethnic minority impact screening checklist, involuntary resettlement impact screening checklist, and social issues report were prepared for each approved value chain investment proposals, regularly monitored during implementation period by the all stakeholders/interested parties, including the Project Steering Committee.

2.1.2. Beneficiaries

As shown in the table 4, the direct beneficiaries of the project are the PPEs' employees. All those 14 PPEs employed in total 3,517 people by end of 2017, 66% of which are women and 36% are rural people. Within the VCI activities, 609 new jobs were created during 2017, 49% of which went to women. Among the loan recipient PPEs, there are 6 located in aimag, soum and bag levels and 24% of total created new jobs were offered to local people. /Table 4. Information on Project beneficiaries/

Table 4. Information on Project beneficiaries /data received from 14 PPEs for monitoring purpose/

Monitoring indicators		2016		2017	
		Total	From which female	Total	From which female
Number of total employees of PPEs		2908	69%	3517	66%
Of which:	Managerial staff	129	64%	180	64%
	Engineering and technical staff	381	38%	391	35%
	Financial and administrative staff	454	77%	512	73%
	Workers	1944	74%	2434	69%
Number of new jobs created under project		VCI activities are started.		609	49%
Number of new jobs created in the rural areas				149	34%

2.1.3. Progress made in improvement of work and workplaces

In 2017, all 14 PPEs paid in total MNT 1.7 billion for social insurance fee and contributed MNT 7.0 billion to the social and regional development activities through payment of the corporate income tax to local government budget.

As a result of project investment, all PPEs have improved their production process and productivity. 10 PPEs have improved their production process both in terms of volume, product quality and product range. This in turn results in increased salary and other benefits the employer offer to employees and work conditions. Most of the PPEs provide now separate sanitary and changing facilities and much more space per employee in the production floors to allow improved work safety as a result of full and partial construction work and maintenance afforded by PPEs first time for no less than last 5-10 years' time. New jobs are created. All together PPEs created greater economic impact on society livelihoods, especially for employees and herders.

One of the performance success story company is Gobi JSC. With the ARDP investment they established a sewing salon—II through renovating existing building and installed new 132 machines and equipment, established 117 new working places under the project investment.

Picture 1. Sewing salon II - before and after investment



Second good performance example is Denimon LLC, which expanded its operational area by 160% compared the space the rented in the previous building prior the ARDP financing, resulted of which its production volume of denim garment was increased almost 2 times and sales increased by 60% comparing with previous year and 41 new working places were created. Another PPE, Noos ireedui LLC created 61 new jobs with establishment of a sewing unit, a non-woven felt making unit, installment of shearing and skin processing machines, expansion of the primary processing workshop, (in sewing section -17, workers at shearing machines – 16, felt production unit – 9 and wool sorting section -19 jobs).

Picture 2. Plant of Denimon LLC - before and after investment



Next PPE, Monmeat trade LLC built and opened its meat shop in the Khan-Uul district of the UB city, where 4 new workplaces were created. Customers of this shop are highly satisfied with both service (product range, cleanness and well equipped cooling and refrigerating) and convenience. These households had to travel quite long distance to buy meat at affordable price. Opening the shop enabled them now buy meat product with price comparable at bazar without time consuming travel to the big meat bazar in the huge traffic.

Picture 3. Meat shop of Monmeat trade LLC in Khan –Uul district, UB



In overall, Mongolian entities started to understand that the workforce, especially trained and qualified workforce is a valuable asset, but most of them do not have resource to support their effort to keep them. As a result of the expansion, the loan recipient companies operations and financial conditions are significantly improved, PPEs have more resource to support job satisfaction with improved employee care and benefits. PPEs' managers have now incentive to pay more attention to the improved working environment of their employees, safety and satisfaction of the employees for improved work attitude, spending in these expenses have increased.

Picture 4. Cow farm of Mongolian cattle LLC in Khovd aimag



2.1.4. Policy and procedures.

Internal policies and procedures in most PPEs were reviewed and updated as required by PMU in line with national labor code standards. Depending on the size of the company, the improvement in this area varies from PPE to PPE. It does not seem easy for small businesses with fewer than 10 employees to cope with management of all changes at first place. They tend to focus first on their business operations management. Improvements in documentation and recording take time, but not done simultaneously with business management operations.

Most of Mongolian small business owners take all management responsibilities in their own hand with intention to take full control, but always have limited time to perform multiple tasks or try to use effectively limited human resources, that is far below than what is required for the management of new areas rather than to hire outside professionals. The PMU plans to run some training to these PPEs to raise their awareness.

8 PPEs out of 14, reviewed and updated their policies and procedures due to an expansion of the business operations (Denimon LLC, Gobi JSC, Darkhan minj LLC, Noos Ireedui LLC, Mogol noos LLC and Russkie kolbasy LLC), changed organizational structure (Vitafit invest LLC and Erdenet Carpet LLC) and under preparatory work some started introduction of the HACCP standard and ISO (Khan brand LLC and Vitafit LLC). For example, Gobi JSC renewed and approved its human resource policy in 2016 and based on it renewed and approved its internal labor procedure in full conformity with pertinent legislation, in 2017. Denimon LLC has cooperated with a legal consulting company on reorganization of company's structure, created new position of HR manager and developed four new procedures and followed in its operations.

