

Japan Fund for Poverty Reduction Project Administration Manual

Project Number: 51102-001

Grant Number: XXXX

August 2019

Mongolia: Ulaanbaatar Community Food Waste
Recycling Project
(Financed by the Japan Fund for Poverty Reduction)

ABBREVIATIONS

ADB	–	Asian Development Bank
GAP	–	gender action plan
GHG	–	greenhouse gas
JFPR	–	Japan fund for Poverty Reduction
JICA	–	Japan International Cooperation Agency
MUB	–	Municipality of Ulaanbaatar
MOF	–	Ministry of Finance
OCB	–	open competitive bidding
O&M	–	operation and maintenance
PAM	–	project administration manual
PIU	–	project implementation unit
SOE	–	statement of expenditure

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 51102-001	
Project Name	Ulaanbaatar Community Food Waste Recycling Project	Department /Division	EARD/EAER
Country	Mongolia	Executing Agency	Ulaanbaatar Municipal Government
Borrower	Government of Mongolia		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	CO ₂ reduction (tons per annum)	1,368
Environmentally sustainable growth (ESG)	Global and regional transboundary environmental concerns Urban environmental improvement	Climate Change impact on the Project	Low
		Cofinancing	
		Mitigation (\$ million)	3.00
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Civil society organizations Implementation		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Not Applicable	
Household Targeting	No		
General Intervention on Poverty	Yes		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG3, SDG6, SDG11, SDG12		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		3.00	
Japan Fund for Poverty Reduction - Project grant (Full ADB Administration)		3.00	
Counterpart		0.20	
Government		0.20	
Total		3.20	
Currency of ADB Financing: USD			

Japan Fund for Poverty Reduction Project Administration Manual Purpose and Process

The Japan Fund for Poverty Reduction (JFPR) project administration manual (PAM) describes the essential administrative and management requirements to implement the JFPR-funded project on time, within budget, and in accordance with the government and Asian Development Bank (ADB) policies and procedures. The JFPR PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the JFPR PAM.

The executing and implementing agencies are wholly responsible for the implementation of the project, as agreed jointly between the grant recipient and ADB, and in accordance with the government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

The executing and implementing agencies and ADB shall agree to the JFPR PAM and ensure consistency with the grant agreement. In the event of any discrepancy or contradiction between the JFPR PAM and the grant agreement, the provisions of the grant agreement shall prevail.

After ADB Board approval of the project's grant assistance report, changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including ADB's Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the JFPR PAM.

I. PROJECT DESCRIPTION

A. Rationale

1. Approximately 2.9 million tons of solid waste are generated annually in Mongolia, out of which approximately 1.2 million tons are in Ulaanbaatar.¹ Ratio of food waste in solid waste in Ulaanbaatar is the largest (36.0%) in summer and the second largest (23.0%) next to ash (49.0%) in winter.² Of the solid waste in Ulaanbaatar, 72.5% is disposed in formal disposal sites, 20.5% is recycled, and 7.0% is illegally dumped.³ Formal disposal sites are becoming full and Narangiin Enger landfill constructed with Japanese grant aide will be closed in 2020.⁴ Paper, plastic, metal, and construction waste are recycled by small businesses or collected and exported to the People's Republic of China for recycling (footnote 3). Due to inadequate collection services and limited capacity of formal disposal sites, solid waste is also illegally dumped. Inadequate solid waste management causes deterioration of living environment and health risks, especially in *ger* areas where the least developed and vulnerable communities reside and which have developed mostly without sufficient urban services, like water and power supply and regular solid waste collection.⁵

2. **Food waste.** Ratio of food waste in solid waste in Ulaanbaatar is the largest in summer and the second largest in winter. Although 17.8% of solid waste is recycled in Ulaanbaatar, food waste is not recycled and just disposed of in formal landfills or illegally dumped. Food waste is increasingly becoming pollutants, adversely affecting living environment and health of urban communities, particularly in *ger* areas, and a source of greenhouse gas (GHG).⁶

3. Food waste is rich in plant nutrients and can be converted into useful materials like compost, to fertilize farmlands and green areas. Demand for compost is forecasted to be high, since amount of required fertilizers per year in Mongolia, which may be replaced with compost, is estimated at 150,000–200,000 million tons, but effectively imported and utilized amount is estimated at only 10.0% of the needed amount, and the utilization of fertilizers increases every year by an average of 10.0%.⁷ The Municipality of Ulaanbaatar (MUB) may be a big and sustainable buyer of compost, because it purchases thousand tons of top soil for maintenance of green space in Ulaanbaatar, which may be replaced with compost. Following its landscaping master plan approved in 2018, the MUB is increasing green space from the current 98 hectares. The Ministry of Agriculture is also a potential buyer of compost, since it uses millions of tons of imported fertilizer to improve agricultural soil, which may be replaced with compost. Production of compost from food waste has several advantages such as improvement of living environment and reduction of health risk, particularly in *ger* areas; saving of spaces in disposal sites; reduction of GHG emissions; and provision of opportunities for new business and jobs, particularly for the poor.

4. **Government initiatives.** The first law for overall waste in Mongolia was the Sanitation and Hygiene Law (1998) that aimed to ensure healthy and safe working and living conditions.

¹ Badam Delgerbayar. 2016. *Current Status of Solid Waste Management in Mongolia and Business Opportunities*. <http://www.unido.or.jp/files/Mongolia-updated.pdf>.

² Ulaanbaatar Municipal Government. 2016. *Green Development Strategic Action Plan for Ulaanbaatar*. Ulaanbaatar.

³ Mongolian National Recycling Association. 2018. *Manual for Management on Production of Recycling*. Ulaanbaatar.

⁴ At this landfill, 40% of solid waste in Ulaanbaatar is disposed.

⁵ A *ger* area is a form of residential district in Mongolian settlements.

⁶ Food waste breaks down and emits GHG including carbon dioxide and methane.

⁷ Bernd Pöschk. 2016. *Market Study Part 2: Supply of Agro-Chemicals in Mongolia (Fertilizer and Pesticides)*. Ulaanbaatar.

This law was superseded by the Law on Hygiene passed in 2016. Solid waste-related activities had been regulated by (i) the Law on the Import, Export, and Cross-Border Transport of Hazardous Waste (2000); (ii) the Law on Domestic and Industrial Wastes (2003); and (iii) the Law on Ban of Some Plastic Bags Consumption (2009); until the Law on Household and Industrial Waste (2003), a part of the Law on Waste (2003), came into enforcement in 2004. This law governed collection, storage, landfill, and reuse of waste and ensured effective measures to prevent negative impacts of wastes on public health and the environment. In 2012, the new Law on Waste that emphasized the reduce, reuse, and recycling principles and formed regulatory basis of waste segregation at source was promulgated. In 2017, the Mongolian Parliament approved the Amendment Law on Waste 2017.⁸ Key amendments by this law include the formalization of (i) waste reduction at source, including waste separation; (ii) waste recycling requirements; (iii) producer's responsibilities; (iv) hazardous waste management; (v) liabilities and penalties; and (vi) waste management awareness and education.

5. National programs and policies on solid waste management includes (i) the Action Program of the Government of Mongolia for 2016–2020 that aims to save resources, and ensure their reuse and recycle, to reduce air, water, and soil pollution, and upgrade waste management in urban areas;⁹ (ii) the National Program on Waste for 2014–2022 and its phase 2, National Program on Waste for 2018–2022, that focuses on the restoration of environmental damage from waste contamination by educating the public about green consumption, developing social responsibility awareness, and establishing an effective municipal solid waste management system;¹⁰ (iii) the Mongolia Sustainable Development Vision 2030 that sets targets of recycling 30% of solid waste in Mongolia by 2025 and 40% by 2030;¹¹ (iv) the Green Development Policy of Mongolia that aims to reduce waste and environmental pollution and degradation and encourage education, science, and green development;¹² and (v) the National Program for Reducing Air and Environment Pollution for 2017–2025 that aims to promote development of waste collection and transportation infrastructure and waste recycling activities.

6. Mongolia is also a signatory to multilateral environmental agreements and conventions for the protection of public health and environment including the United Nations Framework Convention on Climate Change (1993), the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1996), the Vienna Convention for the Protection of the Ozone Layer (1996), the Montreal Protocol on Substances that Deplete the Ozone Layer (1996), the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1999), and the Stockholm Convention on Persistent Organic Pollutants (2003). Mongolia has demonstrated its commitment to significant environmental improvements through its extensive international obligations

7. In 2016, the MUB approved the Green Development Strategic Action Plan for Ulaanbaatar 2020 (footnote 2). In this plan, the MUB confirmed that irregular solid waste collections in *ger* areas, poor solid waste management at household level, and illegal dumping of solid waste are the major problems for solid waste management.

8. **Donor-funded projects.** The Japan International Cooperation Agency (JICA), through

⁸ Government of Mongolia. 2017. *Law on Waste Management*. Ulaanbaatar.

⁹ Government of Mongolia. 2016. *Action Program of the Government of Mongolia for 2016–2020*. Ulaanbaatar.

¹⁰ Government of Mongolia. 2014. *National Program on Waste for 2014–2022*. Ulaanbaatar; and Government of Mongolia. 2018. *National Program on Waste for 2018–2022*. Ulaanbaatar.

¹¹ Government of Mongolia. 2016. *Mongolia Sustainable Development Vision 2030*. Ulaanbaatar.

¹² Government of Mongolia. 2016. *Green Development Policy of Mongolia*. Ulaanbaatar.

the Study on Solid Waste Management Plan for Ulaanbaatar City in Mongolia from 2004 to 2007, formulated a master plan for solid waste management in Ulaanbaatar and conducted a feasibility study for priority projects proposed in the master plan. The Government of Japan, through its grant aide project for Improvement of Waste Management in Ulaanbaatar City from 2007 to 2008, constructed the Narangiin Enger landfill and provided solid waste management equipment. JICA, through the Project on Strengthening the Capacity for Solid Waste Management in Ulaanbaatar City from 2009 to 2012, developed human resources for policy making and planning for solid waste management, operation and maintenance (O&M) of solid waste collection equipment, management of the Narangiin Enger landfill, administrative and financial management in solid waste management, and public awareness raising and participation in solid waste management; and recommended an appropriate system of waste separation and recycling in Ulaanbaatar.

9. The Korea International Cooperation Agency supported the construction of a municipal solid waste recycling facility at Narangiin Enger landfill site in 2015. The Asia Foundation and Australian Department of Foreign Affairs, through their Urban Services for the *Ger* Districts of Ulaanbaatar from 2012–2015, jointly improved solid waste collection and transfer, by providing local residents with solid waste collection schedule and increasing collection frequency. Since 2018, the European Bank for Reconstruction and Development and the European Union are financing to help the Mongolian capital invest in a landfill, purchase new waste collection equipment, and introduce a construction and demolition waste plant.

10. Although ratio of food waste in solid waste is quite significant and composting of food waste has several advantages, there have been no donor-funded projects focusing on food waste recycling in Mongolia.

11. **Strategic fit.** The project will improve living environment, reduce health risk, reduce GHG emissions, and provide opportunities for new business and jobs, particularly for the poor. It is consistent with (i) National programs and policies of Mongolia on solid waste management including the Action Program of the Government of Mongolia for 2016–2020, National Programs on Waste for 2014–2022 and 2018–2022, Mongolia Sustainable Development Vision 2030, Green Development Policy of Mongolia, National Program for Reducing Air and Environment Pollution for 2017–2025, and Green Development Strategic Action Plan for Ulaanbaatar 2020 (footnotes 2 and 9–12); (ii) Asian Development Bank (ADB) country partnership strategy for Mongolia, 2016–2020, which aims to strengthen environmental sustainability;¹³ (iii) ADB's Strategy 2030 that includes operational priorities of (a) addressing remaining poverty and reducing inequalities, (b) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability, and (c) making cities more liable;¹⁴ and ADB's environmental and urban operation plans.¹⁵

12. **Lessons.** The project design was prepared based on past studies and projects conducted by other donors, particularly the Government of Japan and JICA, and incorporating guidance from the Embassy of Japan in Mongolia and JICA Mongolia Office. Lessons learned from past Japan Fund for Poverty Reduction (JFPR)-funded projects have also been incorporated in the project design. Particularly, good practices from Poverty Reduction through Community-Based Natural

¹³ ADB. 2017. *Country Partnership Strategy: Mongolia, 2017–2020—Sustaining Inclusive Growth in a Period of Economic Difficulty*. Manila.

¹⁴ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

¹⁵ ADB. 2013. *Environment Operational Directions, 2013–2020*. Manila; and ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila.

Resource Management, Managing Soil Pollution Management in Ulaanbaatar's *Ger* Areas and Older Industrial Sites, and Community Vegetable Farming for Livelihood Improvement have been incorporated. These provide strong models for community participation in environmental and livelihoods improvement.¹⁶

B. Impact and Outcome

13. The impact will be Ulaanbaatar as a green city, environmentally sustainable with inclusive economic growth, active public participation, and a safe and healthy living environment for its citizens.¹⁷ The outcome will be food waste recycling with community participation developed in Ulaanbaatar.

C. Outputs and Key Activities

14. **Output 1: Options for food waste recycling identified.** This output will focus on a rigorous and analytical assessment of food waste in Ulaanbaatar. Activities will include (i) detailed surveys to households, schools, kindergartens, markets, restaurants, and hotels on (a) food waste composition, (b) local communities' willingness to do composting and their expectations on how they will benefit from food waste recycling, and (c) gender-specific issues in food waste recycling; and (ii) publishing of the results of the surveys.

15. **Output 2: Participatory food waste recycling demonstrated.** This output will develop and implement pilot projects for food waste recycling into compost, on three scales: small-, medium-, and large.¹⁸

16. For the small-scale pilot projects, (i) five *khoroos* will be selected,¹⁹ 10 households will be selected from each *khoroos*, and one household which will conduct composting will be selected from the 10 households in each *khoroos*; (ii) in each *khoroos*, the selected household for composting will collect food waste from the 10 households and conduct composting; and (iii) produced compost will be used in the *khoroos* for kitchen gardening, landscaping, etc. or sold. Bins for food waste, composters, cardboard boxes for compost storage (particularly for winter), shovels, watering cans, gloves, respirators, etc. will be provided to the selected households.

