

# Executing Agency Progress Report

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Project Number: 50013-002  
Loan Number: 3787/3788  
July 2021

## Mongolia: Sustainable Tourism Development Project

Prepared by the Ministry of Environment and Tourism of Mongolia for the Asian Development Bank (ADB)

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MINISTRY OF ENVIRONMENT  
AND TOURISM



ASIAN DEVELOPMENT BANK

## Quarterly Progress Report No.7



**MON (3787/3788):  
SUSTAINABLE TOURISM DEVELOPMENT PROJECT  
(STDP)**

**(April 1 – June 30, 2021)**

**July 2021**

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## **ABBREVIATIONS:**

|         |   |
|---------|---|
| ADB     | : Asian Development Bank                            |
| AKSPA   | : Administration of Khuvsgul Special Protected Area |
| CKTC    | : Chinggis Khaan Tourism Complex                    |
| CS      | : Consulting Service                                |
| CSO     | : Civil Society Organization                        |
| DMF     | : Design and Monitoring Framework                   |
| DPAM    | : Department of Protected Areas Management          |
| DEIA    | : Detailed Environmental Impact Assessment          |
| EA      | : Executing Agency                                  |
| EC      | : Evaluation Committee                              |
| EMP     | : Environmental Management Plan                     |
| EOI     | : Expression of Interest                            |
| GOM     | : Government of Mongolia                            |
| GEIA    | : General Environmental Impact Assessment           |
| KAG     | : Khuvsgul Aimag Government                         |
| KhAG    | : Khentii Aimag Government                          |
| KLNP    | : Khuvsgul Lake National Park                       |
| KLNP HQ | : Khuvsgul Lake National Park Head Quarter          |
| MET     | : Ministry of Environment and Tourism               |
| MOE     | : Ministry of Energy                                |
| MOF     | : Ministry of Finance                               |
| MRTD    | : Ministry of Road and Transport Development        |
| NGO     | : Non-Governmental Organization                     |
| OBNP    | : Onon-Balj National Park                           |
| O&M     | : Operation and Maintenance                         |
| PAM     | : Project Administration Manual                     |
| PIU     | : Project Implementation Unit                       |
| PPMS    | : Project Performance Monitoring System             |
| PSC     | : Project Steering Committee                        |
| SGAP    | : Social and Gender Action Plan                     |
| STDP    | : Sustainable Tourism Development Project           |
| TWG     | : Technical Working Group                           |
| TOR     | : Terms of Reference                                |
| WWTP    | : Wastewater Treatment Plant                        |

## **GLOSSARY:**

aimag – province

soum – county

## BASIC DATA

|  |   |
|--|---|
| <b>Loan approval number:</b>                           | <ul style="list-style-type: none"> <li>▪ Loan 3787</li> <li>▪ Loan 3788 (concessional)</li> </ul>   |
| <b>Project number:</b>                                 | 50013-002   |
| <b>Project Title:</b>                                  | Sustainable Tourism Development Project   |
| <b>Borrower:</b>                                       | Ministry of Finance   |
| <b>Executing Agency:</b>                               | Ministry of Environment and Tourism   |
| <b>Implementing Agencies/Departments:</b>              | <ul style="list-style-type: none"> <li>▪ Department of Protected Area Management for Khuvsgul subproject</li> <li>▪ Department of Tourism Policy Coordination for Khentii subproject</li> </ul>   |
| <b>Project Financing Amount:<br/>Financing source:</b> | <ul style="list-style-type: none"> <li>▪ Total \$38.4 million</li> <li>▪ Asian Development Bank: \$38 million               <ul style="list-style-type: none"> <li>- \$19 million for Khuvsgul subproject</li> <li>- \$19 million for Khentii subproject</li> </ul> </li> <li>▪ Government of Mongolia: \$0.4 million (in-kind contribution)</li> </ul> |
| <b>Date of Loan Approval:</b>                          | May 24, 2019  |
| <b>Date of Signing Loan Agreement:</b>                 | June 13, 2019   |
| <b>Date of Loan Effectiveness:</b>                     | August 6, 2019  |
| <b>Project Closing Date:</b>                           | June 30, 2025 (PAM-2020)  |
| <b>First ADB Inception Mission:</b>                    | September 3-7, 2019   |
| <b>PSC Meeting No.1</b>                                | November 28, 2019   |
| <b>PSC Meeting No.2</b>                                | December 04, 2020   |
| <b>PSC Meeting No.3</b>                                | March 30,2021   |
| <b>ADB Portfolio review meeting No.1</b>               | October 17, 2019  |
| <b>ADB Portfolio review meeting No.2</b>               | January 14, 2020  |
| <b>ADB Portfolio review meeting No.3</b>               | May 19, 2020  |
| <b>ADB Portfolio review meeting No.4</b>               | September 11, 2020  |
| <b>ADB Portfolio review meeting No.5</b>               | November 6, 2020  |
| <b>ADB Portfolio review meeting No.6</b>               | January 18, 2021  |
| <b>ADB Portfolio review meeting No.7</b>               | June 15, 2021   |
| <b>ADB First Annual Review Mission:</b>                | September 7-9 and September 15, 2020  |
| <b>ADB Handover Mission (virtual)</b>                  | March 10-12,2021  |
| <b>QPR No.1</b>  | August 6-December 31, 2019  |
| <b>QPR No.2</b>  | January 1-March 31, 2020  |
| <b>QPR No.3</b>  | April 1-June 30, 2020   |
| <b>QPR No.4</b>  | July 1-September 30, 2020   |
| <b>QPR No.5</b>  | October 1- December 31, 2020  |
| <b>QPR No.6</b>  | January 1- March 31, 2021   |
| <b>QPR No.7</b>  | April 1- June 30, 2021  |
| <b>Physical progress:</b>                              | As of July 15, 2021, project physical progress is 6.0% against the elapsed implementation period of 33.8% (24 months out of 71 months since loan effectiveness).  |
| <b>Authors of this report</b>                          | Reviewed by P. Tuvshinjargal, PIU Coordinator   |

## EXECUTIVE SUMMARY

1. This is the Quarterly Progress Report No.7 which was prepared by the project implementation unit of (L3787/3788): Sustainable Tourism Development Project for the period from April 1 to June 30, 2021.
2. ADB Quarterly Portfolio review meeting for Q1 2021 was virtually organized on 15 June 2021. The meeting was attended by ADB MNRM representatives, the PIU and EA. During the meeting, the PIU presented the project implementation progress by 4 outputs including their current status, challenge/issues and proposed actions during the reporting period.
3. Draft bid document for W2: Road link between town center and local tourism road; road sealing from Khatgal to Jankhai; car parks at Khatgal package was sent to ADB.
4. The audited project financial statements (APFS) and the management letter for the project for the FY 2020 was submitted to ADB review. ADB accepted the APFS for FY2020 on 08 June 2021.