Table 5. Policy and procedures of PPEs

#	Company	Changes in policy and procedures	Remarks
1	Erdenet Carpet LLC	+	Organizational structure has changed, All policy and procedures have been reviewed, updated and developed. Total-92 procedures
2	Mogol Noos LLC	-	Hired consultant to work on improvement organizational structure and documentations
3	Mon Meat LLC	-	No changes
4	Vitafit LLC	+	Organizational structure has changed, All policy and procedures have been reviewed and updated, Got ISO 9001:2008 certificate in 2011, Working on introduction ISO 22000:2005 standard in cooperation with SGS -Mongolia LLC
5	Altai Cashmere LLC	-	No changes
6	Darkhan Minj LLC	+	Approved and followed procedure on OSH committee
7	Noos Ireedui LLC	+	Approved and followed new instructions with installement of new machine and equipment
8	Denimon LLC	+	3 new peocedures
9	Gobi JSC	+	Reviewed and updated all procedures. Internal labor procedure renewed and approved in 2017.
10	Khan Brand LLC	+	Preperatory work to get HACCP certification, Developed 4 new procedures
11	Mongolian Cattle LLC	-	No changes
12	Russkie kolbasy LLC	+	Approved and followed 4 new procedures.
13	Davshilt Trade LLC	-	No changes
14	Sor Cashmere LLC	+	Approved and followed 1 procedure on attendance

2.1.5. Staff training and promotion.

All PPEs approved and implemented training plan in 2017 in order to support the expanded or new operations. In total, with repetition or overlapping of the attendees, 10178 employees, from which 57% are female employees, participated in 228 trainings organized by the PPEs.

For example, Gobi JSC pays substantial time and attention to improvement of knowledge and practice of employees. In 2017, the company organized 27 types of trainings according to the Employees Development Program and spent MNT 99.6 million, including the technical trainings organized after installation of each new machinery and equipment. In 2017, the company organized firefighting trainings among employees in cooperation with Emergency department of the district in order to learn lessons from a roof fires at the factory in 2017, when during renovation work the roof of the main factory building went to fire, and to prevent further fire risks. 375 employees from 12 units of the company were involved in this training. It was good rehearsal of knowledge obtained during the training programs.

On the contrary, Davshilt trade LLC and Mongolian cattle LLC, management organized own trainings on the job, without involvement of outsiders and extra cost.

Table 6. Training activities in PPEs

#	Company	Skill development trainings			
		# of trainings	Budget, mln ₮	Number of employees who had skills upgrade trainings	Women employees trained
1	Erdenet Carpet LLC	90	63.5	1850	868
2	Mogol Noos LLC	4	6.5	55	36
3	Mon Meat LLC	6	2	10	2
4	Vitafit LLC	51	3.8	4240	2450
5	Altai Cashmere LLC	1	-	17	12
6	Darkhan Minj LLC	25	2.5	45	35
7	Noos Ireedui LLC	5	6.4	224	179
8	Denimon LLC	4	21	12	6
9	Gobi JSC	27	99.6	3643	2186
10	Khan Brand LLC	10	2.2	9	5
11	Mongolian Cattle LLC	-	-	-	-
12	Russkie kolbasy LLC	3	4	8	5
13	Davshilt Trade LLC	-	-	-	-
14	Sor Cashmere LLC	2	4.8	65	48
	TOTAL	228	216.3	10178	5832

Picture 5. Firefighting training in 2017

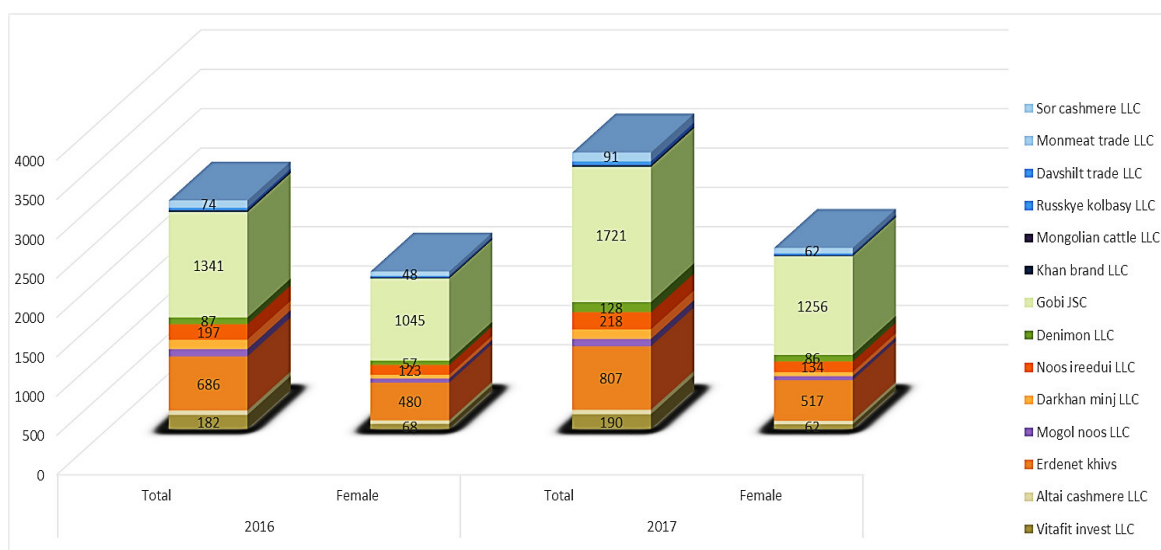


The engineering, technical staff and managers selected and promoted based on their skills, experience and performance within the company. 64% of the management positions and 73% of the financial and administrative position within all PPEs are taken by women. 64.7% of all engineering and technical staff within all PPEs are taken by male employees and female engineering and technical staff are decreased by 3% in 2017 comparing with 2016. (Please see table 7).