17. For medium-scale pilot projects, (i) five schools and five kindergartens will be selected; (ii) a special school or kindergarten team consisting of a leader and two staff will be established in each school or kindergarten; (iii) the special school or kindergarten team in each school or kindergarten will produce compost using food waste collected from its canteen, use produced compost for green open spaces, flower beds, or vegetable gardens in the school or kindergarten, and conduct education of the students or children to change their mindsets on waste and environment. A composter with self-heating system which can conduct composting even in winter

¹⁶ ADB. 2008. *Grant Assistance Report: Proposed Grant Assistance to Mongolia for Poverty Reduction through Community-Based Natural Resource Management*. Manila; ADB. 2016. *Grant Assistance Report: Administration of Grant to Mongolia for Managing Soil Pollution in Ger Areas through Improved On-Site Sanitation Project*. Manila; and ADB. 2017. *Grant Assistance Report: Proposed Administration of Grant to Mongolia for Community Vegetable Farming for Livelihood Improvement*. Manila.

¹⁷ Government of Mongolia. 2013. *Green Development Strategic Action Plan for Ulaanbaatar 2020*. Ulaanbaatar.

¹⁸ Songino-Khairkhan District of Ulaanbaatar is a potential site for the pilot projects, since (i) it is close to Narangiin Enger landfill constructed under a Japanese grant aide project, where 40% of solid waste in Ulaanbaatar including 15%–25% of food waste is disposed; and (ii) a density of the population is high with 50,000–60,000 households in the five *khoroos*.

¹⁹ *Khoroos* is an administrative subdivision of Ulaanbaatar.

will be provided to each of the selected schools and kindergartens. Shovels, watering cans, compost containers (particularly for winter), gloves, respirators, etc. will be also provided to the selected schools and kindergartens.

18. For the large-scale pilot project, (i) the MUB will provide its vacant land for the construction of a composting facility;²⁰ (ii) a building with heating system for composting will be constructed on the land; (iii) a composter with self-heating system which can process at least 2,000 kilograms of food waste per day and relevant equipment such as a packaging machine will be installed in the building; (iv) waste pickers or unemployed youth and/or women will be employed as workers for composting and sale of compost;²¹ (v) markets, restaurants, hotels, schools, kindergartens, and households which will provide food waste will be selected; (vi) the MUB will provide a truck and truck driver for transportation of food waste and compost; (vii) bins for food waste for the selected markets, restaurants, hotels, schools, kindergartens, and households, food waste container for the truck, and shovels, watering cans, special clothes, rubber boots, gloves, caps, and respirators for the composting workers will be procured; and (viii) the workers will produce compost from the provided food waste and sell the produced compost. O&M cost of the composting facility including workers' salaries will be paid from income generated from selling compost, after 1 year from the start of the large-scale pilot project.

19. The activities under Output 2 will include: (i) a study on international best practices and national practices for food waste recycling; (ii) marketing for the large-scale pilot project (quality, quantity, and cost of compost demanded by buyers); (iii) finalization of detailed implementation plans for small-, medium-, and large-scale pilot projects, including composting methods, types of composters, and scale of the composting facility for the large-scale pilot project, and measures to mitigate environmental impacts (impact by the construction of the composting facility, health risk of the participating people, etc.), including monitoring methods; (iv) negotiations and agreements with participating *khoroos*, schools, kindergartens, restaurants, markets, hotels, and households (including pilot working committee members, special school or kindergarten team members, participating households, composting workers, and places for composting and compost storage); (v) preparation of specifications of works and equipment (particularly composters) for the pilot projects; (vi) training and awareness raising for the participating households, restaurants, markets, and hotels, particularly for women (including the explanation of purposes and benefits of the pilot project and detailed implementation plan, promotion of segregation of food waste from waste, and follow up visits); (vii) training for people who will conduct composting on food waste segregation, composting, use (and sale) of composts, O&M of equipment, etc.; (viii) monthly sample test of produced compost at a laboratory to ensure quality and safety; (ix) monitoring of the effects of the pilot projects on climate change (reduction of GHG emission due to conversion of food waste to compost, amount of carbon sequestered by rural soils due to compost, etc.); and (x) monitoring and evaluation on reduced food waste and impacts on existing landfills and people's living environment and health (number of people employed, their income increase, amount of compost produced and sold per year, etc.).

20. **Output 3: Upscaling program for food waste recycling developed.** Activities under this output will include: (i) workshops; (ii) education campaigns for different stakeholders; (iii) a study on future market demand for compost; (iv) a study on other opportunities on technologies and partnerships for food waste recycling products (e.g., for energy production); (v) a study on regulatory

²⁰ Necessary land area is estimated at 625 square meters. A potential site is in Narangiin Enger landfill (footnote 18).

²¹ It is planned to employ five workers from waste pickers or unemployed youth and/or women who have lost their livelihoods after the closure of Narangiin Enger landfill (paragraph 1), for composting and sale of compost. Buyers of compost will be identified through the marketing (paragraph 19).

and institutional framework for scaling up the pilot projects; (vi) drafting of a strategic program and action plan on food waste recycling for Ulaanbaatar, to scale-up the pilot projects to overall Ulaanbaatar; and (vii) consultations with the MUB on the drafted strategic program and action plan on food waste recycling, with view of obtaining endorsement by the MUB.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table II-1: Project Readiness Activities

Indicative Activities	2019							Who is Responsible
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Establish project implementation arrangements					■	■	■	EA
Grant negotiations	■							ADB, MOF
ADB approval		■						ADB
Government legal opinion provided			■					MOF
Grant Agreement signing			■					ADB, MOF
Government budget inclusion							■	MOF, EA, IA
Grant effectiveness				■				ADB

ADB = Asian Development Bank, EA = executing agency (Municipality of Ulaanbaatar, represented by the Project Management and Regulation Department, Capital City Governor's Office, IA = implementing agency (Waste Management Division, Mayor's Office, Municipality of Ulaanbaatar), MOF = Ministry of Finance.

Source: Asian Development Bank.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

21. The MUB, represented by the Project Management and Regulation Department, Capital City Governor's Office, will be the executing agency. The Waste Management Division, Mayor's Office, MUB will be the implementing agency. A project steering committee consisting of representatives from relevant ministries and MUB will be established. The executing agency will establish a project implementation unit (PIU) by recruiting national consultants. A pilot working committees will be established for the small-scale and large-scale pilot projects.

22. Project implementation arrangements, including recruitment of the PIU staff, establishment of a project steering committee, reporting, and other relevant arrangements, will be in line with the Mongolian government's Regulation on Utilization of Proceeds of Grants; Implementation, Administration, Financing, Monitoring and Evaluation of Projects and Programs Funded by Such Proceeds approved under the Resolution of the Mongolian government and other relevant regulations (amended from time to time).

23. Once the PIU structure is approved by the Ministry of Finance (MOF), the MUB will finalize and acquire no objection from ADB on terms of reference of the PIU staff, and publicly advertise the PIU staff recruitments through local newspapers as well MUB website. The PIU staff recruitment will be conducted in accordance with ADB Procurement Policy (2017, as amended from time to time), Procurement Regulations for ADB Borrowers (2017, as amended from time to time), and the Government of Mongolia's Regulation on Utilization of Proceeds of Grants; Implementation, Administration, Financing, Monitoring, and Evaluation of Projects and Programs Funded by Such Proceeds (as amended from time to time).

Table III-1: Project Implementation Organizations

Project Implementation Organizations	Management Roles and Responsibilities
Executing agency— MUB (represented by the Project Management and Regulation Department, Capital City Governor's Office)	<ul style="list-style-type: none"> - Conduct overall project management. - Establish the PIU. - Conduct procurement and consultant recruitment (including PIU staff recruitment). - Establish bid evaluation committees for procurement and consultant recruitment. - Review and endorse withdrawal applications submitted by the project implementation unit and send them to the Ministry of Finance. - Ensure that the project will be implemented in line with ADB's and the Government's regulations.
Project steering committee	Oversee the preparation and implementation of the overall project and provide overall guidance.
Implementing agency— Waste Management Division, Mayor's Office, MUB	<ul style="list-style-type: none"> - Implement the project through the PIU. Particularly, implement the large-scale pilot project during and after the project implementation. - Provide counterparts, a land, a truck, and a truck driver for the large-scale pilot project, and other necessary goods, services, etc. necessary for project implementation. - Provide technical guidance for the implementation of the project. - Ensure that all relevant project reports are uploaded to MOF's official development assistance management information system.
PIU	<ul style="list-style-type: none"> - Prepare bidding documents for procurement and consultant recruitment and conduct contract management.

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> - Conduct financial management, including management of grant proceeds and preparation of withdrawal applications and submission of them to Project Management and Regulation Department, Capital City Governor's Office, MUB. - Monitor project progress and performance, and report to ADB through quarterly project progress reports. - Implement the GAP, monitor relevant gender and social targets, and report to ADB through quarterly project progress reports. - Prepare and submit to ADB a project completion report. - Conduct any other project management activities.
Pilot working committees	Oversee the preparation and implementation of small-scale and large-scale pilot projects and provide overall guidance.
Special school or kindergarten teams	For medium pilot projects, do composting at school or kindergarten.
ADB	Conduct overall project preparation and administration, including (i) provision of orientation to the MUB including the implementing agency, PIU, and consultants; (ii) review of project progress and performance and implementation of remedial measures, through daily communication and missions; (iii) review and approval of documents for procurement; (iv) review and approval of withdrawal applications and disbursement of grant proceeds; (v) changes in project scope and/or implementation arrangements, as necessary; and (vi) preparation of ADB-version project completion report.

ADB = Asian Development Bank, GAP = gender action plan, MOF = Ministry of Finance, MUB = Municipality of Ulaanbaatar, PIU = project implementation unit.

Source: Asian Development Bank.

B. Key Persons Involved in Implementation

Table III-2: Key Persons Involved in Implementation

Executing Agency

Municipality of Ulaanbaatar, represented by the Project Management and Regulation Department, The Capital City Capital City Governor's Office

PUREVJAV Baljinnyam
 Head, Project Management and Regulation Department, The Capital City Governor's Office
 Telephone: 976 11 327190; Mobile: 976 9909-7757
 Email: purevjav.b@ulaanbaatar.mn
 Office Address: Chingeltei District, 1st *Khoroo*, Ulaanbaatar, 15160 Mongolia

Implementing Agency

Waste Management Division, Mayor's Office, Municipality of Ulaanbaatar

UUGANBAYAR Gantumur
 Head
 Telephone: 976 11 315333; Mobile: 976 8809 5162
 Email: Khangarid Building, Jigjidjav Street 9, Ulaanbaatar, 15160 Mongolia

Asian Development Bank

Environment, Natural Resources, and

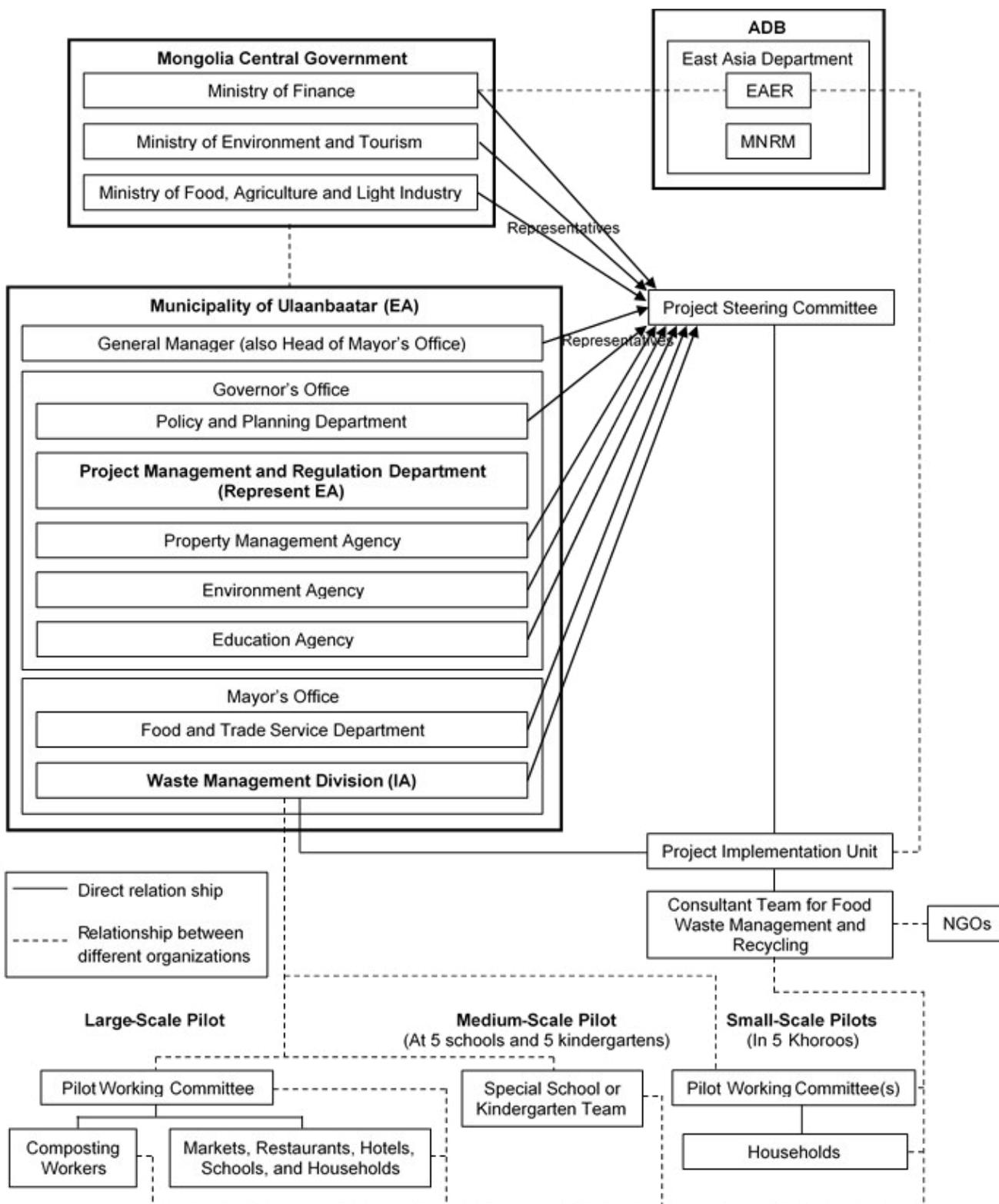
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C. Project Organization Structure



ADB = Asian Development Bank, EA = executing agency, EAER = Environment, Natural Resources, and Agriculture Division, IA = implementing agency, MNRM = Mongolia Resident Mission, NGO = nongovernment organization.