### Progress toward the project outputs

#### Output 1. Inclusive planning and capacity for community-based tourism achieved.

5. The project activities comprise: (i) Revise the development plans for the three largest settlements at the KLNP and OBNP, (ii) establish tourism concession manuals and an ecotourism certification program for each park, (iii) strengthen the KLNP tourism council and replicate this at the OBNP, (iv) install information facilities in the Khuvsgul *Aimag* capital, (v) provide vocational training for small tourism businesses and service providers and install 11 women-led tourist markets. The targets in the design and monitoring framework (DMF) are that by 2024: *1a. At least 75% (787) of tour camp employees are residents of Khuvsgul and/or Khentii aimags, of which about 50% are women (2018 baseline: 44% [220]); 1b. About 2,330 residents (50% women) are trained and have strengthened capacity for community-based tourism goods and services (2018 baseline: 0); and 1c.11 women-led tourist markets constructed (2018 baseline: 0).*
6. Key activities implemented during the reporting period: The “New Urbanism” LLC organized series of online consultation meetings to prepare comprehensive Khankh soum development plan based on background datasets, surveys, consultations with relevant stakeholders, growth projections and the development strategy, consistent with socio-economic future vision, urban development trend.
7. Updated monitoring report of the JFPP- funded community revolving funds at KLNP was conducted successfully. A manual booklet to improve management of existing revolving funds is developing based on report results.
8. Versions of architectural design for Murun tourism square was discussed by authorities of Khuvsgul aimag and Murun soum government. The conceptual design is developing based on community request and Murun soum planning.
9. Progress against DMF targets: none yet
10. Next steps: Progress reports of the consulting services will be sent to ADB.

#### Output 2. Enabling infrastructure for tourism constructed.

11. The project activities at the KLNP comprise: (i) upgrade 37.9 km unsealed roads, (ii) construct eight small car parks, (iii) improve traffic control and safety. Activities at the OBNP comprise: (i) construct the Chinggis Khaan Tourism Complex (CKTC), (ii) establish supporting infrastructure, comprising ticket collection booths, information signs, and three car parks, (iii) upgrade a short access road (2.6 km), and extend (by 4.5 km) the *soum* power line, to the CKTC site. The DMF targets are that by 2024: 2a. 40.5 km of roads are upgraded (37.9 km in KLNP; 2.6 km in OBNP) (2018 baseline: 0); 2b. 11 car parks (8 in KLNP; 3 in OBNP) with capacity for 767 vehicles are constructed, with associated regulatory gates, signs, and speed humps (2018 baseline: 0); 2c. Ecotourism trails are rehabilitated (15 km in KLNP) (2018 baseline: 0 km); 2d. 4.5 circuit-km of new transmission line to CKTC are installed (2018 baseline: 0); and, 2e. CKTC is constructed (2018 baseline: 0).

12. Key activities implemented during the reporting period. Detailed engineering design set of Khuvsgul road was handed-over by joint venture of “SRP Engineer Consulting Mongolia” LLC. The field basic surveys such as geology, archeology, ethno-graphical and environmental impact to develop DED of Khentii road was performed.

13. The CKTC new conceptual design is under development by the National Culture and Art Council of Mongolia, which was established in March 2021. It is taking time to identify historical, cultural and traditional elements for unique palace to honor Great Chinggis Khaan.

14. Progress against DMF targets: none yet

15. Next steps:(i) The DEDs of the roads, car parks and transmission line with transformer of the Khentii subproject will be completed in the next quarter. (ii) Procurement of W2 package will commence at the end of July 2021 as planned. (iii) A new conceptual design of CKTC will be approved by GOM and next step on DED of the complex will be completed within the next quarters.

### **Output 3. Waste management improved.**

16. The project activities comprise: (i) facilitate the installation of low-cost and gender-sensitive toilet systems at about 102 tour camps, campsites, and project-funded car parks, (ii) construct three wastewater treatment plants (WWTPs), and (iii) upgrade three landfill sites. The DMF targets are that by 2024: 3a. At least 70% of tour camps in KLNP and OBNP adopt and install approved sanitation systems (2018 baseline: 0); 3b. Thirty-one gender-sensitive toilet blocks are constructed at public campsites and car parks in KLNP (29) and OBNP (2) (2018 baseline: 5 in KLNP); 3c. Three wastewater treatment plants are constructed (2 in KLNP; 1 in OBNP) with total treatment capacity of 135 m<sup>3</sup>/day (2018 baseline: 0); and, 3d. Three landfills are rehabilitated and capacity increased [260% increase in KLNP (52,500 m<sup>3</sup>), 2 sites; 100% increase in OBNP (20,000 m<sup>3</sup>), 1 site] (2018 baseline: 25,000 m<sup>3</sup> capacity).

17. Key activities implemented during the reporting period: The Kick-off meeting of the Solid Waste Engineering and Supervision Firm was held in Dadal *soum* of Khentii aimag and field surveys were started.

18. Progress against DMF targets: none yet

19. Next steps: The DED for WWTP and landfill will be completed within the next quarter.

### **Output 4. Park management strengthened.**

20. Activities comprise: (i) construct a KLNP headquarters and visitor center, two fee collection stations, and a road control station, (ii) rehabilitate 15 km of public trails, (iii) revise the KLNP and OBNP management plans with the project measures, including O&M costs and financing

sources for the project facilities, (iv) prepare a 4-year action plan for each park, to guide the implementation of the revised management plans, and (v) train park and *soum* government staff to implement the revised plans. The DMF targets are that by 2024: *4a. KLNP headquarters and visitor center are constructed (2018 baseline: 1 old center); 4b. About 250 staff (at least 50% women) from local agencies and tour camps are trained in O&M of project facilities, tourism, waste, and/or conservation (2018 baseline: 0); and, 4c. Park management capacity is increased to at least 70% (2018 baseline: 59% in KLNP; 57% in OBNP).*

21. Key activities implemented during the reporting period: Minister of Environment and Tourism issued an order No. A/161 dated on June 29, 2021 to allocate a total of 1.7 ha land to KLNP HQ according to official letters from KLNP HQ and PIU. The land will be used for the purpose of the KLNP HQ/VC building for 5 years in Alag-Erdene *soum* of Khuvsgul aimag.