Table 7. Number of permanent employees by gender and work position in PPEs

Company's name	Total employees				Managerial staff				Engineering and technical staff				Administrative and financial staff				Workers			
	2016		2017		2016		2017		2016		2017		2016		2017		2016		2017	
	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female
Vitafit invest LLC	182	68	190	62	25	11	21	11	60	15	65	6	57	29	52	27	40	13	52	18
Altai cashmere LLC	57	44	57	44	5	5	5	5	1	0	1	0	1	1	1	1	50	38	50	38
Erdenet khivs	686	480	807	517	16	10	26	14	44	36	71	46	53	41	71	48	573	393	639	409
Mogol noos LLC	94	52	94	52	1	0	1	0	9	4	9	4	14	6	14	6	70	42	70	42
Darkhan minj LLC	118	49	121	51	9	7	9	7	10	4	10	4	6	6	6	6	93	32	96	34
Noos ireedui LLC	197	123	218	134	6	3	9	5	26	9	29	18	5	3	6	6	160	108	174	105
Denimon LLC	87	57	128	86	2	1	4	2	15	13	2	1	19	12	20	11	51	31	102	72
Gobi JSC	1341	1045	1721	1256	50	38	87	64	198	58	184	55	276	238	315	252	817	711	1135	885
Khan brand LLC	14	9	14	7	1	1	2	1	3	1	3	1	2	1	2	1	8	6	7	4
Mongolian cattle LLC	7	2	7	2	1	0	1	0	1	0	1	0	1	1	1	1	4	1	4	1
Russkye kolbasy LLC	21	13	35	16	1	1	3	1	2	0	3	0	2	1	7	4	16	11	22	11
Davshilt trade LLC	12	7	12	7	1	0	1	0	2	1	2	1	2	1	2	1	7	5	7	5
Monmeat trade LLC	18	8	22	9	2	1	2	1	0	0	1	0	6	3	5	3	10	4	14	5
Sor cashmere LLC	74	48	91	62	9	4	9	4	10	2	10	2	10	5	10	5	45	37	62	51
Total	2908	2005	3517	2305	129	82	180	115	381	143	391	138	454	348	512	372	1944	1432	2434	1680

Graph 1. Total employees of PPEs, 2016-2017



2.1.6. Fringe benefits.

All PPEs offer a package of fringe benefits. It includes lunch, transportation, employer assisted mortgage program etc. All PPEs provide free lunch and allowances for transportation, except Gobi JSC and Erdenet Carpet LLC, which provide employees' bus, which operates on daily basis with pre-defined route and timetable.

Upon 6 months of employment with Gobi JSC, for other PPEs upon one and more years' employment, the employees are eligible for discounted mortgage loan and car leasing.

2.1.7. Employees Health and Safety.

In terms of the employees' health and safety, PPEs have made good progress. Erdenet Carpet LLC, Gobi JSC and Darkhan Minj LLC had assessment of working condition conducted by the local authorized organizations. Measures to mitigate risks according to the findings and recommendations of the assessments by PMU are included in their OHS plan. (Please see the table 8. OSH activities in PPEs)

Depending on the manpower, Specialized inspection department and other external auditors are not always able to cover all entities and priority is given to regular monitoring of large enterprises in mining, industry with high and medium risks with regard to environment and human, the law enforcement aspects. Likewise, Erdenet Carpet LLC, Darkhan minj LLC, Gobi JSC, Noos ireedui LLC implement own OSH system, with related plan and budget and implementing structure, OHS committee and internal controls. However, small companies still has not demonstrated yet noticeable results in this area.

In total 3463 employees of 14 PPEs attended OSH trainings, along with 3376 employees attended health trainings organized within the company. All employees received safety instructions, which is scheduled daily, weekly or monthly depending on their production process and potential risks at workplaces.

Picture 6. Training on OSH and firefighting at the plant of Darkhan minj LLC



All employees of all PPEs covered by the monitoring are provided with personal protective equipment and uniforms. However, there were cases during monitoring visits to PPEs, where some employees were not wearing their clothes or their masks. PMU requested the company's management and OHS staff to promote more significance of this essential item at the workplace and instill the culture of

wearing protective apparel.

Picture 7. OSH practices of Erdenet Carpet LLC are improved significantly.



Medical centers established at the factories of the Erdenet Carpet LLC and Gobi JSC to provide free of charge first aid and basic medical services, treatments to all their employees. Mogol noos LLC, Darkhan minj LLC, Noos Ireedui LLC and Denimon LLC employed contracted doctors to provide basic medical service.

During reporting period, in total, 2533 employees have had medical checkups in all PPEs. For example, within company's responsibility each year Gobi JSC organizes annual employees' health checkup. In 2016, medical checkup was organized for 900 employees jointly with National cancer center of Mongolia for cancer screening, 14 persons were diagnosed with cancer. In 2017, 13 of all employees who had cancer diagnose treated and returned to work. In 2017, medical checkup was organized for 1285 employees jointly with Seoul Medical Center. In addition to that medical test for Hepatics virus, HIV/AIDS was administered among the employees. Vitamin supplements also provided on constant basis.