IV. COSTS AND FINANCING

A. Cost Estimates and Financing Plan

24. The project is estimated to cost \$3.2 million. The JFPR will provide a grant financing equivalent to \$3.0 million, to be administered by ADB, including applicable taxes and duties. The MUB will provide \$0.2 million equivalent through in-kind counterpart support in the form of PIU office, counterpart staff, land for the large-scale pilot project (footnote 20) and use of its truck and truck driver.

B. Allocation and Withdrawal of Grant Proceeds

Table IV-1: Allocation of Withdrawal of Grant Proceeds

ALLOCATION OF WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for [JFPR] Financing (\$)	Basis for Withdrawal from the Grant Account
		Category	
1	Goods; Consulting Services; surveys; workshops, training and project management	1,474,962	100% of total expenditure claimed
2	Works; Goods, operation and maintenance of the Composting Pilot Projects*	1,525,038	100% of total expenditure claimed
TOTAL		3,000,000	

* Subject to the condition for withdrawal described in paragraph 5 of Schedule 2 of the Grant Agreement.

C. Detailed Cost Estimates by Financier

Table IV-2: Detailed Cost Estimates by Financier

Item	ADB		MUB ^c		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
A. Investment Costs					
1. Civil works	54,670	100.0%	-	0.0%	54,670
2. Equipment and materials					
a. Project management	14,100	100.0%	-	0.0%	14,100
b. Food waste recycling ^a	1,271,208	94.4%	75,930	5.6%	1,347,138
3. Land	-	0.0%	8,453	100.0%	8,453
4. Consultants					
a. Project management	282,679	100.0%	-	0.0%	282,679
b. Food waste recycling	675,798	100.0%	-	0.0%	675,798
5. Surveys	12,000	100.0%	-	0.0%	12,000
6. Workshops, training, seminars, and conferences	16,500	100.0%	-	0.0%	16,500
Subtotal (A)	2,326,954	96.5%	84,383	3.5%	2,411,337
B. Recurrent Costs					
a. Project management ^a	270,665 ^b	80.8%	64,128	19.2%	334,793
b. Food waste recycling ^a	117,985	84.4%	21,868	15.6%	139,853
Subtotal (B)	388,650	81.9%	85,995	18.1%	474,645
C. Contingencies					
a. Physical contingency	54,312	94.1%	3,408	5.9%	57,720
b. Price contingency	230,084	89.9%	25,908	10.1%	255,991
Subtotal (C)	284,396	90.7%	29,315	9.3%	313,711
Total Project Cost (A+B+C)	3,000,000	93.8%	199,694	6.2%	3,199,694

ADB = Asian Development Bank, MUB = Municipality of Ulaanbaatar.

Note: Numbers may not sum precisely because of rounding.

^a These categories are financed in parallel by the MUB.

^b Includes costs for social and health insurance, communication, water, consumables, car operation and maintenance, translation, and reports.

^c The MUB will provide in-kind counterpart support only.

Source: Asian Development Bank estimates.

D. Detailed Cost Estimates by Outputs

Table IV-3: Detailed Cost Estimates by Outputs

(\$)

Item	Total Cost	1. Options for food waste recycling identified		2. Participatory food waste recycling demonstrated		3. Upscaling program for food waste recycling developed		Project management	
		Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Costs									
1. Civil works	54,670	-	0.0%	54,670	100.0%	-	0.0%	-	0.0%
2. Equipment and materials									
a. Project management	14,100	-	0.0%	-	0.0%	-	0.0%	14,100	100.0%
b. Food waste recycling	1,347,138	-	0.0%	1,347,138	100.0%	-	0.0%	-	0.0%
3. Land	8,453	-	0.0%	8,453	100.0%	-	0.0%	-	0.0%
4. Consultants									
a. Project management	282,679	-	0.0%	-	0.0%	-	0.0%	282,679	100.0%
b. Food waste recycling	675,798	15,713	2.3%	425,900	63.0%	234,185	34.7%	-	0.0%
5. Surveys	12,000	12,000	100.0%	-	0.0%	-	0.0%	-	0.0%
6. Workshops, training, seminars, and conferences	16,500	-	0.0%	4,500	27.3%	12,000	72.7%	-	0.0%
Subtotal (A)	2,411,337	27,713	1.1%	1,840,661	76.3%	246,185	10.2%	296,779	12.3%
B. Recurrent Costs									
a. Project management	334,793	-	0.0%	-	0.0%	-	0.0%	334,793	100.0%
b. Food waste recycling	139,853	-	0.0%	139,853	100.0%	-	0.0%	-	0.0%
Subtotal (B)	474,645	-	0.0%	139,853	29.5%	-	0.0%	334,793	70.5%
C. Contingencies									
a. Physical contingency	57,720	554	1.0%	39,610	68.6%	4,924	8.5%	12,631	21.9%
b. Price contingency	255,991	1,389	0.5%	95,048	37.1%	22,121	8.6%	137,434	53.7%
Subtotal (C)	313,711	1,943	0.6%	134,658	42.9%	27,045	8.6%	150,065	47.8%
Total Project Cost (A+B+C)	3,199,694	29,655	0.9%	2,115,172	66.1%	273,230	8.5%	781,637	24.4%

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

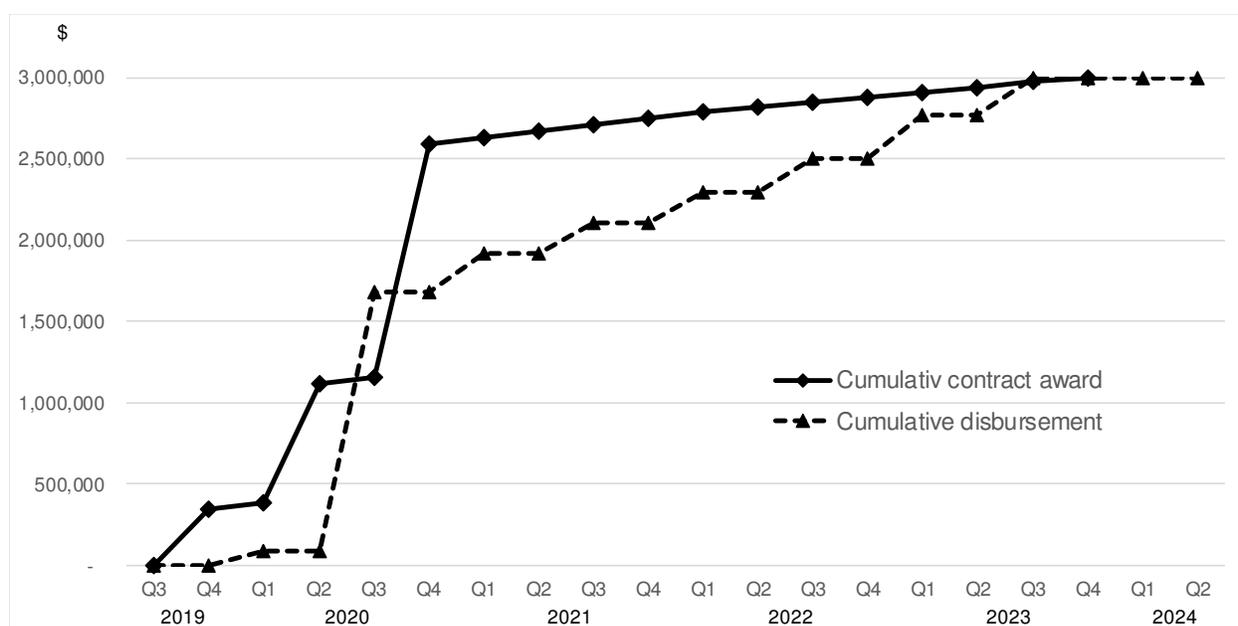
E. Estimated Disbursement Schedule by Year

Table IV-4: Estimated Disbursement Schedule by Year

Fiscal Year	Amount (\$)
2019	-
2020	1,679,770
2021	422,881
2022	399,670
2023	497,679
2024	-
Total Disbursement	3,000,000

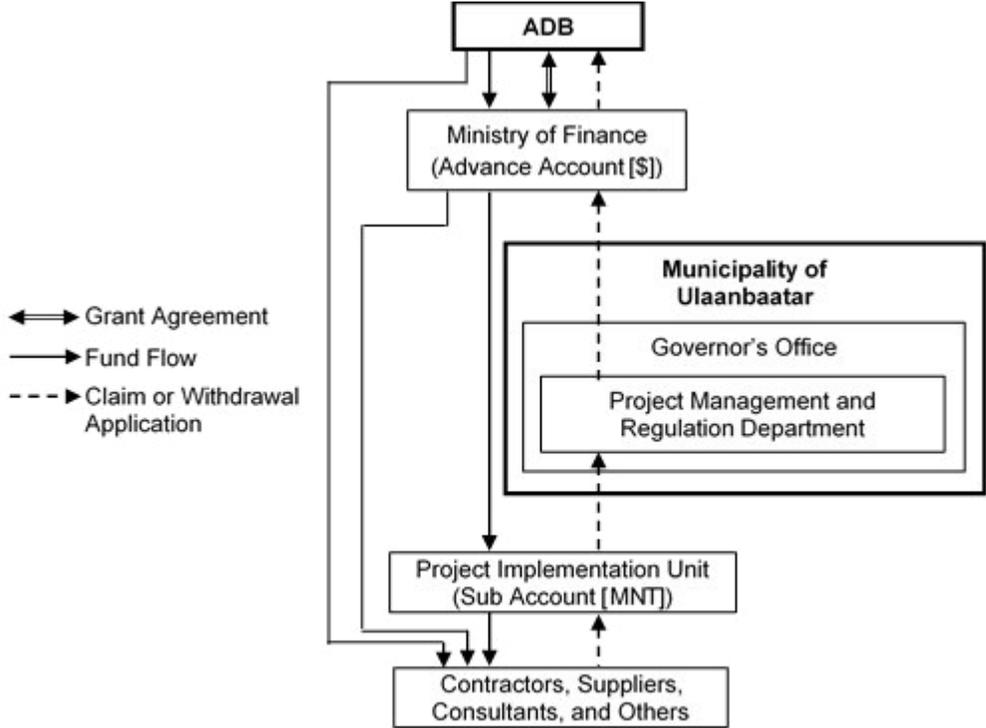
Source: Asian Development Bank estimates.

F. Contract and Disbursement S-Curve



Year	Contract Award					Disbursement				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2019			-	345,129	345,129			-	-	-
2020	37,869	738,821	35,305	1,430,834	2,242,829	91,728	-	1,588,042	-	1,679,770
2021	45,820	39,496	39,496	39,496	164,307	239,899	-	182,983	-	422,881
2022	31,250	31,188	31,188	31,188	124,814	195,281	-	204,389	-	399,670
2023	29,357	33,019	31,188	29,357	122,920	269,160	-	228,519	-	497,679
2024					-	-	-	-	-	-
Total	144,296	842,524	137,177	1,876,003	3,000,000	796,067	-	2,203,933	-	3,000,000

G. Funds Flow Diagram



ADB = Asian Development Bank, MNT = Mongolian Togrog, \$ = United States dollars

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

25. The financial management assessment was carried out in accordance with the ADB's Guidelines for the Financial Management and Analysis of Projects,²² Financial Due Diligence: A Methodology Note,²³ and technical guidance notes on financial management assessment,²⁴ through discussions with the MUB in Ulaanbaatar in February 2016. The financial management assessment considered the capacity of the MUB, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. The financial management risks and risk mitigation measures of the MUB will be reviewed and updated throughout the life of the project.

26. The financial management risk of the MUB was rated moderate on the following grounds: (i) the MUB is currently implementing the Ulaanbaatar Urban Services and Ger Areas Development Investment Program and Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector Project,²⁵ and, for the ADB program and projects, developed and made operational a

²² ADB. 2005. *Financial Management and Analysis of Projects*. Manila.
²³ ADB. 2009. *Financial Due Diligence: A Methodology Note*. Manila.
²⁴ Refer to the Technical Guidance Notes for Financial Management: <http://www.adb.org/projects/operations/financial-management-resources>
²⁵ ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to Mongolia for Ulaanbaatar Urban Services and Ger Areas Development Investment Program*.

financial management system that incorporates the grant disbursements policies and procedures of ADB; (ii) Project Management and Regulation Department, Capital City Governor's Office, MUB comprises four staff, all of whom have at least bachelor's degree in field related to project management and two of whom have experience in financial management for ADB program and/or project; (iii) a qualified national financial specialist with ADB project experience will be engaged as PIU staff on a full-time basis during project implementation, and will refine the system to accommodate changes resulting from the project; and (iv) weaknesses in financial reporting and auditing of the current system can be addressed with the appropriate capacity building to be provided as part of the project. The MOF and Project Management and Regulation Department, Capital City Governor's Office, MUB have adequate experience in and capacities of administering advance account and/or statement of expenditure (SOE) procedures. The financial management action plan for the MUB is summarized in Table V-1.