22. Versions of conceptual design for the KLNP HQ/VC, based on consultation meetings with duty-bearers from MET and AKSPA were developed by the consulting firm.

23. The DED of fee collection stations and public trails was consulted with relevant authorities of Khuvsgul aimag and KLNP HQ.

24. Progress against DMF targets: none yet

25. Next steps: (I) The DEDs of the fee collection stations and public trails of the Khuvsgul subproject will be completed in the next quarter. (II) DED for KLNP HQ/VC and final layout drawing of 15 km walking trails will be developed and received endorsement by relevant authorities and ADB.

## 1. INTRODUCTION

26. The quarterly progress report was prepared by the Project Implementation Unit (PIU) based on implementation progress for the (L3787/3788) Sustainable Tourism Development Project (STDP) for the period 1 April-30 June 2021.

27. The project aims to help transform KLNP and OBNP as models for economically inclusive tourism and conservation in the protected area network, by improving park infrastructure and capacity to manage tourism growth sustainably. The project implementation period is 2019-2026. The expected project outcome is sustainable tourism development at the both NPs. There are following four integrated outputs have been designed to deliver the desired outcome:

**Output 1:** Inclusive planning and capacity for community-based tourism enhanced.

**Output 2:** Enabling infrastructure for tourism constructed.

**Output 3:** Waste management improved.

**Output 4:** Park management strengthened.

## 2. PROJECT ADMINISTRATION

### 2.1 Project management

28. The COVID-19 outbreak affected the PIU daily activities and management. The PIU organized some online meetings of evaluation committee, technical working groups and consultation with stakeholders due to lockdown situation.

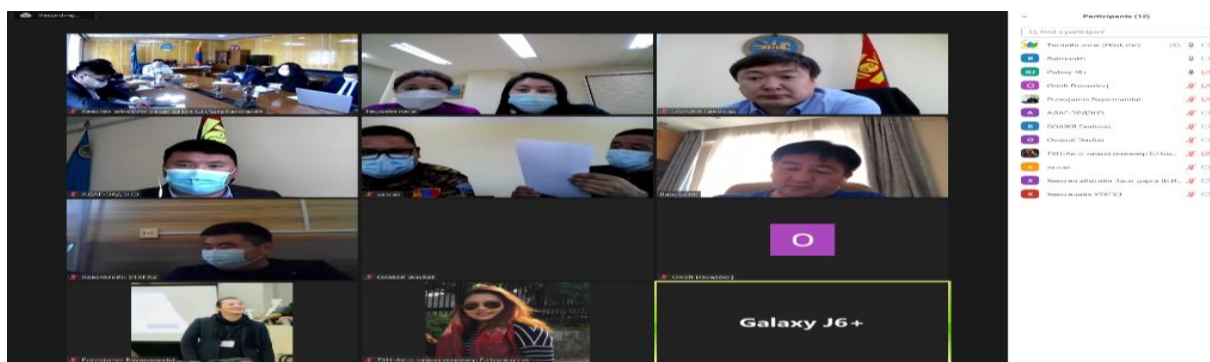
29. The PIU conducted a kick-off and consultation meetings of the consulting firm for waste management in Khentii aimag with the government permission. The PIU sent some official letter



for GOM permission at aimag and national level to conduct fieldworks and surveys during the lockdown period and received the permission on planned time for the fieldwork.

#### **Khuvsgul subproject working group meeting No.4 was held**

30. An extended online meeting No.4 of Khuvsgul subproject working group was held on 3 May 2021. The extended meeting was chaired by Mr. Ganbold D., State Secretary of the MET and attended by nearly 20 participants from DG of DPAM, MET and Khuvsgul stakeholders including Governor of Khuvsgul aimag, Head of KLNP Administration, Department of Environment and Tourism and Department of Land Administration, Construction and Urban Development as well as Mayor of Khatgal village and Governor of Alag-Erdene soum. The main objective of the meeting was to i) introduce the Khuvsgul subproject quarterly implementation progress of CS16-20 firms to the stakeholders; ii) land acquisition and resettlement issues of Khatgal roads and car parks, ADB safeguard requirements, relevant Mongolian laws and regulations; affected people and business entities iii) pending land confirmation of MET for project roads and KLNP HQ/Visitor center. **Highlights:** Despite the physical distance and Covid-19 pandemic, the virtual meeting was prior-informed, effective, inclusive as well as cost and time-efficient for all Khuvsgul subproject key stakeholders to get detailed information, exchange ideas, and to understand responsibilities and contributions to the project activities.



#### **CS18 kick-off meeting was held at Khentii aimag**

31. Even though the COVID-19 outbreak affected restrict traffic to the countryside and field survey, the PIU worked in Khentii aimag to conduct a kick-off meeting of the "N.A.P Group" LLC. The consultation meetings with soum authorities and some representatives of CSOs were conducted in order to make joint decision for landfill facility and solid waste management of Dadal soum. During the visit i) a kick-off meeting of CS18 consulting service was held at "Citizen hall" of the soum governor's office with 35 community representatives. ii) The joint team of the project, consulting firm and local representatives worked at the planned location of landfill and public toilet facility. iii) The consulting firm conducted an introductory training to local research team how to collect random selection survey data to identify solid waste size and types. **Highlights:** i) The PIU presented project expected outputs and implementation plan of activities to be carried out under the CS-18 consulting service. ii) The joint team made a decision on landfill facility location based on field visit and Mongolian law of construction and forest. iii) The consulting firm started household survey on current solid waste management in Dadal soum through participation of local research team. iv) Some field surveys such as engineer-geodesy, engineer-geological survey for the layout drawing of WWTP and public sanitation facility were started in Dadal soum.

#### **ADB Quarterly Portfolio review meeting for Q1 2021 was held**

32. On 15 June 2021 ADB Quarterly Portfolio review meeting for Q1 2021 was virtually organized and attended by ADB MNRM representatives, the PIU and EA. During the meeting, the PIU presented the project implementation progress by 4 outputs including their current status, challenge/issues and proposed actions during the reporting period. In addition, other project-related common issues and proposed actions, impact of COVID-19, major procurement planned in 2021, status of audit and project financial performance were presented.

## 2.2. Financial management

33. The PIU has received Acceptance from ADB on the audited financial statement (APFS) for FY 2020 on the 8th of June, 2021.