Table 8. OSH activities in PPEs

#	Company	OSH		Organization of OSH activities			PPE for employees	Trained employees on OSH	Instructed employees on OSH	# of employees' health checkups	Health trainings		# of recorded incident and accidents	# of recorded Occupational diseases	Remarks
		# of measures	Total of expenses, mln ₮	OSH plan	OSH staff	OSH committee					#	Participants			
1	Erdenet Carpet LLC	5	26.2	+	+	+	703	652	1351	534	48	874	3	0	No industrial accidents were recorded for last year. Few minor incidents /without serious injuries or fatalities/ were recorded at the factory and all workers treated and returned to work.
2	Mogol Noos LLC	4	16.3	+	+	+	75	90	90	70	1	75	0	0	
3	Mon Meat LLC	3	3.4	+	+	-	15	15	15	17	0	0	0	0	
4	Vitafit LLC	3	21.4	+	+	+	145	267	267	207	2	207	0	0	
5	Altai Cashmere LLC	-	-	-	-	-	17	17	25	25	-	-	0	0	
6	Darkhan Minj LLC	5	19.1	+	+	+	130	120	120	72	3	85	0	0	
7	Noos Ireedui LLC	11	53.2	+	+	+	147	147	147	147	1	105	0	0	
8	Denimon LLC	4	13.6	-	+	+	86	86	86	102	1	102	0	0	
9	Gobi JSC	55	157.6	+	+	+	1283	1775	1710	1285	4	1775	5	0	No industrial accidents were recorded for last year. Few minor incidents were recorded at the factory. Two workers from knitting and spinning factories had minor injuries and were treated at the factory medical center and back to work. Other workers received compensation in accordance with internal procedures. Fire was occurred on the roof of the factory due to contractor's failure in July 2017.
10	Khan Brand LLC	17	1.4	-	+	-	12	67	8	8	2	8	0	0	
11	Mongolian Cattle LLC	-	-	-	-	-	5	7	7	5	0	0	0	0	
12	Russkie kolbasy LLC	8	20	-	+	-	35	35	35	30	3	35	2	0	Two minor incidents were recorded. All workers treated at the plant and back to work.
13	Davshilt Trade LLC	-	-	+	+	-	5	5	15	7			0	0	
14	Sor Cashmere LLC	3	9.1	+	+	-	110	110	110	40	1	110	0	0	
	TOTAL	118	341.3				2768	3393	3986	2549	66	3376	10	0	

2.1.8. Gender and Development.

According to the consolidated monitoring data, out of 3517 employees employed by these 14 PPEs, approximately 66% are women, and 64% of the management positions are occupied by women. Human resource policy and procedures in all PPEs ensured that female workers will not be discriminated at the working places. Female workers significantly benefitted as a result of investment through improved working conditions and OSH, new jobs creation, increased knowledge and skills, established separate sanitary facilities for women and men, separate changing rooms and lockers, regular medical checkups of employees done by all PPEs.

Within the VCI activities, 609 new jobs were created, 49% of which went to women, which exceeds the project target of 40%.

GAP implementation report based on data received from PPEs has been prepared which an appendix 1.

2.1.9. Supply chain.

The raw materials required for production of PPEs are livestock originated products such as sheep and camel wool, cashmere, hides and skin, meat and milk. PPEs procure raw materials through their agents/representatives, purchase directly from herders and cooperatives by procurement team of companies, some local herders delivering raw material for sale at the plant door. The PPEs all planned to develop supply chain development increasing their purchase of raw material straightly from herders, eventually to remove the existing system which is almost fully controlled by intermediaries or Chinese traders. Purchase of raw materials through intermediaries is still very significant. Among PPEs, Noos ireedui LLC has big advantage of its location in Uvurkhangai aimag and was able maintain very high rate of procurement of raw wool and cashmere through development of mutually beneficial relationship with herders and cooperatives, purchasing raw wool directly from herders without involvement of intermediaries. In 2017, the company purchased 2,820 tons of wool and 26 tons of cashmere and paid MNT 2.4 billion, in addition to that MNT 9 million paid for transportation. Besides, to encourage mutual beneficial cooperation with herders the company paid extra MNT 1200 per kg for wool and MNT 2500 for hide and skin.

In 2017 Gobi JSC procured 584 tons of cashmere amounted MNT 46.3 billion, which is higher by 60% comparing with previous year. The company has good relationship with its contracted representatives in terms of activities and disclosed information to herders on company performance, actions, their representatives encourage herders and suppliers to sell their cashmere to the national companies, rather than Chinese buyers and provides relevant knowledge on proper preparation and handling of raw cashmere. Procurement teams of company purchase over 50% of raw material, examining fiber micron and color and negotiating prices directly from and with herders and locals. In 2017, the company procured raw cashmere from 20 changers at the factory door, which is by 46% low then in 2016. The largest five intermediaries supplied 194.8 ton or 72% of total raw cashmere delivered to the factory. The Gobi JSC signs one-year contract with intermediaries and renews it every year based their performances.

Price for wool increased by 2.5-3 times in 2017 comparing with previous year, so herders from procurement areas of wool and cashmere processing companies are benefitted from large volume of procurement process, as well as from increased price. (Please see Picture 8.)