Table V-1: Financial Management Action Plan

	Risk Description	Risk	Action Item	Period	Responsibility
1	Implementing Entity Reporting of suspected fraud, waste, or misuse of project resources or assets	Low	Monitor compliance with financial management policies and procedures	After the grant effectiveness to the grant closing	MOF through external audit, in addition to MUB internal audit
			Monitor reports on suspected fraud, waste, or misuse of project resources or assets		MUB internal audit and PIU
2	Funds Flow Deficiencies and misinterpretation of ADB guidelines in disbursement and withdrawal of project funds by MUB and PIU	Moderate	Regularly liaise with ADB to ensure that ADB guidelines and the Government Decree No. 196 are followed	After the grant effectiveness to the grant closing	Project Management and Regulation Department, Capital City Governor's Office, MUB; and PIU
			Provide additional training to staff of PIU and Project Management and Regulation Department, Capital City Governor's Office, MUB in handling ADB disbursements and utilization of advance account and another sub-account depending on funds flow arrangements for the project	Before disbursement starts in Q1 2020	ADB; Project Management and Regulation Department, Capital City Governor's Office, MUB; and PIU
3	Staffing Adequacy of staff at Project Management and Regulation Department, Capital City Governor's Office, MUB and lack of training on ADB procedures	Moderate	Engage a qualified national financial specialist and a qualified national procurement and contract management specialist with ADB project experience as PIU staff on a full-time basis during project implementation	Before procurement and consultant recruitment for food waste recycling and disbursement for the project start in Q1 2020	Waste Management Division, Mayor's Office, MUB

Manila; ADB. 2018. *Grant Assistance Report: Proposed Administration of Grant to Mongolia for Combating Domestic Violence Against Women and Children*. Manila; and ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Mongolia for Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector Project*. Manila.

Risk Description	Risk	Action Item	Period	Responsibility
4 Accounting Adherence to accounting policies and procedures	Moderate	Provide regular training on ADB's procurement and disbursement processes to PIU financial management specialist, PIU procurement and contract management specialist, and staff of Project Management and Regulation Department, Capital City Governor's Office, MUB	After the grant effectiveness to the grant closing	ADB; Project Management and Regulation Department, Capital City Governor's Office, MUB; and PIU
		Develop and make operational a project accounting system consistent with the accounting system prescribed by MOF and Government Decree No. 196 as well as ADB's policies and procedures for loan disbursements and financial reporting	Before disbursement starts in Q1 2020	PIU national financial specialist
5 Budgeting Preparation of physical and financial targets, and variations from budget	Moderate	Prepare annual project accounts and ensure accurate record keeping and reconciliations	By 30 June in 2021–2024	MUB
		Government Decree No. 196 provides all procedures and guidelines in budgeting of projects funded by external financiers such as ADB. Prepare physical and financial targets for approval	After the grant effectiveness to the grant closing	MUB and PIU
6 Payments Compliance with procedural requirements for direct disbursements and maintenance of advance account	Moderate	Submit any variation from the budget for approval		ADB, MOF, MUB, and PIU
		Undertake capacity building program for PIU financial specialist to strengthen procedures for processing of payments in accordance with ADB policies	After the grant effectiveness to the grant closing	ADB and PIU
7 Internal Audit Capacity of the internal audit department	Low to Moderate	Assign MUB internal auditor to receive project orientation, a comprehensive briefing on the PAM, and training on ADB's guidelines and procedures for loan-funded projects, particularly on disbursements	Before disbursement starts in Q1 2020	ADB and MUB
8 External Audit Timely audit process and availability of audited financial statements	Moderate	Hire an external auditor to audit project financial statements	In January in 2021–2024	MUB

ADB = Asian Development Bank, MOF = Ministry of Finance, MUB = Municipality of Ulaanbaatar, PAM = project administration manual, PIU = project implementation unit, Q = quarter.
Source: Asian Development Bank.

B. Disbursement

27. The JFPR grant proceeds will be disbursed in accordance with ADB's Loan Disbursement

Handbook (2017, as amended from time to time),²⁶ and detailed arrangements agreed upon between the government and ADB.

28. Online training for project staff on disbursement policies and procedures is available.²⁷ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

29. **Advance fund procedure.** The MOF, after grant effectiveness, will establish a separate advance account at a commercial bank acceptable to ADB.²⁸ The currency of the advance account is the United States dollar. The advance account is to be used exclusively for ADB-administered cofinancier fund's share of eligible expenditures. The PIU will manage the advance account on behalf of the MUB.

30. The total outstanding advance to the advance account should not exceed the estimate of ADB-administered cofinancier fund's share of expenditures to be paid through the advance account for the forthcoming 6 months. The MOF may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet²⁹ setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the MOF; Project Management and Regulation Department, Capital City Governor's Office, MUB; and/or PIU in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time) when liquidating or replenishing the advance account.

31. A separate sub-account for the project should be established under the Treasury Single Account of the MOF and maintained by the PIU. The currency of the sub-account is Mongolian togrog. The sub-account is to be used exclusively for ADB-administered cofinancier fund's share of eligible expenditures. The PIU should ensure that every liquidation and replenishment of the sub-account is supported by sufficient documentation in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time).

32. **Statement of expenditure procedure.**³⁰ The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

33. Before the submission of the first withdrawal application, the MOF should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is stipulated in the Loan and Disbursement

²⁶ Available at <https://www.adb.org/documents/loan-disbursement-handbook>.

²⁷ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

²⁸ The MOF is working towards the establishment of United States dollar accounts under the treasury single account of the MOF. Once in place, upon consultation with ADB, the MOF will transfer the advance account from the commercial bank to the treasury single account.

²⁹ Estimate of Expenditure sheet is available in Appendix 8A of ADB's Loan Disbursement Handbook (2017, as amended from time to time).

³⁰ SOE forms are available in Appendix 7B and 7D of ADB's Loan Disbursement Handbook (2017, as amended from time to time).

Handbook (2017, as amended from time to time). Individual payments below this amount should be paid (i) by the implementing agency and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The MOF should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements system is encouraged for submission of withdrawal applications to ADB.³¹

C. Accounting

34. The PIU will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. The PIU will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations, which are consistent with international accounting principles and practices. The PIU will maintain the project financial accounts following accrual basis of accounts.

D. Auditing and Public Disclosure

35. The MUB will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and the government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditors' opinion will be submitted in the English language to ADB within 6 months of the end of the fiscal year by the MUB.

36. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether grant proceeds were used only for the purposes of the project or not; and (iii) the level of compliance for financial covenants contained in the grant agreement for the project.

37. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

38. The MOF and MUBs have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.³² ADB reserves the right to require a change in the auditor (in a manner consistent

³¹ The Client Portal for Disbursements facilitates online submission of withdrawal application to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online at <https://www.adb.org/documents/client-portal-disbursements-guide>.

³² ADB approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

39. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Access to Information Policy³³ and Article IV, Section 4.02 (b).³⁴ After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 14 calendar days of the date of their acceptance by posting them on ADB's website. The audit management letter will not be disclosed.³⁵

VI. PROCUREMENT AND CONSULTING SERVICES

A. Procurement Risk Assessment

40. All procurement and consultant recruitment for the project will be implemented by the MUB, through the PIU. A procurement risk assessment was conducted for the MUB, in accordance with the ADB's Guidance Note on Strategic Procurement Planning. In accordance with ADB's new procurement framework, the procurement risk assessment included a market assessment to understand and assess the availability of potential qualified bidders to supply works, goods and services for the project components. The overall project procurement risk is *moderate*. The main weaknesses identified include: (i) limited experience by the MUB with requirements for procurement by international donors; and (ii) lack of procedures in place for procurement management and project implementation.

41. Mitigation measures have been applied to address these risks and include: (i) the inclusion of a qualified procurement and contract management specialist as PIU staff, who will lead the project procurement in close cooperation with the MUB and ADB; and (ii) on-the-job training to relevant staff of Waste Management Division, Mayor's Office, MUB during project implementation, to be conducted by the PIU procurement and contract management specialist and ADB).

B. Advance Contracting and Retroactive Financing

42. Advance contracting will be undertaken for PIU staff recruitment. PIU staff recruitment will commence before the grant effectiveness, but the contracts will be signed after the grant effectiveness.

C. Procurement of Goods, Works, and Consulting Services

43. All procurement of goods and works and consultant recruitment will be undertaken in accordance with ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

44. The procurement plan comprises 18 packages: 1 open competitive bidding (OCB) package for goods for international advertisement; 1 works package and 9 goods packages for requests for quotation (previously "shopping"); 1 consulting services package through quality- and

³³ Available at <https://www.adb.org/documents/access-information-policy>.

³⁴ Grant agreement is accessible from the list of linked documents in Appendix 2 of the Grant Assistance Report.

³⁵ This type of information would generally fall under exceptions to disclosure.

cost-based selection; and 5 individual consultant packages (competitive for individual consultant; previously “individual consultant selection”). The 1 OCB package for international advertisement is for composters and relevant equipment, since composting is quite new in Mongolia and composters and relevant equipment need to be purchased from a foreign supplier.

45. 10 packages are for ADB’s prior review and 8 are for post review (sampling).³⁶ ADB review of packages will include assessment of the invitations for bids, bidding document, bid evaluation report, and draft negotiated contract for the OCB package; and quotations and draft contracts for packages for requests for quotation. Prequalification of bidders is not required for any of the packages. For the packages subject to ADB’s post review (sampling), the reviews may be conducted at each reimbursement cycle, when a series of withdrawal applications are received, or as part of project review missions by ADB or its consultants. Alternatively, the reviews may be organized as distinct post review missions on a regular basis. The PIU must retain all documents for each package for post review (sampling) for at least 1 year after the grant closing date. The relevant sections of ADB’s Anticorruption Policy (1998, as amended from time to time) will be included in all procurement and consultant recruitment documents and contracts.

46. Before the start of any procurement and consultant recruitment, ADB and the government will review the national public procurement laws to ensure consistency with ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for *ADB Borrowers* (2017, as amended from time to time).

D. Procurement Plan

Basic Data	
Project Name: Ulaanbaatar Community Food Waste Recycling Project	
Project Number: 51102	Approval Number: xxx
Country: Mongolia	Executing Agency: Municipality of Ulaanbaatar
Procurement Classification: Category B	Implementing Agency: Waste Management Division, Mayor’s Office, Municipality of Ulaanbaatar
Procurement Risk: Moderate	
Project Financing Amount: \$3.2 million JFPR Financing: \$3.0 million Government Financing: \$0.2 million	Grant Closing Date: 30 June 2024
Date of First Procurement Plan: 18 March 2019	Date of this Procurement Plan: 18 March 2019
Procurement Plan Duration (in month): 51	Advance contracting: For PIU staff recruitment e-GP: No

JFPR = Japan fund for Poverty Reduction, PIU = project implementation unit.

1. Methods, Review and Procurement Plan

47. Except as the ADB may otherwise agree, the following methods shall apply to procurement of goods, works, non-consulting services, and consulting services.

Procurement of Goods, Works and Non-Consulting Services	
Method	Comments
OCB for goods for international advertisement	Since composting is quite new in Mongolia and composters and relevant equipment need to be purchased from a foreign supplier, one goods package for composters and relevant equipment should be OCB for international advertisement.
Request for quotation for works and goods	The procurement assessment examined potential for attracting enough qualified bidders for one works package for construction of a building for composting (approximately, floor area 360 m ² x height 4 m) and seven goods packages for PIU equipment, heating system for the building for composting, furniture for the building for composting, bins and containers for flood waste and compost, cardboard boxes for compost storage, shovels and watering cans, and

³⁶ Even for the packages for ADB’s post review, ADB can conduct prior review at executing agency’s request.

	special clothes, rubber boots, gloves, caps, and respirators. These goods will be procured based on minimum of three quotes per package.
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m = meter, m² = square meter, OCB = open competitive bidding, PIU = project implementation unit.

Consulting Services	
Method	Comments
Quality- and cost-based selection for consulting firm	One package to recruit one international consulting firm for good waste management and recycling.
Competitive for individual consultant	Five contracts to recruit five individual consultants as PIU staff, including project coordinator (team leader), project M&E, social, and gender specialist (deputy team leader), procurement and contract management specialist, financial specialist (accountant), and administration officer.

M&E = monitoring and evaluation, PIU = project implementation unit.

2. List of Active Procurement Packages (Contracts)

48. The following table lists goods, works, and consulting services packages for which the procurement activity is either ongoing or expected to commence within the procurement plan duration.

Goods and Works							
Package Number	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments ¹
W1	Construction of a building for composting for the large-scale pilot project	54,670	Request for Quotation	Prior	At least three quotations or bids	Q4 2020	First and only works package Bid evaluation committee will be established.
G1	Composters and relevant equipment for the small-, medium-, and the large-scale pilot projects	1,186,552	OCB for international advertisement	Prior	1S1E	Q4 2020	First and only goods package for OCB for international advertisement Bid evaluation committee will be established.
G2	Heating system for the building for the building for composting the large-scale pilot project	10,668	Request for Quotation	Post	At least three quotations or bids	Q4 2020	
G3	Furniture for the building composting for the large-scale pilot project, such as shelves for compost storage, desks, and chairs	2,000	Request for Quotation	Post	At least three quotations or bids	Q4 2020	
G4	Bins for food waste for the small- and large-scale pilot projects, compost containers for the medium-scale pilot	58,452	Request for Quotation	Post	At least three quotations or bids	Q4 2020	Bid evaluation committee will be established.

	projects, and a food waste container for the large-scale pilot project						
G5	Cardboard boxes for compost storage, particularly in winter, for the small-scale pilot projects	510	Request for Quotation	Post	At least three quotations or bids	Q4 2020	
G6	Shovels and watering cans for the small-, medium-, and the large-scale pilot projects	173	Request for Quotation	Post	At least three quotations or bids	Q4 2020	
G7	Special clothes, rubber boots, gloves, caps, and respirators	12,853	Request for Quotation	Post	At least three quotations or bids	Q4 2020	
GPIU1	Computers, printers, and other equipment such as projectors for PIU	10,000	Request for Quotation	Post	At least three quotations or bids	Q1 2020	
GPIU2	Furniture such as cabinets, chairs, and desks for PIU	4,100	Request for Quotation	Prior	At least three quotations or bids	Q1 2020	First goods package for request for quotation

OCB = open competitive bidding, PIU = project implementation unit, Q = quarter, 1S1E = one stage one envelope.