34. During the reporting period the PIU has not submitted any withdrawal application.

## 2.3 Contract awards

35. During the reporting period, CS18: Sanitation and Solid Waste Engineering Supervision package was awarded.

## 2.4 Disbursement

36. The Table 1 shows disbursement by allocation, disbursement during reporting period and cumulative disbursement.

*Table 1. Disbursement by reporting period*

| Category                                      | Allocation          | Disbursed Contracts Q2 | Cumulative Disbursement |
|---|---------------------|------------------------|-------------------------|
| Goods (Equipment and materials)               | \$188,900.00        | \$0.00                 | \$81,897.27             |
| Consulting services                           | \$433,406.01        | \$0.00                 | \$237,034.33            |
| Civil works                                   | \$409,747.77        | \$0.00                 | \$61,077.96             |
| PIU Operations costs                          | \$64,103.37         | \$0.00                 | \$51,345.42             |
| Workshops, training, seminars and conferences | \$10,016.00         | \$0.00                 | \$3,881.26              |
| <b>Total</b>                                  | <b>1,106,173.15</b> | <b>\$0.00</b>          | <b>\$435,236.26</b>     |

## 2.5 Procurement

37. During the reporting period, one of the consulting services (CS18) packages contract was signed and became effective.

38. One of the works packages W2: Road link between town center and local tourism road; road sealing from Khatgal to Jankhai; car parks at Khatgal is underway of advertisement. Draft bid document was submitted for ADB review.

39. Due to public emergency order (COVID-19) of the Government of Mongolia and current situation related to COVID-19, evaluation process and contract signing process took longer time. The table 2 shows summary of procurement progress for CS18 package.

*Table 2. Procurement package*

| Package Number | General Description   | Estimated Value | Selection Method | Review | Progress for Q2                      |
|----------------|---|-----------------|------------------|--------|--------------------------------------|
| CS18           | Sanitation and solid waste engineering and supervision firm | \$74,000        | CQS              | Prior  | Contract was signed on April 9, 2021 |

## 2.6 Project Performance Monitoring System

40. The project performance monitoring system (PPMS) comprises an Excel file in DMF targets, SGAP, SCS, CPP and all project progress is quantified and gender-disaggregated data is maintained for meetings, trainings and workshops and physical progress. The PPMS, through the project performance report, monitors the likelihood that key milestone dates for activities, outputs, outcome, and impact will be achieved. The file is maintained by Deputy coordinator based on report and data, which were prepared by PIU specialists and technical consultants.

41. As of July 15, 2021, the project physical progress was 6.0% against the elapsed implementation period of 33.8 % (24 months out of 71 months since loan effectiveness).

## 3. PHYSICAL PROGRESS TOWARDS THE OUTPUTS

### 3.1 Output 1: Inclusive planning and capacity for community-based tourism enhance

42. Project activities comprise: (i) revise the development plans for the three largest settlements at the KLNP and OBNP, (ii) establish tourism concession manuals and an ecotourism certification program for each park, (iii) strengthen the KLNP tourism council and replicate this at the OBNP, (iv) install information facilities in the Khuvsgul Aimag capital, (v) provide vocational training for small tourism businesses and service providers and install 11 women-led tourist markets. The targets in the design and monitoring framework (DMF) are that by 2024: *1a. At least 75% (787) of tour camp employees are residents of Khuvsgul and/or Khentii aimags, of which about 50% are women (2018 baseline:44% [220]); 1b. About 2,330 residents (50% women) are trained and have strengthened capacity for community-based tourism goods and services (2018 baseline:0); and 1c. 11 women-led tourist markets constructed (2018 baseline: 0).*

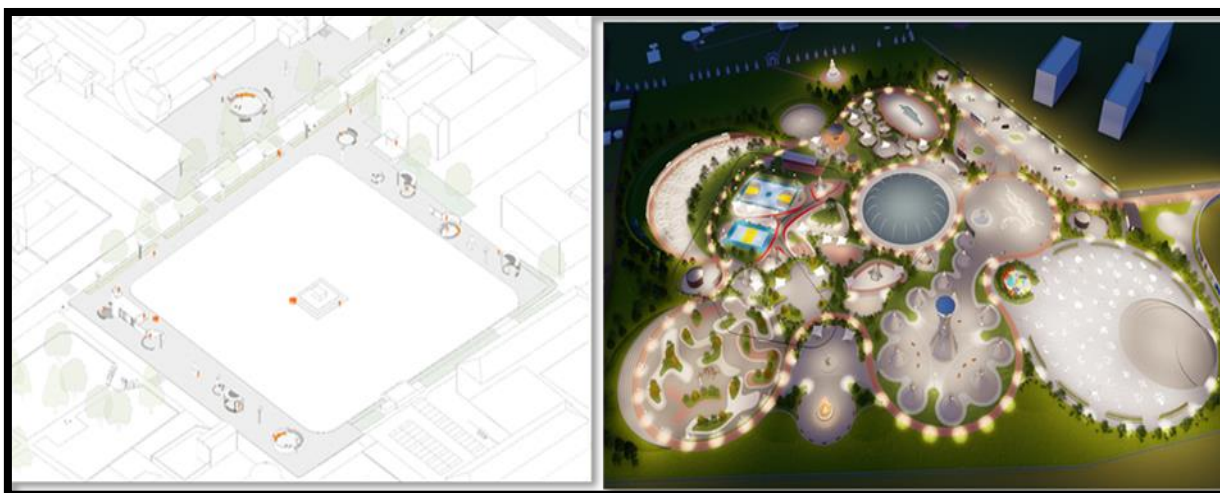
43. Key activities implemented during the reporting period are as follows: In April 2021, field basic surveys for the master planning of Khankh soum were completed. The first progress report of the consulting firm was handed-over to ADB. The report was covered survey such as engineering-geology, geodesy and environmental impact evaluation and data on soum current land use and buildings affected by seismic etc.

44. Series of meeting were held to identify principle for the soum development concept such as green/sustainable development and green urban town planning etc. In June 22, the consulting firm has organized the consultation meeting via online with participation of MET, Khuvsgul aimag government, AKSPA, Khankh soum government and ADB representatives prior to field work.

45. During the reporting period, engineer-geodesy, engineer-geological survey and cadastral mapping, detailed engineering assessment for Murun tourist square was conducted. In regard to the location change of the tourist square, the conceptual design had to be re-developed in terms of the increase of the total area up to 6.3 ha. In the concept design phase, the PIU along with the consulting team, has organized a series of virtual meetings with the authority of Khuvsgul aimag and Murun soum in order to introduce the ongoing concept development and get comments and feedback. Thanks to consultation meetings, the architectural design of Murun tourist square was approved and developed with some additional parts in 6.3 ha area.