Picture 8. Supply chain development of the Sor cashmere LLC



2.1.10. Information disclosure and stakeholder engagement.

There are some activities which are implemented on annual basis. For instance, wool and cashmere processing companies' employees visit communities in different soums during the procurement season, and provide information related to wool and cashmere market trends, pricing, animal health and other related issues. These visits are not only providing information and improving efficiency of the procurement process, but also make additional contributions to the community development.

2.1.11. Grievance redress mechanism (GRM)

During the reporting period, there was no complaint received from employees on discrimination and sexual harassment. PPEs received complaints and requests mostly from employees. As end of 2017, all requests have been met, except Gobi JSC, where 74% of requests were solved and remaining part is waiting management solution. (Table 9. GRM in PPEs)

Table 9. GRM in PPEs

	GRM			as of December 31, 2017				Remarks
	Included in Internal labor procedure	Procedure on Quality assurance	Informal GRM	# received grievances/ requests from employees	# addressed and resolved	# on-going to resolve	# Grievance/ requests rejected	
Vitafit invest LLC	√	√		21	21			All personal requests
Altai cashmere LLC		√	√	0	0			N/a
Erdenet khivs LLC	√	√		435	435			1. Requests received from employees related to: (i) requests for financial support - 206, (ii) rejoining after maternity leave - 49 and (iii) leave of absence - 147, 70% of which were requests for unpaid leave and other personal issues. Resolution rate - 100% 2. Complaints from customers -33, fully resolved
Mogol noos LLC		√	√	0	0			N/a
Darkhan minj LLC	√	√		9	9			All personal requestshave been resolved fully.
Noos ireedui LLC	√			3	3			N/a
Denimon LLC	√	√		0	0			N/a
Gobi JSC	√	√		426	384	17	25	1. 161 requests received from employees related to : (i) internal transfer-49, (ii) leave of absence-8, (iii) interpersonal challenges-7, (iv) change in working hours-18, (v) dormitory space-5, (vi) use cell phone at workplaces -38 and (vii) other personal issues. Resolution rate was at 74%. The rest were under way of resolving. 2. 265 complaints from export customers were received in 2017, which were fully resolved.
Khan brand LLC		√	√	1	1			Personal request of leave of absence for 3 months
Mongolian cattle LLC			√	0	0			
Russkye kolbasy LLC		√	√	0	0			
Davshilt trade LLC			√	0	0			
Monmeat trade LLC		√	√	1	1			Personal request of leave of absence
Sor cashmere LLC	√	√		2	2			Requests received from employees related to: (i) to provide washing machine for the cleaning uniforms and (ii) to renovate a shower room.

2.2. Progress of output 2 and 3: Production capacity of herders and farmers improved and

Marketing and technical capacity of enterprises are improved.

The ARDP AF project is supported by associated TA of \$2 million from the Japan Special Fund for agricultural marketing and brand development. TA8960 team responsible for the implementation of activities under outputs 2, 3 and 4 of the Project started its assignment from March 2017. Detailed plan of activities and financial plan was developed and finalized together with IA and other stakeholders and submitted to ADB. As of end of 2017, the team organized 10 trainings, where participated 444 participants, 60% of which are female. (Please see table 10.)

Table 10. Trainings provided under Output 2 and 3 activities.

No	Training Title	Subsector	Participants Number	From which %		Number of Coops/PPEs			Location
				female participants	%	Coops /PVU Suppliers	PPEs	Research and training organ	
OUTPUT 2: Production capacity of herders and farmers improve									
1	"Herders' conference - 2017", co-financing of the National conference organized by MOFALI	Dairy						0	UB
2	Inception Workshop - TA8960-Supporting Agriculture Value Chain Project	All targeted subsectors	146	99	68%	0	37	24	UB
3	TA- Capacity Building Training on Quality and Hygiene Requirements on Bee farm and products for local veterinarians	bee farming	18	10	56%	9	3	2	UB
4	Training on Hygiene and Quality Requirement for honey and honey products for bee keepers	bee farming	42	33	79%	40	0	0	Darkhan-Uul, UB
5	Training on Primary milk processing and requirement at soum and herder's household level	Diary	94	48	51%	0	0	0	Arkhangai, Zavkhan
6	Training-Seminar on Improvement of Quality of Raw Cashmere	Fiber	103	57	55%	10	8	2	Arkhangai, Zavkhan
	Sub-total (9 trainings)		403	247	61%	59	48	28	
OUTPUT 3: Enterprises' marketing and technical capacity improved									
7	Training-Seminar on Apparel Industry Development; Today and Future Trend	Leather	41	20	49%	0	26	0	UB
	Sub-total (9 trainings)		41	20	49%	0	26	0	
Total: trainings organized under Output 2 and 3 activities			444	267	60%	59	74	28	

2.3 Project management activities.

During the reporting period, PMU provided all supports PPEs for smooth implementation of project activities through communicating with other stakeholders and developing with them cooperation for tangible benefits for each, disseminating project related information, promotion and engagement of all stakeholders and clients in project activities. PMU organized 16 trainings on introduction of ADB and Government of Mongolia legal framework and requirements, social and gender assessment and compliance ADB's safeguards during reporting period, where participated in total 771 representatives of 147 potential PPEs, 47.7% from which were women participants. (Please see the table 11.)