¹ Prequalification of bidders is not required. For OCB for international advertisement for goods, Asian Development Bank's standard bidding document for goods will be used.

Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date	Comments
National individual consultants for the project implementation unit							
ICS1	Project coordinator (team leader)	78,433	Competitive for individual consultant	Prior	EOI	Q4 2019	National
ICS2	Project M&E, social, and gender specialist (deputy project coordinator)	78,433	Competitive for individual consultant	Prior	EOI	Q4 2019	National
ICS3	Procurement and contract management specialist	60,210	Competitive for individual consultant	Prior	EOI	Q4 2019	National
ICS4	Financial specialist (accountant)	54,670	Competitive for individual consultant	Prior	EOI	Q4 2019	National
ICS5	Administration officer	10,934	Competitive for individual consultant	Prior	EOI	Q4 2019	National
International consulting firm							
CS1	Food waste recycling	675,798	QCBS	Prior	BTP	Q1 2020	Quality-Cost Ratio 90:10

BTP = biodata technical proposal, EOI = expression of interest, M&E = monitoring and evaluation, Q = quarter, QCBS = quality- and cost-based selection.

3. List of Awarded and Completed Contracts

49. The following table lists the awarded contracts and completed contracts for goods, works and consulting services.

Goods, Works and Non-Consulting Services					
Package Number	General Description	Contract Value (US\$)	Date of ADB Approval of Contract Award	Date of Completion	Comments
None					

ADB = Asian Development Bank.

Consulting Services					
Package Number	General Description	Contract Value (US\$)	Date of ADB Approval of Contract Award	Date of Completion	Comments
None					

ADB = Asian Development Bank.

4. Non-ADB Financing

50. There are no contracts to be fully financed by non-ADB sources.

5. Open Competitive Bidding for National Advertisement (not applicable to the project)

a. Regulation and Reference Documents

51. The procedures to be followed for national competitive bidding shall be those set forth in the Public Procurement Law of Mongolia of 1 December 2005, effective 1 February 2006, as amended on February 2007, July 2009, February, June and December 2011, 2014, 2016 and 2017 (hereinafter referred to as PPLM), with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of ADB's Procurement Guidelines.

b. Procurement Procedures

52. **Eligibility.** The eligibility of bidders shall be as defined under paragraphs 1.14 to 1.18 of the Procurement Regulations for ADB Borrowers, as amended from time to time; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in the Procurement Regulations for ADB Borrowers. Government-owned enterprises in Mongolia shall be eligible for project only if they can establish that they: (i) are legally and financially autonomous; (ii) operate under the principles of commercial law; and (iii) are not dependent agencies of the Borrower, Beneficiary, Recipient Executing Agency and/or the Implementing Agency.

53. **Participation of foreign bidders.** International bidders from eligible countries of ADB shall be allowed to participate in local procurement and may not be denied participation due to nationality.

54. **Preferences.** No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

55. **Prequalification and registration.** Prequalification is discouraged for procurement contracts using OCB for national advertisement. When used, particularly for works contracts, an individual prequalification exercise is acceptable for each contract as is the use of a registration system (or approved standing list) of contractors based on criteria such as experience, financial

capacity, and technical capacity. Foreign bidders from eligible countries must, however, be allowed to register and to bid without unreasonable cost or additional requirements.

56. **Rejection of all bids and rebidding.** All bids shall not be rejected, or new bids invited without ADB's prior written concurrence. No bid shall be rejected merely on the basis of a comparison with the estimated cost or budget ceiling without ADB's prior written concurrence (with specific reference to Article 30 of the Public Procurement Law of Mongolia).

c. Bidding Documents

57. **Use of bidding documents.** National Standard Bidding Documents Goods and Works that have been approved for procurement in ADB-financed projects shall be used.

58. **Language.** Bidding documents may be prepared in Mongolian language, but a copy of the bidding documents must be made available in English and submitted to ADB for review.

59. **Bid validity.** Bidders shall be requested to extend the validity of their bids only under exceptional circumstances and the Executing or Implementing Agency, as the case may be, shall communicate such request for extension to all bidders before the date of expiry of their bids. When the procurement is subject to ADB's prior review, the Executing or Implementing Agency, as the case may be, shall obtain in a timely manner the prior written concurrence of ADB for the extension of the bid validity period.

d. Bid Evaluation

60. Evaluation and qualification criteria, and submission requirements, to be used in each bidding activity shall be clearly specified in the bidding documents. The evaluation of bids shall be done in strict adherence to the criteria specified in the bidding documents.

61. Negotiations with bidders shall not be undertaken before award of contract, except as provided in Paragraph 90 of ADB's 2017 Procurement Regulations for ADB Borrowers. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify its bid as originally submitted.

62. At the same time that notification on award of contract is given to the successful bidder, the results of the bid evaluation shall be posted on a well-known freely accessible website (namely www.tender.gov.mn) identifying the bid and lot numbers and providing information on the: (i) name of each bidder that submitted a bid; (ii) bid prices as read out at bid opening; (iii) names of bidders whose bids were rejected and the reasons for their rejection; and (iv) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. The Executing Agency or Implementing Agency, as the case may be, shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids were not selected.

e. ADB Policy Clauses

63. Each contract financed with the proceeds of the loans shall provide that the suppliers and contractors shall permit ADB, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by ADB. A provision shall be included in all bidding documents for the OCB works and goods contracts financed by ADB, stating that the borrower shall reject a proposal for award if it

determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question. A provision shall be included in all bidding documents for the OCB works and goods contracts financed by ADB, stating that ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices; or any integrity violation in competing for, or in executing, the ADB-financed contract.

E. Consultant's Terms of Reference

64. The terms of reference for consulting services are in Appendix 3.

VII. SAFEGUARDS

65. The project will comply with ADB's Safeguard Policy Statement (2009) as described below.³⁷

66. **Environment (category C).** Project preparatory activities confirmed that the project will have minimal or no adverse environmental impacts. There are no environmentally sensitive areas in the target locations and there will not be significant civil works. A composting facility to be constructed for the large-scale pilot project is small-scale and its operations will present minimal environmental risks. It will be constructed on MUB's vacant land (footnote 20). Consultants engaged during project implementation will identify environmental impact of the construction of a composting facility for the large-scale pilot project, conduct adequate due diligence for occupational and potential community health risks, and prepare mitigation measures including monitoring methods and tools (e.g., a simple environmental due diligence check list); and help the MUB implement the mitigation measures.

67. **Involuntary resettlement (category C) and indigenous peoples (category C).** The project will not involve involuntary resettlement or land acquisition. The composting facility will be constructed on MUB's vacant land (footnote 20). The project will not impact any ethnic minority communities that would trigger ADB's Safeguard Policy Statement's requirements for indigenous peoples.

VIII. GENDER AND SOCIAL DIMENSIONS

68. The project is designed for waste management improvement in Ulaanbaatar, particularly for promotion of opportunities for segregation of food waste at the source and recycling. The project will promote the transformation of food waste into compost, improving productivity for farms and gardens. It will provide education and awareness raising on food waste recycling to local communities. The project will particularly benefit schools, kindergartens, and communities including the poor households living in *ger* areas,³⁸ who will participate in pilot projects under the project.

69. The project is categorized as *effective gender mainstreaming* under ADB's project gender classification system. Women play a critical role in household work and are facing more problems

³⁷ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

³⁸ A *ger* area is a form of residential district in Mongolian settlements. In most *ger* areas, there are no water supply nor sewer system.

of food waste and related pollution. Improved food waste recycling will benefit women. Women will be consulted during project implementation, and their participation will be crucial to the project's success. A gender action plan (GAP) has been designed including measures for effective gender mainstreaming for the project. For each project output, an emphasis is placed on ensuring women's participation in design and implementation of relevant activities, including 40% female participation in surveys, pilot projects, training and awareness raising activities, education and campaigns, workshops, and project supervision.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

Impact the Project is Aligned with			
Ulaanbaatar as a green city, environmentally sustainable with inclusive economic growth, active public participation, and a safe and healthy living environment for its citizens (Green Development Strategic Action Plan for Ulaanbaatar 2020) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Food waste recycling with community participation developed in Ulaanbaatar	By 2024: a. 700 tons of food waste composted yearly (2019 baseline: 0 ton) b. Strategic program and action plan on food waste recycling for Ulaanbaatar approved by MUB (2019 baseline: not applicable)	a.–b. Reports and/or records of Waste Management Division, Mayor's Office, MUB.	Unexpected rising of recurrent cost and/or unexpected fall of compost price may make the operation of the composting facility constructed under the large-scale pilot project facility not profitable
Outputs 1. Options for food waste recycling identified	By 2020: 1a. Results of detailed surveys on food waste generation and composting published (2019 baseline: not applicable) 1b. 300 people, of which 40% are women, participated in the detailed surveys on food waste generation and composting (2019 baseline: 0) 1c. Gender-specific issues in food waste recycling identified ^b (2019 baseline: not applicable)	1a–1c. ADB mission reports, quarterly project progress reports	
2. Participatory food waste recycling demonstrated	2a. By 2021, composting of food waste from 50 households in five <i>khoroos</i> ^c started under the small-scale pilot projects (2019 baseline: no food composting) 2b. By 2021, composting of food waste from canteens of five schools and five kindergartens started under the medium-scale pilot projects ^d (2019 baseline: no food composting) 2c. By 2021, composting of food waste from households, markets, restaurants, hotels, schools, and kindergartens started under the large-scale pilot project (2019 baseline: no food composting)	2a–2d. ADB mission reports, quarterly project progress reports, project technical and progress reports	People trained in composting may leave the composting work, due to unavoidable circumstances

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	2d. By 2023, 9,000 people, of which 40% are women, involved in preparation and implementation of the pilot projects ^b (2019 baseline: 0)		
3. Upscaling program for food waste recycling developed	<p>By 2023:</p> <p>3a. 10,000 people's awareness and understanding of food waste recycling increased (2019 baseline: 0)</p> <p>3b. Future demand for compost, other opportunities in terms of technologies and partnerships for food waste recycling products, and regulatory and institutional framework necessary for scaling up of the pilot projects identified (2019 baseline: not applicable)</p> <p>3c. A strategic program and action plan for food waste recycling, to scale-up the pilot projects to overall Ulaanbaatar, drafted and consulted with the MUB (2019 baseline: not applicable)</p> <p>3d. 10,000 people, of which 40% are women, involved in the development of the upscaling program^b (2019 baseline: not applicable)</p>	3a–3d. ADB mission reports, quarterly project progress reports, project technical and progress reports, and/or additional surveys	High turnover of trained staff or engaged consultants

Key Activities with Milestones

Output 1: Options for food waste recycling identified

- 1.1 Conduct detailed surveys to households, schools, kindergartens, markets, restaurants, and hotels on food waste composition and local communities' willingness to do composting, their expectations on how they will benefit from food waste recycling, and gender-specific issues in food waste recycling (Q3 2020).
- 1.2 Publish and disseminate results of the surveys. Conduct a detailed food waste composition survey (vegetables, bones, kitchen waste, etc.) from households, markets, restaurants, hotels, schools. (Q3 2020)

Output 2: Participatory food waste recycling demonstrated

- 2.1 Conduct a study on international best practices and national practices for food waste recycling (Q3 2020).
- 2.2 Conduct marketing for the large-scale pilot project (quality, quantity, and cost of compost demanded by buyers) (Q3–Q4 2020).
- 2.3 Finalize detailed implementation plans for the small-, medium-, and large-scale pilot projects (Q3 2020).
- 2.4 Negotiate and conclude agreements with participating *khoroos*, schools, kindergartens, restaurants, markets, hotels, and households (Q3–Q4 2020).
- 2.5 Prepare specifications of works and equipment (particularly composters) for the pilot projects (Q3 2020).
- 2.6 Conduct training and awareness raising for the participating households (particularly women), restaurants, markets, hotels, and schools (Q1 2021).

Key Activities with Milestones	
2.7	Conduct training for people who will conduct composting under the small-, medium-, and large-scale pilot projects on food waste segregation, composting, use (and sale) of composts, operation and maintenance of equipment, etc. (Q1 2021–Q4 2023, intermittently).
2.8	Conduct sample test of produced compost at laboratory to ensure its quality and safety ((Q1 2020–Q4 2023, monthly).
2.9	Monitor effects of the pilot projects on climate change (reduction of greenhouse gas emission due to conversion of food waste to compost, amount of carbon sequestered by rural soils due to compost, etc.) (Q4 2021–Q4 2023, yearly)
2.10	Conduct monitoring and evaluation on reduced food waste and impacts on existing landfills and people's living environment and health (Q4 2021–Q4 2023, yearly).
Output 3: Upscaling program for food waste recycling developed	
3.1	Conduct inception, mid-term, and completion workshops (Q1 2021, Q1 2022, and Q2 2023, respectively).
3.2	Conduct education campaigns (Q1 2022–Q3 2023, five times).
3.3	Conduct a study on future market demand for compost (Q4 2022–Q1 2023).
3.4	Conduct a study on other opportunities in terms of technologies and partnerships for food waste recycling products (e.g., for energy production) (Q4 2022–Q1 2023).
3.5	Conduct a study on regulatory and institutional framework necessary for scaling up of the pilot projects (Q1 2023).
3.6	Draft a strategic program and action plan on food waste recycling for Ulaanbaatar, to scale-up the pilot projects to overall Ulaanbaatar (Q1–Q2 2023).
3.7	Conduct consultations with the drafted strategic program and action plan on food waste recycling with view of obtaining endorsement by the MUB (Q2–Q4 2023, intermittently).
Project Management Activities	
Establish PIU, by recruiting PIU staff and procuring PIU office equipment (Q4 2019–Q1 2020).	
Recruit a consulting firm which will provide a team of international and national consultants for food waste recycling (Q1–Q2 2020).	
Procure works and goods for the pilot projects (Q4 2020).	
Implement the gender action plan (Q3 2020–Q4 2023, intermittently).	
Monitor and evaluate project impact, outcome, and outputs; and quarterly project progress reports (Q3 2022–Q4 2023, quarterly).	
Submit to ADB the audited project financial statements together with the auditors' opinion (Q2 2021–Q1 2024, yearly).	
Submit project completion report (Q4 2023).	
Inputs	
JFPR: \$3,000,000 (grant)	
Government: \$199,694	

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, MUB = Municipality of Ulaanbaatar, PIU = project implementation unit, Q = quarter.