46. In the revised concept, following items were proposed by the local authorities such as a) Main entrance: where modern arts products are placed and street is adequately equipped with lights; b) Photographing sections; c) A stand/parking for bicycles; d) Parking for the handicapped; e) Granolithic pedestrian track; f) Historic and cultural display sections of Murun town; g) A green zone; h) An extreme sport zone, where children and youth are able to go skate boarding, cycling, and roller skating; i) Open/outdoor theater/amphitheater; j) Granolithic parking; k) Temporary rental recreational space along the riverbank; l) An open space for Urz (tents for reindeer herders) and open fire and food mini, festivals are organized in summer; m) A food court/restaurant; n) public sanitation facilities.



Picture 5: Old and new concept designs of Murun tourist square

47. Updated report for monitoring of existing revolving fund at KLNP was introduced by consulting firm and translation into English was started.

48. Progress against DMF targets: none yet.

49. Next steps: (i) Comprehensive development concept of Khankh soum master plan will be developed and introduced to MET and community. (ii) Monitoring report of the community revolving fund will be handed-over. (iii) For the Murun tourist square, the following activities shall be addressed and the assignments will be undertaken: a) Detailed engineering design for Murun tourist square and preparation of the procurement/bidding documents; b) Detailed environmental impact assessment; c) Construction and defect liability assessment; d) Operations and maintenance (O&M) plan and manual of the facilities.

### **3.2 Output 2: Enabling infrastructure for tourism constructed.**

50. Project activities at the KLNP comprise: (i) upgrade 37.9 km unsealed roads, (ii) construct eight small car parks, (iii) improve traffic control and safety. Activities at the OBNP comprise: (i) construct the Chinggis Khaan Tourism Complex (CKTC), (ii) establish supporting infrastructure, comprising ticket collection booths, information signs, and three car parks, (iii) upgrade a short access road (2.6 km), and extend (by 4.5 km) the *soum* power line, to the CKTC site. The DMF targets are that by 2024: 2a. 40.5 km of roads are upgraded (37.9 km in KLNP; 2.6 km in OBNP) (2018 baseline: 0); 2b. 11 car parks (8 in KLNP; 3 in OBNP) with capacity for 767 vehicles are constructed, with associated regulatory gates, signs, and speed humps (2018 baseline: 0); 2c. Ecotourism trails are rehabilitated (15 km in KLNP) (2018 baseline: 0 km); 2d. 4.5 circuit-km of new transmission line to CKTC are installed (2018 baseline: 0); and, 2e. CKTC is constructed (2018 baseline: 0).



51. Key activities implemented during the reporting period are as follows. On May 17, 2021, the DED of the Khuvs gul road approved by the State Expertize. The road designing and supervision firm handed-over the DED set of Khuvs gul road on May 31, 2021. During the reporting period, the PIU reviewed the final reports for DED of roads and carparks of the Khuvs gul subproject.



52. The DEIA report discussed and approved by Professional council meeting. The “Gazar Delkhii” LLC that is subcontractor of road design and supervision firm, the DEIA report was handed-over on June 22, 2021.

53. The road designing and supervision firm performed field basic surveys such as geology, archeology, ethno-graphical and environmental impact to develop DED of Khentii road and transmission line.



54. The road designing and supervision firm prepared the preliminary design of the Khentii road in accordance with the engineering-geology survey and the preliminary partial master plan of CKTC.



55. Progress against DMF targets: none yet

56. Next steps: (i) A procurement process for Khuvs gul road and car parks will be started in the next quarter of 2021. (ii) After the approval of the partial master plan of the CKTC, the DED of the

road and car parks is planned to commence on August 1, 2021, according to the approved revised plan.

### **3.3 Output 3: Waste management improved**

57. Project activities comprise: (i) facilitate the installation of low-cost and gender-sensitive toilet systems at about 102 tour camps, campsites, and project-funded car parks, (ii) construct three wastewater treatment plants (WWTPs), and (iii) upgrade three landfill sites. The DMF targets are that by 2024: 3a. At least 70% of tour camps in KLNP and OBNP adopt and install approved sanitation systems (2018 baseline: 0); 3b. Thirty-one gender-sensitive toilet blocks are constructed at public campsites and car parks in KLNP (29) and OBNP (2) (2018 baseline: 5 in KLNP); 3c. Three wastewater treatment plants are constructed (2 in KLNP; 1 in OBNP) with total treatment capacity of 135 m<sup>3</sup>/day (2018 baseline: 0); and, 3d. Three landfills are rehabilitated and capacity increased [260% increase in KLNP (52,500 m<sup>3</sup>), 2 sites; 100% increase in OBNP (20,000 m<sup>3</sup>), 1 site] (2018 baseline: 25,000 m<sup>3</sup> capacity).

58. Key activities implemented during the reporting period are as follows.

**CS18- Solid Waste Engineering and Supervision Firm.** During this reporting period, contract was awarded on April 9, 2021 with the “N.A.P group” LLC. COVID-19 related restriction affected to contract signing process. The Table 3 shows the progress update of the CS18 package.

Table 3. CS18 package status

| # | ACTIVITIES                                  | STATUS    | DATE              |
|---|---|-----------|-------------------|
| 1 | REOI  | Completed | June 10, 2020     |
| 2 | Finalization of the detailed TOR            | Completed | November 24, 2020 |
| 3 | Submission 1 to be submitted for ADB review | Completed | January 21, 2021  |
| 4 | ADB approval for Submission 1               | Completed | January 27, 2021  |
| 5 | RFP issuance/send out to shortlisted firms  | Completed | February 3, 2021  |
| 6 | Opening of the technical proposal           | Completed | February 24, 2021 |
| 7 | Submission 2-3 was submitted for ADB review | Completed | March 18, 2021    |
| 8 | ADB Approval on Submission 2-3              | Completed | March 23, 2021    |
| 9 | Award of Contract                           | Completed | April 9, 2021     |

59. The “N.A.P group” conducted environmental impact assessment and engineer-geology baseline survey in target areas to determine technical conditions for WWTP, landfill and toilet facilities.

60. An inception report for Solid Waste Engineering and supervision firm was accepted by MET.

61. Some versions for technological solutions of sanitation system, WWTP and landfill were developed according to the consultation with MET, KLNP, local authorities and some requirements of Mongolian laws. The solutions of the facilities will be tailored to local conditions and eco-friendly technology.

62. The consulting firm conducted household survey on current solid waste management in Dadal soum and presented an initial report to the PIU.



63. Progress against DMF targets: none yet

64. Next steps: DED for sanitation system, WWTP and landfill will be obtained expertise approval and bid documents for civil work will be prepared in the next quarter.