PMU pays substantial attention to reach the project targets and avoid gaps during implementation of GAP. PMU received social and gender performance monitoring report from all PPEs on social and gender performance, as well as project related sex-disaggregated data are collected and monitored. The quality of data and information of the reports are not always met the report requirements, due to the lack of capacity and timing of staff and management.

Grievances, requests and comments relating to the project can be submitted to the PMU in written form, through phone call and grievances' window at the project's website /<http://www.ardp.mn/eng/ardp/contact/>. Regulation procedure of grievances, requests and comments related to the project activities is included in the internal labor procedure of the ARDP. During the reporting period PMU received two requests to have detailed information about the project through ARDP's website, which were all resolved.

Table 11. Trainings provided under Output 1 and project management activities

Trainings provided by ARDP in 2017					
#	Target groups	Description	Date	No of participants	No of PPEs
Output 1 : VCIs financed					
1.1. Trainings for Potential PPEs					
1	"Integrating SME's into Global Value Chains: Risks, challenges and Opportunities" conference	Mongolian brands in the Asian market, Conference organized by the Mongolian Marketing association with Asia Marketing Federation (AMF)	2017.09.22	2	
2	"Asia Pacific Research Committee (APRC) - 2017" conference	9th Asia Pacific Regional Conference - 2017 for market research companies	2017.09.28-30	2	
3	VCI introductory training for companies of Khentii aimag	1. Introduction to ARDP AF 2. Value chain approach, VC development, sector specific issues of VCD, challenges and ways for solving	2017.11.27	76	16
4	VCI introductory training for companies of Sukhbaatar aimag	3. Business and financial analysis, difference between analysis made by PPB and PMU, BP development, and	2017.11.28	47	19
5	VCI introductory training for companies of Dornod aimag	4. Social, gender and environment assessments and compliance. ADB and GOM legal framework.	2017.11.30	60	29
1.1. Sub-total: Trainings for Potential PPEs				187	64
1.2. Trainings for PPBs and Government Credit Guarantee Fund (GCGF)					
1	Information session and training for Khan bank customer service officers	1. Selection for ARDP financing, PMU processes 2. Value chain approach, VC development, sector specific issues of VCD challenges and ways for solving, constraints in existing value chains, risk assessment specific to sectors 3. Selection criteria of PPEs and the areas they have close look to select a good company with a sound BP	2017.02.03	50	1
2	Information session and training for Khan bank customer service officers	4. Business and financing analysis, assessment of feasibility of proposals, difference between analysis made by PPB and PMU, BP development and 5. Social, gender and environment assessments and compliance. ADB and GOM legal framework.	2017.03.23	50	1
3	Detailed training for PPBs' branch officers	Business and financial analysis, difference between analysis made by PPB and PMU, monitoring of sub-projects.	2017.04.07	70	4
4	Introduction seminar for GCGFund 10 commercial banks: ADB's and Government's Social and Environment and Social Safeguard Policy.	Training for newly started ADB financed "Supporting the Credit Guarantee System for Economic Diversification and Employment Generation Project"	2017.08.09	29	11
5	Training for PPB's Credit officers: Bankable proposals, assessment of BP	Business and financial analysis, difference between analysis made by PPB and PMU, monitoring of sub-projects.	2017.12.18	65	3
1.2. Sub-total: Trainings for PPBs and GCGF				264	20
1.3. Trainings and meetings for EA and IA					
1	Round table meeting with PSC members and related IA officers	Presentation to newly appointed PSC members: overall project-ARDP and AF, outcome and outputs, VCI, assessments made by PMU, VCI loan approval process.	2017.02.03	20	5
2	Round table meeting between MOFALI, ARDP AF and TA-8960 team	Kick-off meeting: Introduction to ARDP AF, Outputs 2, 3 & 4, modality of implementation, roles of stakeholders, organizational issue	2017.04.07	45	3
1.3. Sub-total: Trainings and meetings for EA and IA				65	8
1.4. Presentation in the trainings organized by other donors or international projects					
1	Training for Project development team of Local administration of soums in Tuv province	Importance of Value addition to agriculture products; aspects of VC development; introduction to ARDP (objective, selection, criteria, VCI processes; application; assessment, approval)	2017.01.16	120	25
2	"Opportunities in Dairy sector of Mongolia" Forum organized by EBRD.	Introduction ARDP (objective, selection criteria, VCI processes; application; assessment, approval).	2017.03.30	60	30
3	Training organized by REACH project, USAID: investing to SME	Lessons learnt by ARDP original project	2017.11.20	35	-
4	Donor funded projects' meeting organized by MOFALI	Importance of Value addition to agriculture products; aspects of VC development; introduction to ARDP (objective, selection, criteria, VCI processes; application; assessment, approval)	2017.12.15	40	-
1.4. Sub-total: Presentations in the trainings organized by other donors or international projects				255	55
Total: Trainings organized under Output 1 activities				771	147

III. Financing of social and gender performances of PPEs

As of December 31, 2017, the project's total disbursement amounted USD 15,346,903.49, which is 30.7% of the Loan proceeds, while the Government's contribution was USD 212,178.82 and PPEs own contribution was USD 10,975,000.00. (Table 11 and 12)

In total MNT 40.1 billion were provided to all PPEs for salary and social insurances of employees, expenses to motivate and satisfy employees, improve their skills and working environment, create safe and pleasant working places etc.