^a Ulaanbaatar Municipal Government. 2016. *Green Development Strategic Action Plan for Ulaanbaatar*. Ulaanbaatar.

^b Detailed in the gender action plan (accessible from the list of linked documents in Appendix 2 of the Grant Assistance Report).

^c A *khoro* is an administrative subdivision of Ulaanbaatar.

^d Only when the schools or kindergartens are open.

Source: Asian Development Bank.

B. Monitoring

70. **Project performance monitoring.** By June 2020, the PIU will prepare a format of quarterly project progress reports acceptable to ADB. Quarterly project progress reports will include progress of the overall project and each component; status of consulting services and activities performed by each consultant; information on training and workshops conducted; status of the implementation of the GAP; project performance (achievement of each performance

indicator against the target); and particular issues.

71. **Compliance monitoring.** The MUB and PIU will closely monitor the compliance of all the covenants included in the grant agreement. The compliance status of the covenants will be reported through quarterly progress reports. ADB will verify the compliance by reviewing quarterly project progress reports, communicating with the MUB and PIU, and/or conducting review missions.

72. **Gender monitoring.** For monitoring of the GAP, clear targets and indicators have been established in the GAP and some indicators are also included in the design and monitoring framework. The project monitoring and evaluation, social, and gender specialist (deputy team leader) of the PIU will set up effective monitoring systems, to ensure implementation of the GAP. The GAP will be monitored semiannually and reported through quarterly project progress reports and during ADB review missions.

C. Evaluation

73. In addition to regular monitoring, project progress and performance will be monitored at least once a year jointly by ADB and MUB during ADB review mission. ADB and MUB will undertake a midterm review in the mid-year of the project implementation period, to conduct a detailed evaluation of the project scope, implementation arrangements, progress of the overall project and each component, and status of achieving the performance targets, recommend appropriate measures including changes in the project scope and/or implementation arrangements, and extension of the grant closing date. Promptly after physical completion of the project, but in any event not later than the grant closing date or such later date as ADB may agree for this purpose, the PIU will prepare and submit to ADB a project completion report, in such form and in such detail as ADB shall reasonably request, on the implementation and evaluation of the project.

D. Reporting

74. The PIU will provide ADB with (i) quarterly project progress reports in a format agreed by ADB; and (iii) a project completion report promptly after physical completion of the project, but in any event by the grant closing date or such later date as ADB may agree for this purpose. To ensure that the project will continue to be both viable and sustainable, project accounts and the project's audited financial statements, together with the associated auditor's report, should be adequately reviewed.

E. Stakeholder Communication Strategy

75. Project information will be disclosed through ADB's and government's websites, meetings, interviews, focus group discussions, and community consultation meetings, in accordance with requirements of ADB's information disclosure policy. Main stakeholders are the different departments and agencies of the MUB, beneficiaries, and participants in the project implementation. Stakeholder communication is also part of the GAP and will be monitored accordingly.

X. ANTICORRUPTION POLICY

76. ADB reserves the right to investigate, directly or through its agents, any violations of the

Anticorruption Policy relating to the project.³⁹ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the MUB and PIU and all project contractors, suppliers, consultants, and other service providers. Individuals and entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.⁴⁰

77. To support these efforts, relevant provisions are included in the grant agreement and bidding document for the project.

XI. ACCOUNTABILITY MECHANISM

78. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.⁴¹

XII. RECORD OF CHANGES TO THE JFPR PROJECT ADMINISTRATION MANUAL

79. All revisions and/or updates during course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the JFPR PAM.

³⁹ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

⁴⁰ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

⁴¹ For further information, see <http://www.adb.org/Accountability-Mechanism/default.asp>.

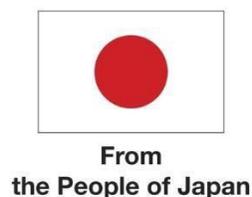
JAPAN FUND FOR POVERTY REDUCTION GUIDANCE NOTE ON JAPANESE VISIBILITY

I. INTRODUCTION

1. The Revised Operating Framework for the Japan Fund for Poverty Reduction (JFPR) was approved on 6 October 2009, combining Japan's project grant and technical assistance support under one umbrella, and paving the way for a more comprehensive approach to the use of these funds towards addressing poverty, building up human resources, and empowering institutions and communities in the region. Japan has been making generous contributions for technical assistance activities through the Japan Special Fund, and for poverty reduction projects through JFPR, since they were established in 1988 and 2000, respectively. It is but fitting and proper that said contributions are acknowledged and the recipients and general public are informed of the source of the funding assistance both at the Fund level and at the level of the individual TA and project grants. The purpose of this note is to provide guidance on measures to ensure that the contribution of Japan in supporting JFPR is widely recognized.¹

II. STATEMENT ON JAPANESE VISIBILITY

2. Project teams are required to help promote the visibility and local awareness of JFPR in recipient countries through the following:
 - (a) All press releases issued by ADB with respect to JFPR should refer to the financial contribution from the Government of Japan (GOJ);²
 - (b) Signing ceremonies and other publicity events should be encouraged, inviting Japan embassy officials, JICA staff, local and international press;³
 - (c) Civil works, project billboards/signages, vehicles, and equipment must carry the JFPR and Japan ODA logos (see below). Likewise, all publications and training programs must bear the said logos, including all collaterals used (i.e. training materials, banners, posters, flyers, etc.) that are financed by JFPR; these logos are available in the SDPF-JFPR website;⁴



¹ A copy of the Guidance Note on Japanese Visibility is appended to the Project Administration Manual as guide to the project team and the government, during project implementation.

² Staff may coordinate with the Department of Communications.

³ Coordination with resident missions are necessary.

⁴ <https://lnadbg1.adb.org/oco0006p.nsf/0/EEE594E105EAC26A482576C7002240AB/?OpenDocument>.

- (d) Publications, reports, training programs, seminars and workshops financed by JFPR should acknowledge receipt of funding from GOJ;
- (e) Recipients should be encouraged to ensure that JFPR-financed activities are well covered by local print and electronic media, and that all related publicity materials, and official notices explicitly acknowledge funding from GOJ. Below is the suggested standard text to be used by those who prepare publicity materials: *"The grant fund for (project name/activity) was received from the Japan Fund for Poverty Reduction financed by the Government of Japan through the Asian Development Bank"*.

III. PARTICIPATION OF JAPANESE ENTITIES IN IMPLEMENTATION

- 3. It is also important to generate visibility of the project within Japan. Involvement or cooperation with Japanese experts, financial resources and technologies are encouraged; occasional information sessions on JFPR for Japanese organizations may also be conducted. It is also highly recommended that ADB involve and cooperate with Japanese organizations including NGOs, civil society organizations, aid agencies in particular JICA and JBIC, the private sector enterprises or academic institutions.

IV. REPORTING

- 4. At the end of the project, the completion report submitted by the project team should include evidences of Japanese visibility such as photos (preferably high resolution), press releases, articles or write-ups, and testimonials from project recipients and/or implementers. Sample products generated from the project grant are requested to be made available to SDPF for inclusion in future exhibits. Copies of publications⁵ that are outputs of the project should also be provided to SDPF.

V. VISIBILITY SUPPORT BY ADB

- 5. SDPF promotes visibility of JFPR by: (i) informing Office and Department Heads of the importance of achieving high visibility in order to garner support for JFPR from Japanese officials and taxpayers; (ii) informing Country Directors of the importance of signing ceremonies to Japanese officials and the public to ensure recognition and support for JFPR funding; and (iii) continuing widespread distribution of the JFPR Annual Report, inclusion of JFPR information in relevant ADB documents, and occasional information sessions for Japanese organizations.
- 6. Resident Mission staff are requested to forward copies of all visibility materials, such as press releases, newspaper and magazine articles, and photographs (including descriptive captions) to SDPF's assigned focal staff for JFPR or e-mail to (jfpr@adb.org).

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⁵ This particularly applies to knowledge and support TAs. Links to publication available online may be provided in lieu of print copy.

JAPAN FUND FOR POVERTY REDUCTION
GUIDANCE NOTE ON COORDINATION WITH THE EMBASSY OF JAPAN AND JICA

I. INTRODUCTION

1. The Final Report on the Review of Japanese Official Development Assistance¹ (ODA) underscores the need for strategic and effective aid. One way to ensure alignment of Japan Fund for Poverty Reduction (JFPR) projects and technical assistance (TA) with Government of Japan's (GOJ) bilateral assistance strategy for a particular developing member country (DMC) is by bringing on board the comments and suggestions of the Embassy of Japan (EoJ) and the Japan International Cooperation Agency (JICA).² Thus, the summary of consultations with EoJ and JICA (to include, date of consultation, name and position of staff met, and EoJ and JICA's response) should be included in the proposal submitted to SDPF.³ This Guidance Note provides detailed instructions regarding coordination activities with EoJ and JICA.⁴

II. EOJ AND JICA CONTACT PERSONS

2. As soon as project officer informs SDPF of the intent to apply for JFPR funding,⁵ SDPF will identify the appropriate contact persons in EoJ and JICA. The contact persons' information⁶ will be provided by SDPF to the project officer to start consultation.

III. CONSULTATION WITH EOJ AND JICA – PROPOSAL PREPARATION

3. At concept stage, project officer should consult with EoJ and JICA⁷ through e-mail the proposed project to, (i) seek if it is in line with Japan ODA priorities, (ii) ensure no duplication, and (iii) present the concept itself, with copy to SDPF.
4. Upon SDPF's confirmation to proceed with proposal preparation, the project officer may arrange the project design meeting with EoJ and JICA. This meeting intends to explain and discuss the actual project design. This is ideally conducted during the fact-finding mission.⁸ The proposal,⁹ should be provided to EoJ and JICA with copy to SDPF at least 5 working days before the meeting to give ample time for review and consideration. After the meeting, if needed, SDPF in coordination with the project officer, may follow-up with EoJ and JICA, and respond to requests for clarification.

¹ Ministry of Foreign Affairs of Japan. 2010. ODA Review - Summary of the Final Report. Tokyo.

² Incorporated administrative agency in charge of administering Japan's ODA.

³ GOJ gives importance on the inputs provided EoJ and JICA during the internal approval process.

⁴ A copy of the Guidance Note on Coordination with Embassy of Japan and JICA is appended to the Project Administration Manual as guide to the project team and the government, during project implementation.

⁵ Project name and brief outline of proposal should be provided to SDPF.

⁶ Name, status, telephone number and email address

⁷ Please refer to the contact persons provided by SDPF.

⁸ If a meeting with EoJ and/or JICA is not possible, email exchange, telephone discussion or any other form of communication may be used.

⁹ Draft Grant assistance report (for project grants) and draft TA Summary and Report (for TAs).

5. In the case of regional TAs, the draft TA Summary and Report should be sent by email to EoJ and JICA contact persons on no-objection basis.

IV. ROLE OF THE RESIDENT MISSION AND SDPF

6. Project officer's communications with EoJ and JICA should be done in coordination with the resident mission¹⁰ with copy to SDPF. If needed, SDPF supports to identify the appropriate staff to be consulted.
7. Resident mission also arranges the Grant Agreement/TA letter signing event (section V) and in the overall coordination/relationship management with EoJ and JICA.
8. SDPF's role are as follows: (i) provide contact details of relevant staff from EoJ and JICA for project consultation; (ii) liaise any need for clarification by EoJ and JICA in coordination with the project officer, during project consultation; (iii) inform EoJ and JICA when there is withdrawal or cancellation of a project; and (iv) forward all completion reports to both agencies.

V. COORDINATION WITH EOJ AND JICA – UPON APPROVAL OF THE PROPOSAL

9. Project officer should inform EoJ and JICA about ADB's approval. Project officers are strongly encouraged to conduct signing or launching ceremonies with the attendance of EoJ officials.¹¹
10. In coordination with the resident mission, the project officer should inform EoJ and SDPF of the signing ceremony– at least 10 working days in advance. SDPF then informs GOJ of this activity. The project officer should also draft news release in consultation with the Department of communications and coordinate arrangements with the resident mission. Local and international press are invited to these ceremonies.

VI. COORDINATION WITH EOJ AND JICA – DURING PROJECT IMPLEMENTATION AND UPON PROJECT COMPLETION

11. Throughout implementation, the project officer should inform EoJ about project progress, milestones, and outcomes, and discuss when major changes in scope and objectives are required. Progress and outcomes of JFPR projects are also requested to be shared with JICA. From time to time, EoJ and JICA may also wish to join completion review missions in order to see project results and to interact first-hand with project recipients. Lessons from the JFPR projects are also requested to be shared to enable both sides to explore and seek potential collaboration. Completion reports are required to be submitted by the project officer to SDPF for forwarding to EoJ and JICA.¹²

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¹⁰ Please inquire respective resident missions on their protocols or coordination arrangements with EoJ and JICA.

¹¹ Please refer to the Guidance Note on Japanese Visibility for details on visibility requirements under JFPR.

¹² Links to the completion reports will suffice.

INDICATIVE TERMS OF REFERENCES FOR CONSULTING SERVICES

I. PACKAGE ICS1, ICS2, ICS3, ICS4, AND ICS5 (PROJECT IMPLEMENTATION UNIT STAFF)

A. Introduction

1. This document sets out indicative terms of reference for consulting services for the project implementation unit (PIU) for the Ulaanbaatar Community Food Waste Recycling Project. The direct client of the consulting services is Waste Management Division, Mayor's Office, Municipality of Ulaanbaatar (MUB).