### **3.4 Output 4: Park management strengthened**

65. Project activities comprise: (i) construct a KLNP headquarters and visitor center, two fee collection stations, and a road control station, (ii) rehabilitate 15 km of public trails, (iii) revise the KLNP and OBNP management plans with the project measures, including O&M costs and financing sources for the project facilities, (iv) prepare a 4-year action plan for each park, to guide the implementation of the revised management plans, and (v) train park and *soum* government staff to implement the revised plans. The DMF targets are that by 2024: *4a. KLNP headquarters and visitor center are constructed (2018 baseline: 1 old center); 4b. About 250 staff (at least 50% women) from local agencies and tour camps are trained in O&M of project facilities, tourism, waste, and/or conservation (2018 baseline: 0); and, 4c. Park management capacity is increased to at least 70% (2018 baseline: 59% in KLNP; 57% in OBNP).*

66. Key activities implemented during the reporting period are as follows. The preliminary designs of fee collection stations and public trails at KLNP reflected comments from the MET, the MRTD.

67. Urban Planning and Architecture and Construction Design “N.A.P GROUP” LLC prepared the architectural design of KLNP HQ/VC having refined and assured its designs and layout plans while keeping certain parts of the previous designs and plans upon consideration of descriptions and results of the baseline studies presented in the report produced at the pre-feasibility phase of TA-9230 MON: (50013- 001) and analysis of potential positive/negative impacts and opportunities/weaknesses.

68. To successfully implement the project, the consulting firm will complete all the tasks, starting from baseline context analysis to detailed engineering design and construction supervision, through timely meetings and consultations with the park administration and local government representatives. Pursuant to this approach, the Consultant had consultative meetings with PIU, local government and park administration representatives with regard to the respective concerning issues and prepared this inception or baseline context report consulted with the relevant reference materials containing construction codes applicable to the proposed construction.

69. Under the package, inception report was released in April, which is basically related to the detailed design drawings, the baseline context analysis/survey has been done in detail within the proposed project sites. Thus, detailed baseline surveys, in close integration with the following sources of information and expert opinions, were conducted at the detailed designs

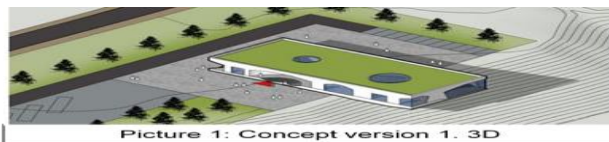


and layout plans of the proposed building and facilities: a) Background topographic map, engineering-geological baseline surveys and their conclusions; b) Detailed environmental impact assessment and its conclusions; c) Baseline studies on the construction site(s).

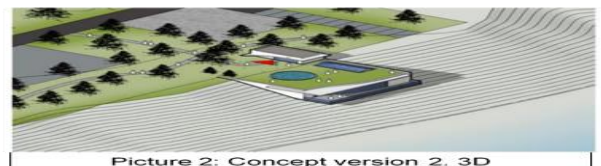
70. During the reporting period, engineer-geodesy, engineer-geological survey and cadastral mapping, detailed engineering assessment were conducted.

71. Based on the Appendix 28 Feasibility study for Output 4 (2018), the consulting firm analyzed the advantages and weaknesses of the original or initial conceptual design in terms of the detailed engineer-geodesy and engineer-geological survey results as all specific geographical and soil characteristics and construction site analysis. Accordingly, revised concept versions were prepared.

72. The PIU and consulting team had an online meeting with Mr. Joshua, “Rural Urban Framework” LLC, an architect of the original conceptual design, prepared in the preliminary feasibility study. During the meeting, the consulting team presented engineer-geodesy and engineer-geological study results as well as proposals of revised versions of conceptual designs.



Picture 1: Concept version 1. 3D



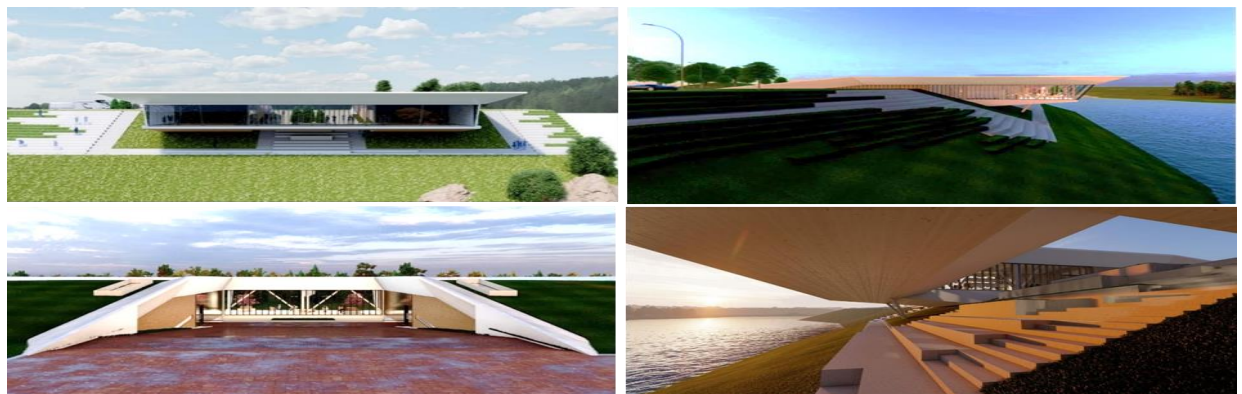
Picture 2: Concept version 2. 3D



Picture 3: Concept version 3. 3D

73. Based on the above conceptual design, the upgraded versions were prepared and introduced to the PIU and EA. A number of consultation and online meetings were held accordingly, the Concept version 2 was agreed to be introduced to the MET for approval of the conceptual design. Joint virtual meetings including MET State Secretary and DPAM officials were organized on June 28, 2021.

74. During the meeting, the conceptual design was approved by the MET with following conditions, i) Total floor area of the building will not exceed 883 m<sup>2</sup>; ii) internal structure or indoor wall arrangements, room separation or floor area organization will be finalized with close consultation with MET DPAM and KLNPHQ. Expected visitor projection was made based on the number of tourists and visitors who visited the KLNPHQ last 3 years.



Picture 4: Concept design of the KLNPHQ/VC

75. Progress against DMF targets: none yet



76. Next steps: (i) The DED of fee collection stations and layout design of 15 km public trails will be approved by MET and relevant authorities of the Khuvsgul aimag upon completion. The DED of fee collection stations will be approved by the State Expertize; II) The DED of KLNP HQ/VC will be approved by the State Expertize; iii) An initial concept of the KLNP management plan and Dadal soum tourism plan will be discussed with key stakeholders.