Table 11. Financial performance and delivery of Project by expenditure category (USD'000)

No	Activity	Allocation	Cumulative Delivery	Financial Delivery (%)
1	Works	234.5	0.0	0.0%
2	Equipment	1,565.8	10.9	0.7%
3	Materials	970.2	0.0	0.0%
4	Consulting	843.0	328.1	38.9%
5	VCI Investments	41,250.0	14,431.7	35.0%
6	Training	1,072.4	125.9	11.7%
7	Marketing & Brand Dev't	502.3	8.7	1.7%
8	PM	767.8	202.9	26.4%
9	Financing charges	2,793.9	238.6	8.5%
	TOTAL	50,000.0	15,346.9	30.7%

Table 12. Financial performance and delivery of Project by output, (USD'000)

Outputs	Allocation	Cumulative Delivery	Financial Delivery (%)
Output 1: Value chain investments financed	44,817.3	15,032.4	33.5%
Output 2: Production capacity of herders and farmers improved	2,224.8	14.4	0.6%
Output 3: Enterprises' marketing and technical capacity improved	1,215.7	57.7	4.7%
Output 4: Mongolian product brand	557.3	8.7	1.6%
Project management	1,184.9	233.7	19.7%
Contingency	-	-	-
TOTAL	50,000.0	15,346.9	30.7%

Table 13. Expenses of social and gender activities covered by PPEs

No	Scope of activities	Total, Million ₮	Sources of data
1	HR development trainings	216.3	Monitoring reports received from PPEs
2	Investment of buildings and infrastructure of PPEs	1,908.9	Quarterly subproject implementation reports received from PPEs
3	Investment of improvement of working environment and conditions of PPEs		
4	Investment of improvement of occupational safety and hygiene system at the workplaces of PPEs	341.3	Monitoring reports received from PPEs
5	Promoting herders and farmers	35.1	
6	Social insurance paid by PPEs	1,708.8	Audited balances of PPEs
7	Tax paid to local budget	7,025.8	
8	Annual wage fund paid by PPEs to employees	28,905.2	
9	Other social activities		
	Total amount	40,141.4	

IV. Conclusion/challenge

The project team has developed work framework with intention to focus on project implementation, participation, outcome and achievement of objectives and targets during the reporting period. The project investments made significant impact and changes at the enterprises level in terms of production process, quality of product, volume of sales, product development, team building and safe and pleasant working environment for employees. However, the results are different for PPEs involved in the project, due to companies' size and culture built over years, companies' business process, operations, human resource management, staff capability and capacity. Human resource planning and capacity building challenges are still existing among small companies. PMU has plan to address this issue.

V. Comments for further improvement and recommendation

- Continue to provide periodical trainings and capacity building activities for employees of PPEs, as well as trainings for managers on governance, planning, human resources. Training plan of PMU for the next year will be designed to meet needs of smaller loan recipient enterprises to raise their awareness on human resource development and capacity building where most of them needs to improve understanding and existing practice.

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December 14, 2018

**GAP IMPLEMENTATION REPORT OF AGRICULTURE AND RURAL DEVELOPMENT PROJECT –
ADDITIONAL FINANCING (MON 39229-033)**

Action	Objectives and Monitoring Indicators	Gender performance up to date
Output 1: Value chain investments (VCI) financed		
1.1. Review VCI proposals and prepare gender analysis for all VCI proposals from the project participating enterprises (PPEs)	Gender analysis included to all approved VCI proposals as part of due diligence.	At the end of 2017, 19 social and gender assessments were made on VCI proposals by social and gender consultant. Of which 16 subprojects were approved and financed, by a total of MNT 36.6 billion.
1.2. All criteria for assessing and/or approving VCI proposals include a positive weighting for inclusion of measures to promote gender equality within PPEs and amongst local suppliers/ communities	Criteria for assessing and/or approving VCI proposals included (i) enhancement of employment opportunities for women; and (ii) other gender and social benefits such as improved working conditions, occupational safety, increased skills and knowledge improved physical infrastructure at workplaces, etc.	Criteria for assessing VCI proposals included current gender equality practices and proposed measures to promote gender equality within the PPEs, which are different depending the sub-sector, operation, size and location of the company and character of proposal investment.
1.3. Facilitate cross-learning between PPEs to profile good practices on gender performance, through lateral learning visits, development and sharing of case studies.	Good practices on gender performance introduced between PPEs.	Has not yet started. Since some of the good practices are sector specific while there are few loan recipient companies to achieve cost effective dissemination.
1.4. Ensure that gender responsive core labour law/standards applied, skills and knowledge to women increased and gender equality in workplaces promoted	Corporate code of social responsibility, internal policy on promoting gender equality and Sexual harassment policy are established in all PPEs.	Most PPEs have an internal labour procedure which includes all basic aspects related to equal opportunities and protection for employees from discrimination in workplace.
	All internal policies and practices of PPEs are consistent with National legislations and Law on promotion of Gender Equality of Mongolia.	8 PPEs out of 14, reviewed and updated their policies and procedures due to an expansion of the business operations (Denimon LLC, Gobi JSC, Darkhan minj LLC, Noos Ireedui LLC, Mogol noos LLC and Russkie kolbasy LLC), changed organizational structure (Vitafit invest LLC and Erdenet Carpet LLC) and under preparatory work some started introduction of the HACCP standard and ISO (Khan brand LLC and Vitafit LLC). Most PPEs have reviewed and improved internal policies, procedures and plans by adding new provisions related to social performance and gender equality and by reporting sex-disaggregated data under the implementation of the project.