B. Implementation Arrangements

2. The MUB, represented by Project Management and Regulation Department, Capital City Governor's Office, will be the executing agency. The Waste Management Division, Mayor's Office, MUB will be the implementing agency. A project steering committee consisting of representatives from relevant ministries and MUB will be established. The executing agency will establish the PIU. The PIU will be operated by five Mongolian national individual consultants. The consulting services will be financed by Japan fund for Poverty Reduction administered by the Asian Development Bank (ADB) and the consultants will be recruited by the implementing agency in accordance with ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Each consultant will be selected through competitive for individual consultant. The consulting services are expected to start on 6 January 2020 until on 28 December 2023. Under the project, there will be another consulting service contract with an international consulting firm which will provide a team of international and national consultants for food waste recycling.

C. Reporting Requirements

3. By 30 June 2020, the PIU will prepare a format of quarterly project progress reports acceptable to ADB. Quarterly project progress reports will include progress of the overall project and each component; status of consulting services and activities performed by each consultant; information on training and workshops conducted; status of the implementation of the gender action plan (GAP); project performance (achievement of each performance indicator against the target); and particular issues.

4. The PIU will provide ADB with (i) quarterly project progress reports in the format agreed by ADB during the period from 1 July 2020 to 28 December 2023; and (ii) a project completion report on the implementation and evaluation of the project in such form and in such detail as ADB shall reasonably request, promptly after physical completion of the project, but in any event not later than 28 December 2023.

D. Detailed Scope of Services and Consultants' Inputs

1. Project Coordinator (PIU Team Leader) (national, 48.0 person-months [PM])

5. The consultant ideally will have: (i) a university or higher degree related to general administration (e.g., economics, business administration, and public administration) and/or waste management; (ii) at least 10 years of experience in project coordination for projects financed by ADB or other international organizations; (iii) demonstrated ability to manage a team, prepare

reports, and work with governments, private companies, communities, and civil society organizations; (iv) demonstrated ability to facilitate meetings and negotiations with a wide range of stakeholders, especially governments, private companies, communities, and civil society organizations; (v) proficiency in written and spoken English; and (vi) good computer skills. The consultant will lead the PIU and be responsible for overall and day-to-day management of project implementation in accordance with the grant agreements and project administration manual (PAM) and MUBs' requirements. The consultant will coordinate all project management activities as the PIU team leader and ensure that the project outcome and outputs are achieved in a timely and proper manner. Specific duties include the following.

- (i) Finalize approaches for project management.
- (ii) Ensure timely establishment of the PIU, under guidance from the MUB including the implementing agency.
- (iii) Assess needs for capacity development for PIU staff and request ADB for necessary training opportunities.
- (iv) Establish cooperative relationships and agreements with the MUB including the implementing agency, project steering committee, and other stakeholders relevant for effective project implementation and visibility of project impacts.
- (v) Assist the MUB including the implementing agency in executing the grant agreement, supervising and monitoring project implementation, and communicating with ADB.
- (vi) Advise and support ADB missions, lead and participate in meetings for ADB missions, coordinate participation in ADB missions from the MUB including the implementing agency, central government ministries, and other stakeholders.
- (vii) Facilitate the work of the PIU project monitoring and evaluation (M&E), social, and gender specialist, to ensure the finalization of the formats for quarterly project progress reports and project completion report, proper M&E of the project and GAP (particularly indicators in the design and monitoring framework (DMF) and GAP) in accordance with the PAM and GAP, timely reporting of the results of the M&E to ADB through quarterly project progress reports and project completion report, and achievements of the targets set in the DMF and GAP.
- (viii) Facilitate the work of the PIU procurement and contract management specialist and financial specialist (accountant) to ensure proper accounting of the grant, timeliness and accountability of grant utilization, timely preparation and submission to ADB of withdrawal applications, and timely and proper procurement, consultant recruitment, and contract management.
- (ix) Facilitate the work of the PIU administration officer for proper and smooth PIU operation and transportation of PIU staff, other consultants, ADB staff, and others related to the project as necessary.
- (x) Supervise and coordinate contractors, suppliers, and the other consultants so that the project is properly and timely implemented according to the original schedule with expected quality.
- (xi) Act as the final approver and/or signer in the PIU (e.g. for payments from the PIU account).
- (xii) Ensure that the PIU and the other consultants will conduct proper stakeholder consultation, participation, and communication, including information dissemination and meetings.
- (xiii) Regularly update the project implementation schedule and budget in consultation with ADB, the MUB including the implementation agency, and project steering committee.
- (xiv) Monitor compliance with the grant agreement and PAM, assess key implementation issues, and make recommendations for improvement.

- (xv) Report to ADB, the MUB including the implementing agency, and project steering committee in a timely manner on project implementation progress and issues and respond to their guidance.
- (xvi) Prepare quarterly project progress reports, by filling-in the format provided or accepted by ADB and consolidating inputs from other PIU staff and consultants and send the reports to ADB in a timely manner.
- (xvii) Prepare a project completion report on the implementation and evaluation of the project in such form and in such detail as ADB shall reasonably request, by consolidating inputs from other PIU staff and other consultants and send it to ADB promptly after physical completion of the project, but in any event not later than 28 December 2023.
- (xviii) Perform any other tasks for project management.

2. Project Monitoring and Evaluation, Social, and Gender Specialist (PIU Deputy Team Leader) (national, 48.0 PM)

6. The consultant ideally will have: (i) a university or higher degree in social science and/or a field related to project M&E and social and gender development; (ii) at least 5 years of experience in M&E and social and gender development for projects funded by ADB or other international organizations; (iii) proficiency in written and spoken English; and (iv) good computer skills. Under the supervision of the project coordinator (PIU team leader), the consultant will be responsible for (i) ensuring project implementation towards the targets specified in the DMF and GAP; (iii) ensuring effective M&E of project activities; and (iii) implementing the GAP and monitoring relevant gender and social targets. Specific duties include the following.

- (i) Ensure that all PIU staff, all other consultants, officials of the MUB including the implementing agency, project steering committee members, and other relevant stakeholders are aware of and understand the indicators and targets set in the DMF and GAP, and compliance requirements and procedures set in the PAM and grant agreement.
- (ii) Finalize formats for quarterly project progress reports and project completion report acceptable to ADB.
- (iii) Establish and maintain or update monitoring systems for the DMF, GAP, and pilot projects, particularly for data recording and collection including formats.
- (iv) Ensure that all PIU staff, other consultants, officials of the MUB including the implementing agency, and other relevant stakeholders provide updated information and progress toward the targets set in the DMF and GAP and requirements set in the PAM.
- (v) Carry out targeted consultation activities, including consultations with women, and ensure that households and beneficiary groups for the pilot projects are selected and adequately consulted in pro-poor, participatory, and gender sensitive manners.
- (vi) Work closely with other PIU staff and take a lead role to implement the GAP and achieve the project's gender and social targets.
- (vii) Conduct M&E of the pilot projects at the end of each year from 2021 to 2023, including reduced food waste quantity and impacts on existing landfills and people's living environment and health, number of people employed for composting and their income increased, amount of compost produced and sold, etc.; and provide the results of the M&E to the project coordinator (PIU team leader) for consolidation into quarterly project progress reports and project completion report.

- (viii) Conduct M&E on the indicators set in the DMF and GAP, by carrying out surveys, collecting sex-disaggregated data, and analyzing gender and social development issues, and provide the results of the M&E to the project coordinator (PIU team leader) for consolidation into quarterly project progress reports and project completion report.
- (ix) Monitor compliance with the grant agreement and PAM and provide the results of the monitoring to the project coordinator (PIU team leader) for consolidation into quarterly project progress reports and project completion report.
- (x) Advise other PIU staff and relevant stakeholders on gender and social issues and recommend appropriate actions.
- (xi) Perform any other tasks for project M&E and social and gender development required by the project coordinator (PIU team leader), MUB including the implementing agency, or ADB.

3. Procurement and Contract Management Specialist (national, 48.0 PM)

7. The consultant ideally will have: (i) a university or higher degree in business administration, accounting, public administration, and/or a related field; (ii) at least 5 years of experience in procurement and consultant recruitment for projects funded by ADB or other international organizations; (iii) demonstrated qualifications and/or training in procurement; (iv) knowledge on ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time); (v) proficient command of Microsoft Word and Excel; and (v) proficiency in written and spoken English. Under the supervision of the project coordinator (PIU team leader), the consultant will conduct procurement, consultant recruitment, and contract management in a timely manner, in accordance with ADB Procurement Policy (2017, as amended from time to time), Procurement Regulations for ADB Borrowers (2017, as amended from time to time), and MUB's requirements. Specific duties include the following.

- (i) Assist the project coordinator (PIU team leader) in ensuring timely establishment of the PIU, by recruiting the other PIU staff and procuring PIU office goods.
- (ii) Assist the financial specialist (accountant) to establish and maintain a project accounting management system and a systematic filing and asset management system, so that (a) records of procurement, consultant recruitment, and contract management are integrated into the management systems, and (b) files and assets can be handed over to the implementing agency at project completion.
- (iii) Conduct procurement of works and goods for the pilot projects, following the procurement plan and project implementation schedule, in close communication with the other consultants recruited for food waste recycling.
- (iv) Conduct management of contracts for civil works, goods, and consulting services, including, but not limited to, supervision and inspection of activities under contracts; payments to contractors, suppliers, and consultants; and contract variations.
- (v) Document activities related to the procurement, consultant recruitment, and contract management and file these in a systematic and timely manner, in the agreed formats under the project accounting management system and the systematic filing and asset management system.
- (vi) Monitor and, if necessary, suggest revisions of the procurement plan.
- (vii) Provide the project coordinator (PIU team leader) with data and information on procurement, consultant recruitment, and contract management, for consolidation into quarterly project progress reports and project completion report.

- (viii) Perform any other tasks for procurement, consultant recruitment, and contract management required by the project coordinator (PIU team leader), MUB including the implementing agency, or ADB.

4. Financial Specialist (Accountant) (national, 48.0 PM)

8. The consultant ideally will have: (i) a university or higher degree in business administration, accounting, public administration, and/or a related field; (ii) at least 5 years of experience in financial management for projects funded by ADB or other international organizations; (iii) demonstrated qualifications and/or training in financial management; (iv) proficient command of Microsoft Word and Excel; and (v) proficiency in written and spoken English. Under the supervision of the project coordinator (PIU team leader), the consultant will conduct efficient financial management, particularly payment and disbursement operations, for the project, in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time),¹ the grant agreement, PAM, ADB's other policies and guidelines, and MUB's requirements. Specific duties include the following.

- (i) Implement, or cause assist relevant agencies (e.g., the Ministry of Finance [MOF] and MUB) in implementing the financial management action plan (Table V-1, PAM).
- (ii) Establish and maintain an accounting management system for the PIU. In agreement with the MUB, particularly Project Management and Regulation Department, Capital City Governor's Office, identify and select a financial management software to be used for the accounting management system, which is acceptable to ADB and the MUB, supported by maintenance of hard-copy ledgers and records.
- (iii) Establish and maintain a systematic filing and asset management system at the PIU and file project activities related to financial management, procurement, consultant recruitment, and contract management into the system in a systematic and timely manner, together with all other relevant documents, for future transfer to the implementing agency and audit of files and assets.
- (iv) Assist the MOF in maintaining the advance account and the MUB to open and maintain a sub-account in Mongolian togrog for the PIU and maintain the sub-account.
- (v) Prepare draft withdrawal applications and statements of expenditure, as required, for replenishment of the advance account, for Project Management and Regulation Department, Capital City Governor's Office, MUB and the MOF, for their co-signing and subsequent submission to ADB.
- (vi) Prepare applications for withdrawal of grant proceeds from the project advance account to the subaccount, for co-signing by the project coordinator (PIU team leader) and Project Management and Regulation Department, Capital City Governor's Office, MUB.
- (vii) Consolidate financial statements and requests for payments from contractors, suppliers, and consultants; and obtain approvals necessary for releasing payments from the sub-account, from the MUB, particularly Project Management and Regulation Department, Capital City Governor's Office, MUB.
- (viii) Assist the MUB in preparing terms of reference for and recruiting auditor(s) for annual project auditing and provide full cooperation and inputs during the auditing.

¹ Available at <https://www.adb.org/documents/loan-disbursement-handbook>.

- (ix) Liaise and coordinate with Project Management and Regulation Department, Capital City Governor's Office, MUB for its provision of financial oversight to the MUB and MOF.
- (x) Respond to reviews of and/or requests for financial information by the MOF, MUB, and ADB, as necessary, during project implementation.
- (xi) Prepare annual budgets and disbursement projections during project implementation in coordination with the implementing agency, consultants recruited for food waste recycling, and the PIU procurement and contract management specialist.
- (xii) Provide the project coordinator (PIU team leader) with data and information on financial management, for consolidation into quarterly project progress reports and project completion report.
- (xiii) Perform any other tasks for financial management required by the project coordinator (PIU team leader), MUB including the implementing agency, or ADB.

5. Administration Officer (national, 19.2 PM)

9. The administration officer ideally will have (i) a degree in public administration and at least 5 years of high-level administration experience; (ii) good command of written and spoken English; (iii) strong knowledge and ability to use word processing, accounting and internet software; and (iv) demonstrated experience in similar positions for other international projects. The officer will report to the project coordinator. Specific duties include the following.

- (i) Organize and administer the PIU office.
- (ii) Provide support to the PIU staff, including preparation of correspondence, arrangement of translation services, arrangement of meetings and workshops, and, photocopy and transcription.
- (iii) Monitor the condition of PIU office equipment and materials and regularly report any maintenance issues to the project coordinator (PIU team leader).
- (iv) Take minutes of meetings, and draft memos and letters for the PIU, as required.
- (v) Arrange travel and accommodation for PIU staff and other consultants, as necessary.
- (vi) Perform any other tasks for PIU administration required by the project coordinator (PIU team leader), MUB including the implementing agency, or ADB.