#### **4. KEY ISSUES AND ACTIONS TAKEN**

##### **4.1 COVID-19 impact on project implementation and measures taken by PIU**

77. Due to the coronavirus (COVID-19) pandemic, there was number of national lockdown measures has been taken in Mongolia between November 11th, 2020 to January 11th, 2021, February 11th to 23rd, and April 10th to May 8th caused delays in project implementation, specifically due to: (i) delays in scheduled evaluation committee meetings as committee members were unable to meet in person, (ii) bidding documents were packages were (at that stage) still required to be opened as hard copy documents, rather than digital documents, (iii) signature of committee members, and of MET management for various PIU activities, could only be provided by government on hard copy i.e. no e-signatures permitted, (iv) due to the recommendation of State Emergency Commission (that 70% of employees work from home), most MET officers were absent, with irregular or intermittent communication from home, causing the process of reviewing and endorsement to be delayed, and (iv) from mid-February till today, MET has been working with 5-15 percent of employees on office, limiting any visitors from entering.

The PIU took some actions to mitigate the current affects thanks to MET, State Emergency Council and local stakeholders:

- a. The PIU provided flexible conditions for all staff to work from their home to pay more attention for their family health and satisfactory on life and work balance.
- b. All meetings for EC, PSC and WGs were organized virtually through well-prepared participatory methods.
- c. As endorsed by previous COVID-19 report, PIU has completed the procurement on virtual conference equipment.

##### **4.2 The key issues were addressed during the reporting period:**

78. The PIU effectively collaborates with relevant key stakeholders at aimag and government level to address some issues, which are faced on process to implement the project.

##### **(CS19)- Simple architectural designing and supervision (for KLNP HQ and Murun square)**

79. Currently, as per Law on Land of Mongolia, article 34.1, “to utilize land for industrial or service purpose entity shall get EIA before the concession of land”. However, by the Law on Environmental Impact Assessment, article 7.3, “client shall submit the DED which approved by related organization”, but on the other hand according to Law on Urban Development, chapter 22, “to get approval on DED land utilizing licenses required in the bureaucratic process”. Therefore, current legal system in Mongolia has created this paradox of problem, where all three of the documents require each other at the same time which causing work procedures of PIU on each infrastructure DED staggering and losing time.

##### **(CS21)-Architectural design and supervision (CKTC)**

80. Regarding to the GOM decision to change the CKTC concept, MET and PIU organized series of meeting in high level to establish working groups, who will develop a new concept and make a final decision on developed concept.

## 5. SOCIAL TARGETS AND ENVIRONMENTAL SAFEGUARD

### 5.1 Social and gender action plan:

81. During the reporting period, no target or indicator was achieved against the SGAP.

82. The project social, gender and civil society specialist prepared SGAP related parts and included in the W2 bidding document under the Health and Safety session. Under the SGAP 2.1, employment opportunities are expected to be provided to at least 15 local residents (40% of them are females and 30% of them are vulnerable people) during road construction work. The contractor shall provide equal job opportunities to men and women as well as provide gender-sensitive services at the construction sites including separation of toilets for women and men.

82. During the reporting period, gender-desegregated data from participants of all online and field visit meetings as well as discussions were collected. In total, 82 participants (external stakeholders) were registered, out of which 43 (52%) were women.

*Table 4. Summary of gender-disaggregated data*

| Location                               | Date    | Types of activity  | Total participants | Women              | Men                |
|--|---------|--|--------------------|--------------------|--------------------|
| Online meeting                         | Apr 30  | Khuvsgul subproject working group meeting                            | 16                 | 7                  | 14                 |
| Dadal soum                             | May 5   | CS18 kick off meeting with local authorities and community           | 33                 | 17                 | 16                 |
| Online meeting/<br>discussion with MET | June 22 | CS20-Khankh soum development plan –getting inputs from MET officials | 33                 | 19                 | 17                 |
| <b>Total (Q2 2021)</b>                 |         |  | <b>82</b>          | <b>43</b><br>(52%) | <b>39</b><br>(48%) |

83. Under the Health and Safety plan, the contractor shall take special attention take to precautionary measures to prevent spread of the Covid-19 pandemic and HIV/AIDS. The HIV/AIDS prevention measures shall include on-site trainings to all workers, laborers and site staff on awareness on HIV/AIDS and human trafficking prevention actions.

### 5.2 Consultation and participation plan:

84. Due to COVID-19 pandemic, there was no or limited number of face-to-face consultations and meetings were held at the project sites. The PIU planned to organize 2 events in June. i) “Dadal soum tourism forum/workshop” at Dadal inclusive of local communities, tour camp and tourism operators, local entrepreneurs, and other relevant stakeholders; ii) field visit trip to Khuvsgul and planned community consultation meeting with local tourism stakeholders at Khatgal. Unfortunately, due to increased cases of COVID-19 at Dadal, Khatgal and Murun, both events were postponed till Q3 2021.

### 5.3 Involuntary Resettlement Compliance:

85. The draft LARP is under preparation as per ADB safeguards policy statement. Consultations with affected households and entities are ongoing with local stakeholders and PIU. The LARP is reviewed, consulted and completed in next quarter.

## **5.4 Environmental Safeguards:**

### **Progress of DEIAs.**

86. Detailed environmental impact assessment of Road design and supervision consulting service has been mobilized on November 18, 2020. Currently, “Gazar Delkhii” LLC has completed the DEIA report for road project of Khuvsgul sub-project and on May 28, 2021 proceeded to the screening process and on June 15, 2021 endorsed by MET. Now, “Gazar Delkhii” LLC is working on road project of Dadal soum of Khentii aimag with progress of fieldworks and surveys has been completed.

87. As for the architectural design and supervision of the Chingis Khaan Tourism Complex, the contract has been awarded on December 11, 2020. “Sunny trade” LLC is working on the task with completion of 80 percent. Additionally, due to CKTC concept has changed DEIA work is currently on hold to continue with the new design concept.

88. “Shurenzaviya” LLC has started its work on DEIA, as of late February, 2021 for CS19 and late March, 2021 for CS18. Currently, firm has 90 percent completion of DEIA of CS19 and expected to proceed the screening in August to get endorsement of MET. As for CS18, DIEA progress is about 30 percent with the preliminary studies and fieldworks, surveys had been done.

## **6. KEY ACTIVITIES FOR NEXT QUARTER**

### **6.1 Project management**

89. Final draft of contract award for W2 and bid document for W1 will be sent under ADB review.

90. The PIU will collaborate with MRTD, MCUD, MC and regulatory / or implementing agencies of GOM such as Road and Transportation Development Center, Construction Development Center, NEMA to get approval for DEDs and get the professional technical supports on bidding documents and civil work.