	<p>Concrete action plan for increased female recruitment and retention into managerial and technical positions developed for all PPEs with less than 40% women in these positions.</p>	<p>PPEs increased its budget to meet requirements and to take specific measures.</p> <p>Within the VCI activities, 609 new jobs were created, 49% of which went to women, which exceeds the project target of 40%.</p> <p>The engineering, technical staff and managers are selected and promoted based on their skills, experience and performance within the company. As a result of the changes of the organizational structure and expansion of the company's production process, 51 management positions and 58 financial and administrative positions were created within all PPEs, 64.7% and 41.4% of which are taken by women, correspondingly. Engineering and technical staff are taken by male employees (64.7% of all engineering and technical staff) mostly. Female engineering and technical staff decreased by 3% in 2017 comparing to 2016. VCI investments have made many technological improvements. This has given job opportunities for male employees.</p>
	<p>At least 40% of all trainees of skills upgrade trainings provided by PPEs are women (to employees and local suppliers).</p>	<p>PPEs conducted various trainings, including skills upgrade and occupational safety.</p> <p>In 2017, with repetition of attendees all together 10178 employees, from which 57% are female employees, participated in 228 trainings organized by the PPEs.</p> <p>The PMU recommended that the company required to record and report training organized by them to herders, since it is not well documented and reported.</p>
	<p>Working environment and conditions of all PPEs Improved, meeting or exceeding labour and safety standards.</p>	<p>Women benefited significantly as a result of investment through improved working conditions and OSH measures, including provision of welfare facilities and regular medical check-ups.</p> <p>In total MNT 40.1 billion were provided all PPEs for salary and social insurances of employees, expenses to motivate and satisfy employees, improve their skills and working environment, create safe and pleasant working places etc.</p>
	<p>Gender-responsive physical facilities, including separate toilet and changing facilities for Female and male employees, separate accommodation; and childcare facilities, if applicable.</p>	<p>Most of the PPEs provide now separate sanitary and changing facilities and much more space per employee in the production floors to allow improved work safety as a result of full and partial construction work and maintenance.</p> <p>Gobi JSC has negotiated discounted kindergarten fees for own employees children at private kindergarten Amila located close to the factory, since almost 90% of employees has age under 46. The fee discount is 40%.</p>

		In the primary processing site of the Mogol noos LLC, there is a kindergarten, which enroll not only for employees' kids, but children from the local community as well.
1.5. Ensure the involvement of female trainees in training programs	At least 40% of training participants are women.	According to the reports received from PPEs most of the PPEs organized trainings, including occupational safety and health training activities. These trainings involved all workers within the plant, including female workers. All those 14 PPEs employed in total 3,517 people by end of 2017, 66% of which are women.
1.6 Ensure the provision of new jobs for women under the Output 1 activities within PPEs	At least 40 % of total new jobs created in PPEs provided to women employees.	Within the VCI activities, 609 new jobs were created, 49% of which went to women, which exceeds the project target of 40%.
Output 2: Production capacity of herders and farmers improved		
2.1. Ensure that female herders, farmers and local officials will benefit the project support, including training activities	(i) At least 40% of herders, farmers, and local government officials receiving project support are women; and (ii) At least 40% of training participants are women.	As of end of 2017, the team organized 9 trainings, where participated 407 participants, 60.7 % of which are female.
2.2. Ensure the provision of new jobs for women under Output 2 activities	Women access at least 35% of new created jobs.	No information delivered yet by the TA team, which responsible for activities under output 2. As end of 2017, only selection process of cooperatives for capacity development and other assistance was done, remaining activities were postponed from scheduled project plan.
Output 3: Enterprises' marketing and technical capacity improved		
3.1. PPE staff receiving marketing and technical trainings	At least 40% of participants are Women.	As of end of 2017, the team organized one training, where participated 41 participants, 49 % of which are female.
Project management		
5.1. Establishment of PMU	(i) At least 30% of PMU staff are female; and (ii) Social and gender specialist implements GAP at the institutional level and assists PPEs to improve gender equality and awareness at company level.	PMU of ARDP-AF is established from March 1, 2016 with five PMU staff and six national consultants, 64% of which are female. Social and Gender Specialist was extended contract from March 1, 2016 under ARDP – additional financing.

<p>5.2 Ensure effective GAP implementation by:</p> <ul style="list-style-type: none"> - Conducting GAP orientation and implementation training for PMU staff, executing and implementing agencies, PPBs, and PPEs at project onset and a periodic basis; - Maintaining a project specific, sex disaggregated database and conduct periodic reviews and consultations on the implementation of the GAP; and - Identifying, collecting, analysing, and reporting sex-disaggregated data and gender performance indicators for all project activities, where applicable and report annually 	<p>(i) Sex-disaggregated data collected and analysed and reported semi-annually; and (ii) Effective GAP for the project are implemented.</p>	<ul style="list-style-type: none"> - PMU organized 16 trainings on introduction of ADB and Government of Mongolia legal framework and requirements, social and gender assessment and compliance ADB's safeguards during reporting period, where participated in total 771 representatives of 147 potential PPEs, 47.7% from which were women participants. - All baseline sex-disaggregated data and information of PPEs are collected and it will be continued to maintain overall project data. - All above sex-disaggregated data is routinely collected by PMU and reported in GAP progress report annually.
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