E. Cost Estimate

Table A3.1: Cost Estimate

Package Number	Consultant	Remuneration (MNT)	Per Diem (MNT)	Local Travel (MNT)	Total Cost	
					(MNT)	(\$)
ICS1	Project coordinator (PIU TL)	192,000,000	9,120,000	5,472,000	206,592,000	78,433
ICS2	Project M&E, social, and gender specialist (PIU DTL)	192,000,000	9,120,000	5,472,000	206,592,000	78,433
ICS3	Procurement and contract management specialist	144,000,000	9,120,000	5,472,000	158,592,000	60,210
ICS4	Financial specialist (accountant)	144,000,000	9,120,000	5,472,000	144,000,000	54,670
ICS5	Administration officer	28,800,000	3,648,000	2,188,800	28,800,000	10,934

DTL = deputy team leader, M&E = monitoring and evaluation, TL = team leader, PIU = project implementation unit, Source: Asian Development Bank estimates.

II. PACKAGE CS1: FOOD WASTE RECYCLING

A. Introduction

10. This document sets out indicative terms of reference for consulting services for food waste recycling for the Ulaanbaatar Food Waste Recycling Project. The direct client of the consulting services is the PIU. The PIU will be established by Waste Management Division, Mayor's Office, MUB and will consist of five Mongolian national individual consultants.

B. Outputs and Key Activities of the Project

11. **Output 1: Options for food waste recycling identified.** This output will focus on a rigorous and analytical assessment of food waste in Ulaanbaatar. Activities will include (i) detailed surveys to households, schools, kindergartens, markets, restaurants, and hotels on (a) food waste composition, (b) local communities' willingness to do composting and their expectations on how they will benefit from food waste recycling, and (c) gender-specific issues in food waste recycling; and (ii) publishing of the results of the surveys.

12. **Output 2: Participatory food waste recycling demonstrated.** This output will develop and implement pilot projects for food waste recycling into compost, on three scales: small-, medium-, and large.²

13. For the small-scale pilot projects, (i) five *khoroos* will be selected,³ 10 households will be selected from each *khoroos*, and one household which will conduct composting will be selected from the 10 households in each *khoroos*; (ii) in each *khoroos*, the selected household for composting will collect food waste from the 10 households and conduct composting; and (iii) produced compost will be used in the *khoroos* for kitchen gardening, landscaping, etc. or sold Bins for food waste, composters, cardboard boxes for compost storage (particularly for winter), shovels, watering cans, gloves, respirators, etc. will be provided to the selected households.

14. For medium-scale pilot projects, (i) five schools and five kindergartens will be selected; (ii) a special school or kindergarten team consisting of a leader and two staff will be established in each school or kindergarten; (iii) the special school or kindergarten team in each school or kindergarten will produce compost using food waste collected from its canteen, use produced compost for green open spaces, flower beds, or vegetable gardens in the school or kindergarten, and conduct education of the students or children to change their mindsets on waste and environment. A composter with self-heating system which can conduct composting even in winter will be provided to each of the selected schools and kindergartens. Shovels, watering cans, compost containers (particularly for winter), gloves, respirators, etc. will be also provided to the selected schools and kindergartens.

15. For the large-scale pilot project, (i) the MUB will provide its vacant land for the construction of a composting facility;⁴ (ii) a building with heating system for composting will be constructed on

² Songino-Khairkhan District of Ulaanbaatar is a potential site for the pilot projects, since (i) it is close to Narangiin Enger landfill constructed under a Japanese grant aide project, where 40% of solid waste in Ulaanbaatar including 15%–25% of food waste is disposed; and (ii) a density of the population is high with 50,000–60,000 households in the five *khoroos*.

³ *Khoroos* is an administrative subdivision of Ulaanbaatar.

⁴ Necessary land area is estimated at 625 square meters. A potential site is in Narangiin Enger landfill (footnote 2).

the land; (iii) a composter with self-heating system which can process at least 2,000 kilograms of food waste per day and relevant equipment such as a packaging machine will be installed in the building; (iv) waste pickers or unemployed youth and/or women will be employed as workers for composting and sale of compost;⁵ (v) markets, restaurants, hotels, schools, kindergartens, and households which will provide food waste will be selected; (vi) the MUB will provide a truck and truck driver for transportation of food waste and compost; (vii) bins for food waste for the selected markets, restaurants, hotels, schools, kindergartens, and households, food waste container for the truck, and shovels, watering cans, special clothes, rubber boots, gloves, caps, and respirators for the composting workers will be procured; and (viii) the workers will produce compost from the provided food waste and sell the produced compost. Operation and maintenance (O&M) cost of the composting facility, including workers' salaries, will be paid from income generated from selling compost, after 1 year from the start of the large-scale pilot project.

16. The activities under Output 2 will include: (i) a study on international best practices and national practices for food waste recycling; (ii) marketing for the large-scale pilot project (quality, quantity, and cost of compost demanded by buyers); (iii) finalization of detailed implementation plans for small-, medium-, and large-scale pilot projects, including composting methods, types of composters, scale of the composting facility for the large-scale pilot project, and measures to mitigate environmental impacts (impact by the construction of the composting facility, health risk of the participating people, etc.), including monitoring methods; (iv) negotiations and agreements with participating *khoroos*, schools, kindergartens, restaurants, markets, hotels, and households (including pilot working committee members, special school or kindergarten team members, participating households, composting workers, and places for composting and compost storage); (v) preparation of specifications of works and equipment (particularly composters) for the pilot projects; (vi) training and awareness raising for the participating households, restaurants, markets, and hotels, particularly for women (including the explanation of purposes and benefits of the pilot project and detailed implementation plan, promotion of segregation of food waste from waste, and follow up visits); (vii) training for people who will conduct composting on food waste segregation, composting, use (and sale) of composts, O&M of equipment, etc.; (viii) monthly sample test of produced compost at a laboratory to ensure quality and safety; (ix) monitoring of the effects of the pilot projects on climate change (reduction of greenhouse gas emission due to conversion of food waste to compost, amount of carbon sequestered by rural soils due to compost, etc.); and (x) monitoring and evaluation on reduced food waste and impacts on existing landfills and people's living environment and health (number of people employed, their income increase, amount of compost produced, and sold per year, etc.).

17. **Output 3: Upscaling program for food waste recycling developed.** Activities under this output will include: (i) inception, mid-term, and completion workshops; (ii) education campaigns for different stakeholders; (iii) a study on future market demand for compost; (iv) a study on other opportunities on technologies and partnerships for food waste recycling products (e.g., for energy production); (v) a study on regulatory and institutional framework for scaling up the pilot projects; (vi) drafting of a strategic program and action plan on food waste recycling for Ulaanbaatar, to scale-up the pilot projects to overall Ulaanbaatar; and (vii) consultations with the MUB on the drafted strategic program and action plan on food waste recycling, with view of obtaining endorsement by the MUB.

⁵ It is planned to employ five workers from waste pickers or unemployed youth and/or women who have lost their livelihoods after the closure of Narangiin Enger landfill, for composting and sale of compost. Buyers of compost will be identified through the marketing (paragraph 7).

C. Implementation Arrangements

18. The MUB, represented by the Project Management and Regulation Department, Capital City Governor's Office, will be the executing agency. The Waste Management Division, Mayor's Office, MUB will be the implementing agency. A project steering committee consisting of representatives from relevant ministries and MUB will be established. The executing agency will establish a PIU. National consultants will be recruited as PIU staff. Pilot working committees will be established for the small-scale and large-scale pilot projects.

19. The consulting services for food waste recycling will be carried out by a team of consultants through a firm. A total of 25.15 PM of international and 52.00 PM of national consulting services will be required. The consulting services will be financed by Japan Fund for Poverty Reduction administered by ADB and an international consulting firm for the consulting services will be recruited by the PIU through quality- and cost-based selection with a quality-cost ratio of 90:10, in accordance with ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). The consulting services are expected to start on 6 July 2020 until on 28 December 2023.

D. Reporting Requirements

20. The consultant team will produce (i) an inception report within 4 weeks of the start of the consulting services, (ii) an annual report by the end of each year during 2020–2022, (iii) draft final by 31 October 2023, and (iv) a final report by 28 December 2023. The inception, annual, and draft final reports will be subject to reviews by ADB, PIU, and the MUB including the implementing agency. All reports are to be written in English and translated into Mongolian. One soft and three hard copies of each report are to be submitted to ADB (English version only) and the PIU (both Mongolian and English versions).

21. The inception report will present an approach for the consulting services, including a work plan and an implementation schedule. The annual, draft final, and final reports will present activities conducted by the consultant team, effects of the consulting services, issues encountered, and recommendations.

E. Other Requirements

22. The consulting firm will provide a fully qualified interpreter to work with the consultant team and support ADB missions.

F. Scope of Services and Consultants' Inputs

23. The consultant team will undertake the following tasks.

Output 1

1-1. Detailed surveys on households, schools, kindergartens, markets, restaurants, and hotels of (i) food waste composition; (ii) local communities' willingness to do composting and their expectations on how they will benefit from food waste recycling; and (iii) gender-specific issues in food waste recycling.

1-2. Publishing of the results of the surveys.

Output 2

- 2-1. A study on international best practices and national practices for food waste recycling.
- 2-2. Marketing for the large-scale pilot project (quality, quantity, and cost of compost demanded by buyers).
- 2-3. Identification of environmental impact of the construction of a composting facility for the large-scale pilot project and adequate due diligence for occupational and potential community health risks; and finalization of detailed implementation plans for small-, medium-, and large-scale pilot projects, including composting methods, types of composters, scale of the composting facility for the large-scale pilot project, and measures to mitigate environmental impacts (impact by the construction of the composting facility, occupational and potential community health risks, etc.), including monitoring methods and tools (e.g., a simple environmental due diligence check list).
- 2-4. Negotiations and agreements with participating *khoroos*, schools, kindergartens, restaurants, markets, hotels, and households (including pilot working committee members, special school or kindergarten team members, participating households, composting workers, places for composting and compost storage, and detailed implementation plans).
- 2-5. Preparation of specifications of works and equipment (particularly composters) for the pilot projects (procurement will be conducted by the PIU procurement and contract management specialist and the works and goods will be funded by the project, not under the contract of the consulting services).
- 2-6. Training and awareness raising for the participating households (particularly women), restaurants, markets, hotels, and schools (including purposes [benefits] and detailed implementation plans, segregation of food waste from waste, follow up visits, etc.).
- 2-7. Training for the five households selected for composting for the small-scale pilot projects on food waste segregation, composting, use of composts, O&M of equipment, etc.
- 2-8. Training for the special school or kindergarten team members for the medium-scale pilot projects on food waste collection, composting, storage and use of compost, O&M of equipment and facilities, education to students, etc.
- 2-9. Training for the composting workers for the large-scale pilot project on food waste collection and transportation, composting, packaging and selling of compost, O&M of equipment and facilities, etc.
- 2-10. Monthly sample test of produced compost at a laboratory to ensure quality and safety of the produced compost.
- 2-11. Monitoring of the effects of the pilot projects on climate change (reduction of greenhouse gas emission due to conversion of food waste to compost, amount of carbon sequestered by rural soils due to compost).
- 2-12. Implementation of the measures to mitigate the environmental impacts including monitoring.

Output-3

- 3-1. Inception, mid-term, and completion workshops.
 - 3-2. Education campaigns for different stakeholders other than the households involved in the pilots, through a variety of communication media and also using Information, Education and Communication materials.
 - 3-3. A study on future market demand compost.
 - 3-4. A study on other opportunities on technologies and partnerships for food waste recycling products, for example, for energy production.
 - 3-5. A study on regulatory and institutional framework for scaling up the pilot projects.
 - 3-6. Drafting of a draft strategic program and action plan on food waste recycling for Ulaanbaatar, to scale-up the pilot projects to overall Ulaanbaatar.
 - 3-7. Consultations with the MUB on the draft strategic program and action plan on food waste recycling, with view of obtaining endorsement by the MUB.
24. Each consultant's input for each of the activities above is shown in Table A3.2. For each of the consultant positions shall: (i) possess a related degree, qualification, memberships of related academic societies, and/or participation in related training courses; (ii) have experience in similar positions for projects or technical assistances; and (iii) have experience in working with international organizations and consultants.

Table A3.2: Consultants' Inputs

Activity Number	Consultants Inputs (person-months)								
	International			National					
	Food waste management specialist (TL)	Composting specialist	Climate change specialist	Food waste management specialist (DTL)	Survey assistant	Composting specialist	Compost marketing specialist	Participation specialist	Climate change specialist
Output 1									
1-1	0.50			1.25	1.00				
1-2									
Output 2									
2-1	1.00	1.00		0.35		0.35			
2-2	0.05	0.05		0.05		0.05	1.30		
2-3	0.25	0.25		0.25		0.25			
2-4	0.70			1.20				1.70	
2-5		0.35				0.25			
2-6	0.30			0.55				0.55	
2-7	2.00	5.75		2.00		5.75		5.75	
2-8									
2-9									
2-10						8.00			
2-11	1.25		3.00	1.25					3.00
2-12	0.50			0.50					
Output 3									
3-1	1.65	0.90		1.65		0.90		3.15	
3-2	2.00			2.00				3.00	
3-3	0.25			0.40			1.50		
3-4	0.55			0.70					
3-5	0.75			1.00					
3-6	0.85			1.10					
3-7	1.25			1.25					
Total	13.85	8.30	3.00	15.50	1.00	15.55	2.80	14.15	3.00

DTL = deputy team leader, TL = team leader.

G. Cost Estimates**Table A3.3: Cost Estimate**

Item	Total Cost (\$)
1. Consultants	
a. Remuneration and per diem	
International consultants (24.15 person-months)	555,694
National consultants (52.0 person-months)	62,604
b. International travel	52,500
c. Reports and communications	5,000
2. Surveys ^a	0
3. Miscellaneous administration and support costs ^a	0
4. Contingencies ^a	0
Total	675,798

^a Grant proceeds for these costs will not be included in the contract price for the consulting services but will be provided by the project implementation unit as necessary.

Source: Asian Development Bank estimates.