91. The PIU will organize PSC Meeting No.4 to introduce the project performance of the 2nd quarter 2021 and to get approval on updated annual plans based on COVID-19 conditions and GOM decision.

92. Contract with Khuvsgul liaison officer will be signed by MET SS and the PIU will organize on the job orientation training for the officer.

93. The PIU will trip to target areas to make project-related joint decision by local authorities and to start civil works at the areas.

### **6.2 Procurement plan**

94. Two of the works packages: W2: Road link between town center and local tourism road; road sealing from Khatgal to Jankhai; car parks at Khatgal is planned to be advertised in Quarter 3 of 2021. The Table 5 shows the planning of the W2 package procurement.

*Table 5. W2 package plan*

| <b>Package Number</b> | <b>General Description</b> | <b>Estimated Value (mil USD)</b> | <b>Procurement method</b> | <b>Review</b> | <b>Bidding procedure</b> | <b>Next Action for Q3, 2021</b> |
|-----------------------|----------------------------|----------------------------------|---------------------------|---------------|--------------------------|---------------------------------|
|-----------------------|----------------------------|----------------------------------|---------------------------|---------------|--------------------------|---------------------------------|

|    |  |          |                                     |       |      |               |
|----|--|----------|-------------------------------------|-------|------|---------------|
| W2 | Road link between town center and local tourism road; road sealing from Khatgal to Jankhai; car parks at Khatgal | \$10.598 | OCB for international advertisement | Prior | 1S1E | Advertisement |
|----|--|----------|-------------------------------------|-------|------|---------------|

### **6.3 Financial disbursement and contract award projections**

95. The PIU will not request any withdrawal applications in the next quarter and no contracts are planned to be awarded as well.

96. The PIU will submit its first APFS period covering from August 06, 2019 to December 21, 2020 by June 30, 2021.

### **6.4 Key issues and anticipated mitigation actions**

97. The PIU has summarized some key issues and mitigation actions for the next quarter in the Table 6 below.

*Table 6. Key issues and anticipated actions*

| Description   | Rating | Mitigation Measures   | Responsibility  | Detailed actions  |
|---|--------|---|---|---|
| <b>ISSUE</b>  |        |   |   |   |
| <b>Consulting firms' activities</b>   |        |   |   |   |
| <b>CS19-Murun tourist square</b><br>At the project preparation stage, the original location was Chingunjav square with small scale sculptures and fewer facilities. Due to the location change, conceptual design was changed with increased number of facilities at the site which is almost 4 times bigger than the original site. Accordingly, the budget estimate is subject to increase. | M      | The PIU and the consulting teams are working closely with the authorities of Khuvsgul aimag and Murun soum.<br><br>The PIU will introduce Murun square new concept to ADB with enlarged budget estimate.          | PIU<br>MET<br>Khuvsgul government                                 | Virtual or face-to-face meetings  |
| <b>Project management</b>   |        |   |   |   |
| Delays of DED for CKTC and road   | H      | The PIU is closely working with high-level authorities to be made decisions.<br><br>The PIU is supporting the working groups to develop new concept and build communication with relevant agencies and community. | Mongolian Council, MET, Local authorities, CS17, CS21, PIU<br>Art | Approval on CKTC new concept<br><br>DED completion<br><br>Loan negotiation with ADB |
| The PIU is proposing to change the project Action plan for 2021 along with the Procurement and Financial plan for 2021. Due to COVID, most of the planned meetings, workshops,  | M      | The PIU will organize PSC Meeting No.4 (virtual) at the beginning of July in order to approve the   | PIU<br>EA<br>PSC  |   |

| Description   | Rating | Mitigation Measures                     | Responsibility | Detailed actions |
|---|--------|---|----------------|------------------|
| discussions and trainings were re-scheduled or postponed till 2022. |        | revised plans based on Covid-19 affect. |                |                  |

# REPORT ON COVID-19 IMPACT ON PROJECT IMPLEMENTATION AND MEASURES TAKEN BY PIU

## 1. Background

In late December of 2019, respiratory illness of unknown sources occurred in Wuhan city of Hubei province in China, and later on January 7, 2020, it is defined as a new kind of virus (SARS-CoV-2), currently known as COVID-19 worldwide. On January 20, 2020, the WHO Director-General declared that the outbreak constitutes a Public Health Emergency of International Concern (PHEIC).

By July 20, 2021, the COVID-19 worldwide has affected 221 countries with 192,245,333 cases which a death toll of 4,133,413 making 2,15% of overall cases (about 50 million infected and more than 1 million deaths within the period from the last report). In the case of Mongolia, there are a total of 149,733 cases in which 883 have been transported from outbound, 148,384 new cases of domestic infection have occurred since January (period of the previous report), and currently, 137,632 of those cases have been healed with 745 death counted.

Due to this severe outbreaks occurring, the state of emergency and mitigation action from the Government of Mongolia has changed drastically, such as from reinstating the curfew to nationwide lockdown between February 11 to 23, and April 10 to May 8, 2021.

In the light of the COVID-19 pandemic situation in Mongolia, project implementation is facing many problems such as procurement time delays and staggering, contracted consulting services being unable to perform their given task due to lockdown, fieldworks have been postponed for an unknown period. Hence, PIU has decided to inform it quarterly, about the current circumstances regarding COVID-19 impacts on the project and measures that took action.

## 2. Summary of infection

After the last report submitted to ADB regarding the pandemic situation, there have been 148,384 new cases which 308 transported from foreign countries and 148,076 transmitted domestically which could be considered as catastrophic increase in spread. Making 42780.8 per million making over 100 times than the situation of January when PIU reported. Moreover, there are 745 deaths which 372.5 times higher than the last report.

In terms of regional infection, 109,801 of 149,733 is in Ulaanbaatar city making highest in the country, 2487 in Selenge province, 4045 in Darkhan-Uul province, 4341 in Orkhon-Uul province, 2239 in Arkhangai province, 1784 in Zavkhan province, 3626 in Tuv province, etc.

Additionally, during this period of reporting there has been a total of 3441 new cases in project areas, 1741 in Khuvsgul province and 1700 in Khentii province. However, there is no death toll counted in each province. Due to pandemic spread in project areas, each province has taken preventive measures and as well as forcing a lockdown situation. Thus, project implementation has been in a staggering phase, e.g., delays in fieldworks and meetings, under the pandemic circumstance, local government agencies and